

AMENDED IN SENATE AUGUST 15, 2016  
AMENDED IN SENATE AUGUST 1, 2016  
AMENDED IN SENATE JUNE 23, 2016  
AMENDED IN SENATE JUNE 20, 2016  
AMENDED IN ASSEMBLY JANUARY 25, 2016  
AMENDED IN ASSEMBLY JANUARY 13, 2016  
AMENDED IN ASSEMBLY JANUARY 4, 2016  
CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

**ASSEMBLY BILL**

**No. 26**

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**Introduced by Assembly Member Jones-Sawyer  
(Coauthor: Assembly Member Bonilla)**

December 1, 2014

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An act to amend Sections 19322 and 19323 of, and to add Section 19326.5 to, the Business and Professions Code, relating to medical cannabis.

LEGISLATIVE COUNSEL'S DIGEST

AB 26, as amended, Jones-Sawyer. Medical cannabis.

(1) Existing law, the Compassionate Use Act of 1996, an initiative measure enacted by the approval of Proposition 215 at the November 5, 1996, statewide general election, authorizes the use of marijuana for medical purposes. Existing law, the Medical ~~Marijuana~~ *Cannabis* Regulation and Safety Act (~~MMRSA~~), (*MCRSA*), enacted by the Legislature, establishes within the Department of Consumer Affairs the Bureau of Medical ~~Marijuana~~ *Cannabis* Regulation, and provides for

the state licensure and regulation of certain commercial—~~medical marijuana~~ *cannabis* activities by the ~~Department of Consumer Affairs, bureau,~~ the Department of Food and Agriculture, or the State Department of Public Health, as specified. ~~MMRSA~~ *MCRSA* requires an applicant for state licensure to provide specified information and a statement, signed by the applicant under penalty of perjury, that the information is complete, true, and accurate. ~~MMRSA~~ *MCRSA* authorizes a state licensing authority to deny an application ~~if specified conditions are met,~~ *or issue a conditional license under certain conditions,* and requires a state licensee, among other things, to obtain applicable local licenses prior to commencing commercial *cannabis* activity and to keep accurate records of commercial *cannabis* activity.

This bill would require a licensee to implement, as specified, an employee training program for the licensee's employees regarding compliance with ~~MMRSA,~~ *MCRSA*, as specified. The bill would require an applicant with 20 or more employees to attest on the application that the applicant will implement an employee training program approved by the licensing authority within one year of licensure, as specified, thereby modifying the crime of perjury and imposing a state-mandated local program. The bill would require the licensing authority to deny an application of an applicant with 20 or more employees unless the applicant makes the above-mentioned attestation on the application. The bill would require each licensing authority to adopt standards for the approval of employee training programs. The bill would prohibit the licensing authority from approving a program provided by or through certain apprenticeship ~~programs:~~ *programs and programs provided by a licensee under MCRSA, except as specified.* The bill would authorize the licensing authority to approve a workplace training organization, as defined, as a 3rd-party provider. The bill would require each licensing authority to charge a fee for approving an employee training program, as specified. The bill would require that the fees collected be deposited in the appropriate account within the ~~Medical Marijuana~~ *Cannabis* Regulation and Safety Act Fund. The bill would authorize each licensing authority to adjust fees as needed once a year to cover the costs of employee training program approval. The bill would make these provisions operative on July 1, 2018.

(2) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

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

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

1 SECTION 1. Section 19322 of the Business and Professions  
2 Code is amended to read:

3 19322. (a) A person shall not submit an application for a state  
4 license issued by a licensing authority pursuant to this chapter  
5 unless that person has received a license, permit, or authorization  
6 from the local jurisdiction. An applicant for any type of state  
7 license issued pursuant to this chapter shall do all of the following:

8 (1) Electronically submit to the Department of Justice fingerprint  
9 images and related information required by the Department of  
10 Justice for the purpose of obtaining information as to the existence  
11 and content of a record of state or federal convictions and arrests,  
12 and information as to the existence and content of a record of state  
13 or federal convictions and arrests for which the Department of  
14 Justice establishes that the person is free on bail or on his or her  
15 own recognizance, pending trial or appeal.

16 (A) The Department of Justice shall provide a response to the  
17 licensing authority pursuant to paragraph (1) of subdivision (p) of  
18 Section 11105 of the Penal Code.

19 (B) The licensing authority shall request from the Department  
20 of Justice subsequent notification service, as provided pursuant to  
21 Section 11105.2 of the Penal Code, for applicants.

22 (C) The Department of Justice shall charge the applicant a fee  
23 sufficient to cover the reasonable cost of processing the requests  
24 described in this paragraph.

25 (2) Provide documentation issued by the local jurisdiction in  
26 which the proposed business is operating certifying that the  
27 applicant is or will be in compliance with all local ordinances and  
28 regulations.

