

Date of Hearing: April 21, 2026

ASSEMBLY COMMITTEE ON JUDICIARY
Ash Kalra, Chair
AB 1826 (Lackey) – As Amended April 14, 2026

PROPOSED CONSENT

SUBJECT: CANNABIS: RECALL, EMBARGO, AND DESTRUCTION OF CANNABIS AND CANNABIS PRODUCTS

KEY ISSUE: SHOULD THE ADMINISTRATIVE ENFORCEMENT PROCEDURES UTILIZED BY THE DEPARTMENT OF CANNABIS CONTROL BE REVISED TO STREAMLINE THE PROCESS AND PROTECT LICENSEE'S DUE PROCESS RIGHTS?

SYNOPSIS

Following the passage of Proposition 64, and the legalization of recreational cannabis use by adults in California, the state initially struggled to adequately police the emerging industry. Because the initial laws were enforced by a patchwork of state agencies, enforcement was highly inconsistent. Seeking to improve enforcement of cannabis laws, in 2021, the Legislature consolidated cannabis enforcement into the Department of Cannabis Control with the enactment of AB 141 (Committee on Budget) Chap. 70, Stats. 2021. While the need to better enforce cannabis law was clear in the early 2020s and the current framework may have been an appropriate response to the uncoordinated efforts of the early days following cannabis legalization, the proponents of this measure now note the Department's existing procedures for taking enforcement actions have become needlessly onerous.

Accordingly, this bill seeks to streamline and improve due process protections for licensees in four critical ways. First, the bill enhances the notice of violations sent to licensees to require the Department of Cannabis Control to better outline the testing and sampling methods utilized by the Department to discover a violation. Secondly, the bill requires the Department to offer a licensee contesting a violation the opportunity to conduct an informal conference with the Department before, or in place of, a formal hearing. Third, the bill clarifies enforcement timelines. Finally, the bill prohibits licensees from being forced to waive certain rights in order to participate in the informal conference process or seek a corrective action plan.

This bill is supported by several large cannabis operators. The proponents note that the existing process is cumbersome and could be improved to generate efficiencies and strengthen due process protections. This bill has no registered opposition and passed the Committee on Business & Professions unanimously.

SUMMARY: Revises and recasts the enforcement provisions of the Medicinal and Adult-Use Cannabis Regulation and Safety Act. Specifically, **this bill:**

- 1) Requires citations issued by the Department of Cannabis Control to describe with particularity the legal and factual basis of the citation.
- 2) Provides that all citations issued by the Department of Cannabis Control must be accompanied by a notice stating that the licensee may request a hearing or informal

conference, or both, to contest the finding of a violation by submitting a written request within 30 days from service of the citation.

- 3) Provides that an informal hearing must be conducted in accordance with regulations adopted by the Department of Cannabis Control.
- 4) Requires the Department of Cannabis Control, within 15 calendar days after receipt of the written request for an informal conference, to hold an informal conference with the licensee or their legal counsel or authorized representative, or any combination of those persons in accordance with the following:
 - a) At the informal conference, the licensee, or their legal counsel or authorized representative, must be allowed the opportunity to meet with a representative of Department who has knowledge of the citation and is capable of describe the factual and legal basis for the citation, if requested.
 - b) At the informal conference, the licensee, or their legal counsel or authorized representative, must be allowed the opportunity to present evidence and argument as to why the citation should be modified or dismissed.
 - c) After the informal conference, the Department must affirm, modify, or dismiss the citation, including any fines levied or orders of abatement issued and notify the licensee of its decision and the reasoning supporting the decision via written notification, which must be mailed to the licensee and their legal counsel or authorized representative, if any, within 15 calendar days after the date of the informal conference.
 - d) After the informal conference, if the citation, including any fines levied or orders of abatement issued, is modified, the citation originally issued must be considered withdrawn and a new citation issued.
- 5) Requires the Department of Cannabis Control, if the Department has evidence that cannabis or a cannabis product is adulterated or misbranded, to provide notice to the licensee.
- 6) Requires the notice specified in 5) to include the following information:
 - a) A copy of the laboratory certificate of analysis and testing data, if applicable;
 - b) A summary of the evidence supporting the finding of adulteration or misbranding, including the identity of the laboratory, if applicable, and a description of the collection and sampling methodology used; and
 - c) A statement as to whether or not the Department of Cannabis Control intends to order a recall of the product.
- 7) Upon transmission of the notice required in 5) and prior to a voluntary recall by the licensee, the Department of Cannabis Control must provide the licensee with an opportunity for an informal conference on why the cannabis or cannabis product is considered adulterated or misbranded, as specified.
- 8) Authorizes, following the informal conference specified in 7), the Department of Cannabis Control to determine that a product need not be recalled.

