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CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 34

Introduced by Assembly Members Bonta and Jones-Sawyer

December 1, 2014

An act to amend Sections 2220.05, 2242, and 2264 of, and to add Chapter 18 (commencing with Section 26000) to Division 9 of, the Business and Professions Code, to add Section 23028 to the Government Code, to amend Section 11362.775 of the Health and Safety Code, and to 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, 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 regulatory authorities to license persons to engage in the various aspects of commercial cannabis activity, as defined. The bill would designate as peace officers 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. *This bill would require medical cannabis and medical cannabis products to be adhere to specified packaging, labeling, and food safety standards.*

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. *agencies to enforce the act, to the extent that it is within the scope of other statutory responsibilities of local agencies and to the extent that resources are available to the local agencies.* By imposing these enforcement duties on local agencies, the bill would impose a state-mandated local program.

The bill would establish the Medical ~~Cannabis~~ *Cannabis* Control Fund with separate accounts for ~~fees~~ *fees, fines*, 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 appropriate regulating authorities for the purposes of administering the program.

The bill would authorize the regulatory authorities to collaborate to establish a regulation and enforcement assistance grant program and would ~~authorize the Department of Transportation to conduct research~~ and *require the Department of the California Highway Patrol to 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~~ *specified* fines and penalties deposited into the fund available, upon appropriation by the Legislature, for funding these programs.

The bill would require the 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 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 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 Occupational Safety and Health 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 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 any regulatory authority, and prescribed local entities, to bring an action to enjoin violations. The bill would require the regulatory authority to establish a digital database and to permit state and local law enforcement agencies to verify licenses.

(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 *or a city council* 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:

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

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

15 (c) California, acting alone, is powerless to change federal law
16 and to correct this misunderstanding in federal law about the role
17 that marijuana can and does play in the practice of medicine.
18 However, federal enforcement authorities have recognized that in
19 states that have authorized marijuana use and have enacted strong
20 and effective regulatory and enforcement systems to control the
21 cultivation, distribution, sale, and possession of marijuana, conduct
22 in compliance with those regulatory and enforcement systems is
23 less likely to threaten federal priorities and, thus, less likely to
24 require federal enforcement intervention (See: Memorandum For
25 All United States Attorneys—Guidance Regarding Marijuana
26 Enforcement, by James M. Cole, Deputy Attorney General, August
27 29, 2013).

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

34 (e) *Nothing in this act or Article 2 (commencing with Section*
35 *11357) or Article 2.5 (commencing with Section 11362.7) of*
36 *Chapter 6 of Division 10 of the Health and Safety Code is intended*
37 *to preempt any local ordinance regulating or banning the*
38 *cultivation, processing, manufacturing, testing, transportation,*

1 *distribution, provision, donation, or sale of medical cannabis, or*
2 *to otherwise prevent or limit a city, county, or city and county from*
3 *adopting or enforcing a zoning ordinance or other law, ordinance,*
4 *or regulation that bans or regulates the location, operation, or*
5 *establishment of any individual or other person that cultivates,*
6 *processes, possesses, stores, manufactures, tests, transports,*
7 *distributes, provides, donate, or sells cannabis.*

8 *(f) Nothing in this act is intended to require an employer to*
9 *permit or accommodate the use, consumption, possession, transfer,*
10 *display, transportation, sale, or growth of marijuana in the*
11 *workplace, or to affect the ability of employers to have policies*
12 *restricting the use of marijuana by employees, or otherwise*
13 *complying with federal law.*

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

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

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

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

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

1 applicability of these provisions shall be made in any complaint
2 that may implicate these provisions.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

25
26 CHAPTER 18. MEDICAL CANNABIS REGULATION AND CONTROL

27
28 Article 1. General Provisions

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

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

39 (c) *Nothing in this chapter, or any regulations promulgated*
40 *thereunder, shall be deemed to limit the authority or remedies of*

1 *a city or county under any provision of law, including, without*
2 *limitation, Section 26010 or 26060 or Section 7 of Article XI of*
3 *the California Constitution.*

4 26001. Without limiting the authority of a city or county
5 pursuant to Section 7 of Article XI of the California Constitution,
6 or any other provision of law, and subject to that authority, the
7 state shall have the primary right and power to regulate and license
8 persons for the cultivation, manufacture, transportation, sale, and
9 other related activities regarding medical cannabis within the state.
10 In the exercise of these rights and powers, the state and each of its
11 agencies are hereby deemed not to be engaged in activities
12 requiring licensure under this chapter.

13 26002. For the purpose of this chapter:

14 (a) “Regulatory authority” means the Division of Medical
15 Cannabis Regulation and Enforcement within the Department of
16 Alcoholic Beverage Control, the Division of Medical Cannabis
17 Manufacturing and Testing within the State Department of Public
18 Health, or the Division of Medical Cannabis Cultivation within
19 the Department of Food and Agriculture, as appropriate to the
20 context.

21 (b) “Regulatory director” means the Director of the Department
22 of Alcoholic Beverage Control, the Director of the Department of
23 Public Health, or the Director of the Department of Food and
24 Agriculture.

25 (c) “Division” means the Division of Medical Cannabis
26 Regulation and Enforcement within the Department of Alcoholic
27 Beverage Control, unless otherwise specified.

28 (d) “Cannabis” means all parts of the plant *Cannabis sativa* L.,
29 *cannabis indica*, or *cannabis ruderalis*, whether growing or not;
30 the seeds thereof; the resin, whether crude or purified, extracted
31 from any part of the plant; and every compound, manufacture, salt,
32 derivative, mixture, or preparation of the plant, its seeds, or resin.
33 It does not include the mature stalks of the plant, fiber produced
34 from the stalks, oil or cake made from the seeds of the plant, any
35 other compound, manufacture, salt, derivative, mixture, or
36 preparation of the mature stalks (except the resin extracted
37 therefrom), fiber, oil, or cake, or the sterilized seed of the plant
38 which is incapable of germination. “Cannabis” also means
39 marijuana as defined by Section 11018 of the Health and Safety
40 Code as enacted by Chapter 1407 of the Statutes of 1972.

1 (e) “Commercial cannabis activity” means any cultivation,
2 possession, manufacture, processing, storing, laboratory testing,
3 labeling, transporting, distribution, or sale of cannabis or cannabis
4 product, *or any Internet platform that facilitates any of these*
5 *functions for the purpose of selling medical cannabis or medical*
6 *cannabis products to qualified patients or caregivers*, except as
7 set forth in subdivision (b) of Section 26052.

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

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

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

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

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

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

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

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

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

37 (o) “Dispensary” means a *nonmobile, nonvehicular,*
38 *non-Internet-based* retail location that distributes *medical cannabis*
39 or medical cannabis products and is owned and operated by a
40 licensee for these activities pursuant to this chapter.

