

AMENDED IN ASSEMBLY MARCH 26, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

**ASSEMBLY BILL**

**No. 34**

---

---

**Introduced by Assembly Member Bonta**

December 1, 2014

---

---

*An act to amend Sections 2220.05, 2242, and 2264 of, and to add Chapter 18 (commencing with Section 26000) to Division 9 of, the Business and Professions Code, to add Section 23028 to the Government Code, to amend Section 11362.775 of the Health and Safety Code, and to amend Section 1155.7 of, and to add Sections 1158.5 and 3094 to, the Labor Code, relating to medical ~~cannabis~~: cannabis, and making an appropriation therefor.*

LEGISLATIVE COUNSEL'S DIGEST

AB 34, as amended, Bonta. Medical ~~cannabis~~: state regulation: cannabis regulation and enforcement.

*(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 enacted by the Legislature, commonly referred to as the Medical Marijuana Program Act (MMPA), requires the establishment of a program for the issuance of identification cards to qualified patients so that they may use marijuana for medical purposes without arrest or prosecution under specified state law, and requires the establishment of guidelines for the lawful cultivation of marijuana grown for medical use.*

*This bill would enact the Medical Cannabis Regulation and Control Act and would establish the Division of Medical Cannabis Regulation and Enforcement within the Department of Alcoholic Beverage Control.*

*This bill would, 180 days after the division posts a specified notice on its Internet Web site, make those provisions of the MMPA that prohibit prosecution of qualified patients, persons with valid identification cards, and designated primary caregivers who associate in California, collectively or cooperatively, to cultivate marijuana for medical purposes, inapplicable to licensees. The bill would, thereafter, permit a dispensary to provide patients with medical marijuana and medical marijuana products obtained only from persons licensed under this bill.*

*This bill would require the division to license persons to engage in the various aspects of commercial cannabis activity, as defined. The bill would designate as peace officers the Director of the Department of Alcoholic Beverage Control and persons employed by the division to administer and enforce its provisions. The bill would prescribe requirements for the issuance, renewal, suspension, and revocation of a mandatory commercial license and would authorize the assessment of related fees.*

*This bill would not preclude a city or county from adopting local ordinances, consistent with this bill, that regulate the location, operation, or establishment of a licensee. The bill would require state agencies to collaborate with local agencies, and would require local agencies to, within the scope of their jurisdiction, assist state agencies in the enforcement of this chapter. By imposing these enforcement duties on local agencies, this bill would impose a state-mandated local program.*

*This bill would establish the Medical Marijuana Regulation Fund with separate accounts for fees and for penalties, and would require deposit of fees and penalties into their respective accounts within the fund. The bill would continuously appropriate fees deposited into the fund to the division for the purposes of administering the program.*

*This bill would authorize the division to establish a regulation and enforcement assistance grant program and would authorize the Department of Transportation to conduct research, and develop protocols, regarding determining whether a driver is operating a vehicle under the influence of marijuana to assist law enforcement agencies. The bill would make the fines and penalties deposited into the fund*

available, upon appropriation by the Legislature, for funding these programs.

*This bill would require the division to, as soon as practicable, adopt emergency regulations for the issuance of provisional licenses for persons who within the 12-month period preceding January 1, 2016, were engaged in medical cannabis activities, as prescribed, and would require the division to begin accepting applications for provisional licenses commencing January 1, 2016.*

*This bill would require the division to adopt regulations necessary for the implementation and enforcement of this bill in consultation with prescribed state agencies relating to environmental, agricultural, consumer protection, worker safety, and food and product safety requirements. The bill would authorize the division to enter into interagency agreements to pay, from fees deposited into the fund, the associated costs incurred by these state agencies.*

*This bill would establish a cannabis employee certification, training, and apprenticeship program. The bill would require the Division of Labor Standards Enforcement to maintain and enforce minimum standards of competency and training and to certify cannabis employees. The bill would require the Division of Labor Standards Enforcement to establish a cannabis curriculum certification committee to establish educational curriculum standards and to oversee educational providers of cannabis curriculum.*

*This bill would require a licensee to keep various records in connections with commercial cannabis activities and would prescribe requirements for making records available to the division and any state or local agency. The bill would exclude certain patient and caregiver information from disclosure to the public. With regard to limitations contained in this bill of the public's right to access certain patient information, the bill would make findings for the purposes of Section 3 of Article I of the California Constitution, regarding the interest to be protected and the need for protecting that interest.*

*This bill would declare that it does not apply to, or diminish the protections granted to, a patient or primary caregiver acting pursuant to the Compassionate Use Act of 1996 and would exempt these parties from the application of the act.*

*This bill would declare that the actions of a licensee or provisional licensee, its employees, and its agents that are within the scope of a valid license are not unlawful under state law, as specified. The bill would provide similar state law immunity for a property owner who*

*allows his or her property to be used by a licensee or provisional licensee.*

*This bill would require the division to work in conjunction with law enforcement entities throughout the state to implement and enforce the rules and regulations regarding medical cannabis and to take appropriate action against businesses and individuals that fail to comply with the law.*

*This bill would authorize the director of the division, and prescribed local entities, to bring an action to enjoin violations. The bill would require the division to establish a digital database and to allow on its Internet Web site to permit state and local law enforcement agencies to verify licenses.*

*This bill would make certain violations of its provisions a crime, thereby imposing a state-mandated local program.*

*(2) Existing law, the Medical Practice Act, establishes the Medical Board of California and sets forth its powers and duties, including, but not limited to the licensing and regulation of physicians and surgeons. Existing law sets forth the conduct that would constitute unprofessional conduct for a physician and surgeon, including, but not limited to, prescribing certain drugs without an appropriate examination or medical indication. Existing law generally makes a violation of these provisions a misdemeanor.*

*This bill would specify that recommending marijuana to patients without a good faith examination and medical reason or recommending marijuana for nonmedical purposes is unprofessional conduct.*

*This bill would provide that specified acts of recommending marijuana without a good faith examination are among the types of cases that should be given priority for investigation and prosecution by the Medical Board of California, as described above. The bill would deem as unprofessional conduct a physician and surgeon being employed by, or entering into an agreement with, a medical cannabis licensee to provide recommendations for medical marijuana.*

*By broadening the definition of a crime, the bill would impose a state-mandated local program.*

*(3) Existing law authorizes the board of supervisors of a county and the governing body of a city to impose various taxes, including a transactions and use tax at a rate of 0.25%, or a multiple thereof, if approved by the required vote of the board or governing body and the required vote of qualified voters, and limits the combined rate of transactions and use taxes within a city or county to 2%.*

*This bill would authorize the board of supervisors of a county to impose, by ordinance, a tax on the privilege of cultivating, dispensing, producing, processing, preparing, storing, providing, donating, selling, or distributing cannabis or cannabis products, including a transactions and use tax at any rate specified by the board. The bill would authorize the tax to be imposed for either general or specific governmental purposes. The bill would require a tax imposed pursuant to this authority to be subject to any applicable voter approval requirement.*

*(4) This bill would specify that its provisions are severable.*

*(5) 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 with regard to certain mandates no reimbursement is required by this act for a specified reason.*

*With regard to any other mandates, this bill would provide that, if the Commission on State Mandates determines that the bill contains costs so mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.*

~~Existing law, the Compassionate Use Act of 1996, an initiative measure enacted by the approval of Proposition 215 at the November 6, 1996, statewide general election, authorizes the use of marijuana for medical purposes. Existing law enacted by the Legislature, commonly referred to as the Medical Marijuana Program Act, requires the establishment of a program for the issuance of identification cards to qualified patients so that they may lawfully use marijuana for medical purposes, and requires the establishment of guidelines for the lawful cultivation of marijuana grown for medical use.~~

~~This bill would declare the intent of the Legislature to enact legislation that would establish a comprehensive and uniform state regulatory structure to govern the cultivation, processing, testing, and distribution of medical cannabis.~~

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

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

1     SECTION 1. *The Legislature finds and declares all of the*  
2     *following:*

1 (a) *The people of California enacted the Compassionate Use*  
2 *Act of 1996 to ensure that seriously ill Californians have access*  
3 *to marijuana for medical purposes. The Compassionate Use Act*  
4 *of 1996 urged the state and federal governments to implement a*  
5 *plan to provide for the safe and affordable distribution of medical*  
6 *marijuana to all patients in medical need of the drug.*

7 (b) *Under federal law, marijuana is a Schedule 1 drug. Its*  
8 *placement in that schedule is based upon a finding that marijuana*  
9 *has no currently accepted medical use. That finding, if correct at*  
10 *the time it was made, is no longer accurate. California, exercising*  
11 *its traditional power to regulate the practice of medicine, has*  
12 *determined that marijuana has a significant role to play.*

13 (c) *California, acting alone, is powerless to change federal law*  
14 *and to correct this misunderstanding in federal law about the role*  
15 *that marijuana can and does play in the practice of medicine.*  
16 *However, federal enforcement authorities have recognized that in*  
17 *states that have authorized marijuana use and have enacted strong*  
18 *and effective regulatory and enforcement systems to control the*  
19 *cultivation, distribution, sale, and possession of marijuana, conduct*  
20 *in compliance with those regulatory and enforcement systems is*  
21 *less likely to threaten federal priorities and, thus, less likely to*  
22 *require federal enforcement intervention (See: Memorandum For*  
23 *All United States Attorneys—Guidance Regarding Marijuana*  
24 *Enforcement, by James M. Cole, Deputy Attorney General, August*  
25 *29, 2013).*

26 (d) *The purpose of this act is to establish for California a robust*  
27 *medical cannabis regulatory and enforcement system to ensure*  
28 *that conduct in compliance with California’s medical marijuana*  
29 *laws does not threaten the federal priorities as set forth in the*  
30 *James M. Cole memorandum, and therefore, does not require*  
31 *federal enforcement intervention.*

32 *SEC. 2. Section 2220.05 of the Business and Professions Code*  
33 *is amended to read:*

34 2220.05. (a) In order to ensure that its resources are maximized  
35 for the protection of the public, the Medical Board of California  
36 shall prioritize its investigative and prosecutorial resources to  
37 ensure that physicians and surgeons representing the greatest threat  
38 of harm are identified and disciplined expeditiously. Cases  
39 involving any of the following allegations shall be handled on a

1 priority basis, as follows, with the highest priority being given to  
2 cases in the first paragraph:

3 (1) Gross negligence, incompetence, or repeated negligent acts  
4 that involve death or serious bodily injury to one or more patients,  
5 such that the physician and surgeon represents a danger to the  
6 public.

7 (2) Drug or alcohol abuse by a physician and surgeon involving  
8 death or serious bodily injury to a patient.

