

AMENDED IN ASSEMBLY APRIL 20, 2015

AMENDED IN ASSEMBLY MARCH 26, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 34

Introduced by Assembly Member ~~Members Bonta and Jones-Sawyer~~

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 1158.5 147.5 and 3094 to, to the Labor Code, relating to medical cannabis, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 34, as amended, Bonta. Medical 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~~

The 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~~

The 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~~

The bill would not preclude a city or county from adopting ~~local ordinances, consistent~~ a local ordinance, not consistent with this bill, that ~~regulate~~ regulates the location, operation, or establishment of a ~~licensee. licensee or prohibits commercial cannabis activity within its jurisdiction.~~ 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. the bill.~~ By imposing these enforcement duties on local agencies, ~~this~~ the bill would impose a state-mandated local program.

~~This~~

*The 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 *moneys within the fees deposited into the fund* account to the division for the purposes of administering the program.*

~~This~~

The 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;~~ *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~~

The bill would require the ~~division to;~~ *division*, as soon as practicable, *to allow qualified applicants for licensure to apply for and receive a provisional license to engage in commercial cannabis activity and to 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; for that purpose.*

~~This~~

The 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~~

The bill would establish a cannabis employee certification, training, and apprenticeship ~~program;~~ *program for cultivation sites and dispensaries, as defined.* The bill would require the Division of Labor Standards Enforcement to maintain and enforce minimum standards ~~of~~ *for the* competency and training *of employees* 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;~~ *Enforcement, by January 1, 2017, to convene an advisory committee to evaluate whether there is a need to develop industry-specific regulations related to the activities of licensed facilities. The bill would require the advisory committee to present to the Occupational Safety and Health Standards Board its findings and recommendations for consideration by the board, and would require*

the board, by July 1, 2017, to render a decision regarding the adoption of industry-specific regulations.

~~This~~

~~The 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~~ *prohibit the disclosure of* 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. pursuant to the California Public Records Act.~~~~

~~This~~

~~The 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~~

~~The 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~~

~~The 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~~

~~The 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~~

~~The 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 *an appropriate prior* examination and a medical reason or recommending marijuana for nonmedical purposes *indication* is unprofessional conduct.

~~This~~

The 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%~~, *0.125%*, 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) *Existing constitutional provisions require that a statute that limits the right of access to the meetings of public bodies or the writings of public officials and agencies be adopted with findings demonstrating*

the interest protected by the limitation and the need for protecting that interest.

This bill would make legislative findings to that effect.

~~(5)~~

(6) 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.

Vote: majority. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: 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:

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

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

15 (c) California, acting alone, is powerless to change federal law
16 and to correct this misunderstanding in federal law about the role
17 that marijuana can and does play in the practice of medicine.
18 However, federal enforcement authorities have recognized that in
19 states that have authorized marijuana use and have enacted strong
20 and effective regulatory and enforcement systems to control the
21 cultivation, distribution, sale, and possession of marijuana, conduct
22 in compliance with those regulatory and enforcement systems is

1 less likely to threaten federal priorities and, thus, less likely to
2 require federal enforcement intervention (See: Memorandum For
3 All United States Attorneys—Guidance Regarding Marijuana
4 Enforcement, by James M. Cole, Deputy Attorney General, August
5 29, 2013).

6 (d) The purpose of this act is to establish for California a robust
7 medical cannabis regulatory and enforcement system to ensure
8 that conduct in compliance with California’s medical marijuana
9 laws does not threaten the federal priorities as set forth in the James
10 M. Cole memorandum, ~~and~~ *and*, therefore, does not require federal
11 enforcement intervention.

12 SEC. 2. Section 2220.05 of the Business and Professions Code
13 is amended to read:

14 2220.05. (a) In order to ensure that its resources are maximized
15 for the protection of the public, the Medical Board of California
16 shall prioritize its investigative and prosecutorial resources to
17 ensure that physicians and surgeons representing the greatest threat
18 of harm are identified and disciplined expeditiously. Cases
19 involving any of the following allegations shall be handled on a
20 priority basis, as follows, with the highest priority being given to
21 cases in the first paragraph:

22 (1) Gross negligence, incompetence, or repeated negligent acts
23 that involve death or serious bodily injury to one or more patients,
24 such that the physician and surgeon represents a danger to the
25 public.

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

28 (3) Repeated acts of clearly excessive prescribing, furnishing,
29 or administering of controlled substances, or repeated acts of
30 prescribing, dispensing, or furnishing of controlled substances, or
31 recommending marijuana to patients for medical purposes, without
32 a good faith prior examination of the patient and medical reason
33 therefor. However, in no event shall a physician and surgeon
34 prescribing, furnishing, or administering controlled substances for
35 intractable pain consistent with lawful prescribing, including, but
36 not limited to, Sections 725, 2241.5, and 2241.6 of this code and
37 Sections 11159.2 and 124961 of the Health and Safety Code, be
38 prosecuted for excessive prescribing and prompt review of the
39 applicability of these provisions shall be made in any complaint
40 that may implicate these provisions.

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

3 (5) Practicing medicine while under the influence of drugs or
4 alcohol.

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

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

14 SEC. 3. Section 2242 of the Business and Professions Code is
15 amended to read:

16 2242. (a) Prescribing, dispensing, or furnishing dangerous
17 drugs as defined in Section 4022 without an appropriate prior
18 examination and a medical indication, constitutes unprofessional
19 conduct. Prescribing or recommending marijuana to a patient for
20 a medical purpose without an appropriate ~~in-person~~ prior
21 examination and a medical ~~indication, or recommending marijuana~~
22 ~~for a nonmedical purpose, indication~~ constitutes unprofessional
23 conduct.

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

28 (1) The licensee was a designated physician and surgeon or
29 podiatrist serving in the absence of the patient's physician and
30 surgeon or podiatrist, as the case may be, and if the drugs were
31 prescribed, dispensed, or furnished only as necessary to maintain
32 the patient until the return of his or her practitioner, but in any case
33 no longer than 72 hours.

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

37 (A) The practitioner had consulted with the registered nurse or
38 licensed vocational nurse who had reviewed the patient's records.

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

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

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

12 SEC. 4. Section 2264 of the Business and Professions Code is
13 amended to read:

14 2264. The employing, directly or indirectly, the aiding, or the
15 abetting of any unlicensed person or any suspended, revoked, or
16 unlicensed practitioner to engage in the practice of medicine or
17 any other mode of treating the sick or afflicted which requires a
18 license to practice constitutes unprofessional conduct. Employment
19 by, or other agreement with, a mandatory commercial licensee
20 acting pursuant to the Medical Cannabis Regulation and Control
21 Act or a dispensary to provide recommendations for medical
22 marijuana constitutes unprofessional conduct.

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

25
26 CHAPTER 18. MEDICAL CANNABIS REGULATION AND CONTROL

27
28 Article 1. General Provisions

29
30 26000. (a) This chapter shall be known, and may be cited, as
31 the Medical Cannabis Regulation and Control Act.

32 (b) It is the intent of the Legislature in enacting this chapter to
33 provide for the statewide regulation of the commercial cannabis
34 activity and the enforcement of laws relating to commercial
35 cannabis *activities without preempting city or county ordinances*
36 *regulating or banning these activities*. This chapter is an exercise
37 of the police powers of the state for the protection of the safety,
38 welfare, health, peace, and morals of the people of the state.

39 26001. Without limiting the authority of a city or county
40 pursuant to Section 7 of Article XI of the California Constitution,

1 or any other provision of law, and subject to that authority, the
2 state shall have the exclusive right and power to regulate and
3 license persons for the cultivation, manufacture, transportation,
4 sale, and other related activities regarding medical cannabis within
5 the state. In the exercise of these rights and powers, the state and
6 each of its agencies are hereby deemed not to be engaged in
7 activities requiring licensure under this chapter.

8 26002. For the purpose of this chapter:

9 (a) “Department” means the Department of Alcoholic Beverage
10 Control.

11 (b) “Director” means the Director of the Department of
12 Alcoholic Beverage Control, unless the context otherwise clearly
13 indicates.

14 (c) “Division” means the Division of Medical Cannabis
15 Regulation and Enforcement within the department.

16 (d) “Cannabis” means all parts of the plant *Cannabis sativa*,
17 *cannabis indica*, or *cannabis ruderalis*, whether growing or not;
18 the seeds thereof; the resin, whether crude or purified, extracted
19 from any part of the plant; and every compound, manufacture, salt,
20 derivative, mixture, or preparation of the plant, its seeds, or resin.
21 It does not include the mature stalks of the plant, fiber produced
22 from the stalks, oil or cake made from the seeds of the plant, any
23 other compound, manufacture, salt, derivative, mixture, or
24 preparation of the mature stalks (except the resin extracted
25 therefrom), fiber, oil, or cake, or the sterilized seed of the plant
26 which is incapable of germination. “Cannabis” also means
27 marijuana as defined by Section 11018 of the Health and Safety
28 Code as enacted by Chapter 1407 of the Statutes of 1972.