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

3 (1) Potency.

4 (2) Chemical residue.

5 (3) Microbiological contaminants.

6 (4) Handling, care, and storage.

7 (5) Date and location of cultivation, processing, and
8 manufacturing.

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

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

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

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

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

26 (v) “Dispensing” means any activity involving the retail sale of
27 ~~medical cannabis or medical cannabis products.~~ *products from a*
28 *dispensary.*

29 (w) *“Labor peace agreement” means an agreement between a*
30 *licensee and a bona fide labor organization that, at a minimum,*
31 *protects the state’s proprietary interests by prohibiting labor*
32 *organizations and members from engaging in picketing, work*
33 *stoppages, boycotts, and any other economic interference with the*
34 *applicant’s business. This agreement means that the applicant has*
35 *agreed not to disrupt efforts by the bona fide labor organization*
36 *to communicate with, and attempt to organize and represent, the*
37 *applicant’s employees. The agreement shall provide a bona fide*
38 *labor organization access at reasonable times to areas in which*
39 *the applicant’s employees work, for the purpose of meeting with*
40 *employees to discuss their right to representation, employment*

1 *rights under state law, and terms and conditions of employment.*
2 *This type of agreement shall not mandate a particular method of*
3 *election or certification of the bona fide labor organization.*

4 (x) *“Manufacturing site” means a location that conducts the*
5 *production, preparation, propagation, compounding, or processing*
6 *of medical cannabis or medical cannabis products, either directly*
7 *or indirectly or by extraction processes, or independently by means*
8 *of chemical synthesis or by a combination of extraction and*
9 *chemical synthesis, and includes a location that packages or*
10 *repackages medical cannabis or medical cannabis products or*
11 *labeling or relabeling of its container, and is owned and operated*
12 *by a licensee for these activities pursuant to this chapter.*

13 (y) *“Transport” means the commercial transfer of medical*
14 *cannabis or medical cannabis products from the business location*
15 *of one mandatory commercial licensee to another mandatory*
16 *commercial licensee, for the purposes of conducting commercial*
17 *cannabis activity authorized by licensees pursuant to this chapter.*

18 (z) *“Delivery” means the commercial transfer of medical*
19 *cannabis or medical cannabis products from a dispensary to a*
20 *primary caregiver or qualified patient, as defined in Section*
21 *11362.7 of the Health and Safety Code.*

22 (aa) *“Live plants” means living medical cannabis flowers and*
23 *plants, including seeds, immature plants, and vegetative stage*
24 *plants.*

25 (ab) *“Dried flower” means all dead medical cannabis that has*
26 *been harvested, dried, cured, or otherwise processed.*

27 26010. This chapter does not, nor does Article 2 (commencing
28 with Section 11357) and Article 2.5 (commencing with Section
29 11362.7) of Chapter 6 of Division 10 of the Health and Safety
30 Code, prevent a city or county from doing any of the following:

31 (a) Adopting local ordinances inconsistent with this chapter that
32 do the following:

33 (1) Regulate the location, operation, or establishment of a
34 licensee or any person that cultivates, processes, possesses, stores,
35 manufactures, tests, transports, distributes, or sells medical
36 cannabis.

37 (2) Prohibit commercial cannabis activity within their
38 jurisdiction.

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

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

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

6 26011. (a) All manufactured medical cannabis and medical
7 cannabis products shall be packaged and labeled, and shall adhere
8 to labeling and packaging standards, including, but not limited
9 to, all of the following:

10 (1) All labels shall include the manufacturing date, the name
11 of the mandatory commercial licensee from which it was obtained,
12 the active ingredients, net weight, cannabinoid profile, nutritional
13 facts, any potential allergens, and the amount in milligrams of
14 cannabinoids per serving, servings per package, and the amount
15 in milligrams of cannabinoids in the total package.

16 (2) All labels shall include the warnings: “KEEP OUT OF
17 REACH OF CHILDREN AND ANIMALS,” and “FOR MEDICAL
18 USE ONLY.”

19 (3) All packaging shall contain a clear indication in bold font
20 that the package contains medical cannabis.

21 (4) All packages shall not be designed in a manner that attracts
22 minors.

23 (5) All labels shall clearly distinguish edible cannabis products
24 from noncannabis products.

25 (6) All packages shall show the name of the mandatory
26 commercial licensee that tested the product, the testing batch
27 number, and the date the test was completed.

28 (b) All medical cannabis and medical cannabis products shall
29 abide by consumer protection, food and product safety
30 requirements, including, but not limited to, all of the following:

31 (1) All manufacturers of medical cannabis and medical cannabis
32 products shall abide by sanitation standards equivalent to the
33 California Retail Food Code (Part 7 (commencing with Section
34 113700) of Division 104 of the Health and Safety Code) for food
35 preparation, storage, handling, and sale of medical cannabis
36 products. For purposes of this chapter, edible medical cannabis
37 products are deemed to be unadulterated food products.

38 (2) All edible medical cannabis products shall be limited to
39 foods that are not potentially hazardous food as set forth in Section
40 114365.5 of the Health and Safety Code.

1 (3) All edible medical cannabis products shall be packaged at
2 the original point of preparation.

3
4 Article 2. Administration
5

6 26020. (a) The Division of Medical Cannabis Regulation and
7 Enforcement is hereby established within the Department of
8 Alcoholic Beverage Control. The Division of Medical Cannabis
9 Regulation and Enforcement shall do all of the following:

10 (1) Be administered by a person who is appointed by the
11 ~~Director of the Department of Alcoholic Beverage Control.~~
12 *Governor.*

13 (2) Administer this chapter, as it pertains to commercial cannabis
14 activity relating to dispensaries.

15 (3) Lead all state and local authorities regarding the tracking of
16 medical cannabis, medical cannabis products, and licensees
17 pursuant to this chapter.

18 (b) The Division of Medical Cannabis Manufacturing and
19 Testing is hereby established within the Department of Public
20 Health. The Division of Medical Cannabis Manufacturing and
21 Testing shall do all the following:

22 (1) Be administered by a person who is appointed by the ~~State~~
23 ~~Health Officer.~~ *Governor.*

24 (2) Administer this chapter, as it pertains to manufacturing,
25 testing, and certification of testing laboratories for medical cannabis
26 and medical cannabis products.

27 (c) The Division of Medical Cannabis Cultivation is hereby
28 established within the Department of Food and Agriculture. The
29 Division of Medical Cannabis Cultivation shall do all of the
30 following:

31 (1) Be administered by a person who is appointed by the
32 ~~Secretary of the Department of Food and Agriculture.~~ *Governor.*

33 (2) Administer this chapter as it pertains to cultivation of medical
34 cannabis.

