



Department of
Cannabis Control
CALIFORNIA

Budget Change Proposal: Illicit Cannabis Enforcement

March 2026

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1

The Challenge



Illicit cannabis market remains widespread

- 11.4M pounds of cannabis is grown illegally in California each year
- 2/3 of cannabis sales statewide occur outside of the regulated market

High export value + low production costs incentivize illegal activity

- Criminal networks operate across jurisdictions
- Production and profits feed into complex global supply chains

Illicit cannabis operations are often:

- Part of larger criminal enterprises / tied to organized crime
- Involve human trafficking and other labor exploitation
- Create environmental damage
- Risks to youth, surrounding communities and consumers of illicit products

2

Strategy and Approach



High Level Strategy:

- Intelligence-driven investigations
- Target distribution networks + financial facilitators
- Leverage local, state, federal partnerships
- Education and outreach

Operational Approach:

- Focus on high-harm criminal activity
- Development of a highly-trained, adaptable workforce
- Innovation in investigative models and analytic tools
- Support activation of local law enforcement through BSCC grants

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3

3

Budget Request for Law Enforcement Division



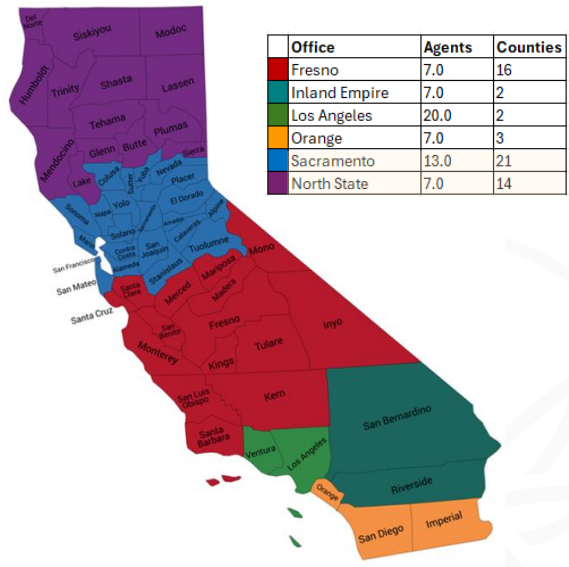
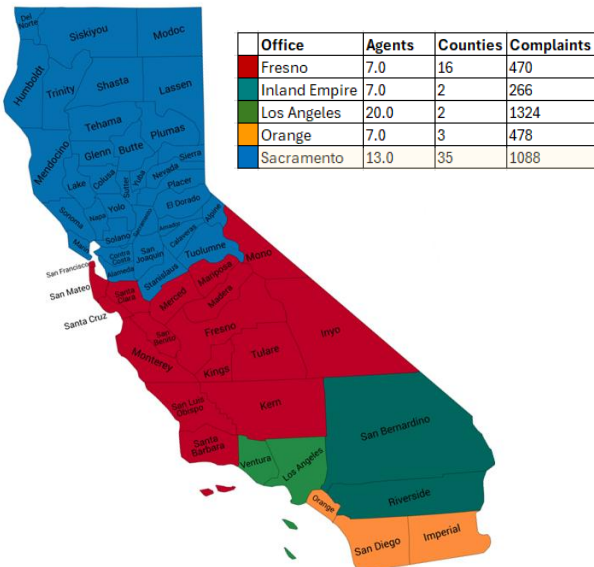
- **North State Office**
 - Request: 8 sworn staff and a facility to establish an office in Northern California
 - Why: Sacramento is currently the northernmost law enforcement office, which constrains investigations into sources and distribution networks, and increases the time and cost to plan operations
- **Support Infrastructure**
 - Request: 3 positions to split existing non-sworn staff into two specialized units focused on Criminal Case Intake and Intelligence + Admin Support
 - Why: Using non-sworn staff for these roles takes workload off limited available peace officers allowing sworn staff to maximize efficiency and effectiveness

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4

4

North State Office



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5

5

Prioritization of Caseload



Priority 1
 Serious criminal activity and/or cases involving exigency

- Human trafficking
- Activity involving volatile substances (e.g., BHO labs)
- Activity by organized criminal enterprises
- Violent criminal activity
- Substantial environmental harm
- Activity occurring in close proximity to schools
- Activity involving minors

Priority 2
 Criminal activity by an identified suspect or referral from a governmental entity

- Ongoing criminal activity by a subject who was clearly identified as an owner, manager or operator of the unlicensed cannabis operation
- Ongoing criminal activity by a subject who was denied a license
- Importation or exportation of cannabis into/out of the state
- Unlicensed complaints made by law enforcement, code enforcement or other governmental entities

Priority 3
 Criminal activity by an unidentified suspect

- Unlicensed activity by an unidentified suspect with supporting documentation (i.e., actionable information, investigative leads, etc.)

6



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Budget Change Proposal: Implementation of Assembly Bill 8

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7

AB 8: Closing the Intoxicating Hemp Gap



- Closes loopholes enabling sale of intoxicating hemp products
- Strengthens enforcement authorities and penalties
- Prohibits synthetic cannabinoids and unsafe products
- Establishes a unified framework for all THC products
- Creates a pathway for hemp to enter the licensed cannabis supply chain

8

Strengthening Enforcement Against Illegal Hemp Products



Coordinated enforcement structure:

- DCC – illicit cannabis retailers
- Dept of Tax and Fee Administration – tobacco retailers
- Dept of Alcoholic Beverage Control – alcohol retailers
- Dept of Public Health – food manufacturing

→ Agencies enforce within clear jurisdictions and coordinate as needed

Gap: Illegal online sales into California

Budget request:

- Field testing equipment – supports existing enforcement
- Civil Enforcement Unit (4) – investigate illegal online sales; pursue violations through civil actions

9

Preparing for Hemp Integration (2028)



Fundamental shift:

- Transition from closed supply chain -> controlled entry and exit points

Key risks to manage:

- Diversion & inversion of illicit products into the regulated market
- Synthetic/chemically converted cannabinoids

Budget request:

- Inspection staff – oversight of hemp entry, testing, tracking and exit
- Laboratory staff – capacity to detect synthetic cannabinoids
- Track and Trace specialist – system updates and anomaly reporting
- Policy specialist – regulations, ongoing program expertise

10

10

Implementation Plan and Timeline

2026 – Enhanced enforcement

- Guidance, outreach and staff training
- Coordinate with partner agencies

2026-2027 – Build for integration

- Recruit and train staff
- Develop regulations
- Build track and trace updates
- Test methods for synthetic cannabinoids

2028 – Integration

- Hemp enters supply chain through controlled distribution points
- Require testing, tracking and compliance
- Begin ongoing oversight and enforcement

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11