

Date of Hearing: April 20, 2026

ASSEMBLY COMMITTEE ON REVENUE AND TAXATION

Mike Gipson, Chair

AB 2250 (Aguiar-Curry) – As Amended March 11, 2026

Majority vote. Fiscal committee.

SUBJECT: Cannabis: cannabinoids

SUMMARY: Expands the California Department of Tax and Fee Administration's (CDTFA's) seizure authority, and revises and clarifies certain provisions related to the treatment of cannabis and cannabis products under various laws. Specifically, **this bill:**

- 1) Provides that, beginning on or after January 1, 2028, a cannabinol (CBN) isolate is excluded from the definition of "cannabis concentrate," under the California Uniform Controlled Substances Act (CUCSA).
- 2) Removes the authorization, under the Cannabis Tax Law, to seize product that is a presumed cannabis product that is possessed, stored, offered for sale, or sold by an unlicensed person or at an unlicensed premises, and instead authorizes the CDTFA to seize cannabis or a cannabis product that is possessed, stored, offered for sale, or sold at an unlicensed premises.
- 3) Organizes and clarifies, under the Cannabis Tax Law, the presumption that a product that contains or purports to contain a cannabinoid is a cannabis product, which may be overcome with certain evidence that the product complies with specified laws.
- 4) Prohibits a person that is engaged in the business of selling cigarettes or tobacco products from making any sale of cannabis, cannabis products, or a product presumed to be cannabis.
- 5) Expands the CDTFA's seizure authority under the Cigarette and Tobacco Products Licensing Act of 2003 (Licensing Act) to include the seizure of cannabis, cannabis products, or a product presumed to be cannabis sold in violation of the above prohibition.
- 6) Amends, under the Licensing Act, funding provisions to include the seizure and destruction of any product seized pursuant to this bill as a purpose of implementing, enforcing, and administering the Licensing Act.
- 7) Provides that no reimbursement to a local agency or school district is required by this bill, as specified.

EXISTING LAW:

- 1) Enacts the Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA) to implement and consolidate Proposition (Prop.) 64, the Control, Regulate, and Tax Adult Use of Marijuana Act, which authorized the licensure and regulation of commercial adult-use cannabis, and the Medical Marijuana Regulation and Safety Act (MMRSA), which established a regulatory framework for the cultivation, manufacture, distribution, sale, and

product safety of medicinal-use cannabis. The MAUCRSA defines "CBN isolate" as a compound extracted from cannabis or industrial hemp consisting of CBN, as specified, with a purity level greater than 99% and that does not contain any form of tetrahydrocannabinol (THC) or synthetic cannabinoid. "CBD isolate" is similarly defined under the MAUCRSA, except that the compound must have been extracted from cannabis or industrial hemp consisting of cannabidiol. (Business and Professions Code (B&PC) Section 26000 *et seq.*)

- 2) Enacts the CUCSA, which establishes a schedule to define and classify controlled substances, and prescribes the method by which these substances may be legally manufactured, furnished, or sold in the state. (Health and Safety Code (H&SC) Section 11000 *et. seq.*) The term "concentrated cannabis" or "cannabis concentrate" is, beginning on January 1, 2026 and until January 1, 2028, defined as cannabis that has undergone a process to concentrate one or more active cannabinoids, thereby increasing potency, and includes extracts, oils, hash, dab, shatter, rosin, wax, and the separated resin, whether crude or purified. Beginning on January 1, 2028, "concentrated cannabis" or "cannabis concentrate" includes industrial hemp that has undergone the same process as stipulated above, but excludes from the term "cannabis concentrate" cannabidiol (CBD) isolate.
- 3) Defines "cannabis" as all parts of the plant *Cannabis sativa* Linnaeus, *Cannabis indica*, or *Cannabis ruderalis*, whether growing or not; the seeds thereof; the resin from glandular trichomes or extracted from any part of the plant; and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds or resin. "Industrial hemp" is excluded from the definition of cannabis. (H&SC Section 11018.)
- 4) Defines "industrial hemp" or "hemp" as types of the plant *Cannabis sativa* Linnaeus, or any part of the plant with a total THC concentration of no more than 0.3% on a dry-weight basis and is limited to only agricultural products, including seeds, propagated plant material, immature or mature plants, harvested plants, mature stalks of the plant, fiber produced from the stalks, oil or cake made from the seeds of the plant, or any preparation that does not contain cannabinoids.
- 5) Establishes a comprehensive regulatory framework for industrial hemp under the Sherman Food, Drug, and Cosmetic Law that governs the treatment of industrial hemp and its raw extract. (H&SC Section 111920 *et. seq.*)
- 6) Enacts the Cigarette and Tobacco Products Tax (CTPT) Law, which imposes a tax on distributors of cigarettes. (Revenue and Taxation Code (R&TC) Section 30101.)
- 7) Imposes, in addition to the CTPT, a surtax on the distribution of cigarettes. This surtax is also imposed on tobacco products at a rate equivalent to the combined CTPT Law rate and surtax rate imposed on cigarette distributors. (R&TC Section 30123.)
- 8) Enacts the Licensing Act, which requires the CDTFA to administer a statewide cigarette and tobacco products license program to enforce the CTPT Law, and grants the CDTFA the authority to seize products in violation of the CTPT Law or the Licensing Act. Under the Licensing Act, a person engaged in the business of selling cigarettes or tobacco products in the state is prohibited from making retail sales of cannabis, cannabis products, or a product presumed to be a cannabis product. The prohibited products are subject to seizure by the CDTFA. Fines and penalties resulting from violations of this prohibition must be deposited in the Cigarette and Tobacco Products Compliance (CTPC) Fund, which is established and

