

Date of Hearing: July 8, 2025

Fiscal: Yes

ASSEMBLY COMMITTEE ON PRIVACY AND CONSUMER PROTECTION

Rebecca Bauer-Kahan, Chair

SB 378 (Wiener) – As Amended May 29, 2025

**SENATE VOTE:** 37-0

**PROPOSED AMENDMENTS**

**SUBJECT:** Online marketplaces: illicit cannabis: reporting and liability

**SYNOPSIS**

*The proliferation of illicit cannabis and intoxicating hemp markets poses challenges to legitimate cannabis businesses and society at large. A study published in 2023 found that approximately 13 percent of social media posts advertise illicit drugs, highlighting the extensive use of online platforms for illegal drug promotion. This online presence not only undermines legal cannabis enterprises by diverting potential customers but also exposes consumers to unregulated products with potential health risks. Furthermore, the ease of accessing illegal substances through social media platforms has been linked to increased drug use among adolescents, as these platforms provide a convenient avenue for drug dealers to reach a younger audience. In an effort to curb the illegal sale of cannabis and the sale of intoxicating hemp products, this bill places obligations on online platforms or marketplaces where advertising or sales of illicit cannabis or hemp products occur, including required disclosures, reporting mechanisms, and warnings.*

*As currently drafted, the definition of online marketplace is overly broad and could create obligations for online platforms that do not function as marketplaces. In order to narrow the definition, the author has agreed to Committee amendments deleting payment processors from the definitions of online cannabis and hemp marketplaces [see Comment # 6]. Because this bill is triple referred, the Committee's amendments will be taken in the Judiciary Committee due to timing.*

*This bill is sponsored by the United Food and Commercial Workers Western States Council (UFCW) and enjoys support from the California Medical Association, the Consumer Federation of California, and a number of local government organizations. The US Hemp Roundtable is in opposition.*

*This bill has been triple referred. It was previously heard by the Business and Professions Committee, where it passed on a 16-0-2 vote. If passed by this Committee, this bill will next be heard by the Judiciary Committee.*

**THIS BILL:**

- 1) Defines “cannabis” and “cannabis product” as having the same meanings as defined in Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA).

- 2) Defines “online cannabis marketplace” as an internet website, online service, online application, or mobile application, including a social media platform, that does any of the following in California:
  - a) Transmits or otherwise communicates between a third party and purchaser an offer for the sale of cannabis or a cannabis product that is accepted by the purchaser.
  - b) Processes, collects, or administers the payment for the sale of cannabis or a cannabis product.
  - c) Permits offers for the sale of cannabis or a cannabis product.
  - d) Connects a seller of cannabis or cannabis products and a consumer.
- 3) Requires an online cannabis marketplace to address in its terms of service both of the following:
  - a) Whether the marketplace permits advertisements from, or business information about, unlicensed sellers of cannabis or cannabis products to be viewed by Californians.
  - b) Whether the online cannabis marketplace verifies that a seller of cannabis or cannabis products has a valid, unexpired license by consulting the license look-up function on the Department of Cannabis Control’s (DCC) website before displaying, storing, or hosting the seller’s advertisements or business information in a manner that is viewable to Californians.
- 4) Requires an online cannabis marketplace that does not verify that a seller of cannabis or cannabis products is licensed to display a clear and conspicuous graphic that a consumer must acknowledge and click through before viewing or engaging with the marketplace warning the consumer that the marketplace may be displaying, storing, or hosting unlicensed sellers of cannabis or cannabis products.
- 5) Subjects a marketplace that displays, stores, or hosts an advertisement from, or business information about, an unlicensed seller in violation of the warning graphic requirement to a civil penalty of up to \$250,000 in an action brought by any person who identifies that the marketplace violated the requirement, in addition to reasonable attorneys’ fees and costs.
- 6) Additionally provides that a marketplace that violates an injunction requiring compliance with the warning graphic requirement shall be prohibited from operating in California until a receiver appointed by the court issuing the injunction affirms that the marketplace is in compliance.
- 7) Provides that in any action to enforce an injunction requiring compliance with the clear and conspicuous warning graphic requirement, the party obtaining enforcement shall be entitled to an award of twice its reasonable attorneys’ fees and costs and a civil penalty of \$500,000.
- 8) Requires an online cannabis marketplace to establish a clear and conspicuous mechanism for any person to report unlicensed sellers of cannabis or cannabis products to the online cannabis marketplace, which must feature functionality to do the following:

- a) Allow for an individual to upload a screenshot or provide basic identifying information, such as an account identifier or URL.
  - b) Include a method for the marketplace to contact a reporting individual in writing, including a telephone number for purposes of sending text messages, an email address, or another reasonable electronic method of communication.
  - c) Provide the reporting individual with written confirmation that the report has been received within 36 hours of receipt.
  - d) Provide periodic written updates to the reporting individual as to the status of the marketplace's handling of the reported material, with the first written update provided as soon as reasonably feasible but no later than 14 days after either the date on which the written confirmation was provided or the date of the most recent written update.
  - e) Require review of each report by a natural person.
  - f) Issue a final written determination to the reporting individual, which shall state one of several outcomes, including confirmation that the seller's advertisements and business information have been blocked from being viewable on the marketplace.
- 9) Requires the final written determination to be provided to the reporting individual within 30 days of receiving the report, and provides that if the marketplace cannot comply with that timeline due to circumstances beyond the reasonable control of the marketplace, the marketplace shall comply no later than 60 days after the date on which the report was received and promptly provide written notice of the delay, no later than 48 hours from the time the marketplace knew the delay was likely to occur, to the reporting individual.
- 10) Subjects online cannabis marketplaces that violate any of the above reporting mechanism requirements to a civil penalty of up to \$10,000 for each violation and for compensatory damages, punitive damages, and any civil remedies, penalties, or sanctions for harms caused by the marketplace's failure to comply, which damages shall be adjudicated and awarded apart from any harms attributable to the existence of the reported content alone.
- 11) Provides that a party may bring an action to enforce the reporting mechanism requirements, and that in addition to other equitable relief, the court may order injunctive relief to obtain compliance and shall award reasonable attorney's fees and costs to the prevailing plaintiff.
- 12) Specifies that each day a marketplace is in violation of a requirement constitutes a separate violation.
- 13) Clarifies that the duties and obligations imposed by the bill are cumulative with any other duties or obligations imposed under other law and shall not be construed to relieve any party from any duties or obligations imposed under other law.
- 14) Defines "industrial hemp" as having the same meaning as defined in the Sherman Food, Drug, and Cosmetic Law.
- 15) Defines "inhalable hemp product" as any hemp product that can be used by inhalation, including, but not limited to, hemp flower, hemp prerolls, hemp vaping cartridges, liquids, or

prefilled devices, hemp shatter, wax, budder, or other hemp derived concentrates that can be used for inhalation.

16) Defines “intoxicating hemp product” as meaning either of the following:

- a) An industrial hemp product whose THC concentration exceeds the amounts allowable under the Sherman Food, Drug, and Cosmetic Law or its implementing regulations.
- b) An inhalable hemp product with a detectable THC concentration.

17) Defines “online hemp marketplace” as an internet website, online service, online application, or mobile application, including a social media platform, that does any of the following in California:

- a) Transmits or otherwise communicates between a third party and purchaser an offer for the sale of an industrial hemp product that is accepted by the purchaser.
- b) Processes, collects, or administers the payment for the sale of an industrial hemp product.
- c) Permits offers for the sale of an industrial hemp product.
- d) Connects a seller of an industrial hemp product and a consumer.

18) Applies substantially the same reporting mechanism requirements applicable to online cannabis marketplaces to online hemp marketplaces.

19) Prohibits either an online cannabis marketplace or an online hemp marketplace from engaging in paid online advertising related to unlicensed sellers of cannabis or cannabis products, intoxicating hemp products, or unregistered hemp products.

20) Provides that an online marketplace that violates the above prohibition and that is a substantial factor in an unlawful transaction between a consumer and an unlicensed seller shall be strictly liable for damages caused to the consumer by the product to the same extent as a retailer would be liable for selling a defective product in the retailer’s physical store.

21) Specifies additional damages that may be recovered by plaintiffs against an online marketplace for violations of the above prohibition.

22) Clarifies that the bill shall not be construed as applying to information or content displayed by a business on a computer or mobile device that is not a paid online advertisement.

#### **EXISTING LAW:**

- 1) Enacts the Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA) to provide for a comprehensive regulatory framework for the cultivation, distribution, transport, storage, manufacturing, processing, and sale of medicinal and adult-use cannabis. (Bus. and Prof. Code §§ 26000 *et seq.*)
- 2) Excludes industrial hemp from the definition of cannabis under MAUCRSA. (Bus. and Prof. Code § 26001.)

