

AMENDED IN ASSEMBLY JUNE 24, 2025

**SENATE BILL**

**No. 141**

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**Introduced by Committee on Budget and Fiscal Review**

January 23, 2025

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*An act relating to the Budget Act of 2025. An act to amend Section 34019 of the Revenue and Taxation Code, relating to cannabis, and making an appropriation therefor, to take effect immediately, bill related to the budget.*

LEGISLATIVE COUNSEL'S DIGEST

SB 141, as amended, Committee on Budget and Fiscal Review. ~~Budget Act of 2025.~~ *California Cannabis Tax Fund: Department of Cannabis Control: Board of State and Community Corrections grants.*

*Existing law, the Control, Regulate and Tax Adult Use of Marijuana Act (AUMA), an initiative measure, 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.*

*Existing law establishes the California Cannabis Tax Fund as a continuously appropriated fund consisting of specified taxes, interest, penalties, and other amounts related to commercial cannabis activity. Each fiscal year, AUMA requires the Controller to make specified disbursements from the fund, including, through the 2022–23 fiscal year, reasonable costs incurred by the Department of Cannabis Control for implementing, administering, and enforcing MAUCRSA.*

*This bill would require the Controller to make a disbursement from the fund for reasonable costs incurred by the Department of Cannabis*

*Control for maintaining and operating the track and trace program and for conducting civil or criminal enforcement against unauthorized commercial cannabis activity, as specified. By requiring moneys in the California Cannabis Tax Fund, a continuously appropriated fund, to be used for a new purpose, the bill would make an appropriation.*

*AUMA also requires the Controller to make a disbursement from the fund to the Board of State and Community Corrections for making grants to local governments to assist with law enforcement, fire protection, or other local programs addressing public health and safety associated with the implementation of AUMA. AUMA prohibits the board from making grants to local governments that ban both indoor and outdoor commercial cannabis cultivation, or ban retail sale of cannabis or cannabis products.*

*This bill would repeal that prohibition, thereby authorizing the Board of State and Community Corrections to make grants to local governments that ban both indoor and outdoor commercial cannabis cultivation or ban retail sale of cannabis or cannabis products. In order to be eligible for a grant, the bill would require a local government either to allow the retail sale of cannabis in storefronts or, for jurisdictions with a population of 10,000 residents or less, to allow cannabis delivery, as specified. The bill would require the board to prioritize grant awards for local governments whose grant application includes illicit cannabis enforcement, and would authorize the board to award grants both competitively and based on a formula to provide consistent and ongoing funding for local governments, as provided.*

*AUMA authorizes the Legislature to amend its provisions with a  $\frac{2}{3}$  vote of both houses to further its purposes and intent, except as specified.*

*This bill would declare that its provisions further the purposes and intent of AUMA.*

*This bill would declare that it is to take effect immediately as a bill providing for appropriations related to the Budget Bill.*

~~*This bill would express the intent of the Legislature to enact statutory changes relating to the Budget Act of 2025.*~~

Vote: ~~majority~~ <sup>$\frac{2}{3}$</sup> . Appropriation: ~~no~~-yes. Fiscal committee: ~~no~~ yes. State-mandated local program: no.

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

1     SECTION 1. Section 34019 of the Revenue and Taxation Code  
2     is amended to read:

34019. (a) (1) For each fiscal year, the Department of Finance shall estimate revenues to be received pursuant to Sections 34011, 34011.2, and 34012 and provide those estimates to the Controller no later than June 15 of each year. The Controller shall use these estimates when disbursing funds pursuant to this section. Except as provided in paragraph (2), before any funds are disbursed pursuant to subdivisions (b), (c), (d), and (e) of this section, the Controller shall disburse from the tax fund to the appropriate account, without regard to fiscal year, the following:

(A) Reasonable costs incurred by the department for administering and collecting the taxes imposed by this part, except that such costs shall not exceed 4 percent of tax revenues received.

