

AMENDED IN ASSEMBLY APRIL 23, 2015

AMENDED IN ASSEMBLY APRIL 20, 2015

AMENDED IN ASSEMBLY MARCH 26, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

**ASSEMBLY BILL**

**No. 34**

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**Introduced by Assembly Members Bonta and Jones-Sawyer**

December 1, 2014

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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 add Sections 147.5 and 3094 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~~. ~~Control, the Division of Medical Cannabis Manufacturing and Testing within the State Department of Public Health, and the Division of Medical Cannabis Cultivation within the Department of Food and Agriculture and would set forth the duties of the respective regulatory authorities.~~

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.

The bill would require the ~~division~~ *regulatory authorities* 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~~ *specified officers and employees of the regulatory authorities*. 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.

The bill would not preclude a city or county from adopting a local ordinance, not consistent with this bill, that regulates the location, operation, or establishment of a 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 the bill. By imposing these enforcement duties on local agencies, the bill would impose a state-mandated local program.

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 account to the division for the purposes of administering the program.

The bill would authorize the ~~division~~ *regulatory authorities* to *collaborate* to establish a regulation and enforcement assistance grant program and would authorize the Department of Transportation to conduct research and develop protocols regarding determining whether a driver is operating a vehicle under the influence of marijuana to assist law enforcement agencies. The bill would make the fines and penalties deposited into the fund available, upon appropriation by the Legislature, for funding these programs.

The bill would require the ~~division~~, *regulatory authorities*, 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 that purpose.

The bill would require the ~~division~~ *regulatory authorities* 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~~ *regulatory authorities* to enter into interagency agreements to pay, from fees deposited into the fund, the associated costs incurred by these state agencies.

The bill would establish a cannabis employee certification, training, and apprenticeship program for cultivation sites and dispensaries, as defined. The bill would require the Division of Labor Standards Enforcement to maintain and enforce minimum standards for the competency and training of employees and to certify cannabis employees. The bill would require the Division of Labor Standards 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.

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 prohibit the disclosure of certain patient and caregiver information pursuant to the California Public Records Act.

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.

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.

The bill would require the ~~division~~ *regulatory authorities* 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.

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

~~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 an appropriate prior examination and a medical indication is unprofessional conduct.

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 0.125%, 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.

(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:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 a medical purpose without an appropriate prior examination and  
2 a medical indication constitutes unprofessional conduct.

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

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

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

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

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

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

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

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

31 2264. The employing, directly or indirectly, the aiding, or the  
32 abetting of any unlicensed person or any suspended, revoked, or  
33 unlicensed practitioner to engage in the practice of medicine or  
34 any other mode of treating the sick or afflicted which requires a  
35 license to practice constitutes unprofessional conduct. Employment  
36 by, or other agreement with, a mandatory commercial licensee  
37 acting pursuant to the Medical Cannabis Regulation and Control  
38 Act or a dispensary to provide recommendations for medical  
39 marijuana constitutes unprofessional conduct.



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

3  
4 CHAPTER 18. MEDICAL CANNABIS REGULATION AND CONTROL

5  
6 Article 1. General Provisions

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

10 (b) It is the intent of the Legislature in enacting this chapter to  
11 provide for the statewide regulation of the commercial cannabis  
12 activity and the enforcement of laws relating to commercial  
13 cannabis activities without preempting city or county ordinances  
14 regulating or banning these activities. This chapter is an exercise  
15 of the police powers of the state for the protection of the safety,  
16 welfare, health, peace, and morals of the people of the state.

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

26 26002. For the purpose of this chapter:

27 (a) ~~“Department” means the Department of Alcoholic Beverage~~  
28 ~~Control.~~

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

32 (a) *“Regulatory authority” means the Division of Medical*  
33 *Cannabis Regulation and Enforcement within the Department of*  
34 *Alcoholic Beverage Control, the Division of Medical Cannabis*  
35 *Manufacturing and Testing within the State Department of Public*  
36 *Health, or the Division of Medical Cannabis Cultivation within*  
37 *the Department of Food and Agriculture, as appropriate to the*  
38 *context.*

39 (b) *“Regulatory director” means the Director of the Department*  
40 *of Alcoholic Beverage Control, the Director of Consumer Affairs,*

1 *the Director of the Department of Public Health, or the Director*  
2 *of the Department of Food and Agriculture.*

3 (c) “Division” means the Division of Medical Cannabis  
4 Regulation and Enforcement within the ~~department~~. *Department*  
5 *of Alcoholic Beverage Control, unless otherwise specified.*

6 (d) “Cannabis” means all parts of the plant *Cannabis sativa*,  
7 *cannabis indica*, or *cannabis ruderalis*, whether growing or not;  
8 the seeds thereof; the resin, whether crude or purified, extracted  
9 from any part of the plant; and every compound, manufacture, salt,  
10 derivative, mixture, or preparation of the plant, its seeds, or resin.  
11 It does not include the mature stalks of the plant, fiber produced  
12 from the stalks, oil or cake made from the seeds of the plant, any  
13 other compound, manufacture, salt, derivative, mixture, or  
14 preparation of the mature stalks (except the resin extracted  
15 therefrom), fiber, oil, or cake, or the sterilized seed of the plant  
16 which is incapable of germination. “Cannabis” also means  
17 marijuana as defined by Section 11018 of the Health and Safety  
18 Code as enacted by Chapter 1407 of the Statutes of 1972.

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

23 (f) “Medical cannabis product,” “medical marijuana product,”  
24 or “cannabis product” means any product containing cannabis,  
25 including, but not limited to, concentrates and extractions intended  
26 to be sold for use by medical marijuana patients in California  
27 pursuant to the Compassionate Use Act of 1996 (Proposition 215).

28 (g) “Manufactured cannabis” means raw marijuana that has  
29 undergone a process whereby the raw agricultural product has  
30 been transformed into a concentrate, an edible product, or a topical  
31 product.

32 (h) “Cannabis concentrate” means manufactured cannabis that  
33 has undergone a process to concentrate the ~~cannabinoid~~  
34 *tetrahydrocannabinol* active ingredient, thereby increasing the  
35 product’s potency.

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

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

1 (k) “Topical cannabis” means manufactured product intended  
2 for external use.

3 (l) “Identification program” means the universal identification  
4 certificate program for licensees.

5 (m) “Mandatory commercial license” or “license” means a  
6 mandatory commercial license issued pursuant to Article 3  
7 (commencing with Section 26040).

8 (n) “Licensee” means any person licensed under this chapter to  
9 engage in commercial cannabis activity related to medical cannabis  
10 *or medical cannabis products* as set forth in this chapter.

11 (o) “Dispensary” means a retail location that distributes cannabis  
12 or medical cannabis products and is owned and operated by a  
13 licensee for these activities pursuant to this chapter.

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

16 (1) Potency.

17 (2) Chemical residue.

18 (3) Microbiological contaminants.

19 (4) Handling, care, and storage.

20 (5) Date and location of cultivation, processing, and  
21 manufacturing.

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

24 (r) “Person” means any individual, firm, partnership, joint  
25 venture, association, corporation, limited liability company, estate,  
26 trust, business trust, receiver, syndicate, or any other group or  
27 combination acting as a unit and includes the plural as well as the  
28 singular number.

29 (s) “Cultivation site” means a location that grows cannabis or  
30 medical cannabis products and is owned and operated by a licensee  
31 for these activities pursuant to this ~~chapter~~. *chapter, including a*  
32 *nursery.*

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

37 (u) “Cultivation” means any activity involving the planting,  
38 growing, harvesting, drying, processing, or trimming of cannabis.

39 (v) “Dispensing” means any activity involving the retail sale  
40 of medical cannabis or medical cannabis products.

1 26010. This chapter does not, nor does Article 2 (commencing  
2 with Section 11357) and Article 2.5 (commencing with Section  
3 11362.7) of Chapter 6 of Division 10 of the Health and Safety  
4 Code, prevent a city or county from doing any of the following:

5 (a) Adopting local ordinances inconsistent with this chapter that  
6 do the following:

7 (1) Regulate the location, operation, or establishment of a  
8 licensee or any person that cultivates, processes, possesses, stores,  
9 manufactures, tests, transports, distributes, or sells medical  
10 cannabis.

