Department of Cannabis Control

Unclear Rules and Insufficient Enforcement Hamper Its Ability to Identify Packaging That Is Attractive to Children

August 2025

REPORT 2024-105

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Grant Parks *State Auditor*

Mike Tilden *Chief Deputy*

August 7, 2025
2024-105

The Governor of California
President pro Tempore of the Senate
Speaker of the Assembly
State Capitol
Sacramento, California 95814

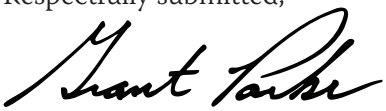
Dear Governor and Legislative Leaders:

As directed by the Joint Legislative Audit Committee, my office conducted an audit of the Department of Cannabis Control (DCC), and our assessment focused on the department's youth advertising and marketing enforcement. In general, we found that state law and DCC's regulations about design elements that are attractive to children are unspecific, leading to subjective and sometimes inconsistent determinations of whether cannabis product packaging is compliant. We also identified some best practices from other jurisdictions that California could use to further specify elements of packaging that are attractive to children. We recommend that the Legislature consider clarifying design elements that are prohibited from cannabis packaging.

Additionally, DCC does not adequately discipline the cannabis businesses that it licenses (licensees) who repeatedly violate regulations regarding attractiveness to children. DCC's inspectors do not have consistent documentation practices, and we could not conclude that DCC consistently checks a licensee's compliance history when evaluating whether that licensee is selling a cannabis product with packaging that is attractive to children. We also determined that the department does not consistently increase penalties for licensees who repeatedly violate the department's regulations. We recommend that DCC improve its documentation and specify penalties for repeat offenders to disincentivize licensees from violating regulations.

Finally, we found that DCC's current regulations and state law do not adequately prohibit flavors in cannabis inhalants. Even though DCC's statement of reasoning and its online guidance say that certain flavors are prohibited from cannabis inhalants, the department's regulations do not specify any such prohibited flavors. To ensure that it appropriately regulates flavors in cannabis inhalants, the Legislature should consider specifying in state law prohibited flavors in cannabis inhalants.

Respectfully submitted,



GRANT PARKS
California State Auditor

Selected Abbreviations Used in This Report

APPL	Advertising, Products, Packaging, and Labeling
CDC	Centers for Disease Control and Prevention
DCC	Department of Cannabis Control
DEA	U.S. Drug Enforcement Administration
FDA	U.S. Food and Drug Administration
NTC	Notice to Comply
THC	tetrahydrocannabinol

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Summary

Key Findings and Recommendations

In 2016, California voters passed Proposition 64, called the Adult Use of Marijuana Act, which legalized the use, sale, and cultivation of cannabis under California law for adults at the age of 21 and older. Recently, incidents of children unintentionally ingesting cannabis have increased in California. Since 2016, there has been a 469 percent increase in the total number of calls to the California Poison Control System related to cannabis ingestion among children age five and younger, from 148 calls in 2016 to 842 calls in 2023. Studies show that certain design elements of cannabis product packaging are attractive to children; such elements include colorful branding, cartoon fonts and characters, and likeness to images used to popularly market to children. Although the Department of Cannabis Control (DCC) prohibits cannabis product packaging that is attractive to children, the department does not evaluate packaging for compliance with these prohibitions before cannabis products enter the market. DCC instead finds violations through routine inspections and through investigating complaints from the public.

Numerous Cannabis Products Include Packaging That We Believe Is Attractive to Children

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Packaging for many cannabis products contains design elements that children may find attractive. The packaging for more than half of the products we reviewed from retail websites—23 of 40 products—were likely attractive to children. Packaging for many cannabis products we reviewed included images of foods, including images of the cannabis product itself—such as crispy rice treats—or its noncannabis ingredients, such as chocolate chips. Colorful fonts and cartoon images are other design elements that may increase packaging's attractiveness to children. Additionally, we reviewed a selection of complaints about cannabis packaging and inspections during which DCC's staff assessed whether the packaging might be attractive to children. We sometimes disagreed with DCC's determinations. For example, DCC determined that the packaging for a cannabis-infused crispy rice bar is not attractive to children, despite the packaging's featuring images of foods like crispy rice cereal. We believe that images of foods like marshmallows, cereals, fruits, and chocolate chips are attractive to children.

Although DCC does not review packaging before a cannabis product is available for sale, we believe that California may benefit from such a process. Oregon uses a system that allows licensees to submit their proposed product packaging to the state's cannabis commission and, for a fee, have it evaluated for adherence to Oregon's laws and regulations. During our review, we also found that some cannabis products, such as cannabis beverages, can be particularly attractive to children.

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DCC Does Not Have Sufficient Resources to Conduct Routine Inspections and Does Not Adequately Track Repeat Offenders

DCC does not conduct enough inspections to ensure that it identifies problems proactively. For example, although it has a goal to review all licensees annually, the department inspected fewer than half of its licensees each year since 2022. Because it cannot inspect every licensee regularly, DCC prioritizes its resources to ensure that it uses inspections to address critical complaints and illegal activity before conducting inspections for other purposes, such as routine licensee inspections. In May 2025, the department submitted a budget change proposal requesting funding for additional inspections staff to increase its capacity for conducting routine inspections.

Additionally, DCC does not consistently document licensees' compliance history during inspections and complaint evaluations, which means that the department cannot ensure that it always identifies repeat offenders. Our analysis of DCC's records showed one licensee with at least four compliance actions related to attractive packaging, but we found no evidence that DCC ever escalated penalties for that licensee.

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DCC's Regulations Do Not Adequately Prohibit Flavors nor Strain Names Attractive to Children in Cannabis Inhalant Packaging

In November 2022, DCC published regulations that specified new requirements for cannabis products intended for inhalation. Although DCC's website and its statement of reasoning for the proposed regulations mention specific flavors prohibited in cannabis inhalants, DCC's regulations do not explicitly prohibit flavors. Furthermore, through our review of products available for purchase in California, we found inhalable cannabis products that advertised flavors. We observed products advertising cannabis strain names such as *Cherry Pie*, *Tropicana Punch*, and *Lemon Cherry Gelato*.

Other states have more specific regulations. For example, New York highlights specific flavors that its regulations prohibit, such as *cotton candy* and *bubblegum*. Additionally, New York highlights, among other things, the prohibition of bubble and cartoonlike fonts and bright or neon colors on packaging. Similarly, Oregon limits the strain names cannabis businesses may advertise because some may suggest flavors or products attractive to children, such as *Thin Mints* or *Skittles*.

To address these findings, we have made recommendations to the Legislature and DCC. We recommend that the Legislature consider directing DCC to develop a process that requires licensees to use state-defined plain packaging or, for a fee, submit their packaging to DCC for approval in advance of retail sales. Oregon uses a system that requires licensees to use Oregon's pre-approved, plain packaging for their products or, for a fee, have it evaluated for adherence to Oregon's laws and regulations. Similarly, we recommend that the Legislature consider specifying the design elements of packaging that are attractive to children and the flavors that cannot be included or advertised in cannabis inhalants.

Agency Comments

DCC indicated that it would work with the Legislature on any legislation resulting from our recommendations and provided additional context about the efforts it has been making to address the concerns we identified. However, it disagreed with our conclusion that its system for escalating penalties for repeat offenders needs modification.

Introduction

Background

Cannabis, often referred to as "marijuana," refers to the dried leaves, flowers, stems, and seeds of the cannabis plant. With the passage of Proposition 215—the Compassionate Use Act—in 1996, California became the first state to amend its drug laws to allow the medicinal use of cannabis. Two decades later, in 2016, the passage of Proposition 64—the Adult Use of Marijuana Act—legalized the use, sale, and cultivation of cannabis under California law for adults at the age of 21 and older. Cannabis contains many different chemical compounds, including *cannabidiol* (CBD)—a nonintoxicating compound now common in consumer products such as supplements, oils, and lotions—and *tetrahydrocannabinol* (THC).

THC is the compound in cannabis responsible for the intoxicated or "high" feeling users experience. According to the U.S. Department of Justice and the U.S. Drug Enforcement Administration, the physiological, psychological, and behavioral effects of cannabis vary among individuals. Some of the common physical responses include dizziness, increased heart rate and appetite, and dry mouth. These responses can occur alongside psychological and behavioral effects like anxiety, disinhibition, relaxation, and distorted perception of time. Because dosage can significantly affect the intensity of THC's effects, DCC recommends that new users consider lower-potency cannabis products. Cannabis products' potency is identified in either the percentage of THC—the proportion of THC by product weight—or by total weight, in milligrams (mg) of THC. Cannabis inhalants, such as vaporizers and cannabis flower, list THC potency by percentage, and cannabis edible products identify potency by weight in mg. DCC advises that consumers can use a lower-potency product—such as cannabis flower with less than 20 percent THC per product, or cannabis edibles with close to 5 mg THC per serving—or wait between doses to allow time for the THC to take effect, to reduce the risk of negative responses.

Acute cannabis intoxication occurs when a person experiences immediate adverse effects from cannabis. Symptoms can include loss of coordination, any degree of sleepiness, from mild drowsiness to being unable to wake up, and trouble breathing. These symptoms can appear in both new and chronic users after inhaling or ingesting cannabis products but can be more severe in small children, in part because children may unknowingly consume high-potency cannabis products in large quantities. For example, a single cannabis edible, such as a gumdrop or a square of chocolate, may contain 10 mg THC, but it may also be one of 10 pieces in a single package that totals 100 mg THC. Research shows that just 1.7 mg THC can be toxic to a child under the age of six.[1] In severe cases, children have become comatose and required a breathing tube and ventilator. Health risks are not limited to young children. Research also suggests that adolescents' chronic use of THC can contribute to significant psychiatric and physical health concerns, ranging from increased

[1] Lesley C Pepin, MD et al., "Toxic Tetrahydrocannabinol (THC) Dose in Pediatric Cannabis Edible Ingestions," *Pediatrics* online, Vol. 152, No. 3, September 2023, pp. 1–9, <publications.aap.org/pediatrics/article/152/3/e2023061374/193757/>, accessed on March 3, 2025.

depression and suicidal ideation to substance-induced psychosis.[2] Chronic use by adolescents can contribute to such illnesses as cannabis-induced psychosis—which can present with delusions and hallucinations—and vomiting and abdominal pain.

Incidents of children ingesting cannabis have increased in California in recent years. Since 2016, there has been a 469 percent increase in the total number of calls to the California Poison Control System related to children five and younger ingesting cannabis, from 148 calls in 2016 to 842 calls in 2023. For children from six to 19 years old, there was a 147 percent increase in calls related to cannabis exposure, from 256 calls in 2016 to 633 in 2023. Additionally, data from 2023 show that in California, there were a total of 308 emergency department visits for cannabis overdose by children younger than five years old, 99 visits by children between the ages of five and nine, and 328 visits by children between 10 and 14 years old.[3]

Packaging and Attractiveness to Children

Studies show that packaging—the containers or wrappers that enclose any cannabis or cannabis product—is particularly attractive to children. Beginning in 2015, the Council on Responsible Cannabis Regulation worked with the National Cannabis Industry Association to form the National Cannabis Packaging and Labeling Standards Committee, whose members include public health experts, researchers, cannabis industry leaders, and regulators, to create a list of regulatory recommendations for cannabis product packaging and labeling in states with legal cannabis markets. The council stated that it shares a common goal with regulators, parents, and the public in seeking to prevent minors from consuming cannabis. It also noted that although many states have prohibited cannabis packaging that appeals to children, most states do not specify the criteria for determining whether the packaging of a given cannabis product is appealing to minors. Thus, the council recommended that Oregon's cannabis regulations be considered an excellent model for defining what appeals to minors. We discuss aspects of Oregon's regulations in more detail later.

