

## 2019 New California Laws Impacting Cannabis Businesses

Governor Newsom has signed several bills that impact the cannabis industry by providing relief from federal income tax deduction limitations, encouraging minority participation, encouraging union membership, and clarifying some other existing regulations.

The bills include:

1. Assembly Bill 37 repeals the limitation on deductions for business expenses for cannabis businesses, which had previously conformed to Internal Revenue Code section 280E for state tax purposes.
2. Senate Bill 595 provides some relief from licensing fees for needs-based applicants and is meant to facilitate minority-owned businesses.
3. Assembly Bill 1529, co-sponsored by the California Cannabis Industry Association, modifies the labeling requirements on vaporizer cartridges. It facilitates compliance with the requirements by making some practical modifications to the labeling specifications.
4. Assembly Bill 1291, which requires a labor peace agreement for all businesses with 20 or more employees, is designed to facilitate union protections for cannabis industry workers, as well as protections from strikes and other disruption for businesses. The new law imposes strict timelines to comply by licensees under the threat of loss of their license. California makes it very difficult to have independent contractors instead of employees, so this provision could have a significant impact on the unionization of the cannabis industry in California.
5. Senate Bill 34 allows retailers to provide free products to qualifying medical patients.

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