
THIRD READING

Bill No: AB 8
Author: Aguiar-Curry (D)
Amended: 8/29/25 in Senate
Vote: 27

SENATE BUS., PROF. & ECON. DEV. COMMITTEE: 11-0, 7/7/25
AYES: Ashby, Choi, Archuleta, Arreguín, Grayson, Menjivar, Niello,
Smallwood-Cuevas, Strickland, Umberg, Weber Pierson

SENATE REVENUE AND TAXATION COMMITTEE: 5-0, 7/9/25
AYES: McNerney, Valladares, Ashby, Grayson, Umberg

SENATE APPROPRIATIONS COMMITTEE: 7-0, 8/29/25
AYES: Caballero, Seyarto, Cabaldon, Dahle, Grayson, Richardson, Wahab

ASSEMBLY FLOOR: 73-1, 6/2/25 - See last page for vote

SUBJECT: Cannabis: cannabinoids: industrial hemp

SOURCE: California Cannabis Operators Association

DIGEST: This bill establishes the framework and pathway for the integration of industrial hemp into the Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA) beginning January 1, 2028 and requires the incorporation of industrial hemp to comply with specified provisions of MAUCRSA. This bill prohibits a licensee from possessing industrial hemp, as specified, until January 1, 2028; establishes a quarantine procedure for industrial hemp at the entry point of the cannabis market; revises numerous definitions under MAUCRSA; prohibits the sale of synthetic cannabis products and inhalable cannabis products containing tetrahydrocannabinols (THC) derived from hemp; permits a topical cosmetic product that is not consumable to contain a THC concentration of not more than an amount determined by the Department of Public Health (DPH) in regulation, not to exceed 0.3% total THC and; makes numerous other clarifying and conforming changes related to integration.

Senate Floor Amendments of 9/5/25 add language to resolve a chaptering conflict with SB 861 (Committee on Business, Professions, and Economic Development).

ANALYSIS:

Existing law:

- 1) Enacts (MAUCRSA) to provide for a comprehensive regulatory framework for the cultivation, distribution, transport, storage, manufacturing, processing, and sale of medicinal and adult-use cannabis. (Business and Professions Code (BPC) §§ 26000 *et seq.*)
- 2) Excludes industrial hemp from the definition of cannabis under MAUCRSA. (BPC § 26001)
- 3) Establishes the Department of Cannabis Control (DCC) within the Business, Consumer Services, and Housing Agency for purposes of administering and enforcing MAUCRSA. (BPC § 26010)
- 4) Provides for 20 total types of cannabis licenses including subtypes for cultivation, manufacturing, testing, retail, distribution, and microbusiness; requires each licensee except for testing laboratories to clearly designate whether their license is for adult-use or medicinal cannabis. (BPC § 26050)
- 5) Prohibits the sale of cannabis products that are alcoholic beverages, including through an infusion of cannabis or cannabinoids derived from industrial hemp into alcoholic beverages. (BPC § 26070.2)
- 6) Defines “industrial hemp” as a crop that is limited to types of the plant *Cannabis sativa* L. having no more than three-tenths of one percent THC contained in the dried flowering tops, whether growing or not; the seeds of the plant; the resin extracted from any part of the plant; and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds or resin produced therefrom. (Health and Safety Code (HSC) § 11018.5(a))
- 7) Establishes a regulatory framework for industrial hemp under the Sherman Food, Drug, and Cosmetic Law (Sherman Law) administered by the California Department of Public Health (CDPH), under which manufacturers of products containing industrial hemp are required to obtain a process food registration and comply with good manufacturing practices. (HSC §§ 111920 *et seq.*)

- 8) Requires the distribution or sale of industrial hemp products to include documentation of a certificate of analysis (COA) from an independent testing laboratory that confirms that the industrial hemp raw extract, in its final form, does not exceed THC concentration of an amount determined allowable by the CDPH in regulation, or that the mass of the industrial hemp extract used in the final form product does not exceed a THC concentration of 0.3%. (HSC § 111921)
- 9) Authorizes the CDPH to adopt regulations to determine maximum serving sizes for hemp-derived cannabinoids, hemp extract, and products derived therefrom, active cannabinoid concentration per serving size, the number of servings per container, and any other requirements for foods and beverages. (HSC § 111922)

