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## SENATE COMMITTEE ON APPROPRIATIONS

Senator Anna Caballero, Chair  
2025 - 2026 Regular Session

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### AB 8 (Aguiar-Curry) - Cannabis: cannabinoids: industrial hemp

**Version:** May 23, 2025

**Policy Vote:** B., P. & E.D. 11 - 0, REV. &  
TAX. 5 - 0

**Urgency:** No

**Mandate:** Yes

**Hearing Date:** August 29, 2025

**Consultant:** Janelle Miyashiro

**Bill Summary:** AB 8 integrates industrial hemp into the cannabis marketplace beginning January 1, 2028, and requires products containing concentrated cannabinoids that are derived from industrial hemp to comply with provisions of the Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA), as specified. AB 8 also prohibits the sale of synthetic cannabis products and inhalable cannabis products containing cannabinoids derived from hemp, requires out-of-state hemp manufacturers to register with the state, and reverts the cannabis excise tax rate to 15 percent, effective January 1, 2028. AB 8 also revises and recasts enforcement provisions for cannabis, industrial hemp, and cannabis products to expand the authority for state and local enforcement agencies to inspect, seize, and destroy unlawful cannabis products including those with industrial hemp.

### \*\*\*\*\* ANALYSIS ADDENDUM – SUSPENSE FILE \*\*\*\*\*

The following information is revised to reflect amendments  
adopted by the committee on August 29, 2025

#### Fiscal Impact:

- The Department of Cannabis Control (DCC) reports implementation costs of approximately \$2.5 million in Fiscal Year (FY) 2026-27, and ongoing annual costs beginning in FY 2026-27 of approximately \$5.8 million (Cannabis Control Fund and Cannabis Tax Fund).
- Unknown potentially significant administrative costs, ranging in the low millions of dollars, to the California Department of Tax and Fee Administration (CDTFA) (Cannabis Tax Fund and Cigarette and Tobacco Products Compliance Fund).
- Unknown fiscal impact, potentially ranging into the hundreds of thousands of dollars, to the California Department of Public Health (CDPH) to develop regulations regarding topical skin products.
- The Department of Pesticide Regulation (DPR) reports annual ongoing costs of \$221,000 for the development of guidelines for industrial hemp (DPR Fund).
- Unknown, potentially significant cost pressures to the state funded trial court system to adjudicate alleged violations of this measure (Trial Court Trust Fund, General Fund). The fiscal impact of this bill to the courts will depend on many unknowns, including the number of cases filed and the factors unique to each case. An eight-hour court day costs approximately \$10,500 in staff in workload. If court days exceed 10, costs to the trial courts could reach hundreds of thousands of dollars. While the

courts are not funded on a workload basis, an increase in workload could result in delayed court services and would put pressure on the General Fund to fund additional staff and resources and to increase the amount appropriated to backfill for trial court operations.

- Unknown, potentially significant costs (local funds) to the counties to incarcerate people for the crimes created by this bill. The average annual cost to incarcerate one person in county jail varies by county, but likely ranges from \$70,000 to \$90,000 per year. The average annual cost to incarcerate one person in county jail varies by county, but likely ranges from \$70,000 to \$90,000 per year. Actual incarceration costs to counties will depend on the number of convictions and the length of each sentence. Generally, county incarceration costs are not reimbursable state mandates pursuant to Proposition 30 (2012).