(B) Reasonable costs incurred by the Department of Cannabis Control ~~for implementing, administering, and enforcing Division 10 (commencing with Section 26000) of the Business and Professions Code to the extent those costs are not reimbursed pursuant to Section 26180 of the Business and Professions Code.~~ *This paragraph shall remain operative through the 2022–23 fiscal year, maintaining and operating the track and trace program and for conducting any civil or criminal enforcement against unauthorized commercial cannabis activity pursuant to Division 10 (commencing with Section 26000) of the Business and Professions Code.*

(C) Reasonable costs incurred by the Department of Fish and Wildlife, the State Water Resources Control Board, and the Department of Pesticide Regulation for carrying out their respective duties under Division 10 (commencing with Section 26000) of the Business and Professions Code to the extent those costs are not otherwise reimbursed.

(D) Reasonable costs incurred by the Governor’s Office of Business and Economic Development for implementing, administering, and enforcing Chapter 23 (commencing with Section 26240) of Division 10 of the Business and Professions Code.

(E) Reasonable costs incurred by the Controller for performing duties imposed by the Control, Regulate and Tax Adult Use of Marijuana Act, including the audit required by Section 34020.

(F) Reasonable costs incurred by the Department of Finance for conducting the performance audit pursuant to Section 26191 of the Business and Professions Code.

1 (G) Reasonable costs incurred by the Legislative Analyst's  
2 Office for performing duties imposed by Section 34017.

3 (H) Sufficient funds to reimburse the Division of Labor  
4 Standards Enforcement and the Division of Occupational Safety  
5 and Health within the Department of Industrial Relations and the  
6 Employment Development Department for the costs of applying  
7 and enforcing state labor laws to licensees under Division 10  
8 (commencing with Section 26000) of the Business and Professions  
9 Code.

10 (2) Notwithstanding paragraph (1), the Controller shall not make  
11 disbursements pursuant to subparagraph (A), (B), (C), (E), or (H)  
12 for the 2022–23 and 2023–24 fiscal years.

13 (b) The Controller shall next disburse the sum of ten million  
14 dollars (\$10,000,000) to a public university or universities in  
15 California annually beginning with the 2018–19 fiscal year until  
16 the 2028–29 fiscal year to research and evaluate the implementation  
17 and effect of the Control, Regulate and Tax Adult Use of Marijuana  
18 Act, and shall, if appropriate, make recommendations to the  
19 Legislature and Governor regarding possible amendments to the  
20 Control, Regulate and Tax Adult Use of Marijuana Act. The  
21 recipients of these funds shall publish reports on their findings at  
22 a minimum of every two years and shall make the reports available  
23 to the public. The Department of Cannabis Control shall select the  
24 universities to be funded. The research funded pursuant to this  
25 subdivision shall include but not necessarily be limited to:

26 (1) Impacts on public health, including health costs associated  
27 with cannabis use, as well as whether cannabis use is associated  
28 with an increase or decrease in use of alcohol or other drugs.

29 (2) The impact of treatment for maladaptive cannabis use and  
30 the effectiveness of different treatment programs.

31 (3) Public safety issues related to cannabis use, including  
32 studying the effectiveness of the packaging and labeling  
33 requirements and advertising and marketing restrictions contained  
34 in the act at preventing underage access to and use of cannabis and  
35 cannabis products, and studying the health-related effects among  
36 users of varying potency levels of cannabis and cannabis products.

37 (4) Cannabis use rates, maladaptive use rates for adults and  
38 youth, and diagnosis rates of cannabis-related substance use  
39 disorders.

1 (5) Cannabis market prices, illicit market prices, tax structures  
2 and rates, including an evaluation of how to best tax cannabis  
3 based on potency, and the structure and function of licensed  
4 cannabis businesses.

5 (6) Whether additional protections are needed to prevent  
6 unlawful monopolies or anticompetitive behavior from occurring  
7 in the adult-use cannabis industry and, if so, recommendations as  
8 to the most effective measures for preventing such behavior.