35 (d) The regulatory authorities shall issue licenses to applicants
36 to engage in commercial cannabis activity pursuant to this chapter.
37 No person shall engage in commercial cannabis activity unless the
38 person obtains permission pursuant to ~~section~~ *Section 26045.*

39 (e) The division shall maintain a registry of all permit holders
40 and shall maintain a record of all licenses and commercial cannabis

1 activity of the permit holder throughout the length of licensure and
2 for a minimum of seven years following the expiration of each
3 license. The division shall make limited licensee information
4 available to a licensee so that it may verify whether it is engaging
5 in commercial cannabis activities with a properly licensed entity.

6 (f) Each regulatory authority shall adopt regulations as needed
7 to implement that licensing program as set forth in Article 3
8 (commencing with Section 26040) within one year following the
9 establishment of provisional licenses, pursuant to Section 26054.
10 The regulations shall not limit the authority of a city or a county
11 pursuant to Section 7 of Article XI of the California Constitution,
12 Section 26010 or 26060, or any other law. The regulations shall,
13 in addition, do all of the following:

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

16 (A) Each regulatory authority shall charge each applicant for
17 licensure or renewal an application or renewal fee that shall be
18 calculated to cover the costs of processing the application or
19 renewal. This fee may vary depending upon the varying costs
20 associated with approving the application or renewal related to the
21 varying activities covered by the license, but shall not exceed the
22 reasonable regulatory costs to the regulatory authority.

23 (B) Each regulatory authority shall charge each licensee a
24 licensure fee upon the issuance of a license. The licensure fee shall
25 be calculated to cover the costs of administering this chapter, other
26 than the costs of processing applications. The licensure fee may
27 vary depending upon the varying costs associated with
28 administering the various regulatory requirements of this chapter
29 as they relate to the nature and scope of the different licensure
30 activities, but shall not exceed the reasonable regulatory costs to
31 the regulatory authority.

32 (C) The total fees assessed pursuant to this chapter, including,
33 but not limited to, provisional license fees set forth in Section
34 26054, shall be set at an amount that will fairly and proportionately
35 generate sufficient total revenue to fully cover the total costs of
36 administering this chapter, including, but not limited to, costs set
37 forth in Section 26023.

38 (2) Establish procedures for approval or denial of applications
39 for licensure for each and every aspect of commercial cannabis
40 activity, including, but not limited to, cultivation, possession,

1 manufacture, processing, storing, laboratory testing, labeling,
2 transporting, distribution, and sale of cannabis.

3 (3) Establish applicant qualifications.

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

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

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

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

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

17 (9) Establish procedures for the *collaborative* oversight of the
18 ~~fund~~ fund, and its related accounts, established pursuant to Section
19 26028.

20 *26020.1. (a) The regulatory authorities, by March 1, 2016,*
21 *shall convene a task force which shall advise the regulatory*
22 *authorities on the development of standards pursuant to this*
23 *chapter. The task force shall be responsible for determining the*
24 *appropriate roles of each state entity as it pertains to this chapter,*
25 *and shall establish clear guidelines on communication and*
26 *information sharing between state entities for implementation of*
27 *this chapter. Notwithstanding Section 10231.5 of the Government*
28 *Code, the task force shall submit a report on these standards,*
29 *determinations, and guidelines for implementation of this chapter,*
30 *to the Legislature and state entities affected by this chapter by*
31 *August 1, 2016. The report submitted to the Legislature shall be*
32 *submitted in compliance with Section 9795 of the Government*
33 *Code.*

34 *(b) The task force shall be comprised of representatives of*
35 *medical cannabis consumer advocates, environmental experts,*
36 *public health experts, medical cannabis industry representatives,*
37 *the related regulatory authorities, labor, and law enforcement.*
38 *The task force may also be comprised of representatives for the*
39 *State Board of Equalization and Attorney General, and other state*
40 *agencies, as deemed appropriate. The task force shall have a*

1 *minimum of nine members, with one-third of the members*
2 *appointed by the California State Assembly, one-third of the*
3 *members appointed by the California State Senate, and one-third*
4 *of the members appointed by the Governor. If there is an unequal*
5 *divide between these three entities, the Governor shall make*
6 *appointments for the difference.*

7 *(c) Task force members shall serve on a voluntary basis and*
8 *shall be responsible for any costs associated with their*
9 *participation in the task force. The regulatory authorities shall*
10 *not be responsible for travel costs incurred by task force members*
11 *or otherwise compensating task force members for costs associated*
12 *with their participation in the task force.*

13 26021. *For purposes of this chapter, the Secretary of the*
14 *California Department of Food and Agriculture shall declare*
15 *medical cannabis to be an agricultural product. The Division of*
16 *Medical Cannabis Cultivation shall do all of the following:*

17 (a) *Adopt regulations, in consultation with the State Water*
18 *Resources Control Board, to ensure that commercial cannabis*
19 *activity licensed pursuant to this chapter does not threaten the*
20 *state's clean water and environment.*

21 (b) *Adopt regulations ensuring that the cultivation of cannabis*
22 *under this chapter is in compliance with standards equivalent to*
23 *the statutory and regulatory requirements applicable to the*
24 *production of a food crop, including, but not limited to, all of the*
25 *following:*

26 (1) *Regulations regarding the verification of cannabis stock for*
27 *the purposes of cultivation.*

28 (2) *Cultivation protocols ensuring the quality, availability, and*
29 *safety of the cannabis crop, including both indoor and outdoor*
30 *cultivation standards and regulations regarding carbon offsets for*
31 *indoor cultivation.*

32 (3) *Environmentally sound agricultural practices, including all*
33 *of the following:*

34 (A) *A requirement that any actual, or potential for,*
35 *environmental damage be addressed by the relevant state agency,*
36 *including, but not limited to, the State Board of Forestry and Fire*
37 *Protection, the Department of Fish and Wildlife, California regional*
38 *water quality control boards, the Department of the California*
39 *Highway Patrol, or the Department of Justice.*

1 (B) A provision authorizing *suspension or* revocation of a
2 licensee if the state determines that the conduct of the licensee
3 threatens to inflict or has inflicted significant damage to the
4 environment.

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

11 (c) Adopt regulations to establish cultivation labeling and
12 packaging standards and requirements, including, but not limited
13 to, cultivation labeling requirements requiring labeling to include,
14 at a minimum, cannabinoid levels, cannabinoid profile, and active
15 ingredients.

16 (d) In consultation with the State Department of Public Health,
17 establish testing standards for medical cannabis.

18 (e) Ensure cultivation ~~licenses~~ *licensees* have access to existing
19 agricultural incentive and support programs.