29 (e) “Commercial cannabis activity” means any cultivation,
30 possession, manufacture, processing, storing, laboratory testing,
31 labeling, transporting, distribution, or sale of cannabis or cannabis
32 product, except as set forth in subdivision (b) of Section 26052.

33 (f) “Medical cannabis product,” “medical marijuana ~~product~~”
34 *product*,” or “cannabis product” means any product containing
35 cannabis, including, but not limited ~~to~~ *to*, concentrates and
36 extractions intended to be sold for use by medical marijuana
37 patients in California pursuant to the Compassionate Use Act of
38 1996 (Proposition 215).

39 (g) “Manufactured cannabis” means raw marijuana that has
40 undergone a process whereby the raw agricultural product has

1 been transformed into a concentrate, an edible product, or a topical
2 product.

3 (h) “Cannabis concentrate” means manufactured cannabis that
4 has undergone a process to concentrate the ~~THC~~, *cannabinoid*
5 active ingredient, thereby increasing the product’s potency.

6 (i) ~~“Tetrahydrocannabinol” or “THC” means a crystalline~~
7 ~~compound that is the physiologically active ingredient of cannabis.~~

8 (i) “Cannabinoid” means a chemical compound that is unique
9 to and derived from cannabis, also known as *phytocannabinoid*.

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

13 (k) “Topical cannabis” means manufactured product intended
14 for external use.

15 (l) “Identification program” means the universal identification
16 certificate program for licensees.

17 (m) “Mandatory commercial license” or “license” means a
18 mandatory commercial license issued pursuant to Article 3
19 (commencing with Section 26040).

20 (n) ~~“licensee”~~ “Licensee” means any person licensed under this
21 chapter to engage in commercial cannabis activity related to
22 medical cannabis as set forth in this chapter.

23 (o) “Dispensary” means a ~~licensee that dispenses retail location~~
24 ~~that distributes cannabis or medical cannabis products. products~~
25 ~~and is owned and operated by a licensee for these activities~~
26 ~~pursuant to this chapter.~~

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

- 29 (1) Potency.
- 30 (2) Chemical residue.
- 31 (3) Microbiological contaminants.
- 32 (4) Handling, care, and storage.
- 33 (5) Date and location of cultivation, processing, and
34 manufacturing.

35 (q) “Fund” means the Medical Cannabis Control Fund
36 established pursuant to Section 26028.

37 (r) “Person” means any individual, firm, partnership, joint
38 venture, association, corporation, limited liability company, estate,
39 trust, business trust, receiver, syndicate, or any other group or

1 combination acting as a unit and includes the plural as well as the
2 singular number.

3 (s) “Cultivation site” means a location that grows cannabis or
4 medical cannabis products and is owned and operated by a licensee
5 for these activities pursuant to this chapter.

6 (t) “Nursery” means a licensee that produces only clones,
7 immature plants, seeds, and other agricultural products used
8 specifically for the planting, propagation, and cultivation of
9 medical cannabis.

10 26010. This chapter does not, nor does Article 2 (commencing
11 with Section 11357) and Article 2.5 (commencing with Section
12 11362.7) of Chapter 6 of Division 10 of the Health and Safety
13 Code, prevent a city or county from doing any of the following:

14 (a) Adopting local ordinances ~~consistent~~ inconsistent with this
15 chapter that regulate do the following:

16 (1) Regulate the location, operation, or establishment of a
17 licensee or any person that cultivates, processes, possesses, stores,
18 manufactures, tests, transports, distributes, or sells medical
19 cannabis.

20 (2) Prohibit commercial cannabis activity within their
21 jurisdiction.

22 (b) The ~~civil~~ administrative, civil, or criminal enforcement of
23 the ordinances described in subdivision (a).

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

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

29
30
31

Article 2. Administration

32 26020. (a) The Division of Medical Cannabis Regulation and
33 Enforcement is hereby established within the Department of
34 Alcoholic Beverage Control. The division shall be administered
35 by a person who is appointed by the director. The division shall
36 administer this chapter.

37 (b) No person shall engage in commercial cannabis activity
38 unless licensed by the division under this chapter. The division
39 shall issue licenses to applicants to engage in commercial cannabis
40 activity pursuant to this chapter.

1 (c) The division shall adopt regulations as needed to implement
2 that licensing program as set forth in Article 3 (commencing with
3 ~~Section 26040~~; 26040) *within one year following the establishment*
4 *of provisional licenses, pursuant to Section 26054. The regulations*
5 *shall not limit the authority of a city or a county pursuant to Section*
6 *7 of Article XI of the California Constitution, Section 26010 or*
7 *26060, or any other law. The regulations shall, in addition, do all*
8 of the following:

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

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

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

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

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

38 (3) Establish applicant qualifications.

39 (4) Establish licensee employee qualifications, including, but
40 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, managing,
5 and disposing of contaminated, adulterated, ~~deteriorated~~
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 threaten
21 the state's clean water and ~~environment and is otherwise in~~
22 ~~compliance with the California Environmental Quality Act (CEQA)~~
23 ~~(Division 13 (commencing with Section 21000)) of the Public~~
24 ~~Resources Code). *environment.*~~

25 (c) The division, ~~on~~ *in* 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~~ *standards equivalent to the statutory and regulatory*
29 requirements applicable to the production of a food crop, including,
30 but not limited to, all of the following:

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

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

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

39 (A) A requirement that any *actual, or potential for,*
40 environmental damage be addressed by the relevant state agency,

1 ~~including~~ *including*, but not limited to, the State Board of Forestry
2 and Fire Protection, the Department of Fish and Wildlife, ~~Regional~~
3 ~~Water Quality Control Boards~~, *California regional water quality*
4 *control boards*, the Department of the California Highway Patrol,
5 ~~or the Department of Justice, CalFire.~~ *Justice.*

6 (B) A provision authorizing revocation of a licensee if the state
7 determines that the conduct of the licensee *threatens to inflict or*
8 *has inflicted significant damage to the environment.*

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

14 (d) *The division, in consultation with the Department of*
15 *Consumer Affairs, shall adopt regulations to certify laboratories*
16 *for the testing of medical cannabis and medical cannabis products,*
17 *as defined in this chapter. Certification of testing laboratories*
18 *shall be consistent with general requirements for the competence*
19 *of testing and calibration activities, including sampling, using*
20 *standard methods established by the International Organization*
21 *for Standardization, including, but not limited to, ISO/IEC 17025.*

22 26021.5. (a) State agencies shall collaborate with local
23 agencies, and local ~~agencies shall~~, *agencies*, within the scope of
24 their jurisdiction, *and to the extent that resources are available,*
25 *shall assist state agencies in the enforcement of this chapter. This*
26 *section shall not limit any other state or local requirements.*

27 (b) ~~No marijuana cannabis~~ shall be cultivated on public lands
28 pursuant to this chapter.

29 26022. The division, in consultation with the State Department
30 of Public Health, shall adopt regulations to do all of the following:

31 (a) Establish labeling and packaging standards and requirements,
32 including, but shall not be limited to, all of the following:

33 (1) Cultivation labeling requirements requiring labeling to
34 include, at a minimum, ~~THE~~ *cannabinoid* levels, cannabinoid
35 profile, and active ingredients.

36 (2) ~~Edible~~ *Edible, manufactured, and topical* cannabis product
37 labeling and packaging standards, including, but not limited to, all
38 of the following:

39 (A) A requirement that the label include the manufacturing date,
40 the active ingredients, net weight, cannabinoid profile, nutritional

1 facts, dosage in total milligrams of ~~THE~~ *cannabinoids* delivered,
 2 and any potential allergens.

3 (B) A requirement that the label include the warnings: “KEEP
 4 OUT OF REACH OF ~~CHILDREN;~~” *CHILDREN AND*
 5 *ANIMALS,*” and “FOR MEDICAL USE ONLY.”

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

9 (D) Standards for labeling food that clearly distinguish edible
 10 cannabis products from non-cannabis products.

11 (b) ~~Establishing~~ *Establish* consumer protection, food and product
 12 safety requirements, including, but not limited to, all of the
 13 following:

14 (1) Adverse event reporting and product recall systems that
 15 include batch, lot, or control number tracking, the requirement that
 16 employees who manufacture or otherwise handle edible medical
 17 ~~marijuana~~ *cannabis* products thoroughly wash their hands before
 18 commencing production and before handling finished edible
 19 medical ~~marijuana~~ *cannabis* products.

20 (2) Standards for ~~tetrahydrocannabinol (THC) and Cannabidiol~~
 21 ~~(CBD)~~ *cannabinoid* dosage in edible products.

22 (3) Sanitation standards ~~analogous~~ *equivalent* to the California
 23 Retail Food Code (Part 7 (commencing with Section 113700) of
 24 Division 104 of the Health and Safety Code) for food preparation,
 25 storage, handling, and sale of medical cannabis products.