Studies suggest that edible cannabis products are particularly appealing to youth because of such characteristics as product shape, color, and taste, as well as packaging that mimics popular candies and sweets, uses brightly colored designs, displays fruit or candy flavors, or features cartoon characters.[4] Cannabis packaging with colorful branding is considered to be more appealing to adolescents between the ages of 12 and 18, as compared to plain packaging or packages that only contain a brand logo. Similarly, a 2021 study of the use of cannabis products among California adolescents found that fruit, candy, dessert, and other sweet flavors were the most popular categories among adolescents for both smoked and vaped cannabis products.[5]

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2 Princy George, MD et al., "Cannabis Toxicity in Children and Adolescents," *Pediatric Annals* online, Vol. 52, No. 5, 2023, pp. e181–e186, <https://www.proquest.com/docview/2811222558/>, accessed on June 24, 2025.

3 These data do not identify whether cannabis was obtained on the legal or illegal market.

4 Andy SL Tan et al., "Presence of Content Appealing to Youth on Cannabis-Infused Edibles Packaging," *Substance Use & Misuse* online, Vol. 57, No. 8, 2022, pp. 1215–1219, <pmc.ncbi.nlm.nih.gov/articles/PMC9494197/>, accessed on March 21, 2025.

5 Miranda Werts et al., "Flavored Cannabis Product Use Among Adolescents in California," *Preventing Chronic Disease* online, Vol. 18, June 3, 2021, pp. 21–26, <cdc.gov/pcd/issues/2021/21_0026.htm>, accessed on January 17, 2025.

DCC Is Responsible for Regulating the Legal Cannabis Market

Since its establishment in July 2021, DCC has regulated all legal cannabis activity in California. Cannabis remains a Schedule 1 controlled substance under federal law; the federal government defines Schedule 1 drugs as having no accepted medical use and carrying a high potential for abuse. However, California voters approved propositions to legalize the medical use of cannabis in 1996 and the adult recreational use of cannabis in 2016. DCC regulates the legal cannabis market (market) in California through inspecting and licensing cannabis businesses, tracking the transportation of goods, monitoring both the cultivation of cannabis plants and the manufacturing of cannabis products, and testing products.

DCC's budget in fiscal year 2025–26 is about $169 million. Revenue for DCC's operations comes primarily from licensing fees from cannabis businesses, with some also coming from taxes paid on cannabis sales. According to DCC's 2025–26 budget change proposal, approximately $71 million of the department's budget is associated with illicit enforcement activity, leaving the remaining amount to support activities related to the legal market.

DCC requires licensed cannabis businesses to submit their products for testing before the cannabis products go to market. This process requires laboratories that DCC licenses to test cannabis product samples for accurate amounts of cannabinoids and for a wide variety of other substances, including heavy metals and pesticides. The laboratory must report the results of its testing, along with an image of the packaging if the product is pre-packaged, in a certificate of analysis. The laboratory must provide that certificate to DCC within one business day of completing the analysis.

In addition to promoting public health goals through requiring that cannabis products undergo regulatory compliance testing, DCC's regulations protect children by prohibiting cannabis businesses from using advertising and packaging that is attractive to children. As Figure 1 shows, DCC's regulations on cannabis packaging establish that several design elements are attractive to children, including cartoons and likenesses to images, characters, or phrases that are popularly used to advertise to children. Unlike its testing for cannabis products' compliance with regulations, however, DCC does not evaluate products' packaging for compliance with regulations before the cannabis products enter the market. Instead, cannabis licensees themselves are responsible for ensuring that packaging meets DCC's regulatory requirements. As we discuss in detail in the audit results section, Oregon's cannabis commission has a process to review packaging prior to retail sale.

Rather than proactively review packaging for compliance violations before cannabis products arrive on the market, DCC identifies potential packaging violations when investigating complaints and when conducting licensee inspections. Any member of the public can submit a complaint through DCC's online portal, and DCC also receives complaints from staff in other government agencies. Additionally, a DCC employee may identify potentially noncompliant products or packaging while performing an inspection of a cannabis licensee. When DCC's staff identifies a cannabis product that is potentially attractive to children, the department's Advertising, Products, Packaging, and Labeling (APPL) team reviews the packaging to determine whether it violates regulations, as Figure 2 illustrates.

Figure 1
DCC's Regulations Related to Packaging and Products

PROHIBITED DEPICTIONS OR IMAGES

- Images of minors or anyone under 21 years of age.
- Any images that are attractive to children, including cartoons.
- Likenesses to any images, characters, or phrases that are popularly used to advertise to children.
- Use of the words "candy," "candies," and any variations in spelling, such as "kandeez."

The image below shows cannabis packaging that DCC determined violated one or more of the regulations defined above.

CANNABIS INHALANTS

- Must only contain cannabis, cannabis concentrate, terpenes, rolling paper, leaf, pre-roll filter tips, or ingredients permitted by the U.S. Food and Drug Administration as an "inactive ingredient" for inhalation.

The image below shows cannabis packaging that DCC determined violated one or more of the regulations defined above.

EDIBLES

- May not contain more than 10 mg THC per serving and 100 mg THC per package.
- Must be marked or packaged in a manner such that a single serving is readily identifiable or measurable.
- May not include an image of the product.

The image below shows cannabis packaging that DCC determined violated one or more of the regulations defined above.

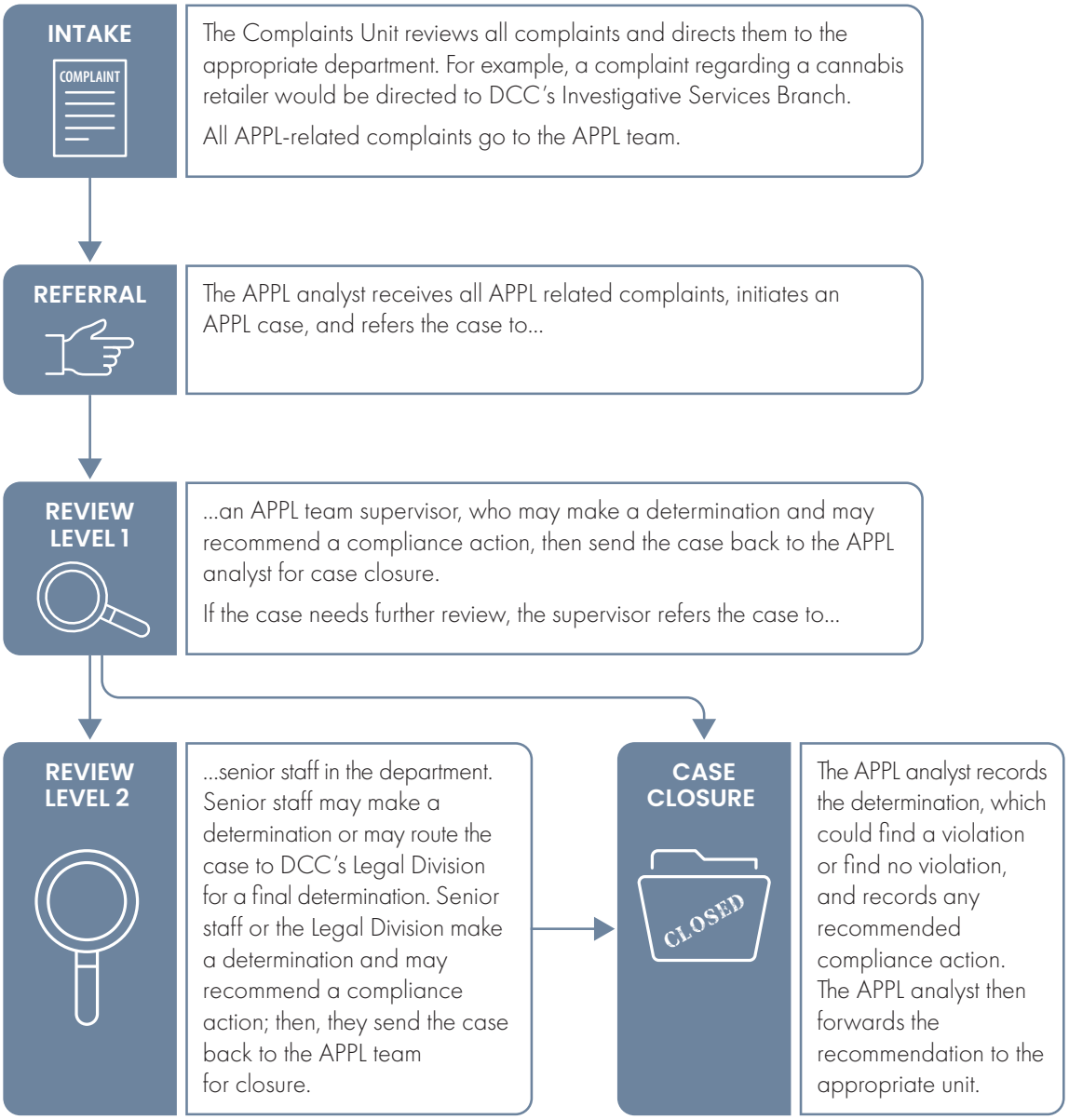
PROHIBITED PRODUCTS

- Any cannabis product that DCC determines is attractive to children.
- Any cannabis product that DCC determines is easily confused with commercially available foods that do not contain cannabis.
- Any cannabis product in, or imprinted with the shape, either realistic or caricature, of a human being, animal, insect, or fruit.

The image below shows cannabis packaging that DCC determined violated one or more of the regulations defined above.

Source: State law, DCC complaints, and DCC inspections.
Note: We have blurred the brand names of cannabis products pictured.

Figure 2
Public Complaints Can Pass Through Multiple Levels of Review



Source: DCC documents.

If DCC finds that a licensee is violating regulations, the department may employ one of several actions for bringing the licensee into compliance, as Table 1 shows. DCC notes in its disciplinary guidelines that when the department finds that a licensee has violated regulations, DCC staff should consider several factors in determining the severity of the compliance action to impose. These factors include—but are not limited to—the nature and gravity of the violation, the potential harm to the public, and the licensee's previous violations and disciplinary actions. DCC may

first issue a Notice to Comply (NTC), a notice that functions to educate the licensee about the statute or regulation violated and may provide the requirements for correcting the violation or violations to achieve compliance. When an NTC lists packaging violations, the licensee may discuss remediation with DCC rather than destroy the packaging. This remediation process typically falls upon manufacturing and distribution licensees because they are often responsible for packaging cannabis products. For example, if a product's packaging has a small cartoon image that can be easily covered, the licensee can discuss with DCC whether it would be acceptable for retail licensees to place their barcode sticker over the image to bring the packaging into compliance and be able to sell the product.