9 (3) Repeated acts of clearly excessive prescribing, furnishing,  
10 or administering of controlled substances, or repeated acts of  
11 prescribing, dispensing, or furnishing of controlled ~~substances~~  
12 *substances, or recommending marijuana to patients for medical*  
13 *purposes*, without a good faith prior examination of the patient  
14 and medical reason therefor. However, in no event shall a physician  
15 and surgeon prescribing, furnishing, or administering controlled  
16 substances for intractable pain consistent with lawful prescribing,  
17 including, but not limited to, Sections 725, 2241.5, and 2241.6 of  
18 this code and Sections 11159.2 and 124961 of the Health and  
19 Safety Code, be prosecuted for excessive prescribing and prompt  
20 review of the applicability of these provisions shall be made in  
21 any complaint that may implicate these provisions.

22 (4) Sexual misconduct with one or more patients during a course  
23 of treatment or an examination.

24 (5) Practicing medicine while under the influence of drugs or  
25 alcohol.

26 (b) The board may by regulation prioritize cases involving an  
27 allegation of conduct that is not described in subdivision (a). Those  
28 cases prioritized by regulation shall not be assigned a priority equal  
29 to or higher than the priorities established in subdivision (a).

30 (c) The Medical Board of California shall indicate in its annual  
31 report mandated by Section 2312 the number of temporary  
32 restraining orders, interim suspension orders, and disciplinary  
33 actions that are taken in each priority category specified in  
34 subdivisions (a) and (b).

35 *SEC. 3. Section 2242 of the Business and Professions Code is*  
36 *amended to read:*

37 2242. (a) Prescribing, dispensing, or furnishing dangerous  
38 drugs as defined in Section 4022 without an appropriate prior  
39 examination and a medical indication, constitutes unprofessional  
40 conduct. *Prescribing or recommending marijuana to a patient for*

1 *a medical purpose without an appropriate in-person prior*  
2 *examination and a medical indication, or recommending marijuana*  
3 *for a nonmedical purpose, constitutes unprofessional conduct.*

4 (b) No licensee shall be found to have committed unprofessional  
5 conduct within the meaning of this section if, at the time the drugs  
6 were prescribed, dispensed, or furnished, any of the following  
7 applies:

8 (1) The licensee was a designated physician and surgeon or  
9 podiatrist serving in the absence of the patient’s physician and  
10 surgeon or podiatrist, as the case may be, and if the drugs were  
11 prescribed, dispensed, or furnished only as necessary to maintain  
12 the patient until the return of his or her practitioner, but in any case  
13 no longer than 72 hours.

14 (2) The licensee transmitted the order for the drugs to a  
15 registered nurse or to a licensed vocational nurse in an inpatient  
16 facility, and if both of the following conditions exist:

17 (A) The practitioner had consulted with the registered nurse or  
18 licensed vocational nurse who had reviewed the patient’s records.

19 (B) The practitioner was designated as the practitioner to serve  
20 in the absence of the patient’s physician and surgeon or podiatrist,  
21 as the case may be.

22 (3) The licensee was a designated practitioner serving in the  
23 absence of the patient’s physician and surgeon or podiatrist, as the  
24 case may be, and was in possession of or had utilized the patient’s  
25 records and ordered the renewal of a medically indicated  
26 prescription for an amount not exceeding the original prescription  
27 in strength or amount or for more than one refill.

28 (4) The licensee was acting in accordance with Section 120582  
29 of the Health and Safety Code.

30 *SEC. 4. Section 2264 of the Business and Professions Code is*  
31 *amended to read:*

32 2264. The employing, directly or indirectly, the aiding, or the  
33 abetting of any unlicensed person or any suspended, revoked, or  
34 unlicensed practitioner to engage in the practice of medicine or  
35 any other mode of treating the sick or afflicted which requires a  
36 license to practice constitutes unprofessional conduct. *Employment*  
37 *by, or other agreement with, a mandatory commercial licensee*  
38 *acting pursuant to the Medical Cannabis Regulation and Control*  
39 *Act or a dispensary to provide recommendations for medical*  
40 *marijuana constitutes unprofessional conduct.*



1     *SEC. 5. Chapter 18 (commencing with Section 26000) is added*  
2 *to Division 9 of the Business and Professions Code, to read:*

3  
4     *CHAPTER 18. MEDICAL CANNABIS REGULATION AND CONTROL*

5  
6             *Article 1. General Provisions*

7  
8     26000. (a) *This chapter shall be known, and may be cited, as*  
9 *the Medical Cannabis Regulation and Control Act.*

10    (b) *It is the intent of the Legislature in enacting this chapter to*  
11 *provide for the statewide regulation of the commercial cannabis*  
12 *activity and the enforcement of laws relating to commercial*  
13 *cannabis activities. This chapter is an exercise of the police powers*  
14 *of the state for the protection of the safety, welfare, health, peace,*  
15 *and morals of the people of the state.*

16    26001. *Without limiting the authority of a city or county*  
17 *pursuant to Section 7 of Article XI of the California Constitution,*  
18 *or any other provision of law, and subject to that authority, the*  
19 *state shall have the exclusive right and power to regulate and*  
20 *license persons for the cultivation, manufacture, transportation,*  
21 *sale, and other related activities regarding medical cannabis within*  
22 *the state. In the exercise of these rights and powers, the state and*  
23 *each of its agencies are hereby deemed not to be engaged in*  
24 *activities requiring licensure under this chapter.*

25    26002. *For the purpose of this chapter:*

26    (a) *“Department” means the Department of Alcoholic Beverage*  
27 *Control.*

28    (b) *“Director” means the Director of the Department of*  
29 *Alcoholic Beverage Control, unless the context otherwise clearly*  
30 *indicates.*

31    (c) *“Division” means the Division of Medical Cannabis*  
32 *Regulation and Enforcement within the department.*

33    (d) *“Cannabis” means all parts of the plant Cannabis sativa,*  
34 *cannabis indica, or cannabis ruderalis, whether growing or not;*  
35 *the seeds thereof; the resin, whether crude or purified, extracted*  
36 *from any part of the plant; and every compound, manufacture,*  
37 *salt, derivative, mixture, or preparation of the plant, its seeds, or*  
38 *resin. It does not include the mature stalks of the plant, fiber*  
39 *produced from the stalks, oil or cake made from the seeds of the*  
40 *plant, any other compound, manufacture, salt, derivative, mixture,*

1 *or preparation of the mature stalks (except the resin extracted*  
2 *therefrom), fiber, oil, or cake, or the sterilized seed of the plant*  
3 *which is incapable of germination. “Cannabis” also means*  
4 *marijuana as defined by Section 11018 of the Health and Safety*  
5 *Code as enacted by Chapter 1407 of the Statutes of 1972.*

6 (e) *“Commercial cannabis activity” means any cultivation,*  
7 *possession, manufacture, processing, storing, laboratory testing,*  
8 *labeling, transporting, distribution, or sale of cannabis or cannabis*  
9 *product, except as set forth in subdivision (b) of Section 26052.*

10 (f) *“Medical cannabis product,” “medical marijuana product”*  
11 *or “cannabis product” means any product containing cannabis,*  
12 *including, but not limited to concentrates and extractions intended*  
13 *to be sold for use by medical marijuana patients in California*  
14 *pursuant to the Compassionate Use Act of 1996 (Proposition 215).*

15 (g) *“Manufactured cannabis” means raw marijuana that has*  
16 *undergone a process whereby the raw agricultural product has*  
17 *been transformed into a concentrate, an edible product, or a topical*  
18 *product.*

19 (h) *“Cannabis concentrate” means manufactured cannabis that*  
20 *has undergone a process to concentrate the THC, active ingredient,*  
21 *thereby increasing the product’s potency.*

22 (i) *“Tetrahydrocannabinol” or “THC” means a crystalline*  
23 *compound that is the physiologically active ingredient of cannabis.*

24 (j) *“Edible cannabis product” means manufactured cannabis*  
25 *that is intended to be used, in whole or in part, for human*  
26 *consumption, including, but not limited to, chewing gum.*

27 (k) *“Topical cannabis” means manufactured product intended*  
28 *for external use.*

29 (l) *“Identification program” means the universal identification*  
30 *certificate program for licensees.*

31 (m) *“Mandatory commercial license” or “license” means a*  
32 *mandatory commercial license issued pursuant to Article 3*  
33 *(commencing with Section 26040).*

34 (n) *“licensee” means any person licensed under this chapter*  
35 *to engage in commercial cannabis activity related to medical*  
36 *cannabis as set forth in this chapter.*

37 (o) *“Dispensary” means a licensee that dispenses cannabis or*  
38 *medical cannabis products.*

39 (p) *“Testing and labeling” means a labeling and quality*  
40 *assurance plan that addresses all of the following:*

- 1 (1) *Potency.*
- 2 (2) *Chemical residue.*
- 3 (3) *Microbiological contaminants.*
- 4 (4) *Handling, care, and storage.*
- 5 (5) *Date and location of cultivation, processing, and*
- 6 *manufacturing.*

7 (q) *“Fund” means the Medical Cannabis Control Fund*  
 8 *established pursuant to Section 26028.*

9 (r) *“Person” means any individual, firm, partnership, joint*  
 10 *venture, association, corporation, limited liability company, estate,*  
 11 *trust, business trust, receiver, syndicate, or any other group or*  
 12 *combination acting as a unit and includes the plural as well as*  
 13 *the singular number.*

14 26010. *This chapter does not, nor does Article 2 (commencing*  
 15 *with Section 11357) and Article 2.5 (commencing with Section*  
 16 *11362.7) of Chapter 6 of Division 10 of the Health and Safety*  
 17 *Code, prevent a city or county from doing any of the following:*

18 (a) *Adopting local ordinances consistent with this chapter that*  
 19 *regulate the location, operation, or establishment of a licensee or*  
 20 *any person that cultivates, processes, possesses, stores,*  
 21 *manufactures, tests, transports, distributes, or sells medical*  
 22 *cannabis.*

23 (b) *The civil or criminal enforcement of the ordinances*  
 24 *described in subdivision (a).*

25 (c) *Establishing a fee or tax for the operation of a licensee within*  
 26 *its jurisdiction.*

27 (d) *Enacting and enforcing other laws or ordinances pursuant*  
 28 *to the authority granted by Section 7 of Article XI of the California*  
 29 *Constitution.*

30

31

*Article 2. Administration*

32

33 26020. (a) *The Division of Medical Cannabis Regulation and*  
 34 *Enforcement is hereby established within the Department of*  
 35 *Alcoholic Beverage Control. The division shall be administered*  
 36 *by a person who is appointed by the director. The division shall*  
 37 *administer this chapter.*

38 (b) *No person shall engage in commercial cannabis activity*  
 39 *unless licensed by the division under this chapter. The division*

1 shall issue licenses to applicants to engage in commercial cannabis  
2 activity pursuant to this chapter.