26 (4) A requirement that edible medical cannabis products be
 27 limited to foods that are ~~nonpotentially~~ *not potentially* hazardous
 28 food as set forth in Section 114365.5 of the Health and Safety
 29 Code.

30 (5) A requirement that facilities in which edible medical
 31 cannabis products are prepared shall be constructed in accordance
 32 with building standards and health and safety standards applicable
 33 to a food production facility, including the requirement that edible
 34 products distributed or sold by dispensaries not be produced or
 35 stored in private homes.

36 (6) Weighing or measuring standards, including, but not limited
 37 ~~to~~ *to*, the requirement that devices used in connection with the sale
 38 or distribution of cannabis meet standards ~~analogous~~ *equivalent*
 39 to Division 5 (commencing with Section 12001) of the Business
 40 and Professions Code.

1 (7) Standards controlling the application of pesticides. These
2 standards shall, at a minimum, require that if pesticides are to be
3 used, the use comply with standards—~~analogous~~ *equivalent* to
4 Division 6 (commencing with Section 11401) of the Food and
5 Agricultural Code and its implementing regulations.

6 (8) A requirement that all edible medical—~~marijuana~~ *cannabis*
7 products shall *be* individually wrapped at the original point of
8 preparation.

9 ~~(c) Establishing~~ *Establish* testing requirements for all medical
10 cannabis products, including edible cannabis products and those
11 used, or intended for use, via inhalation, including, but not limited
12 to:

13 (1) Testing for the active—~~cannabinoid~~—~~profile~~;
14 *cannabinoid-profile*, constituent elements, and microbiological,
15 bacterial, pathogenic—~~yeast~~ *yeast*, and mold counts.

16 (2) Testing standards by which to test and measure the potency
17 of medical—~~marijuana~~ *cannabis* products. The division shall also
18 determine maximum standards in the potency of medical—~~marijuana~~
19 *cannabis* products.

20 ~~(3) A requirement that local county public health departments~~
21 ~~conduct product safety testing annually to ensure the quality of~~
22 ~~the cannabis product.~~

23 ~~(4) A requirement that quality assurance tests be conducted at~~
24 ~~a testing laboratory certified by the State Department of Public~~
25 ~~Health.~~

26 ~~(5) A requirement for random quality assurance testing by~~
27 ~~certified testing laboratories. Testing laboratories are exempt from~~
28 ~~licensure under this chapter. A testing laboratory shall not receive~~
29 ~~medical cannabis products except through the division or a medical~~
30 ~~cannabis licensee. Individual medical patients may deliver samples~~
31 ~~for testing with a licensee. The licensee shall verify the patient's~~
32 ~~medical recommendation and may then transfer the sample to a~~
33 ~~certified laboratory for testing.~~

34 (3) *Testing standards by which to test and measure the quality*
35 *of the cannabis product.*

36 (4) *Protocols for cannabis product safety testing.*

37 26022.5. *The regulations shall not limit the authority of a city*
38 *or a county pursuant to Section 7 of Article XI of the California*
39 *Constitution, Section 26010 or 26060, or any other law.*

1 26023. The regulations shall set forth the inspection and
2 enforcement responsibilities of the Division of Labor Standards
3 Enforcement, the Department of Water Resources, the State
4 Department of Public Health, and the Department of Food and
5 Agriculture associated with this chapter.

6 26023.5. (a) Without limiting the authority of a city or a county
7 pursuant to Section 7 of Article XI of the California Constitution
8 or any other law, the division shall adopt regulations regarding the
9 minimum standards for the operation of dispensaries. The
10 regulations shall establish all of the following:

11 (1) Standards for labeling of products, including the name of
12 the mandatory commercial licensee from which the product was
13 obtained, and a requirement that dispensaries provide patients with
14 detailed written information about the contents of the cannabis
15 and medical cannabis products they obtain.

16 (2) Requirements for inventory control and reporting that require
17 all dispensaries to be able to demonstrate the present location,
18 amounts, and descriptions of all medical cannabis products from
19 the time of delivery to the dispensary until purchase by a qualified
20 patient or primary caregiver.

21 (3) Minimum educational and testing requirements for licensee
22 staff, including, but not limited to, background checks and a
23 requirement that every dispensary maintain dedicated, licensed
24 security staff both inside and outside the dispensary.

25 (4) Minimum standards governing signage and advertising for
26 dispensaries.

27 (b) Commencing 180 days after the division begins issuing
28 provisional licenses, a dispensary shall provide patients medical
29 ~~marijuana~~ *cannabis* and medical ~~marijuana~~ *cannabis* products
30 obtained only from persons licensed under this chapter.

31 (c) Out-of-state medical cannabis patients with current, valid
32 verification that they are allowed to receive medical cannabis
33 treatment within their home state may receive medical cannabis
34 treatment, including the ability to purchase medical cannabis from
35 licensed dispensaries within this state upon verification of the
36 documents by the dispensary, pursuant to protocols established by
37 the division.

38 26024. (a) The division may assist state taxation authorities
39 in the development of uniform policies for the state taxation of
40 mandatory commercial licensees.

1 (b) The division shall assist the Division of Occupational Safety
2 and Health in the Department of Industrial Relations in the
3 development of industry-specific regulations related to commercial
4 medical cannabis activities.

5 26028. (a) The Medical Cannabis Control Fund is hereby
6 established within the State Treasury. Notwithstanding Section
7 16305.7 of the Government Code, the fund shall include any
8 interest and dividends earned on the ~~money~~ *moneys* in the fund.

9 (b) All fees collected pursuant to this chapter shall be deposited
10 into the fees account, which is hereby established within the fund.
11 Notwithstanding Section 13340 of the Government Code, all
12 moneys within the fees account are hereby continuously
13 appropriated, without regard to fiscal year, to the division solely
14 for the purposes of fully funding and administering this chapter,
15 including, but not limited to, the costs incurred by the division for
16 its administrative expenses and costs set forth in Section 26023.

17 (c) All moneys collected pursuant to this chapter as a result of
18 fines or penalties imposed under this chapter shall be deposited
19 directly into the fines and penalties account, which is hereby
20 established within the fund, and shall be available, upon
21 appropriation by the Legislature, for the purposes of funding the
22 enforcement grant program pursuant to subdivision (d).

23 (d) The division shall establish and administer a grant program
24 to allocate moneys from the fines and penalties account to state
25 and local entities for the purpose of assisting with medical cannabis
26 regulation and the enforcement of this chapter and other state and
27 local laws applicable to licensees. The costs of the grant program
28 under this subdivision shall, upon appropriation by the Legislature,
29 be paid for with moneys in the fines and penalties account.

30 (e) The Department of Transportation shall conduct research
31 regarding determining whether a driver is operating a vehicle under
32 the influence of ~~marijuana~~, *cannabis*, and shall develop protocols
33 setting forth best practices to assist law enforcement agencies. The
34 costs of the Department of Transportation under this subdivision
35 shall, upon appropriation by the Legislature, be paid for with
36 moneys in the fines and penalties account.

37 (f) The total fees charged pursuant to this chapter shall be
38 sufficient to pay the costs associated with the administrative and
39 enforcement duties of the division and of the associated state
40 agencies in administering this chapter.

1 (g) The division shall enter into an interagency agreement with
2 the Division of Labor Standards Enforcement, the Department of
3 Water Resources, the State Department of Public Health, and the
4 Department of Food and Agriculture setting forth the duties of
5 those agencies under this chapter and providing for reimbursement
6 of associated costs from revenues deposited into the fees account
7 of the fund.

8 26030. (a) The director and the persons employed by the
9 division for the administration and enforcement of this chapter are
10 peace officers in the enforcement of the penal provisions of this
11 chapter, the rules of the division adopted under this chapter, and
12 any other penal provisions of law of this state prohibiting or
13 regulating the cultivation, processing, storing, manufacturing,
14 testing, transporting, or selling of medical cannabis, and these
15 persons are authorized, while acting as peace officers, to enforce
16 any penal provisions of state law while in the course of their
17 employment.

18 (b) The director, the persons employed by the division for the
19 administration and enforcement of this chapter, peace officers
20 listed in Section 830.1 of the Penal Code, and those officers listed
21 in Section 830.6 of the Penal Code while acting in the course and
22 scope of their employment as peace officers may, in enforcing this
23 chapter, visit and inspect the premises of any licensee at any time
24 during which the licensee is acting pursuant to the mandatory
25 commercial license.

26 (c) Peace officers of the Department of the California Highway
27 Patrol, members of the University of California and California
28 State University police departments, and peace officers of the
29 Department of Parks and Recreation, as defined in subdivisions
30 (a), (b), (c), and (f) of Section 830.2 of the Penal Code, may, in
31 enforcing this chapter, visit and inspect the premises of any licensee
32 at any time during which the licensee is acting pursuant to the
33 license.

