

ASSEMBLY THIRD READING
AB 2697 (Pellerin)
As Amended April 13, 2026
Majority vote

SUMMARY

Authorizes a local jurisdiction to allow for a licensed cannabis retailer to conduct sales through a drive-through, in accordance with specified conditions.

Major Provisions

- 1) Permit a local jurisdiction to authorize a licensed retailer or microbusiness that conducts storefront retail sales from a premises to sell cannabis or cannabis products to a customer in a motor vehicle in a drive-through located on the premises.
- 2) Require drive-through sales to occur through a fixed-pane security window with a security drawer or similar secure transfer mechanism that is part of a building located within the premises; exempt a retailer that conducted retail sales through a drive-through in compliance with state and local law before January 1, 2027 from these requirements.
- 3) Prohibit a retailer that conducts sales exclusively through delivery or that does not maintain a premises open to the public for retail sales from operating a drive-through.
- 4) Require sales conducted through a drive-through to comply with MAUCRSA and any regulations adopted by the Department of Cannabis Control (DCC).

COMMENTS

Brief History of Cannabis Regulation in California. Consumption of cannabis was first made lawful in California in 1996 when voters approved Proposition 215, or the Compassionate Use Act. Proposition 215 protected qualified patients and caregivers from prosecution relating to the possession and cultivation of cannabis for medicinal purposes, if recommended by a physician. This regulatory scheme was further refined by Senate Bill 420 (Vasconcellos) in 2003, which established the state's Medical Marijuana Program. After several years of lawful cannabis cultivation and consumption under state law, a lack of a uniform regulatory framework led to persistent problems across the state. Cannabis's continued illegality under the federal Controlled Substances Act, which classifies cannabis as a Schedule I drug ineligible for prescription, generated periodic enforcement activities by the United States Department of Justice. Threat of action by the federal government created persistent apprehension within California's cannabis community.

After several prior attempts to improve the state's regulation of cannabis, the Legislature passed the Medical Marijuana Regulation and Safety Act—subsequently retitled 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. While entrusting state agencies to promulgate extensive regulations governing the implementation of the state's cannabis laws, MCRSA fully preserved local control. Under MCRSA, local governments could establish their own ordinances to regulate medicinal cannabis activity. Local jurisdictions could also choose to ban cannabis establishments altogether.

Not long after the Legislature enacted MCRSA, California voters passed Proposition 64, the Adult Use of Marijuana Act (AUMA) in 2016. The passage of the AUMA legalized cannabis for non-medicinal adult use in a private home or licensed business; allowed adults 21 and over to possess and give away up to approximately one ounce of cannabis and up to eight grams of cannabis concentrate; and permitted the personal cultivation of up to six cannabis plants. The proponents of the AUMA sought to make use of much of the regulatory framework and authorities set out by MCRSA while making a few notable changes to the structure still being implemented.

In the spring of 2017, Senate Bill 94 (Committee on Budget and Fiscal Review) was passed to reconcile the distinct systems for the regulation, licensing, and enforcement of legal cannabis that had been established under the respective authorities of MCRSA and the AUMA. The single consolidated system established by the bill—known as the Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA)—created a unified series of cannabis laws. On January 16, 2019, the state’s three cannabis licensing authorities—the Bureau of Cannabis Control (BCC), the California Department of Food and Agriculture, and the California Department of Public Health—officially announced that the Office of Administrative Law had approved final cannabis regulations promulgated by the three agencies respectively.

In early 2021, the Department of Finance released trailer bill language to create a new Department with centralized authority for cannabis licensing and enforcement activities. This new department was created through a consolidation of the three prior licensing authorities’ cannabis programs. As of July 1, 2021, the DCC has been the single entity responsible for administering and enforcing the majority of MAUCRSA. New regulations went into effect on January 1, 2023 to effectuate the organizational consolidation and make other changes to cannabis regulation.