- 9) Requires, if the Department of Cannabis Control determines a mandatory recall of a cannabis product is necessary to provide the licensee with the following information:
 - a) The specific section or subdivision of code or regulation alleged to be violated;
 - b) A copy of the laboratory certificate of analysis and testing data, if applicable;
 - c) Sampling methodology documentation;
 - d) A detailed description of the sampling procedure;
 - e) Any photographic, electronic, or other evidence, if applicable; and
 - f) A summary of the evidence supporting the finding of adulteration or misbranding.
- 10) Requires the Department of Cannabis Control, upon issuing a mandatory recall order, to provide the licensee with an opportunity to hold an informal conference with the Department within 5 days of issuing the order and to hold the conference within 15 days of the licensee requesting such a conference, as specified.
- 11) Prohibits the Department of Cannabis Control from destroying a cannabis product until either the informal conference process specified in 10) has concluded or the licensee has declined to participate in an informal conference.
- 12) Prohibits the Department of Cannabis Control from requiring a licensee to conduct a voluntary recall, sign a waiver of liability, or waive any right to an informal meeting or an administrative or judicial hearing or appeal as a condition of approving a voluntary recall, authorizing remediation, or supervising the destruction of the product.
- 13) Provides that a waiver of liability or appeal rights is valid only if expressly stated in writing and signed by the licensee following the conclusion of a condemnation proceeding or relevant civil litigation.
- 14) Requires the Department of Cannabis Control, if the Department has probable cause to believe that cannabis or a cannabis product is adulterated or misbranded, or the sale of the cannabis or cannabis product is unlawful, the Department to affix to the cannabis or cannabis product, or component thereof, a tag or other appropriate marking.
- 15) Requires, if the Department of Cannabis Control affixes a tag to a cannabis product, to notify the licensee of the decision and offer the licensee an informal conference, as specified.
- 16) Authorizes a licensee that is subject to a tag or other marking on their cannabis product in accordance with 14), to seek approval of a corrective action plan by the Department of Cannabis Control.
- 17) Prohibits the Department of Cannabis Control from requiring a licensee to sign a waiver of liability, or to waive any right to an informal meeting or an administrative or judicial hearing or appeal, as a condition of removing an embargo tag, approving a corrective action plan, or permitting the destruction of product, as specified.

EXISTING LAW:

- 1) Enacts the Medicinal and Adult-Use Cannabis Regulation and Safety Act to provide for a comprehensive regulatory framework for the cultivation, distribution, transport, storage, manufacturing, processing, and sale of medicinal and adult-use cannabis. (Business and Professions Code Section 26000 *et seq.*)
- 2) Provides for twenty total types of cannabis licenses including subtypes for cultivation, manufacturing, testing, retail, distribution, and microbusiness; requires each licensee except for testing laboratories to clearly designate whether their license is for adult-use or medicinal cannabis. (Business and Professions Code Section 26050.)
- 3) Establishes the Department of Cannabis Control within the Business, Consumer Services, and Housing Agency, for purposes of regulating the cannabis industry in California. (Business and Professions Code Section 26010.)
- 4) Establishes grounds for disciplinary action against cannabis licensees, including failures to comply with state licensing requirements as well as local laws and ordinances. (Business and Professions Code Section 26030.)
- 5) Subjects cannabis businesses operating without a license to civil penalties of up to three times the amount of the license fee for each violation in addition to any criminal penalties. (Business and Professions Code Section 26038.)
- 6) Establishes procedures for disciplinary actions against a licensee which include: service of an accusation by the Department of Cannabis Control on a licensee; hearing procedures; a list of disciplinary actions that can be taken by the Department following the finding from a hearing that a licensee has committed an act constituting grounds for disciplinary action. (4 C.C.R. Section 17809.)
- 7) Requires the Department of Cannabis Control to consider the disciplinary guidelines entitled “Department of Cannabis Control Disciplinary Guidelines for All Commercial Cannabis Licenses Amended July 2022,” when reaching a decision on a disciplinary action under the Medicinal and Adult-Use Cannabis Regulation and Safety Act and the Administrative Procedure Act (APA); incorporates the disciplinary guidelines by reference; establishes that deviation from the disciplinary guidelines are appropriate when the Department determines that the facts of a particular case warrant such a deviation. (4 C.C.R. Section 17814.)
- 8) Authorizes the Department of Cannabis Control to issue a citation to a licensee or unlicensed person for violating Medicinal and Adult-Use Cannabis Regulation and Safety Act or implementing regulations; allows the Department to assess an administrative fine of up to \$5,000 per violation by a licensee and up to \$30,000 per violation by an unlicensed person; establishes guidelines for determining the appropriate fine amount; establishes hearing and appeal procedures for licensees to whom the Department has issued citations. (Business and Professions Code Section 26031.5.)
- 9) Authorizes the Department of Cannabis Control to issue a notice to comply to a licensee for violations of the Medicinal and Adult-Use Cannabis Regulation and Safety Act or other applicable laws; lists the requirements for a notice to comply; establishes methods of service

for a notice to comply; establishes requirements for licensees who receive a notice to comply and timeframes for licensee action pursuant to the notice. (4 C.C.R Section 17801.)

