

AMENDED IN SENATE JUNE 24, 2025

CALIFORNIA LEGISLATURE—2025–26 REGULAR SESSION

**ASSEMBLY BILL**

**No. 141**

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**Introduced by ~~Assembly Member Gabriel~~ Committee on Budget**  
**(Assembly Members Gabriel (Chair), Addis, Ahrens, Alvarez,**  
**Bennett, Bonta, Connolly, Fong, Haney, Hart, Jackson, Lee,**  
**Muratsuchi, Ortega, Patel, Petrie-Norris, Quirk-Silva, Ramos,**  
**Rogers, Schiavo, Schultz, Sharp-Collins, Solache, Ward, and**  
**Wilson)**

January 8, 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

AB 141, as amended, ~~Gabriel Committee on Budget. 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>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:

3     34019. (a) (1) For each fiscal year, the Department of Finance  
4     shall estimate revenues to be received pursuant to Sections 34011,  
5     34011.2, and 34012 and provide those estimates to the Controller  
6     no later than June 15 of each year. The Controller shall use these  
7     estimates when disbursing funds pursuant to this section. Except  
8     as provided in paragraph (2), before any funds are disbursed  
9     pursuant to subdivisions (b), (c), (d), and (e) of this section, the  
10    Controller shall disburse from the tax fund to the appropriate  
11    account, without regard to fiscal year, the following:

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

15    (B) Reasonable costs incurred by the Department of Cannabis  
16    Control for ~~implementing, administering, maintaining and~~  
17    ~~enforcing Division 10 (commencing with Section 26000) of the~~  
18    ~~Business and Professions Code to the extent those costs are not~~  
19    ~~reimbursed pursuant to Section 26180 of the Business and~~  
20    ~~Professions Code. This paragraph shall remain operative through~~  
21    ~~the 2022-23 fiscal year. operating the track and trace program~~  
22    ~~and for conducting any civil or criminal enforcement against~~  
23    ~~unauthorized commercial cannabis activity pursuant to Division~~  
24    ~~10 (commencing with Section 26000) of the Business and~~  
25    ~~Professions Code.~~

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

32    (D) Reasonable costs incurred by the Governor's Office of  
33    Business and Economic Development for implementing,  
34    administering, and enforcing Chapter 23 (commencing with Section  
35    26240) of Division 10 of the Business and Professions Code.

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

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

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

9 (H) Sufficient funds to reimburse the Division of Labor  
10 Standards Enforcement and the Division of Occupational Safety  
11 and Health within the Department of Industrial Relations and the  
12 Employment Development Department for the costs of applying  
13 and enforcing state labor laws to licensees under Division 10  
14 (commencing with Section 26000) of the Business and Professions  
15 Code.

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

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

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

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

37 (3) Public safety issues related to cannabis use, including  
38 studying the effectiveness of the packaging and labeling  
39 requirements and advertising and marketing restrictions contained  
40 in the act at preventing underage access to and use of cannabis and

1 cannabis products, and studying the health-related effects among  
2 users of varying potency levels of cannabis and cannabis products.

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

6 (5) Cannabis market prices, illicit market prices, tax structures  
7 and rates, including an evaluation of how to best tax cannabis  
8 based on potency, and the structure and function of licensed  
9 cannabis businesses.

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

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

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

26 (9) Environmental issues related to cannabis production and the  
27 criminal prohibition of cannabis production.

28 (10) The geographic location, structure, and function of licensed  
29 cannabis businesses, and demographic data, including race,  
30 ethnicity, and gender, of licenseholders.

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

37 (c) The Controller shall next disburse the sum of three million  
38 dollars (\$3,000,000) annually to the Department of the California  
39 Highway Patrol beginning with the 2018–19 fiscal year until the  
40 2022–23 fiscal year to establish and adopt protocols to determine

1 whether a driver is operating a vehicle while impaired, including  
2 impairment by the use of cannabis or cannabis products, and to  
3 establish and adopt protocols setting forth best practices to assist  
4 law enforcement agencies. The Department of the California  
5 Highway Patrol may hire personnel to establish the protocols  
6 specified in this subdivision. In addition, the Department of the  
7 California Highway Patrol may make grants to public and private  
8 research institutions for the purpose of developing technology for  
9 determining when a driver is operating a vehicle while impaired,  
10 including impairment by the use of cannabis or cannabis products.

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

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

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

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

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

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

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

38 (D) Access and linkage to care provided by county behavioral  
39 health programs for youth, and their families and caregivers, who

1 have a substance use disorder or who are at risk for developing a  
2 substance use disorder.

