

Cannabis Operators Push to Block California Tax Increase

California Cannabis Operators Association Advocates for Immediate Passage of Assembly Bill 564 to Prevent Excise Tax Increase

SACRAMENTO, Calif., March 25, 2025 – [The California Cannabis Operators Association \(CaCOA\)](#) joined Assembly Member Matt Haney, D-San Francisco, at a press conference at the State Capitol to stress the urgent need for Assembly Bill 564. This legislation seeks to prevent the scheduled increase of the state cannabis excise tax from 15% to 19% on July 1, 2025.

Declining Legal Cannabis Sales and Job Losses Underscore the Need for Urgent Legislative Action

The decline in California's legal cannabis industry presents a concerning trend. Since 2021, legal cannabis sales have dropped by 19%, and excise tax revenue has decreased by 13%. More than 10,800 cannabis business licenses have either become inactive or have been voluntarily surrendered, now outnumbering the active licenses in the state. In addition, nearly 5,000 jobs were lost in 2023, following a workforce reduction of 12,600 jobs in 2022. The increasing financial pressure threatens to push more businesses into closure while strengthening the illicit market.

Assembly Bill 564 Seeks to Repeal the Automatic Cannabis Excise Tax Increase Enacted Under A.B. 195

Assembly Bill 564 aims to repeal the automatic excise tax increase that was put into law under A.B. 195 in 2022. Under current regulations, the California Department of Tax and Fee Administration (CDTFA) is authorized to increase the cannabis excise tax every two years. Without intervention, the excise tax rate will rise to 19% in July 2025, potentially leading to more business closures and further job losses. Industry leaders emphasize that raising taxes in a shrinking market is a short-sighted approach that could destabilize the already struggling legal cannabis industry.

Industry Leaders Emphasize the Need to Protect Jobs and Ensure Market Stability

CaCOA leaders stress that preventing the excise tax hike will provide much-needed relief to cannabis businesses and workers. The legal cannabis industry in California faces stiff competition from the unregulated hemp market and illicit operators who do not bear the burden of state taxes and regulations. Without legislative support, licensed operators may find it increasingly difficult to remain competitive, leading to a surge in illegal sales and consumer safety risks.

Workers and Advocacy Groups Call for Legislative Action to Protect the Cannabis Industry

Industry employees have also voiced concerns about job security and workplace stability. Many cannabis professionals are struggling as businesses cut costs or close operations due to high taxes and regulatory challenges. Employee advocates stress the need for fair policies that allow workers to continue their careers in the regulated market. A.B. 564 is being presented as a practical solution that can help sustain employment, safeguard consumer safety, and uphold the promise of Proposition 64, which aimed to regulate and tax cannabis fairly.

California Cannabis Operators Association Encourages Public Support and Local Government Action

CaCOA is urging its members and the broader cannabis community to take action by submitting letters of support for A.B. 564. The association is also working closely with local governments to pass resolutions opposing the excise tax increase. And calling for swift passage of the bill. Stakeholders across the legal cannabis supply chain are advocating for legislative intervention to stabilize the industry and protect businesses from financial distress.

The Path Forward for California's Legal Cannabis Industry Amid Policy Debates

As the legislative session progresses, A.B. 564 remains a focal point for discussions on cannabis taxation and market viability. The California cannabis industry is seeking a balanced approach that preserves tax revenues while preventing excessive financial strain on businesses. Advocates hope that lawmakers will recognize the economic realities facing the industry and act decisively to prevent the scheduled tax increase before it takes effect in July 2025.

Email: info@cannabisriskmanager.com | Phone: +855-507-2622

© Copyright 2025 Cannabis Risk Manager. All Rights Reserved