

Date of Hearing: August 20, 2025

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

SB 378 (Wiener) – As Amended July 9, 2025

Policy Committee:	Business and Professions	Vote:	16 - 0
	Privacy and Consumer Protection		13 - 0
	Judiciary		11 - 0

Urgency: No State Mandated Local Program: No Reimbursable: No

SUMMARY:

This bill prohibits an online marketplace from engaging in paid advertising related to unlicensed sellers of cannabis, cannabis products, or intoxicating hemp, and requires an online marketplace address in its terms of service: (1) whether it permits Californians to view advertisements and business information of unlicensed sellers of cannabis or cannabis products and (2) whether the marketplace verifies the licenses of sellers of cannabis or cannabis products. The bill also authorizes civil enforcement mechanisms against marketplaces that violate these provisions.

For an enumeration of the specific provisions of this bill, please refer to the Assembly Committee on Judiciary analysis.

FISCAL EFFECT:

Cost pressures of an unknown but potentially significant amount, possibly in the tens of thousands to hundreds of thousands of dollars annually, to the courts to adjudicate civil actions authorized by this bill. Actual costs will depend on the number of cases filed and the amount of court time needed to resolve each case. It generally costs approximately \$1,000 to operate a courtroom for one hour. Although courts are not funded on the basis of workload, increased pressure on the Trial Court Trust Fund may create a demand for increased funding for courts from the General Fund. The fiscal year 2025-26 state budget provides \$82 million ongoing General Fund to the Trial Court Trust Fund for court operations. (Trial Court Trust Fund, General Fund)

The Department of Cannabis Control and the Department of Justice do not anticipate significant costs.

COMMENTS:

- 1) **Purpose.** This bill is sponsored by United Food and Commercial Workers Western States Council (UFCW). According to the author:

California's legal cannabis industry has struggled in the face of a growing illicit market for so-called "hemp" products that doesn't provide any health or safety protections for consumers, or even prevent minors from purchasing dangerous intoxicating products. Consumers are finding products advertised as hemp on Amazon and other digital platforms, but studies show that these products contain

alarming amounts of synthetic intoxicants, undermining both California's legal cannabis market and public health and safety. SB 378 provides enhanced consumer protections by holding online marketplaces strictly liable for damages, and includes reporting requirements for users to flag and report illicit product...By tackling illicit hemp products, we can support legal cannabis businesses and improve California's legal market while protecting minors and consumers from potentially dangerous unregulated substances.

- 2) **Background.** According to Wired Magazine, one study reported that in 2021, some 20% of drug purchases in Ireland were arranged through social media, and in the U.S. in 2018 and Spain in 2019, a tenth of young people who used drugs appear to have connected with dealers through the internet, mainly through social media. Wired also reported a recent study indicates that as many as 13% of social media posts may advertise illegal drugs – highlighting the scale of the issue that social media platforms face.

Online platforms have made it easier for illicit cannabis operators to market and sell their products. These platforms do not have effective mechanisms in place to screen for illicit content. Similarly, search engines often return results for “illicit shops near me,” directing consumers to unlicensed cannabis or hemp retailers. These shops operate outside the scope of state tax systems and product safety regulations, making it difficult for authorities to track and regulate them.

The author notes the rise of online platforms has made it easier for illicit cannabis operators to market and sell their products. These platforms do not have effective mechanisms in place to screen for illicit content. Similarly, search engines often return results for “illicit shops near me,” directing consumers to unlicensed cannabis or hemp retailers. These shops operate outside the scope of state tax systems and product safety regulations, making it difficult for authorities to track and regulate them.

- 3) **Amendments and Concerns.** Numerous stakeholders, such as wellness hemp manufacturers, online marketplaces, and a coalition of technology organizations have proposed a variety of amendments and reasons for concern or opposition. The Assembly Committee on Judiciary analysis recommends the author consider the following recommendations:
- a) Consolidate the separate sections into one regulatory scheme for online marketplaces selling relevant products, whether cannabis or hemp, at least to the extent that the products are all intoxicating and potentially dangerous.
 - b) Clarify the persons and entities who are authorized to bring a civil action to enforce the bill's provisions and use a term other than “party” to describe them, and perhaps authorize public prosecutors, including the Attorney General, to bring civil actions to enforce the requirements of the bill.
 - c) To avoid concerns about the bill's potential overbreadth, ensure the provisions are narrowly tailored to apply, to the extent possible, only to products that are, and can be known to be, intoxicating.

- d) To ensure that unregistered hemp products that are not required to be registered because they are not intoxicating are not inadvertently swept into the bill's strict liability provisions, remove hemp products that are not intoxicating from the bill.
- e) Continue to work with stakeholders and legislative committee staff to ensure that the bill's liability provisions are fair to responsible online marketplaces that endeavor in good faith to follow the law.

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