

California to consider cannabis cafes (again) with health organizations lined up in opposition

By Eric He

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While cannabis consumption lounges have been legal in California since [Proposition 64](#) passed in 2016, legalizing marijuana, businesses have been limited in what they can offer in the spaces — namely, they've been prohibited from preparing food and beverages and hosting live events in their venues.

Now, a San Francisco state lawmaker is making his second bid to change those regulations. [AB 1775](#) by Assemblymember [Matt Haney](#) (D-San Francisco) would allow so-called cannabis cafes. Under the proposal, local jurisdictions could choose to let cannabis retailers prepare and sell food, as well as host live music and performances. While proponents say the bill would help struggling small businesses that have to compete with the illicit cannabis market, opponents contend that allowing food and drink service would worsen secondhand smoke.

But Haney argues the current system is setting up cannabis retailers to fail.

“The legalization of cannabis is widely supported by Californians, and yet we still have these harsh, misguided regulations that make it very difficult to operate a business,” Haney told POLITICO. “It makes no sense to tell a small business that they can sell cannabis and only cannabis — and nothing else. If we do that, we're going to make it very hard for them to be successful.”

WHAT'S IN THE BILL?

This Pro Bill Analysis is based on the [text of the bill](#) as amended on April 25.

The bill would amend [Section 26200 of the California Business and Professions Code](#) to legalize smoking, vaporizing and ingesting cannabis or cannabis products in retail spaces — with the approval of the local jurisdictions (Sec. 1).

The retailer would be permitted to prepare and sell food and beverage products in the area where cannabis is consumed, as well as host live music and other performances. Hemp products, however, would not be allowed on the premises.

The business would need to do the following before being approved to sell food and beverage:

- Restrict access to the area of cannabis consumption to people ages 21 and over
- Ensure cannabis consumption is not visible to the public or to people under the age of 21
- Not allow alcohol or tobacco to be sold or consumed
- Create a separation between noncannabis food or beverages and cannabis products to ensure there is no contamination or commingling
- Ban employees and customers from smoking or vaporizing cannabis products in areas where food is prepared or stored

Additionally, the measure would prohibit businesses that have a suspended license from any of the above activities for the duration of their suspension (Sec. 1).

Noncannabis food and beverages would need to be stored and displayed separately and distinctly from cannabis products.

Finally, the measure states that its provisions would not authorize businesses to prepare or sell industrial hemp (Sec. 1).

WHO ARE THE POWER PLAYERS?

Assemblymember [Matt Haney](#) (D-San Francisco) reintroduced the bill this year, after it was vetoed by Gov. [Gavin Newsom](#) in 2023. The measure is backed by a number of cannabis groups including [California Norml](#), as well as the [UFCW Western States Council](#), which represents cannabis workers.

Haney said there are roughly 20 cannabis lounges in San Francisco, and “not many of them are all that successful, because again, they can’t really offer much, other than a place to sit.”

“In San Francisco, maybe we’ll have a cannabis lounge drag show brunch,” Haney said. “That’s our brand. And we should be able to do that. Why can’t we do that?”

This time, the UFCW Western States Council is taking a more active role in supporting the bill following Newsom’s veto last year due to health safety concerns.

“This is a dance between protecting workers, while also crafting policy that isn’t so onerous and restrictive that it’s difficult to operate a cannabis business,” said **Kristin Heidelberg**, cannabis legislative advocate for UFCW, in a statement to POLITICO. “Local control matters, and each city and county has the choice to expand and build upon state regulations to make rules work best for their specific jurisdiction.”

The measure is opposed by major health organizations, most notably the **American Heart Association**, **American Lung Association** and the **American Cancer Society**. The three groups argued in a [March 8 letter](#) to the Assembly Business and Professions Committee that the bill would exacerbate the secondhand smoke from marijuana. They also pointed to the governor signing [SB 626](#) by state Sen. [Susan Rubio](#) (D-Baldwin Park) last year — which eliminated smoking in all hotel and motel rooms — as evidence that Newsom recognizes there is no safe way to keep secondhand smoke out of adjoining rooms.

Autumn J. Ogden-Smith, director of California State Legislation for the American Cancer Society, told POLITICO the bill would essentially create a “smoking restaurant” and invite the tobacco industry to lobby for bars and restaurants to allow cigarettes again.

“It’s taking us backwards in time, recreating these harmful policies and setting a dangerous precedent,” Smith said.

Haney called the argument unserious and said the bill does not bring cannabis smoke to restaurants, but rather “coffee and bagels to existing cannabis lounges, which are limited and only in connection to heavily-regulated cannabis.”

WHAT’S HAPPENED SO FAR?

Proposition 64, which legalized the recreational use of cannabis in California, [passed in 2016](#) with approval from 57 percent of voters, and the stigma surrounding the drug has continued to lessen at both the state and federal level with the Biden administration recently [moving to shift cannabis](#) to a schedule III drug.

Last year’s version of the measure, [AB 374](#), did not have the language requiring separation of non-cannabis food and cannabis-related items, but Haney added the provision this year following Newsom’s veto. [In his veto message](#), Newsom expressed concerns that the bill would “undermine California’s long-standing smoke-free workplace protections” — although he said he appreciated Haney’s intent to increase business opportunities to cannabis retailers and help them attract new customers. Newsom invited Haney to address the issue in subsequent legislation.

The bill is similar [to a measure](#) introduced by state Sen. [Henry Stern](#) (D-Sherman Oaks) last year, which contained similar provisions as AB 1775, but wouldn’t allow live musical performances. Stern’s chief of staff, Tina Andolina, told POLITICO in an email that she is uncertain if Stern’s bill will continue — but noted they are watching Haney’s bill “very closely.”

Haney’s first bill passed the Legislature with bipartisan support, and he said he had no indication that Newsom would reject the bill, which is modeled after Amsterdam’s cannabis-style cafes.

“I was surprised,” Haney said. “They did not share any of those concerns with us as the bill moved through the process, and we had no reason to believe that it was going to be vetoed for those reasons.”

One of the measure's Republican backers, Assemblymember [Tom Lackey](#) (D-Palmdale) didn't support the passage of Proposition 64, but now is in favor of AB 1775 because he believes the industry is "over-regulated and has an unfair circumstance of survival" due to the illicit drug market.

"This (is an) industry, with honest people, with a commodity that I'll never enjoy — but nonetheless, the people have stated it should be legal, so it is legal," Lackey said at the [April 17 Assembly Governmental Organization committee hearing](#). "And there's always health concerns that are not irrelevant. But I will tell you that you are the only hope against the illicit market — supporting your industry."

WHAT'S NEXT?

The bill is currently awaiting a floor vote in the Assembly, and is likely to pass with bipartisan support. It would then head to the Senate.

If the measure clears the Legislature, all eyes would turn to Newsom and whether the health and safety amendments taken in this year's bill will satisfy the governor.

WHAT ARE SOME STORIES ON THE BILL?

[Read POLITICO news on AB 1775.](#)