9 (7) The economic impacts in the private and public sectors,  
10 including, but not necessarily limited to, job creation, workplace  
11 safety, revenues, taxes generated for state and local budgets, and  
12 criminal justice impacts, including, but not necessarily limited to,  
13 impacts on law enforcement and public resources, short- and  
14 long-term consequences of involvement in the criminal justice  
15 system, and state and local government agency administrative  
16 costs and revenue.

17 (8) Whether the regulatory agencies tasked with implementing  
18 and enforcing the Control, Regulate and Tax Adult Use of  
19 Marijuana Act are doing so consistent with the purposes of the  
20 act, and whether different agencies might do so more effectively.

21 (9) Environmental issues related to cannabis production and the  
22 criminal prohibition of cannabis production.

23 (10) The geographic location, structure, and function of licensed  
24 cannabis businesses, and demographic data, including race,  
25 ethnicity, and gender, of licenseholders.

26 (11) The outcomes achieved by the changes in criminal penalties  
27 made under the Control, Regulate and Tax Adult Use of Marijuana  
28 Act for cannabis-related offenses, and the outcomes of the juvenile  
29 justice system, in particular, probation-based treatments and the  
30 frequency of up-charging illegal possession of cannabis or cannabis  
31 products to a more serious offense.

32 (c) The Controller shall next disburse the sum of three million  
33 dollars (\$3,000,000) annually to the Department of the California  
34 Highway Patrol beginning with the 2018–19 fiscal year until the  
35 2022–23 fiscal year to establish and adopt protocols to determine  
36 whether a driver is operating a vehicle while impaired, including  
37 impairment by the use of cannabis or cannabis products, and to  
38 establish and adopt protocols setting forth best practices to assist  
39 law enforcement agencies. The Department of the California  
40 Highway Patrol may hire personnel to establish the protocols

1 specified in this subdivision. In addition, the Department of the  
2 California Highway Patrol may make grants to public and private  
3 research institutions for the purpose of developing technology for  
4 determining when a driver is operating a vehicle while impaired,  
5 including impairment by the use of cannabis or cannabis products.

6 (d) The Controller shall next disburse the sum of ten million  
7 dollars (\$10,000,000) beginning with the 2018–19 fiscal year and  
8 increasing ten million dollars (\$10,000,000) each fiscal year  
9 thereafter until the 2022–23 fiscal year, at which time the  
10 disbursement shall be fifty million dollars (\$50,000,000) each year  
11 thereafter, to the Governor’s Office of Business and Economic  
12 Development, in consultation with the Labor and Workforce  
13 Development Agency and the State Department of Social Services,  
14 to administer a community reinvestments grants program to local  
15 health departments and at least 50 percent to qualified  
16 community-based nonprofit organizations to support job placement,  
17 mental health treatment, substance use disorder treatment, system  
18 navigation services, legal services to address barriers to reentry,  
19 and linkages to medical care for communities disproportionately  
20 affected by past federal and state drug policies. The office shall  
21 solicit input from community-based job skills, job placement, and  
22 legal service providers with relevant expertise as to the  
23 administration of the grants program. In addition, the office shall  
24 periodically evaluate the programs it is funding to determine the  
25 effectiveness of the programs, shall not spend more than 4 percent  
26 for administrative costs related to implementation, evaluation, and  
27 oversight of the programs, and shall award grants annually,  
28 beginning no later than January 1, 2020.

29 (e) The Controller shall next disburse the sum of two million  
30 dollars (\$2,000,000) annually to the University of California San  
31 Diego Center for Medicinal Cannabis Research to further the  
32 objectives of the center, including the enhanced understanding of  
33 the efficacy and adverse effects of cannabis as a pharmacological  
34 agent.