This bill:

- 1) Requires, until January 1, 2028, a licensed cannabis manufacturer to only use cannabinoid concentrates and extracts that are manufactured or processed exclusively from cannabis obtained from a licensed cannabis cultivator. Prohibits, until January 1, 2028, a licensee from possessing, transporting, distributing, manufacturing, or selling industrial hemp on or from a licensed premises, except that a licensed testing laboratory may test industrial hemp.
- 2) Adds “industrial hemp” to the following definitions under MAUCRSA: Batch, Harvest batch, and Distributor.
- 3) Establishes, updates, adds, and refines various definitions, including:
 - a) “cannabinoid” to mean a chemical compound found in cannabis and industrial hemp that binds to or otherwise activates cannabinoid receptors in humans and animals
 - b) “cannabis”, “cannabis concentrate”, and “cannabis product” under MAUCRSA to have the same meaning under the Uniformed Controlled Substance Act as specified in the Health and Safety Code (HSC)
 - c) “CBD isolate” to mean a compound extracted from the cannabis or industrial hemp consisting of CBD (CAS-number 13956-29-1), with a purity level greater than 99% and that does not contain any form of tetrahydrocannabinol or synthetic cannabinoid

- d) “CBN isolate” to mean a compound extracted from cannabis or industrial hemp consisting of cannabis, as specified, with a purity level greater than 99% and that does not contain any form of tetrahydrocannabinol or synthetic cannabinoid
 - e) “commercial cannabis activity” to include cultivation of cannabis
 - f) “industrial hemp” under MAUCRSA to have the same meaning as under the Uniform Controlled Substance Act as specified in the (HSC)
 - g) “licensed market” to mean the California licensed market for cannabis, industrial hemp, and cannabis products that is subject to regulation under MAUCRSA
 - h) “synthetic cannabinoid” under MAUCRSA to mean a cannabinoid or cannabinoid-like compound that is produced by using biosynthesis, bioconversion, or chemical synthesis, reaction, modification, conversion, or a similar process, including but limited to, any form of THC was produced by the conversion of CBD (CAS number 13956-29-1), or any other chemical substance identified by the DCC in regulation. Specifies various items not included in the definition of synthetic cannabinoid.
- 4) Exempts regulated products under the Sherman Act that do not contain cannabinoids other than CBD isolate from MAUCRSA.
 - 5) Prohibits under MAUCRSA the introduction into the licensed market of cannabis concentrate or cannabis products derived in whole or part from industrial hemp that have been manufactured without a cannabis manufacturing license.
 - 6) States that cannabis products and cannabis concentrates are not considered food, as specified.
 - 7) Permits the state to destroy any package, label, advertisement bearing the universal symbol or its likeness that violates MAUCRSA, as specified.
 - 8) Clarifies that other state and local agencies have authority to take enforcement for violations of MAUCRSA, including violations of the penal code.

- 9) Requires for purposes of a bond that it be enough to cover the all costs of destruction including administrative, investigatory, and enforcement costs incurred by the DCC.
- 10) Deletes the requirement for the DCC to establish procedures for issuance and revocation of unique identifiers for activities associated with a cultivation license, as specified,
- 11) Revises the requirements of the track and trace program to include a software tracking system to capture data and track movement of cannabis through the supply chain from cultivation to sale.
- 12) Includes “industrial hemp cultivator” and “industrial hemp” in the provisions of the track and trace program, as specified.
- 13) Updates terms related to the track and trace program, as specified.
- 14) Updates requirements under the unique identification program.
- 15) Incorporates industrial hemp into the licensure requirements for retailers, distributors, microbusinesses, and combined activities, as specified.
- 16) Prohibits a person from selling, offering, or providing a product in California that is any of the following:
 - a) An alcoholic beverage that contains cannabinoids;
 - b) An inhalable cannabis product containing THC derived from industrial hemp;
 - c) Hemp flower or pre-roll that contains hemp flower or hemp-derived cannabinoids, whether infused or not.
 - d) Any product containing synthetic cannabinoids or a cannabis product manufactured outside the licensed market.
- 17) Clarifies that industrial hemp or cannabis products derived exclusively from industrial hemp may be continuously transported through California without entering the licensed market, provided they are not sold in California, or

shipped out of California by a licensee.