11 (2) Prohibit commercial cannabis activity within their  
12 jurisdiction.

13 (b) The administrative, civil, or criminal enforcement of the  
14 ordinances described in subdivision (a).

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

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

20

21

Article 2. Administration

22

23 26020. (a) The Division of Medical Cannabis Regulation and  
24 Enforcement is hereby established within the Department of  
25 Alcoholic Beverage Control. ~~The division shall be~~ *Division of*  
26 *Medical Cannabis Regulation and Enforcement shall do all of the*  
27 *following:*

28 (1) ~~Be administered by a person who is appointed by the director.~~  
29 ~~The division shall administer this chapter.~~ *Director of the*  
30 *Department of Alcoholic Beverage Control.*

31 (2) *Administer this chapter, as it pertains to commercial*  
32 *cannabis activity relating to dispensaries.*

33 (3) *Lead all state and local authorities regarding the tracking*  
34 *of medical cannabis, medical cannabis products, and licensees*  
35 *pursuant to this chapter.*

36 (b) *The Division of Medical Cannabis Manufacturing and*  
37 *Testing is hereby established within the Department of Public*  
38 *Health. The Division of Medical Cannabis Manufacturing and*  
39 *Testing shall do all the following:*

1 (1) *Be administered by a person who is appointed by the State*  
2 *Health Officer.*

3 (2) *Administer this chapter, as it pertains to manufacturing,*  
4 *testing, and certification of testing laboratories for medical*  
5 *cannabis.*

6 (c) *The Division of Medical Cannabis Cultivation is hereby*  
7 *established within the Department of Food and Agriculture. The*  
8 *Division of Medical Cannabis Cultivation shall do all of the*  
9 *following:*

10 (1) *Be administered by a person who is appointed by the*  
11 *Secretary of the Department of Food and Agriculture.*

12 (2) *Administer this chapter as it pertains to cultivation of*  
13 *medical cannabis.*

14 (d) *The regulatory authorities shall issue licenses to applicants*  
15 *to engage in commercial cannabis activity pursuant to this chapter.*  
16 *No person shall engage in commercial cannabis activity unless*  
17 *the person obtains permission pursuant to section 26045.*

18 (e) *The division shall maintain a registry of all permit holders*  
19 *and shall maintain a record of all licenses and commercial*  
20 *cannabis activity of the permit holder throughout the length of*  
21 *licensure and for a minimum of seven years following the*  
22 *expiration of each license.*

23 ~~(b) No person shall engage in commercial cannabis activity~~  
24 ~~unless licensed by the division under this chapter. The division~~  
25 ~~shall issue licenses to applicants to engage in commercial cannabis~~  
26 ~~activity pursuant to this chapter.~~

27 ~~(e) The division~~

28 (f) *Each regulatory authority shall adopt regulations as needed*  
29 *to implement that licensing program as set forth in Article 3*  
30 *(commencing with Section 26040) within one year following the*  
31 *establishment of provisional licenses, pursuant to Section 26054.*  
32 *The regulations shall not limit the authority of a city or a county*  
33 *pursuant to Section 7 of Article XI of the California Constitution,*  
34 *Section 26010 or 26060, or any other law. The regulations shall,*  
35 *in addition, do all of the following:*

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

38 (A) ~~The division~~ *Each regulatory authority shall charge each*  
39 *applicant for licensure or renewal an application or renewal fee*  
40 *that shall be calculated to cover the costs of processing the*

1 application or renewal. This fee may vary depending upon the  
2 varying costs associated with approving the application or renewal  
3 related to the varying activities covered by the license, but shall  
4 not exceed \_\_\_dollars (\$\_\_\_) for an initial application, and  
5 \_\_\_dollars (\$\_\_\_) for a renewal application.

6 (B) ~~Upon the issuance of a license, the division~~ *Each regulatory*  
7 *authority shall charge each licensee a licensure fee. fee upon the*  
8 *issuance of a license.* The licensure fee shall be calculated to cover  
9 the costs of administering this chapter, other than the costs of  
10 processing applications. The licensure fee may vary depending  
11 upon the varying costs associated with administering the various  
12 regulatory requirements of this chapter as they relate to the nature  
13 and scope of the different licensure activities, but shall not be less  
14 than \_\_\_ dollars (\$\_\_\_), nor more than \_\_\_ dollars (\$\_\_\_).

15 (C) The total fees assessed pursuant to this chapter, including,  
16 but not limited to, provisional license fees set forth in Section  
17 26054, shall be set at an amount that will fairly and proportionately  
18 generate sufficient total revenue to fully cover the total costs of  
19 administering this chapter, including, but not limited to, costs set  
20 forth in Section 26023.

21 (2) Establish procedures for approval or denial of applications  
22 for licensure for each and every aspect of commercial cannabis  
23 activity, including, but not limited to, cultivation, possession,  
24 manufacture, processing, storing, laboratory testing, labeling,  
25 transporting, distribution, and sale of cannabis.

26 (3) Establish applicant qualifications.

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

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

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

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

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

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

3 ~~26021. (a) The division, in consultation with the Division of~~  
4 ~~Labor Standards Enforcement, shall adopt regulations establishing~~  
5 ~~worker safety standards in cultivation sites, manufacturing~~  
6 ~~facilities, and retail dispensary sites.~~

7 ~~(b) The division, *Division of Medical Cannabis Cultivation*~~  
8 ~~shall do all of the following: in~~

9 (a) Adopt regulations, in consultation with the Department of  
10 Water Resources, ~~shall adopt regulations~~ to ensure that commercial  
11 cannabis activity licensed pursuant to this chapter does not threaten  
12 the state's clean water and environment.

13 (e)

14 ~~(b) The division, in consultation with the Department of Food~~  
15 ~~and Agriculture, shall adopt~~ *Adopt* regulations ensuring that the  
16 cultivation of cannabis under this chapter is in compliance with  
17 standards equivalent to the statutory and regulatory requirements  
18 applicable to the production of a food crop, including, but not  
19 limited to, all of the following:

20 (1) Regulations regarding the verification of cannabis stock for  
21 the purposes of cultivation.

22 (2) Cultivation protocols ensuring the quality, availability, and  
23 safety of the cannabis crop, including both indoor and outdoor  
24 cultivation standards and regulations regarding carbon offsets for  
25 indoor cultivation.

26 (3) Environmentally sound agricultural practices, including all  
27 of the following:

28 (A) A requirement that any actual, or potential for,  
29 environmental damage be addressed by the relevant state agency,  
30 including, but not limited to, the State Board of Forestry and Fire  
31 Protection, the Department of Fish and Wildlife, California regional  
32 water quality control boards, the Department of the California  
33 Highway Patrol, or the Department of Justice.

34 (B) A provision authorizing revocation of a licensee if the state  
35 determines that the conduct of the licensee threatens to inflict or  
36 has inflicted significant damage to the environment.

37 (C) Standards controlling the application of pesticides. These  
38 standards shall, at a minimum, require that if pesticides are to be  
39 used, the use comply with standards equivalent to Division 6

1 (commencing with Section 11401) of the Food and Agricultural  
 2 Code and its implementing regulations.

3 (c) *Adopt regulations to establish cultivation labeling and*  
 4 *packaging standards and requirements, including, but not limited*  
 5 *to, cultivation labeling requirements requiring labeling to include,*  
 6 *at a minimum, cannabinoid levels, cannabinoid profile, and active*  
 7 *ingredients.*

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

16 26021.5. (a) State agencies shall collaborate with local  
 17 agencies, and local agencies, within the scope of their jurisdiction,  
 18 and to the extent that resources are available, shall assist state  
 19 agencies in the enforcement of this chapter. This section shall not  
 20 limit any other state or local requirements.

21 (b) No cannabis shall be cultivated on public lands pursuant to  
 22 this chapter.