35 (f) By July 15 of each fiscal year beginning in the 2018–19  
36 fiscal year, the Controller shall, after disbursing funds pursuant to  
37 subdivisions (a), (b), (c), (d), and (e), disburse funds deposited in  
38 the tax fund during the prior fiscal year into sub-trust accounts,  
39 which are hereby created, as follows:

(1) Sixty percent shall be deposited in the Youth Education, Prevention, Early Intervention and Treatment Account, and disbursed by the Controller to the State Department of Health Care Services for programs for youth that are designed to educate about and to prevent substance use disorders and to prevent harm from substance use. The State Department of Health Care Services shall enter into interagency agreements with the State Department of Public Health and the State Department of Education to implement and administer these programs. The programs shall emphasize accurate education, effective prevention, early intervention, school retention, and timely treatment services for youth, their families, and caregivers. The programs may include, but are not limited to, the following components:

(A) Prevention and early intervention services including outreach, risk survey and education to youth, families, caregivers, schools, primary care health providers, behavioral health and substance use disorder service providers, community and faith-based organizations, foster care providers, juvenile and family courts, and others to recognize and reduce risks related to substance use, and the early signs of problematic use and of substance use disorders.

(B) Grants to schools to develop and support student assistance programs, or other similar programs, designed to prevent and reduce substance use, and improve school retention and performance, by supporting students who are at risk of dropping out of school and promoting alternatives to suspension or expulsion that focus on school retention, remediation, and professional care. Schools with higher than average dropout rates should be prioritized for grants.

(C) Grants to programs for outreach, education, and treatment for homeless youth and out-of-school youth with substance use disorders.

(D) Access and linkage to care provided by county behavioral health programs for youth, and their families and caregivers, who have a substance use disorder or who are at risk for developing a substance use disorder.

(E) Youth-focused substance use disorder treatment programs that are culturally and gender competent, trauma informed, evidence based, and that provide a continuum of care that includes screening and assessment (substance use disorder as well as mental

1 health), early intervention, active treatment, family involvement,  
2 case management, overdose prevention, prevention of  
3 communicable diseases related to substance use, relapse  
4 management for substance use and other cooccurring behavioral  
5 health disorders, vocational services, literacy services, parenting  
6 classes, family therapy and counseling services, medication-assisted  
7 treatments, psychiatric medication, and psychotherapy. When  
8 indicated, referrals must be made to other providers.

9 (F) To the extent permitted by law and where indicated,  
10 interventions shall utilize a two-generation approach to addressing  
11 substance use disorders with the capacity to treat youth and adults  
12 together. This would include supporting the development of  
13 family-based interventions that address substance use disorders  
14 and related problems within the context of families, including  
15 parents, foster parents, caregivers, and all their children.

16 (G) Programs to assist individuals, as well as families and  
17 friends of drug-using young people, to reduce the stigma associated  
18 with substance use including being diagnosed with a substance  
19 use disorder or seeking substance use disorder services. This  
20 includes peer-run outreach and education to reduce stigma,  
21 anti-stigma campaigns, and community recovery networks.

22 (H) Workforce training and wage structures that increase the  
23 hiring pool of behavioral health staff with substance use disorder  
24 prevention and treatment expertise. Provide ongoing education  
25 and coaching that increases substance use treatment providers'  
26 core competencies and trains providers on promising and  
27 evidence-based practices.

28 (I) Construction of community-based youth treatment facilities.

29 (J) The State Department of Health Care Services, the State  
30 Department of Public Health, and the State Department of  
31 Education may contract with each county behavioral health  
32 program for the provision of services.

33 (K) Funds shall be allocated to counties based on demonstrated  
34 need, including the number of youth in the county, the prevalence  
35 of substance use disorders among adults, and confirmed through  
36 statistical data, validated assessments, or submitted reports prepared  
37 by the applicable county to demonstrate and validate need.

38 (L) The State Department of Health Care Services, State  
39 Department of Public Health, and the State Department of



1 Education shall periodically evaluate the programs they are funding  
2 to determine the effectiveness of the programs.

3 (M) The State Department of Health Care Services, State  
4 Department of Public Health, and the State Department of  
5 Education may use up to 4 percent of the moneys allocated to the  
6 Youth Education, Prevention, Early Intervention and Treatment  
7 Account for administrative costs related to implementation,  
8 evaluation, and oversight of the programs.

9 (N) If the Department of Finance ever determines that funding  
10 pursuant to cannabis taxation exceeds demand for youth prevention  
11 and treatment services in the state, the State Department of Health  
12 Care Services, State Department of Public Health, and the State  
13 Department of Education shall provide a plan to the Department  
14 of Finance to provide treatment services to adults as well as youth  
15 using these funds.