Table 1
DCC Uses Different Actions to Encourage Licensee Compliance

COMPLIANCE ACTION	NUMBER ISSUED IN FISCAL YEAR 2023–24
Letter of Warning: Issued to a licensee when the department has direct or indirect evidence that the licensee is violating statutes or regulations. DCC uses the document to warn licensees that they will face disciplinary action if they continue with activities that violate statutes or regulations.	280
Notice to Comply (NTC): Issued to the licensee to address violations identified during an inspection or investigation. These notices can require that a licensee provide the department with a written corrective action plan to address violations. The department develops a timeline for which a licensee must correct any identified violations.	1,505
Citation: Issued to notice and document a violation and can contain monetary fines, abatement orders, or both. The citation can be used independently or in conjunction with an embargo, suspension, or other compliance action. DCC generally uses citations in cases where the licensee has not corrected deficiencies within the time frame DCC specified in its NTC.	64
Embargo: A tool DCC uses to prevent the movement or disposal of cannabis and cannabis products while an investigation is underway. When DCC places an embargo, the department only needs to have probable cause to believe the cannabis or cannabis products placed under embargo are adulterated or misbranded or the sale would otherwise be in violation of state law or regulations.	293
Voluntary Condemnation and Destruction: A licensee or owner of the cannabis or cannabis product (product owner) voluntarily chooses to destroy cannabis and/or cannabis products that are subject to an embargo.	99
Mandatory Recall: A DCC action requiring the licensee to remove cannabis or cannabis products from the commercial supply chain.	16
License Suspension: A DCC action barring a licensee from engaging in the cannabis market until the suspension ends.	125
License Revocation: A DCC action barring a licensee from engaging in the cannabis market.	51

Source: State law and DCC's 2024 Annual Report.

If a licensee has violated regulations repeatedly, committed a violation that endangers public health, or otherwise egregiously violates regulations, DCC may issue more severe compliance actions. Citations—administrative actions that list violations and impose fines—are one of the first escalations. If a licensee further disregards regulations and its previous compliance actions, DCC may impose interim license suspensions or restrictions. Through these actions, DCC can restrict the activity a licensee may perform or temporarily halt a licensee's activity entirely, pending further investigation.

Numerous Cannabis Products Include Packaging That We Believe Is Attractive to Children

Key Points

- Of 40 cannabis products' packaging we reviewed, we identified 23 products with packaging that in our judgment is attractive to children. Such packaging includes brightly colored bags and cans, decorative fonts, and images of foods.
- The Department of Cannabis Control's (DCC) regulations on cannabis packaging are nonspecific. For example, the regulations do not define critical terms, such as the word "cartoon," which has led to subjective interpretations and inconsistencies in enforcement.
- Oregon uses a best practice for limiting cannabis packaging attractive to children. This practice requires that either the state's cannabis commission review packaging before a cannabis product goes to market or that the product use Oregon's pre-approved packaging.
- Cannabis beverages contain multiple 10 mg servings of THC. For example, a four-ounce cannabis beverage packaged like an energy shot could have 100 mg THC even though the maximum single-serving dose is 10 mg THC. We observed cannabis beverage containers packaged in a way that provided no reasonable way to measure each serving. This packaging could be particularly dangerous for children because they may not stop consuming the beverage after drinking one-tenth of, for example, a 12-ounce can of cannabis-infused soda.

Determining Whether Cannabis Packaging Violates Regulations Against Attractiveness to Children Is Subjective

To assess whether the packaging on cannabis products could be attractive to children, we reviewed retail licensee websites and selected 40 cannabis products of varying types, that we listed and defined in the text box. In performing our work, we compared the appearance of the packaging against DCC regulations and used our judgment, informed by studies we cite in the Introduction and by laws and regulations in other jurisdictions with legal recreational cannabis.

We also reviewed the compliance actions DCC issued on a selection of 29 complaints related to cannabis product advertising and packaging

We Evaluated the Packaging for These Types of Cannabis Products

24 edibles—A cannabis edible is ingested orally. Licensees often make cannabis edibles in the form of cookies or candies. Cannabis edibles are limited to a maximum 10 mg THC per serving.

6 beverages—A cannabis beverage is an edible in liquid form.

4 concentrates—A cannabis concentrate results from cannabis plants that have undergone a process to concentrate one or more active cannabinoids.

3 tinctures—A cannabis tincture is a liquid extract made by soaking cannabis flowers in alcohol or glycerin to extract the active compounds.

1 flower—Cannabis flower is the name for cannabis plants that have been harvested, dried, cured, or otherwise processed, excluding leaves and stems. Consumers smoke or vape cannabis flower.

1 pre-roll—A cannabis pre-roll is a consumer-ready cannabis inhalant in the form of a cigarette or "joint."

1 topical—A cannabis topical is a cannabis product that consumers apply to the skin to absorb THC topically.

Source: State law and auditor research.

that complainants reported was attractive to children. Finally, we reviewed DCC's determinations regarding the packaging or advertising of 51 cannabis products that staff had identified during inspections as possibly being attractive to children.

Packaging for Many Cannabis Products Available Online Features Design Elements That Could Be Attractive to Children

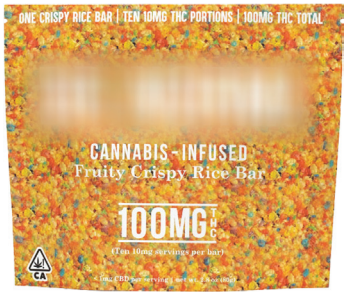
We found that the packaging for more than half of the cannabis products we reviewed on California retail licensee websites—the packaging for 23 of 40 cannabis products—was likely attractive to children. The packaging included design elements such as bright colors and cartoon images, decorative fonts commonly seen on children's products, images of fruits and other foods, or descriptions of flavors related to foods. The remaining packaging typically used more muted colors and did not feature images of fruit or other food. For example, the packaging for a gummy rope edible—a cannabis-infused candy—was packaged in a dark green bag with no food imagery. Figure 3 summarizes our assessments of these products' packaging.

Many of the cannabis packaging we reviewed included images of foods, including images of the cannabis product itself or its noncannabis ingredients, such as fruit or ice cream. DCC's regulations prohibit cannabis edibles packaging from displaying a picture of the product. The regulations also prohibit images of minors or other images that are attractive to children, including—but not limited to—cartoons, images of characters or phrases used to market to children, and imitations of candy packaging. Of the 14 products with packaging that displayed images of food or candy, the packaging of four cannabis products we reviewed included pictures that one could reasonably infer are images of the product or its ingredients. For example, as Figure 4 shows, we reviewed the packaging for several similar products made by different brands. Two of the brands used packaging that had images of the products' ingredients, such as marshmallows and fruit-flavored rice cereal. The third brand used packaging that we believe displayed a close-up image of the product itself.

DCC explained that although its regulations prohibit images of the cannabis products on packaging, it allows images of the product's ingredients. For example, according to DCC's APPL team coordinator, all three brands' packaging of the fruity crispy rice bar does not violate this specific regulation because each product's packaging shows only images of the bars' ingredients, not images of the bars themselves. However, two products' packaging features magnified images of rice cereal, which could conceivably be pictures of the product itself and would therefore violate DCC's regulations. Furthermore, images of ingredients, such as marshmallows and chocolate chips, are likely attractive to children because they resemble foods marketed to children. A 2022 study noted that cannabis products that mimic popular candies and sweets are particularly attractive to youth.[6] However, DCC's regulations defining cannabis packaging or advertising that is attractive to children do not specifically prohibit images of candies or sweets.

[6] Andy SL Tan et al., "Presence of Content Appealing to Youth on Cannabis-Infused Edibles Packaging," *Substance Use & Misuse*, Vol. 57, No. 8, 2022, pp. 1215–1219, <pmc.ncbi.nlm.nih.gov/articles/PMC9494197/>, accessed March 21, 2025.

Figure 3
We Observed That Packaging for Many Cannabis Products Contained Design Elements That We Consider Attractive to Children

PACKAGING HAS FOLLOWING DESIGN ELEMENTS	NUMBER OBSERVED OF 23	EXAMPLES
Cartoons or colorful illustrations that might be associated with children's products.	7	 
Images of food or candy children might like, including images of the product itself.	14	 
Fonts or font colors reminiscent of children's products.	3	 
Flavor descriptions or descriptions of foods.	16	 

Source: State law and auditor research.
Note: We have blurred the brand names of cannabis products pictured.

Figure 4
DCC Has Not Found Fault in Cannabis Product Packaging That Potentially Violates DCC's Regulations

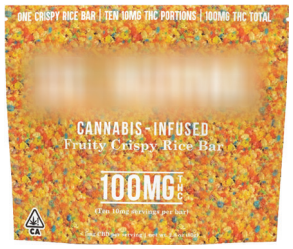
DCC's regulations prohibit cannabis edibles packaging that is:
- attractive to individuals under the age of 21
- displays a picture of the product, or
- imitates any package used for products typically marketed to children

Pictured is a well-known Rice Krispies Treat, which does not contain cannabis and is consumed by both children and adults.

DCC found violation

DCC has determined that this packaging violates its regulations because of the images of marshmallows and fruity rice cereal pieces and because of the packaging's font, which is similar to the font used to advertise to children.

We have determined that this packaging could be attractive to children because it shows the product's ingredients and has a decorative font.



DCC found no violation

DCC found no violation

DCC has determined that this packaging does not violate regulations because cannabis edibles packaging can have pictures of the edible's ingredients but not a picture of the edible product itself.

We have determined that this packaging could be attractive to children because it shows either the product itself or its ingredients.

Source: State law, interviews with DCC, and auditor research and observation.
Note: We have blurred the brand names of cannabis products pictured.

The 2022 study also noted that fruit flavors can be attractive to children. We observed that the packaging of 16 products we reviewed included flavor descriptions related to fruit or other foods that children would find attractive. For example, packaging for a single cannabis-infused gummy with 100 mg THC advertises a *Sour Grape* flavor. Packaging for a single cannabis-infused chocolate bar with 100 mg THC advertises a *Birthday Cake* flavor. Packaging that advertises flavors such as these could further entice children to consume edible cannabis products.

Fonts and cartoon images are other design elements that may increase packaging's attractiveness to children. As Figure 5 shows, the State of New York prohibits bubble fonts and bright colors, and DCC's own regulations prohibit cartoon images. Packaging for three of the 40 cannabis products we reviewed included fonts or coloring reminiscent of children's products, and seven cannabis products' packaging included cartoons or colorful illustrations that are associated with products marketed to children. For example, we reviewed the packaging for a cannabis-infused crispy rice treat, the labeling of which used a font similar to the font on Rice Krispies Treats packaging. A child could see the similar font and packaging and be tempted to consume the cannabis-infused crispy rice treat that contains 100 mg THC. We discuss cartoon images in the context of complaints below.

We Disagreed With Some of DCC's Complaint Determinations

Additionally, we reviewed a selection of complaints and found that we sometimes disagreed with DCC's determination of whether a cannabis product's packaging could be attractive to children. Of the 29 advertising and packaging complaints we reviewed, we agreed with DCC's determination that the packaging for 13 products was attractive to children. However, we disagreed with DCC on six of the 16 cannabis products whose packaging or advertising DCC determined was *not* attractive to children.

In one case, regarding the packaging for a cannabis beverage shot, the complainant believed that the packaging, which features a cartoon smiley face, was attractive to individuals under the age of 21. DCC staff determined that the packaging did not violate regulations; however, we disagree. The cannabis packaging resembles packaging on commonly sold energy shots. Additionally, we believe that the cartoon smiley face on the package, which we show in Figure 6, could violate DCC's regulation prohibiting cartoons. In another case, DCC received a complaint about a cannabis edible brand advertised in a downtown area. The brand's logo looks like a large cartoon smiley face. DCC determined that the image did not violate its regulations, but APPL team members later told us that they believe the cartoon smiley face could be attractive to children.

