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CALIFORNIA AFRICAN AMERICAN
CHAMBER OF COMMERCE



April 15, 2025

The Honorable Thomas Umberg
Chair, Senate Judiciary Committee
1021 O Street, Suite 3240
Sacramento, CA 95814

Re: SB 378 (Wiener) – Online Marketplaces – Oppose
As Amended March 26, 2025

Dear Senator Umberg,

We are writing to respectfully oppose SB 378 (Wiener), which would impose strict and overarching regulations on online marketplaces, advertisers, and social media platforms and hold them liable for the sale of unlicensed cannabis, cannabis products, and hemp products.

SB 378 attempts to address unlicensed cannabis and hemp products being sold online. It requires online cannabis and hemp marketplaces to establish a prominent mechanism to report an unlicensed seller of cannabis, cannabis products, and hemp. Such marketplaces would be required to act on reported unlicensed cannabis and hemp products and would face a variety of punitive penalties.

Overbroad definition

SB 378 has an extremely broad definition of "online cannabis marketplace" and "online hemp marketplace." These definitions include an internet website, online service, online application, or mobile application, or social medial platforms that create any connection between the seller of cannabis, cannabis products, or hemp products consumers.

This is a highly broad definition that reflects an unprecedented expansion of strict liability. For example, an internet service that simply displays a link, a mapping service that allows users to place pins, social media platforms that host content from users, or search engines providing information based on a user inputted query would be impacted and risk liability under this bill even when they had no direct role in the sale, processing of payments, or had a commercial agreement with the seller. Their liability would stem from this definition where they are deemed to have created a connection between the consumer and seller.

Strict Liability

SB 378 places strict liabilities against violators. It holds anyone who violates the bill to be held liable for various civil penalties of thousands of dollars, but it also includes a

variety of other punitive damages. With the definitions of SB 378 being overbroad and including a great number of industries, online platforms would face being legally responsible for products they neither create nor distribute. They would be compelled to invest heavily into simply attempting to comply to such high requirements of the bill. To do so, platforms would be forced to remove or block large swaths of legitimate or neutral content, thus limiting consumer access to information and choice.

Paid Advertisements

The advertising provisions of SB 378 create far-reaching problems by adopting an overly broad definition of “paid online advertisement” and imposing strict liability on platforms that display them. These rules require online marketplaces (which also has an overly broad definition) to undertake the onerous—and impractical—task of continuously verifying advertisers’ licensing or registration status for every cannabis or hemp product featured. Faced with the risk of steep penalties and extensive litigation, many platforms would likely ban all cannabis and hemp-related advertising—whether legitimate or not—rather than attempt compliance. As a result, reputable businesses that follow California’s licensing requirements lose critical channels to reach consumers, while users are deprived of accessible, trustworthy information about legal products. Additionally, the law’s ambiguous “substantial factor” standard could subject platforms to lawsuits simply for displaying third-party ads, effectively conflating neutral content hosting with active facilitation of illegal transactions.

SB 378 creates a heavy-handed approach that undermines established liability protections for online intermediaries, stifles e-commerce innovation, and ultimately fails to advance the intended goal of eliminating unlawful cannabis sales. For these reasons, we are opposed to SB 378.

Thank you for your consideration. If you have any questions or concerns regarding our position, please contact Jose Torres, Deputy Executive Director at jtorres@technet.org or 909-380-2783.

Sincerely,

Jose Torres, MPA

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for California and the Southwest
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