- 3) Establishes the Department of Cannabis Control (DCC) within the Business, Consumer Services, and Housing Agency for purposes of administering and enforcing MAUCRSA. (Bus. and Prof. Code § 26010.)
- 4) Provides that every person is responsible, not only for the result of their willful acts, but also for an injury occasioned to another by the person's want of ordinary care or skill in the management of their property or person, except so far as the latter has, willfully or by want of ordinary care, brought the injury upon themselves. (Civ. Code § 1714(a).)
- 5) Defines "online marketplace" as any electronically based or accessed platform that may be accessed on an internet website or through an application, and that does both of the following:
  - a) Includes features that allow for, facilitate, or enable third-party sellers to engage in the sale, purchase, payment, storage, shipping, or delivery of a consumer product in the state.
  - b) Hosts one or more third-party sellers. (Gov. Code § 7599.111.)
- 6) Also defines "online marketplace" as a consumer-directed, electronically accessed platform that does the following:
  - a) Includes features that allow for, facilitate, or enable third-party sellers to engage in the sale, purchase, payment, storage, shipping, or delivery of a consumer product in this state.
  - b) Specified features are used by third-party sellers.
  - c) Has a contractual relationship with consumers governing their use of the platform to purchase consumer products. (Civ. Code § 1749.8(c).)
- 7) Defines "social media platform" as a public or semipublic internet-based service or application that has users in California and that meets both of the following criteria:
  - a) A substantial function of the service or application is to connect users in order to allow users to interact socially with each other within the service or application. A service or application that provides email or direct messaging services shall not be considered to meet this criterion on the basis of that function alone.
  - b) The service or application allows users to do all of the following:
    - i. Construct a public or semipublic profile for purposes of signing into and using the service or application.
    - ii. Populate a list of other users with whom an individual shares a social connection within the system.
    - iii. Create or post content viewable by other users, including, but not limited to, on message boards, in chat rooms, or through a landing page or main feed that presents the user with content generated by other users. (Bus. & Prof. Code § 22675(e).)

- 1) Requires a social media platform to establish a prominent mechanism within its internet-based service that allows any individual, whether or not that individual has a profile on the internet-based service, to report cyberbullying or any content that violates the existing terms of service related to cyberbullying. (Bus. & Prof. Code § 22589.1(b).)
- 2) Requires a large social media platform to create a process by which a verified reporter can make a report of a social media-related threat or a violation of the large social media platform's terms of service that in the verified reporter's opinion poses a risk or a severe risk to the health and safety of a minor. (Bus. & Prof. Code § 22588.3(c).)

## COMMENTS:

### 1) **Author's statement.** 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. I have long supported cannabis legalization and safe access to it, including authoring laws to expand access to medical cannabis and reduce taxes on legal cannabis. 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.** The proliferation of illicit cannabis and intoxicating hemp markets poses challenges to legitimate cannabis businesses and society at large. A study published in 2023 found that approximately 13 percent of social media posts advertise illicit drugs, highlighting the extensive use of online platforms for illegal drug promotion.<sup>1</sup> This online presence not only undermines legal cannabis enterprises by diverting potential customers but also exposes consumers to unregulated products with potential health risks. Furthermore, the ease of accessing illegal substances through social media platforms has been linked to increased drug use among adolescents, as these platforms provide a convenient avenue for drug dealers to reach a younger audience. The author and supporters argue that the growing role of online platforms in facilitating illegal sales necessitates enhanced regulation and monitoring to protect public health and support the legal cannabis industry.

According to the Business and Professions Committee's extensive analysis of this bill:

A report published by the Reason Foundation estimates that as much as two-thirds of cannabis sales in California take place on the illicit market. This is consistent with widespread consensus that illicit cannabis continues to proliferate notwithstanding the enactment of MAUCRSA. In addition to unlicensed persons engaging in unlawful cannabis

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<sup>1</sup> Mattha Busby, "Drug Dealers Have Moved on to Social Media" *Wired* (December 17, 2024) <https://www.wired.com/story/drug-dealers-have-moved-onto-social-media/>.

activity, there have also been cases where licensed cannabis businesses run a “back door” operation of illicit cannabis commerce in addition to their licensed activity.