16 (O) The State Department of Health Care Services, the State  
17 Department of Public Health, and the State Department of  
18 Education shall solicit input from volunteer health organizations,  
19 physicians who treat addiction, treatment researchers, family  
20 therapy and counseling providers, and professional education  
21 associations with relevant expertise as to the administration of any  
22 grants made pursuant to this paragraph.

23 (P) On or before July 10, 2023, the State Department of Health  
24 Care Services shall provide to the Legislature, pursuant to Section  
25 9795 of the Government Code, a spending report of funds from  
26 the Youth Education, Prevention, Early Intervention and Treatment  
27 Account for the 2021–22 and 2022–23 fiscal years. On or before  
28 July 10, 2024, and annually thereafter, the State Department of  
29 Health Care Services shall provide to the Legislature, pursuant to  
30 Section 9795 of the Government Code, a spending report of funds  
31 from the Youth Education, Prevention, Early Intervention and  
32 Treatment Account for the prior fiscal year.

33 (2) Twenty percent shall be deposited in the Environmental  
34 Restoration and Protection Account, and disbursed by the  
35 Controller as follows:

36 (A) To the Department of Fish and Wildlife and the Department  
37 of Parks and Recreation for the cleanup, remediation, and  
38 restoration of environmental damage in watersheds affected by  
39 cannabis cultivation and related activities, including, but not limited  
40 to, damage that occurred prior to enactment of this part, and to

1 support local partnerships for this purpose. The Department of  
2 Fish and Wildlife and the Department of Parks and Recreation  
3 may distribute a portion of the funds they receive from the  
4 Environmental Restoration and Protection Account through grants  
5 for purposes specified in this paragraph. The Department of Fish  
6 and Wildlife shall use moneys made available pursuant to  
7 subparagraph (D) for purposes of this subparagraph to fund its  
8 activities required pursuant to Sections 1024 and 1025 of the Fish  
9 and Game Code.

10 (B) To the Department of Fish and Wildlife and the Department  
11 of Parks and Recreation for the stewardship and operation of  
12 state-owned wildlife habitat areas and state park units in a manner  
13 that discourages and prevents the illegal cultivation, production,  
14 sale, and use of cannabis and cannabis products on public lands,  
15 and to facilitate the investigation, enforcement, and prosecution  
16 of illegal cultivation, production, sale, and use of cannabis or  
17 cannabis products on public lands.

18 (C) To the Department of Fish and Wildlife to assist in funding  
19 the watershed enforcement program and multiagency task force  
20 established pursuant to subdivisions (b) and (c) of Section 12029  
21 of the Fish and Game Code to facilitate the investigation,  
22 enforcement, and prosecution of these offenses and to ensure the  
23 reduction of adverse impacts of cannabis cultivation, production,  
24 sale, and use on fish and wildlife habitats throughout the state.

25 (D) For purposes of this paragraph, the Secretary of the Natural  
26 Resources Agency shall determine the allocation of revenues  
27 between the Department of Fish and Wildlife and the Department  
28 of Parks and Recreation. During the first five years of  
29 implementation, first consideration should be given to funding  
30 purposes specified in subparagraph (A).

31 (E) Funds allocated pursuant to this paragraph shall be used to  
32 increase and enhance activities described in subparagraphs (A),  
33 (B), and (C), and not replace allocation of other funding for these  
34 purposes. Accordingly, annual General Fund appropriations to the  
35 Department of Fish and Wildlife and the Department of Parks and  
36 Recreation shall not be reduced below the levels provided in the  
37 Budget Act of 2014 (Chapter 25 of the Statutes of 2014).

38 (3) Twenty percent shall be deposited into the State and Local  
39 Government Law Enforcement Account and disbursed by the  
40 Controller as follows:

1 (A) To the Department of the California Highway Patrol for  
2 conducting training programs for detecting, testing, and enforcing  
3 laws against driving under the influence of alcohol and other drugs,  
4 including driving under the influence of cannabis. The Department  
5 of the California Highway Patrol may hire personnel to conduct  
6 the training programs specified in this subparagraph.

