

ASSEMBLY THIRD READING

AB 1826 (Lackey)

As Amended April 14, 2026

Majority vote

SUMMARY

Modifies the Department of Cannabis Control (DCC) notification and informal conference requirements under the Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA) for citations, recalls, embargos, and condemnations.

Major Provisions

- 1) Requires citations to include the legal and factual basis of the citation.
- 2) Requires all citations to notify licensees that they 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) Specifies the procedures and timelines for the informal citation conference.
- 4) Requires the DCC, when notifying licensees that it has evidence the licensee's product is adulterated or misbranded, to provide specified evidence, state whether a mandatory recall will be ordered, and provide the licensee with an opportunity for an informal conference on why the cannabis or cannabis product is considered adulterated or misbranded, as specified.
- 5) Requires the DCC, following an informal adulteration or misbranding conference, to notify a licensee in writing if it determines that the adulterated or misbranded product does not need to be recalled.
- 6) Specifies that the notice following the informal recall conference serves as the final decision.
- 7) Requires the DCC, when issuing a mandatory recall order, to provide a summary of the determination for the recall and specified evidence upon which the order is based.
- 8) Specifies additional procedures and timelines that apply to the existing informal recall conference opportunity, as specified.
- 9) Prohibits the DCC from authorizing the destruction of cannabis product until the conclusion of the informal recall conference process or the licensee has declined a conference.
- 10) Prohibits the DCC 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.
- 11) 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.
- 12) Requires the DCC, when notifying licensees of its decision to affix an embargo tag on a cannabis product suspected of being adulterated or misbranded, to provide the notice in

writing, include specified evidence of the reason for the embargo, and offer an informal embargo conference, as specified.

- 13) Authorizes a licensee to remediate an embargoed product upon DCC approval of a corrective action plan.
- 14) Prohibits the DCC 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.

COMMENTS

Background. The Medicinal and Adult Use Cannabis Regulation and Safety Act (MAUCRSA), which incorporates prior cannabis laws, authorizes a person who obtains a state license under MAUCRSA to engage in commercial adult-use cannabis activity under that license and any applicable local ordinances. The DCC is the state agency that licenses and regulates commercial cannabis activity. Specifically, the DCC regulates:

- 1) Growing of cannabis plants.
- 2) Manufacture of cannabis products.
- 3) Transportation and tracking of cannabis goods throughout the state.
- 4) Sale of cannabis goods.
- 5) Events where cannabis is sold or used.
- 6) Labeling of goods sold at retail.

Enforcement. The DCC's goal in enforcing the requirements of MAUCRSA is to protect the public from the harms that may result from unregulated commercial cannabis activity. If a licensee violates MAUCRSA or other relevant laws, MAUCRSA authorizes the DCC to take direct administrative or disciplinary action against the licensee. The administrative actions include warnings, citations, fines, and orders of abatement. The formal disciplinary actions include probation, suspension, and ultimately revocation. In addition, MAUCRSA authorized the DCC to take actions against cannabis products that do not meet the requirements of MAUCRSA

Citations. Citations may be issued against licensees or unlicensed persons for violations of MAUCRSA or other applicable laws. Citations can contain monetary fines, orders of abatement or both. Citations must describe the violation and the DCC's evidence of a citable offense. Citations may assess a monetary penalty of up to \$5,000 a day per violation for licensees and up to \$30,000 per violation per day for unlicensed persons. The monetary fine contained in a citation must account for the following factors: the gravity of the violation by the licensee or person; the good faith of the licensee or person; and the history of previous violations. To contest a citation, the cited party must file a written request for a hearing within 30 days of service of the citation. Following this written request for a hearing, the cited party may also request an informal hearing with DCC staff. This bill modifies the informal procedures for contesting citations and the requirements of the notice which must accompany a citation.

Product Embargoes. The DCC has the authority to embargo cannabis products which it has probable cause to believe are misbranded or adulterated. When the DCC embargoes a cannabis product, the it must affix a tag or marking to the affected product, and serve the licensee associated with the product, a notice describing the basis for the embargo. Following the issuance of an embargo a licensee may contest the embargo or voluntarily recall a product. Voluntary recalls are initiated by licensees whose product has been contaminated or misbranded. If a licensee does not recall an embargoed product and instead contests the embargo, the DCC may authorize a licensee to remediate the affected product or order the condemnation of the product. Remediation is the process of removing contaminants from a product and must be approved by the DCC in advance. Condemnation is the process through which the DCC orders a licensee to destroy a product, under the supervision of the department. This bill establishes informal conference procedures during the embargo process and creates timelines for the embargo process.

Mandatory Recalls. The DCC also has the authority to issue a mandatory recall when a cannabis product presents an immediate or serious threat to consumers and other DCC remedies would cause an unreasonable delay. When the DCC issues a mandatory recall, it notifies the licensees who have the affected product, such as a dispensary. Licensees can, within five days of the issuance of a recall order, contest the recall through an informal proceeding, where they are able to argue why their product should not be recalled. Following this informal proceeding the DCC can either affirm, modify, or set aside recall order. If the DCC orders the condemnation of the product during the informal proceeding, the licensee can then request a formal adjudication; the procedures of which are governed by the APA. This bill modifies the requirements of the informal process for mandatory recalls.