We also reviewed a complaint about a cannabis vape's packaging, which featured cartoon images of cookies and ice cream cones, as we show in Figure 7. DCC determined that this packaging did not violate its regulations, but we disagreed. DCC's regulations prohibit cartoon images as well as the likenesses of images that are popularly used to advertise to children. We believe that the cartoon images of cookies and ice cream cones on the cannabis vape packaging could violate those regulations. DCC's regulations do not define the word "cartoon"; therefore, the

department's evaluators could be missing packaging already on the market that is attractive to children. Such packaging could entice children to ingest the products inside the package.

Figure 5
New York's Regulations for Cannabis Product Packaging Are More Specific Than California's

***California's* commercial cannabis regulations** provide descriptions of advertising that is considered attractive to children, which includes depictions or images of minors, cartoons, likeness to images, characters, or phrases that are popularly used to advertise to children, imitations of candy packaging or labeling, and any form of the term "candy," "candies," or variants such as "kandy" or "kandeez."

***New York's* regulations on cannabis product packaging** are similar to California's but add that bubble or cartoon like fonts and bright colors that are neon in appearance are prohibited.

The packaging of this product includes design elements that are **prohibited in New York's cannabis regulations** on advertising and packaging **but not California's.**

Source: California State law, New York State law, and DCC staff interviews.
Note: We have blurred the brand name of cannabis product pictured.

Figure 6
We Disagreed With DCC's Determinations Concerning Cartoons on Some Cannabis Product Packaging

DCC determined that this cannabis product packaging is not attractive to children.*

DCC also determined that this cannabis product packaging is not attractive to children.

Both products' packaging have similar design elements.

DCC has a regulation that prohibits cartoon images on cannabis product packaging.

We disagreed with DCC's determinations.

Source: State law, DCC complaints, interviews with DCC staff, and auditor judgment.

Note: We have blurred the brand names of cannabis products pictured.

* During the course of the audit, we met with members of DCC's APPL team to discuss our disagreements. Those members then agreed that the smiley face on the packaging on the left could be considered attractive to children.

Figure 7
Despite DCC's Regulation Prohibiting Cartoons, Packaging on Some Cannabis Products Presented Cartoon Images of Food

Source: DCC complaints and auditor judgment.
Note: We have blurred the brand names of cannabis products pictured.

We Also Disagreed With Some of DCC's Determinations of Cannabis Packaging That It Observed During Inspections

Finally, we examined the packaging of 51 cannabis products that DCC found during inspections and that inspectors believed could be attractive to children. Of these, DCC determined that the packaging of 30 products was attractive to children. We agreed with these determinations. However, we disagreed with DCC's determinations on seven of the 21 instances of cannabis packaging that the department found *not* attractive to children. In one example, a cannabis vape advertised a flavor called *Tropicana Punch*. Although DCC determined that the words "Tropicana Punch" were not attractive to children, we note that *Tropicana* is a brand name for various juices. Further, we reviewed a case that had arisen a few months earlier, in which DCC staff had determined that the word "punch" was attractive to children. Despite this precedent, however, DCC decided that *Tropicana Punch* was not attractive to children. Although *Tropicana Punch* is the name of a strain of cannabis, we note later that we found issues with cannabis strain names.

When we discussed our determinations with DCC, department staff stated that the regulations are subjective. DCC staff have noted that they wish the regulations more clearly defined what constitutes packaging that is attractive to children; the text box lists some examples of what they mentioned. DCC's deputy compliance chief stated that DCC is actively working to update its regulations, including adding a definition of the word "cartoon." She explained that the updates will take into consideration several things, such as the nature of the packaging complaints it receives, media reports, approaches that other states take to address the issue, and statistics on adverse health events involving children. We agree that the process is subjective—our disagreements with DCC are not determinations that packaging violated rules—and we also note that subjectivity in the process can lead to inconsistencies in DCC's application of its regulations, as we saw in DCC's contradictory assessments of the word "punch."

Additional Ideas for Regulations

DCC staff shared ideas for more clearly defining packaging elements that are attractive to children. For example, regulations might prohibit the following:

- Images of anthropomorphized fruit, candy, and confections
- All characters, human or otherwise
- Images of animals and humans
- Holographic packaging or stickers

Source: Interviews with DCC staff.

In December 2024, after our audit began, DCC designed a tool to assist reviewers in determining whether packaging could be attractive to children. However, that tool is still undergoing legal review as of July 2025. The tool, which DCC states it will not implement unless it is included in its regulations, lists seven criteria that are each rated on a scale of 0–3. Staff would use the criteria to assign points to a cannabis product's packaging and then total the points for a resulting score that would determine the degree of attractiveness that particular cannabis packaging holds for children. The tool's specific criteria would be useful to help ensure that DCC staff make consistent determinations. The tool, if published in DCC's regulations, would also be useful to cannabis licensees to help them determine whether their packaging will meet DCC criteria.

More specificity in DCC's regulations would give the cannabis industry the opportunity to provide perspective during the rulemaking process. Further, it would give packaging designers a better idea of how to develop packaging that will not run afoul of DCC's rules. Despite this and the fact that DCC is already working to include a definition of cartoon in its regulations, DCC asserted to us that it does not have the authority to further specify its regulations regarding packaging that is attractive to children.

California May Benefit From a Process for Reviewing Packaging Before Cannabis Products Are Available for Sale

DCC does not currently review or approve packaging before it goes on the market. Licensees are responsible for ensuring that their packaging complies with DCC's regulations. DCC's deputy compliance chief stated that requiring DCC to approve all cannabis packaging would be costly. The deputy compliance chief noted that, in 2024, over 110,000 new products were introduced in California's legal cannabis market. The deputy compliance chief informally estimated that the department would need to hire at least 100 additional staff to approve this volume of product packaging. Nevertheless, our review shows that despite the existing regulations that DCC expects licensees to follow, packaging on many cannabis products still contains images and other design elements that could be attractive to children.

The State of Oregon offers another option. Rather than review the packaging of every cannabis product before it goes on the market, Oregon uses a system that allows licensees to submit their proposed product packaging to the state's cannabis commission and, for a fee, have it evaluated for compliance with Oregon's laws and regulations. Licensees who do not participate in the packaging review process must use Oregon's pre-approved, plain packaging for their products. This system ensures that all packaging is approved before the product goes on the market. Figure 8 shows this packaging. DCC's assistant branch chief of the Compliance Division said that a system similar to the one used in Oregon could be feasible for DCC to implement; however, she believes that a better option would be to further define DCC's regulations. She noted that other states' cannabis markets do not come near to the size of California's market and that those other states still have challenges reviewing product packages and labels.

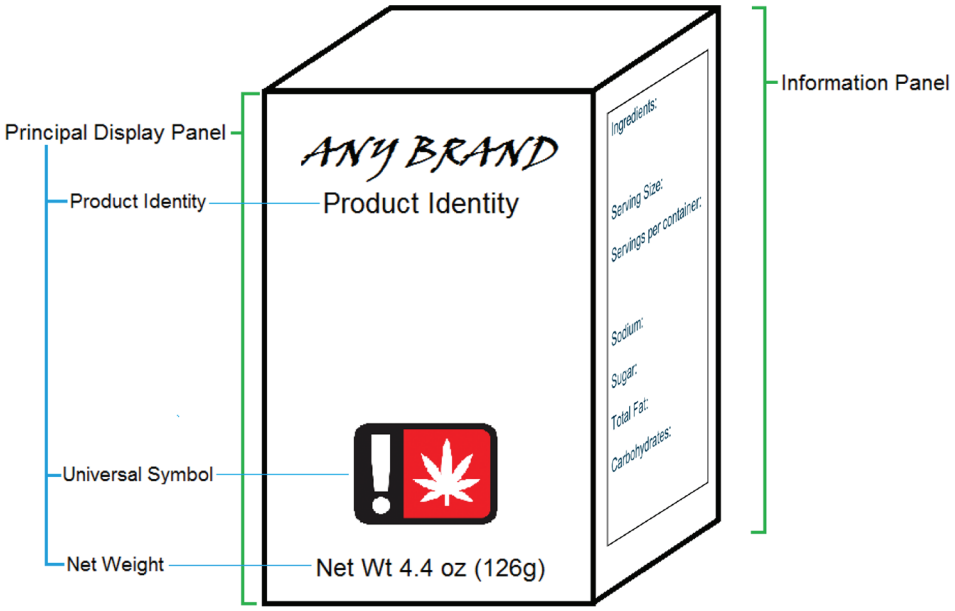
As we describe in the previous section, we agree on the need for more specificity in DCC's regulations. However, we also suggest that some kind of packaging approval is worth the State's consideration. Although we acknowledge that Oregon is a smaller state and may have a smaller cannabis market than California's, we also note that Oregon's process is voluntary: a cannabis business may choose to use Oregon's pre-approved packaging and would not then need to submit its own packaging for approval.

Figure 8
Oregon's Regulations Require Pre-Approved Packaging or Department Approval for Packaging Before a Cannabis Product Is Available for Sale

Oregon licensees can choose from a pre-approved selection of plain packages and labels for their cannabis products.

Alternatively, licensees can pay a fee to have their proposed packaging approved before putting it on the market.

The package below is an example of a pre-approved label in Oregon.



Source: Oregon State law and the Oregon Liquor and Cannabis Commission Packaging and Labeling Guide.

Certain Cannabis Edibles Resemble Other Products

The physical presentation of edible cannabis products can resemble foods and drinks without cannabis, such as cookies, candies, and drinks that children typically consume. Of the 40 cannabis products we reviewed, 30 were edibles, including beverages, and of those 30 cannabis products, 29 resembled common foods like cookies, brownies, gummies, or other candy, as Figure 9 shows. DCC's regulations prohibit any *product* that is attractive to children, and regulations prohibit products that are easily confused with commercially available foods that do not contain cannabis. We did not identify in other states any prohibitions beyond those DCC already has in place on the physical form of cannabis edibles. Because we could not identify more stringent best practices on cannabis products' attractiveness, and because the packaging is the first thing a potential consumer sees, we find that DCC's focusing enforcement on packaging and labeling is appropriate.

Figure 9
Some Cannabis Products' Physical Appearance Resembles Commonly Available Foods

DCC regulations ban cannabis products that DCC determines, on a case-by-case basis, are easily confused with commercially available foods that do not contain cannabis.

These cannabis products look like chocolate cookies that do not contain cannabis.

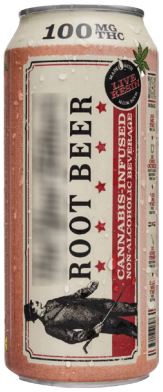
This cannabis product looks like a commonly available candy bar.

Source: State law and auditor research.
Note: We have blurred the brand names of cannabis products pictured.