34 26034. (a) Information identifying the names of patients, their
35 medical conditions, or the names of their primary caregivers
36 received and contained in records kept by the division for the
37 purposes of administering this chapter are confidential and ~~exempt~~
38 ~~from~~ *shall not be disclosed pursuant to* the California Public
39 Records Act (Chapter 3.5 (commencing with Section 6250) of
40 Division 7 of Title 1 of the Government ~~Code~~) and are not subject

1 ~~to disclosure to any individual or private entity; Code), except as~~
 2 necessary for authorized employees of the State of California *or*
 3 *any city or county* to perform official duties pursuant to this
 4 ~~chapter; chapter, or a local ordinance adopted in accordance with~~
 5 *Section 26010.*

6 (b) Nothing in this section precludes the following:

7 (1) Division employees notifying state or local agencies about
 8 information submitted to the division that the employee suspects
 9 is falsified or fraudulent.

10 (2) Notifications from the division to state or local agencies
 11 about apparent violations of this ~~chapter; chapter or any applicable~~
 12 *local ordinance.*

13 (3) Verification of requests by state or local ~~law enforcement~~
 14 agencies to confirm licenses and certificates issued by the division
 15 or other state agency.

16 (4) Provision of information requested pursuant to a court order
 17 or subpoena issued by a court or an administrative agency or local
 18 governing body authorized by law to issue subpoenas.

19 (c) Information shall not be disclosed *by any state or local*
 20 *agency* beyond what is necessary to achieve the goals of a specific
 21 ~~investigation~~ *investigation, a notification, or the parameters of a*
 22 *specific court order or subpoena.*

23 26035. ~~Nothing in this chapter is intended to~~ *This chapter does*
 24 *not* require an employer to permit or accommodate the use,
 25 consumption, possession, transfer, display, transportation, ~~sale or~~
 26 ~~growth or sale, or growth of~~ *cannabis* in the workplace or to affect
 27 the ability of employers to have policies restricting the use of
 28 cannabis by employees.

29
 30 Article 3. Mandatory Commercial License

31
 32 26040. (a) The division shall adopt regulations establishing a
 33 tiered licensing scheme to accommodate the different levels and
 34 types of activity to be ~~licensed; licensed, including, but not limited~~
 35 *to, licenses for the cultivation, testing, manufacture, transportation,*
 36 *and dispensing of medical cannabis and medical cannabis*
 37 *products.* The regulations shall set forth the application and
 38 licensure process, including, but not limited to, all of the following:

39 (1) A description of the various specific forms of commercial
 40 cannabis activity to be authorized by the various types of licenses.

1 (2) The establishment of license application, issuance, renewal,
2 suspension, surrender, and revocation procedures for the various
3 types of licenses to be issued.

4 (3) The procedures for the issuance, renewal, suspension, and
5 revocation of mandatory commercial licenses.

6 (4) Time periods, not to exceed 90 days, by which the division
7 shall approve or deny an application for mandatory commercial
8 licensure. *The failure of the division to act upon an application*
9 *for licensure within the time prescribed shall not be deemed*
10 *approval of the application.*

11 (5) Qualifications for licensees.

12 (6) Security requirements, including, but not limited to,
13 procedures for limiting access to facilities and for the screening
14 of employees.

15 (b) Each mandatory commercial license application approved
16 by the division pursuant to this chapter is separate and distinct.

17 (c) A mandatory commercial license application approved by
18 the division pursuant to this chapter shall be valid for a period not
19 to exceed one year from the date of approval unless revoked or
20 suspended earlier than that date pursuant to this chapter or the rules
21 or regulations adopted pursuant to this chapter

22 ~~26041. A license application or renewal shall not be approved~~
23 ~~if the division determines any of the following:~~

24 ~~(a) The applicant fails to meet the requirements of this chapter~~
25 ~~or any regulation adopted pursuant to this chapter, or any applicable~~
26 ~~city or county ordinance or regulation.~~

27 ~~(b) The applicant, or any of its officers, directors, or owners, is~~
28 ~~under 21 years of age.~~

29 ~~(c) The applicant has knowingly answered a question or request~~
30 ~~for information falsely on the application form or failed to provide~~
31 ~~information requested.~~

32 ~~(d) The applicant, or any of its officers, directors, or owners has~~
33 ~~been convicted in the previous five years of a violent felony, as~~
34 ~~specified in subdivision (c) of Section 667.5 of the Penal Code, a~~
35 ~~serious felony as specified in subdivision (c) of Section 1192.7 of~~
36 ~~the Penal Code, a felony offense involving fraud or deceit, or any~~
37 ~~other felony that, in the division's estimation, would impair the~~
38 ~~applicant's ability to appropriately operate as a mandatory~~
39 ~~commercial licensee.~~

1 ~~(e) The applicant, or any of its officers, directors, or owners is~~
2 ~~a licensed physician making patient recommendations for medical~~
3 ~~cannabis.~~

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

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

12 *26041. An individual licensed pursuant to this chapter shall*
13 *do the following, as applicable:*

14 *(a) A cultivation licensee shall:*

15 *(1) Comply with all regulations of the Department of Food and*
16 *Agriculture pursuant to this chapter regarding the cultivation of*
17 *medical cannabis.*

18 *(2) Comply with any other applicable requirement of the division*
19 *pursuant to this chapter.*

20 *(b) Testing licensees shall be subject to the following:*

21 *(1) A testing licensee shall not receive medical cannabis*
22 *products except through the division or a medical cannabis*
23 *licensee.*

24 *(2) A testing licensee shall not be licensed for any activity*
25 *authorized under this article, and shall not hold an ownership*
26 *interest in any real property, personal property, or other assets*
27 *associated or used in any other license category.*

28 *(3) Any other applicable requirement of the division pursuant*
29 *to this chapter.*

30 *(c) A manufacturing licensee shall comply with any applicable*
31 *requirement of the division pursuant to this chapter.*

32 *(d) A transportation licensee of medical cannabis shall:*

33 *(1) Maintain intrastate operating authority.*

34 *(2) Maintain interstate operating authority, to the extent*
35 *permitted by federal law.*

36 *(3) Be allowed by local jurisdictions to transport medical*
37 *cannabis, if the licensee is in compliance with this chapter.*

38 *(e) Dispensary licensees shall:*

1 (1) *Be permitted to store quantities of medical cannabis for*
2 *commercial purposes pursuant to this chapter, as deemed safe by*
3 *the division.*

4 (2) *Comply with all applicable requirements of the division*
5 *pursuant to this chapter.*

6 26042. The division shall establish a scale of application,
7 licensing, and renewal fees, based upon the cost of enforcing this
8 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~~ an initial application, and ____ dollars (\$____) for
16 a 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 costs
20 of processing applications. The licensure fee may vary depending
21 upon the varying costs associated with administering the various
22 regulatory requirements of this chapter as they relate to the nature
23 and scope of the different licensure activities, but shall not be less
24 than ____ dollars (\$____), nor more than ____ dollars (\$____).

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

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

34 26043. ~~(a)~~ The division shall adopt, as soon as practicable,
35 emergency regulations consistent with this chapter to allow a
36 qualified applicant for ~~license~~ licensure to apply for and receive
37 a provisional ~~licensed~~ license to engage in commercial cannabis
38 activity so as to ensure an adequate supply of medical cannabis
39 upon full implementation of this chapter as set forth in Section
40 26054.

1 26045. Every mandatory commercial license is renewable
2 unless the license has been revoked if the renewal application is
3 submitted and the fee for it is paid. A license that has been
4 suspended, but not revoked, may be renewed under this section,
5 however, the act of renewal shall not ~~effect~~ *affect* the suspension
6 and the suspension shall remain in effect upon renewal. All licenses
7 expire at 12 midnight on the last day of the month posted on the
8 license. All licenses shall be renewed as follows:

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

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

14 (c) Unless otherwise terminated, or unless renewed pursuant to
15 subdivision (a) or (b), a license that is in effect on the month posted
16 on the license continues in effect through 12 midnight of the 60th
17 day following the month posted on the license, at which time it is
18 automatically canceled.

19 (d) A license that has been canceled pursuant to subdivision (c)
20 may be reinstated during the 30 days immediately following
21 cancellation upon payment by cashier's check or money order of
22 the annual renewal fee, plus a penalty fee that shall be equal to
23 100 percent of the annual fee. A license that has been canceled
24 pursuant to subdivision (c) and that has not been reinstated within
25 30 days pursuant to this subdivision is automatically revoked on
26 the 31st day after the license has been canceled.

27 (e) A renewal application shall not be deemed filed within the
28 meaning of this section unless the document itself has been actually
29 delivered to, and the required renewal fee has been paid at, any
30 office of the division during office hours, or unless both the
31 document and fee have been filed and remitted pursuant to Section
32 11003 of the Government Code.