- 18) Requires industrial hemp, upon entry into the licensed market to be held in quarantine by the distributor, and tested by a licensed testing laboratory to confirm that it meets the definition of industrial hemp before being transferred to another licensee or incorporated into a cannabis product. Requires quarantined plant material that is determined not to be industrial hemp to be destroyed.
- 19) Deletes the current prohibition on noncannabis foods or beverages products from containing industrial hemp for purposes of cannabis retailers selling noncannabis related food and beverages.
- 20) Makes specified provisions for incorporating industrial hemp into the cannabis marketplace effective January 1, 2028.
- 21) Revises the definition of “concentrated cannabis” between January 1, 2026 and January 1, 2028 and establishes a new definition effective January 1, 2028.
- 22) Presumes that a product intended for human or animal consumption that contains or purports to contain any tetrahydrocannabinol is a cannabis product, as specified.
- 23) Revises the definition of “industrial hemp” under the Uniform Controlled Substances Act, as specified, which includes a formula for total THC concentration to be determined by the California Department of Food and Agriculture (CDFA).
- 24) 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.
- 25) 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 the Department of Public Health through regulation, but not to exceed 0.3%.
- 26) Sets standards for industrial hemp raw hemp extract to be incorporated into food, food additives, beverages or dietary supplements, as specified.

- 27) 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 DPH limits, as determined by DPH effective January 1, 2026.
- 28) Clarifies that industrial hemp is only subject to the provisions of the MAUCRSA upon entry into the licensed cannabis market.
- 29) Prohibits the sale of hemp flower and help pre-rolls for consumption within the state.
- 30) Includes any synthetic cannabinoid, as defined under MAUCRSA, in the references to “synthetic cannabinoid compound” under the Controlled Substance Use Act in the HSC.
- 31) Clarifies that it is illegal for a person 18 years of age or older to employ minor to sell, transport or otherwise distribute cannabis or cannabis products.
- 32) Authorizes the California Department of Tax and Fee Administration (CDTFA) or a law enforcement agency to seize products unlawfully sold at a cannabis or tobacco retail location and provides for specific civil penalties in addition to the suspension or revocation of the retailer’s license, as specified.
- 33) Prohibits a person that is engaged in the business of selling cigarettes or tobacco products in California from possessing, storing, owning, or making a retail sale of cannabis, or cannabis products, as specified.
- 34) States the presumption that a product contains or purports to contain a cannabinoid product, regardless of the nature or the source of the cannabinoid, and the presumption may be rebutted by evidence showing the product complies with specified requirements.
- 35) Adds language to address a chaptering conflict and makes numerous other technical, clarifying, and conforming changes related to the integration and regulation of industrial hemp.

Background

Pursuant to the provisions of MAUCRSA, the regulated commercial cannabis market in California operates as a closed system. Cannabis or cannabis products are prohibited from being transported outside of California and cannabis sourced in other states is not allowed into California's cannabis market. Cannabis products in California must meet strict regulatory requirements, derived from the voter initiative Proposition 64, The Control, Regulate and Tax Adult Use of Marijuana Act (Prop 64). California's cannabis products are required to meet safety standards prior to retail sale and are subject to product testing requirements. Under current law, a separate license is required for every corner of the cannabis market, which includes growing cannabis, transporting cannabis, making cannabis products, testing cannabis products, selling cannabis, and holding an event where cannabis is sold.