7 (B) To the Department of the California Highway Patrol to fund  
8 internal California Highway Patrol programs and grants to qualified  
9 nonprofit organizations and local governments for education,  
10 prevention, and enforcement of laws related to driving under the  
11 influence of alcohol and other drugs, including cannabis; programs  
12 that help enforce traffic laws, educate the public in traffic safety,  
13 provide varied and effective means of reducing fatalities, injuries,  
14 and economic losses from collisions; and for the purchase of  
15 equipment related to enforcement of laws related to driving under  
16 the influence of alcohol and other drugs, including cannabis.

17 (C) To the Board of State and Community Corrections for  
18 making grants to local governments to assist with law enforcement,  
19 fire protection, or other local programs addressing public health  
20 and safety associated with the implementation of the Control,  
21 Regulate and Tax Adult Use of Marijuana Act. ~~The board shall~~  
22 ~~not make any grants to A local governments that ban both indoor~~  
23 ~~and outdoor commercial cannabis cultivation, or ban government~~  
24 ~~shall be eligible for a grant only if it either allows the retail sale~~  
25 ~~of cannabis in storefronts or, for jurisdictions with a population~~  
26 ~~of 10,000 residents or less, allows cannabis products pursuant~~  
27 ~~delivery in the jurisdiction that serves both medicinal and adult-use~~  
28 ~~consumers. The Board of State and Community Corrections shall~~  
29 ~~prioritize grant awards for local governments whose grant~~  
30 ~~application includes illicit cannabis enforcement. The board may~~  
31 ~~award grants both competitively and based on a formula to Section~~  
32 ~~26200 of the Business provide consistent and Professions Code or~~  
33 ~~as otherwise provided by law. ongoing funding for local~~  
34 ~~governments to implement the programs described in this~~  
35 ~~subparagraph.~~

36 (D) For purposes of this paragraph, the Department of Finance  
37 shall determine the allocation of revenues between the agencies;  
38 provided, however, beginning in the 2022–23 fiscal year the  
39 amount allocated pursuant to subparagraph (A) shall not be less  
40 than ten million dollars (\$10,000,000) annually and the amount

1 allocated pursuant to subparagraph (B) shall not be less than forty  
2 million dollars (\$40,000,000) annually. In determining the amount  
3 to be allocated before the 2022–23 fiscal year pursuant to this  
4 paragraph, the Department of Finance shall give initial priority to  
5 subparagraph (A).

6 (g) Funds allocated pursuant to subdivision (f) shall be used to  
7 increase the funding of programs and purposes identified and shall  
8 not be used to replace allocation of other funding for these  
9 purposes.

10 (h) Effective July 1, 2028, the Legislature may amend this  
11 section by majority vote to further the purposes of the Control,  
12 Regulate and Tax Adult Use of Marijuana Act, including allocating  
13 funds to programs other than those specified in subdivisions (d)  
14 and (f). Any revisions pursuant to this subdivision shall not result  
15 in a reduction of funds to accounts established pursuant to  
16 subdivisions (d) and (f) in any subsequent year from the amount  
17 allocated to each account in the 2027–28 fiscal year. Prior to July  
18 1, 2028, the Legislature may not change the allocations to programs  
19 specified in subdivisions (d) and (f).

20 *SEC. 2. The Legislature finds and declares that this act furthers*  
21 *the purposes and intent of the Control, Regulate and Tax Adult*  
22 *Use of Marijuana Act.*

23 *SEC. 3. This act is a bill providing for appropriations related*  
24 *to the Budget Bill within the meaning of subdivision (e) of Section*  
25 *12 of Article IV of the California Constitution, has been identified*  
26 *as related to the budget in the Budget Bill, and shall take effect*  
27 *immediately.*

28 ~~SECTION 1. It is the intent of the Legislature to enact statutory~~  
29 ~~changes relating to the Budget Act of 2025.~~