20 (f) Establish weighing or measuring standards, including, but
21 not limited to, the requirement that devices used in connection
22 with the sale or distribution of cannabis meet standards equivalent
23 to Division 5 (commencing with Section 12001).

24 ~~(g) Establish standards controlling the application of pesticides.~~
25 ~~These standards shall, at a minimum, require that if pesticides are~~
26 ~~to be used, the use comply with standards equivalent to Division~~
27 ~~6 (commencing with Section 11401) of the Food and Agricultural~~
28 ~~Code and its implementing regulations.~~

29 (g) *Assess an administrative fine upon a licensee for each*
30 *violation of any regulation promulgated pursuant to subdivision*
31 *(a) to (c), inclusive, in an amount equal to the costs to remedy any*
32 *environmental damage caused by the violation or violations.*

33 (h) *In consultation with other regulatory authorities, establish*
34 *transportation and delivery standards for manufactured medical*
35 *cannabis and medical cannabis products, including standards*
36 *related to the transport and delivery of perishable and*
37 *nonperishable medical cannabis and medical cannabis products.*

38 (i) *Adopt any other regulations necessary to fully implement*
39 *the provisions of this chapter related to the cultivation of medical*
40 *cannabis.*

1 26021.5. (a) State agencies shall collaborate with local
 2 agencies, and local agencies, within the scope of their jurisdiction,
 3 and to the extent that resources are available, shall assist state
 4 agencies in the enforcement of this chapter. *agencies to enforce*
 5 *this chapter to the extent that it is within the scope of other*
 6 *statutory responsibilities of local agencies and to the extent that*
 7 *resources for this enforcement are available to the local agencies.*

8 This section shall not limit any other state or local requirements.
 9 (b) ~~No cannabis shall~~ *Cannabis shall not* be cultivated on public
 10 lands pursuant to this chapter.

11 26022. The Division of Medical Cannabis Manufacturing and
 12 Testing shall adopt regulations ~~to do~~ *for* all of the following:

13 (a) ~~Establish product labeling and packaging standards and~~
 14 ~~requirements, including, but shall not be limited to, all of the~~
 15 ~~following:~~

16 (1) ~~All manufactured cannabis product labeling and packaging~~
 17 ~~standards, including, but not limited to, all of the following:~~

18 (A) ~~A requirement that the label include the manufacturing date,~~
 19 ~~the name of the mandatory commercial licensee from which it was~~
 20 ~~obtained, the active ingredients, net weight, cannabinoid profile,~~
 21 ~~nutritional facts, any potential allergens, and the amount in~~
 22 ~~milligrams of cannabinoids per serving, servings per package, and~~
 23 ~~the amount in milligrams of cannabinoids in the total package.~~

24 (B) ~~A requirement that the label include the warnings: “KEEP~~
 25 ~~OUT OF REACH OF CHILDREN AND ANIMALS,” and “FOR~~
 26 ~~MEDICAL USE ONLY.”~~

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

30 (D) ~~Standards for labeling food that clearly distinguish edible~~
 31 ~~cannabis products from non-cannabis products.~~

32 (E) ~~The name of the mandatory commercial licensee that~~
 33 ~~manufactured the product.~~

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

36 (1) ~~Adverse event reporting and product recall systems that~~
 37 ~~include batch, lot, or control number tracking, the requirement that~~
 38 ~~employees who manufacture or otherwise handle edible medical~~
 39 ~~cannabis products thoroughly wash their hands before commencing~~

1 ~~production and before handling finished edible medical cannabis~~
2 ~~products:~~

3 ~~(2) Standards for the amount, in milligrams, of cannabinoids~~
4 ~~per serving in edible products:~~

5 ~~(3) Sanitation standards equivalent to the California Retail Food~~
6 ~~Code (Part 7 (commencing with Section 113700) of Division 104~~
7 ~~of the Health and Safety Code) for food preparation, storage,~~
8 ~~handling, and sale of medical cannabis products. For purposes of~~
9 ~~this chapter, edible medical cannabis products are deemed to be~~
10 ~~unadulterated food products:~~

11 ~~(4) A requirement that edible medical cannabis products be~~
12 ~~limited to foods that are not potentially hazardous food as set forth~~
13 ~~in Section 114365.5 of the Health and Safety Code:~~

14 ~~(5) Standards controlling the application of pesticides. These~~
15 ~~standards shall, at a minimum, require that if pesticides are to be~~
16 ~~used, the use comply with standards equivalent to Division 6~~
17 ~~(commencing with Section 11401) of the Food and Agricultural~~
18 ~~Code and its implementing regulations:~~

19 ~~(6) A requirement that all edible medical cannabis products~~
20 ~~shall be individually wrapped at the original point of preparation:~~

21 ~~(e) Establish testing~~

22 ~~(a) Testing requirements for all medical cannabis and medical~~
23 ~~cannabis products, including edible cannabis products and those~~
24 ~~used, or intended for use, via inhalation, including, but not limited~~
25 ~~to:~~

26 ~~(1) Testing for the active cannabinoid-profile, constituent~~
27 ~~elements, and microbiological, bacterial, pathogenic yeast, and~~
28 ~~mold counts.~~

29 ~~(2) Testing standards by which to test and measure the potency~~
30 ~~of medical cannabis and medical cannabis products. The Division~~
31 ~~of Medical Cannabis Manufacturing and Testing shall also~~
32 ~~determine maximum standards in the potency of medical cannabis~~
33 ~~and potency standards for medical cannabis products.~~

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

36 ~~(4) Protocols for medical cannabis and medical cannabis product~~
37 ~~safety testing.~~

38 ~~(d) Establish procedures~~

39 ~~(b) Procedures for certifying laboratories for the testing of~~
40 ~~medical cannabis and medical cannabis products, as defined in~~

1 this chapter. Certification of testing laboratories shall be consistent
2 with general requirements for the competence of testing and
3 calibration activities, including sampling, using standard methods
4 established by the International Organization for Standardization,
5 including, but not limited to, ISO/IEC 17020 and 17025. *The*
6 *Department of Medical Cannabis Manufacturing and Testing may*
7 *use an outside accreditation body, approved by the International*
8 *Laboratory Accreditation Cooperation, to assist in certification*
9 *of laboratories.*

10 (c) *Consumer protection standards for manufactured medical*
11 *cannabis and medical cannabis products, including, but not limited*
12 *to, the following:*

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

19 (2) *Standards for the amount, in milligrams, of cannabinoids*
20 *per serving in edible products.*

21 (d) *Safety protocols and standards of protocol for all levels of*
22 *manufacturing medical cannabis and medical cannabis products.*

23 (e) *In consultation with other regulatory authorities,*
24 *transportation and delivery standards for manufactured medical*
25 *cannabis and medical cannabis products, including standards*
26 *related to the transport and delivery of perishable and*
27 *nonperishable medical cannabis and medical cannabis products.*