23 ~~26022. The division, *Division of Medical Cannabis*~~  
 24 ~~*Manufacturing and Testing*, in consultation with the State~~  
 25 ~~Department of Public Health, shall adopt regulations to do all of~~  
 26 ~~the following:~~

27 (a) Establish *product* labeling and packaging standards and  
 28 requirements, including, but shall not be limited to, all of the  
 29 following:

30 ~~(1) Cultivation labeling requirements requiring labeling to~~  
 31 ~~include, at a minimum, cannabinoid levels, cannabinoid profile,~~  
 32 ~~and active ingredients.~~

33 ~~(2)~~

34 ~~(1) Edible, manufactured, and topical cannabis~~*All manufactured*  
 35 *cannabis* product labeling and packaging standards, including, but  
 36 not limited to, all of the following:

37 (A) A requirement that the label include the manufacturing date,  
 38 *the name of the mandatory commercial licensee from which it was*  
 39 *obtained*, the active ingredients, net weight, cannabinoid profile,



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

3 (B) A requirement that the label include the warnings: “KEEP  
4 OUT OF REACH OF CHILDREN AND ANIMALS,” and “FOR  
5 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 (E) *The name of the mandatory commercial licensee that*  
12 *manufactured the product.*

13 (b) Establish consumer protection, food and product safety  
14 requirements, including, but not limited to, all of the following:

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

21 (2) Standards for cannabinoid dosage in edible products.

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

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

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

35 (6) Weighing or measuring standards, including, but not limited  
36 to, the requirement that devices used in connection with the sale  
37 or distribution of cannabis meet standards equivalent to Division  
38 5 (commencing with Section 12001) of the Business and  
39 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 equivalent to Division 6  
4 (commencing with Section 11401) of the Food and Agricultural  
5 Code and its implementing regulations.

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

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

12 (1) Testing for the active cannabinoid-profile, constituent  
13 elements, and microbiological, bacterial, pathogenic yeast, and  
14 mold counts.

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

19 (3) Testing standards by which to test and measure the quality  
20 of the *medical cannabis and medical cannabis product*.

21 (4) Protocols for *medical cannabis and medical cannabis product*  
22 safety testing.

23 (d) *Establish procedures for certifying laboratories for the*  
24 *testing of medical cannabis and medical cannabis products, as*  
25 *defined in this chapter. Certification of testing laboratories shall*  
26 *be consistent with general requirements for the competence of*  
27 *testing and calibration activities, including sampling, using*  
28 *standard methods established by the International Organization*  
29 *for Standardization, including, but not limited to, ISO/IEC 17025.*

30 (e) *Ensure licensed cannabis cultivation entities have access to*  
31 *existing agricultural incentive and support programs.*

32 26022.5. The regulations shall not limit the authority of a city  
33 or a county pursuant to Section 7 of Article XI of the California  
34 Constitution, Section 26010 or 26060, or any other law.

35 26023. The regulations shall set forth the inspection and  
36 enforcement responsibilities of *the Department of Alcohol and*  
37 *Beverage Control, the State Department of Public Health, the*  
38 *Division of Labor Standards Enforcement, the Department of*  
39 *Water Resources, the State Department of Public Health, and the*  
40 *Department of Food and Agriculture associated with this chapter.*

1 26023.5. (a) Without limiting the authority of a city or a county  
2 pursuant to Section 7 of Article XI of the California Constitution  
3 or any other law, the ~~division~~ *Division of Medical Cannabis*  
4 *Regulation and Enforcement* shall adopt regulations regarding the  
5 minimum standards for the operation of dispensaries. The  
6 regulations shall establish all of the following:

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

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

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

21 (4) Minimum standards governing signage and advertising for  
22 dispensaries.

23 (b) Commencing 180 days after the division begins issuing  
24 provisional licenses, a dispensary shall provide patients medical  
25 cannabis and medical cannabis products obtained only from persons  
26 licensed under this chapter.

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

34 26024. ~~(a) The division~~ *The regulatory authorities* may assist  
35 state taxation authorities in the development of uniform policies  
36 for the state taxation of mandatory commercial licensees.

37 ~~(b) The division shall assist the Division of Occupational Safety~~  
38 ~~and Health in the Department of Industrial Relations in the~~  
39 ~~development of industry-specific regulations related to commercial~~  
40 ~~medical cannabis activities.~~

1 26028. (a) The Medical Cannabis Control Fund is hereby  
2 established within the State Treasury. Notwithstanding Section  
3 16305.7 of the Government Code, the fund shall include any  
4 interest and dividends earned on the moneys in the fund.

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

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

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

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

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

1 (g) The ~~division~~ *regulatory authorities* shall enter into an  
2 interagency agreement with *the Department of Alcohol and*  
3 *Beverage Control, the Department of Consumer Affairs, the*  
4 *Division of Labor Standards Enforcement, the Department of*  
5 *Water Resources, the State Department of Public Health, and the*  
6 *Department of Food and Agriculture* setting forth the duties of  
7 those agencies under this chapter and providing for reimbursement  
8 *to the appropriate state and local authorities* of associated costs  
9 from revenues deposited into the fees account of the fund.

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

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

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

36 26034. (a) Information identifying the names of patients, their  
37 medical conditions, or the names of their primary caregivers  
38 received and contained in records kept by the ~~division~~ *regulatory*  
39 *authorities* for the purposes of administering this chapter are  
40 confidential and shall not be disclosed pursuant to the California

1 Public Records Act (Chapter 3.5 (commencing with Section 6250)  
 2 of Division 7 of Title 1 of the Government Code), except as  
 3 necessary for authorized employees of the State of California or  
 4 any city or county to perform official duties pursuant to this  
 5 chapter, or a local ordinance adopted in accordance with Section  
 6 26010.

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

8 (1) ~~Division employees~~ *Employees of any of the regulatory*  
 9 *authorities* notifying state or local agencies about information  
 10 submitted to the division that the employee suspects is falsified or  
 11 fraudulent.

12 (2) Notifications from ~~the division~~ *any of the regulatory*  
 13 *authorities* to state or local agencies about apparent violations of  
 14 this chapter or any applicable local ordinance.

15 (3) Verification of requests by state or local agencies to confirm  
 16 licenses and certificates issued by the ~~division~~ *regulatory*  
 17 *authorities* or other state agency.

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

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

25 26035. This chapter does not require an employer to permit or  
 26 accommodate the use, consumption, possession, transfer, display,  
 27 transportation, sale, or growth of cannabis in the workplace or to  
 28 affect the ability of employers to have policies restricting the use  
 29 of cannabis by employees.

30  
 31 Article 3. Mandatory Commercial License

32  
 33 26040. (a) ~~The division~~ *regulatory authorities* shall adopt  
 34 regulations establishing a tiered licensing scheme to accommodate  
 35 the different levels and types of activity to be licensed, ~~including,~~  
 36 ~~but not limited to, licenses for the cultivation, testing, manufacture,~~  
 37 ~~transportation, and dispensing of medical cannabis and medical~~  
 38 ~~cannabis products. The~~ *as follows:*

1 (1) *The Division of Medical Cannabis Cultivation shall adopt*  
2 *regulations for a tiered licensing structure for the cultivation of*  
3 *medical cannabis.*

4 (2) *The Division of Medical Cannabis Manufacturing and*  
5 *Testing shall adopt regulations, in consultation with the*  
6 *Department of Consumer Affairs, for the tiered licensing structure*  
7 *of the following:*

8 (A) *Manufacturing of medical cannabis products.*

9 (B) *Testing of medical cannabis products.*

10 (C) *Certification of medical cannabis testing laboratories.*

11 (3) *The Division of Medical Cannabis Regulation and*  
12 *Enforcement shall adopt regulations for the tiered licensing*  
13 *structure for all the following:*

14 (A) *Wholesale of medical cannabis products, which shall include*  
15 *large-scale storage and distribution, as defined by the regulatory*  
16 *authority.*

17 (B) *Dispensing of medical cannabis products.*

18 (b) *The regulations shall set forth the application and licensure*  
19 *process, including, but not limited to, all of the following:*