29 (3) Provide evidence of the legal right to occupy and use the  
30 proposed location. For an applicant seeking a cultivator, distributor,  
31 manufacturing, testing, transporter, or dispensary license, provide  
32 a statement from the owner of real property or their agent where  
33 the cultivation, distribution, manufacturing, testing, transport, or

- 1 dispensing of commercial medical cannabis activities will occur,  
2 as proof to demonstrate the landowner has acknowledged and  
3 consented to permit cultivation, distribution, manufacturing, testing,  
4 transport, or dispensary activities to be conducted on the property  
5 by the tenant applicant.
- 6 (4) If the application is for a cultivator or a dispensary, provide  
7 evidence that the proposed location is located beyond at least a  
8 600-foot radius from a school, as required by Section 11362.768  
9 of the Health and Safety Code.
- 10 (5) Provide a statement, signed by the applicant under penalty  
11 of perjury, that the information provided is complete, true, and  
12 accurate.
- 13 (6) (A) For an applicant with 20 or more employees, provide  
14 a statement that the applicant will enter into, or demonstrate that  
15 it has already entered into, and abide by the terms of a labor peace  
16 agreement.
- 17 (B) For the purposes of this paragraph, “employee” does not  
18 include a supervisor.
- 19 (C) For purposes of this paragraph, “supervisor” means an  
20 individual having authority, in the interest of the licensee, to hire,  
21 transfer, suspend, lay off, recall, promote, discharge, assign,  
22 reward, or discipline other employees, or responsibility to direct  
23 them or to adjust their grievances, or effectively to recommend  
24 such action, if, in connection with the foregoing, the exercise of  
25 that authority is not of a merely routine or clerical nature, but  
26 requires the use of independent judgment.
- 27 (7) Provide the applicant’s valid seller’s permit number issued  
28 pursuant to Part 1 (commencing with Section 6001) of Division 2  
29 of the Revenue and Taxation Code or indicate that the applicant  
30 is currently applying for a seller’s permit.
- 31 (8) Provide any other information required by the licensing  
32 authority.
- 33 (9) For an applicant seeking a cultivation license, provide a  
34 statement declaring the applicant is an “agricultural employer,” as  
35 defined in the Alatorre-Zenovich-Dunlap-Berman Agricultural  
36 Labor Relations Act of 1975 (Part 3.5 (commencing with Section  
37 1140) of Division 2 of the Labor Code), to the extent not prohibited  
38 by law.
- 39 (10) Pay all applicable fees required for licensure by the  
40 licensing authority.

1 (11) Provide proof of a bond to cover the costs of destruction  
2 of medical cannabis or medical cannabis products if necessitated  
3 by a violation of licensing requirements.

4 (b) For applicants seeking licensure to cultivate, distribute,  
5 manufacture, test, or dispense medical cannabis or medical  
6 cannabis products, the application shall also include a detailed  
7 description of the applicant’s operating procedures for all of the  
8 following, as required by the licensing authority:

- 9 (1) Cultivation.
- 10 (2) Extraction and infusion methods.
- 11 (3) The transportation process.
- 12 (4) Inventory procedures.
- 13 (5) Quality control procedures.
- 14 (6) Security protocols.

15 (c) On and after July 1, 2018, an applicant with 20 or more  
16 employees shall attest on the application that the applicant will  
17 implement an employee training program approved by the licensing  
18 authority within one year of licensure, pursuant to Section 19326.5.

19 SEC. 2. Section 19323 of the Business and Professions Code  
20 is amended to read:

21 19323. (a) A licensing authority shall deny an application if  
22 the applicant or the premises for which a state license is applied  
23 does not qualify for licensure under this chapter or the rules and  
24 regulations for the state license.

25 (b) A licensing authority may deny an application for licensure  
26 or renewal of a state license, or issue a conditional license, if any  
27 of the following conditions apply:

28 (1) Failure to comply with the provisions of this chapter or any  
29 rule or regulation adopted pursuant to this chapter, including, but  
30 not limited to, any requirement imposed to protect natural  
31 resources, instream flow, and water quality pursuant to subdivision  
32 (a) of Section 19332.

33 (2) Conduct that constitutes grounds for denial of licensure  
34 pursuant to Chapter 2 (commencing with Section 480) of Division  
35 1.5.

36 (3) The applicant has failed to provide information required by  
37 the licensing authority.

38 (4) The applicant or licensee has been convicted of an offense  
39 that is substantially related to the qualifications, functions, or duties  
40 of the business or profession for which the application is made,

1 except that if the licensing authority determines that the applicant  
2 or licensee is otherwise suitable to be issued a license and granting  
3 the license would not compromise public safety, the licensing  
4 authority shall conduct a thorough review of the nature of the  
5 crime, conviction, circumstances, and evidence of rehabilitation  
6 of the applicant, and shall evaluate the suitability of the applicant  
7 or licensee to be issued a license based on the evidence found  
8 through the review. In determining which offenses are substantially  
9 related to the qualifications, functions, or duties of the business or  
10 profession for which the application is made, the licensing authority  
11 shall include, but not be limited to, the following:

12 (A) A felony conviction for the illegal possession for sale, sale,  
13 manufacture, transportation, or cultivation of a controlled  
14 substance.