3 (c) The division shall adopt regulations as needed to implement  
4 that licensing program as set forth in Article 3 (commencing with  
5 Section 26040). The regulations shall, in addition, do all of the  
6 following:

7 (1) Establish a scale of application, licensing, and renewal fees,  
8 based upon the cost of enforcing this chapter, as follows:

9 (A) The division shall charge each applicant for licensure or  
10 renewal an application or renewal fee that shall be calculated to  
11 cover the costs of processing the application or renewal. This fee  
12 may vary depending upon the varying costs associated with  
13 approving the application or renewal related to the varying  
14 activities covered by the license, but shall not exceed \_\_\_dollars  
15 (\$\_\_\_) for a initial application, and \_\_\_dollars (\$\_\_\_) for a  
16 renewal application.

17 (B) Upon the issuance of a license, the division shall charge  
18 each licensee a licensure fee. The licensure fee shall be calculated  
19 to cover the costs of administering this chapter, other than the  
20 costs of processing applications. The licensure fee may vary  
21 depending upon the varying costs associated with administering  
22 the various regulatory requirements of this chapter as they relate  
23 to the nature and scope of the different licensure activities, but  
24 shall not be less than \_\_\_dollars (\$\_\_\_), nor more than \_\_\_  
25 dollars (\$\_\_\_).

26 (C) The total fees assessed pursuant to this chapter, including,  
27 but not limited to, provisional license fees set forth in Section  
28 26054, shall be set in at an amount that will fairly and  
29 proportionately generate sufficient total revenue to fully cover the  
30 total costs of administering this chapter, including, but not limited  
31 to, costs set forth in Section 26023.

32 (2) Establish procedures for approval or denial of applications  
33 for licensure for each and every aspect of commercial cannabis  
34 activity, including, but not limited to, cultivation, possession,  
35 manufacture, processing, storing, laboratory testing, labeling,  
36 transporting, distribution, and sale of cannabis.

37 (3) Establish applicant qualifications.

38 (4) Establish licensee employee qualifications, including, but  
39 not limited to, training and screening requirements.

1 (5) Establish licensee security requirements, including, but not  
2 limited to, procedures to limit access to facilities and to prevent  
3 diversion of product to nonmedical use.

4 (6) Establish procedures and protocols for identifying,  
5 managing, and disposing of contaminated, adulterated,  
6 deteriorated or excess product.

7 (7) Establish advertising, marketing, signage, and labeling  
8 requirements and restrictions.

9 (8) Establish procedures for the suspension, revocation, or  
10 surrender of a license and establishing related fines and penalties  
11 to be assessed against licensees for violations of this chapter.

12 (9) Establish procedures for the oversight of the fund established  
13 pursuant to Section 26028.

14 26021. (a) The division, in consultation with the Division of  
15 Labor Standards Enforcement, shall adopt regulations establishing  
16 worker safety standards in cultivation sites, manufacturing  
17 facilities, and retail dispensary sites.

18 (b) The division, in consultation with the Department of Water  
19 Resources, shall adopt regulations to ensure that commercial  
20 cannabis activity licensed pursuant to this chapter does not  
21 threaten the state's clean water and environment and is otherwise  
22 in compliance with the California Environmental Quality Act  
23 (CEQA) (Division 13 (commencing with Section 21000)) of the  
24 Public Resources Code).

25 (c) The division, on consultation with the Department of Food  
26 and Agriculture, shall adopt regulations ensuring that the  
27 cultivation of cannabis under this chapter is in compliance with  
28 all requirements applicable to the production of a food crop,  
29 including, but not limited to, all of the following:

30 (1) Regulations regarding the verification of cannabis stock for  
31 the purposes of cultivation.

32 (2) Cultivation protocols ensuring the quality, abundance, and  
33 safety of the cannabis crop, including both indoor and outdoor  
34 cultivation standards and regulations regarding carbon offsets  
35 for indoor cultivation.

36 (3) Environmentally sound agricultural practices, including all  
37 of the following:

38 (A) A requirement that any environmental damage be addressed  
39 by the relevant state agency, including but not limited to, the State  
40 Board of Forestry and Fire Protection, the Department of Fish

1 *and Wildlife, Regional Water Quality Control Boards, the*  
2 *Department of the California Highway Patrol, the Department of*  
3 *Justice, CalFire.*

4 *(B) A provision authorizing revocation of a licensee if the state*  
5 *determines that the conduct of the licensee has inflicted significant*  
6 *damage to the environment.*

7 *(C) Standards controlling the application of pesticides. These*  
8 *standards shall, at a minimum, require that if pesticides are to be*  
9 *used, the use comply with standards analogous to Division 6*  
10 *(commencing with Section 11401) of the Food and Agricultural*  
11 *Code and its implementing regulations.*

12 *26021.5. (a) State agencies shall collaborate with local*  
13 *agencies, and local agencies shall, within the scope of their*  
14 *jurisdiction, assist state agencies in the enforcement of this chapter.*

15 *(b) No marijuana shall be cultivated on public lands pursuant*  
16 *to this chapter.*

17 *26022. The division, in consultation with the State Department*  
18 *of Public Health, shall adopt regulations to do all of the following:*

19 *(a) Establish labeling and packaging standards and*  
20 *requirements, including, but shall not be limited to, all of the*  
21 *following:*

22 *(1) Cultivation labeling requirements requiring labeling to*  
23 *include, at a minimum, THC levels, cannabinoid profile, and active*  
24 *ingredients.*

25 *(2) Edible cannabis product labeling and packaging standards,*  
26 *including, but not limited to, all of the following:*

27 *(A) A requirement that the label include the manufacturing date,*  
28 *the active ingredients, net weight, cannabinoid profile, nutritional*  
29 *facts, dosage in total milligrams of THC delivered, and any*  
30 *potential allergens.*

31 *(B) A requirement that the label include the warnings: “KEEP*  
32 *OUT OF REACH OF CHILDREN,” and “FOR MEDICAL USE*  
33 *ONLY.”*

34 *(C) A requirement that packaging contain a clear indication in*  
35 *bold font that the package contains medical cannabis, and that*  
36 *the package not be designed in a manner that attracts minors.*

37 *(D) Standards for labeling food that clearly distinguish edible*  
38 *cannabis products from non-cannabis products.*

39 *(b) Establishing consumer protection, food and product safety*  
40 *requirements, including, but not limited to, all of the following:*

1 (1) Adverse event reporting and product recall systems that  
2 include batch, lot, or control number tracking, the requirement  
3 that employees who manufacture or otherwise handle edible  
4 medical marijuana products thoroughly wash their hands before  
5 commencing production and before handling finished edible  
6 medical marijuana products.

7 (2) Standards for tetrahydrocannabinol (THC) and Cannabidiol  
8 (CBD) dosage in edible products.

9 (3) Sanitation standards analogous to the California Retail  
10 Food Code (Part 7 (commencing with Section 113700) of Division  
11 104 of the Health and Safety Code) for food preparation, storage,  
12 handling, and sale of medical cannabis products.

13 (4) A requirement that edible medical cannabis products be  
14 limited to foods that are nonpotentially hazardous food as set forth  
15 in Section 114365.5 of the Health and Safety Code.

16 (5) A requirement that facilities in which edible medical  
17 cannabis products are prepared shall be constructed in accordance  
18 with building standards and health and safety standards applicable  
19 to a food production facility, including the requirement that edible  
20 products distributed or sold by dispensaries not be produced or  
21 stored in private homes.

22 (6) Weighing or measuring standards, including, but not limited  
23 to the requirement that devices used in connection with the sale  
24 or distribution of cannabis meet standards analogous to Division  
25 5 (commencing with Section 12001) of the Business and  
26 Professions Code.

27 (7) Standards controlling the application of pesticides. These  
28 standards shall, at a minimum, require that if pesticides are to be  
29 used, the use comply with standards analogous to Division 6  
30 (commencing with Section 11401) of the Food and Agricultural  
31 Code and its implementing regulations.

32 (8) A requirement that all edible medical marijuana products  
33 shall individually wrapped at the original point of preparation.

34 (c) Establishing testing requirements for all medical cannabis  
35 products, including edible cannabis products and those used, or  
36 intended for use, via inhalation, including, but not limited to:

37 (1) Testing for the active cannabinoid profile, constituent  
38 elements, and microbiological, bacterial, pathogenic yeast and  
39 mold counts.

1 (2) *Testing standards by which to test and measure the potency*  
 2 *of medical marijuana products. The division shall also determine*  
 3 *maximum standards in the potency of medical marijuana products.*

4 (3) *A requirement that local county public health departments*  
 5 *conduct product safety testing annually to ensure the quality of*  
 6 *the cannabis product.*

7 (4) *A requirement that quality assurance tests be conducted at*  
 8 *a testing laboratory certified by the State Department of Public*  
 9 *Health.*

10 (5) *A requirement for random quality assurance testing by*  
 11 *certified testing laboratories. Testing laboratories are exempt from*  
 12 *licensure under this chapter. A testing laboratory shall not receive*  
 13 *medical cannabis products except through the division or a medical*  
 14 *cannabis licensee. Individual medical patients may deliver samples*  
 15 *for testing with a licensee. The licensee shall verify the patient’s*  
 16 *medical recommendation and may then transfer the sample to a*  
 17 *certified laboratory for testing.*

18 26023. *The regulations shall set forth the inspection and*  
 19 *enforcement responsibilities of the Division of Labor Standards*  
 20 *Enforcement, the Department of Water Resources, the State*  
 21 *Department of Public Health, and the Department of Food and*  
 22 *Agriculture associated with this chapter.*

23 26023.5. (a) *Without limiting the authority of a city or a county*  
 24 *pursuant to Section 7 of Article XI of the California Constitution*  
 25 *or any other law, the division shall adopt regulations regarding*  
 26 *the minimum standards for the operation of dispensaries. The*  
 27 *regulations shall establish all of the following:*

28 (1) *Standards for labeling of products, including the name of*  
 29 *the mandatory commercial licensee from which the product was*  
 30 *obtained, and a requirement that dispensaries provide patients*  
 31 *with detailed written information about the contents of the cannabis*  
 32 *and medical cannabis products they obtain.*

33 (2) *Requirements for inventory control and reporting that*  
 34 *require all dispensaries to be able to demonstrate the present*  
 35 *location, amounts, and descriptions of all medical cannabis*  
 36 *products from the time of delivery to the dispensary until purchase*  
 37 *by a qualified patient or primary caregiver.*

38 (3) *Minimum educational and testing requirements for licensee*  
 39 *staff, including, but not limited to, background checks and a*



1 *requirement that every dispensary maintain dedicated, licensed*  
2 *security staff both inside and outside the dispensary.*

3 *(4) Minimum standards governing signage and advertising for*  
4 *dispensaries.*