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

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

25 (3) *The procedures for the issuance, renewal, suspension, and*  
26 *revocation of mandatory commercial licenses.*

27 (4) *Time periods, not to exceed 90 days, by which the division*  
28 *shall approve or deny an application for mandatory commercial*  
29 *licensure. The failure of the division to act upon an application for*  
30 *licensure within the time prescribed shall not be deemed approval*  
31 *of the application.*

32 (5) *Qualifications for licensees.*

33 (6) *Security requirements, including, but not limited to,*  
34 *procedures for limiting access to facilities and for the screening*  
35 *of employees.*

36 ~~(b)~~

37 (c) *Each mandatory commercial license application approved*  
38 *by the ~~division~~ respective licensing authority pursuant to this*  
39 *chapter is separate and distinct.*

40 ~~(e)~~

1 (d) A mandatory commercial license application approved by  
 2 the ~~division~~ *respective licensing authority* pursuant to this chapter  
 3 shall be valid for a period not to exceed one year from the date of  
 4 approval unless revoked or suspended earlier than that date  
 5 pursuant to this chapter or the rules or regulations adopted pursuant  
 6 to this chapter

7 (e) *Each regulatory authority may adopt regulations for*  
 8 *additional licenses for any cannabis activity within its statutory*  
 9 *jurisdiction pursuant to this chapter, as deemed necessary.*

10 (f) *Each mandatory commercial license application approved*  
 11 *by the respective regulatory authority shall be reported to the*  
 12 *Division of Medical Cannabis Regulation and Enforcement within*  
 13 *24 hours of its approval.*

14 26041. ~~An individual licensed pursuant to this chapter shall~~  
 15 ~~do~~ *Regulations adopted by the regulatory authorities shall require,*  
 16 *at a minimum, all of the following, as applicable:*

17 (a) ~~A~~ *The regulations on the cultivation licensee of medical*  
 18 *cannabis shall do all of the following:*

19 (1) ~~Comply~~ *Require that the cultivation licensee comply with*  
 20 *all regulations of the Department of Food and Agriculture pursuant*  
 21 *to this chapter regarding the cultivation of medical cannabis.*

22 (2) ~~Comply~~ *Require that the cultivation licensee comply with*  
 23 *any other applicable requirement of the division pursuant to this*  
 24 *chapter.*

25 (3) *Establish criteria for different tiers of cultivation licenses,*  
 26 *including, but not limited to small, mid-sized, and large commercial*  
 27 *cultivation licenses, based on the area, in square feet, in cannabis*  
 28 *cultivation.*

29 (4) *Authorize commercial cultivation licensees to transport and*  
 30 *deliver medical cannabis for commercial purposes to only another*  
 31 *licensee of commercial cannabis activity pursuant to this chapter.*  
 32 *Cultivation licensees, without a separate dispensary license, who*  
 33 *deliver directly to any entity not licensed pursuant to this chapter*  
 34 *shall be fined and be under review for the revocation of licensure*  
 35 *by the Division of Medical Cannabis Cultivation.*

36 (5) *Require licensees to track all cannabis products and report*  
 37 *to the division, as specified by this chapter and any regulations*  
 38 *promulgated pursuant to this chapter.*

39 (6) *Require a cultivation licensee to obtain a seller's permit*  
 40 *from the Board of Equalization to validate the authority of the*



1 licensee to sell commercial cannabis products to another licensee  
2 of commercial cannabis activity.

3 (7) Require a cultivation licensee to obtain a resale certificate  
4 upon the sale of cannabis to another licensee of commercial  
5 cannabis activity, to track the quantities exchanged.

6 (8) Require all medical cannabis to be tested by a laboratory  
7 that has been certified and licensed pursuant to this chapter, prior  
8 to commercial exchange with a dispensary. If the licensee has a  
9 separate dispensary license, all medical cannabis and medical  
10 cannabis products must be tested by a laboratory that has been  
11 certified and licensed pursuant to this chapter, prior to retail  
12 directly to consumers.

13 (9) Ensure licensed cannabis cultivation entities have access  
14 to existing agricultural incentive and support programs.

15 (b) ~~Testing licensees shall be subject to~~ The regulations on the  
16 testing of medical cannabis shall do all of the following:

17 (1) ~~A Prohibit a testing licensee shall not receive from receiving~~  
18 medical cannabis products except through the division a regulatory  
19 authority or a medical cannabis licensee.

20 (2) ~~A Prohibit a testing licensee shall not be from being licensed~~  
21 for any other activity authorized under this article, and ~~shall not~~  
22 ~~hold from holding~~ an ownership interest in any real property,  
23 personal property, or other assets associated or used in any other  
24 license category.

25 (3) ~~Any~~ Require the licensee to follow any other applicable  
26 requirement of the division pursuant to this chapter.

27 (e) ~~A manufacturing licensee shall comply with any applicable~~  
28 requirement of the division pursuant to this chapter.

29 (d) ~~A transportation licensee of medical cannabis shall:~~

30 (c) Regulations on the manufacturing of medical cannabis shall  
31 do all of the following:

32 (1) Require the manufacturing licensee comply with all  
33 regulations of the State Department of Public Health pursuant to  
34 this chapter regarding the cultivation of medical cannabis.

35 (2) Require the manufacturing licensee comply with any other  
36 applicable requirement of the Division of Medical Cannabis  
37 Regulation and Enforcement pursuant to this chapter.

38 (3) Establish criteria for different tiers of manufacturing  
39 licenses, including, but not limited to small, mid-sized, and large  
40 commercial manufacturing licenses.

1     (4) *Authorize commercial manufacturing licensees to transport*  
2 *and deliver medical cannabis for commercial purposes to only*  
3 *another licensee of commercial cannabis activity pursuant to this*  
4 *chapter. Manufacturing licensees, without a separate dispensary*  
5 *license, who deliver directly to any entity not licensed pursuant to*  
6 *this chapter shall be fined and be under review for the revocation*  
7 *of licensure by the Division of Medical Cannabis Manufacturing*  
8 *and Testing.*

9     (5) *Require licensees to track all cannabis products and report*  
10 *to the Division of Medical Cannabis Regulation and Enforcement,*  
11 *as specified by this chapter and any regulations promulgated*  
12 *pursuant to this chapter.*

13     (6) *Require a manufacturing licensee to obtain a seller's permit*  
14 *from the Board of Equalization to validate the authority of the*  
15 *licensee to sell commercial manufactured cannabis products to*  
16 *another licensee of commercial cannabis activity.*

17     (7) *Require a manufacturing licensee to obtain a resale*  
18 *certificate upon the sale of manufactured medical cannabis*  
19 *products to another licensee of commercial cannabis activity, to*  
20 *track the quantities exchanged.*

21     (8) *Require all manufactured medical cannabis and medical*  
22 *cannabis products to be tested by a laboratory that has been*  
23 *certified and licensed pursuant to this chapter, prior to commercial*  
24 *exchange with a dispensary. If the licensee has a separate*  
25 *dispensary license, all manufactured cannabis and medical*  
26 *cannabis products shall be tested by a laboratory that has been*  
27 *certified and licensed pursuant to this chapter, prior to retail sale*  
28 *directly to consumers.*

29     (d) *Regulations for the dispensing of medical cannabis shall do*  
30 *all of the following:*

31     (1) *Require the dispensary licensee comply with all regulations*  
32 *of the division pursuant to this chapter regarding the dispensing*  
33 *of medical cannabis*

34     (2) *Require the dispensary licensee comply with any other*  
35 *applicable requirements of the division pursuant to this chapter.*

36     (3) *Allow dispensary licensees to store limited quantities of*  
37 *medical cannabis and medical cannabis products for commercial*  
38 *purposes pursuant to this chapter, in a manner deemed safe and*  
39 *secure by the regulatory authority.*

1 (4) Allow all non-mobile, non-vehicular, and non-Internet-based  
2 dispensaries to be licensed to transport medical cannabis and  
3 medical cannabis products directly to consumers.