28 (f) *Any other regulations necessary to fully implement the*
29 *provisions of this chapter related to the manufacturing and testing*
30 *of medical cannabis and medical cannabis products.*

31 26023. *The division shall adopt regulations for all of the*
32 *following:*

33 (a) *Minimum educational and testing requirements for*
34 *dispensary licensee staff, including, but not limited to, background*
35 *checks and a requirement that every dispensary maintain*
36 *dedicated, licensed security staff, as deemed appropriate by the*
37 *division.*

38 (b) *Inventory and control protocols.*

1 (c) *Protocols for the safe, secure storage of medical cannabis*
2 *and medical cannabis products by wholesale and dispensary*
3 *licensees.*

4 (d) *Maximum allowed storage for dispensaries and wholesale*
5 *sites of medical cannabis and medical cannabis products.*

6 (e) *In consultation with other regulatory authorities,*
7 *transportation and delivery standards for medical cannabis and*
8 *medical cannabis products, including standards related to the*
9 *transport and delivery of perishable and nonperishable medical*
10 *cannabis and medical cannabis products.*

11 (f) *Any other regulations necessary to fully implement the*
12 *provisions of this chapter related to the dispensing of medical*
13 *cannabis and medical cannabis products.*

14 ~~26023.~~

15 26023.5 The regulations shall set forth the inspection and
16 enforcement responsibilities of the Department of Alcohol and
17 Beverage Control, the State Department of Public Health, the
18 Division of Labor Standards Enforcement, the State Water
19 Resources Control Board, the State Department of Public Health,
20 and the Department of Food and Agriculture associated with this
21 chapter.

22 ~~26023.5. (a) Without limiting the authority of a city or a county~~
23 ~~pursuant to Section 7 of Article XI of the California Constitution~~
24 ~~or any other law, the Division of Medical Cannabis Regulation~~
25 ~~and Enforcement shall adopt regulations regarding the minimum~~
26 ~~standards for the operation of dispensaries. The regulations shall~~
27 ~~establish all of the following:~~

28 ~~(1) A requirement that dispensaries provide patients with~~
29 ~~detailed written information about the contents of the cannabis~~
30 ~~and medical cannabis products they obtain.~~

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

36 ~~(3) Minimum educational and testing requirements for licensee~~
37 ~~staff, including, but not limited to, background checks and a~~
38 ~~requirement that every dispensary maintain dedicated, licensed~~
39 ~~security staff as deemed appropriate by the division.~~

1 ~~(4) Minimum standards governing signage and advertising for~~
2 ~~dispensaries.~~

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

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

14 26024. The regulatory authorities may assist state taxation
15 authorities in the development of uniform policies for the state
16 taxation of mandatory commercial licensees.

17 26028. (a) The Medical Cannabis Control Fund is hereby
18 established within the State Treasury. Notwithstanding Section
19 16305.7 of the Government Code, the fund shall include any
20 interest and dividends earned on the moneys in the fund.

21 (b) All *license fees collected by the Division of Medical*
22 *Cannabis Cultivation* pursuant to this chapter shall be deposited
23 ~~into the fees account, *Medical Cannabis Cultivation Fees Account,*~~
24 ~~which is hereby established within the fund. Notwithstanding~~
25 ~~Section 13340 of the Government Code, all moneys within the~~
26 ~~fees *this* account are hereby continuously appropriated, without~~
27 ~~regard to fiscal year, to the ~~appropriate regulatory authority~~~~
28 ~~*Division of Medical Cannabis Cultivation* solely for the purposes~~
29 ~~of fully funding and administering this chapter, including, but not~~
30 ~~limited to, the costs incurred by the ~~regulatory authority~~ *Division*~~
31 ~~*of Medical Cannabis Cultivation* for its administrative expenses~~
32 ~~and costs and the costs of regulation as set forth in Section ~~26023.~~~~
33 ~~26021.~~

34 (c) *All administrative fines collected pursuant to subdivision*
35 *(g) of Section 26021 shall be deposited into the Environmental*
36 *Safety Account, which is hereby established within the fund, and*
37 *shall be available, upon appropriation by the Legislature, to the*
38 *Division of Medical Cannabis Cultivation for allocation to state*
39 *and local agencies and law enforcement to remedy the*
40 *environmental impacts of cannabis cultivation.*

1 (d) All license fees collected by the Division of Medical
2 Cannabis Manufacturing and Testing pursuant to this chapter
3 shall be deposited into the Medical Cannabis Manufacturing Fees
4 Account, which is hereby established within the fund.
5 Notwithstanding Section 13340 of the Government Code, all
6 moneys within the Medical Cannabis Manufacturing Fees Account
7 are hereby continuously appropriated, without regard to fiscal
8 year to the Division of Medical Cannabis Manufacturing and
9 Testing, solely for the purposes of fully funding and administering
10 this chapter, including, but not limited to, the costs incurred by
11 the Division of Medical Cannabis Manufacturing and Testing for
12 its administrative expenses and costs and the costs of regulation
13 as set forth in Section 26022.

14 (e) All license fees collected by the division pursuant to this
15 chapter shall be deposited into the Medical Cannabis Retail Fees
16 Account, which is hereby established within the fund.
17 Notwithstanding Section 13340 of the Government Code, all
18 moneys within the Medical Cannabis Retail Fees Account are
19 hereby continuously appropriated, without regard to fiscal year,
20 to the division, solely for the purposes of fully funding and
21 administering this chapter, including, but not limited to, the costs
22 incurred by the division for its administrative expenses and costs
23 and the costs of regulation as set forth in Section 26023.

24 ~~(e) AH~~

25 (f) Except as otherwise provided in subdivision (c) and in Section
26 26064, all moneys collected pursuant to this chapter as a result of
27 fines or penalties imposed under this chapter shall be deposited
28 directly into the ~~finest and penalties account~~, Medical Cannabis
29 Cultivation Fines and Penalties Account, Medical Cannabis
30 Manufacturing Fines and Penalties Account, and Medical
31 Cannabis Retail Fines and Penalties Account, respectively, which
32 ~~is~~ are hereby established within the fund, and shall be available,
33 upon appropriation by the Legislature, to the division, the Division
34 of Medical Cannabis Cultivation, and the Division of
35 Manufacturing and Testing, respectively, for the purposes of
36 funding the enforcement grant program pursuant to subdivision
37 (d).

