

Introduced by Senator CaballeroFebruary 18, 2022

An act to amend Section 26080 of, and to add Chapter 25 (commencing with Section 26300) to Division 10 of, the Business and Professions Code, relating to cannabis.

LEGISLATIVE COUNSEL'S DIGEST

SB 1326, as introduced, Caballero. Cannabis: interstate agreements.

The Control, Regulate and Tax Adult Use of Marijuana Act (AUMA), an initiative measure approved as Proposition 64 at the November 8, 2016, statewide general election, authorizes a person who obtains a state license under AUMA to engage in commercial adult-use cannabis activity pursuant to that license and applicable local ordinances. The Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA), among other things, consolidates the licensure and regulation of commercial medicinal and adult-use cannabis activities. MAUCRSA specifies that its provisions shall not be construed to authorize or permit a licensee to transport or distribute, or cause to be transported or distributed, cannabis or cannabis products outside the state, unless authorized by federal law.

This bill would make an exception to the above-described prohibition and would authorize the Governor to enter into an agreement with another state or states authorizing medicinal or adult-use commercial cannabis activity, or both, between entities licensed under the laws of the other state or states and entities operating with a state license pursuant to MAUCRSA, provided that the commercial cannabis activities are lawful and subject to licensure under the laws of the other state or states. The bill would prohibit an entity with a commercial cannabis license issued under the laws of another state from engaging

in commercial cannabis activity within the boundaries of this state without a state license, or within a local jurisdiction without a license, permit, or other authorization issued by the local jurisdiction. The bill would require the agreement to require that the other state or states impose requirements on its licensees with regard to cannabis and cannabis products to be sold or otherwise distributed within this state that meet or exceed the requirements applicable to MAUCRSA licensees, as specified. The bill would require the agreement to include provisions to address public health and welfare emergencies concerning cannabis or cannabis products that are sold or intended for sale within this state and provisions related to the investigation of licensees and of instances of alleged noncompliance with the commercial cannabis regulatory programs, as specified. The bill would require the agreement to include provisions for collection of applicable taxes. The bill would specify that the agreement does not constitute a project for purposes of the California Environmental Quality Act.

This bill would provide that its provisions are severable.

The Control, Regulate and Tax Adult Use of Marijuana Act, an initiative measure, authorizes the Legislature to amend the act to further the purposes and intent of the act with a $\frac{2}{3}$ vote of the membership of both houses of the Legislature.

This bill would declare that its provisions further specified purposes and intent of the Control, Regulate and Tax Adult Use of Marijuana Act.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 26080 of the Business and Professions
2 Code is amended to read:
3 26080. (a) *This Except as provided in Chapter 25 (commencing*
4 ~~with Section 26300), this division shall not be construed to does~~
5 ~~not authorize or permit a licensee to transport or distribute, or cause~~
6 ~~to be transported or distributed, cannabis or cannabis products~~
7 ~~outside the state, unless authorized by federal law: state.~~
8 (b) A local jurisdiction shall not prevent transportation of
9 cannabis or cannabis products on public roads by a licensee
10 transporting cannabis or cannabis products in compliance with this
11 division.

1 SEC. 2. Chapter 25 (commencing with Section 26300) is added
2 to Division 10 of the Business and Professions Code, to read:

3
4 **CHAPTER 25. INTERSTATE CANNABIS AGREEMENTS**

5
6 **Article 1. Definitions**

7
8 26300. As used in this chapter, the following definitions apply:

9 (a) “Agreement” means an agreement relating to commercial
10 cannabis authorized under this chapter and entered into between
11 this state and another state or states.

12 (b) “Contracting state” means a state of the United States,
13 including a district, commonwealth, territory, or possession subject
14 to the legislative authority of the United States, with which the
15 Governor has entered into an agreement pursuant to this chapter.

16 (c) “Foreign license” means a commercial cannabis license
17 issued under the laws of another state that has entered into an
18 agreement pursuant to this chapter.

19 (d) “State license” means a commercial cannabis license issued
20 by a licensing authority pursuant to this division.

21
22 **Article 2. Agreements**

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24 26301. (a) The Governor may enter into an agreement with
25 another state or states authorizing medicinal or adult-use
26 commercial cannabis activity, or both, between entities licensed
27 under the laws of the contracting state and entities operating with
28 a state license, provided that both of the following criteria are met:

29 (1) The commercial cannabis activities are lawful and subject
30 to licensure under the laws of the contracting state.

31 (2) With respect to the interstate transportation of cannabis or
32 cannabis products, the agreement prohibits both of the following:

33 (A) The transportation of cannabis and cannabis products by
34 any means other than manned motor vehicle, unless that alternative
35 means is authorized under both the laws of the contracting state
36 and the regulations of the department.