4 (5) Require all mobile, vehicular and Internet-based  
5 dispensaries to maintain a business contract with a non-vehicular  
6 and non-mobile dispensary, and report all records of commercial  
7 activity to said entity.

8 (6) Require licensees to track all medical cannabis and medical  
9 cannabis products and report to the division, as specified by this  
10 chapter and any regulations promulgated pursuant to this chapter.

11 (7) Require all dispensary licensees to obtain a seller's permit  
12 from the Board of Equalization to validate the authority of the  
13 licensee to sell medical cannabis and medical cannabis products,  
14 and to maintain receipts of all sales transactions.

15 (8) Require that, upon receipt of medical cannabis,  
16 manufactured medical cannabis, and medical cannabis products,  
17 the dispensary licensee shall request and record evidence that the  
18 product has been tested by a laboratory that has been certified  
19 and licensed pursuant to this chapter.

20 (e) Regulations for the wholesale of medical cannabis shall do  
21 all of the following:

22 (1) Require all wholesale licensees to comply with all  
23 regulations of the division pursuant to this chapter regarding the  
24 wholesale storage and distribution of medical cannabis.

25 (2) Require the dispensary licensee comply with any other  
26 applicable requirements of the division pursuant to this chapter.

27 (3) Establish criteria for the qualifications of a wholesale  
28 licensee, including maximum quantities of medical cannabis that  
29 each licensee may store at one time.

30 (4) Authorize all wholesale licensees to do commercial business  
31 with only other licensees of commercial cannabis activity. All other  
32 licensees under this chapter shall not be required to work only  
33 with a wholesale licensee directly.

34 (5) Require that all medical cannabis and medical cannabis  
35 products be tested by the wholesale licensee prior to commercial  
36 exchange with a dispensary.

37 (6) Require licensees to track all medical cannabis and medical  
38 cannabis products and report to the Division on Medical Cannabis  
39 Regulation and Enforcement, as specified by this chapter and any  
40 regulations promulgated pursuant to this chapter.

1 (f) All regulations related to transportation of cannabis shall  
2 require a medical cannabis licensee to do all of the following:

- 3 (1) Maintain intrastate operating authority.
- 4 (2) Maintain interstate operating authority, *for the commercial*  
5 *purposes of the licensee, and only* to the extent permitted by federal  
6 law.
- 7 (3) Be allowed by local jurisdictions to transport medical  
8 cannabis, if the licensee is in compliance with this chapter.

9 ~~(e) Dispensary licensees shall:~~  
10 ~~(1) Be permitted to store quantities of medical cannabis for~~  
11 ~~commercial purposes pursuant to this chapter, as deemed safe by~~  
12 ~~the division.~~

13 ~~(2) Comply with all applicable requirements of the division~~  
14 ~~pursuant to this chapter.~~

15 26042. ~~The division~~ *Each regulatory authority* shall establish  
16 a scale of application, licensing, and renewal fees, based upon the  
17 cost of enforcing this chapter, as follows:

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

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

35 (c) ~~The division~~ *Each regulatory authority* shall establish  
36 appropriate fees as part of its emergency regulations for the  
37 issuance of provisional licenses adopted pursuant to Section 26043.

38 (d) The total fees assessed pursuant to this chapter, including,  
39 but not limited to, provisional license fees set forth in Section  
40 26054, shall be set at an amount that will fairly and proportionately

1 generate sufficient total revenue to fully cover the total costs of  
2 administering this chapter, including, but not limited to, costs set  
3 forth in Section 26023.

4 26043. ~~The division~~ *Each regulatory authority* shall adopt, as  
5 soon as practicable, emergency regulations consistent with this  
6 chapter to allow a qualified applicant for licensure to apply for  
7 and receive a provisional license to engage in commercial cannabis  
8 activity so as to ensure an adequate supply of medical cannabis  
9 upon full implementation of this chapter as set forth in Section  
10 26054.

11 ~~26045:~~

12 26044. Every mandatory commercial license is renewable  
13 unless the license has been revoked if the renewal application is  
14 submitted and the fee for it is paid. A license that has been  
15 suspended, but not revoked, may be renewed under this section,  
16 however, the act of renewal shall not affect the suspension and the  
17 suspension shall remain in effect upon renewal. All licenses expire  
18 at 12 midnight on the last day of the month posted on the license.  
19 All licenses shall be renewed as follows:

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

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

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

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

38 (e) A renewal application shall not be deemed filed within the  
39 meaning of this section unless the document itself has been actually  
40 delivered to, and the required renewal fee has been paid at, any

1 office of the division during office hours, or unless both the  
 2 document and fee have been filed and remitted pursuant to Section  
 3 11003 of the Government Code.

4 26045. *A person shall engage in commercial cannabis activity*  
 5 *only if the person has complied with all of the following conditions:*

6 (a) *The person has obtained permission from local authorities*  
 7 *approving the proposed commercial cannabis activity. This*  
 8 *requirement shall not apply to a person who holds a valid business*  
 9 *license, conditional use permit, or other locally issued permit for*  
 10 *commercial cannabis activity. For the purposes of this subdivision,*  
 11 *the document granting the permission shall include, at a minimum,*  
 12 *all of the following:*

13 (1) *The legal name, address and date of birth of the applicant.*

14 (2) *The type of license the applicant is requesting a permit for.*

15 (3) *Documentation that the applicant has been in compliance*  
 16 *with local ordinances and regulations, including, but not limited*  
 17 *to, an entity granted immunity under Measure D, approved by the*  
 18 *voters of the City of Los Angeles at the May 21, 2013, general*  
 19 *election.*

20 (4) *A statement of whether or not the applicant has previously*  
 21 *committed a felony, as described in paragraph (8) of subdivision*  
 22 *(e) of Section 26047.*

23 (5) *A statement signed by the applicant under penalty of perjury*  
 24 *that the information provided in the application is true.*

25 (b) *The person submits a copy of the permission, or equivalent*  
 26 *qualifying documents, to the division for recordation. Upon receipt*  
 27 *of an approved permission, the division shall provide the applicant*  
 28 *with a certificate of approval for licensure, to be presented to the*  
 29 *relevant regulatory authority under which the person seeks*  
 30 *licensure. No regulatory authority shall grant approval of an*  
 31 *application without a certificate of approval for application of*  
 32 *commercial cannabis licensure for the applicant.*

33 (c) *The person applies for licensure for commercial cannabis*  
 34 *activity from a regulatory authority and receives approval for that*  
 35 *licensure.*

36 (d) *The person abides by all local and state ordinances and*  
 37 *regulations pursuant to this chapter.*

38 26046. (a) An application for a license shall include, but shall  
 39 not be limited to, all of the following:

- 1 (1) *A certificate of approval for licensure by the Division of*  
2 *Medical Cannabis Regulation and Enforcement.*
- 3 ~~(1)~~
- 4 (2) The legal name and proposed physical addresses of the  
5 mandatory commercial licensee.
- 6 ~~(2)~~
- 7 (3) The name, address, and date of birth of each principal officer  
8 and board member.
- 9 ~~(3)~~
- 10 (4) Operating and inventory control procedures to ensure  
11 security and prevent diversion.
- 12 ~~(4)~~
- 13 (5) Detailed operating procedures for the proposed facility,  
14 which shall include, but not be limited to, provisions for facility  
15 and operational security, prevention of diversion, employee  
16 screening, storage of medical cannabis, personnel policies, and  
17 recordkeeping procedures.
- 18 ~~(5)~~
- 19 (6) A list of all persons or entities having an ownership interest  
20 other than a security interest, lien, or encumbrance on any property  
21 that will be used by the applicant.
- 22 ~~(6)~~
- 23 (7) Evidence of the legal right to occupy and use an established  
24 location, or an immunity from prosecution for that occupancy or  
25 use pursuant to a local ordinance or ordinances, including, but not  
26 limited to, Measure D, approved by the voters of the City of Los  
27 Angeles at the May 21, 2013, general election.
- 28 ~~(7)~~
- 29 (8) Documentation that the applicant will be in compliance with  
30 all local ordinances and regulations, including, but not limited to,  
31 an entity granted immunity under Measure D, approved by the  
32 voters of the City of Los Angeles at the May 21, 2013, general  
33 election.
- 34 ~~(8)~~
- 35 (9) Evidence that ~~a minimum of 75 percent~~ *all* of the officers  
36 and owners of the applicant organization have been residents of  
37 the State of California for at least three years.
- 38 ~~(9)~~
- 39 (10) For an applicant with 20 employees or more, a statement  
40 that the applicant will enter into, or demonstrate that it has already

1 entered into, and abide by the terms of, a “labor peace agreement,”  
2 as defined by the division in consultation with the Division of  
3 Labor Standards Enforcement.