3 (E) Youth-focused substance use disorder treatment programs  
4 that are culturally and gender competent, trauma informed,  
5 evidence based, and that provide a continuum of care that includes  
6 screening and assessment (substance use disorder as well as mental  
7 health), early intervention, active treatment, family involvement,  
8 case management, overdose prevention, prevention of  
9 communicable diseases related to substance use, relapse  
10 management for substance use and other cooccurring behavioral  
11 health disorders, vocational services, literacy services, parenting  
12 classes, family therapy and counseling services, medication-assisted  
13 treatments, psychiatric medication, and psychotherapy. When  
14 indicated, referrals must be made to other providers.

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

22 (G) Programs to assist individuals, as well as families and  
23 friends of drug-using young people, to reduce the stigma associated  
24 with substance use including being diagnosed with a substance  
25 use disorder or seeking substance use disorder services. This  
26 includes peer-run outreach and education to reduce stigma,  
27 anti-stigma campaigns, and community recovery networks.

28 (H) Workforce training and wage structures that increase the  
29 hiring pool of behavioral health staff with substance use disorder  
30 prevention and treatment expertise. Provide ongoing education  
31 and coaching that increases substance use treatment providers'  
32 core competencies and trains providers on promising and  
33 evidence-based practices.

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

35 (J) The State Department of Health Care Services, the State  
36 Department of Public Health, and the State Department of  
37 Education may contract with each county behavioral health  
38 program for the provision of services.

39 (K) Funds shall be allocated to counties based on demonstrated  
40 need, including the number of youth in the county, the prevalence



1 of substance use disorders among adults, and confirmed through  
2 statistical data, validated assessments, or submitted reports prepared  
3 by the applicable county to demonstrate and validate need.

4 (L) The State Department of Health Care Services, State  
5 Department of Public Health, and the State Department of  
6 Education shall periodically evaluate the programs they are funding  
7 to determine the effectiveness of the programs.

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

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

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

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

38 (2) Twenty percent shall be deposited in the Environmental  
39 Restoration and Protection Account, and disbursed by the  
40 Controller as follows:

1 (A) To the Department of Fish and Wildlife and the Department  
2 of Parks and Recreation for the cleanup, remediation, and  
3 restoration of environmental damage in watersheds affected by  
4 cannabis cultivation and related activities, including, but not limited  
5 to, damage that occurred prior to enactment of this part, and to  
6 support local partnerships for this purpose. The Department of  
7 Fish and Wildlife and the Department of Parks and Recreation  
8 may distribute a portion of the funds they receive from the  
9 Environmental Restoration and Protection Account through grants  
10 for purposes specified in this paragraph. The Department of Fish  
11 and Wildlife shall use moneys made available pursuant to  
12 subparagraph (D) for purposes of this subparagraph to fund its  
13 activities required pursuant to Sections 1024 and 1025 of the Fish  
14 and Game Code.

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

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

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

36 (E) Funds allocated pursuant to this paragraph shall be used to  
37 increase and enhance activities described in subparagraphs (A),  
38 (B), and (C), and not replace allocation of other funding for these  
39 purposes. Accordingly, annual General Fund appropriations to the  
40 Department of Fish and Wildlife and the Department of Parks and

1 Recreation shall not be reduced below the levels provided in the  
2 Budget Act of 2014 (Chapter 25 of the Statutes of 2014).

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

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

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

22 (C) To the Board of State and Community Corrections for  
23 making grants to local governments to assist with law enforcement,  
24 fire protection, or other local programs addressing public health  
25 and safety associated with the implementation of the Control,  
26 Regulate and Tax Adult Use of Marijuana Act. ~~The board shall~~  
27 ~~not make any grants to A local governments that ban both indoor~~  
28 ~~and outdoor commercial cannabis cultivation, or ban government~~  
29 ~~shall be eligible for a grant only if it either allows the retail sale~~  
30 ~~of cannabis in storefronts or, for jurisdictions with a population~~  
31 ~~of 10,000 residents or less, allows cannabis products pursuant~~  
32 ~~delivery in the jurisdiction that serves both medicinal and adult-use~~  
33 ~~consumers. The Board of State and Community Corrections shall~~  
34 ~~prioritize grant awards for local governments whose grant~~  
35 ~~application includes illicit cannabis enforcement. The board may~~  
36 ~~award grants both competitively and based on a formula to Section~~  
37 ~~26200 of the Business provide consistent and Professions Code or~~  
38 ~~as otherwise provided by law. ongoing funding for local~~  
39 ~~governments to implement the programs described in this~~  
40 ~~subparagraph.~~

(D) For purposes of this paragraph, the Department of Finance shall determine the allocation of revenues between the agencies; provided, however, beginning in the 2022–23 fiscal year the amount allocated pursuant to subparagraph (A) shall not be less than ten million dollars (\$10,000,000) annually and the amount allocated pursuant to subparagraph (B) shall not be less than forty million dollars (\$40,000,000) annually. In determining the amount to be allocated before the 2022–23 fiscal year pursuant to this paragraph, the Department of Finance shall give initial priority to subparagraph (A).

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

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

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

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

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