Because unlicensed cannabis products do not receive state oversight and enforcement of various health and safety requirements, including laboratory testing, consumption of unlicensed cannabis products can pose a significant risk to consumers. In August 2019, the number of emergency department visits related to cannabis vaping products sharply increased, with a total of 2,807 hospitalized cases or deaths reported to federal Centers for Disease Control and Prevention in the United States. It is believed that much of this “vaping crisis” was the result of untested, unlicensed manufactured cannabis products.<sup>2</sup>

The author notes that 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.

In the United States in 2018, according to the author, a tenth of young people who used drugs appear to have connected with dealers through the internet, with the large majority doing so through social media. Additionally, dealers ran hundreds of paid advertisements on Meta platforms in 2024 to sell illegal opioids, and what appeared to be cocaine and ecstasy pills, according to a report by the Tech Transparency Projects. Federal prosecutors are investigating Meta over the issue.

**3) Intoxicating hemp.** Along with the sale of illegal cannabis, has also come a rise in the sale of modified hemp products. The Business and Professions Committee’s analysis explains:

Botanically speaking, both hemp and what has historically been referred to as marijuana are members of the same plant species, *Cannabis sativa*. While MAUCRSA uses the term “cannabis” to refer to varieties of the species that contain sufficient levels of the cannabinoid THC to produce an intoxicating effect, hemp, has commonly been regarded more as an agricultural plant and has historically been used for products such as paper, textiles, cosmetics, and fabric. California law requires industrial hemp to contain less than 0.3 percent THC, which is considered trace amounts compared to psychoactive cannabis (which frequently contains between 15-40 percent THC). Hemp is regulated by the [California Department of Food and Agriculture (CDFA)] for agricultural purposes, and by the [California Department of Public Health (CDPH)] when it is used in food, beverage, and cosmetic products.

While industrial hemp does not share the same psychoactive properties as cannabis due to its significantly lower amount of THC, both hemp and cannabis contain another cannabinoid known as CBD. According to the National Institute of Health, CBD has pain relieving, anti-inflammatory, anti-psychotic, and tumor-inhibiting properties. There are currently over 100 clinical trials of CBD listed on the National Library of Medicine’s website. These trials are testing CBD’s utility in treating epilepsy, substance use disorders, pain, psychosis, and anxiety, among other disorders and conditions.

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<sup>2</sup> Page 10

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Concerns have grown over the past several years regarding the perceived proliferation of intoxicating hemp products. In 2022, the California Cannabis Industry Association (CCIA) issued a white paper in October 2022 titled *Pandora’s Box: The Dangers of a National, Unregulated, Hemp-Derived Intoxicating Cannabinoid Market*. The CCIA report argued that loopholes in the 2018 Farm Bill, which defined industrial hemp as having no more than 0.3 percent delta-9 THC content by dry weight, inadvertently led to the proliferation of intoxicating hemp products. Specifically, the white paper points to a Ninth Circuit decision that the CCIA says “unleashed a Wild West of intoxicants when it ruled that products containing delta-8 THC meet the statutory definition of industrial hemp.”

According to the [United States Food and Drug Association (FDA)], delta-8 THC is a cannabinoid typically synthetically manufactured from hemp-derived CBD that has significant psychoactive and intoxicating effects. The FDA has expressed concern that delta-8 THC products “likely expose consumers to much higher levels of the substance than are naturally occurring in hemp cannabis raw extracts.” There were reportedly 104 reports made to the FDA of adverse events in patients who consumed delta-8 THC products between December 1, 2020, and February 28, 2022, over half of which resulted in medical intervention or hospital admission.

In April 2023, the Cannabis Regulators Association (CANNRA), a coalition of regulatory agencies overseeing cannabis and hemp industries in more than 40 states and territories in the United States, wrote a letter to congressional leadership requesting action at the federal level provide a regulatory framework for products containing THC derived from hemp. CANNRA specifically called attention to the fact that a 0.3 percent threshold of delta-9 THC by weight is a relatively small amount of THC in a hemp plant, but is significantly more when included as an ingredient in edible products and beverages. A 50-gram chocolate bar, for example, would have around 150 milligrams of THC at the 0.3 percent THC limit – 30 times the standard 5 milligram THC dose established by the National Institute on Drug Abuse.<sup>3</sup>

4) **What this bill would do.** This bill targets “online marketplaces” that allow for unlicensed sellers of cannabis and intoxicating hemp to advertise, offer, and sell their products online. “Online cannabis marketplace” means an internet website, online service, online application, or mobile application, or a portion thereof, including a social media platform that does any of the following in California:

- Transmits or otherwise communicates between a third party and purchaser an offer for the sale of cannabis or a cannabis product that is accepted by the purchaser.
- Processes, collects, or administers the payment for the sale of cannabis or a cannabis product.
- Permits offers for the sale of cannabis or a cannabis product.
- Connects a seller of cannabis or cannabis products and a consumer.