33 26046. (a) An application for a license shall include, but shall
34 not be limited to, all of the following:

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

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

39 (3) Operating and inventory control procedures to ensure
40 security and prevent diversion.

- 1 (4) Detailed operating procedures for the proposed facility,
 2 which shall include, but not be limited to, provisions for facility
 3 and operational security, prevention of diversion, employee
 4 screening, storage of medical cannabis, personnel policies, and
 5 recordkeeping procedures.
- 6 (5) A list of all persons or entities having an ownership interest
 7 other than a security interest, lien, or encumbrance on any property
 8 that will be used by the applicant.
- 9 (6) Evidence of the legal right to occupy and use an established
 10 location, or an immunity from prosecution for that occupancy or
 11 use pursuant to a local ordinance or ordinances, including, but not
 12 limited to, Measure D, approved by the voters of the City of Los
 13 Angeles at the May 21, 2013, general election.
- 14 (7) Documentation that the applicant will be in compliance with
 15 all local ordinances and regulations, including, but not limited to,
 16 an entity granted immunity under Measure D, approved by the
 17 voters of the City of Los Angeles at the May 21, 2013, general
 18 election.
- 19 (8) Evidence that a minimum of 75 percent of the officers and
 20 owners of the applicant organization ~~are~~ *have been* residents of
 21 the State of California for at least three years.
- 22 (9) *For an applicant with 20 employees or more, a statement*
 23 *that the applicant will enter into, or demonstrate that it has already*
 24 *entered into, and abide by the terms of, a “labor peace agreement,”*
 25 *as defined by the division in consultation with the Division of Labor*
 26 *Standards Enforcement.*
- 27 (10) *For an applicant seeking a license to cultivate, a statement*
 28 *declaring the applicant is an “agricultural employer,” as defined*
 29 *in the Alatorre-Zenovich-Dunlap-Berman Agricultural Labor*
 30 *Relations Act of 1975 (Part 3.5 (commencing with Section 1140)*
 31 *of Division 2 of the Labor Code), to the extent not prohibited by*
 32 *law.*
- 33 ~~(9)~~
- 34 (11) 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, the
 37 application shall also include a detailed description of the operating
 38 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 ~~been~~ 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)~~

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

36 ~~(5)~~

37 (4) The application has failed to state with sufficient specificity
38 the jurisdiction in which the applicant proposes to establish
39 operations.

1 (5) *The applicant fails to meet the requirements of this chapter*
2 *or any regulation adopted pursuant to this chapter, or any*
3 *applicable city or county ordinance or regulation.*

4 (6) *The applicant, or any of its officers, directors, or owners,*
5 *is under 21 years of age.*

6 (7) *The applicant has knowingly answered a question or request*
7 *for information falsely on the application form or failed to provide*
8 *information requested.*

9 (8) *The applicant, or any of its officers, directors, or owners*
10 *has been convicted of a felony criminal conviction for drug*
11 *trafficking, a violent felony, as specified in subdivision (c) of*
12 *Section 667.5 of the Penal Code, a serious felony as specified in*
13 *subdivision (c) of Section 1192.7 of the Penal Code, a felony*
14 *offense involving fraud or deceit, or any other felony that, in the*
15 *division's determination, would impair the applicant's ability to*
16 *appropriately operate as a mandatory commercial licensee.*

17 (9) *The applicant, or any of its officers, directors, or owners is*
18 *a licensed physician making patient recommendations for medical*
19 *cannabis.*

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

24 ~~(6)~~

25 (11) Applicants shall be notified of a denied application in
26 writing via personal service or mail addressed to the address of
27 the applicant or licensee set forth in the application. The denial
28 letter shall contain the detailed reasons for which the application
29 has been denied. The applicant shall have the right to appeal the
30 denial and be given a hearing within 30 days of the appeal. On
31 appeal, the decision shall be upheld unless the applicant
32 demonstrates that the applicant is in fact eligible for licensure and
33 the application is in compliance with this chapter.

34 26048. (a) The division shall electronically submit to the
35 Department of Justice fingerprint images and related information
36 for all applicants for cultivation, dispensing, manufacturing, and
37 transportation licenses for the purpose of obtaining information
38 as to the existence and content of a record of state or federal
39 convictions and arrests, and information regarding whether the

1 person is free on bail, or on his or her own recognizance, pending
2 trial or appeal.

3 (b) The Department of Justice shall provide a response to the
4 division pursuant to paragraph (1) of subdivision (p) of Section
5 11105 of the Penal Code.

6 (c) The division shall request from the Department of Justice
7 subsequent notification service, as provided pursuant to Section
8 11105.2 of the Penal Code, for persons described in this section.

9 (d) The Department of Justice shall charge a fee sufficient to
10 cover the reasonable cost of processing the requests described in
11 this section.

12 26049. (a) The actions of a mandatory commercial licensee
13 or provisional licensee, its employees, and its agents, permitted
14 pursuant to a mandatory commercial license or provisional license
15 issued by the division or otherwise permitted by this chapter, that
16 are within the scope of the license issued pursuant to this chapter
17 and the regulations adopted pursuant to the authority granted by
18 this chapter, are not unlawful under state law ~~or local ordinance~~
19 ~~generally prohibiting marijuana-related activity~~ and shall not be
20 an offense subject to arrest, prosecution, or other sanction under
21 state law ~~or local ordinance~~, law, or be subject to a civil fine or be
22 a basis for seizure or forfeiture of assets under law.

23 (b) The actions of a person who, in good faith and upon
24 investigation, allows his or her property to be used by a mandatory
25 commercial licensee or provisional licensee, its employees, and
26 its agents, as permitted pursuant to a mandatory commercial license
27 or provisional license issued by the division or otherwise permitted
28 by this chapter, are not unlawful under state law and shall not be
29 an offense subject to arrest, prosecution, or other sanction under
30 state law, or be subject to a civil fine or be a basis for seizure or
31 forfeiture of assets under state law.

32 (c) Conduct that is within the scope of a license issued pursuant
33 to this chapter but not fully in compliance with this chapter shall
34 be subject to the enforcement provisions of this chapter and shall
35 not be subject to the penal provisions generally prohibiting
36 ~~marijuana-related~~ *cannabis-related* activity, unless and until the
37 license is revoked.

38 (d) This section shall not be deemed to limit the authority or
39 remedies of a city or county under any provision of law, including,
40 without limitation, ~~Section 26010 or 26060 of this code or Section~~

1 7 of Article XI of the California ~~Constitution~~. *Constitution or*
 2 *Section 26010 or 26060.*

3 26050. (a) A licensee shall keep, at the licensed premises,
 4 accurate records of the specific commercial cannabis activity
 5 conducted by the licensee. The records shall include, at a minimum,
 6 all of the following for each batch of product:

- 7 (1) The name and address of the supplier.
- 8 (2) The dates ~~in~~ *on* which the product was received.
- 9 (3) The amounts, form, and batch and lot number.
- 10 (4) The location of the cultivation site.
- 11 (5) The name of the employee who received the product.
- 12 (6) Records demonstrating compliance by the licensee with state
 13 and federal rules and regulations regarding reporting and taxation
 14 of income received.

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

16 (c) The division may make any examination of the books and
 17 records of any licensee and may visit and inspect the premises of
 18 any licensee that the division may deem necessary to perform its
 19 duties under this chapter.

20 (d) If the licensee or any employee of the licensee refuses,
 21 impedes, obstructs, or interferes with an inspection pursuant to
 22 this chapter or local ordinance, or if the licensee fails to maintain
 23 or provide the books and records required by this section, the
 24 license may be summarily suspended and the division shall directly
 25 commence proceedings for the revocation of the license in
 26 accordance with this chapter.

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

30 26052. (a) This chapter shall not apply to, and shall have no
 31 diminishing effect on, the rights and protections granted to a patient
 32 or a primary caregiver pursuant to the Compassionate Use Act of
 33 1996.

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

39 (2) A primary caregiver who cultivates, possesses, stores,
 40 manufactures, transports, ~~donates~~ *donates*, or provides cannabis

1 exclusively for the personal medical purposes of a specified
2 qualified patient for whom he or she is the primary caregiver within
3 the meaning of Section 11362.7 of the Health and Safety Code but
4 who does not receive remuneration for these activities except for
5 compensation in full compliance with subdivision (c) of Section
6 11362.765 of the Health and Safety Code is not, thereby, engaged
7 in commercial cannabis activity and is, therefore, exempt from the
8 licensure requirements of this chapter.

9 26054. (a) The division shall, as soon as practicable following
10 January 1, 2016, allow a qualified applicant for ~~license~~ *licensure*
11 to apply for and receive a provisional ~~licensed~~ *license* to engage
12 in commercial cannabis activity so as to ensure an adequate supply
13 of medical cannabis upon full implementation of this chapter.

14 (b) The division shall establish appropriate fees not to exceed
15 ____ dollars (\$____) for the issuance of a provisional license
16 pursuant to this chapter.