The DCC requires the testing of all batches of cannabis goods prior to sale. DCC regulated testing labs test cannabis goods to make sure they are free of contaminants and labeled with accurate amounts of cannabinoids and terpenes, or other additives. Licensed testing laboratories report results on the COA, which states whether the batch passes or fails testing for each substance. The DCC is responsible for oversight over the licensed testing laboratories in this State.

Under current law, and as specified in Prop 64, no part of hemp regulation in California is conducted by the DCC, however, testing laboratories issued a license by the DCC are also authorized to test hemp products, as specified. Hemp is explicitly prohibited under the provisions of MAUCRSA. Supply chains and regulations for industrial hemp and cannabis are kept principally separate in California. DCC presently mandates that licensed cannabis retailers are prohibited from selling any non-cannabis goods besides cannabis accessories and branded merchandise (4, California Code of Regulations § 15407), and industrial hemp falls under the category of a "non-cannabis good". In addition, California law stipulates that industrial hemp may not be cultivated on premises licensed by DCC.

Hemp plants and cannabis plants are both the same species. The difference that sets hemp and cannabis apart is the amount of THC. As prescribed by federal and California law, industrial hemp is defined as *C. sativa* plants, which have low levels of THC (under 0.3%). The Farm Bill made it legal to grow and sell hemp products containing less than 0.3% THC throughout the United States. By making hemp federally legal and recognized as an agriculture commodity, it permitted hemp-derived CBD products to flourish. Hemp has many recognized purposes and

is used in a variety of different ways including fiber, paper, food products, skincare and bio fuel among others.

In California, hemp is regulated by the CDFA for agricultural purposes and by the CDPH when it is used in food, beverage, or cosmetic products. Consumer dietary supplements, food, or beverage products manufactured using industrial hemp must comply with the Sherman law. In addition, manufacturers and distributors of industrial hemp products must register with the CDPH's Food and Drug Branch. The Sherman Law also specifies the allowed composition of industrial hemp products and imposes specific labeling and marketing restrictions. Businesses engaged in the manufacturing, packing, or holding of industrial hemp products are required to register with CDPH. However, for those that grow industrial hemp as a crop, is under the jurisdiction of the CDFA.

Although hemp-derived CBD products are technically required to have less than 0.3% THC, there have been numerous instances of CBD products containing both synthetic cannabinoids and higher levels of THC than what is permitted for hemp-derived CBD products. Those types of products are identifying as “CBD” products and are being shipped across the country. It is widely reported that some hemp manufacturers have been exploiting the law to produce and market hemp products that contain THC without the safeguards in place for similar cannabis products. Intoxicating hemp products have been made available at major and small retailers and marketed for their intoxicating THC properties. This bill proposes to expressly ban sales of specified cannabis products in settings where tobacco is sold.

According to information in the recently released White Paper, *The Great Hemp Hoax*: it reported results of its study that focused on branded “hemp” products, to test for potency and composition to determine if the underlying composition was that of “hemp” (containing no synthesized cannabinoids) or something more. According to the White Paper study results, it found that despite the strict prohibition in AB 45 that no hemp product used for consumer consumption have cannabinoids produced for human consumption, more than half the tested products exceed the federal THC limit for hemp (0.3%). Furthermore, under California’s stricter prohibition (including delta-8), 88% of products failed to meet hemp standards.

Whether hemp and cannabis products should be allowed to coexist in a regulatory context has been debated consistently over the past several years. Because both plants contain the same cannabinoids, it is often the case that two essentially identical products—CBD gummies, for example—are regulated and sold

differently based on whether the CBD was derived from cannabis or industrial hemp.

As stated in the DCC's Hemp Report, "the inclusion of hemp into the commercial cannabis supply chain is a complex undertaking that requires careful consideration of significant policy questions. The approach utilized to accomplish this end would have direct impacts on the cannabis industry, hemp industry, the standard consumer market, medicinal and adult-use consumers, Department staff and the public." The report raised issues related to compliance with track and trace, the inclusion of hemp from sources outside of California, as cannabis or cannabis products are only to include California-sourced product; market impacts and tax implications; and necessary time for regulatory updates.