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<sup>3</sup> Pages 12, 13



An online hemp marketplace is similarly defined for its respective product.

The bill requires these marketplaces to establish mechanisms for users and non-users to report to the online marketplace the existence of an advertisement of one of these products. This mechanism is similar to other requirements for platforms to establish such mechanisms for reporting cyberbullying or threats, for example. The bill establishes certain timelines for responding to reports and providing updates, as well as a series of prescribed final determinations.

Online cannabis marketplaces are also required to state in their terms of service whether they permit advertisements from, or business information about, unlicensed sellers of cannabis to be viewed by Californians. The marketplaces must also state whether they verify that a seller of cannabis has a valid license by utilizing the DCC's website before displaying, storing, or hosting the seller's advertisements or business information in a manner that is viewable to Californians.

5) **Analysis.** Generally, online marketplaces are thought of as third-party platforms where businesses or individuals who are selling goods or services can connect directly with consumers who wish to purchase those products. The term quickly brings to mind Amazon, EBay, Etsy, Facebook Marketplace, and Next Door's Marketplace. For this bill, however, what constitutes a "marketplace" is intentionally much broader.

As discussed in the previous section, a cannabis or hemp marketplace includes any website, including social media platforms, that has the capability to connect someone who sells cannabis or hemp with a consumer or allows a seller, through a third party platform, to make an offer for the sale or purchase of cannabis or hemp. Presumably, this definition would include any websites or applications with direct messaging features, such as WhatsApp, Instagram, or any of a number of applications that could be used to connect buyers and sellers directly. In addition, any website that allows sellers of cannabis or hemp products to advertise on their platform would also be included. Depending on their advertising policies, this could include search engines, online news sites, social media platforms, or any other site that includes advertising.

Finally, the definition includes any platform that "processes, collects, or administers the payment" for people purchasing cannabis or hemp. Presumably payment platforms that facilitate the exchange of money between individuals, where the third-party application vendor has no way of knowing why money is exchanging hands would be required to comply with the provisions in this bill. Expanding the definition of a marketplace to cash apps or direct payment websites, would require these businesses to fundamentally alter their business model and even if they complied, they would have no way of verifying that two people are exchanging money for the reason they claim to be. In the other aspects of the broad definition of marketplace, impacted platforms like Google, TikTok, Instagram, YouTube and EBay have the ability to monitor the activity on their sites. For cash apps, the platform likely tracks the exchange of money and the people both sending and receiving it, but at no point during the transaction does the actual reason for the exchange get disclosed. An individual paying someone \$250 could just as easily be reimbursing a friend for an evening out as purchasing illegal drugs. The next section includes Committee amendments that the author has agreed to take to remove payment processors from the bill.

6) **Amendments.** In order to narrow the definition of online cannabis and hemp marketplaces in order to clarify that cash and payment websites and applications such as Zelle, Venmo, and

Apple Pay do not constitute online marketplaces, the author has agreed to the following amendments:

**22943** (g) “Online cannabis marketplace” means an internet website, online service, online application, or mobile application, or a portion thereof, including a social media platform, as defined in Section 1798.99.20 of the Civil Code, that does any of the following in California:

(1) Transmits or otherwise communicates between a third party and purchaser an offer for the sale of cannabis or a cannabis product that is accepted by the purchaser.

~~(2) Processes, collects, or administers the payment for the sale of cannabis or a cannabis product.~~

(3) Permits offers for the sale of cannabis or a cannabis product.

(4) Connects a seller of cannabis or cannabis products and a consumer.

**22944** (h) “Online hemp marketplace” means an internet website, online service, online application, or mobile application, or a portion thereof, including a social media platform, as defined in Section 1798.99.20 of the Civil Code, that does any of the following in California:

(1) Transmits or otherwise communicates between a third party and purchaser an offer for the sale of an industrial hemp product that is accepted by the purchaser.

~~(2) Processes, collects, or administers the payment for the sale of an industrial hemp product.~~

(3) Permits offers for the sale of an industrial hemp product.