However, cannabis beverages present particular problems because they resemble soda, energy drinks, or other commonly available beverages that do not contain cannabis. Further, packaging for a cannabis beverage in California may contain multiple servings of THC. DCC's regulations require that cannabis edibles, including cannabis beverages, contain no more than 10 mg THC per serving and 100 mg THC per package. Additionally, regulations require that cannabis edible products that consist of more than a single serving be resealable and marked or packaged so that a single serving is readily identifiable or measurable. Five of the six beverages we observed contained 100 mg THC—10 servings of 10 mg THC each—yet we could not identify guidance on the packaging that would allow a consumer to easily measure a single serving size. For example, one product included marks on the exterior of the can noting 10 equal servings; however, the can was opaque, making it difficult to know how much the consumer had actually drunk. Figure 10 shows some examples of containers having no visible or usable serving size guidelines. As we state in the Introduction, amounts of THC as small as 1.7 mg can be toxic to a child under the age of six. If a young child were to ingest one of these cannabis beverages, the child could become gravely ill and require medical attention.

Canada and the State of Washington have specific limits related to cannabis beverages. Canada limits cannabis edibles and beverage containers to 10 mg THC. The State of Washington's regulations specify that cannabis edibles in liquid form that include more than one 10 mg serving of THC must be packaged with a resealable closure or cap and must include a measuring device such as a measuring cup, dropper, or hash marks. Although DCC has already established regulations that detail package and serving size requirements, DCC told us that it does not have the regulatory authority to further specify package requirements for cannabis beverages. Without more specific guidance for cannabis beverages in California, both children and adult residents could inadvertently drink far more than they intend or is healthy.

Figure 10
Many Cannabis Beverage Containers Hold Multiple Servings But Do Not Have or Usable Visible Serving Size Guidelines



16 oz.

4 oz.

12 oz.

The cannabis beverages above all contain 100 mg THC per container, approximately 50 times the amount research suggests could be toxic to a child. However, the containers do not have usable measurement lines. Therefore, it can be difficult for consumers to accurately measure out a serving size of 10 mg THC.

Additionally, a child could mistake one of these cannabis products for a commonly available beverage and drink it.

Although the packaging of this cannabis product has a series of lines to mark individual servings, the can itself is opaque, making it difficult for a consumer to accurately measure out a single serving of 10 mg of THC.

DCC has noted that it requires edibles packaging to have markings or directions on the package that would allow a consumer to measure a serving size. However, there are **no beverage-specific guidelines**.

Source: State law, interviews with DCC staff, and auditor research.
Note: We have blurred the brand names of cannabis products pictured.

DCC Does Not Have Sufficient Resources to Conduct Routine Inspections and Does Not Adequately Track Repeat Offenders

Key Points

- DCC does not have the resources necessary to conduct routine compliance inspections. Internal documents suggest that the department's goal is to inspect each licensee annually, but under current staffing constraints, DCC inspects fewer than half of all licensees on an annual basis. As a result, the department prioritizes its inspections to ensure that it focuses on serious issues, such as health-related complaints.

- DCC's procedures do not adequately ensure that staff search licensee's compliance history when department staff inspect the licensee or evaluate a complaint. Further, we found little evidence of DCC escalating penalties for licensees who repeatedly violated regulations; in one case, DCC found that a licensee violated regulations four times regarding cannabis packaging's attractiveness to children, but DCC did not escalate penalties.

DCC Does Not Have the Resources Necessary to Routinely Inspect All Licensees

DCC does not conduct enough inspections to ensure that it identifies problems proactively—for example, by identifying cannabis packaging that might be attractive to children before an individual submits a complaint to DCC regarding the packaging. DCC has noted that the number of cannabis licenses in the State exceeds current staff capacity for conducting inspections and suggests that inspecting each licensee annually would be ideal. According to DCC, about 8,900 licensees operate in the legal market, yet the department reviews fewer than half on a yearly basis, having conducted an average of approximately 3,875 inspections annually since 2022. To address this shortfall, DCC prioritizes its resources and has requested additional funding to hire staff to conduct routine inspections.

DCC's inspections are often scheduled in advance. However, DCC notes the importance of staff adaptability based on the prioritization of some inspections over others. For example, if DCC is inspecting a cultivation licensee in collaboration with another state agency, the scheduling of that inspection may overrule a previously scheduled routine compliance inspection so that DCC can meet the needs of partner agencies. Additionally, the department often emphasizes public health concerns when prioritizing inspections. For example, DCC might prioritize an initial inspection of a manufacturing licensee over a routine compliance inspection because manufacturers' operations might pose potential public health risks.

However, because of DCC's lack of resources for conducting inspections, the department is likely struggling to enact this priority structure, particularly regarding a priority to inspect licensees with histories of significant noncompliance—also known as *repeat offenders*, which we discuss in the next section.

In May 2025, DCC proposed increasing the number of staff available to conduct routine inspections of manufacturing and cultivation licensees by 13, from 42 inspectors to 55 inspectors, which DCC states will allow it to proactively identify more potential violations. Specifically, DCC explained that it expects the additional resources to allow it to increase the number of inspections it conducts across all types of licensees from about 3,500 inspections to about 4,600 inspections per year. DCC staff stated that this request is necessary because as the department has evolved and the number of licensees has begun to stabilize, DCC has identified critical programmatic, operational, and administrative gaps that pose significant risks to licensee compliance and consumer safety. DCC staff noted that the Legislature approved the request.

This adjustment will enable the department to conduct inspections of just over half of its approximately 8,900 licensees. Although this staffing increase still does not ensure an annual inspection for every licensee, it will increase DCC's ability to address critical issues and to conduct additional proactive inspections to ensure that it is addressing noncompliance with its regulations—including preventing the sale of cannabis packaging attractive to children—before it receives complaints.

DCC Does Not Consistently Identify Repeat Offenders

We found that DCC's documentation practices vary within the department and do not ensure that DCC always identifies repeat offenders. For example, the inspection checklist for staff who conduct inspections of manufacturing licensees is different from the forms that staff use when inspecting retail licensees. In part to identify repeat offenders during inspections, the manufacturing licensee inspection checklist contains designated space for DCC staff to document licensee history, including any open complaints, the date of the most recent prior inspection, whether an NTC was issued at that inspection, and whether the current inspection found any of the same violations. However, the inspection notes for retail, distribution, and microbusiness licensees do not include such designated places to document a licensee's compliance history. This means that although inspectors can document their search of a licensee's history for a possible repeat offense for some kinds of licenses, inspectors cannot demonstrate that they researched a licensee's compliance history for each kind of license.

Similarly, DCC's APPL team did not have a standardized procedure requiring staff to research whether licensees under review because of a complaint have previously violated regulations regarding cannabis packaging's attractiveness to children. DCC's APPL coordinator stated that a new procedure, which would require evaluators to search for previous compliance actions, is currently under review by the department's legal team, with an expected completion date of August 2025. Correctly and consistently identifying licensees who have violated regulations will help ensure that DCC can escalate disciplinary measures to prevent future infractions and ensure that a licensee does not repeatedly violate DCC's requirements on packaging that is attractive to children.

Significantly, although the department explains that it will escalate penalties if a licensee continues to violate regulations, DCC does not provide specific guidance on how to escalate penalties, and we found little evidence that it did so. For example, we encountered a licensee to whom DCC had issued at least four NTCs related to packaging deemed attractive to children, but the department did not appear to have escalated the penalties for those actions. Such an escalation might include issuing a citation to discourage further violations of the same nature. Our analysis of DCC's compliance action tracker showed about 740 licensees that had received at least two recorded compliance actions. Further, 19 of the 48 licensees included in our reviews of complaints and investigations had received multiple compliance actions. Few of the licensees with multiple compliance actions against them had been issued any action other than an NTC. Without the ability to identify repeat offenders consistently, DCC cannot ensure that it will leverage escalating penalties to discourage future violations.

DCC's Regulations Do Not Adequately Prohibit Flavors nor Strain Names Attractive to Children in Cannabis Inhalant Packaging

Key Points

- DCC's online guidance and reasoning for its regulations state specific flavors that are prohibited in cannabis inhalants. However, DCC's regulations do not prohibit any flavors in cannabis inhalants. In fact, we found products on the market that advertise attractive flavors, such as *strawberry*.
- Many inhalants advertise the strain names of the cannabis, which can include names of foods marketed to children, such as *Girl Scout Cookies*. DCC permits this practice, but other states have begun to provide guidance on the language that licensees use to advertise cannabis strains, such as *Skittles* and *Thin Mints*.

DCC's Regulations Do Not Eliminate Flavored Cannabis Inhalants From the Market

The Joint Legislative Audit Committee (Audit Committee) asked us to assess the process DCC uses to identify whether inhaled cannabis products comply with its regulations, particularly those relating to terpenes. Inhaled cannabis products include vapes, pre-rolls, and flower, and are generally intended for human inhalation. A 2021 Centers for Disease Control and Prevention (CDC) study found that a substantial proportion of adolescent cannabis users are choosing flavored cannabis products.[7] Adolescents who reported using flavored cannabis inhalants most commonly chose fruit flavors. In considering CDC's research, we are concerned that added flavors could contribute to cannabis inhalants' attractiveness to children.

In November 2022, DCC published regulations that specified new requirements for cannabis products intended for inhalation. DCC noted in its final statement of reasoning that the intention of this regulation is to preserve the integrity of cannabis and reduce the risk of cannabis appealing to minors through licensees' use of flavors that may mask the natural flavor and aroma of cannabis. This statement of reasoning lists flavors that DCC would prohibit under these regulations. These prohibited flavors, which DCC also lists on its webpage on requirements for inhaled cannabis products, include *mint*, *strawberry*, *vanilla*, *licorice*, *popcorn*, and *bubblegum*.

Although DCC's website and statement of reasoning list specific flavors prohibited in cannabis inhalants, DCC's regulations do not explicitly prohibit specific flavors. Rather, DCC's regulations only permit certain ingredients in inhalable products, including cannabis, cannabis concentrate, terpenes, pre-roll filter tips, or ingredients that

[7] Miranda Werts et al., "Flavored Cannabis Product Use Among Adolescents in California," *Preventing Chronic Disease* online, Vol. 18, June 3, 2021, pp. 21–26, <cdc.gov/pcd/issues/2021/21_0026.htm>, accessed on January 17, 2025.

Definition of Terpenes

Terpenes are naturally occurring phytochemicals and secondary metabolites contributing to the aroma or flavor of cannabis.

Source: State law.

the U.S. Food and Drug Administration (FDA) permits as inactive ingredients for inhalation. *Terpenes*, which we define in the text box, are a possible avenue for manipulating and introducing flavors in cannabis products.

For example, given that cannabis naturally has many terpenes, like *limonene*—which is also found in lemons—a cannabis manufacturer could conceivably add limonene to a cannabis product to make it taste like lemons. DCC's regulations prohibit artificial or synthetic terpenes, allowing natural terpenes only if they are consistent with those that occur naturally in cannabis. Thus, other artificial flavors would not be permitted in cannabis inhalants.

Despite the department's establishing specific requirements for ingredients allowed in cannabis products, DCC's regulations and testing procedures do not adequately prohibit added flavors in those products. For example, DCC staff noted that although terpenes are not the only chemical compounds that contribute to the aroma and flavor of cannabis, terpenes can alter the taste of cannabis. This means that a product that only contains permitted ingredients can still be flavored. Although all products must pass compliance testing before they are available on the market, DCC staff noted that the licensed laboratories do not currently test products for artificial flavors and will only test for terpenes if a product's packaging or labeling advertises terpenes. A laboratory program manager estimated that in fiscal year 2024–25, DCC tested around 15 percent of all cannabis products for terpenes.