4 ~~(10)~~

5 (11) For an applicant seeking a license to cultivate, a statement  
6 declaring the applicant is an “agricultural employer,” as defined  
7 in the Alatorre-Zenovich-Dunlap-Berman Agricultural Labor  
8 Relations Act of 1975 (Part 3.5 (commencing with Section 1140)  
9 of Division 2 of the Labor Code), to the extent not prohibited by  
10 law.

11 ~~(11)~~

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

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

- 17 (1) Cultivation.
- 18 (2) Extraction and infusion methods.
- 19 (3) The transportation process.
- 20 (4) Inventory procedures.
- 21 (5) Quality control procedures.

22 26047. (a) Upon receipt of an application for licensure and  
23 the applicable fee, the ~~division~~ *respective regulatory authority*  
24 shall make a thorough investigation to determine whether the  
25 applicant and the premises for which a license is applied qualify  
26 for the license and whether this chapter has been complied with,  
27 and shall investigate all matters connected therewith that may  
28 affect the public welfare and morals.

29 (b) The ~~division~~ *respective regulatory authority* shall deny an  
30 application if either the applicant or the premises for which a  
31 license is applied do not qualify for licensure under this chapter.

32 (c) The ~~division~~ *respective regulatory authority* may, at its  
33 discretion, issue a license to an applicant who has obtained a  
34 certificate of rehabilitation pursuant to Section 4852.13 of the  
35 Penal Code.

36 (d) The ~~division~~ *respective regulatory authority* may place  
37 reasonable conditions upon licensure if grounds exist for denial  
38 of the license, and the division finds those grounds may be removed  
39 by the imposition of those conditions. However, the limitations



1 set forth in paragraph (6) of subdivision (b) of Section 26040 shall  
2 not be waived.

3 (e) ~~The division~~ *respective regulatory authority* shall deny the  
4 application for licensure or renewal if any of the following  
5 conditions apply:

6 (1) Granting or continuation of a license would be contrary to  
7 the public welfare or morals.

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

10 (3) Local agencies have notified the division and provided  
11 evidence that a licensee or applicant within its jurisdiction is in  
12 violation of local ordinances relating to cannabis activities.

13 (4) The application has failed to state with sufficient specificity  
14 the jurisdiction in which the applicant proposes to establish  
15 operations.

16 (5) The applicant fails to meet the requirements of this chapter  
17 or any regulation adopted pursuant to this chapter, or any applicable  
18 city or county ordinance or regulation.

19 (6) The applicant, or any of its officers, directors, or owners, is  
20 under 21 years of age.

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

24 (8) The applicant, or any of its officers, directors, or owners has  
25 been convicted of a felony criminal conviction for drug trafficking,  
26 a violent felony, as specified in subdivision (c) of Section 667.5  
27 of the Penal Code, a serious felony as specified in subdivision (c)  
28 of Section 1192.7 of the Penal Code, a felony offense involving  
29 fraud or deceit, or any other felony that, in the division's  
30 determination, would impair the applicant's ability to appropriately  
31 operate as a mandatory commercial licensee.

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

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

39 (11) Applicants shall be notified of a denied application in  
40 writing via personal service or mail addressed to the address of

1 the applicant or licensee set forth in the application. The denial  
2 letter shall contain the detailed reasons for which the application  
3 has been denied. The applicant shall have the right to appeal the  
4 denial and be given a hearing within 30 days of the appeal. On  
5 appeal, the decision shall be upheld unless the applicant  
6 demonstrates that the applicant is in fact eligible for licensure and  
7 the application is in compliance with this chapter.

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

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

19 (c) The division shall request from the Department of Justice  
20 subsequent notification service, as provided pursuant to Section  
21 11105.2 of the Penal Code, for persons described in this section.

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

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

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

1 an offense subject to arrest, prosecution, or other sanction under  
2 state law, or be subject to a civil fine or be a basis for seizure or  
3 forfeiture of assets under state law.

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

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

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

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

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

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

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

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

1 26052. (a) This chapter shall not apply to, and shall have no  
2 diminishing effect on, the rights and protections granted to a patient  
3 or a primary caregiver pursuant to the Compassionate Use Act of  
4 1996.

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

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

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

26 (b) ~~The division~~ *Each regulatory authority* shall establish  
27 appropriate fees not to exceed \_\_\_\_ dollars (\$\_\_\_\_) for the issuance  
28 of a provisional license *under its jurisdiction* pursuant to this  
29 chapter.

30 (c) ~~The division shall accept applications for provisional~~  
31 ~~commercial licenses for medical cannabis activity as follows:~~

32 (1) ~~The division shall request that every city or county provide~~  
33 ~~the division with a list of approved entities providing medical~~  
34 ~~cannabis to qualified patients and caregivers within the city or~~  
35 ~~county's jurisdiction, if any, the location at which the entity is~~  
36 ~~operating, and the names of the persons who operate the entity. If~~  
37 ~~the jurisdiction represents that the entity has been operating in~~  
38 ~~compliance with local laws and regulations, or has limited~~  
39 ~~immunity under local laws, including, but not limited to, Measure~~  
40 ~~D, approved by the voters of the City of Los Angeles at the May~~

1 21, 2013, general election, the division shall issue a provisional  
2 license to the entity until the time that the entity'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 mandatory commercial licensure.

6 ~~(2) The division~~

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

23 (d) To qualify for a provisional mandatory commercial license,  
24 applicants shall disclose to the ~~division~~ *appropriate regulatory*  
25 *authority* all of the following information in writing:

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

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

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

34 (4) For the ~~12~~ 3 months prior to January 1, 2016, the quantity  
35 of cannabis cultivated, processed, manufactured, tested, transported,  
36 or sold at a location and the quantity expected to be cultivated,  
37 processed, manufactured, tested, transported, or sold from January  
38 1, 2016, to July 1, 2016, inclusive. The licensee shall make its  
39 records of current activity and activity for the ~~12~~ 3 months prior  
40 to January 1, 2016, available to the division upon request.

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

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

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

22 (h) Provisional licensees shall comply with all standards and  
23 requirements applicable to a licensee under this chapter, including,  
24 but not limited to, the production, recordkeeping, security, and  
25 transportation requirements and standards.

26 *(i) Beginning July 1, 2017, all commercial cannabis activity*  
27 *shall be conducted between licensees of commercial cannabis*  
28 *activity, pursuant to this chapter. If the regulatory authorities have*  
29 *not promulgated their respective regulations by that date, the*  
30 *regulatory authorities shall provide an extension for all provisional*  
31 *licenses for applicants abiding by the provisions of this chapter.*

32 26055. The ~~division~~ regulatory authority may adopt regulations  
33 to permit the transfer of a license from a licensee to another person  
34 who demonstrates to the ~~division~~ regulatory authority that he or  
35 she is eligible for licensure under this chapter, if the ~~following~~  
36 ~~requirements are met:~~

37 ~~(a) The division has determined that granting an additional~~  
38 ~~license of the type in question in the geographic region in question~~  
39 ~~may lead to the availability of product in excess of the amounts~~  
40 ~~needed to meet the medical need.~~

1 ~~(b) The prospective recipient of the license complies with all~~  
 2 ~~of the requirements of this chapter relating to a new application~~  
 3 ~~for licensure, including, but not limited to, payment to the division~~  
 4 ~~regulatory authority of a reasonable license transfer fee.~~

5 26057. ~~The division~~ *Each regulatory authority* shall make  
 6 recommendations to the Legislature pertaining to the establishment  
 7 of an appeals and judicial review process for persons aggrieved  
 8 by a final decision of the ~~division~~ *regulatory authority*.

