
**SENATE COMMITTEE ON
BUSINESS, PROFESSIONS AND ECONOMIC DEVELOPMENT**
Senator Steven Glazer, Chair
2019 - 2020 Regular

Bill No: AB 545 **Hearing Date:** June 10, 2019
Author: Low
Version: May 28, 2019
Urgency: No **Fiscal:** Yes
Consultant: Sarah Huchel

Subject: Cannabis: Bureau of Cannabis Control: Cannabis Control Appeals Panel

SUMMARY: Subjects the Bureau of Cannabis Control (Bureau) and the Cannabis Control Appeals Panel (Panel) to review by the appropriate policy committees of the Legislature as if the enabling statutory authority for these entities were scheduled to be repealed as of January 1, 2021.

Existing law:

- 1) Establishes the Bureau in the Department of Consumer Affairs (DCA) to administer and enforce the provisions of the Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA). (Business and Professions Code (BPC) § 26010)
- 2) Establishes the Panel to review the decisions of a licensing authority to deny a person's application or renewal of any license; place any license on probation; impose any condition on any license; impose any fine on any license; assess any penalty on any license; or cancel, suspend, revoke, or otherwise discipline any license as provided for under MAUCRSA. (BPC §§ 26040, 26043)
- 3) Establishes the Joint Sunset Review Committee (JSRC) to identify and eliminate waste, duplication, and inefficiency in government agencies. The purpose of the JSRC is to conduct a comprehensive analysis over 15 years, and on a periodic basis thereafter, of every eligible agency (except the Bureau) to determine if the agency is still necessary and cost effective. (BPC § 9147.7)

This bill:

- 1) Subjects the Bureau and the Panel to review by the appropriate policy committees of the Legislature as if the enabling statutory authority for these entities were scheduled to be repealed as of January 1, 2021.
- 2) Removes the exemption for the Bureau from JSRC oversight.

FISCAL EFFECT: According to the Assembly Appropriations Committee analysis dated April 10, 2019, this bill has negligible fiscal impact.

COMMENTS:

1. **Purpose.** This bill is sponsored by the Author. According to the Author, “Currently, the [Bureau] is the only board or bureau under the Department of Consumer Affairs that does not go through sunset review. As the newest entity created under that department, the [Bureau] was provided adequate time to begin its regulatory responsibilities prior to receiving comprehensive evaluation by the Legislature. As the state’s licensing of legal cannabis business continues to be effectuated, however, regular review by the Legislature through the sunset process is arguably a more predictable and efficient mechanism for legislative policy committees to provide oversight for the bureau, while providing a structured forum for industry stakeholders to weigh in on what reforms may be needed to statute governing the [Bureau’s] activities.”
2. **Cannabis Regulatory Background.** California first legalized cannabis for medical consumption via Proposition 215, also known as the Compassionate Use Act, in 1996. Proposition 215 protected qualified patients and primary caregivers from prosecution related to the possession and cultivation of cannabis for medicinal purposes.

The Legislature passed the Medical Cannabis Regulation and Safety Act (MCRSA) in 2015. MCRSA established for the first time, a comprehensive statewide licensing and regulatory framework for the cultivation, manufacture, transportation, testing, distribution, and sale of medicinal cannabis to be administered by the Bureau within Department of Consumer Affairs, DPH, and CDFA.

Shortly following the passage of MCRSA in November 2016, California voters passed Proposition 64, the "Control, Regulate and Tax Adult Use of Marijuana Act" (Proposition 64), which legalized adult-use cannabis.

Less than a year later in June 2017, the California State Legislature passed a budget trailer bill, SB 94 (Committee on Budget and Fiscal Review, Chapter 27, Statutes of 2017), that integrated MCRSA with Prop 64 to create MAUCRSA, the current regulatory structure for both medicinal and adult-use cannabis.

3. **Sunset Review.** A “sunset review” is an assessment of whether a state agency is necessary, effective, and efficient. Sunset review is conducted pursuant to a “sunset date” – an expiration date for the agency. The review focuses on the overall necessity of the agency, its cost-effectiveness, and measures its successes and failures. At the conclusion of a sunset review, the reviewing body may:
 - Let the agency expire at the sunset date, or:
 - Continue the agency; and may
 - Make recommendations for improving operations, and/or
 - Suggest legislation to aid the agency’s mandate.

The Legislature began reviewing the 32 regulatory boards under DCA in 1993.

As a result of these hearings, the Joint Legislative Sunset Review Committee (JLSRC) was established in 1994 (SB 2036 McCorquodale, Chapter 908, Statutes of 1994). JLSRC was required to review the 32 DCA licensing boards and bureaus approximately every four years. Merely the threat of extinction jolted many boards from complacency, but the committee also exacted reform. From its unique vantage, JLSRC identified crosscutting issues that unified DCA's management of professional regulatory concerns, including standardizing consumer complaint processes, licensing exams, enforcement, and board constitution.

In 2003, the committee's jurisdiction was expanded to include all administrative or regulatory boards, commissions, committees, councils, associations, and other authorities with appointed membership (SB 364 Figueroa, Chapter 789, Statutes of 2003). However, agencies and departments were not included. The enabling legislation tasked it with bringing clarity to the "more than 400 categories of administrative or regulatory boards, commissions, committees, councils, associations, and authorities...established without any method of periodically reviewing their necessity, effectiveness, or utility." The committee's name was later amended to the "Joint Committee on Boards, Commissions & Consumer Protection (JCBCCP) by AB 1467 (Negrete McLeod, Chapter 33, Statutes of 2004)."

JSRC replaced the shell of JCBCCP in 2011. The Joint Sunset Review Committee had an expanded jurisdiction that included "any agency, authority, board, bureau, commission, conservancy, council, department, division, or office of state government." No legislators have been appointed to JSRC since 2012.

Today, the Senate Committee on Business, Professions and Economic Development and the Assembly Business and Professions Committee follow the process as was originally established under the JLSRC. The sunset date for each board allows enough time for the Committees to review the board and for legislation to be passed to extend the sunset date of the board and make appropriate policy changes to board operations and regulation of the profession.

This bill establishes a sunset timeline for the Bureau and the Panel.

SUPPORT AND OPPOSITION:

Support:

None on file as of June 5, 2019.

Opposition:

None on file as of June 5, 2019.

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