In our review of cannabis products available for purchase in California, we observed cannabis inhalants that advertised flavors. For example, while accompanying DCC staff on an inspection, we observed a cannabis vape product advertised as *strawberry* flavored. We notified DCC about this product, and as of July 2025, the vape product is under review. Additionally, we reviewed compliance case files related to prohibited ingredients in cannabis inhalants, which totaled to three cases between 2023 and 2024. DCC confirmed that this was the universe of its cases related to flavors in cannabis inhalants. In two cases, DCC issued NTCs. The third was a complaint that DCC received in January 2024, stating that a particular brand of cannabis vapes had deceptive packaging and contained flavors attractive to children. As of June 2025, DCC continues to investigate whether the licensee used artificial flavors in its product, an action prohibited under DCC's regulations. DCC's policy manager believes that the regulation, as currently written, effectively prohibits all flavors. Nevertheless, DCC's justification for its regulations, its guidance, and its website all list specific prohibited flavors that appeal to children, yet its regulations do not.

Some states ban flavors in various inhalable products, such as tobacco, because of the flavors' appeal to children. In our review of other states' cannabis regulations, we found that many did not have specific prohibitions on flavors in cannabis inhalants. However, New York's cannabis regulations prohibit natural and synthetic terpenes and flavors that could be attractive to children in cannabis products intended for inhalation. The state's regulations additionally include prohibited flavors such as *cotton candy*, *bubble gum*, and *dessert*, and prohibit such categories of flavor as a *concept flavor or another flavor that is*

attractive to individuals under 21, as determined by the State of New York. Currently, California's tobacco laws state that retailers may not sell any flavored tobacco product or a tobacco product flavor enhancer. California defines flavored tobacco products as having a characterizing flavor—a distinguishable taste or aroma other than the taste or aroma of tobacco—and specifies that these flavors include, but are not limited to, *fruit*, *candy*, *vanilla*, *dessert*, *mint*, and the flavor category *alcoholic beverage*.

DCC's deputy compliance chief noted her concern that specifying prohibited flavors would allow licensees to come up with other flavors not prohibited by a regulation, and she explained that she felt that the current regulations do not need any modifications. Further, even though DCC's online guidance and reasoning for its current regulations specify flavors that should be prohibited from cannabis inhalants, the department expressed that it does not have the authority to change its own regulations in this manner. Although it would be difficult to have a comprehensive list of all flavors that could be attractive, we note that New York's regulations include the categories *concept flavors* or *other flavors that the state would consider attractive*; such categories allow regulators to prohibit flavors that are not listed in the regulations. We also acknowledge that naturally occurring substances may suggest additional flavors in inhaled cannabis. Nevertheless, the lack of specified flavors in regulation allows cannabis licensees to advertise flavors that may be naturally occurring but may also make the product more attractive to individuals under 21. This is a population banned from purchasing or using nonmedicinal cannabis products.

Many Cannabis Strain Names Suggest Flavors Attractive to Children

The names of cannabis strains, which we define in the text box, sometimes suggest flavors or products that are attractive to children. Strain names may suggest flavors, like the strain names *Cherry Pie*, *Tropicana Punch*, or *Lemon Cherry Gelato*, or they may suggest products, like the strain names *Girl Scout Cookies*, *Oreoz*, or *Rainbow Belts*. Figure 11 offers some of these strain names. Research has shown that words implying flavor are attractive to children, regardless of whether the strain names describe the actual flavor of the product.[8]

Definition of Cannabis Strains

Cannabis strains are breeds of cannabis plants cultivated for appearance, effects, and botanical lineage.

Source: New York Department of Health.

Although these words can sound enticing to a child, DCC's regulations do not include any specific requirements regarding strain names in advertising or packaging. DCC's APPL coordinator stated that regulating strain names would be difficult because some cannabis strains, such as the cannabis strain *Girl Scout Cookies*, existed before the legal cannabis market began. Further, DCC staff suggested that regulation could be difficult because licensees could change strain names and because of the frequency with which new strains are developed.

[8] Andy SL Tan et al., "Presence of Content Appealing to Youth on Cannabis-Infused Edibles Packaging," *Substance Use & Misuse* online, Vol. 57, No. 8, 2022, pp. 1215–1219, pmc.ncbi.nlm.nih.gov/articles/PMC9494197/, accessed on March 21, 2025.

Figure 11
Some Cannabis Strain Names Are Likely Attractive to Children

Source: State law, interviews with DCC staff, and auditor research.
Note: We have blurred the brand names of cannabis products pictured.

Nevertheless, another state—Oregon—appears to have recognized the importance of regulating strain names and has taken steps to do so. Oregon's Liquor and Cannabis Commission issued guidance clarifying that words in marketing—including strain names—that refer to products commonly associated with minors or marketed to minors are prohibited on cannabis packaging. This prohibition includes names of children's toys, names of characters in children's media, or food products marketed to or by children. Some strain names that Oregon prohibits include *Incredible Hulk*, *Lightsaber*, *Skittles*, and any Girl Scout cookie, including *Dosidos* and *Thin Mints*. We attempted to contact the Oregon Liquor and Cannabis Commission for additional information but did not receive a response. Strain names could lead consumers, and especially children, to ingest the named products, believing that there might be flavoring in much the same way tobacco products had been flavored. DCC asserted that it does not have the regulatory authority to prohibit strain names that may be attractive to children. However, we note that the State has determined that tobacco products should not be flavored; California has banned flavored tobacco products in stores since 2022 and has banned them online since January 2025.

Other Areas We Reviewed

DCC Is Not Required to Annually Monitor Increases in Cannabis Products' THC Concentration

The Audit Committee asked us to determine whether DCC has taken any steps to address the gradual rise of THC content in cannabis products. The U.S. Drug Enforcement Administration (DEA) found that the THC concentration in seized illegal cannabis increased from about 4 percent in 1995 to over 16 percent in 2022.[9] Similarly, a 2024 study of legal cannabis in California found that most flower and flower products sold by legal California retailers test at 20 percent THC or greater and is now five to 10 times the level found nationally in cannabis studied in the 1970s and 1980s.[10] As we mention in the Introduction, the amount of THC in a cannabis product is identified by either the weight of THC in the product—in mg—or the proportion of THC by weight in the product, measured as a percentage of the total weight. Restrictions on THC content tend to be measured in mg rather than percentage. For example, California and several other states we reviewed impose limits on the amount of THC allowable in individual edible cannabis products.

DCC stated that it is not required to monitor the increase in THC concentration in cannabis products. Currently, there is no federal guidance on THC concentration, because cannabis remains classified as a Schedule 1 drug by the DEA. Its classification as a Schedule 1 drug means that the federal government determined that cannabis has no currently accepted medical use and has a high potential for abuse. According to a Massachusetts legislative report, cannabis's federal status means that researchers trying to conduct studies that involve human cannabis consumption, including clinical trials, must obtain approval from both the FDA and the DEA, and such approval can take years.[11] However, a research study that analyzed cannabis use across Europe found that a strong predictor of whether individuals would have a psychotic disorder was their daily use of cannabis and use of high-THC cannabis.[12]

Some jurisdictions limit THC concentration in some products; however, those limits are high relative to the average concentrations in the research cited above. Excluding edibles, Quebec's Cannabis Regulation Act limits THC concentration in cannabis products to 30 percent. Similarly, Connecticut limits THC concentration to 30 percent in cannabis flower products and no more than 60 percent in other cannabis products.

Washington and Massachusetts have considered curbing the increase in average THC concentration in cannabis products. A Massachusetts legislative report concluded that additional research is necessary to make future evidence-based decisions regarding

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9 National Institute on Drug Abuse, "Cannabis Potency Data," July 2024, <nida.nih.gov/research/research-data-measures-resources/cannabis-potency-data>. Accessed November 14, 2024.

10 High Potency Cannabis Think Tank, "Report and Recommendations of the High Potency Cannabis Think Tank to the State of California," CA Department of Public Health, October 30, 2024, pp. 1–42.

11 Steven J. Hoffman et al., "High Tetrahydrocannabinol (THC) Cannabis and Effects on the Human Body: More Research Needed," Massachusetts Cannabis Control Commission, masscannabiscontrol.com/wp-content/uploads/2021/10/202110_Report_THC_Potency.pdf, accessed on November 22, 2024.

12 Marta Di Forti, PhD et al., "The contribution of cannabis use to variation in the incidence of psychotic disorder across Europe (EU-GEI): a multicentre case-control study," *The Lancet Psychiatry*, Vol. 6, No. 5, pp. 427–436, thelancet.com/article/S2215-0366(19)30048-3/fulltext, accessed on January 21, 2025.

THC limits. In Washington, a policy report by the Washington State Health Care Authority and the University of Washington's Addictions, Drugs, and Alcohol Institute expressed concern about the nonmedical use of high-THC products. The report supports policy changes such as increasing the excise tax on products having a THC concentration of greater than 35 percent and prohibiting the marketing and advertising of high-THC products. The report also noted that there was no consensus on capping THC concentration but stated that a cap is an evidence-based policy to consider in the future, when more information is available.

DCC is currently monitoring and supporting research efforts in this area. The department selects California universities as grant recipients to conduct research on topics such as the impact of cannabis use on public health, preventing youth from accessing and using cannabis, and the health effects among users of varying potency levels of cannabis. As of June 2025, DCC is funding six research studies looking into different issues related to THC potency. The department stated that its goal is for this research to inform future policy decisions through fact-based studies. Additionally, the department told us that its Policy and Research Division reviews research related to THC potency and routinely has conversations with regulators in other states about the topic. DCC explained that the science and data analysis are still in the emerging stages and that the department continues to engage with the topic to best position itself in the future.

DCC's Strategic Plan Does Not Clearly Indicate a Focus on Either Education or Enforcement

Since its inception, DCC has used both educational efforts and enforcement actions to prompt compliance with its regulations. According to the assistant branch chief of the Compliance Division, the three state programs that merged to become DCC had each used different strategies for ensuring compliance with regulations, and each program brought its expertise to the new agency. She noted that one program focused more on discipline and that another had primarily used education to ensure licensee's compliance with regulations. Now DCC is a single agency regulating the cannabis industry in California.

According to DCC's deputy director of compliance, DCC has been moving more toward enforcement—and away from educating licensees about DCC's rules and regulations—now that the department is more established. DCC staff also stated that the department has always had the goal of increasing enforcement over time and is currently working to ensure that staff are aware of this. However, we note that although DCC's strategic plan mentions both education and enforcement, the plan does not characterize either as a focus or a goal.

As it shifts toward more enforcement, the department would benefit from including a statement in its strategic plan regarding its focus. The strategic plan is an important document that communicates the department's vision, goals, and objectives both internally and externally, allowing the department to better explain how it is working to achieve its mission. Although DCC's current strategic plan lists strategies to achieve its priorities, it does not connect performance measures to those strategies. According to DCC, the department has developed some performance indicators for

compliance and enforcement; however, those indicators are not part of its current strategic plan. DCC expects to complete a new strategic plan in the summer of 2026, when the current plan expires.

Cannabis Retailers Offer a Required Brochure on the Risks Associated with Cannabis Use

In October 2023, Governor Gavin Newsom signed Senate Bill 540 into law. This law requires DCC to consult with the Department of Public Health to create a single-page brochure detailing risks, which include risks associated with high-potency cannabis products, the risks of cannabis use by minors and by people who are pregnant or breastfeeding, and the potential for THC to exacerbate certain mental health conditions. The law further requires that by March 2025, cannabis retailers and microbusinesses must prominently display the brochure, including printed copies, at points of sale. Additionally, retailers must offer new customers a copy of the brochure if it is the customers' first purchase or delivery.