- 10) Provides that the governing procedure by which an agency conducts an adjudicative proceeding is determined by the statutes and regulations applicable to that proceeding, and if no specific procedures exist, the agency is to use the administrative adjudication provisions of the Administrative Procedure Act. (Government Code Section 11415.10.)
- 11) Establishes the formal hearing procedures for administrative proceedings conducted pursuant to the Administrative Procedure Act. (Government Code Section 11500 *et seq.*)

FISCAL EFFECT: As currently in print this bill is keyed fiscal.

COMMENTS: Seeking to better regulate the cannabis industry, in 2021 the Legislature consolidated cannabis enforcement into the Department of Cannabis Control with the enactment of AB 141 (Committee on Budget) Chap. 70, Stats. 2021. That measure, along with several other bills boosting enforcement was designed to improve the enforcement of cannabis laws within the state to crackdown on unlicensed actors. However, industry stakeholders with valid licenses now argue that the pendulum may have swung too far and that Department enforcement proceedings are too lengthy and time consuming. The author of this measure seeks to revise and recast the Department of Cannabis Control's enforcement authority in order streamline administrative enforcement proceedings. In support of this bill the author states:

AB 1826 recognizes of the mounting challenges facing California's licensed cannabis industry. California's legal market is under sustained pressure from the illicit market. Licensed operators, many of them small and minority-owned businesses, cannot afford prolonged enforcement actions that tie up inventory without resolution. Preventable business closures and inventory losses undermine the viability of the regulated market and the public safety goals that licensed cannabis regulation is meant to advance.

The core purpose of AB 1826 is to ensure that when the Department of Cannabis Control takes enforcement action against a cannabis product, that action is grounded in documented evidence, proceeds expeditiously through a defined timeline, and affords the licensee a meaningful opportunity to respond before irreversible harm occurs.

The long history of legal cannabis in California. The use of cannabis in California was first authorized for medical patients, with a valid prescription from a doctor, with the approval of Proposition 215 known as the Compassionate Use Act. In the early years of the permissible use of medical marijuana, there was little oversight or regulation of the practice. In 2003, the Legislature stepped into the fray and enacted the state's Medical Marijuana Program by passing aptly numbered SB 420 (Vasconcellos) Chap. 875, Stats. 2003. The Medical Marijuana Program provided for a voluntary medical marijuana patient card, which could be used to verify that the patient or their caregiver had state authorization to cultivate, possess, transport, or use medicinal cannabis. Despite the passage of SB 420, the medical marijuana industry still remained largely unregulated. Clinics began to open whereby doctors could prescribe cannabis for a host of conditions, some of which were considered to be generally innocuous. Further, with the adoption of the medical marijuana cards, forgeries began to proliferate throughout the state. Frustrated with the state-level oversight, many local agencies stepped up enforcement against medical marijuana dispensaries and passed harsh ordinances regulating the medical marijuana industry. The battle between the medical marijuana industry and local governments came to an apex at the

California Supreme Court, which held that state law did not expressly or implicitly limit the inherent authority of a local jurisdiction to pass ordinances or enact land use measures to regulate the industry. (*Riverside v. Inland Empire Patients* (2013) 56 Cal. 4th 729.)

Following the ruling in *Inland Empire Patients*, the Legislature once again confronted the question of how to regulate the marijuana industry in California. After several attempts, in 2015 the Legislature enacted a comprehensive package of bills to implement the Medical Marijuana Regulation and Safety Act (AB 243 (Wood) Chap. 668, Stats. 2015, AB 266 (Bonta et al.) Chap. 669, Stats. 2018, and SB 643 (McGuire) Chap. 719, Stats. 2015). These bills established the Bureau of Cannabis Control within the Department of Affairs and tasked the Bureau, along with the Departments of Public Health and Food and Agriculture, with developing a system for regulating the cultivation, manufacture, transportation, testing, distribution, and sale of medicinal cannabis.

