

Governor Newsom Signs AB 97 to Extend Provisional Licenses and Add Enforcement and Organic Certification to California Cannabis Market

On July 1, Governor Newsom signed into law AB 97 with the intent to reduce the illicit cannabis market by bringing more people into the legal marketplace and to ensure that persons most harmed by cannabis criminalization be offered assistance to enter into the billion-dollar cannabis industry. Below is a summary of the most important aspects of AB 97.

- First, AB 97 gives licensing authorities more teeth by allowing them to issue citations to licensees or unlicensed persons for any act or omission that violates or has violated any provision of the Medicinal and Adult-Use Cannabis Regulation and Safety Act ("MAUCRSA"). In practice, this means that licensing authorities can now pursue and fine unlicensed companies that aid and abet any violation of MAUCRSA. These citations may be steep: a licensee may face fines up to \$5,000, while an unlicensed person may face fines up to \$30,000 per violation.
- Second, under AB 97, you will now be qualified to get a provisional license without having held a temporary license if you have submitted a completed license application to the licensing authority, including evidence of compliance with the California Environmental Quality Act and with city and county ordinances. These provisional licenses are valid for one year and can be renewed for one-year terms until January 1, 2022.
- Third, by no later than July 1, 2021, the Department of Food and Agriculture will establish a certification program that will allow you to label your products "organic." If you are interested in learning more about the program's implementation, you might consider attending a working group meeting held by the California Department of Food and Agriculture's CalCannabis Cultivation Licensing on Wednesday, July 24, 2019, from 8:00 a.m. to 11:00 a.m., at 2750 Gateway Oaks Drive, Suite 200, Sacramento, California. (For more info, contact annie.kim@cdfa.ca.gov.)
- Lastly, under AB 97, local equity programs may now receive technical assistance—including training and education sessions regarding state cannabis licensing and regulatory processes and requirements to equity applicants or equity licensees.



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