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## AB-1209 Workers' compensation: cannabis industry. (2025-2026)

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AMENDED IN ASSEMBLY APRIL 10, 2025

AMENDED IN ASSEMBLY MARCH 26, 2025

AMENDED IN ASSEMBLY MARCH 20, 2025

CALIFORNIA LEGISLATURE— 2025–2026 REGULAR SESSION

### ASSEMBLY BILL

NO. 1209

Introduced by Assembly Member Michelle Rodriguez

February 21, 2025

An act to add Section 3700.7 to the Labor Code, relating to workers' compensation.

### LEGISLATIVE COUNSEL'S DIGEST

AB 1209, as amended, Michelle Rodriguez. Workers' compensation: cannabis industry.

Existing law, the Control, Regulate and Tax Adult Use of Marijuana Act (AUMA), approved by the voters at the November 8, 2016, statewide general election, regulates the cultivation, distribution, transport, storage, manufacturing, testing, processing, sale, and use of marijuana for nonmedical purposes by people 21 years of age and older. The existing Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA), among other things, consolidates the licensure and regulation of commercial medicinal and adult-use cannabis activities.

Existing law establishes a workers' compensation system, administered by the Administrative Director of the Division of Workers' Compensation, to compensate an employee, as defined, for injuries sustained in the course of employment. Existing law requires every employer to secure the payment of workers' compensation as provided by law and imposes civil and criminal penalties on employers that fail to secure the payment of workers' compensation. Existing law authorizes an employer, pursuant to this provision, to insure against liability in insurers duly authorized to write compensation insurance in the state or to secure from the Director of Industrial Relations a certificate of consent to self-insure. ~~Existing law establishes the Division of Labor Standards Enforcement and requires it to enforce certain provisions related to working conditions of employees, including whether an employer has secured the payment of workers' compensation.~~

This bill would ~~require an employer that is licensed or required to be licensed under MAUCRSA to provide proof that it has secured payment of workers' compensation to the administrative director, as described. The bill would require the administrative director or its agent to report to the Division of Labor Standards and Enforcement an employer who does not provide the above-described proof.~~ *authorize the administrative director or their agent to require an employer that is licensed or required to be*

*licensed under MAUCRSA to provide proof that it has secured payment of workers' compensation to the administrative director or their agent. The bill would authorize the administrative director or their agent to establish a schedule for compliance that includes dates for when a licensee may be required to comply with these requirements.* The bill would require the administrative director to provide assistance to any employer or entity that notifies the administrative director that it has been unable to obtain coverage and authorize the administrative director to extend the deadline for compliance, and would exempt any employer that secures the payment of workers' compensation pursuant to these provisions from civil or criminal liability for prior failure to secure the payment of compensation. The bill would authorize the administrative director to contract with one or more agents to assist employers in complying with these provisions, as specified.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: no

## THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

**SECTION 1.** Section 3700.7 is added to the Labor Code, to read:

**3700.7.** (a) This section applies only to an employer that is licensed or that is required to be licensed pursuant to Division 10 (commencing with Section 26000) of the Business and Professions Code.

(b) (1) ~~An employer shall annually~~ *The administrative director or their agent may require an employer to* provide proof of compliance with Section 3700 to the administrative director or their agent in the form of a Workers' Compensation Policy Declarations Page and all policy attachments, or a Certificate of Consent to Self-Insure.

(2) The administrative director or their agent ~~shall establish a schedule for compliance that includes the dates by which each group of licensees shall be required to comply with this section. The schedule of compliance shall be based upon the number of licenses held by the person or business entity, by reference to the federal employer identification number or individual taxpayer identification number of the person or business entity, beginning with the persons or entities holding the largest number of licenses. The first group shall be required to begin reporting no later than 120 days after the effective date of this section, or 60 days after the administrative director has contracted with an agent pursuant to subdivision (f), whichever is earlier.~~ *may require an employer that contracts with a temporary agency or staffing agency or similar entity to provide workers to the employer to obtain proof of workers' compensation coverage from those agencies or entities in the form of a Workers' Compensation Policy Declarations Page and all policy attachments, or a Certificate of Consent to Self-Insure, and to provide the proof to the administrative director or their agent for those workers, regardless of whether the employer or the temporary agency or staffing agency employs or exercises control over the wages, hours, or working conditions of any worker.*

(3) *The administrative director or their agent may establish a schedule for compliance that includes the dates by which each identified licensee may be required to comply with this subdivision.*

~~(e) An employer that contracts with a temporary agency or staffing agency or similar entity to provide workers to the employer shall obtain proof of workers' compensation coverage from those agencies or entities in the form of a workers' compensation policy declarations page, including all policy attachments, or a certificate of consent to self-insure, and shall provide the proof to the agent for those workers, regardless of whether the employer or the temporary agency or staffing agency employs or exercises control over the wages, hours, or working conditions of any worker.~~

~~(d)~~

(c) If an employer or entity notifies the administrative director or their agent that it has been unable to obtain workers' compensation insurance, the administrative director or their agent shall provide administrative assistance to the employer or entity in obtaining full workers' compensation coverage, and may extend the deadline for compliance with this section by 30 days in order to assist the employer in arranging for the services necessary to comply with this section.

~~(e)~~

(d) An employer that secures the payment of workers' compensation ~~insurance coverage~~ in compliance with this section shall not be subject to civil or criminal penalties described in Section 3700.5 for any prior ~~inability~~ *failure* to secure the payment of compensation.

~~(f)~~

(e) (1) The administrative director may contract with one or more agents to assist employers in complying with this section.

(2) An agent contracted by the administrative director pursuant to this subdivision shall establish a contracted network of approved service vendors sufficient to provide a choice of service vendors to all employers that includes, but is not limited to, workers' compensation insurance carriers, banks or credit unions, professional employer organizations, or other service vendors necessary to assist employers in complying with this section. All financial and banking services offered shall be

conducted in compliance with the federal Bank Secrecy Act (BSA) (31 U.S.C. Sec. 5311 et seq.) and guidance document FIN-2014-G001, issued by the United States Department of the Treasury on February 14, 2014, entitled "BSA Expectations Regarding Marijuana-Related Businesses."

~~(g) If an employer fails to comply with this section, the administrative director or their agent shall notify the Division of Labor Standards Enforcement, which shall enforce this section in the same manner as provided for in Chapter 4 (commencing with Section 79) of Division 1.~~