

**REPORT OF THE
CHIEF LEGISLATIVE ANALYST**

DATE: May 29, 2018

TO: Honorable Members of the Rules, Elections, and Intergovernmental Relations Committee

FROM: Sharon M. Tso 
Chief Legislative Analyst

Council File No.: 18-0002-S67
Assignment No.: 18-05-0492

SUBJECT: Resolution (Wesson – Harris-Dawson) in support of AB 2899 (Rubio-Cooper)

CLA RECOMMENDATION: Adopt Resolution (Wesson – Harris-Dawson) to include in the City’s 2017-2018 State Legislative Program support for AB 2899 (Rubio-Cooper), which would clarify that firms must display their active California commercial cannabis activity license number in all cannabis-related marketing and advertising.

SUMMARY

AB 2899 (Rubio-Cooper) would clarify that all cannabis advertisements and marketing must display the licensed firm’s current and active license number (use of suspended or revoked license numbers would violate the terms of this bill). The bill is an urgency statute and would take effect as soon as it was signed into law in order to stop the illegal sale and distribution of cannabis.

According to Resolution (Wesson – Harris-Dawson), introduced on May 22, 2018, AB 2899 would hamper the illegal cannabis market, while bolstering operators who are licensed to legally sell recreational cannabis. Per the Resolution, this bill would help ensure that consumers are purchasing safe, high-quality products from firms that are accountable to the law and committed to serving their communities. The Resolution seeks an official position of the City to support AB 2899.

BACKGROUND

The Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA), passed in 2017, consolidated the licensure and regulation of commercial medicinal and adult-use cannabis. MAUCRSA requires that all cannabis advertisements and marketing must identify the licensee responsible for the content and display the licensee’s number. Technology platforms are prohibited from displaying the advertisement online if the advertisement does not display the licensee’s license number. Due to federal law protecting internet platforms from liability for content published by third parties, it is unlikely that the State can enforce these advertising regulations against the online platforms hosting cannabis advertisements without active license numbers displayed. However, under MAUCRSA, each licensing authority is authorized to enforce these advertising regulations against the licensees themselves.

Supporters of AB 2899 include the Southern California Coalition, the United Cannabis Business Association, and the United Food and Commercial Workers Western States Council.

The United Cannabis Business Association argues that “online platforms are the root cause of the proliferation of unlawful, unregulated, untaxed retail and retail cannabis delivery services in California.” According to the Southern California Coalition, “Consumers and patients usually learn about cannabis products and providers from print ads and internet platforms” and AB 2899 would clarify information to help consumers “avoid black market providers.”

BILL STATUS

2/16/18	Read first time.
3/22/18	Referred to Com. on B. & P.
4/10/18	Amended.
4/11/18	Re-referred to Com. on B. & P.
4/16/18	Amended.
4/17/18	Re-referred to Com. on B. & P.
4/23/18	Amended. Passed Com. on B. & P. (16-0). Re-referred to Com. on APPR.
4/24/18	Amended
4/25/18	Re-referred to Com. on APPR.
5/09/18	Passed Com. on APPR. (16-0). To Consent Calendar.
5/17/18	Urgency clause adopted. Passed Assembly (73-0-5). Ordered to Senate.
5/17/18	In Senate. To Com. on RLS. for assignment.



Matthew Shade
Analyst

Attachments: 1. Resolution (Wesson – Harris-Dawson)

RESOLUTION RULES, ELECTIONS & INTERGOVERNMENTAL RELATIONS

WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations or policies proposed to or pending before a local, state or federal governmental body must have first been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, some technology platforms throughout California are advertising for unlicensed cannabis businesses, including underground operators who sell and deliver cannabis unlawfully; and

WHEREAS, this has helped illegal cannabis operations proliferate and avoid taxes, oversight, employment laws and accountability to their communities, all at the expense of law-abiding, licensed cannabis firms; and

WHEREAS, AB 2899 (Rubio-Cooper) would clarify state law by requiring all online platforms to clearly display a cannabis firm's active California commercial cannabis activity license number when advertising for that firm; and

WHEREAS, this would hamper the illegal cannabis market while helping bolster licensed operators, thus ensuring cannabis consumers have access only to safe, high-quality products supplied by licensed firms that are held accountable to the law and committed to serving their communities;

NOW, THEREFORE, BE IT RESOLVED, with the concurrence of the Mayor, that by the adoption of this Resolution, the City of Los Angeles hereby includes in its 2017-2018 State Legislative Program support for AB 2899 (Rubio-Cooper), which would require online platforms to display a cannabis firm's California commercial cannabis activity license number when advertising for that firm.

PRESENTED BY: 
HERB J. WESSON, JR.
Councilmember, 10th District

SECONDED BY: 

cc

ORIGINAL

MAY 22 2018