To help address the illicit intoxicating hemp market and create a pathway to bring industrial hemp under the DCC's regulatory umbrella, this bill will expressly authorize the integration of industrial hemp into the cannabis regulatory system at a point past the cultivation process. Notably, this bill does not capture the regulation of hemp cultivation. Hemp cultivators will continue to be regulated under the purview of CDFA, while cannabis cultivators will continue to be regulated under the DCC. Unfortunately, those regulatory models are vastly different. This bill will require the DCC to be responsible for ensuring products comprising of industrial hemp do not contain synthetic cannabinoids, meet the current safety standards, labeling and packaging requirements, are included in track and trace (after cultivation), abide by licensed delivery, distribution and retail sale requirements. This bill will maintain and expand the ban on any type of inhalable industrial hemp products, although it is unclear how that will be tested for compliance, given the similarity in the base components of hemp and cannabis.

FISCAL EFFECT: Appropriation: Yes Fiscal Com.: Yes Local: Yes

According to the Senate Committee on Appropriations, 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. This bill will also result in unknown, potentially significant administrative costs, ranging in the low millions of dollars, to the California Department of Tax and Fee Administration and unknown fiscal impact, potentially ranging into the hundreds of thousands of dollars, to the CDPH to develop regulations regarding topical skin products. The Department of Pesticide Regulation reports annual ongoing costs of \$221,000 for the development of guidelines for industrial hemp. This bill will also result in unknown, potentially significant cost pressures to the state funded trial court system to adjudicate alleged violations of this measure, as well as unknown,

potentially significant costs (local funds) to the counties to incarcerate people for the crimes created by this bill.

SUPPORT: (Verified 9/9/25)

California Cannabis Operators Association (Source)
Arcadia Police Officers' Association
Brea Police Association
Burbank Police Officers' Association
California Association of School Police Chiefs
California Coalition of School Safety Professionals
California District Attorneys Association
California Narcotic Officers' Association
California Norml
California Reserve Peace Officers Association
California State Association of Counties
Claremont Police Officers Association
Corona Police Officers Association
Culver City Police Officers' Association
Fullerton Police Officers' Association
Good Farmers Great Neighbors
Kiva Confections
League of California Cities
Los Angeles School Police Management Association
Los Angeles School Police Officers Association
Murrieta Police Officers' Association
Newport Beach Police Association
NUG Cannabis Dispensaries
Palos Verdes Police Officers Association
Placer County Deputy Sheriffs' Association
Pomona Police Officers' Association
Riverside Police Officers Association
Riverside Sheriffs' Association
Rural County Representatives of California
UFCW - Western States Council

OPPOSITION: (Verified 9/9/25)

Coachella Valley Cannabis Alliance Network
Long Beach Collective Association

San Francisco Cannabis Retailers Alliance
United Cannabis Business Association

ARGUMENTS IN SUPPORT: Supporters note generally that this bill enhances the enforcement of unregulated, intoxicating hemp products while simultaneously creating a pathway to integrate hemp into the cannabis regulatory structure.

ARGUMENTS IN OPPOSITION: Opponents note generally that recent amendments to this bill are not sufficient to address past issues raised by the opponents and recent amendments are not adequate to ensure that intoxicating hemp-derived cannabinoids do not enter the legal market under this bill's framework.

ASSEMBLY FLOOR: 73-1, 6/2/25

AYES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Fariás, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bryan, Calderon, Caloza, Carrillo, Castillo, Chen, Connolly, Davies, Dixon, Elhawary, Ellis, Flora, Fong, Gabriel, Garcia, Gipson, Jeff Gonzalez, Mark González, Haney, Harabedian, Hoover, Irwin, Jackson, Kalra, Krell, Lackey, Lee, Lowenthal, Macedo, McKinnor, Muratsuchi, Nguyen, 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, Tangipa, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas

NOES: DeMaio

NO VOTE RECORDED: Bonta, Gallagher, Hadwick, Hart, Ta

Prepared by: Elissa Silva / B., P. & E.D. / 916-651-4104
9/9/25 9:51:09

**** **END** ****