Informal Conferences. MAUCRSA and DCC regulations specify that when the DCC issues a citation, the cited party can contest the citation, request an informal conference, or both. To contest a citation, a cited party must submit a written request to the DCC within 30 days of the service of the citation. Citations are contested in formal hearings, the procedure for which comes from the APA. In an informal conference for a citation, the cited party must request a conference within 15 days of service of a citation. In the 15 days following the receipt of the written request for an informal conference, DCC staff must meet with a cited party to discuss the citation. Within 15 days of the date of the conference, the DCC may affirm modify or dismiss the citation by written decision.

In addition, when the DCC orders the mandatory recall of a product, the DCC is required to offer the licensee an opportunity for an informal proceeding, as determined by the DCC, during which the licensee can argue why the product should not be recalled. Following this proceeding, the order shall be affirmed, modified, or set aside.

This bill would expand and confirm the ability to request an informal conference for citations, recalls, and embargoes. It also requires DCC to provide licensees the chance to present arguments and evidence to DCC staff who have knowledge of their case.

Evidentiary Disclosure Requirements. This bill also seeks to increase evidentiary disclosure requirements associated with the DCC enforcement actions. Currently, when the DCC has evidence that a product is misbranded or adulterated, it must provide notice to a licensee. Existing law does not provide details about the form or content of this notice. This bill would

require that the notice provide specific evidence of the violation including, lab testing data and sampling methodology used.

According to the Author

"[This bill], authored by Assemblyman Tom Lackey, addresses the mounting challenges facing California's licensed cannabis industry, where prolonged enforcement actions without resolution are driving preventable business closures and inventory losses that undermine both the regulated market and the public safety goals it is meant to advance. Licensed operators - many of them small and minority-owned businesses - cannot absorb the financial harm caused by enforcement actions that lack transparency, move without defined timelines, or condition relief on the surrender of legal rights. The bill establishes evidence disclosure requirements, meet-and-confer procedures, expedited hearing timelines for perishable products, and prohibitions on coercive waiver conditions. Together, these reforms ensure that DCC enforcement actions are grounded in documented evidence, proceed expeditiously, and afford licensees a meaningful opportunity to respond before irreversible harm occurs."

Arguments in Support

The *California Cannabis Industry Association* (sponsor) writes: "This measure introduces reasonable, necessary changes to the Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA) to ensure that due process protections for licensees keep pace with the state's enforcement efforts."

Kiva Brands writes that this bill "would strengthen due process protections for licensed cannabis operators by requiring the Department of Cannabis Control (DCC) to provide supporting documentation when notifying licensees of findings of adulteration, misbranding, or probable cause to issue an embargo. This bill is a fundamental and necessary step that increases transparency for operators, protects small businesses from arbitrary enforcement, and ensures licensed operators can understand and respond to key regulatory decisions affecting their future."

Arguments in Opposition

None on file

FISCAL COMMENTS

According to the Assembly Appropriations Committee:

DCC estimates ongoing costs of approximately \$1.6 to \$2 million annually (Cannabis Control Fund) for additional legal and compliance staff needed to support the expanded use of informal conferences, adherence to specified timeframes, and expanded documentation and evidentiary requirements. DCC explains the bill's requirements to provide more detailed notices of violation, including enhanced explanations of testing and sampling methodologies, will increase staff time required to prepare, review, and issue citations and notices.

More specifically, DCC notes the expansion of informal conference processes will significantly increase workload for legal staff to coordinate, prepare for, facilitate and document outcomes of the informal conference, and that embargoes and recalls are undertaken in instances where there is evidence that a product is misbranded or adulterated – issues that pose consumer safety risks, and the numerous

opportunities and obligations for informal conference proposed in the bill may impede or delay the ability to address these consumer safety risks in a timely manner.

VOTES

ASM BUSINESS AND PROFESSIONS: 19-0-0

YES: Berman, Johnson, Addis, Ahrens, Alanis, Bains, Bauer-Kahan, Caloza, Chen, Elhawary, Hadwick, Haney, Hart, Irwin, Jackson, Lowenthal, Macedo, Nguyen, Pellerin

ASM JUDICIARY: 12-0-0

YES: Kalra, Macedo, Bauer-Kahan, Bryan, Connolly, Dixon, Harabedian, Pacheco, Papan, Sanchez, Stefani, Zbur

ASM APPROPRIATIONS: 15-0-0

YES: Wicks, Hoover, Aguiar-Curry, Calderon, Caloza, Dixon, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache, Ta, Tangipa

UPDATED

VERSION: April 14, 2026

CONSULTANT: Vincent Chee / B. & P. / (916) 319-3301

FN: 0003049