15 (B) A violent felony conviction, as specified in subdivision (c)  
16 of Section 667.5 of the Penal Code.

17 (C) A serious felony conviction, as specified in subdivision (c)  
18 of Section 1192.7 of the Penal Code.

19 (D) A felony conviction involving fraud, deceit, or  
20 embezzlement.

21 (5) The applicant, or any of its officers, directors, or owners, is  
22 a licensed physician making patient recommendations for medical  
23 cannabis pursuant to Section 11362.7 of the Health and Safety  
24 Code.

25 (6) The applicant or any of its officers, directors, or owners has  
26 been subject to fines or penalties for cultivation or production of  
27 a controlled substance on public or private lands pursuant to  
28 Section 12025 or 12025.1 of the Fish and Game Code.

29 (7) The applicant, or any of its officers, directors, or owners,  
30 has been sanctioned by a licensing authority or a city, county, or  
31 city and county for unlicensed commercial cannabis activities or  
32 has had a license revoked under this chapter in the three years  
33 immediately preceding the date the application is filed with the  
34 licensing authority.

35 (8) Failure to obtain and maintain a valid seller's permit required  
36 pursuant to Part 1 (commencing with Section 6001) of Division 2  
37 of the Revenue and Taxation Code.

38 (9) The applicant or any of its officers, directors, owners,  
39 employees, or authorized agents have failed to comply with any

1 operating procedure required pursuant to subdivision (b) of Section  
2 19322.

3 (10) Conduct that constitutes grounds for disciplinary action  
4 pursuant to this chapter.

5 (c) On and after July 1, 2018, the licensing authority shall deny  
6 an application of an applicant with 20 or more employees unless  
7 the applicant attests on the application that the applicant will  
8 implement an employee training program approved by the licensing  
9 authority within one year of licensure, pursuant to Section 19326.5.

10 SEC. 3. Section 19326.5 is added to the Business and  
11 Professions Code, to read:

12 19326.5. (a) A licensee shall implement an employee training  
13 program to educate, inform, and train the licensee’s employees on  
14 compliance with this chapter. A licensee may employ or contract  
15 with a third-party provider to provide the employee training  
16 program. An employee training program shall include, but is not  
17 limited to, training on applicable statutory requirements, industry  
18 best practices, occupational health and safety standards, and  
19 workplace protections.

20 (b) (1) Each licensing authority shall adopt standards for the  
21 approval of employee training programs. Those standards shall  
22 prohibit approval of an employee training program provided by  
23 or through an apprenticeship program approved by the Chief of  
24 the Division of Apprenticeship Standards. *Those standards shall*  
25 *also prohibit employee training programs provided by licensees*  
26 *except when a licensee provides a training program to its own*  
27 *employees.*

28 (2) A licensing authority may approve a workplace training  
29 organization as a third-party provider of an employee training  
30 program. For purposes of this paragraph, a “workplace training  
31 organization” is a labor union organization representing wage  
32 earners or salaried employees for mutual aid and protection and  
33 for dealing collectively with cannabis employers. A licensing  
34 authority shall not be limited to approving workplace training  
35 organizations as third-party providers of employee training  
36 ~~programs.~~ *programs; however, a licensing authority shall not*  
37 *approve a third-party provider of an employee training program*  
38 *if the provider is a licensee, except as provided in paragraph (1).*

39 (c) A licensing authority shall revoke the license of any licensee  
40 with 20 or more employees that fails to implement an employee

1 training program as required by this section within one year of  
2 licensure.

3 (d) Each licensing authority shall charge a fee for approving an  
4 employee training program. Revenues collected pursuant to this  
5 subdivision shall be deposited in the appropriate fee account within  
6 the Medical-Marijuana Cannabis Regulation and Safety Act Fund  
7 established pursuant to Section ~~19350~~. 19351. Total fees assessed  
8 shall not exceed the reasonable regulatory costs. Each licensing  
9 authority may adjust fees as needed, but no more than once per  
10 year, to generate sufficient revenue to cover the costs of employee  
11 training program approval.

12 (e) This section shall become operative on July 1, 2018.

13 SEC. 4. No reimbursement is required by this act pursuant to  
14 Section 6 of Article XIII B of the California Constitution because  
15 the only costs that may be incurred by a local agency or school  
16 district will be incurred because this act creates a new crime or  
17 infraction, eliminates a crime or infraction, or changes the penalty  
18 for a crime or infraction, within the meaning of Section 17556 of  
19 the Government Code, or changes the definition of a crime within  
20 the meaning of Section 6 of Article XIII B of the California  
21 Constitution.