
THIRD READING

Bill No: AB 686
Author: Berman (D)
Introduced: 2/14/25
Vote: 21

SENATE BUS., PROF. & ECON. DEV. COMMITTEE: 9-0, 6/30/25
AYES: Ashby, Choi, Archuleta, Arreguín, Menjivar, Smallwood-Cuevas,
Strickland, Umberg, Weber Pierson
NO VOTE RECORDED: Grayson, Niello

ASSEMBLY FLOOR: 76-0, 5/27/25 (Consent) - See last page for vote

SUBJECT: Cannabis: appointees: prohibited activities

SOURCE: Author

DIGEST: This bill prohibits other Governor-appointed officials within the Department of Cannabis Control (DCC), in addition to the members of the Cannabis Control Appeals Panel (CCAP) and the Director of the DCC, from having specified financial interests or relationships within the licensed cannabis industry.

ANALYSIS:

Existing law:

- 1) Establishes the Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA) to regulate the cultivation, distribution, transport, storage, manufacturing, processing, and sale of both medicinal cannabis and adult-use cannabis. (Business and Professions Code (BPC) § 26000)
- 2) Requires the Governor to appoint the director of the DCC, subject to confirmation by the Senate, who is to serve under the direction and supervision of the Secretary of the Business, Consumer Services, and Housing Agency and

at the pleasure of the Governor. (BPC § 20610.5)

- 3) Permits the Governor to additionally appoint a chief deputy director, a deputy director of equity and inclusion, and either a deputy director of legal affairs or a chief counsel to the DCC, as specified. (BPC § 20610.5(c)(2))
- 4) Establishes the CCAP consisting of one member appointed by the Senate Committee on Rules, one member appointed by the Speaker of the Assembly, and three members appointed by the Governor and subject to confirmation by a majority vote of all of the members elected to the Senate. (BPC § 26040)
- 5) Authorizes the Governor to appoint a chief deputy director, a deputy director of equity and inclusion, and either a deputy director of legal affairs or a chief counsel to the DCC. Requires these positions to serve under the direction and supervision of the director and hold office at the pleasure of the Governor. (BPC § 26010.5(c)(2))
- 6) Prohibits either the director of the DCC or any member of CCAP from any of the following:
 - a) Receiving any commission or profit whatsoever, directly or indirectly, from any person applying for or receiving any license or permit under MAUCRSA.
 - b) Engaging or having any interest in the sale or any insurance covering a licensee's business or premises.
 - c) Engaging or having any interest in the sale of equipment for use upon the premises of a licensee engaged in commercial cannabis activity.
 - d) Knowingly soliciting any licensee for the purchase of tickets for benefits or contributions for benefits.
 - e) Knowingly requesting any licensee to donate or receive money, or any other thing of value, for the benefit of any person whatsoever. (BPC § 26011)

Background

Department of Cannabis Control (DCC). In 2021, the DCC was formally operational with licensing, regulatory and enforcement authority of cannabis regulation. Today, the DCC issues licenses to applicants, renews licenses and has enforcement authority for violations of cannabis laws and regulations.

Cannabis Control Appeals Panel (CCAP). Pursuant to Prop 64, the CCAP is designated in BPC § 260640, et seq. and is charged with reviewing licensing decisions issued by the DCC. The CCAP currently consists of five members: three appointed by the Governor, one by the Senate Committee on Rules, and one by the Speaker of the Assembly. Each member appointed by the Governor is required to be a resident of a different county from the other two at the time of their initial appointment. Members of the CCAP may not from engage in activities in the cannabis space to ensure that they are not financially motivated in the execution of their responsibilities as overseers of the state's licensed cannabis industry. Specifically, BPC § 26011 provides that neither the director of DCC nor a CCAP member may do any of the following:

- Receive any commission or profit whatsoever, directly or indirectly, from any person applying for or receiving any license or permit under MAUCRSA.
- Engage or have any interest in the sale or any insurance covering a licensee's business or premises.
- Engage or have any interest in the sale of equipment for use upon the premises of a licensee engaged in commercial cannabis activity.
- Knowingly solicit any licensee for the purchase of tickets for benefits or contributions for benefits.
- Knowingly request any licensee to donate or receive money, or any other thing of value, for the benefit of any person whatsoever.

Per BPC § 26010.5 the director of the DCC is authorized to employ and appoint employees and to delegate their powers and duties to a deputy director, assistant director, or chief. MAUCRSA then expressly authorizes the Governor to appoint a chief deputy director, a deputy director of equity and inclusion, and either a deputy director of legal affairs or a chief counsel to the DCC. These additional appointed officials arguably exercise significant influence over the DCC's activities and are similarly trusted to oversee the cannabis industry. This bill intends to recognize this influence by extending the same conflict of interest provisions that apply to the director of DCC and members of CCAP to these additional appointees.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

SUPPORT: (Verified 8/18/25)

None received

OPPOSITION: (Verified 8/18/25)

None received

ASSEMBLY FLOOR: 76-0, 5/27/25

AYES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Chen, Connolly, Davies, DeMaio, Dixon, Elhawary, Ellis, Flora, Fong, Gabriel, Gallagher, Garcia, Gipson, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Kalra, Krell, Lackey, Lee, Lowenthal, Macedo, McKinnor, Muratsuchi, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Tangipa, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas

NO VOTE RECORDED: Bennett, Jeff Gonzalez, Nguyen

Prepared by: Elissa Silva / B., P. & E.D. / 916-651-4104
8/20/25 23:15:52

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