5 *(b) Commencing 180 days after the division begins issuing*  
6 *provisional licenses, a dispensary shall provide patients medical*  
7 *marijuana and medical marijuana products obtained only from*  
8 *persons licensed under this chapter.*

9 *(c) Out-of-state medical cannabis patients with current, valid*  
10 *verification that they are allowed to receive medical cannabis*  
11 *treatment within their home state may receive medical cannabis*  
12 *treatment, including the ability to purchase medical cannabis from*  
13 *licensed dispensaries within this state upon verification of the*  
14 *documents by the dispensary, pursuant to protocols established*  
15 *by the division.*

16 26024. *(a) The division may assist state taxation authorities*  
17 *in the development of uniform policies for the state taxation of*  
18 *mandatory commercial licensees.*

19 *(b) The division shall assist the Division of Occupational Safety*  
20 *and Health in the Department of Industrial Relations in the*  
21 *development of industry-specific regulations related to commercial*  
22 *medical cannabis activities.*

23 26028. *(a) The Medical Cannabis Control Fund is hereby*  
24 *established within the State Treasury. Notwithstanding Section*  
25 *16305.7 of the Government Code, the fund shall include any*  
26 *interest and dividends earned on the money in the fund.*

27 *(b) All fees collected pursuant to this chapter shall be deposited*  
28 *into the fees account, which is hereby established within the fund.*  
29 *Notwithstanding Section 13340 of the Government Code, all*  
30 *moneys within the fees account are hereby continuously*  
31 *appropriated, without regard to fiscal year, to the division solely*  
32 *for the purposes of fully funding and administering this chapter,*  
33 *including, but not limited to, the costs incurred by the division for*  
34 *its administrative expenses and costs set forth in Section 26023.*

35 *(c) All moneys collected pursuant to this chapter as a result of*  
36 *finances or penalties imposed under this chapter shall be deposited*  
37 *directly into the fines and penalties account, which is hereby*  
38 *established within the fund, and shall be available, upon*  
39 *appropriation by the Legislature, for the purposes of funding the*  
40 *enforcement grant program pursuant to subdivision (d).*

1     (d) *The division shall establish and administer a grant program*  
2 *to allocate moneys from the fines and penalties account to state*  
3 *and local entities for the purpose of assisting with medical cannabis*  
4 *regulation and the enforcement of this chapter and other state and*  
5 *local laws applicable to licensees. The costs of the grant program*  
6 *under this subdivision shall, upon appropriation by the Legislature,*  
7 *be paid for with moneys in the fines and penalties account.*

8     (e) *The Department of Transportation shall conduct research*  
9 *regarding determining whether a driver is operating a vehicle*  
10 *under the influence of marijuana, and shall develop protocols*  
11 *setting forth best practices to assist law enforcement agencies.*  
12 *The costs of the Department of Transportation under this*  
13 *subdivision shall, upon appropriation by the Legislature, be paid*  
14 *for with moneys in the fines and penalties account.*

15     (f) *The total fees charged pursuant to this chapter shall be*  
16 *sufficient to pay the costs associated with the administrative and*  
17 *enforcement duties of the division and of the associated state*  
18 *agencies in administering this chapter.*

19     (g) *The division shall enter into an interagency agreement with*  
20 *the Division of Labor Standards Enforcement, the Department of*  
21 *Water Resources, the State Department of Public Health, and the*  
22 *Department of Food and Agriculture setting forth the duties of*  
23 *those agencies under this chapter and providing for reimbursement*  
24 *of associated costs from revenues deposited into the fees account*  
25 *of the fund.*

26     26030. (a) *The director and the persons employed by the*  
27 *division for the administration and enforcement of this chapter*  
28 *are peace officers in the enforcement of the penal provisions of*  
29 *this chapter, the rules of the division adopted under this chapter,*  
30 *and any other penal provisions of law of this state prohibiting or*  
31 *regulating the cultivation, processing, storing, manufacturing,*  
32 *testing, transporting, or selling of medical cannabis, and these*  
33 *persons are authorized, while acting as peace officers, to enforce*  
34 *any penal provisions of state law while in the course of their*  
35 *employment.*

36     (b) *The director, the persons employed by the division for the*  
37 *administration and enforcement of this chapter, peace officers*  
38 *listed in Section 830.1 of the Penal Code, and those officers listed*  
39 *in Section 830.6 of the Penal Code while acting in the course and*  
40 *scope of their employment as peace officers may, in enforcing this*

1 *chapter, visit and inspect the premises of any licensee at any time*  
2 *during which the licensee is acting pursuant to the mandatory*  
3 *commercial license.*

4 *(c) Peace officers of the Department of the California Highway*  
5 *Patrol, members of the University of California and California*  
6 *State University police departments, and peace officers of the*  
7 *Department of Parks and Recreation, as defined in subdivisions*  
8 *(a), (b), (c), and (f) of Section 830.2 of the Penal Code, may, in*  
9 *enforcing this chapter, visit and inspect the premises of any*  
10 *licensee at any time during which the licensee is acting pursuant*  
11 *to the license.*

12 *26034. (a) Information identifying the names of patients, their*  
13 *medical conditions, or the names of their primary caregivers*  
14 *received and contained in records kept by the division for the*  
15 *purposes of administering this chapter are confidential and exempt*  
16 *from the California Public Records Act (Chapter 3.5 (commencing*  
17 *with Section 6250) of Division 7 of Title 1 of the Government Code)*  
18 *and are not subject to disclosure to any individual or private entity,*  
19 *except as necessary for authorized employees of the State of*  
20 *California to perform official duties pursuant to this chapter:*

21 *(b) Nothing in this section precludes the following:*

22 *(1) Division employees notifying state or local agencies about*  
23 *information submitted to the division that the employee suspects*  
24 *is falsified or fraudulent.*

25 *(2) Notifications from the division to state or local agencies*  
26 *about apparent violations of this chapter.*

27 *(3) Verification of requests by state or local law enforcement*  
28 *agencies to confirm licenses and certificates issued by the division*  
29 *or other state agency.*

30 *(4) Provision of information requested pursuant to a court order*  
31 *or subpoena issued by a court or an administrative agency or local*  
32 *governing body authorized by law to issue subpoenas.*

33 *(c) Information shall not be disclosed beyond what is necessary*  
34 *to achieve the goals of a specific investigation or the parameters*  
35 *of a specific court order or subpoena.*

36 *26035. Nothing in this chapter is intended to require an*  
37 *employer to permit or accommodate the use, consumption,*  
38 *possession, transfer, display, transportation, sale or growth or*  
39 *cannabis in the workplace or to affect the ability of employers to*  
40 *have policies restricting the use of cannabis by employees.*

Article 3. Mandatory Commercial License

1  
 2  
 3 26040. (a) The division shall adopt regulations establishing  
 4 a tiered licensing scheme to accommodate the different levels and  
 5 types of activity to be licensed. The regulations shall set forth the  
 6 application and licensure process, including, but not limited to,  
 7 all of the following:  
 8 (1) A description of the various specific forms of commercial  
 9 cannabis activity to be authorized by the various types of licenses.  
 10 (2) The establishment of license application, issuance, renewal,  
 11 suspension, surrender, and revocation procedures for the various  
 12 types of licenses to be issued.  
 13 (3) The procedures for the issuance, renewal, suspension, and  
 14 revocation of mandatory commercial licenses.  
 15 (4) Time periods, not to exceed 90 days, by which the division  
 16 shall approve or deny an application for mandatory commercial  
 17 licensure.  
 18 (5) Qualifications for licensees.  
 19 (6) Security requirements, including, but not limited to,  
 20 procedures for limiting access to facilities and for the screening  
 21 of employees.  
 22 (b) Each mandatory commercial license application approved  
 23 by the division pursuant to this chapter is separate and distinct.  
 24 (c) A mandatory commercial license application approved by  
 25 the division pursuant to this chapter shall be valid for a period  
 26 not to exceed one year from the date of approval unless revoked  
 27 or suspended earlier than that date pursuant to this chapter or the  
 28 rules or regulations adopted pursuant to this chapter  
 29 26041. A license application or renewal shall not be approved  
 30 if the division determines any of the following:  
 31 (a) The applicant fails to meet the requirements of this chapter  
 32 or any regulation adopted pursuant to this chapter, or any  
 33 applicable city or county ordinance or regulation.  
 34 (b) The applicant, or any of its officers, directors, or owners,  
 35 is under 21 years of age.  
 36 (c) The applicant has knowingly answered a question or request  
 37 for information falsely on the application form or failed to provide  
 38 information requested.  
 39 (d) The applicant, or any of its officers, directors, or owners  
 40 has been convicted in the previous five years of a violent felony,

1 as specified in subdivision (c) of Section 667.5 of the Penal Code,  
2 a serious felony as specified in subdivision (c) of Section 1192.7  
3 of the Penal Code, a felony offense involving fraud or deceit, or  
4 any other felony that, in the division's estimation, would impair  
5 the applicant's ability to appropriately operate as a mandatory  
6 commercial licensee.

7 (e) The applicant, or any of its officers, directors, or owners is  
8 a licensed physician making patient recommendations for medical  
9 cannabis.

10 (f) The applicant, or any of its officers, directors, or owners has  
11 been sanctioned by the division, a city, or a county for unlicensed  
12 commercial medical cannabis activities or has had a license  
13 revoked under this chapter in the previous three years.

14 (g) For an applicant that will have more than 20 employees,  
15 the applicant has entered into a labor peace agreement with a  
16 bona fide labor organization that is actively engaged in  
17 representing or attempting to represent the applicant's employees.

18 26042. The division shall establish a scale of application,  
19 licensing, and renewal fees, based upon the cost of enforcing this  
20 chapter, as follows:

21 (a) The division shall charge each applicant for licensure or  
22 renewal an application or renewal fee that shall be calculated to  
23 cover the costs of processing the application or renewal. This fee  
24 may vary depending upon the varying costs associated with  
25 approving the application or renewal related to the varying  
26 activities covered by the license, but shall not exceed \_\_\_\_ dollars  
27 (\$\_\_\_\_) for a initial application, and \_\_\_\_ dollars (\$\_\_\_\_) for a  
28 renewal application.

29 (b) Upon the issuance of a license, the division shall charge  
30 each licensee a licensure fee. The licensure fee shall be calculated  
31 to cover the costs of administering this chapter, other than the  
32 costs of processing applications. The licensure fee may vary  
33 depending upon the varying costs associated with administering  
34 the various regulatory requirements of this chapter as they relate  
35 to the nature and scope of the different licensure activities, but  
36 shall not be less than \_\_\_\_ dollars (\$\_\_\_\_), nor more than \_\_\_\_  
37 dollars (\$\_\_\_\_).

38 (c) The division shall establish appropriate fees as part of its  
39 emergency regulations for the issuance of provisional licenses  
40 adopted pursuant to Section 26043.

