

**SENATE BILL**

**No. 17**

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**Introduced by Senator Calderon**

April 6, 2010

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An act to add Division 8.9 (commencing with Section 22992) to the Business and Professions Code, relating to cannabis licensing.

LEGISLATIVE COUNSEL'S DIGEST

SB 17, as introduced, Calderon. Cannabis Licensing Act.

Existing law provides for the imposition of various taxes with respect to the distribution of certain products, including cigarettes and other tobacco products, and provides for the licensure by the State Board of Equalization of sellers of those products that are engaged in business in California.

This bill would, on and after the effective date of an imposition of a tax on the distribution of cannabis, establish a Cannabis Licensing Act, which would require a seller to have in place and maintain a license from the State Board of Equalization to engage in the sale of cannabis, and would require the license to be renewed every 12 months, as provided.

This bill would require an applicant for a license to fill out a form providing specified information. This bill would also require applicants to pay a one-time license fee of and a renewal fee, as specified.

This bill would require all moneys collected to be deposited in the Cannabis Compliance Fund, which would be created in the State Treasury, and all funds therein would be available for appropriation by the Legislature solely for the purpose of implementing, enforcing, and administering the Cannabis Licensing Act.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Division 8.9 (commencing with Section 22992)  
2 is added to the Business and Professions Code, to read:

3  
4 DIVISION 8.9. CANNABIS LICENSING ACT

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6 CHAPTER 1. GENERAL PROVISIONS AND DEFINITIONS

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8 22992. This division shall be known, and may be cited, as the  
9 Cannabis Licensing Act.

10 22992.1. The board shall administer a statewide program to  
11 license sellers of cannabis.

12 22992.2. For purposes of this division, the following terms  
13 shall have the following meanings:

14 (a) "Board" means the State Board of Equalization.

15 (b) "Cannabis" means all parts of the plant *Cannabis sativa* L.,  
16 whether growing or not; the seeds thereof; the resin extracted from  
17 any part of the plant; and every compound, manufacture, salt,  
18 derivative, mixture, or preparation of the plant, its seeds or resin.  
19 It does not include the mature stalks of the plant, fiber produced  
20 from the stalks, oil or cake made from the seeds of the plant, any  
21 other compound, manufacture, salt, derivative, mixture, or  
22 preparation of the mature stalks (except the resin extracted  
23 therefrom), fiber, oil, or cake, or the sterilized seed of the plant  
24 which is incapable of germination.

25 (c) "License" means a license issued by the board pursuant to  
26 this division.

27 (d) "Licensee" means any person holding a license issued by  
28 the board pursuant to this division.

29 (e) "Medical marijuana" means marijuana that is regulated under  
30 Article 2.5 (commencing with Section 11362.7) of Chapter 6 of  
31 Division 10 of the Health and Safety Code.

32 (f) "Person" means a person as defined in Section 30010 of the  
33 Revenue and Taxation Code.

1 (g) “Sale” or “sold” includes any transfer of title or possession  
2 for a consideration, barter, or exchange, by any manner or by any  
3 means whatsoever.

4 (h) “Seller” means any person making a sale in this state of  
5 cannabis.

6 22992.3. The board shall administer and enforce the provisions  
7 of this division and may prescribe, adopt, and enforce rules and  
8 regulations relating to the administration and enforcement of this  
9 division.

10 22992.4. No person is subject to the requirements of this  
11 division if that person is exempt from regulation under the United  
12 States Constitution, the laws of the United States, or the California  
13 Constitution.

14  
15 CHAPTER 2. LICENSE FOR SELLERS OF CANNABIS  
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17 22992.5. (a) On and after the effective date of an imposition  
18 of a tax on the sale of cannabis, a seller shall have in place and  
19 maintain a license to engage in the sale of cannabis.

20 (b) A license is not assignable or transferable. A person who  
21 obtains a license as a seller who ceases to sell as specified in the  
22 license, or who never commenced selling, or whose license is  
23 suspended or revoked, shall immediately surrender the license to  
24 the board.

25 (c) A license shall be valid for a 12-month period, and shall be  
26 renewed annually.

27 22992.6. (a) An application for a license shall be filed on a  
28 form prescribed by the board and shall include the following:

29 (1) The name, address, and telephone number of the applicant.

30 (2) The signature of the applicant.

31 (3) Any other information the board may require.

32 (b) The board may investigate to determine the truthfulness and  
33 completeness of the information provided in the application.

34 (c) The board shall provide electronic means for applicants to  
35 download and submit applications.

36 (d) (1) A one-time license fee of \_\_\_\_ dollars (\$\_\_\_\_) shall be  
37 submitted with each application.

38 (2) A fee of \_\_\_\_ dollars (\$\_\_\_\_) shall be submitted for each  
39 application for renewal of a license. If a license is reinstated after

1 its expiration, the seller, as a condition precedent to its  
2 reinstatement, shall pay a reinstatement fee of \_\_\_\_ dollars (\$\_\_\_\_).

3 22992.7. Whenever any seller fails to comply with any  
4 provision of this division or any rule or regulations of the board  
5 prescribed and adopted under this division, the board upon hearing,  
6 after giving the seller at least 10 days' notice in writing specifying  
7 the time and place of hearing and requiring him or her to show  
8 cause why his or her license should not be revoked, may revoke  
9 the license held by him or her. The notice may be served personally  
10 or by United States mail, postage prepaid, to the seller at his or  
11 her last known address or place of business in this state. The board  
12 shall not issue a new license to a seller whose license has been  
13 revoked unless it is satisfied that the seller will comply with the  
14 provisions of this division and the rules and regulations of the  
15 board.

16  
17 CHAPTER 3. DISPOSITION OF FUNDS  
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19 22992.8. (a) All moneys collected pursuant to this division  
20 shall be deposited in the Cannabis Compliance Fund, which is  
21 hereby created in the State Treasury.

22 (b) All moneys in the Cannabis Compliance Fund are available  
23 for expenditure, upon appropriation by the Legislature, solely for  
24 the purpose of implementing, enforcing, and administering the  
25 Cannabis Licensing Act.

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