

GOVERNMENT OPERATIONS COMMITTEE REPORT relative to issuing a notice or cease and desist letters to all Tobacco Retailer Permit holders that warns them against selling mislabeled hemp products that contain trace amounts of THC.

Recommendation for Council action, pursuant to Motion (Padilla – Blumenfield):

REQUEST the City Attorney to report on the necessary steps to issue a notice or cease and desist letters to all Tobacco Retailer Permit holders that warns them against selling mislabeled hemp products that contain trace amounts of THC, and informs tobacco retailers that they are in violation of the conditions of the Tobacco Retailer's Permit if they continue to sell these products.

Fiscal Impact Statement: Neither the City Administrative Officer nor the Chief Legislative Analyst has completed a financial analysis of this report.

Community Impact Statement: None submitted.

Summary:

On February 18, 2025, your Committee considered a Motion (Padilla – Blumenfield) relative to issuing a notice or cease and desist letters to all Tobacco Retailer Permit holders that warns them against selling mislabeled hemp products that contain trace amounts of THC. According to the Motion, in order to operate as a tobacco retailer in the City, businesses must obtain an annual Tobacco Retailer's Permit for each location where tobacco, tobacco products or tobacco paraphernalia are sold. In order to discourage the sale and distribution of tobacco products to minors, the City created the Tobacco Enforcement Program, which tracks problem vendors that violate laws, conducts compliance checks of tobacco retailers, and investigates and prosecutes tobacco retailers who do not operate with a permit.

Tobacco retailers that violate the conditions of their Tobacco Retailer's Permit can be charged with a misdemeanor, and are subject to suspension of their tobacco permit, fines and/or jail. According to several reports, some tobacco shops have been illegally selling products that are falsely mislabeled as "hemp" and contain trace amounts of THC, which is the psychoactive compound found in cannabis plants. Due to this false mislabeling, minors have been able to purchase these products, dangerously exposing them to hemp products containing THC. The intentional mislabeling of these products is a threat to public health and safety as the unlicensed cannabis products sold at tobacco shops are not being subject to the same quality control testing and standards as licensed cannabis dispensaries. Regulations surrounding cannabis products were created in order to ensure safe production practices and quality control testing for consumers.

When cannabis products are not being properly tested, the public could become exposed to harmful substances such as lead and cadmium, both of which have harmful effects if

ingested by consumers. In response to these reports, emergency state regulations were adopted to protect the public from the adverse health effects of dangerous hemp products. These regulations outlawed any product with detectable levels of THC from being sold to the public, except for those sold at state licensed cannabis dispensaries. In order for the City to be in compliance with the approved Emergency Regulations and to stop the illicit sale and consumption of mislabeled hemp products that contain THC, steps must be taken to notify and prevent tobacco shops from continuing to sell these products. After consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the Motion. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

Government Operations Committee

COUNCILMEMBER VOTE

PADILLA: YES

LEE: YES

JURADO: YES

ARL

2/18/25

-NOT OFFICIAL UNTIL COUNCIL ACTS-