makes funds available for expenditure, upon appropriation by the Legislature, for the sole purpose of implementing, enforcing, and administering the Licensing Act. (B&PC Section 22970 *et seq.*)

- 9) Imposes an excise tax, on and after January 1, 2023, on purchasers of cannabis or cannabis products equal to 15% of the gross receipts of any retail sale by a cannabis retailer, as adjusted. (R&TC Section 34011.2.) The CDTFA is assigned as the administering agency, and the CDTFA, or another law enforcement agency, is authorized to seize cannabis or cannabis products from a person who possesses, stores, owns, or has made a retail sale of cannabis or cannabis products if any of the following apply:
- a) Until January 1, 2023, the cannabis or cannabis products are without evidence of tax payment;
 - b) The cannabis or cannabis products are not contained in secure packaging;
 - c) The person is an unlicensed person, as defined in existing law;
 - d) The cannabis or cannabis products were not reported in the track and trace system, as specified in existing law; or,
 - e) The product is presumed to be a cannabis product, as provided, and is possessed, stored, offered for sale, or sold by an unlicensed person or at an unlicensed premises.

Under this seizure authority, a product is presumed to be a cannabis product if the product contains, or purports to contain, a cannabinoid, including a synthetic cannabinoid, regardless of the nature or source of the cannabinoid. This presumption may be overcome by evidence showing that the product complies with the Sherman Food, Drug, and Cosmetic Law, or meets the definition of industrial hemp. Any seized cannabis is considered forfeited, and must be consistently treated with forfeited products under the CTPT Law. (R&TC Section 34010 *et seq.*)

FISCAL EFFECT: The CDTFA estimates that this bill would result in an estimated loss of \$1.73 million to \$2.0 million in cannabis excise tax revenue, and of \$150,000 to \$170,000 in sales and use tax revenue for the 2028 calendar year.

COMMENTS:

- 1) The author has provided the following statement in support of this bill:

Last year, I authored AB 8 (Aguiar-Curry), Chapter 248, Statutes of 2025, to protect public health and licensed businesses by strengthening enforcement against illegal hemp products, ensuring that all intoxicating cannabinoids are regulated and taxed as cannabis, and creating a pathway for responsible hemp and cannabis operators to participate in the federal and state legal markets. AB 2250 is a technical clean-up bill that will make sure that AB 8 can be implemented effectively. These changes are needed to ensure that state agencies have the tools they need to provide oversight and enforcement for California's cannabis marketplace.

- 2) The California Cannabis Operators Association, writing in support of this bill, states, in part:

[The California Cannabis Operators Association] was proud to sponsor AB 8 (Aguiar-Curry), landmark legislation that fundamentally restructured California's approach to intoxicating hemp-derived cannabinoids by codifying emergency regulations prohibiting the manufacture and sale of these products outside the regulated cannabis supply chain. [AB 8] also strengthened enforcement authority, clarified regulatory jurisdiction, and reinforced the state's commitment to public health, consumer safety, and market integrity.

As with any comprehensive statutory reform of this scale, technical and conforming amendments are both expected and necessary to ensure consistent interpretation and effective implementation across agencies. AB 2250 service precisely that purpose.