1 (d) *The total fees assessed pursuant to this chapter, including,*  
2 *but not limited to, provisional license fees set forth in Section*  
3 *26054, shall be set in at an amount that will fairly and*  
4 *proportionately generate sufficient total revenue to fully cover the*  
5 *total costs of administering this chapter, including, but not limited*  
6 *to, costs set forth in Section 26023.*

7 26043. (a) *The division shall adopt, as soon as practicable,*  
8 *emergency regulations consistent with this chapter to allow a*  
9 *qualified applicant for license to apply for and receive a*  
10 *provisional licensed to engage in commercial cannabis activity so*  
11 *as to ensure an adequate supply of medical cannabis upon full*  
12 *implementation of this chapter as set forth in Section 26054.*

13 26045. *Every mandatory commercial license is renewable*  
14 *unless the license has been revoked if the renewal application is*  
15 *submitted and the fee for it is paid. A license that has been*  
16 *suspended, but not revoked, may be renewed under this section,*  
17 *however, the act of renewal shall not effect the suspension and the*  
18 *suspension shall remain in effect upon renewal. All licenses expire*  
19 *at 12 midnight on the last day of the month posted on the license.*  
20 *All licenses shall be renewed as follows:*

21 (a) *The application to renew the license may be filed before the*  
22 *license expires upon payment of the annual fee.*

23 (b) *For 60 days after the license expires, the license may be*  
24 *renewed upon payment of the annual renewal fee plus a penalty*  
25 *fee that shall be equal to 50 percent of the annual fee.*

26 (c) *Unless otherwise terminated, or unless renewed pursuant*  
27 *to subdivision (a) or (b), a license that is in effect on the month*  
28 *posted on the license continues in effect through 12 midnight of*  
29 *the 60th day following the month posted on the license, at which*  
30 *time it is automatically canceled.*

31 (d) *A license that has been canceled pursuant to subdivision (c)*  
32 *may be reinstated during the 30 days immediately following*  
33 *cancellation upon payment by cashier's check or money order of*  
34 *the annual renewal fee, plus a penalty fee that shall be equal to*  
35 *100 percent of the annual fee. A license that has been canceled*  
36 *pursuant to subdivision (c) and that has not been reinstated within*  
37 *30 days pursuant to this subdivision is automatically revoked on*  
38 *the 31st day after the license has been canceled.*

39 (e) *A renewal application shall not be deemed filed within the*  
40 *meaning of this section unless the document itself has been actually*

1 delivered to, and the required renewal fee has been paid at, any  
2 office of the division during office hours, or unless both the  
3 document and fee have been filed and remitted pursuant to Section  
4 11003 of the Government Code.

5 26046. (a) An application for a license shall include, but shall  
6 not be limited to, all of the following:

7 (1) The legal name and proposed physical addresses of the  
8 mandatory commercial licensee.

9 (2) The name, address, and date of birth of each principal officer  
10 and board member.

11 (3) Operating and inventory control procedures to ensure  
12 security and prevent diversion.

13 (4) Detailed operating procedures for the proposed facility,  
14 which shall include, but not be limited to, provisions for facility  
15 and operational security, prevention of diversion, employee  
16 screening, storage of medical cannabis, personnel policies, and  
17 recordkeeping procedures.

18 (5) A list of all persons or entities having an ownership interest  
19 other than a security interest, lien, or encumbrance on any property  
20 that will be used by the applicant.

21 (6) Evidence of the legal right to occupy and use an established  
22 location, or an immunity from prosecution for that occupancy or  
23 use pursuant to a local ordinance or ordinances, including, but  
24 not limited to, Measure D, approved by the voters of the City of  
25 Los Angeles at the May 21, 2013, general election.

26 (7) Documentation that the applicant will be in compliance with  
27 all local ordinances and regulations, including, but not limited to,  
28 an entity granted immunity under Measure D, approved by the  
29 voters of the City of Los Angeles at the May 21, 2013, general  
30 election.

31 (8) Evidence that a minimum of 75 percent of the officers and  
32 owners of the applicant organization are residents of the State of  
33 California for at least three years.

34 (9) A statement signed by the applicant under penalty of perjury  
35 that the information provided in the application is true.

36 (b) For applicants seeking a license to cultivate and process,  
37 the application shall also include a detailed description of the  
38 operating procedures for all of the following:

39 (1) Cultivation.

40 (2) Extraction and infusion methods.

1 (3) *The transportation process.*

2 (4) *Inventory procedures.*

3 (5) *Quality control procedures.*

4 26047. (a) *Upon receipt of an application for a licensure and*  
5 *the applicable fee, the division shall make a thorough investigation*  
6 *to determine whether the applicant and the premises for which a*  
7 *license is applied qualify for the license and whether this chapter*  
8 *has been complied with, and shall investigate all matters connected*  
9 *therewith that may affect the public welfare and morals.*

10 (b) *The division shall deny an application if either the applicant*  
11 *or the premises for which a license is applied do not qualify for a*  
12 *licensure under this chapter.*

13 (c) *The division may, at its discretion, issue a license to an*  
14 *applicant who has obtained a certificate of rehabilitation pursuant*  
15 *to Section 4852.13 of the Penal Code.*

16 (d) *The division may place reasonable conditions upon licensure*  
17 *if grounds exist for denial of the license, and the division finds*  
18 *those grounds may be removed by the imposition of those*  
19 *conditions. However, the limitations set forth in paragraph (6) of*  
20 *subdivision (b) of Section 26040 shall not be waived.*

21 (e) *The division shall deny the application for licensure or*  
22 *renewal if any of the following conditions apply:*

23 (1) *Granting or continuation of a license would be contrary to*  
24 *the public welfare or morals.*

25 (2) *The applicant holding or seeking a license has violated any*  
26 *law prohibiting conduct involving moral turpitude.*

27 (3) *The applicant for has been previously convicted for drug*  
28 *trafficking, a felony conviction for embezzlement, a felony*  
29 *conviction involving fraud or deceit, or any violent or serious*  
30 *felony conviction.*

31 (4) *Local agencies have notified the division and provided*  
32 *evidence that a licensee or applicant within its jurisdiction is in*  
33 *violation of local ordinances relating to marijuana activities.*

34 (5) *The application has failed to state with sufficient specificity*  
35 *the jurisdiction in which the applicant proposes to establish*  
36 *operations.*

37 (6) *Applicants shall be notified of a denied application in writing*  
38 *via personal service or mail addressed to the address of the*  
39 *applicant or licensee set forth in the application. The denial letter*  
40 *shall contain the detailed reasons for which the application has*



1 *been denied. The applicant shall have the right to appeal the denial*  
2 *and be given a hearing within 30 days of the appeal. On appeal,*  
3 *the decision shall be upheld unless the applicant demonstrates*  
4 *that the applicant is in fact eligible for licensure and the*  
5 *application is in compliance with this chapter.*

6 26048. (a) *The division shall electronically submit to the*  
7 *Department of Justice fingerprint images and related information*  
8 *for all applicants for cultivation, dispensing, manufacturing, and*  
9 *transportation licenses for the purpose of obtaining information*  
10 *as to the existence and content of a record of state or federal*  
11 *convictions and arrests, and information regarding whether the*  
12 *person is free on bail, or on his or her own recognizance, pending*  
13 *trial or appeal.*

14 (b) *The Department of Justice shall provide a response to the*  
15 *division pursuant to paragraph (1) of subdivision (p) of Section*  
16 *11105 of the Penal Code.*

17 (c) *The division shall request from the Department of Justice*  
18 *subsequent notification service, as provided pursuant to Section*  
19 *11105.2 of the Penal Code, for persons described in this section.*

20 (d) *The Department of Justice shall charge a fee sufficient to*  
21 *cover the reasonable cost of processing the requests described in*  
22 *this section.*

23 26049. (a) *The actions of a mandatory commercial licensee*  
24 *or provisional licensee, its employees, and its agents, permitted*  
25 *pursuant to a mandatory commercial license or provisional license*  
26 *issued by the division or otherwise permitted by this chapter, that*  
27 *are within the scope of the license issued pursuant to this chapter*  
28 *and the regulations adopted pursuant to the authority granted by*  
29 *this chapter, are not unlawful under state law or local ordinance*  
30 *generally prohibiting marijuana related activity and shall not be*  
31 *an offense subject to arrest, prosecution, or other sanction under*  
32 *state law or local ordinance, or be subject to a civil fine or be a*  
33 *basis for seizure or forfeiture of assets under law.*

34 (b) *The actions of a person who, in good faith and upon*  
35 *investigation, allows his or her property to be used by a mandatory*  
36 *commercial licensee or provisional licensee, its employees, and*  
37 *its agents, as permitted pursuant to a mandatory commercial*  
38 *license or provisional license issued by the division or otherwise*  
39 *permitted by this chapter, are not unlawful under state law and*  
40 *shall not be an offense subject to arrest, prosecution, or other*

1 *sanction under state law, or be subject to a civil fine or be a basis*  
 2 *for seizure or forfeiture of assets under state law.*

3 *(c) Conduct that is within the scope of a license issued pursuant*  
 4 *to this chapter but not fully in compliance with this chapter shall*  
 5 *be subject to the enforcement provisions of this chapter and shall*  
 6 *not be subject to the penal provisions generally prohibiting*  
 7 *marijuana related activity, unless and until the license is revoked.*

8 *(d) This section shall not be deemed to limit the authority or*  
 9 *remedies of a city or county under any provision of law, including,*  
 10 *without limitation, Section 26010 or 26060 of this code or Section*  
 11 *7 of Article XI of the California Constitution.*

12 *26050. (a) A licensee shall keep, at the licensed premises,*  
 13 *accurate records of the specific commercial cannabis activity*  
 14 *conducted by the licensee. The records shall include, at a minimum,*  
 15 *all of the following for each batch of product:*

- 16 *(1) The name and address of the supplier.*
- 17 *(2) The dates in which the product was received.*
- 18 *(3) The amounts, form, and batch and lot number.*
- 19 *(4) The location of the cultivation site.*
- 20 *(5) The name of the employee who received the product.*
- 21 *(6) Records demonstrating compliance by the licensee with state*  
 22 *and federal rules and regulations regarding reporting and taxation*  
 23 *of income received.*

24 *(b) The records shall be kept for a minimum of seven years.*

25 *(c) The division may make any examination of the books and*  
 26 *records of any licensee and may visit and inspect the premises of*  
 27 *any licensee that the division may deem necessary to perform its*  
 28 *duties under this chapter.*

29 *(d) If the licensee or any employee of the licensee refuses,*  
 30 *impedes, obstructs, or interferes with an inspection pursuant to*  
 31 *this chapter or local ordinance, or if the licensee fails to maintain*  
 32 *or provide the books and records required by this section, the*  
 33 *license may be summarily suspended and the division shall directly*  
 34 *commence proceedings for the revocation of the license in*  
 35 *accordance with this chapter.*