DCC is complying with state law, having published the brochure on its website in December 2024. The brochure contains the information required by state law. Retailers must also distribute the brochure, and DCC is monitoring their compliance. As of May 2025, the department's Compliance Division has issued six NTCs related to the brochure. However, DCC stated that in most cases, licensees are complying with these new requirements.

Recommendations

Legislature

To ensure that cannabis products' packaging is not attractive to children, the Legislature should consider requiring DCC to develop a process, similar to Oregon's, requiring cannabis licensees to use pre-approved plain packaging or, for a fee, have DCC review their packaging for compliance before their cannabis products are available for sale.

To increase the likelihood that DCC will identify packages that are attractive to children, the Legislature should consider increasing the specificity of prohibited design elements, such as—but not limited to—certain fonts and colors, images implying flavor, and images of human and nonhuman creatures.

To ensure that cannabis beverage consumers can properly identify a single serving, the Legislature should consider the following:

- Require easy understanding and measurement of serving sizes, such as through an included measuring device, in a manner similar to Washington State.
- Establish a cap on the amount of THC in one cannabis beverage container to 10 mg.

To reduce the risk of cannabis appealing to minors through the use of flavors that mask the natural flavor and aroma of cannabis, the Legislature should consider banning specific flavors that are attractive to children in inhaled cannabis products and to prohibit the advertising of such flavors.

To ensure that the names of cannabis strains are not attractive to children, the Legislature should consider prohibiting the advertising of cannabis strain names that could be attractive to children.

Department of Cannabis Control

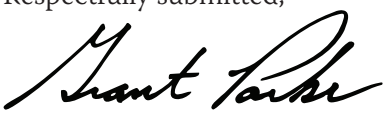
To ensure that DCC consistently identifies attractive cannabis packages, by August 2026 DCC should complete implementation of a rubric for determining whether products violate legal prohibitions against packaging attractive to children. The rubric should clearly describe prohibited design elements, and DCC should make the rubric available to licensees as well as to the public. DCC should also include the rubric in its regulations.

To prevent repeat offenses, DCC should specify guidelines by February 2026 regarding escalation of compliance actions and should ensure that all inspections and complaints include a review of previous actions issued. For example, DCC should specify the number of repeat offenses required before DCC issues a citation.

To effectively communicate its goals with internal and external stakeholders, by August 2026 DCC should include specific performance metrics related to its goals and objectives in its next strategic plan.

We conducted this performance audit in accordance with generally accepted government auditing standards and under the authority vested in the California State Auditor by Government Code section 8543 et seq. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on the audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Respectfully submitted,



GRANT PARKS
California State Auditor

August 7, 2025

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Appendix

Scope and Methodology

The Audit Committee directed the California State Auditor to conduct an audit of DCC to determine the state of its enforcement of regulations and its discipline of licensees who violate the prohibition against advertising and marketing cannabis products to youth. Specifically, the Audit Committee asked us to identify the processes DCC used to determine whether a cannabis product's packaging is attractive to children and the actions DCC has taken to enforce its regulations. Additionally, the Audit Committee asked us to assess the processes DCC uses to identify whether cannabis products intended for inhalation comply with the department's regulations. Finally, the Audit Committee tasked us with determining whether DCC has taken any steps to address the gradual rise of THC content in products and asked us to review and assess any other issues significant to the audit. Table A lists the objectives that the Audit Committee approved and the methods we used to address them. Unless otherwise stated in the table or elsewhere in the report, statements and conclusions about items selected for review should not be projected to the population.

Table A
Audit Objectives and the Methods Used to Address Them

	AUDIT OBJECTIVE	METHOD
1	Review and evaluate the laws, rules, and regulations significant to the audit objectives.	Identified and reviewed laws and regulations for cannabis product packaging.
2	Identify the processes DCC uses to determine whether licensed cannabis products or their images are attractive to children. Determine whether DCC has done the following: a. Correctly identified which licensed cannabis products or their images are attractive to children. b. Implemented a process to identify repeat offenders who continually violate regulations regarding the promotion of licensed cannabis products or their images that are attractive to children. c. Taken appropriate steps, such as implementing preventive processes, organizational changes, and proactive communication, to respond to recent trends in children's potentially toxic cannabis exposure and to prevent the marketing of licensed cannabis products or their images that it has deemed are attractive to children or mimic non-cannabis foods or beverages.	• Reviewed a selection of complaints and associated documentation related to advertising, packaging, products, and labeling being attractive to children. • For each complaint, determined whether DCC identified whether the advertisement, packaging, product, or labeling is attractive to children. Additionally, determined whether we agree with DCC. • Reviewed a selection of cannabis products available in dispensaries and compared them to DCC's cannabis product packaging regulations. • Reviewed a selection of inspections and associated documentation that identified advertising, packaging, products, and labeling attractive to children. Auditors also accompanied DCC staff on inspections of retail licensees in various geographic locations throughout the state. • For each inspection, determined which APPL violations were cited and why. • Analyzed DCC trackers to identify licensees which have received multiple compliance actions. Additionally, reviewed compliance action documents served to those licensees to determine whether severity increased.

continued on next page . . .

	AUDIT OBJECTIVE	METHOD
3	Identify the actions DCC has taken to enforce its regulations regarding cannabis products, including flavored inhaled cannabis products that are attractive to children, and identify the results of those actions. Determine whether DCC has done the following: a. Proactively identified licensee violations instead of waiting for the public to report violations before taking action. b. Communicated within the department any changes about how it should approach and take enforcement actions. c. Demonstrated that its current approach of prioritizing voluntary compliance and educating licensees before taking enforcement actions has yielded positive results.	• Analyzed DCC inspection trackers and notes to determine whether inspections have been conducted due to regular schedule or as a result of prompting. • Interviewed DCC staff regarding internal communication methods such as emails, meetings, and strategic plan and other goal-oriented documents. • Interviewed DCC staff, reviewed process documents, and analyzed existing practices regarding tracking of licensees in receipt of multiple compliance actions to determine the department's capacity for identifying such licensees proactively. • Interviewed DCC staff and reviewed the department's strategic plan, annual reports, and other goal-oriented documents for details regarding compliance efforts, prevention, and proactive communication.
4	Assess the process DCC uses to identify whether inhaled cannabis products comply with its regulations, particularly those relating to terpenes – the chemical compounds that provide sensory attributes that contribute largely to the consumer's experience of the inhaled cannabis products, such as flavored products.	• Interviewed DCC staff to better understand agency's perspective on terpenes and flavors in inhalable products. • Reviewed documentation related to the creation of regulations on terpenes and flavors in inhalable products. • Analyzed complaints related to DCC regulations on flavors in inhalable cannabis products and interviewed staff to understand complaint methodology.
5	Determine whether DCC has taken any steps to address the gradual rise of THC content in cannabis products.	• Interviewed DCC's legal staff to confirm the agency's legal requirements related to THC content in products. • Reviewed and analyzed research studies on THC content in cannabis products and its effects.
6	Review and assess any other issues that are significant to the audit.	Reviewed best practices from other states and countries that have legalized cannabis.

Source: Audit workpapers.

Assessment of Data Reliability

The U.S. Government Accountability Office, whose standards we are statutorily obligated to follow, requires us to assess the sufficiency and appropriateness of computer-processed information we use to support our findings, conclusions, or recommendations. In performing this audit, we used electronic data files that we obtained from DCC. Specifically, we attempted to ascertain the number of repeat offenders using a tracking spreadsheet DCC uses to record compliance actions, and we obtained information through DCC from various other systems to identify complaints and inspections. We identified limitations in these data sources such that we cannot determine whether they were complete. As our findings and conclusions do not require summaries of these data, and although this determination may affect the precision of the numbers we present, there is sufficient evidence in total to support our findings, conclusions, and recommendations.

Department of Cannabis Control
CALIFORNIA

Gavin Newsom
Governor

Nicole Elliott
Director

July 22, 2025

Mr. Grant Parks*
California State Auditor
621 Capitol Mall, Suite 1200
Sacramento, CA 95814

Subject: Response to California State Auditor Report No. 2024-105

Dear Mr. Parks:

The Department of Cannabis Control (DCC) appreciates being afforded the opportunity to respond to the California State Auditor's (CSA) draft report regarding DCC's enforcement of the regulation and laws against advertising and marketing cannabis products to youth. DCC recognizes CSA's efforts in performing the audit and is optimistic that, through all our perspectives, California will be able to provide more specific guidance and structure for all participants within the state's legal cannabis market.

Accordingly, DCC has compiled its responses to the contents of CSA's report and recommendations; these responses include additional contextual background, clarifying comments, descriptions of programmatic improvements, and planned actions on the part of the department.

Addressing Youth Cannabis Exposure and the Challenges Associated with Defining What Is Attractive to Children

DCC remains committed to preventing cannabis exposure among children. To support this goal, DCC enforces a range of rules designed to prevent accidental exposure and to prohibit licensees from selling or marketing cannabis to individuals under the age of 21. At the same time, DCC must fulfill this critical mission within a rapidly evolving industry and alongside a persistent illicit market not bound by the same rules. This section of DCC's response highlights additional information the department considers essential to inform the next steps following CSA's audit.

Exposure of children to cannabis is a serious and growing issue. CSA correctly notes a rise in total calls to the California Poison Control System related to cannabis exposure among children aged 5 years and under between 2016 to 2023. However, these statistics do not differentiate between instances related to legal and regulated cannabis products and instances with unregulated, illegal products such as hemp-derived THC edibles, homemade cannabis edibles, or other illicit products without formal access restrictions. DCC cautions against overstating regulated cannabis's impact on the increase in exposure of children. While regulated cannabis has become more widely available, publicly available data[1] still shows that only less than half of

[1] This data is available on DCC's website at https://cannabis.ca.gov/cannabis-laws/where-cannabis-businesses-are-allowed/. This data is current as of June 2025 and includes information obtained from city-level and county-level websites.

* California State Auditor's comments appear on page 47.

California has access to regulated cannabis products, while the entire State continues to have access to illicit or unregulated cannabis. These other products are almost certainly significant contributors. Addressing this issue requires a full understanding of all the ways children are exposed to cannabis.

Moreover, California's regulated market is subject to robust procedures to prevent a child's access to cannabis. In addition to regulations around packaging design (the primary subject of CSA's audit), there are also strict rules on child-resistant packaging and point-of-sale age verification. DCC is responsible for ensuring that packaging is compliant with all regulatory requirements and that retailers are obeying all relevant age-verification requirements. Additionally, in recognition that all consumers have a crucial role to play in storing products safely at home, California has invested in public education campaigns, including resources developed under Senate Bill 540 (Laird; Chapter 491, Statutes of 2023) to offer practical guidance on preventing access among minors and young adults. These policies all work together as a larger campaign to prevent youth exposure to cannabis.

Finally, addressing "attractiveness to children" can be a complicated issue. The challenge DCC must overcome in its effort to rein in harmful packaging elements is what is "attractive to children" can be inherently subjective, culturally influenced, and dynamic over time. This effort will always be a work in progress as cultural trends and tastes change. DCC's current regulations aim to give the department flexibility to modify its determinations as branding and packaging evolve with current trends and associations. The department welcomes input on how best to strengthen this effort.

