

Author: Gipson Analyst: Janet Jennings Bill Number: AB 963  
March 28, 2017 &  
Related Bills: See Prior Telephone: 845-3495 Amended Dates: April 5, 2017  
Analysis Attorney: Bruce Langston Sponsor: \_\_\_\_\_

**SUBJECT:** Criminal Cannabis Enforcement Team Created by BOE to Combat Tax Evasion

## **SUMMARY**

Under the Revenue and Taxation Code, this bill would establish the Criminal Cannabis Enforcement Team within the Board of Equalization (BOE).

This bill would also modify provisions of the Health and Safety Code relating to identification cards for medical marijuana users and the Revenue and Taxation Code relating to sales and excise taxes. This analysis does not address the bill's changes to the provisions of these Codes as these provisions do not impact the department's programs and operations.

## **RECOMMENDATION – NO POSITION**

## **SUMMARY OF AMENDMENTS**

The March 28, 2017, amendments, among other items, established the Criminal Cannabis Enforcement Team within the Department of Justice's Tax Recovery and Criminal Enforcement Task Force and specified the state agencies making up the team. The April 5, 2017, amendments, among other items, replaced the provision establishing the Criminal Cannabis Enforcement Team within the Department of Justice with a provision requiring the BOE to establish a Criminal Cannabis Enforcement Team, and modified the data sharing provisions. As a result of the amendments the "This Bill," "Implementation Considerations," "Fiscal Impact," and "Economic Impact" sections of the department's analysis of the bill as introduced February 16, 2017, have been revised and a new "Technical Consideration" has been identified.

## **THIS BILL**

This bill would establish the Criminal Cannabis Enforcement Team within the BOE. The team may include, but is not limited to, representatives from:

- The BOE.
- The FTB.
- The Employment Development Department.
- State licensing authorities governed by the Business and Professions Code.<sup>1</sup>

---

<sup>1</sup> Business and Professions Code Chapter 3.5 (commencing with Section 19300) of Division 8, or Division 10 (commencing with Section 26000).

Duly authorized team members would be allowed to exchange intelligence, data, documents, information, complaints, or lead referrals for the purpose of combatting criminal tax evasion associated with cannabis, cannabis products, and cannabis accessories.

Current and former representatives of the Criminal Cannabis Enforcement Team, agents employed by any agency, as specified, including the FTB, and any person who has at any time obtained knowledge from any of the specified agencies or persons would be prohibited from divulging, or making known in any manner not provided by law, any of the confidential information received by, or reported to, the team.

Information authorized to be exchanged would retain its confidential status and remain subject to any applicable confidentiality provisions.

### **IMPLEMENTATION CONSIDERATIONS**

The department has identified the following implementation concerns. Department staff is available to work with the author's office to resolve these and other concerns that may be identified.

Although the bill states that information exchanged pursuant to this section would retain its confidential status and remain subject to applicable confidentiality provisions, the bill should be amended to clearly list the applicable statutes to provide the permissible uses and penalties associated with an unauthorized disclosure.

This bill uses a term that is undefined, i.e., "criminal tax evasion". The absence of a definition to clarify this term could lead to disputes with taxpayers and would complicate the administration of this bill. The author may want to amend the bill to clearly define the term.

### **TECHNICAL CONSIDERATIONS**

For consistency on page 33, line 6 "Cannabis" should come after "Criminal".

### **FISCAL IMPACT**

This bill would not significantly impact the department's costs.

### **ECONOMIC IMPACT**

This bill would not impact state income tax revenue.

### **LEGISLATIVE STAFF CONTACT**

Janet Jennings  
Legislative Analyst, FTB  
(916) 845-3495  
[janet.jennings@ftb.ca.gov](mailto:janet.jennings@ftb.ca.gov)

Jame Eiserman  
Revenue Manager, FTB  
(916) 845-7484  
[jame.eiserman@ftb.ca.gov](mailto:jame.eiserman@ftb.ca.gov)

Diane Deatherage  
Legislative Director, FTB  
(916) 845-6333  
[diane.deatherage@ftb.ca.gov](mailto:diane.deatherage@ftb.ca.gov)