36 *(e) All cultivation, dispensing, and retail sales licensees shall*  
 37 *be subject to an annual audit by the State Auditor in order to*  
 38 *ensure proper documentation is kept at each site or facility.*

39 *26052. (a) This chapter shall not apply to, and shall have no*  
 40 *diminishing effect on, the rights and protections granted to a*

1 *patient or a primary caregiver pursuant to the Compassionate Use*  
2 *Act of 1996.*

3 *(b) (1) A patient who cultivates, possesses, stores, manufactures,*  
4 *or transports cannabis exclusively for his or her personal medical*  
5 *use but who does not sell or distribute cannabis to any other person*  
6 *is not, thereby, engaged in commercial cannabis activity and is,*  
7 *therefore, exempt from the licensure requirements of this chapter.*

8 *(2) A primary caregiver who cultivates, possesses, stores,*  
9 *manufactures, transports, donates or provides cannabis exclusively*  
10 *for the personal medical purposes of a specified qualified patient*  
11 *for whom he or she is the primary caregiver within the meaning*  
12 *of Section 11362.7 of the Health and Safety Code but who does*  
13 *not receive remuneration for these activities except for*  
14 *compensation in full compliance with subdivision (c) of Section*  
15 *11362.765 of the Health and Safety Code is not, thereby, engaged*  
16 *in commercial cannabis activity and is, therefore, exempt from the*  
17 *licensure requirements of this chapter.*

18 *26054. (a) The division shall, as soon as practicable following*  
19 *January 1, 2016, allow a qualified applicant for license to apply*  
20 *for and receive a provisional license to engage in commercial*  
21 *cannabis activity so as to ensure an adequate supply of medical*  
22 *cannabis upon full implementation of this chapter.*

23 *(b) The division shall establish appropriate fees not to exceed*  
24 *\_\_\_\_\_ dollars (\$\_\_\_\_\_) for the issuance of a provisional license*  
25 *pursuant to this chapter.*

26 *(c) The division shall accept applications for provisional*  
27 *commercial licenses for medical cannabis activity as follows:*

28 *(1) The division shall request that every city or county provide*  
29 *the division with a list of approved entities providing medical*  
30 *cannabis to qualified patients and caregivers within the city or*  
31 *county's jurisdiction, if any, the location at which the entity is*  
32 *operating, and the names of the persons who operate the entity. If*  
33 *the jurisdiction represents that the entity has been operating in*  
34 *compliance with local laws and regulations, or has limited*  
35 *immunity under local laws, including, but not limited to, Measure*  
36 *D, approved by the voters of the City of Los Angeles at the May*  
37 *21, 2013, general election, the division shall issue a provisional*  
38 *license to the entity until the time that the entity's application for*  
39 *mandatory commercial license has been approved or denied under*

1 *this chapter, but no later than 90 days after the division begins*  
2 *accepting applications for mandatory commercial licensure.*

3 (2) *The division shall issue a provisional license to individuals*  
4 *and entities that the division determines were, during the 12 months*  
5 *prior to January 1, 2016, regularly cultivating, processing,*  
6 *manufacturing, transporting, or distributing medical cannabis*  
7 *collectively or cooperatively in full compliance with paragraphs*  
8 *A and B of Section IV of the Guidelines for Security and*  
9 *Non-Diversion of Marijuana Grown for Medical Use, issued by*  
10 *the Department of Justice in August 2008, and any applicable*  
11 *local ordinance, to continue to do so until the licensee's application*  
12 *for mandatory commercial licensure has been approved or denied*  
13 *under this chapter, but no later than 90 days after the division*  
14 *begins accepting applications for regular mandatory commercial*  
15 *licenses. The division may consult with relevant local agencies in*  
16 *making a determination on whether a provisional license applicant*  
17 *is in compliance with any applicable ordinance.*

18 (d) *To qualify for a provisional mandatory commercial license,*  
19 *applicants shall disclose to the division all of the following*  
20 *information in writing:*

21 (1) *The names, addresses, and dates of birth of each principal*  
22 *officer, owner, or board member.*

23 (2) *The common street address and assessor's parcel number*  
24 *of the property at which the licensee conducts any activity under*  
25 *the authority of the licensee.*

26 (3) *The common street address and assessor's parcel number*  
27 *of the property at which any cultivation activity was or is to be*  
28 *conducted.*

29 (4) *For the 12 months prior to January 1, 2016, the quantity of*  
30 *cannabis cultivated, processed, manufactured, tested, transported,*  
31 *or sold at a location and the quantity expected to be cultivated,*  
32 *processed, manufactured, tested, transported, or sold from January*  
33 *1, 2016, to July 1, 2016, inclusive. The licensee shall make its*  
34 *records of current activity and activity for the 12 months prior to*  
35 *January 1, 2016, available to the division upon request.*

36 (e) *Upon receipt of the application materials and fee, the*  
37 *division may issue a provisional license and send a proof of*  
38 *issuance to the applicant, if the applicant has not committed any*  
39 *act or crime constituting grounds for the denial of licensure.*

1 (f) Notwithstanding any other provision of this section, the  
2 division shall not issue a provisional license to any an individual  
3 or entity, or for any a premises, against whom there are pending  
4 state or local administrative or judicial proceedings or actions  
5 initiated by a city, county, or city and county under any applicable  
6 local ordinance or who has been determined through those  
7 proceedings to have violated any local ordinance related to  
8 marijuana activity, or that knowingly provides false or fraudulent  
9 information on an application for licensure.

10 (g) Entities that are provided immunity under Measure D,  
11 approved by the voters of the City of Los Angeles at the May 21,  
12 2013, general election, shall be considered the equivalent of  
13 entities that are registered, permitted, or licensed as a medical  
14 marijuana business, dispensary, or other entity involved in  
15 providing medical marijuana to patients under a local ordinance  
16 and shall be considered in compliance with a local ordinance for  
17 the purposes of the implementation of this section.

18 (h) Provisional licensees shall comply with all standards and  
19 requirements applicable to a licensee under this chapter, including,  
20 but not limited to, the production, recordkeeping, security, and  
21 transportation requirements and standards.

22 26055. (a) The division may adopt regulations to permit the  
23 transfer of a license from a licensee to another person who  
24 demonstrates to the division that he or she is eligible for licensure  
25 under this chapter, if all of the following requirements are met:

26 (b) The division has determined that granting an additional  
27 license of the type in question in the geographic region in question  
28 may lead to the availability of product in excess of the amounts  
29 needed to meet the medical need.

30 (c) The prospective recipient of the license complies with all of  
31 the requirements of this chapter relating to a new application for  
32 licensure, including, but not limited to, payment to the division of  
33 a reasonable license transfer fee.

34 26057. The division shall make recommendations to the  
35 Legislature pertaining to the establishment of an appeals and  
36 judicial review process for persons aggrieved by a final decision  
37 of the division.

## Article 4. Enforcement

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36  
37  
38

26060. (a) *The division shall work in conjunction with law enforcement agencies for the purposes of implementing, administering, and enforcing this chapter and the division's regulations and taking appropriate action against licensees and others who fail to comply with this chapter or the regulations adopted pursuant to this chapter.*

(b) *Nothing in this chapter or in Article 2 (commencing with Section 11357) or Article 2.5 (commencing with Section 11362.7) of Chapter 6 of Division 10 of the Health and Safety Code, shall prevent a city, county, or city and county from adopting or enforcing a zoning ordinance or other law, ordinance, or regulation that regulates the location, operation, or establishment of a licensee or other person that engages in commercial cannabis activity.*

26062. *Except for a person identified in Section 26052, a person shall not exercise the privilege or perform any act that a licensee may exercise or perform under the authority of a license unless the person is acting pursuant to a license, including, but not limited to, a provisional license, issued pursuant to this chapter.*

26063. (a) *Any product containing cannabis that is distributed, or offered for sale by a licensee shall comply with the testing, labeling, and food safety requirements established pursuant to this chapter.*

(b) *No person shall steal or fraudulently use a licensee's identification certificate, or license or other licensee's identification card or license issued by the division to acquire, cultivate, process, manufacture, test, transport, produce, possess for sale, sell, or distribute cannabis.*

(c) *No person shall counterfeit, tamper with, or fraudulently produce an identification card or license status.*

(d) *Any person who violates this section, or Section 26062, is guilty of a misdemeanor and shall be subject to the following penalties:*

(1) *For the first offense, imprisonment in a county jail for no more than \_\_\_ months or a fine not to exceed \_\_\_ dollars (\$\_\_\_), or both.*

1 (2) For a second or subsequent offense, imprisonment in a  
2 county jail for no more than \_\_\_\_ or a fine not to exceed \_\_\_\_  
3 dollars (\$\_\_\_\_), or both.

4 (e) Any person who is charged, prosecuted, or subjected to a  
5 civil penalty under this chapter shall not also be charged or  
6 prosecuted pursuant to the Health and Safety Code for conduct  
7 arising from the same set of facts.

8 26064. Any person operating an unlicensed facility, building,  
9 structure, or location where cannabis is being commercially  
10 cultivated, processed, manufactured, tested, or possessed for sale  
11 in violation of this chapter shall be subject to civil penalties of up  
12 to \_\_\_\_ dollars (\$\_\_\_\_) for each violation, and the division may  
13 order the destruction of any cannabis associated with that  
14 violation. All civil fines collected pursuant to this section shall be  
15 deposited into the fines and penalties account established pursuant  
16 to Section 26028.

17 26066. (a) The director or any district attorney, county  
18 counsel, city attorney, or city prosecutor may bring an action in  
19 the name of the people of the State of California to enjoin a  
20 violation or the threatened violation of any provision of this  
21 chapter, including, but not limited to, a licensee's failure to correct  
22 objectionable conditions following notice or as a result of any rule  
23 promulgated pursuant to this chapter. The action shall be brought  
24 in the county in which the violation occurred or is threatened to  
25 occur. Any proceeding brought pursuant to this chapter shall  
26 conform to the requirements of Chapter 3 (commencing with  
27 Section 525) of Title 7 of Part 2 of the Code of Civil Procedure.

28 (b) A state or local law enforcement agency shall immediately  
29 notify the division of any arrests made for violations over which  
30 the division has jurisdiction which involve a licensee or licensed  
31 premises. Notice shall be given within 10 days of the arrest. The  
32 division shall promptly cause an investigation to be made as to  
33 whether grounds exist for suspension or revocation of the license.

34 (c) This chapter shall not be construed to limit a law  
35 enforcement agency's ability to investigate unlawful activity in  
36 relation to a mandatory commercial licensee.

37 (d) The division shall keep a complete record of all entities  
38 licensed pursuant to this chapter. This record shall be made  
39 available on the division's Internet Web site so as to permit state

1 and local law enforcement to verify a mandatory commercial  
2 license.