**Author Amendments:**

- Clarifies the prohibitions against a cigarette or tobacco retailer from possessing or selling a cannabis or cannabis product that is presumed to be a cannabis or cannabis product and provides a process for a rebuttal of the presumption that a product is a cannabis or cannabis product.
- Clarifies that any seizures or penalties against a cigarette or tobacco retailer selling a prohibited cannabis product is in addition to any current criminal or civil penalties that may be imposed by current law.
- Clarifies that until January 1, 2028, a licensed cannabis manufacturer can only use cannabinoid concentrates and extracts from a licensed cannabis cultivator and a licensee is prohibited from possessing, transporting, or selling industrial hemp, as specified.
- Revises the definition of “cannabinoid” under MAUCRSA.
- Replaces the current definitions of “cannabis”, “cannabis concentrate”, and “cannabis products” under MAUCRSA with those definitions currently defined under the Uniform Controlled Substance Act in the Health and Safety Code.
- Makes it clear in the definition of “CBD Isolate” that it cannot contain any form of tetrahydrocannabinol or a synthetic cannabinoid.
- Adds under MAUCRSA, a new definition of “CBN Isolate” which is a compound extracted from cannabis or industrial hemp with a purity level greater than 99 percent containing no form of tetrahydrocannabinol or synthetic cannabinoid.
- Replaces the definition of “industrial hemp” under MAUCRSA with the definition in the Uniform Controlled Substance Act.
- Makes technical and conforming changes to the unique identifier requirements and specifications required by the DCC, and makes conforming changes related to the track and trace system.

- Explicitly prohibits the introduction of cannabis or cannabis products derived from industrial hemp that have been manufactured without a cannabis license.
- Makes it clear that cannabis and cannabis products are not considered food products under the Sherman Food, Drug, and Cosmetic Laws.
- Clarifies and broadens the definition of “synthetic cannabinoid” to ensure all are potential compounds are captured.
- Reverts back to existing law related to the prohibition on cannabis cultivators using banned pesticides.
- Incorporates “industrial hemp” into the track and trace requirements.
- Adds clarifying language that cannabis products cannot be manufactured outside the licensed cannabis market.
- Makes it clear that upon entry into the licensed market, industrial hemp must be held in quarantine by a distributor, and specifies that any plant material determined not to be industrial hemp must be destroyed.
- Subjects industrial hemp used in products under MAUCRSA to meet quality assurance and testing standards upon entry into the licensed market.
- Revises the definition of “cannabis concentrate” under the Uniform Controlled Substance Act between January 1, 2026 and January 1, 2028, and specifies that after January 1, 2028 “cannabis concentrate” does not include CBD isolate as defined in MAUCRSA.
- Updates the definition of “cannabis products” under the Uniform Controlled Substance Act and adds a presumption that a product intended for human or animal consumption that includes any tetrahydrocannabinol is a cannabis product, and includes in the definition of industrial hemp, a calculation to determine the total tetrahydrocannabinol concentration.
- Clarifies under the Sherman, Food, Drug and Cosmetic law that a dietary supplement, food, or beverage, is not adulterated by the inclusion of cannabidiol or cannabinol isolate derived from industrial hemp so long as it does not contain any other cannabinoid or synthetic cannabinoid.
- Permits a product that is applied topically to skin and is not consumable to contain a THC concentration that is not more than the amount determined by CDPH through regulation, but not to exceed 0.3 percent.
- Sets standards for industrial hemp raw hemp extract to be incorporated into food, food additives, beverages or dietary supplements.
- Makes provisions of this bill related to industrial hemp under the Sherman, Food, Drug, and Cosmetic laws operative January 1, 2028, except the standards for industrial raw hemp extract, the prohibition on inhalable hemp products and testing

requirements to prove THC concentration levels do not exceed CDPH limits, as determined by CDPH effective January 1, 2026.

- Sunsets current authority for a hemp manufacturer or retailer to operate for three months without authorization as specified, on January 1, 2028.
- Deletes changes pertaining to the collection of the excise tax.
- Provides the CDTFA with emergency rule making authority until January 1, 2030.
- Adds provisions related to the collection of excise tax and the Department of Tax and Fee Authority's collection requirements on or after January 1, 2028 specific to cannabis or cannabis products.
- Adds online sales under Sherman, Food, Drug, and Cosmetic Law for purposes of industrial hemp sales to consumers.
- Makes numerous other technical, clarifying, conforming changes related to the integration of industrial hemp into cannabis and cannabis products.

**-- END --**