38 ~~(d) The regulatory authorities shall collaboratively~~

39 (g) Each regulatory authority shall establish and administer a
40 grant program to allocate moneys from the fines and penalties

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

7 (e)

8 ~~(h) The Department of Transportation shall conduct research~~
 9 ~~regarding determining~~ *Department of the California Highway*
 10 *Patrol shall establish protocols to determine* whether a driver is
 11 operating a vehicle under the influence of cannabis, and shall
 12 develop protocols setting forth best practices to assist law
 13 enforcement agencies. The costs of the ~~Department of~~
 14 ~~Transportation~~ *Department of the California Highway Patrol* under
 15 this subdivision shall, upon appropriation by the Legislature, be
 16 paid for with *equal appropriations from* moneys in the fines and
 17 penalties ~~account~~. *accounts*.

18 (f)

19 (i) The total fees charged pursuant to this chapter shall be
 20 sufficient to pay the costs associated with the administrative and
 21 enforcement duties of the ~~division~~ *regulatory authorities* and of
 22 the associated state agencies in administering this chapter.

23 (g)

24 (j) The regulatory authorities shall enter into an interagency
 25 agreement with the Department of Alcohol and Beverage Control,
 26 the Division of Labor Standards Enforcement, the ~~Department of~~
 27 ~~Water Resources~~, *State Water Resources Control Board*, the State
 28 Department of Public Health, and the Department of Food and
 29 Agriculture setting forth the duties of those agencies under this
 30 chapter and providing for reimbursement to the appropriate state
 31 and local authorities of associated costs from revenues deposited
 32 into the fees account of the fund.

33 26030. (a) The regulatory directors and the persons employed
 34 by the regulatory authorities for the administration and enforcement
 35 of this chapter are peace officers in the enforcement of the penal
 36 provisions of this chapter, the rules of the division adopted under
 37 this chapter, and any other penal provisions of law of this state
 38 prohibiting or regulating the cultivation, processing, storing,
 39 manufacturing, testing, transporting, or selling of medical cannabis,
 40 and these persons are authorized, while acting as peace officers,

1 to enforce any penal provisions of state law while in the course of
2 their employment.

3 (b) The regulatory directors, the persons employed by the
4 regulatory authorities for the administration and enforcement of
5 this chapter, peace officers listed in Section 830.1 of the Penal
6 Code, and those officers listed in Section 830.6 of the Penal Code
7 while acting in the course and scope of their employment as peace
8 officers may, in enforcing this chapter, visit and inspect the
9 premises of any licensee at any time during which the licensee is
10 acting pursuant to the mandatory commercial license.

11 (c) Peace officers of the Department of the California Highway
12 Patrol, members of the University of California and California
13 State University police departments, and peace officers of the
14 Department of Parks and Recreation, as defined in subdivisions
15 (a), (b), (c), and (f) of Section 830.2 of the Penal Code, may, in
16 enforcing this chapter, visit and inspect the premises of any licensee
17 at any time during which the licensee is acting pursuant to the
18 license.

19 26034. (a) Information identifying the names of patients, their
20 medical conditions, or the names of their primary caregivers
21 received and contained in records kept by the regulatory authorities
22 for the purposes of administering this chapter are confidential and
23 shall not be disclosed pursuant to the California Public Records
24 Act (Chapter 3.5 (commencing with Section 6250) of Division 7
25 of Title 1 of the Government Code), except as necessary for
26 authorized employees of the State of California or any city or
27 county to perform official duties pursuant to this chapter, or a local
28 ordinance adopted in accordance with Section 26010.

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

30 (1) Employees of any of the regulatory authorities notifying
31 state or local agencies about information submitted to the
32 regulatory authority that the employee suspects is falsified or
33 fraudulent.

34 (2) Notifications from any of the regulatory authorities to state
35 or local agencies about apparent violations of this chapter or any
36 applicable local ordinance.

37 (3) Verification of requests by state or local agencies to confirm
38 licenses and certificates issued by the regulatory authorities or
39 other state agency.

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

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

8 ~~26035. This chapter does chapter and Article 2 (commencing~~
9 ~~with Section 11357) and Article 2.5 (commencing with Section~~
10 ~~11362.7) of Chapter 6 of Division 10 of the Health and Safety~~
11 ~~Code do not require an employer to permit or accommodate the~~
12 ~~use, consumption, possession, transfer, display, transportation,~~
13 ~~sale, or growth of cannabis in the workplace or to affect the ability~~
14 ~~of employers to have policies restricting the use of cannabis by~~
15 ~~employees. employees, or prevent employers from complying with~~
16 ~~federal law.~~

17
18 Article 3. Mandatory Commercial License

19
20 ~~26040. (a) The regulatory authorities shall adopt regulations~~
21 ~~establishing a tiered licensing scheme to accommodate the different~~
22 ~~levels and types of activity to be licensed, as follows: following~~
23 ~~licenses are allowable for commercial cannabis activity, pursuant~~
24 ~~to an authorization by a regulatory authority:~~

25 ~~(1) The Division of Medical Cannabis Cultivation shall adopt~~
26 ~~regulations for a tiered licensing structure for the cultivation of~~
27 ~~medical cannabis:~~

28 ~~(2) The Division of Medical Cannabis Manufacturing and~~
29 ~~Testing shall adopt regulations for the tiered licensing structure of~~
30 ~~the following:~~

- 31 ~~(A) Manufacturing of medical cannabis products.~~
- 32 ~~(B) Testing of medical cannabis products.~~
- 33 ~~(C) Certification of medical cannabis testing laboratories.~~

34 ~~(3) The Division of Medical Cannabis Regulation and~~
35 ~~Enforcement shall adopt regulations for the tiered licensing~~
36 ~~structure for all the following:~~

- 37 ~~(A) Wholesale of medical cannabis products, which shall include~~
38 ~~large-scale storage and distribution, as defined by the regulatory~~
39 ~~authority.~~
- 40 ~~(B) Dispensing of medical cannabis products.~~

1 (1) Licenses authorized by the Division of Medical Cannabis
2 Cultivation are as follows:

3 (A) Type 1, or “specialty outdoor,” for outdoor cultivation of
4 less than 5,000 square feet of total area on one property. Maximum
5 of 50 mature plants on the property.

6 (B) Type 1A, or “specialty indoor,” for indoor cultivation of
7 less than 5,000 square feet of total area on one property. Maximum
8 of 50 mature plants on the property.

9 (C) Type 2, or “small outdoor,” for outdoor cultivation between
10 5,001 and 10,000 square feet of total area on one property.
11 Maximum of 99 mature plants on the property.

12 (D) Type 2A, or “small indoor,” for indoor cultivation between
13 5,001 and 10,000 square feet of total area on one property.
14 Maximum of 99 mature plants on the property.

15 (E) Type 3, or “medium outdoor,” for outdoor cultivation
16 between 10,001 and 30,000 square feet of total area on one
17 property. Maximum of 299 mature plants on the property. The
18 Division of Medical Cannabis Cultivation shall limit the number
19 of licenses allowed of this type.

