
SENATE COMMITTEE ON APPROPRIATIONS

Senator Anthony Portantino, Chair
2019 - 2020 Regular Session

AB 545 (Low) - Cannabis: Bureau of Cannabis Control: Cannabis Control Appeals Panel

Version: May 28, 2019

Urgency: No

Hearing Date: June 24, 2019

Policy Vote: B., P. & E.D. 9 - 0

Mandate: No

Consultant: Samantha Lui

Bill Summary: AB 545 would subject the Bureau of Cannabis Control (Bureau) and the Cannabis Control Appeals Panel (CCAP) to the sunset review process, as if the enabling statutory authority were scheduled to be repealed as of January 1, 2021.

Fiscal Impact:

- According to the Bureau, minor and absorbable costs. Staff notes ongoing, cost pressures in the low- to mid-tens of thousands (General Fund) for workload related to a new sunset review for the Bureau and leveraging existing staff expertise and hours.
- The CCAP, which is independent from the Bureau and Department of Consumer Affairs, indicates unknown, indeterminate, ongoing workload, given that existing administrative staff would not be able to produce sunset review reports. Staff estimates cost pressures for the Panel to be in the low- to mid-hundreds of thousands of dollars General Fund for the first sunset review process. This assumes the first sunset report is due on December 1, 2019, and a phased-in hiring of up to 2.0 staff (approximately \$150,000 per PY), depending on workload analysis and future budget considerations to prepare for future sunset reviews.

For more detail, please see Staff Comments.

Background: In June 2015, Governor Brown signed the Medical Marijuana Regulation and Safety Act, comprised of Assembly Bill 243 (Wood), Chapter 688, Statutes of 2015; Assembly Bill 266 (Bonta), Chapter 689, Statutes of 2015; and Senate Bill 643 (McGuire), Chapter 719, Statutes of 2015. Together, these bills established the oversight and regulatory framework for the cultivation, manufacture, transportation, storage, and distribution of medical marijuana in California. The CDFA CalCannabis Cultivation Licensing (CalCannabis) regulates cultivation, the CDPH Manufactured Cannabis Safety Branch regulates manufacturing, and the DCA Bureau of Cannabis Control regulates distribution, testing, retail, and microbusiness.

In 2017, the Legislature passed the Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA) that harmonized these bills and created a single-comprehensive system to control and regulation the cultivation, distribution, transport, storage, manufacturing, processing and sale of both medicinal cannabis. In 2018, California voters approved Proposition 64, the Control, Regulation and Tax Adult Use of Marijuana Act, which authorized adults aged 21 years or older to legally grow, possess, and use marijuana for non-medical purposes, under specified restrictions. Proposition

64 also provides that revenue from cannabis taxes would support youth programs, environmental protection, and law enforcement.

The CCAP reviews 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.

A "sunset review", conducted pursuant to a "sunset date" – an expiration date for the agency – assesses whether a state agency is necessary, effective, and efficient, and considers whether to:

- Let the agency expire at the sunset date;
- Continue the agency;
- Make recommendations for improving operations; and/or
- Suggest legislation to aid the agency's mandate.

The Senate Committee on Business, Professions and Economic Development and the Assembly Committee on Business and Professions conducts the sunset review process, as originally established under the Joint Legislative Sunset Review Committee (SB 2036 McCorquodale, Chapter 908, Statutes of 1994). Legislative sunset reports include a review of all program operations, including budgets, licensing, and enforcement to review metrics, and are submitted by December 1 of the year before they undergo sunset hearings.

Proposed Law: AB 545 would subject the Bureau and the CCAP to the sunset review process, as if the enabling statutory authority were scheduled to be repealed as of January 1, 2021.

Staff Comments: Staff is applying assumptions based on DCA's experience and workload conducting and participating in sunset reviews, to the Panel, which has not undergone a sunset review. Typically, a range of DCA staff spend more than 50 hours to develop a sunset report, prepare committee testimony, and respond to questions. The workload depends on the size and complexity of the board. Given that this would be the first sunset review of its nature for the CCAP and Bureau, staff assumes more than 50 staff hours will be needed. In preparation for sunset review, DCA and board staff typically start drafting the report the January before it is due. However, for the Bureau's first sunset report, the Bureau would have to go through sunset hearings in 2020, and programs would need to provide legislative reports by December 1, 2019 – at most, 1.5 to two months after

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