17 (c) The division shall accept applications for provisional
18 commercial licenses for medical cannabis activity as follows:

19 (1) The division shall request that every city or county provide
20 the division with a list of approved entities providing medical
21 cannabis to qualified patients and caregivers within the city or
22 county's jurisdiction, if any, the location at which the entity is
23 operating, and the names of the persons who operate the entity. If
24 the jurisdiction represents that the entity has been operating in
25 compliance with local laws and regulations, or has limited
26 immunity under local laws, including, but not limited to, Measure
27 D, approved by the voters of the City of Los Angeles at the May
28 21, 2013, general election, the division shall issue a provisional
29 license to the entity until the time that the entity's application for
30 mandatory commercial ~~license~~ *licensure* has been approved or
31 denied under this chapter, but no later than 90 days after the
32 division begins accepting applications for mandatory commercial
33 licensure.

34 (2) The division shall issue a provisional license to individuals
35 and entities that the division determines were, during the 12 months
36 prior to January 1, 2016, regularly cultivating, processing,
37 manufacturing, transporting, or distributing medical cannabis
38 collectively or cooperatively in full compliance with paragraphs
39 A and B of Section IV of the Guidelines for Security and
40 Non-Diversion of Marijuana Grown for Medical Use, issued by

1 the Department of Justice in August 2008, and any applicable local
2 ordinance, to continue to do so until the licensee's application for
3 mandatory commercial licensure has been approved or denied
4 under this chapter, but no later than 90 days after the division
5 begins accepting applications for regular mandatory commercial
6 licenses. The division may consult with relevant local agencies in
7 making a determination on whether a provisional license applicant
8 is in compliance with any applicable ordinance.

9 (d) To qualify for a provisional mandatory commercial license,
10 applicants shall disclose to the division all of the following
11 information in writing:

12 (1) The names, addresses, and dates of birth of each principal
13 officer, owner, or board member.

14 (2) The common street address and assessor's parcel number
15 of the property at which the licensee conducts any activity under
16 the authority of the licensee.

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

20 (4) For the 12 months prior to January 1, 2016, the quantity of
21 cannabis cultivated, processed, manufactured, tested, transported,
22 or sold at a location and the quantity expected to be cultivated,
23 processed, manufactured, tested, transported, or sold from January
24 1, 2016, to July 1, 2016, inclusive. The licensee shall make its
25 records of current activity and activity for the 12 months prior to
26 January 1, 2016, available to the division upon request.

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

31 (f) Notwithstanding any other provision of this section, the
32 division shall not issue a provisional license to ~~any~~ an individual
33 or entity, or for ~~any~~ a premises, against whom there are pending
34 state or local administrative or judicial proceedings or actions
35 initiated by a city, county, or city and county under any applicable
36 local ordinance or who has been determined through those
37 proceedings to have violated any local ordinance related to
38 ~~marijuana~~ *cannabis* activity, or that knowingly provides false or
39 fraudulent information on an application for licensure.

1 (g) Entities that are provided immunity under Measure D,
2 approved by the voters of the City of Los Angeles at the May 21,
3 2013, general election, shall be considered the equivalent of entities
4 that are registered, permitted, or licensed as a medical marijuana
5 business, dispensary, or other entity involved in providing medical
6 marijuana to patients under a local ordinance and shall be
7 considered in compliance with a local ordinance for the purposes
8 of the implementation of this section.

9 (h) Provisional licensees shall comply with all standards and
10 requirements applicable to a licensee under this chapter, including,
11 but not limited to, the production, recordkeeping, security, and
12 transportation requirements and standards.

13 26055. ~~(a)~~—The division may adopt regulations to permit the
14 transfer of a license from a licensee to another person who
15 demonstrates to the division that he or she is eligible for licensure
16 under this chapter, if ~~all~~ of the following requirements are met:

17 ~~(b)~~

18 (a) The division has determined that granting an additional
19 license of the type in question in the geographic region in question
20 may lead to the availability of product in excess of the amounts
21 needed to meet the medical need.

22 ~~(c)~~

23 (b) The prospective recipient of the license complies with all
24 of the requirements of this chapter relating to a new application
25 for licensure, including, but not limited to, payment to the division
26 of a reasonable license transfer fee.

27 26057. The division shall make recommendations to the
28 Legislature pertaining to the establishment of an appeals and
29 judicial review process for persons aggrieved by a final decision
30 of the division.

31

32

Article 4. Enforcement

33

34 26060. (a) The division shall work in conjunction with law
35 enforcement agencies for the purposes of implementing,
36 administering, and enforcing this chapter and the division's
37 regulations and taking appropriate action against licensees and
38 others who fail to comply with this chapter or the regulations
39 adopted pursuant to this chapter.

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

8 26062. Except for a person identified in Section 26052, a person
 9 shall not exercise the privilege or perform any act that a licensee
 10 may exercise or perform under the authority of a license unless
 11 the person is acting pursuant to a license, including, but not limited
 12 to, a provisional ~~license~~, *license* issued pursuant to this chapter.

13 26063. (a) Any product containing cannabis that is ~~distributed~~,
 14 *distributed* or offered for sale by a licensee shall comply with the
 15 testing, labeling, and food safety requirements established pursuant
 16 to this chapter.

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

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

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

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

30 (2) For a second or subsequent offense, imprisonment in a
 31 county jail for no more than ____ or a fine not to exceed ____
 32 dollars (\$____), or both.

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

37 26064. Any person *engaging in commercial cannabis activity*
 38 *and* operating an unlicensed facility, building, structure, *vehicle*,
 39 *mobile unit*, or location ~~where cannabis is being commercially~~
 40 ~~cultivated, processed, manufactured, tested, or possessed for sale~~

1 in violation of this chapter shall be subject to civil penalties of up
2 to ____ dollars (\$____) for each violation, and the division *or*
3 *court* may order the destruction of any cannabis associated with
4 that violation. All civil fines collected pursuant to this section shall
5 be deposited into the fines and penalties account established
6 pursuant to Section 26028. *If an action for civil penalties is brought*
7 *by the Attorney General, the penalty collected shall be deposited*
8 *into the General Fund pursuant to Section 26028. If the action is*
9 *brought by a district attorney or county counsel, the penalty*
10 *collected shall be paid to the treasurer of the county in which the*
11 *judgment was entered. If the action is brought by a city attorney*
12 *or city prosecutor, the penalty collected shall be paid to the*
13 *treasurer of the city in which the judgment was entered.*

14 26066. (a) The director or any district attorney, county counsel,
15 city attorney, or city prosecutor may bring an action in the name
16 of the people of the State of California to enjoin a violation or the
17 threatened violation of any provision of this chapter, including,
18 but not limited to, a licensee's failure to correct objectionable
19 conditions following notice or as a result of any rule promulgated
20 pursuant to this *chapter, and to assess and recover civil penalties*
21 *in accordance with this chapter.* The action shall be brought in the
22 county in which the violation occurred or is threatened to occur.
23 Any proceeding *for injunctive relief* brought pursuant to this
24 chapter shall conform to the requirements of Chapter 3
25 (commencing with Section 525) of Title 7 of Part 2 of the Code
26 of Civil Procedure.

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

34 (c) This chapter shall not be construed to limit a law enforcement
35 agency's ability to investigate unlawful activity in relation to a
36 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~~, *county* to impose a “temporary local suspension” of the
5 license of a commercial licensee for up to 30 days for violations
6 of this chapter. The department shall promptly cause an
7 investigation to be made as to whether grounds exist for continued
8 suspension or 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, a
15 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
19 licensee that will receive the medical cannabis product.

20 (b) During transportation, the licensed transporter shall maintain
21 a physical copy of the shipping manifest and make it available
22 upon request to agents of the division, local law enforcement
23 officers, or any other ~~designate~~ *designated* 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~~ *designated* 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 travel
36 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~~ *cannabis*
4 and shall produce it upon the request of agents of the division or
5 any law 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 or~~
18 ~~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 *for Cultivation Sites and Dispensaries*

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 to~~
34 ~~carry out its functions under this section. There shall be employer~~
35 ~~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 appropriate~~
10 ~~standards for the sale, processing, and cultivation of medical~~
11 ~~marijuana including standards for dispensing, growing, harvesting,~~
12 ~~packaging, labeling, preparing, transporting, delivering, testing,~~
13 ~~storage, and preventing diversion of medical marijuana and related~~
14 ~~products, including edible medical marijuana products.~~

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

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

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

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

31 ~~(e) For purposes of this article, the following definitions apply:~~

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

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

36 ~~26140. This article applies only to cultivation sites and~~
37 ~~dispensaries.~~

38 ~~26140.5. The Division of Labor Standards Enforcement shall~~
39 ~~do all of the following:~~

1 (a) Maintain minimum standards for the competency and
2 training of employees of a licensed cultivator or dispensary through
3 a system of testing and certification.