20 (F) Type 3A, or “medium indoor,” for indoor cultivation
21 between 10,001 and 30,000 square feet of total area on one
22 property. Maximum of 299 mature plants on the property. The
23 Division of Medical Cannabis Cultivation shall limit the number
24 of licenses allowed of this type.

25 (G) Type 4, or “large outdoor,” for outdoor cultivation greater
26 than 30,001 square feet of total area on one property. Maximum
27 of 500 mature plants on the property. The Division of Medical
28 Cannabis Cultivation shall limit the number of licenses allowed
29 of this type.

30 (H) Type 5, or “nursery,” for cultivation of medical cannabis
31 solely as a nursery. Type 5 licensees may transport live plants.

32 (2) Licenses authorized by the Division of Medical Cannabis
33 Manufacturing and Testing are as follows:

34 (A) Type 6A, or “small manufacturing level 1,” for
35 manufacturing sites that use a maximum of ____ pounds of medical
36 cannabis each year to produce medical cannabis products, using
37 nonvolatile solvents.

38 (B) Type 6B, or “small manufacturing level 2,” for
39 manufacturing sites that use a maximum of ____ pounds of medical

1 *cannabis each year to produce medical cannabis products, using*
2 *volatile solvents.*

3 *(C) Type 7A, or “large manufacturing level 1,” for*
4 *manufacturing sites that use a maximum of ____ pounds of medical*
5 *cannabis each year to produce medical cannabis products, using*
6 *nonvolatile solvents. The Division of Medical Cannabis*
7 *Manufacturing and Testing shall limit the number of licenses of*
8 *this type.*

9 *(D) Type 7B, or “large manufacturing level 2,” for*
10 *manufacturing sites that use a maximum of ____ pounds of medical*
11 *cannabis each year to produce medical cannabis products, using*
12 *volatile solvents. The Division of Medical Cannabis Manufacturing*
13 *and Testing shall limit the number of licenses of this type.*

14 *(E) Type 8, or “testing,” for testing of medical cannabis and*
15 *medical cannabis products. Type 8 licensees shall have their*
16 *facilities certified according to regulations set forth by the Division*
17 *of Medical Cannabis Manufacturing and Testing.*

18 *(3) Licenses authorized by the division are as follows:*

19 *(A) Type 9, or “wholesale,” for the storage of medical cannabis*
20 *or medical cannabis products. Maximum storage shall be two*
21 *pounds of dried flower or 200 individual units per medical*
22 *cannabis product.*

23 *(B) Type 10, or “small dispensary,” for dispensaries with 1-50*
24 *employees, including management.*

25 *(C) Type 10D, or “small dispensary-delivery,” for dispensaries*
26 *with the same restrictions as Type 10; also allows for delivery.*

27 *(D) Type 11, or “medium dispensary,” for dispensaries with*
28 *51-100 employees, including management.*

29 *(E) Type 11D, or “medium dispensary-delivery,” for*
30 *dispensaries with the same restrictions as Type 11; also allows*
31 *for delivery.*

32 *(F) Type 12, or “large dispensary,” for dispensaries with 100*
33 *employees or greater, including management.*

34 *(G) Type 12D, or “large dispensary-delivery,” for dispensaries*
35 *with the same restrictions as Type 12; also allows for delivery.*

36 *(4) (A) Licensees may only hold up to two separate license*
37 *categories, as follows:*

38 *(i) Type 1, 1A, and 5 licensees may apply for type 6A, 6A, 7A,*
39 *and 7B licenses or type 10, 11, 12 licenses.*

1 (ii) Type 6A, 6A, 7A, and 7B licensees may apply for type 1, 1A,
2 and 5 licenses or type 10, 10D, 11, 11D, 12, and 12D licenses.

3 (iii) Type 10, 11, and 12 licensees may apply for type 1, 1A, and
4 5 licenses or type 6A, 6B, 7A, and 7B licenses.

5 (iv) Type 10D, 11D, and 12D licensees may apply for type 6A,
6 6B, 7A, and 7B licenses.

7 (B) Types 2, 2A, 3, 3A, 4, and 8 licensees shall not hold licenses
8 in any other category.

9 (C) Type 9 licensees may apply only for one additional license
10 from either the cultivation, manufacturing, or dispensing category.

11 (b) ~~The regulations shall~~ regulatory authorities shall adopt
12 regulations to set forth the application and licensure process,
13 including, but not limited to, all of the following:

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

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

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

21 (4) Time periods, not to exceed 90 days, by which the division
22 shall approve or deny an application for mandatory commercial
23 licensure. The failure of the regulatory authority to act upon an
24 application for licensure within the time prescribed shall not be
25 deemed approval of the application.

26 (5) Qualifications for licensees.

27 (6) Security requirements, including, but not limited to,
28 procedures for limiting access to facilities and for the screening
29 of employees.

30 (c) Each mandatory commercial license application approved
31 by the respective licensing authority pursuant to this chapter is
32 separate and distinct.

33 (d) A mandatory commercial license application approved by
34 the respective licensing authority pursuant to this chapter shall be
35 valid for a period not to exceed one year from the date of approval
36 unless revoked or suspended earlier than that date pursuant to this
37 chapter or the rules or regulations adopted pursuant to this chapter.

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

1 (f) Each mandatory commercial license application approved
2 by the respective regulatory authority shall be reported to the
3 ~~Division of Medical Cannabis Regulation and Enforcement~~ *division*
4 within 24 hours of its approval.

5 26041. Regulations adopted by the regulatory authorities shall
6 require, at a minimum, all of the following, as applicable:

7 ~~(a) The Division of Medical Cannabis Cultivation shall adopt~~
8 regulations for cultivation of medical cannabis that do all of the
9 following:

10 ~~(1) Require that the cultivation licensee comply with all~~
11 ~~regulations of the Department of Food and Agriculture pursuant~~
12 ~~to this chapter regarding the cultivation of medical cannabis.~~

13 ~~(2) Require that the cultivation licensee comply with any other~~
14 ~~applicable requirement pursuant to this chapter.~~

15 ~~(3) Establish criteria for different tiers of cultivation licenses,~~
16 ~~including, but not limited to small, mid-sized, and large commercial~~
17 ~~cultivation licenses, based on the area, in square feet, in cannabis~~
18 ~~cultivation.~~

19 ~~(4) Authorize commercial cultivation licensees to transport and~~
20 ~~deliver medical cannabis for commercial purposes to only another~~
21 ~~licensee of commercial cannabis activity pursuant to this chapter.~~
22 ~~Cultivation licensees, without a separate dispensary license, who~~
23 ~~deliver directly to any entity not licensed pursuant to this chapter~~
24 ~~shall be fined and be under review for the revocation of licensure~~
25 ~~by the Division of Medical Cannabis Cultivation.~~