9  
 10 Article 4. Enforcement

11  
 12 26060. (a) ~~The division~~ *Each regulatory authority* shall work  
 13 in conjunction with law enforcement agencies for the purposes of  
 14 implementing, administering, and enforcing this chapter and the  
 15 division’s regulations and taking appropriate action against  
 16 licensees and others who fail to comply with this chapter or the  
 17 regulations adopted pursuant to this chapter.

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

25 26062. Except for a person identified in Section 26052, a person  
 26 shall not exercise the privilege or perform any act that a licensee  
 27 may exercise or perform under the authority of a license unless  
 28 the person is acting pursuant to a license, including, but not limited  
 29 to, a provisional license issued pursuant to this chapter.

30 ~~26063. (a) Any product containing cannabis that is distributed~~  
 31 ~~or offered for sale by a licensee shall comply with the testing,~~  
 32 ~~labeling, and food safety requirements established pursuant to this~~  
 33 ~~chapter.~~

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

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

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

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

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

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

14 26064. Any person engaging in commercial cannabis activity  
15 and operating an unlicensed facility, building, structure, vehicle,  
16 mobile unit, or location in violation of this chapter shall be subject  
17 to civil penalties of up to \_\_\_\_\_ dollars (\$\_\_\_\_\_) for each violation,  
18 and the division or court may order the destruction of any cannabis  
19 associated with that violation. All civil fines collected pursuant to  
20 this section shall be deposited into the fines and penalties account  
21 established pursuant to Section 26028. If an action for civil  
22 penalties is brought by the Attorney General, the penalty collected  
23 shall be deposited into the General Fund pursuant to Section 26028.  
24 If the action is brought by a district attorney or county counsel,  
25 the penalty collected shall be paid to the treasurer of the county in  
26 which the judgment was entered. If the action is brought by a city  
27 attorney or city prosecutor, the penalty collected shall be paid to  
28 the treasurer of the city in which the judgment was entered.

29 26066. (a) ~~The~~Any regulatory director or any district attorney,  
30 county counsel, city attorney, or city prosecutor may bring an  
31 action in the name of the people of the State of California to enjoin  
32 a violation or the threatened violation of any provision of this  
33 chapter, including, but not limited to, a licensee’s failure to correct  
34 objectionable conditions following notice or as a result of any rule  
35 promulgated pursuant to this chapter, and to assess and recover  
36 civil penalties in accordance with this chapter. The action shall be  
37 brought in the county in which the violation occurred or is  
38 threatened to occur. Any proceeding for injunctive relief brought  
39 pursuant to this chapter shall conform to the requirements of



1 Chapter 3 (commencing with Section 525) of Title 7 of Part 2 of  
2 the Code of Civil Procedure.

3 (b) A state or local agency shall immediately notify the division  
4 of any violations or arrests made for violations over which the  
5 division has jurisdiction which involve a licensee or licensed  
6 premises. Notice shall be given within 10 days of the violation or  
7 arrest. The division shall promptly cause an investigation to be  
8 made as to whether grounds exist for suspension or revocation of  
9 the license.

10 (c) This chapter shall not be construed to limit a law enforcement  
11 agency’s ability to investigate unlawful activity in relation to a  
12 mandatory commercial licensee.

13 (d) The division shall keep a complete record of all entities  
14 licensed pursuant to this chapter. This record shall be made  
15 available on the division’s Internet Web site so as to permit state  
16 and local law enforcement to verify a mandatory commercial  
17 license.

18 (e) ~~The department shall authorize the~~ A city, county, or city  
19 and county ~~to~~ may impose a ~~“temporary local suspension”~~  
20 *temporary local suspension* of the license of a commercial licensee  
21 for up to 30 days for violations of this chapter. ~~The department~~  
22 *regulatory authority* shall promptly cause an investigation to be  
23 made as to whether grounds exist for continued suspension or  
24 revocation of the license. *A city, county, or city and county may*  
25 *impose a subsequent temporary local suspension of the license of*  
26 *a commercial licensee for the same violation until the regulatory*  
27 *authority’s investigation and all appeals are complete.*

28

29

Article 5. Transportation of Medical Cannabis

30

31 26100. ~~A licensed transporter shall~~ *licensee authorized to*  
32 *transport medical cannabis and medical cannabis products shall*  
33 *do so only between licensed facilities. as set forth in this chapter.*

34 26102. (a) Prior to transporting *medical cannabis or* medical  
35 *cannabis products, a licensed transporter licensee authorized to*  
36 *transport medical cannabis or medical cannabis products shall*  
37 *do both of the following:*

38 (1) Complete an electronic shipping manifest as prescribed by  
39 the division.

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

3 (b) During transportation, the licensed transporter shall maintain  
 4 a physical copy of the shipping manifest and make it available  
 5 upon request to agents of the division, local law enforcement  
 6 officers, or any other designated enforcement agency.

7 (c) The licensee receiving the shipment shall maintain each  
 8 electronic shipping manifest and shall make it available upon  
 9 request to agents of the division, local law enforcement officers,  
 10 or any other designated enforcement agency.

11 (d) Upon receipt of the shipment, a licensed facility shall submit  
 12 to the division a record verifying receipt of the shipment and the  
 13 details of the shipment.

14 26104. (a) Transported *medical cannabis or* medical cannabis  
 15 products shall be transported only in a storage compartment that  
 16 is securely affixed to the interior of the transporting vehicle, and  
 17 shall not be visible from outside the vehicle. *This requirement*  
 18 *shall only apply to licensees transporting medical cannabis or*  
 19 *medical cannabis products with a total retail value of over five*  
 20 *hundred dollars (\$500).*

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

23 (c) All transport vehicles shall be staffed with a minimum of  
 24 two employees. At least one transport member shall remain with  
 25 the vehicle at all times when the vehicle contains medical cannabis.  
 26 *This requirement shall only apply to licensees transporting medical*  
 27 *cannabis or medical cannabis products with a total retail value*  
 28 *of over five thousand dollars (\$5,000).*

29 (d) Each transport team member shall possess documentation  
 30 of licensing and a government-issued identification card at all  
 31 times when transporting or delivering medical cannabis and shall  
 32 produce it upon the request of agents of ~~the division~~ *any regulatory*  
 33 *authority* or any law enforcement officials.

34 26105. (a) The division shall develop a database containing  
 35 the electronic shipping manifests, which shall include, but are not  
 36 limited to, the following information:

- 37 (1) The quantity, or weight, and variety of products shipped.
- 38 (2) The estimated times of departure and arrival.
- 39 (3) The quantity or weight, and variety of products received.
- 40 (4) The actual time of arrival.

1 (5) A categorization of the product.

2 (b) The database shall be designed to flag irregularities for ~~the~~  
3 ~~division~~ *any regulatory authority* to investigate. ~~The division~~ *Any*  
4 *regulatory authority* may, at any time, inspect shipments and  
5 request documentation for current inventory.

6  
7 Article 6. Cannabis Employee Certification and Apprenticeship  
8 Program for Cultivation Sites and Dispensaries  
9

10 26140. This article applies only to cultivation sites and  
11 dispensaries.

12 26140.5. The Division of Labor Standards Enforcement shall  
13 do all of the following:

14 (a) Maintain minimum standards for the competency and training  
15 of employees of a licensed cultivator or dispensary through a  
16 system of testing and certification.

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

20 (c) Adopt regulations as determined to be necessary to  
21 implement this article.

22 (d) Issue certification cards to employees certified pursuant to  
23 this article.