3 (e) The department shall authorize the city, county, or city and  
4 county, to impose a “temporary local suspension” of the license  
5 of a commercial licensee for up to 30 days for violations of this  
6 chapter. The department shall promptly cause an investigation to  
7 be made as to whether grounds exist for continued suspension or  
8 revocation of the license.

9

10 Article 5. Transportation of Medical Cannabis

11

12 26100. A licensed transporter shall transport medical cannabis  
13 and medical cannabis products only between licensed facilities.

14 26102. (a) Prior to transporting medical cannabis products,  
15 a licensed transporter shall do both of the following:

16 (1) Complete an electronic shipping manifest as prescribed by  
17 the division.

18 (2) Securely transmit the manifest to the division and the licensee  
19 that will receive the medical cannabis product.

20 (b) During transportation, the licensed transporter shall  
21 maintain a physical copy of the shipping manifest and make it  
22 available upon request to agents of the division, local law  
23 enforcement officers, or any other designate enforcement agency.

24 (c) The licensee receiving the shipment shall maintain each  
25 electronic shipping manifest and shall make it available upon  
26 request to agents of the division, local law enforcement officers,  
27 or any other designate enforcement agency.

28 (d) Upon receipt of the shipment, a licensed facility shall submit  
29 to the division a record verifying receipt of the shipment and the  
30 details of the shipment.

31 26104. (a) Transported medical cannabis products shall be  
32 transported only in a storage compartment that is securely affixed  
33 to the interior of the transporting vehicle, and shall not be visible  
34 from outside the vehicle.

35 (b) A vehicle transporting medical cannabis products shall  
36 travel only directly between licensed facilities.

37 (c) All transport vehicles shall be staffed with a minimum of  
38 two employees. At least one transport member shall remain with  
39 the vehicle at all times when the vehicle contains medical cannabis.



1 (d) Each transport team member shall possess documentation  
2 of licensing and a government-issued identification card at all  
3 times when transporting or delivering medical marijuana and shall  
4 produce it upon the request of agents of the division or any law  
5 enforcement officials.

6 26105. (a) The division shall develop a database containing  
7 the electronic shipping manifests, which shall include, but are not  
8 limited to, the following information:

9 (1) The quantity, or weight, and variety of products shipped.

10 (2) The estimated times of departure and arrival.

11 (3) The quantity or weight, and variety of products received.

12 (4) The actual time of arrival.

13 (5) A categorization of the product.

14 (b) The database shall be designed to flag irregularities for the  
15 division to investigate. The division may, at any time, inspect  
16 shipments and request documentation for current inventory.

17 26107. (a) This chapter shall not be construed to authorize  
18 or permit any licensee to transport, or cause to be transported,  
19 cannabis or cannabis products outside the state, unless authorized  
20 by federal law.

21 (b) A local jurisdiction shall not prevent transportation of  
22 medical cannabis by a licensed transporter who acts in compliance  
23 with this chapter.

24  
25 Article 6. Cannabis Employee Certification and Apprenticeship  
26 Program

27  
28 26140. (a) The Division of Labor Standards Enforcement shall  
29 do all of the following:

30 (1) Maintain minimum standards for the competency and  
31 training of employees of a licensed cultivation site or a licensed  
32 dispensing facility, licensed pursuant to this chapter.

33 (2) Maintain an advisory committee and panels as necessary  
34 to carry out its functions under this section. There shall be  
35 employer representation on the committee and panels.

36 (3) Establish and collect certification fees not to exceed the  
37 reasonable cost to the Division of Labor Standards Enforcement  
38 in issuing certifications.

39 (4) Adopt regulations necessary to implement this article.

1 (5) Issue certification cards to employees who have been  
2 certified pursuant to this article.

3 (6) Maintain a cannabis certification curriculum committee  
4 made up of representatives of the State Department of Education,  
5 the California Community Colleges, and the Division of Labor  
6 Standards Enforcement. The committee shall do all of the  
7 following:

8 (A) Establish written educational curriculum standards for  
9 enrollees in training programs. Curriculum shall include  
10 appropriate standards for the sale, processing, and cultivation of  
11 medical marijuana including standards for dispensing, growing,  
12 harvesting, packaging, labeling, preparing, transporting,  
13 delivering, testing, storage, and preventing diversion of medical  
14 marijuana and related products, including edible medical  
15 marijuana products.

16 (B) If an educational provider's curriculum meets the written  
17 educational curriculum standards established in accordance with  
18 subparagraph (A), designate that curriculum as an approved  
19 curriculum of classroom instruction.

20 (C) At the committee's discretion, review the approved  
21 curriculum of classroom instruction of any designated educational  
22 provider. The committee may withdraw its approval of the  
23 curriculum if the educational provider does not continue to meet  
24 the established written educational curriculum standards.

25 (D) Require each designated educational provider to submit an  
26 annual notice to the committee stating whether the educational  
27 provider is continuing to offer the approved curriculum of  
28 classroom instruction and whether material changes have been  
29 made to the curriculum since its approval.

30 (b) There shall be no discrimination in favor of, or against, a  
31 person based on membership or nonmembership in a union.

32 (c) For purposes of this article, the following definitions apply:

33 (1) "Cannabis employee" means an employee of a licensee  
34 working at a licensed facility under this chapter.

35 (2) "Committee" means the cannabis curriculum certification  
36 committee established pursuant to this article.

37 26141. (a) Except as provided in subdivision (c), persons who  
38 perform work as cannabis employees shall be certified by the  
39 Division of Labor Standards Enforcement.

1 (b) Individuals desiring to be certified shall submit an  
2 application for certification and examination that includes an  
3 employment history report from the Social Security Administration.  
4 The individual may redact his or her social security number from  
5 the employment history report before it is submitted.

6 (c) (1) Certification is not required for registered apprentices  
7 working as cannabis employees as part of an apprenticeship  
8 program approved under a federal Office of Apprenticeship  
9 program or a state apprenticeship program authorized by the  
10 federal Office of Apprenticeship. An apprentice who is within one  
11 year of completion of his or her term of apprenticeship shall be  
12 permitted to take the certification examination and, upon passing  
13 the examination, shall be certified immediately upon completion  
14 of the term of apprenticeship.

15 (2) Certification is not required for any person employed  
16 pursuant to Section 26143.

17 (d) The following shall constitute additional grounds for  
18 disciplinary proceedings, including suspension or revocation of  
19 the conditional license issued pursuant to this chapter:

20 (1) The licensed cultivation site or licensed dispensing facility  
21 willfully employs one or more uncertified persons to perform work  
22 as cannabis employees in violation of this section or Section 26143.

23 (2) The licensed cultivation site or licensed dispensing facility  
24 willfully fails to provide adequate supervision of uncertified  
25 workers required by paragraph (3) of subdivision (a) of Section  
26 26143.

27 (3) The licensed cultivation site or licensed dispensing facility  
28 willfully fails to provide adequate supervision of apprentices  
29 performing work pursuant to subdivision (c).

30 (e) The Labor Commissioner shall maintain a process for  
31 referring cases to the Division of Medical Cannabis Regulation  
32 and Enforcement when it has been determined that a violation of  
33 this section has likely occurred. The Labor Commissioner shall  
34 have a memorandum of understanding with the Division of Medical  
35 Cannabis Regulation and Enforcement in furtherance of this  
36 section.

37 (f) Upon receipt of a referral by the Labor Commissioner  
38 alleging a violation under this section, the Division of Medical  
39 Cannabis Regulation and Enforcement shall open an investigation.  
40 Disciplinary action against the licensee shall be initiated within

1 60 days of the receipt of the referral. The Division of Medical  
2 Cannabis Regulation and Enforcement may initiate disciplinary  
3 action against a licensee upon his or her own investigation, the  
4 filing of a complaint, or a finding that results from a referral from  
5 the Labor Commissioner alleging a violation under this section.  
6 Failure of the employer or employee to provide evidence of  
7 certification or apprentice status shall create a rebuttable  
8 presumption of violation of this provision.

9 26142. The Division of Labor Standards Enforcement shall do  
10 all of the following:

11 (a) Make information about cannabis employee certification  
12 available in languages other than English to the extent the Division  
13 of Labor Standards Enforcement finds appropriate.

14 (b) Provide for the administration of certification tests in  
15 Spanish and, to the extent practicable, other languages spoken by  
16 a substantial number of applicants, except when the ability to  
17 understand warning signs, instructions, and certain other  
18 information in English is necessary for safety, cultivation, and  
19 dispensing.

20 (c) Ensure, in conjunction with the California Apprenticeship  
21 Council, that all cannabis apprenticeship programs that impose  
22 minimum formal education requirements as a condition of entry  
23 provide for reasonable alternative means of satisfying those  
24 requirements.

25 (d) Ensure, in conjunction with the California Apprenticeship  
26 Council, that all cannabis apprenticeship programs have adopted  
27 reasonable procedures for granting credit toward a term of  
28 apprenticeship for other vocational training and on-the-job  
29 training experience.

30 26143. (a) An uncertified person may perform work for which  
31 certification is otherwise required in order to acquire the necessary  
32 on-the-job experience for certification if all of the following  
33 requirements are met:

34 (1) The person is registered with the Division of Labor  
35 Standards Enforcement. A list of current registrants shall be  
36 maintained by the Division of Labor Standards Enforcement and  
37 made available to the public upon request.

38 (2) The person either has completed or is enrolled in an  
39 approved curriculum of classroom instruction.

1 (3) *The employer attests that the person shall be under the direct*  
2 *supervision of a cannabis employee certified pursuant to Section*  
3 *26140 who is responsible for supervising no more than one*  
4 *uncertified person. An employer who is found by the Division of*  
5 *Labor Standards Enforcement to have failed to provide adequate*  
6 *supervision may be barred from employing uncertified individuals*  
7 *in the future.*

8 (b) *For purposes of this section, “an approved curriculum of*  
9 *classroom instruction” means a curriculum of classroom*  
10 *instruction approved by the committee and provided under the*  
11 *jurisdiction of the State Department of Education, the Board of*  
12 *Governors of the California Community Colleges, or the Bureau*  
13 *for Private Postsecondary and Vocational Education.*

14 (c) *The committee may grant approval to an educational*  
15 *provider that presently offers only a partial curriculum if the*  
16 *educational provider intends in the future to offer, or to cooperate*  
17 *with other educational providers to offer, a complete curriculum*  
18 *for the type of certification involved. The committee may require*  
19 *an educational provider receiving approval for a partial*  
20 *curriculum to periodically renew its approval with the committee*  
21 *until a complete curriculum is offered and approved.*

22 (d) *An educational provider that receives approval for a partial*  
23 *curriculum shall disclose in all communications to students and*  
24 *to the public that the educational provider has only received*  
25 *approval for a partial curriculum and shall not make any*  
26 *representations that the provider offers a complete approved*  
27 *curriculum of classroom instruction.*

28 (e) *For purposes of this section, a person is enrolled in an*  
29 *approved curriculum of classroom instruction if the person is*  
30 *attending classes on a full-time or part-time basis toward the*  
31 *completion of an approved curriculum.*

32 (f) *Registration under this section shall be renewed annually*  
33 *and the registrant shall provide to the Division of Labor Standards*  
34 *Enforcement certification of the classwork completed and*  
35 *on-the-job experience acquired since the prior registration.*

36 (g) *For purposes of verifying the information provided by a*  
37 *person registered with the Division of Labor Standards*  
38 *Enforcement, an educational provider shall provide an approved*  
39 *curriculum of classroom instruction, and shall, upon the Division*  
40 *of Labor Standards Enforcement’s request, provide the Division*

1 of Labor Standards Enforcement with information regarding the  
2 enrollment status and instruction completed by an individual  
3 registered. By registering with the Division of Labor Standards  
4 Enforcement in accordance with this section, the individual  
5 consents to the release of this information.