(4) Connects a seller of an industrial hemp products and a consumer.

Because this bill is triple referred, the Committee’s amendments will be taken in the Judiciary Committee due to timing.

**ARGUMENTS IN SUPPORT:** The United Food and Commercial Workers Western States Council (UFCW), sponsors of the bill, write in support:

In the US in 2018, a tenth of young people who used drugs appear to have connected with dealers through the internet, with the large majority doing so through social media. Additionally, these digital dealers ran hundreds of paid advertisements on Meta platforms in 2024 to sell illegal opioids, and what appeared to be cocaine and ecstasy pills, according to a report by the Tech Transparency Projects<sup>2</sup>, and federal prosecutors are investigating Meta over the issue.

The widespread use of synthetic cannabinoids distorts consumer expectations regarding potency and safety. A white-paper produced by the San Diego/Imperial Counties Joint Labor Management Cannabis Committee, found that out of 104 products from 68 brands, 95 percent contained synthetics despite their prohibition under California law. Under California’s stricter “Total THC” definition, 88 percent failed to meet state hemp standards. Illegal hemp operators evade state regulations on safety, such as pesticide residue testing, batch tracking, and accurate product labeling. In other words, these

marketplaces are not only harming legal cannabis business, but they are also poisoning consumers.

All of these factors have created an uneven playing field for licensed and unionized cannabis businesses. The industry's legal operators are paying taxes, undergoing stringent testing, and following state regulations, while their illicit counterparts often do not. A staggering 91 percent of products analyzed were sold without collecting California's required sales taxes, and none of the vendors remitted the state's cannabis excise tax when legally obligated to do so. This dynamic has led to a thriving shadow market where the risk of consuming unsafe products is high, and state and local governments are losing out on significant tax revenue.

**ARGUMENTS IN OPPOSITION:** In opposition to the bill, the US Hemp Roundtable raises the following concerns:

**Business impact.** When hemp CBD products were legalized in 2021 through AB 45 (Aguiar-Curry), the language adopted a threshold for THC that was based on federal law, 0.3%. There has been recent debate about whether that threshold was the most appropriate, and we and others have engaged in good faith discussions about an alternative threshold. Notwithstanding those discussions, the state has continued to dismantle the hemp industry, beginning last year with the California Department of Public Health's scientifically indefensible decision to adopt emergency regulations that threw the baby out with the bathwater. This action effectively shut down access to nearly all hemp products and pulled the rug out from under hundreds of thriving, tax-paying compliant hemp businesses. The result has been the loss of thousands of jobs and tens of millions in sales tax revenue, the loss of which is irresponsible given the state's current budget dilemma.

**Consumer impact.** The biggest loser has been the California consumer who has sought out the therapeutic benefits of hemp products. Multiple economic research firms (Whitney Economics, Brightfield Group) estimate that the current California hemp CBD market is approximately \$3-3.5 billion. More conservative projections (Nielsen and Grand View Research) still peg the California revenue at upwards of \$1.2 billion. Even the California Department of Cannabis Control in its 2024 Market Report pegged the hemp CBD market at nearly \$1 billion.

There are clearly Californians who want to purchase legal hemp products, have purchased legal hemp products and are being told by the state that they cannot purchase legal hemp products. Now, SB 378 seeks to cut off yet another pathway to purchase legal hemp products.

**Dormant Commerce Clause.** SB 378 raises serious questions about the potential violation of the dormant commerce clause of the US Constitution. The implementation of this bill would interfere with the interstate commerce of federally approved products. It places an undue burden on all hemp products without regard to whether there is a legitimate public interest to serve. The effective ban on nearly all hemp products would be imposed indiscriminately without a demonstration that there is a public benefit that applies equally to all hemp products.

**REGISTERED SUPPORT / OPPOSITION:**

**Support**

California Children's Hospital Assn  
California Federation of Labor Unions, Afl-cio  
California Medical Association (CMA)  
California Norml  
California School Employees Association  
California State Association of Counties (CSAC)  
Consumer Federation of California  
County Health Executives Association of California (CHEAC)  
League of California Cities  
Rural County Representatives of California (RCRC)  
San Mateo; County of  
Ufcw - Western States Council  
Youth Forward

**Oppose**

US Hemp Roundtable

**Oppose Unless Amended**

Charlottes Web  
Cornbread Hemp  
Lazarus Naturals  
Mediterra

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