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

28 26141. (a) ~~Commencing~~ *By January 1, 2019, 2017, the Division*  
29 *of Labor Standards Enforcement shall develop a certification*  
30 *program for cannabis employees. Commencing January 1, 2019,*  
31 *except as provided in subdivision (c), certification shall be required*  
32 *of all persons who perform work as cannabis employees shall be*  
33 *certified by the Division of Labor Standards Enforcement.*  
34 *employees.*

35 (b) ~~Commencing January 1, 2019, individuals~~ *Individuals*  
36 *desiring to be certified shall submit an application for certification*  
37 *and examination.*

38 (c) (1) Certification is not required for registered apprentices  
39 working as cannabis employees as part of ~~an apprenticeship~~  
40 ~~program approved on or after January 1, 2019, under a~~

1 state-approved apprenticeship program. An apprentice who is  
2 within one year of completion of his or her term of apprenticeship  
3 shall be permitted to take the certification examination and, upon  
4 passing the examination, shall be certified immediately upon  
5 completion of the term of apprenticeship.

6 (2) ~~On or after~~ *Commencing* January 1, 2019, an uncertified  
7 person may perform work for which certification is otherwise  
8 required in order to acquire the necessary on-the-job experience  
9 for certification provided that the person shall be under the direct  
10 supervision of a cannabis employee certified pursuant to Section  
11 26141 who is responsible for supervising no more than one  
12 uncertified person.

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

15 26141.5. (a) The following shall constitute additional grounds  
16 for disciplinary proceedings, including suspension or revocation  
17 of the license issued pursuant to this chapter:

18 (1) The licensee willfully employs one or more uncertified  
19 persons to perform work as cannabis employees in violation of  
20 this section.

21 (2) The licensee willfully fails to provide adequate supervision  
22 of uncertified workers.

23 (3) The licensee willfully fails to provide adequate supervision  
24 of apprentices performing work pursuant to paragraph (1) of  
25 subdivision (c) of Section 26141.

26 (b) The Labor Commissioner shall maintain a process for  
27 referring cases to the ~~Division of Medical Cannabis Regulation~~  
28 ~~and Enforcement~~ *appropriate regulatory authority* when it has  
29 been determined that a violation of this section has likely occurred.  
30 The Labor Commissioner shall have a memorandum of  
31 understanding with the ~~Division of Medical Cannabis Regulation~~  
32 ~~and Enforcement~~ *regulatory authorities* in furtherance of this  
33 section.

34 (c) Upon receipt of a referral by the Labor Commissioner  
35 alleging a violation under this section, the ~~Division of Medical~~  
36 ~~Cannabis Regulation and Enforcement~~ *appropriate regulatory*  
37 *authority* shall open an investigation. Disciplinary action against  
38 the licensee shall be initiated within 60 days of the receipt of the  
39 referral. The ~~Division of Medical Cannabis Regulation and~~  
40 ~~Enforcement~~ *regulatory authority* may initiate disciplinary action

1 against a licensee upon his or her own investigation, the filing of  
2 a complaint, or a finding that results from a referral from the Labor  
3 Commissioner alleging a violation under this section. Failure of  
4 the employer or employee to provide evidence of certification or  
5 apprentice status shall create a rebuttable presumption of violation  
6 of this provision.

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

8 SEC. 6. Section 23028 is added to the Government Code, to  
9 read:

10 23028. (a) (1) In addition to any authority otherwise provided  
11 by law, the board of supervisors of any county may impose, by  
12 ordinance, a tax on the privilege of cultivating, dispensing,  
13 producing, processing, preparing, storing, providing, donating,  
14 selling, or distributing cannabis by a licensee operating pursuant  
15 to the Medical Cannabis Regulation and Control Act (Chapter 18  
16 (commencing with Section 26000) of Division 9 of the Business  
17 and Professions Code). The tax may be imposed for general  
18 governmental purposes or for purposes specified in the ordinance  
19 by the board of supervisors.

20 (2) The board of supervisors shall specify in the ordinance  
21 proposing the tax the activities subject to the tax, the applicable  
22 rate or rates, the method of apportionment, and the manner of  
23 collection of the tax. A tax imposed pursuant to this section is a  
24 tax and not a fee or special assessment, and the tax is not required  
25 to be apportioned on the basis of benefit to any person or property  
26 or be applied uniformly to all taxpayers or all real property.

27 (3) A tax imposed by a county pursuant to this section by a  
28 county may include a transactions and use tax imposed solely for  
29 cannabis or cannabis products, which shall otherwise conform to  
30 Part 1.6 (commencing with Section 7251) of Division 2 of the  
31 Revenue and Taxation Code. Notwithstanding Section 7251.1 of  
32 the Revenue and Taxation Code, the tax may be imposed at any  
33 rate specified by the board of supervisors, and the tax rate  
34 authorized by this section shall not be considered for purposes of  
35 the combined tax rate limitation established by that section.

36 (4) The tax authorized by this section may be imposed upon  
37 any or all of the activities set forth in paragraph (1), regardless of  
38 whether the activity is undertaken individually, collectively, or  
39 cooperatively, and regardless of whether the activity is for

1 compensation or gratuitously, as determined by the board of  
2 supervisors.

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

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

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

13 (d) For purposes of this section, “marijuana” or “cannabis”  
14 shall have the meanings set forth in Section 26002 of the Business  
15 and Professions Code.

16 (e) This section does not limit or prohibit the levy or collection  
17 or any other fee, charge, or tax, or any license or service fee or  
18 charge upon, or related to, the activities set forth in subdivision  
19 (a) as otherwise provided by law. This section shall not be  
20 construed as a limitation upon the taxing authority of any county  
21 as provided by other law.

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

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

26 11362.775. (a) Qualified patients, persons with valid  
27 identification cards, and the designated primary caregivers of  
28 qualified patients and persons with identification cards, who  
29 associate within the State of California in order collectively or  
30 cooperatively to cultivate marijuana for medical purposes, shall  
31 not solely on the basis of that fact be subject to state criminal  
32 sanctions under Section 11357, 11358, 11359, 11360, 11366,  
33 11366.5, or 11570.

34 (b) Commencing 180 days following the issuance of provisional  
35 licenses pursuant to the Medical Cannabis Regulation and Control  
36 Act (Chapter 18 (commencing with Section 26000) of Division 9  
37 of the Business and Professions Code), subdivision (a) shall not  
38 apply to licensees under that act. ~~The Division of Medical Cannabis~~  
39 ~~Regulation and Enforcement~~ *Each regulatory authority* shall post  
40 a notice on its Internet Web site indicating when it has commenced

1 issuing provisional licenses and when the 180-day period has been  
2 exhausted.

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

15 3094. The Division of Apprenticeship Standards shall  
16 investigate, approve, or reject applications for apprenticeship  
17 programs for employees of a licensee subject to Article 6  
18 (commencing with Section 26140) of Chapter 18 of Division 9 of  
19 the Business and Professions Code. The Division of Apprenticeship  
20 Standards shall adopt regulations necessary to implement and  
21 regulate the establishment of the apprenticeship programs described  
22 in this section.

23 SEC. 10. The provisions of this act are severable. If any  
24 provision of this act or its application is held invalid, that invalidity  
25 shall not affect other provisions or applications that can be given  
26 effect without the invalid provision or application.

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

36 It is necessary to maintain the confidentiality of patient and  
37 physician information provided to the ~~Division of Medical~~  
38 ~~Cannabis Regulation and Enforcement~~ *regulatory authorities* in  
39 order to protect the private medical information of patients who

1 use medical cannabis and to preserve the essential confidentiality  
2 of the physician and patient relationship.

3 SEC. 12. No reimbursement is required by this act pursuant to  
4 Section 6 of Article XIII B of the California Constitution for certain  
5 costs that may be incurred by a local agency or school district  
6 because, in that regard, this act creates a new crime or infraction,  
7 eliminates a crime or infraction, or changes the penalty for a crime  
8 or infraction, within the meaning of Section 17556 of the  
9 Government Code, or changes the definition of a crime within the  
10 meaning of Section 6 of Article XIII B of the California  
11 Constitution.

12 However, if the Commission on State Mandates determines that  
13 this act contains other costs mandated by the state, reimbursement  
14 to local agencies and school districts for those costs shall be made  
15 pursuant to Part 7 (commencing with Section 17500) of Division  
16 4 of Title 2 of the Government Code.