3) Committee Staff Comments:

- a) *Federal cannabis treatment*: Cannabis under federal law, where it is termed “marijuana”, is classified as a Schedule 1 drug under the Controlled Substances Act (CSA). The CSA distinguishes between different types of drugs and classifies them according to their medical use, potential for abuse, and safety or dependence liability. The schedule ranges from 1 to 5 in decreasing severity, with Schedule 1 drugs defined as having no currently accepted medical use and a high potential for abuse.
- b) *Hemp and cannabis*: Hemp and what has been traditionally called "marijuana" are both derived from the same plant species, *Cannabis sativa*. Both federal and state law, however, distinguish between the two types of products. As noted previously, marijuana is federally classified as a Schedule 1 drug. With the passage of the Agriculture Improvement Act of 2018, hemp was federally distinguished from marijuana, and defined as the plant species *Cannabis sativa* with a delta-9 THC concentration of 0.3% or less¹, as specified. California, with the passage of AB 8 (Aguiar-Curry), Chapter 248, Statutes of 2025, incorporated this distinction by establishing a comprehensive regulatory framework for industrial hemp, and subjecting products containing concentrated cannabinoids derived from industrial hemp to the provisions of MAUCRSA governing cannabis, except for concentrations derived from CBD isolate.
- c) *State cannabis regulation*: In 2015, the Legislature enacted the MMRSA, commencing the regulation of cannabis at the state level. The MMRSA was composed of numerous proposals that regulated the cultivation, manufacturing, transportation, distribution, sale, and product safety of medicinal-use cannabis. The MMRSA was subsequently renamed to the Medical Cannabis Regulation and Safety Act.

In November 2016, California voters approved Proposition 64 (Prop. 64), which legalized adult use cannabis for people 21 years of age or older. Prop. 64 provided for the licensure and regulation of commercial adult-use cannabis and medicinal use cannabis by various state agencies, and permitted local jurisdictions to apply additional taxes and regulate cannabis businesses through local zoning, land-use requirements, and business license requirements.

¹ Delta-9 THC is the psycho active chemical component of cannabis, and is the chemical that is often attributed as the compound responsible for the "high" experienced by consumption of cannabis.

To implement Prop. 64, the Legislature enacted the MAUCRSA in June 2017. The MAUCRSA integrated the licensing and regulation of adult-use and medicinal-use cannabis activities. Enacted by SB 94 (Committee on Budget and Fiscal Review), Chapter 27, Statutes of 2017, MAUCRSA replaced references to “marijuana” with “cannabis” in existing law. Subsequently, in 2021, the Legislature consolidated the various state agencies responsible for administering the licensure and regulation of cannabis into the Department of Cannabis Control by passing AB 141 (Committee on Budget) Chapter 70, Statutes of 2021.

- d) *This bill*: This bill would make a number of changes to AB 8. First, this bill excludes from the definition of “cannabis concentrate” CBN isolate. Thus, concentrations derived from CBN isolate would not be subject to the MAUCRSA and, by extension, the Cannabis Tax Law. This would bring parity with the treatment of CBD isolate under existing law.

Second, this bill would recast the seizure authority provisions under the Cannabis Tax Law to instead authorize the seizure of cannabis or cannabis products if they are possessed, stored, offered for sale, or sold at an unlicensed premises only, rather than by an unlicensed person². As a result of this change, this bill would reorganize the provisions stipulating the evidence that may be used to overcome the presumption that a product containing or purporting to contain a cannabinoid, or synthetic cannabinoid, is a cannabis product.

Finally, this bill would expand the seizure authority of the CDTFA under the Licensing Act by prohibiting a person engaged in the business of selling cigarettes or tobacco products from making any sale of cannabis, cannabis products, or a presumed cannabis product, rather than only a retail sale. This would ensure that illicit sales of cannabis made by cigarette and tobacco product businesses would not go unenforced if the illicit sale occurs somewhere in the supply chain that is not a retail storefront. Product seized pursuant to this expansion would be considered a purpose of implementing, enforcing, and administering the Licensing Act under the funding provisions governing the CTPC Fund, thereby making those activities eligible to receive disbursements from the CTPC Fund.

- e) *Dazed, but not confused*: As currently drafted, this bill's provisions include minor and technical changes that support the implementation of AB 8. These changes bring parity amongst similarly situated products and ensure that certain derivatives of industrial hemp are not erroneously included in the Cannabis Tax Law, that cigarette and tobacco businesses do not evade prohibitions on their sale of cannabis or cannabis products, that update CDTFA's seizure authority to reflect these changes, and that clarify that these changes are eligible activities to receive moneys from the CTPC Fund.

REGISTERED SUPPORT / OPPOSITION:

Support

² Committee staff notes that existing law provides the CDTFA seizure authority when an unlicensed person is selling, possessing, storing, or making a retail sale of cannabis or cannabis products, and this bill does not rescind that authority.

California Cannabis Operators Association
Good Farmers Great Neighbors
NUG, Inc.

Opposition

None on file

Analysis Prepared by: Harrison Bowlby / REV. & TAX. / (916) 319-2098