4 (b) Maintain an advisory committee and panels as necessary
5 to carry out its functions under this article. There shall be employer
6 representation on the committee and panels.

7 (c) Adopt regulations as determined to be necessary to
8 implement this article.

9 (d) Issue certification cards to employees certified pursuant to
10 this article.

11 (e) Establish registration fees in an amount reasonably
12 necessary to implement this article, not to exceed twenty-five
13 dollars (\$25) for the initial registration. There shall be no fee for
14 annual renewal of registration. Fees shall be placed in the fund.

15 26141. (a) ~~Except~~ Commencing January 1, 2019, except as
16 provided in subdivision (c), persons who perform work as cannabis
17 employees shall be certified by the Division of Labor Standards
18 Enforcement.

19 (b) ~~Individuals~~ Commencing January 1, 2019, individuals
20 desiring to be certified shall submit an application for certification
21 and examination that includes an employment history report from
22 the Social Security Administration. The individual may redact his
23 or her social security number from the employment history report
24 before it is submitted. examination.

25 (c) (1) Certification is not required for registered apprentices
26 working as cannabis employees as part of an apprenticeship
27 program approved on or after January 1, 2019, under a federal
28 Office of Apprenticeship program or a state state-approved
29 apprenticeship program authorized by the federal Office of
30 Apprenticeship. program. An apprentice who is within one year
31 of completion of his or her term of apprenticeship shall be
32 permitted to take the certification examination and, upon passing
33 the examination, shall be certified immediately upon completion
34 of the term of apprenticeship.

35 (2) ~~Certification is not required for any person employed~~
36 ~~pursuant to Section 26143.~~

37 (2) On or after January 1, 2019, an uncertified person may
38 perform work for which certification is otherwise required in order
39 to acquire the necessary on-the-job experience for certification
40 provided that the person shall be under the direct supervision of

1 *a cannabis employee certified pursuant to Section 26141 who is*
2 *responsible for supervising no more than one uncertified person.*

3 *(3) The Division of Labor Standards Enforcement may develop*
4 *additional criteria governing this subdivision.*

5 ~~(d)~~

6 *26141.5. (a) The following shall constitute additional grounds*
7 *for disciplinary proceedings, including suspension or revocation*
8 *of the ~~conditional~~ license issued pursuant to this chapter:*

9 ~~(1) The licensed cultivation site or licensed dispensing facility~~
10 *licensee willfully employs one or more uncertified persons to*
11 *perform work as cannabis employees in violation of this section*
12 ~~or Section 26143. section.~~

13 ~~(2) The licensed cultivation site or licensed dispensing facility~~
14 *licensee willfully fails to provide adequate supervision of*
15 *uncertified workers required by paragraph (3) of subdivision (a)*
16 ~~of Section 26143. workers.~~

17 ~~(3) The licensed cultivation site or licensed dispensing facility~~
18 *licensee willfully fails to provide adequate supervision of*
19 *apprentices performing work pursuant to paragraph (1) of*
20 *subdivision ~~(e)~~. (c) of Section 26141.*

21 ~~(e)~~

22 *(b) The Labor Commissioner shall maintain a process for*
23 *referring cases to the Division of Medical Cannabis Regulation*
24 *and Enforcement when it has been determined that a violation of*
25 *this section has likely occurred. The Labor Commissioner shall*
26 *have a memorandum of understanding with the Division of Medical*
27 *Cannabis Regulation and Enforcement in furtherance of this*
28 *section.*

29 ~~(f)~~

30 *(c) Upon receipt of a referral by the Labor Commissioner*
31 *alleging a violation under this section, the Division of Medical*
32 *Cannabis Regulation and Enforcement shall open an investigation.*
33 *Disciplinary action against the licensee shall be initiated within*
34 *60 days of the receipt of the referral. The Division of Medical*
35 *Cannabis Regulation and Enforcement may initiate disciplinary*
36 *action against a licensee upon his or her own investigation, the*
37 *filing of a complaint, or a finding that results from a referral from*
38 *the Labor Commissioner alleging a violation under this section.*
39 *Failure of the employer or employee to provide evidence of*

1 certification or apprentice status shall create a rebuttable
2 presumption of violation of this provision.

3 *(d) This section shall become operative on January 1, 2019.*

4 ~~26142. The Division of Labor Standards Enforcement shall do~~
5 ~~all of the following:~~

6 ~~(a) Make information about cannabis employee certification~~
7 ~~available in languages other than English to the extent the Division~~
8 ~~of Labor Standards Enforcement finds appropriate.~~

9 ~~(b) Provide for the administration of certification tests in Spanish~~
10 ~~and, to the extent practicable, other languages spoken by a~~
11 ~~substantial number of applicants, except when the ability to~~
12 ~~understand warning signs, instructions, and certain other~~
13 ~~information in English is necessary for safety, cultivation, and~~
14 ~~dispensing.~~

15 ~~(c) Ensure, in conjunction with the California Apprenticeship~~
16 ~~Council, that all cannabis apprenticeship programs that impose~~
17 ~~minimum formal education requirements as a condition of entry~~
18 ~~provide for reasonable alternative means of satisfying those~~
19 ~~requirements.~~

20 ~~(d) Ensure, in conjunction with the California Apprenticeship~~
21 ~~Council, that all cannabis apprenticeship programs have adopted~~
22 ~~reasonable procedures for granting credit toward a term of~~
23 ~~apprenticeship for other vocational training and on-the-job training~~
24 ~~experience.~~

25 ~~26143. (a) An uncertified person may perform work for which~~
26 ~~certification is otherwise required in order to acquire the necessary~~
27 ~~on-the-job experience for certification if all of the following~~
28 ~~requirements are met:~~

29 ~~(1) The person is registered with the Division of Labor Standards~~
30 ~~Enforcement. A list of current registrants shall be maintained by~~
31 ~~the Division of Labor Standards Enforcement and made available~~
32 ~~to the public upon request.~~

33 ~~(2) The person either has completed or is enrolled in an approved~~
34 ~~curriculum of classroom instruction.~~

35 ~~(3) The employer attests that the person shall be under the direct~~
36 ~~supervision of a cannabis employee certified pursuant to Section~~
37 ~~26140 who is responsible for supervising no more than one~~
38 ~~uncertified person. An employer who is found by the Division of~~
39 ~~Labor Standards Enforcement to have failed to provide adequate~~

1 supervision may be barred from employing uncertified individuals
2 in the future.

3 ~~(b) For purposes of this section, “an approved curriculum of~~
4 ~~classroom instruction” means a curriculum of classroom instruction~~
5 ~~approved by the committee and provided under the jurisdiction of~~
6 ~~the State Department of Education, the Board of Governors of the~~
7 ~~California Community Colleges, or the Bureau for Private~~
8 ~~Postsecondary and Vocational Education.~~

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

17 ~~(d) An educational provider that receives approval for a partial~~
18 ~~curriculum shall disclose in all communications to students and~~
19 ~~to the public that the educational provider has only received~~
20 ~~approval for a partial curriculum and shall not make any~~
21 ~~representations that the provider offers a complete approved~~
22 ~~curriculum of classroom instruction.~~

23 ~~(e) For purposes of this section, a person is enrolled in an~~
24 ~~approved curriculum of classroom instruction if the person is~~
25 ~~attending classes on a full-time or part-time basis toward the~~
26 ~~completion of an approved curriculum.~~

27 ~~(f) Registration under this section shall be renewed annually~~
28 ~~and the registrant shall provide to the Division of Labor Standards~~
29 ~~Enforcement certification of the classwork completed and~~
30 ~~on-the-job experience acquired since the prior registration.~~

31 ~~(g) For purposes of verifying the information provided by a~~
32 ~~person registered with the Division of Labor Standards~~
33 ~~Enforcement, an educational provider shall provide an approved~~
34 ~~curriculum of classroom instruction, and shall, upon the Division~~
35 ~~of Labor Standards Enforcement’s request, provide the Division~~
36 ~~of Labor Standards Enforcement with information regarding the~~
37 ~~enrollment status and instruction completed by an individual~~
38 ~~registered. By registering with the Division of Labor Standards~~
39 ~~Enforcement in accordance with this section, the individual~~
40 ~~consents to the release of this information.~~

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

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

18 SEC. 6. Section 23028 is added to the Government Code, to
19 read:

20 23028. (a) (1) In addition to any authority otherwise provided
21 by law, the board of supervisors of any county may impose, by
22 ordinance, a tax on the privilege of cultivating, dispensing,
23 producing, processing, preparing, storing, providing, donating,
24 selling, or distributing ~~marijuana~~ *cannabis* by a licensee operating
25 pursuant to the Medical Cannabis Regulation and Control Act
26 (Chapter 18 (commencing with Section 26000) of Division 9 of
27 the Business and Professions Code). The tax may be imposed for
28 general governmental purposes or for purposes specified in the
29 ordinance by the board of supervisors.