DCC's Response to the Report's Recommendations

DCC appreciates CSA's recommendations.

Recommendation:

To ensure that cannabis products' packaging is not attractive to children, the Legislature should consider requiring DCC to develop a process, similar to Oregon's, requiring cannabis licensees to use plain packaging or, for a fee, have DCC review their packaging for compliance before their cannabis products are available for sale.

California's cannabis market is one of the largest in the nation and is extraordinarily complex in comparison to other states that have implemented such packaging regulation.

① DCC has access to detailed data only for the State of Maryland--which has a preapproval regulation similar to that of Oregon—and our data for the State of Oregon is limited. At present, California's regulated industry includes 1,921 licensees (distributors, microbusinesses, manufacturers and processors) authorized to label cannabis goods, a vastly larger and more diverse group than the 23 licensees subject to Maryland's preapproval system. Drawing from Maryland Cannabis Administration's (MCA) data, which receives approximately 200 label submissions monthly for review from its smaller licensee pool, California could anticipate upwards of 16,700 label-review submissions at comparable submission rates. Reviewing that volume of submissions would require substantial new staffing, risk lengthy delays, and potentially divert resources from other regulatory priorities.

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Instead, using existing resources, DCC has implemented and will continue implementing innovative and targeted strategies to improve both the efficiency and objectivity of its regulatory strategy in this area. In 2024, DCC established a dedicated team to manage advertising, product, packaging, and labeling (APPL) related complaints, referrals, and proactive enforcement. Since the team's inception, DCC has seen an approximate 1900% increase in APPL-related enforcement actions.

Critical to this progress has been the development of operational tools that enhance consistency and accountability. As noted in the report, there is a level of inconsistency across APPL determinations, due to the high level of subjectivity in what is considered "attractive to children." To combat this and to ensure uniform standards application across cases, DCC has built and implemented a centralized library to catalog packaging and labeling evaluations and outcomes, providing a shared resource for staff. DCC also recognizes what may be "attractive to children" is dynamic and commits to continual re-evaluation of its APPL determination standards.

DCC has also introduced instant case referrals, a process by which field staff, upon encountering a label that might be violative, may immediately submit material to the APPL team for review in order to streamline case intake and response. These investments have contributed to measurable improvements in compliance outcomes, as reflected, in part, in the table below, which details compliance actions taken since 2022. Importantly, these gains are the result of deliberative, incremental work to build the necessary infrastructure required to make informed, sustainable determinations through actions which include reviewing a wide range of images; defining standards; and iterating based on what's observed in the field.

Compliance Action Completed	2022	2023	2024	2025 (1/1 – 7/8)	Grand Total
Citation	0	0	1	2	**3**
Embargo	0	5	2	1	**8**
No Action	0	6	0	0	**6**
No Action – License No Longer Active	0	13	6	0	**19**
No Action – Product Removed/No Longer in Use	0	3	0	0	**3**
No Action – Unable to Identify Licensee	0	0	4	1	**5**
No Violation	28	47	57	30	**162**
Notice to Comply	1	37	96	3	**137**
Pending Action	0	10	29	71	**110**
Pending Review	0	1	14	62	**77**
QA Review	0	11	63	0	**74**
Remediation	0	0	4	2	**6**
Verbal or Written Warning	0	5	2	0	**7**
Voluntary Recall	0	0	14	29	**43**
Grand Total	**29**	**138**	**292**	**201**	**660**

Alongside these organizational improvements, DCC is advancing technology driven solutions to support scalability and efficiency. DCC is currently developing and testing an innovative tool to help ensure uniform application of packaging standards. This is a tool that a licensee could use while developing packaging to avoid the creation of packaging that may be attractive to children. Initial testing is underway. Once initial testing is completed and prior to deployment, the application will undergo appropriate review by the California Department of Technology. DCC's

goal is to utilize this tool to increase public safety and the efficiency of evaluating cannabis package images without incurring significant financial costs.

Together, our current operational approach and planned IT tool should provide a fiscally sustainable and dynamic approach to ensure packaging is not attractive to children.

Recommendation:

To increase the likelihood that DCC will identify packages that are attractive to children, the Legislature should consider increasing the specificity of prohibited design elements, such as- but not limited to – certain fonts and colors, images implying flavor, and images of human and nonhuman creatures.

To ensure that DCC consistently identifies attractive cannabis packages, by August 2026, DCC should complete implementation of a rubric for determining whether products violate legal prohibitions against packaging attractive to children. The rubric should clearly describe what design elements are prohibited, and DCC should make the rubric available to licensees as well as to the public. DCC should also include the rubric in its regulations.

DCC is willing to work with the legislature on any proposed legislation to increase the specificity of prohibited design elements and would implement the proposed rubric in regulation based on the direction provided by the legislature.

Recommendation:

To effectively communicate its goals with internal and external stakeholders, by August 2026, DCC should include specific performance metrics related to its goals and objectives in its next strategic plan.

DCC will include specific performance metrics related to its goals and objectives in its next strategic plan by August 2026. DCC agrees with CSA on the value of developing and monitoring specific goals and objectives to strengthen enforcement of compliance requirements in the legal market. While DCC’s first strategic plan included enforcement objectives appropriate to DCC’s early stage of development, DCC’s next strategic plan, which is expected to be completed by August 2026, will include more detailed objectives and corresponding key performance indicators to better assess and demonstrate impact. Currently, each division in DCC has key performance indicators aimed at developing a well-regulated cannabis market.

Recommendation:

To prevent repeat offenses, DCC should specify guidelines by February 2026 regarding escalation of compliance actions and should ensure that all inspections and complaints include a review of previous actions issued. For example, DCC should specify how many instances of repeat offenses are required before DCC issue a citation.

DCC agrees with CSA's recommendation that all future inspections and investigations formally document a review of the licensee's prior compliance history, and notes that this practice is already standard protocol, though not always explicitly recorded. Field staff are trained and expected to review a licensee’s compliance history, including any previous inspections, investigations, or enforcement actions, as part of pre-inspection planning. This review ensures

that repeat patterns of noncompliance are identified, and the team is instructed to escalate any repeat findings or serious violations for supervisory review, typically following the on-site visit. Going forward, DCC will standardize its procedures to ensure staff will document an accounting of licensing history was reviewed prior to their visits.

DCC disagrees with CSA's assertion that its system of progressive discipline needs modification. ②

DCC follows a structured approach to discipline, typically beginning with a Notice-to-Comply (NTC). This gradual progression provides the licensee with an opportunity to correct specific areas of noncompliance, functioning as an early-stage corrective tool for violations that do not impact public safety while continuing to provide DCC the flexibility to take stronger action where necessary. DCC pursues citations, suspensions, or revocations when violations present immediate public safety risk or when repeated issues are documented. As DCC continues to advance within a maturing regulatory system, this approach reflects a deliberate and measured enforcement posture, balancing education with accountability and with progressive, yet flexible, discipline to promote long-term compliance across the regulated industry.

Recommendation:

To reduce the risk of cannabis appealing to minors through the use of flavors that mask the natural flavor and aroma of cannabis, the Legislature should consider banning specific flavors that are attractive to children in inhaled cannabis products and to prohibit the advertising of such flavors.

DCC is willing to work with the legislature on any proposed legislation.

DCC notes that it has already implemented strict ingredient controls designed to preserve the natural aroma and flavor of inhalable cannabis. Since November 2022, DCC regulations have further restricted terpenes in inhalable cannabis products to those naturally found in cannabis and contributing to its characteristic aroma and flavor. Products that may advertise specific "flavors" may be referencing the natural dominant flavors of the cannabis strain, not added ingredients. Licensed inhalable products are limited to 1) cannabis, 2) cannabis concentrate, 3) terpenes, 4) pre-roll filter tips, and 5) certain FDA-recognized inactive ingredients [2]. DCC enforces these rules through regular testing and has determined that existing restrictions are as stringent as permissible under MAUCRSA.

Recommendation:

To ensure that the names of cannabis strains are not attractive to children, the Legislature should consider prohibiting advertising cannabis strain names that could be attractive to children.

DCC is willing to work with the legislature on any proposed legislation.

[2] An inactive ingredient is a component of a product that is not intended to have a direct effect on the product and/or its anticipated effects. For inactive ingredients permitted by the FDA, the United States Inactive Ingredients Database is available at https://www.fda.gov/drugs/drug-approvals-and-databases/inactive-ingredients-database-download.

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Recommendation:

To ensure that cannabis beverage consumers can properly identify a single serving, the Legislature should consider the following:

- *Require easy understanding and measurement of serving sizes, such as through an included measuring device, in a manner similar to Washington State.*
- *Establish a cap on the amount of THC in one cannabis beverage container to 10 mg.*

DCC is willing to work with the legislature on any proposed legislation.

DCC notes that its existing cap of 100 mg per package provides a convenient option for medicinal use patients who may require higher doses of THC for therapeutic purposes particularly for individuals who live in rural areas or in jurisdictions that prohibit cannabis retail. In a prior rulemaking process to implement the existing caps, DCC received public comments proposing higher caps, but no comments proposing lower caps. Further, the existing caps are consistent with many other states that have implemented and maintained caps of 10 mg per serving and 100 mg per package.

Concluding Remarks

DCC appreciates the report's effort to propose solutions aimed at reducing both unintentional and intentional cannabis consumption among underage individuals, a goal we unequivocally share. As reflected in both CSA's presentation and DCC's audit response, addressing these challenges requires careful, informed policy decisions.

DCC is committed to protecting children from cannabis exposure. DCC stands ready to engage in policy discussions with both lawmakers and stakeholders to create the best policy aimed at addressing these issues. Should the Legislature choose to pursue statutory change, DCC will work in partnership to implement any changes authorized by the Legislature and signed by the Governor to ensure the safety and protection of children in California.

Respectfully,

Nicole Elliott Digitally signed by Nicole Elliott
Date: 2025.07.22 15:28:23
-07'00'

Nicole Elliott
Director, Department of Cannabis Control

Comments

CALIFORNIA STATE AUDITOR'S COMMENTS ON THE RESPONSE FROM THE DEPARTMENT OF CANNABIS CONTROL

To provide clarity and perspective, we are commenting on the response to our audit report from DCC. The numbers below correspond with the numbers we have placed in the margin of DCC's response.

We disagree with DCC's assertion that the volume of packaging submissions would risk delays and potentially divert resources from other regulatory priorities. As we explain on page 20, Oregon's system allows licensees to submit their proposed product packaging to the state's cannabis commission and, for a fee, have it evaluated for compliance with Oregon's laws and regulations. Because Oregon charges a fee for these submissions, this process is scalable for different market sizes. Additionally, we acknowledge on page 20 that Oregon is a smaller state and may have a smaller cannabis market than California's. Nevertheless, we believe that Oregon's model is worth consideration and, as we recommend on page 37, the Legislature should consider requiring DCC to develop a similar process. (1)

The findings of our audit are counter to DCC's disagreement with our conclusion that its system of progressive discipline needs modification. As we explain on page 27, DCC does not provide specific guidance on how to escalate penalties, and we found little evidence that it did so. For example, we encountered a licensee to whom DCC had issued at least four NTCs related to packaging deemed attractive to children, but the department did not appear to have escalated the penalties for those actions. As a result, we recommend on page 37 that it specify guidelines by February 2026 regarding the escalation of compliance actions and, in doing so, specify the number of repeat offenses required before DCC issues a citation. (2)