Drive-Through Sales. In late 2017, the BCC issued emergency regulations for the sale, distribution, and transportation of cannabis and cannabis products in advance of the AUMA's January 1, 2018 implementation deadline. These regulations established various requirements for the designated premises wherein an applicant for a license intended to engage in retail cannabis activity. These regulations included the following language:

- 1) *Retailers and microbusinesses authorized to conduct retail activities shall only serve customers who are within the licensed premises, or at a delivery address that meets the requirements of this division.*
- 2) *The sale and delivery of cannabis goods shall not occur through a pass-out window or a slide-out tray to the exterior of the premises.*
- 3) *Retailers or microbusinesses shall not operate as or with a drive-in or drive-through at which cannabis goods are sold to persons within or about a motor vehicle.*
- 4) *No cannabis goods shall be sold and/or delivered by any means or method to any person within a motor vehicle.*

The BCC readopted its emergency regulations and proposed permanent regulations in mid-2018. When the BCC modified its regulations, it added a new subdivision to the rules prohibiting the operation of drive-through sales, providing that an applicant or licensee may have a drive-through window only if the licensee or applicant either received or applied for and subsequently

received, prior to June 1, 2018, a license or permit from the local jurisdiction for a premises including a drive-through window which was disclosed on the local application. As a result of this new regulatory language, several cannabis retailers were granted "grandfathered" authority to operate a drive-through on their premises, including a dispensary located in Desert Hot Springs.

The BCC's regulations were similarly interpreted to prohibit curbside pickup from cannabis retailers. However, during the COVID-19 pandemic, the BCC announced that it would not be enforcing its regulations and would allow for curbside sales by cannabis retailers, which had been declared essential businesses. When the DCC proposed new permanent regulations in March 2022 to effectuate the agency consolidation, it made the allowance for curbside delivery permanent through the adoption of the following language:

A licensed retailer or licensed microbusiness authorized to engage in storefront sales at their licensed premises may conduct sales through curbside delivery. Cannabis goods that have been purchased by a customer may be delivered to the customer in a vehicle parked immediately outside the licensed retail premises. Curbside delivery of cannabis goods must occur under video surveillance and meet the requirements ... for recording point-of-sale areas. Retail employees engaging in curbside delivery must verify each customer's age. ... Licensed retailers who are only authorized to engage in retail sales through delivery shall not conduct sales through curbside delivery.

While the DCC's regulations now permanently allow for curbside delivery, drive-through sales remain unlawful. Arguments have been made that allowing for cannabis transactions with consumers who are located inside of a motor vehicle would encourage driving while under the influence of cannabis, or have other negative consequences in relation to diversion. However, these would presumably already apply to curbside delivery, which is now legal.

This bill would preempt the DCC's regulations and allow for cannabis retailers to operate a drive-through, subject to approval by the licensee's local jurisdiction. The drive-through sales would be required to occur through a fixed-pane security window with a security drawer or similar secure transfer mechanism that is part of a building located within the premises. Retailers who are currently operating through the grandfathering language in the DCC's regulations would be exempt from these requirements. The goal of the author is to allow for more cannabis retailers to utilize drive-throughs as a method of providing consumers with greater access and convenience.

According to the Author

"California cannabis retailers lack a common and accessible transaction path for consumers afforded so many other retailers in California, including fast food, pharmacies, banks, and even liquor stores. Cannabis consumers who have mobility issues or other disabilities have limited options for being able to obtain cannabis without having to step out of their vehicles. And while home delivery is legal, there are service area restrictions. Allowing cannabis retailers to add the consumer-friendly option of a secured drive through, if approved by the local jurisdiction, will enhance the consumer experience, increase safety at cannabis retailers, and help expand California's legal cannabis marketplace."

Arguments in Support

A coalition of organizations representing the cannabis industry writes jointly in support of this bill: "Adding drive through would create another consumer-friendly option for California

consumers to access safe and legal cannabis, provided the local jurisdiction that approves the storefront retail operation further approves that retail location to offer this option. Further, it would allow a cannabis storefront retailer to provide the same level of service as curbside pickup, with the added benefit of not having employees exit the perimeter of the secured retail location. For this reason, we are pleased to support this simple and common sense bill and look forward to working with you as this bill moves through the legislative process."

Arguments in Opposition

The *California Narcotic Officers' Association* opposes this bill, writing: "While intended to promote convenience, this retail model introduces elevated risks related to impaired driving, regulatory compliance, crime exposure, and traffic safety. Importantly, no similar statute authorizes drive-thru window liquor sales. Drive-thru window cannabis sales create a direct nexus between purchase and vehicle operations. This will increase the likelihood of drug-impaired driving incidents and deaths by encouraging the immediate or near-immediate consumption following the purchase of edible & high-potency products resulting in dangerous impairment."

FISCAL COMMENTS

According to the Assembly Committee on Appropriations, absorbable costs to the DCC.

VOTES

ASM BUSINESS AND PROFESSIONS: 17-2-0

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

NO: Bains, Hadwick

ASM APPROPRIATIONS: 13-1-1

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

NO: Ta

ABS, ABST OR NV: Arambula

UPDATED

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