30 (2) The board of supervisors shall specify in the ordinance
31 proposing the tax the activities subject to the tax, the applicable
32 rate or rates, the method of apportionment, and the manner of
33 collection of the tax. A tax imposed pursuant to this section is a
34 tax and not a fee or special assessment, and the tax is not required
35 to be apportioned on the basis of benefit to any person or property
36 or be applied uniformly to all taxpayers or all real property.

37 (3) A tax imposed by a county pursuant to this section by a
38 county may include a transactions and use tax imposed solely for
39 ~~marijuana~~ *cannabis* or ~~marijuana~~ *cannabis* products, which shall
40 otherwise conform to Part 1.6 (commencing with Section 7251)

1 of Division 2 of the Revenue and Taxation Code. Notwithstanding
2 Section 7251.1 of the Revenue and Taxation Code, the tax may
3 be imposed at any rate specified by the board of supervisors, and
4 the tax rate authorized by this section shall not be considered for
5 purposes of the combined tax rate limitation established by that
6 section.

7 (4) The tax authorized by this section may be imposed upon
8 any or all of the activities set forth in paragraph (1), regardless of
9 whether the activity is undertaken individually, collectively, or
10 cooperatively, and regardless of whether the activity is for
11 compensation or gratuitously, as determined by the board of
12 supervisors.

13 (5) The board of supervisors shall specify whether the tax applies
14 throughout the entire county or within the unincorporated area of
15 the county.

16 (b) In addition to any other method of collection authorized by
17 law, the board of supervisors may provide for the collection of the
18 tax imposed pursuant to this section in the same manner, and
19 subject to the same penalties and priority of lien, as other charges
20 and taxes fixed and collected by the county.

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

23 (d) For purposes of this section, “marijuana” shall have the
24 meanings set forth in Section 26002 of the Business and
25 Professions Code.

26 (e) This section does not limit or prohibit the levy or collection
27 or any other fee, charge, or tax, or any license or service fee or
28 charge upon, or related to, the activities set forth in subdivision
29 (a) as otherwise provided by law. This section shall not be
30 construed as a limitation upon the taxing authority of any county
31 as provided by other law.

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

34 SEC. 7. Section 11362.775 of the Health and Safety Code is
35 amended to read:

36 11362.775. (a) Qualified patients, persons with valid
37 identification cards, and the designated primary caregivers of
38 qualified patients and persons with identification cards, who
39 associate within the State of California in order collectively or
40 cooperatively to cultivate marijuana for medical purposes, shall

1 not solely on the basis of that fact be subject to state criminal
2 sanctions under Section 11357, 11358, 11359, 11360, 11366,
3 11366.5, or 11570.

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

12 ~~SEC. 8. Section 1155.7 of the Labor Code is amended to read:~~

13 ~~1155.7. (a) Nothing in this chapter shall be construed to apply~~
14 ~~or be applicable to a labor organization in its representation of~~
15 ~~workers who are not agricultural employees. Any such labor~~
16 ~~organization shall continue to be governed in its intrastate activities~~
17 ~~for nonagricultural workers by Section 923 and applicable judicial~~
18 ~~precedents.~~

19 ~~(b) To the extent not prohibited by law and for purposes of this~~
20 ~~chapter, “agricultural employer” includes a medical cannabis~~
21 ~~cultivation site licensed pursuant to the Medical Cannabis~~
22 ~~Regulation and Control Act (Chapter 18 (commencing with Section~~
23 ~~26000) of Division 9 of the Business and Professions Code).~~

24 ~~SEC. 9. Section 1158.5 is added to the Labor Code, to read:~~

25 ~~1158.5. (a) The Division of Occupational Safety and Health~~
26 ~~in the Department of Industrial Relations shall develop~~
27 ~~industry-specific regulations related to the activities of facilities~~
28 ~~issued a medical cannabis license pursuant to Medical Cannabis~~
29 ~~Regulation and Control Act (Chapter 18 (commencing with Section~~
30 ~~26000) of Division 9 of the Business and Professions Code),~~
31 ~~including provisions for the establishment of labor peace~~
32 ~~agreements and an apprenticeship program to ensure professional~~
33 ~~standards among industry employees.~~

34 ~~(b) The regulations shall govern agreements between a facility~~
35 ~~issued a conditional license and a bona fide labor organization~~
36 ~~prohibiting labor organizations and members from engaging in~~
37 ~~picketing, work stoppages, boycotts, and other economic~~
38 ~~interference with the licensee’s business. The regulations shall~~
39 ~~also govern agreements whereby the licensee has agreed not to~~
40 ~~disrupt efforts by the bona fide labor organization to communicate~~

1 with, and attempt to organize and represent, the licensee’s
2 employees.

3 *SEC. 8. Section 147.5 is added to the Labor Code, to read:*

4 *147.5. (a) By January 1, 2017, the division shall convene an*
5 *advisory committee to evaluate whether there is a need to develop*
6 *industry-specific regulations related to the activities of facilities*
7 *issued a license pursuant to Chapter 18 (commencing with Section*
8 *26000) of Division 9 of the Business and Professions Code.*

9 *(b) By July 1, 2017, the advisory committee shall present to the*
10 *board its findings and recommendations for consideration by the*
11 *board. By July 1, 2017, the board shall render a decision regarding*
12 *the adoption of industry-specific regulations pursuant to this*
13 *section.*

14 ~~SEC. 10.~~

15 *SEC. 9. Section 3094 is added to the Labor Code, to read:*

16 *3094. The Division of Apprenticeship Standards shall*
17 *investigate, approve, or reject applications for apprenticeship*
18 *programs for employees of a licensee pursuant to the Medical*
19 ~~*Cannabis Regulation and Control Act (Chapter 18 (commencing*~~
20 ~~*with Section 26000) of Division 9 subject to Article 6 (commencing*~~
21 ~~*with Section 26140) of Chapter 18 of Division 9 of the Business*~~
22 ~~*and Professions Code).*~~ *Code. The Division of Apprenticeship*
23 *Standards shall adopt regulations necessary to implement and*
24 *regulate the establishment of the apprenticeship programs described*
25 *in this section.*

26 ~~SEC. 11.~~

27 *SEC. 10. The provisions of this act are severable. If any*
28 *provision of this act or its application is held invalid, that invalidity*
29 *shall not affect other provisions or applications that can be given*
30 *effect without the invalid provision or application.*

31 ~~*SEC. 12. The Legislature finds and declares that Section 5 of*~~
32 ~~*this act imposes a limitation on the public’s right of access to*~~
33 ~~*documents in the possession of a public agency within the meaning*~~
34 ~~*of Section 3 of Article I of the California Constitution. Pursuant*~~
35 ~~*to that constitutional provision, the Legislature makes the following*~~
36 ~~*finding to demonstrate the interest protected by this limitation and*~~
37 ~~*the need for protecting that interest:*~~

38 ~~*It is necessary to maintain the confidentiality of patient and*~~
39 ~~*physician information provided to the Division of Medical*~~
40 ~~*Cannabis Regulation and Enforcement in order to protect the*~~

1 private medical information of patients who use medical cannabis
2 and to preserve the essential confidentiality of the physician and
3 patient relationship.

4 *SEC. 11. The Legislature finds and declares that Section 5 of*
5 *this act, which adds Chapter 18 (commencing with Section 26000)*
6 *to Division 9 of the Business and Professions Code, imposes a*
7 *limitation on the public's right of access to the meetings of public*
8 *bodies or the writings of public officials and agencies within the*
9 *meaning of Section 3 of Article I of the California Constitution.*
10 *Pursuant to that constitutional provision, the Legislature makes*
11 *the following findings to demonstrate the interest protected by this*
12 *limitation and the need for protecting that interest:*

13 *It is necessary to maintain the confidentiality of patient and*
14 *physician information provided to the Division of Medical*
15 *Cannabis Regulation and Enforcement in order to protect the*
16 *private medical information of patients who use medical cannabis*
17 *and to preserve the essential confidentiality of the physician and*
18 *patient relationship.*

19 ~~SEC. 13.~~

20 *SEC. 12. No reimbursement is required by this act pursuant to*
21 *Section 6 of Article XIII B of the California Constitution for certain*
22 *costs that may be incurred by a local agency or school district*
23 *because, in that regard, this act creates a new crime or infraction,*
24 *eliminates a crime or infraction, or changes the penalty for a crime*
25 *or infraction, within the meaning of Section 17556 of the*
26 *Government Code, or changes the definition of a crime within the*
27 *meaning of Section 6 of Article XIII B of the California*
28 *Constitution.*

29 However, if the Commission on State Mandates determines that
30 this act contains other costs mandated by the state, reimbursement
31 to local agencies and school districts for those costs shall be made
32 pursuant to Part 7 (commencing with Section 17500) of Division
33 4 of Title 2 of the Government Code.

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