6 (h) The Division of Labor Standards Enforcement shall establish  
7 registration fees in an amount reasonably necessary to implement  
8 this section, not to exceed twenty-five dollars (\$25) for the initial  
9 registration. There shall be no fee for annual renewal of  
10 registration. Fees shall be deposited into the Medical Cannabis  
11 Control Fund established pursuant to Section 26028 for  
12 reimbursement of the costs of the Division of Labor Standards  
13 Enforcement in administering this article.

14 (i) Notwithstanding any other law, an uncertified person who  
15 has completed an approved curriculum of classroom instruction  
16 and is currently registered with the Division of Labor Standards  
17 Enforcement may take the certification examination. The person  
18 shall be certified upon passing the examination and satisfactorily  
19 completing the requisite number of on-the-job hours required for  
20 certification. A person who passes the examination prior to  
21 completing the requisite hours of on-the-job experience shall  
22 continue to comply with subdivision (f).

23 SEC. 6. Section 23028 is added to the Government Code, to  
24 read:

25 23028. (a) (1) In addition to any authority otherwise provided  
26 by law, the board of supervisors of any county may impose, by  
27 ordinance, a tax on the privilege of cultivating, dispensing,  
28 producing, processing, preparing, storing, providing, donating,  
29 selling, or distributing marijuana by a licensee operating pursuant  
30 to the Medical Cannabis Regulation and Control Act (Chapter 18  
31 commencing with Section 26000) of Division 9 of the Business  
32 and Professions Code). The tax may be imposed for general  
33 governmental purposes or for purposes specified in the ordinance  
34 by the board of supervisors.

35 (2) The board of supervisors shall specify in the ordinance  
36 proposing the tax the activities subject to the tax, the applicable  
37 rate or rates, the method of apportionment, and the manner of  
38 collection of the tax. A tax imposed pursuant to this section is a  
39 tax and not a fee or special assessment, and the tax is not required

1 *to be apportioned on the basis of benefit to any person or property*  
2 *or be applied uniformly to all taxpayers or all real property.*

3 (3) *A tax imposed by a county pursuant to this section by a*  
4 *county may include a transactions and use tax imposed solely for*  
5 *marijuana or marijuana products, which shall otherwise conform*  
6 *to Part 1.6 (commencing with Section 7251) of Division 2 of the*  
7 *Revenue and Taxation Code. Notwithstanding Section 7251.1 of*  
8 *the Revenue and Taxation Code, the tax may be imposed at any*  
9 *rate specified by the board of supervisors, and the tax rate*  
10 *authorized by this section shall not be considered for purposes of*  
11 *the combined tax rate limitation established by that section.*

12 (4) *The tax authorized by this section may be imposed upon any*  
13 *or all of the activities set forth in paragraph (1), regardless of*  
14 *whether the activity is undertaken individually, collectively, or*  
15 *cooperatively, and regardless of whether the activity is for*  
16 *compensation or gratuitously, as determined by the board of*  
17 *supervisors.*

18 (5) *The board of supervisors shall specify whether the tax*  
19 *applies throughout the entire county or within the unincorporated*  
20 *area of the county.*

21 (b) *In addition to any other method of collection authorized by*  
22 *law, the board of supervisors may provide for the collection of the*  
23 *tax imposed pursuant to this section in the same manner, and*  
24 *subject to the same penalties and priority of lien, as other charges*  
25 *and taxes fixed and collected by the county.*

26 (c) *Any tax imposed pursuant to this section shall be subject to*  
27 *applicable voter approval requirements imposed by any other law.*

28 (d) *For purposes of this section, “marijuana” shall have the*  
29 *meanings set forth in Section 26002 of the Business and Professions*  
30 *Code.*

31 (e) *This section does not limit or prohibit the levy or collection*  
32 *or any other fee, charge, or tax, or any license or service fee or*  
33 *charge upon, or related to, the activities set forth in subdivision*

34 (a) *as otherwise provided by law. This section shall not be*  
35 *construed as a limitation upon the taxing authority of any county*  
36 *as provided by other law.*

37 (f) *The total taxation of state and local authorities shall not be*  
38 *in excess of 25 percent of retail prices.*

39 *SEC. 7. Section 11362.775 of the Health and Safety Code is*  
40 *amended to read:*

1 11362.775. (a) Qualified patients, persons with valid  
2 identification cards, and the designated primary caregivers of  
3 qualified patients and persons with identification cards, who  
4 associate within the State of California in order collectively or  
5 cooperatively to cultivate marijuana for medical purposes, shall  
6 not solely on the basis of that fact be subject to state criminal  
7 sanctions under Section 11357, 11358, 11359, 11360, 11366,  
8 11366.5, or 11570.

9 (b) *Commencing 180 days following the issuance of provisional*  
10 *licenses pursuant to the Medical Cannabis Regulation and Control*  
11 *Act (Chapter 18 (commencing with Section 26000) of Division 9*  
12 *of the Business and Professions Code), subdivision (a) shall not*  
13 *apply to licensees under that act. The Division of Medical Cannabis*  
14 *Regulation and Enforcement shall post a notice on its Internet*  
15 *Web site indicating when it has commenced issuing provisional*  
16 *licenses and when the 180 day period has been exhausted.*

17 SEC. 8. *Section 1155.7 of the Labor Code is amended to read:*

18 1155.7. (a) Nothing in this chapter shall be construed to apply  
19 or be applicable to ~~any~~ a labor organization in its representation  
20 of workers who are not agricultural employees. Any such labor  
21 organization shall continue to be governed in its intrastate activities  
22 for nonagricultural workers by Section 923 and applicable judicial  
23 precedents.

24 (b) *To the extent not prohibited by law and for purposes of this*  
25 *chapter, “agricultural employer” includes a medical cannabis*  
26 *cultivation site licensed pursuant to the Medical Cannabis*  
27 *Regulation and Control Act (Chapter 18 (commencing with Section*  
28 *26000) of Division 9 of the Business and Professions Code).*

29 SEC. 9. *Section 1158.5 is added to the Labor Code, to read:*

30 1158.5. (a) *The Division of Occupational Safety and Health*  
31 *in the Department of Industrial Relations shall develop*  
32 *industry-specific regulations related to the activities of facilities*  
33 *issued a medical cannabis license pursuant to Medical Cannabis*  
34 *Regulation and Control Act (Chapter 18 (commencing with Section*  
35 *26000) of Division 9 of the Business and Professions Code),*  
36 *including provisions for the establishment of labor peace*  
37 *agreements and an apprenticeship program to ensure professional*  
38 *standards among industry employees.*

39 (b) *The regulations shall govern agreements between a facility*  
40 *issued a conditional license and a bona fide labor organization*



1 *prohibiting labor organizations and members from engaging in*  
2 *picketing, work stoppages, boycotts, and other economic*  
3 *interference with the licensee's business. The regulations shall*  
4 *also govern agreements whereby the licensee has agreed not to*  
5 *disrupt efforts by the bona fide labor organization to communicate*  
6 *with, and attempt to organize and represent, the licensee's*  
7 *employees.*

8 *SEC. 10. Section 3094 is added to the Labor Code, to read:*

9 *3094. The Division of Apprenticeship Standards shall*  
10 *investigate, approve, or reject applications for apprenticeship*  
11 *programs for employees of a licensee pursuant to the Medical*  
12 *Cannabis Regulation and Control Act (Chapter 18 (commencing*  
13 *with Section 26000) of Division 9 of the Business and Professions*  
14 *Code). The Division of Apprenticeship Standards shall adopt*  
15 *regulations necessary to implement and regulate the establishment*  
16 *of the apprenticeship programs described in this section.*

17 *SEC. 11. The provisions of this act are severable. If any*  
18 *provision of this act or its application is held invalid, that invalidity*  
19 *shall not affect other provisions or applications that can be given*  
20 *effect without the invalid provision or application.*

21 *SEC. 12. The Legislature finds and declares that Section 5 of*  
22 *this act imposes a limitation on the public's right of access to*  
23 *documents in the possession of a public agency within the meaning*  
24 *of Section 3 of Article I of the California Constitution. Pursuant*  
25 *to that constitutional provision, the Legislature makes the following*  
26 *finding to demonstrate the interest protected by this limitation and*  
27 *the need for protecting that interest:*

28 *It is necessary to maintain the confidentiality of patient and*  
29 *physician information provided to the Division of Medical*  
30 *Cannabis Regulation and Enforcement in order to protect the*  
31 *private medical information of patients who use medical cannabis*  
32 *and to preserve the essential confidentiality of the physician and*  
33 *patient relationship.*

34 *SEC. 13. No reimbursement is required by this act pursuant*  
35 *to Section 6 of Article XIII B of the California Constitution for*  
36 *certain costs that may be incurred by a local agency or school*  
37 *district because, in that regard, this act creates a new crime or*  
38 *infraction, eliminates a crime or infraction, or changes the penalty*  
39 *for a crime or infraction, within the meaning of Section 17556 of*  
40 *the Government Code, or changes the definition of a crime within*

1 *the meaning of Section 6 of Article XIII B of the California*  
2 *Constitution.*

3 *However, if the Commission on State Mandates determines that*  
4 *this act contains other costs mandated by the state, reimbursement*  
5 *to local agencies and school districts for those costs shall be made*  
6 *pursuant to Part 7 (commencing with Section 17500) of Division*  
7 *4 of Title 2 of the Government Code.*

8 ~~SECTION 1.—It is the intent of the Legislature to enact~~  
9 ~~legislation that would establish a comprehensive and uniform state~~  
10 ~~regulatory structure to govern the cultivation, processing, testing,~~  
11 ~~and distribution of medical cannabis.~~