37 (B) The transportation of cannabis and cannabis products
38 through a state, district, commonwealth, territory, or possession
39 of the United States that does not authorize that transportation.

1 (b) Notwithstanding any other law, the execution of, and
2 compliance with the terms of, an agreement does not constitute a
3 project for purposes of the California Environmental Quality Act
4 (Division 13 (commencing with Section 21000) of the Public
5 Resources Code).

6 26302. (a) Notwithstanding any other law, a foreign licensee
7 may engage in commercial cannabis activity with a state licensee
8 and a state licensee may engage in commercial cannabis activity
9 with a foreign licensee, subject to the requirements and limitations
10 set forth in this chapter.

11 (b) A foreign licensee shall not engage in commercial cannabis
12 activity within the boundaries of this state without a state license,
13 or engage in commercial cannabis activity within a local
14 jurisdiction without a license, permit, or other authorization issued
15 by the local jurisdiction.

16 26303. (a) An agreement shall require that the contracting
17 state impose requirements on foreign licensees with regard to
18 cannabis and cannabis products to be sold or otherwise transferred
19 or distributed within this state that meet or exceed the requirements
20 applicable to state licensees, including all of the following:

21 (1) Enforceable public health and safety standards that are
22 equivalent to the requirements of this division.

23 (2) Mandatory participation in a system administered by the
24 state to regulate and track the cultivation, manufacturing,
25 distribution, transportation, sale, and destruction of cannabis and
26 cannabis products from seed to sale.

27 (3) Standards for the testing of cannabis or cannabis products
28 that meet or exceed the standards applicable to testing laboratories
29 licensed under this division.

30 (4) Requirements for the packaging and labeling of cannabis
31 and cannabis products that meet or exceed the packaging and
32 labeling requirements established pursuant to Chapter 12
33 (commencing with Section 26120).

34 (5) Requirements for quality assurance and inspection of
35 cannabis or cannabis products that meet or exceed the requirements
36 applicable to cannabis or cannabis products cultivated,
37 manufactured, or sold by state licensees.

38 (6) Restrictions on marketing, labeling, and advertising within
39 this state by foreign licensees that meet or exceed the restrictions

1 on state licensees established in Section 26063 and Chapter 15
2 (commencing with Section 26150).

3 (7) A process for the identification of adulterated or misbranded
4 cannabis products, and the destruction of those products, using
5 standards that meet or exceed the standards and procedures
6 established pursuant to this division.

7 (b) An agreement shall require that the contracting state impose
8 restrictions upon advertising, marketing, labeling, or sale within
9 the contracting state that meet or exceed the restrictions established
10 in Section 26063.

11 26304. (a) An agreement shall include provisions requiring
12 the department and the appropriate regulatory authorities of the
13 contracting state to address public health and welfare emergencies
14 concerning cannabis or cannabis products that are sold or intended
15 for sale within this state, including for the prompt recall or embargo
16 of adulterated or misbranded cannabis or cannabis products.

17 (b) An agreement shall include provisions requiring the
18 appropriate regulatory authorities of each state to investigate
19 instances of alleged noncompliance with the commercial cannabis
20 regulatory programs upon request by the other state and in
21 accordance with mutually agreed-upon procedures. An agreement
22 shall include provisions requiring the contracting state to
23 reasonably cooperate with California investigations concerning
24 foreign licensees, and requiring the department to reasonably
25 cooperate with investigations by the contracting state concerning
26 persons or entities holding state licenses.

27 26305. An agreement shall include provisions determined by
28 the Governor to promote the inclusion and support of individuals
29 and communities in the cannabis industry who are linked to
30 populations or neighborhoods that were negatively or
31 disproportionately impacted by cannabis criminalization.

32 26306. An agreement shall provide for collection of all
33 applicable taxes.

34 SEC. 3. The provisions of this act are severable. If any
35 provision of this act or its application is held invalid, that invalidity
36 shall not affect other provisions or applications that can be given
37 effect without the invalid provision or application.

38 SEC. 4. The Legislature finds and declares that this act furthers
39 the purposes and intent of the Control, Regulate and Tax Adult

- 1 Use of Marijuana Act (AUMA) by accomplishing all of the
- 2 following:
 - 3 (a) Preventing the illegal diversion of cannabis to other states
 - 4 by providing legal and regulated channels for multistate
 - 5 commercial cannabis activities.
 - 6 (b) Reducing barriers to entry into the legal, regulated market
 - 7 by providing additional legal outlets for cannabis and cannabis
 - 8 products produced in California.
 - 9 (c) Ensuring that cannabis and cannabis products produced in
 - 10 other states and sold in this state meet the same testing and
 - 11 packaging requirements required under AUMA.

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