The next year, California voters enacted Proposition 64, the Adult Use of Marijuana Act. That Act built upon the existing regulations developed pursuant to the Medical Marijuana Regulation and Safety Act, and retained the Bureau of Cannabis Control as the primary regulator of cannabis in California. Subsequent to the passage of Proposition 64, the Legislature enacted SB 94 (Committee on Budget and Fiscal Review, Chap. 27, Stats. 2017), which reconciled the differences between the medical marijuana regulatory structure and the adult recreational use regulations. SB 94 vested licensing authority for the various aspects of the cannabis business system with the Bureau of Cannabis Control, the Department of Public Health, and the Department of Food and Agriculture. Additionally, other state agencies, including the Department of the Transportation, the Department of Forestry and Fire Protection, and the State Water Resources Control Board, were tasked with participating in various regulatory processes regarding cannabis in those agencies' area of jurisdiction. Several of the participating agencies have limited enforcement powers of their own to enforce the state's cannabis regulations.

Despite the state's flurry of activity over the past twenty years to permit and regulate cannabis use, industry stakeholders noted that gaps in the law persisted. In recent years, trying to improve regulation of the cannabis industry, the Legislature consolidated significant portions of the state regulatory apparatus into the newly created Department of Cannabis Control by enacting the aforementioned AB 141. The Legislature also authorized significant civil penalties, upwards of \$30,000 per day, for those engaging in unlicensed cannabis operations. (AB 1138 (B. Rubio) Chap. 530, Stats. 2021.) Finally, last year, the Legislature adopted AB 8 (Aguilar-Curry) Chap. 248, Stats. 2025, which sought to ensure that industrial hemp products meet certain standards, were properly labeled, and authorized the Department of Cannabis Control to seize certain non-compliant products.

This bill reorganizes the Department of Cannabis Control's administrative enforcement statutes to accomplish four primary goals. The bill seeks to improve the Department of Cannabis Control's administrative enforcement processes in four key ways. It should be noted that the bill adopts these changes to several enforcement schemes across the Department, for example the bill implicates recalls and labeling actions, but makes conforming changes to each section. For simplicity, the reforms will be discussed broadly.

First, this measure seeks to improve the information provided to licensees alleged to have violated a provision of the Medicinal and Adult-Use Cannabis Regulation and Safety Act. To that end the bill requires the Department of Cannabis Control to notify licensees of any

documentation supporting the Department's position, including laboratory test results, sampling methods, and inspection findings. Secondly, the bill provides licensees the opportunity to request informal conferences with Department staff within 15 days of receiving the notice that they violated the Medicinal and Adult-Use Cannabis Regulation and Safety Act. The informal conference is designed to be more streamlined than a formal adjudication under the Administrative Procedure Act. Thirdly, the bill clarifies the timelines that the Department of Cannabis Control must adhere to before destroying unlawful cannabis products. Finally, the bill prohibits the Department of Cannabis Control from conditioning a voluntary recall, participation in an informal conference, or a correcting action plan on a licensee signing a waiver of liability for the Department or waiving judicial review.

Although the Administrative Procedure Act provides clear hearing procedures and guidelines, the Act also authorizes agencies to adopt agency-specific procedures. The Administrative Procedure Act governs state agency's internal enforcement proceedings. The law lays out a formal process that all agencies must undertake to ensure due process of those subject to an enforcement action. (Government Code Section 11500 *et seq.*) However, recognizing that every agency of the state is unique and operates in distinct regulatory environments, the Administrative Procedure Act also enables agencies to adopt agency-specific procedures, through statute or regulations, so long as minimum due process standards are met. (Government Code Section 11400 *et seq.*)

This bill modifies the Department of Cannabis Control's administrative processes. Given that this measure is *adding* new protections for licensees, including improved notice and evidentiary requirements, the bill appears to meet the due process requirements for licensees.

ARGUMENTS IN SUPPORT: This bill is supported by a number of cannabis licensees under the umbrella of the California Cannabis Industry Association. In support of the bill a coalition letter states:

For many small and mid-sized cannabis businesses, a single product embargo or mandatory recall can be a terminal event. Currently, licensees are often left in a "regulatory limbo" where products are held indefinitely without a clear path to resolution, even when corrective action is possible.

AB 1826 creates a balanced framework that protects public health while safeguarding the economic viability of the legal market. We believe that regulatory credibility is built on transparency. AB 1826 codifies important procedural requirements that bring clarity, predictability, and fairness to the Department of Cannabis Control's enforcement process, without constraining the Department's authority to act swiftly when genuine public safety concerns are present.

REGISTERED SUPPORT / OPPOSITION:

Support

Ametrine Wellness
California Cannabis Industry Association
Good Farmers Great Neighbors
Kiva Confections
Level

Nug, Inc.
Pacific Stone

Opposition

None on file

Analysis Prepared by: Nicholas Liedtke / JUD. / (916) 319-2334