26 ~~(5) Require licensees to track all cannabis products and report~~
27 ~~to the division, as specified by this chapter and any regulations~~
28 ~~promulgated pursuant to this chapter.~~

29 ~~(6) Require a cultivation licensee to obtain a seller's permit~~
30 ~~from the Board of Equalization to validate the authority of the~~
31 ~~licensee to sell commercial cannabis products to another licensee~~
32 ~~of commercial cannabis activity.~~

33 ~~(7) Require a cultivation licensee to obtain a resale certificate~~
34 ~~upon the sale of cannabis to another licensee of commercial~~
35 ~~cannabis activity, to track the quantities exchanged.~~

36 ~~(8) Require all medical cannabis to be tested by a laboratory~~
37 ~~that has been certified and licensed pursuant to this chapter, prior~~
38 ~~to commercial exchange with a dispensary. If the licensee has a~~
39 ~~separate dispensary license, all medical cannabis and medical~~
40 ~~cannabis products must be tested by a laboratory that has been~~

1 certified and licensed pursuant to this chapter, prior to retail directly
2 to consumers.

3 ~~(9) Ensure cultivation licensees have access to existing
4 agricultural incentive and support programs.~~

5 ~~(b) The Division of Medical Cannabis Manufacturing and
6 Testing shall adopt regulations for testing of medical cannabis that
7 do all of the following:~~

8 ~~(1) Prohibit a testing licensee from receiving medical cannabis
9 products except through a regulatory authority or a medical
10 cannabis licensee.~~

11 ~~(2) Prohibit a testing licensee from being licensed for any other
12 activity authorized under this article, and from holding an
13 ownership interest in any real property, personal property, or other
14 assets associated or used in any other license category.~~

15 ~~(3) Require the licensee to follow any other applicable
16 requirement of the division pursuant to this chapter.~~

17 ~~(e) Regulations on the manufacturing of medical cannabis shall
18 do all of the following:~~

19 ~~(1) Require the manufacturing licensee comply with all
20 regulations of the State Department of Public Health pursuant to
21 this chapter regarding the manufacturing and testing of medical
22 cannabis.~~

23 ~~(2) Require the manufacturing licensee comply with any other
24 applicable requirement pursuant to this chapter.~~

25 ~~(3) Establish criteria for different tiers of manufacturing licenses,
26 including, but not limited to small, mid-sized, and large commercial
27 manufacturing licenses.~~

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

36 ~~(5) Require licensees to track all cannabis products and report
37 to the Division of Medical Cannabis Regulation and Enforcement,
38 as specified by this chapter and any regulations promulgated
39 pursuant to this chapter.~~

- 1 ~~(6) Require a manufacturing licensee to obtain a seller’s permit~~
2 ~~from the Board of Equalization to validate the authority of the~~
3 ~~licensee to sell commercial manufactured cannabis products to~~
4 ~~another licensee of commercial cannabis activity.~~
- 5 ~~(7) Require a manufacturing licensee to obtain a resale certificate~~
6 ~~upon the sale of manufactured medical cannabis products to another~~
7 ~~licensee of commercial cannabis activity, to track the quantities~~
8 ~~exchanged.~~
- 9 ~~(8) Require all manufactured medical cannabis and medical~~
10 ~~cannabis products to be tested by a laboratory that has been~~
11 ~~certified and licensed pursuant to this chapter, prior to commercial~~
12 ~~exchange with a dispensary. If the licensee has a separate~~
13 ~~dispensary license, all manufactured cannabis and medical cannabis~~
14 ~~products shall be tested by a laboratory that has been certified and~~
15 ~~licensed pursuant to this chapter, prior to retail sale directly to~~
16 ~~consumers.~~
- 17 ~~(d) The division shall adopt regulations for the dispensing of~~
18 ~~medical cannabis that do all of the following:~~
- 19 ~~(1) Require the dispensary licensee comply with all regulations~~
20 ~~of the division pursuant to this chapter regarding the dispensing~~
21 ~~of medical cannabis~~
- 22 ~~(2) Require the dispensary licensee comply with any other~~
23 ~~applicable requirements pursuant to this chapter.~~
- 24 ~~(3) Allow dispensary licensees to store limited quantities of~~
25 ~~medical cannabis and medical cannabis products for commercial~~
26 ~~purposes pursuant to this chapter, in a manner deemed safe and~~
27 ~~secure by the regulatory authority.~~
- 28 ~~(4) Allow all non-mobile, non-vehicular, and non-Internet-based~~
29 ~~dispensaries to be licensed to transport medical cannabis and~~
30 ~~medical cannabis products directly to consumers.~~
- 31 ~~(5) Require all mobile, vehicular and Internet-based dispensaries~~
32 ~~to maintain a business contract with a non-vehicular and~~
33 ~~non-mobile dispensary, and report all records of commercial~~
34 ~~activity to said entity.~~
- 35 ~~(6) Require licensees to track all medical cannabis and medical~~
36 ~~cannabis products and report to the division, as specified by this~~
37 ~~chapter and any regulations promulgated pursuant to this chapter.~~
- 38 ~~(7) Require all dispensary licensees to obtain a seller’s permit~~
39 ~~from the Board of Equalization to validate the authority of the~~

1 ~~licensee to sell medical cannabis and medical cannabis products,~~
2 ~~and to maintain receipts of all sales transactions.~~

3 ~~(8) Require that, upon receipt of medical cannabis, manufactured~~
4 ~~medical cannabis, and medical cannabis products, the dispensary~~
5 ~~licensee shall request and record evidence that the product has~~
6 ~~been tested by a laboratory that has been certified and licensed~~
7 ~~pursuant to this chapter.~~

8 ~~(e) Regulations for the wholesale of medical cannabis or medical~~
9 ~~cannabis products shall do all of the following:~~

10 ~~(1) Require all wholesale licensees to comply with all~~
11 ~~regulations of the division pursuant to this chapter regarding the~~
12 ~~wholesale storage and distribution of medical cannabis.~~

13 ~~(2) Require the wholesale licensee comply with any other~~
14 ~~applicable requirements of the division pursuant to this chapter.~~

15 ~~(3) Establish criteria for the qualifications of a wholesale~~
16 ~~licensee, including maximum quantities of medical cannabis that~~
17 ~~each licensee may store at one time.~~

18 ~~(4) Authorize all wholesale licensees to do commercial business~~
19 ~~with only other licensees of commercial cannabis activity. All~~
20 ~~other licensees under this chapter shall not be required to work~~
21 ~~only with a wholesale licensee directly.~~

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

29 ~~(6) Require licensees to track all medical cannabis and medical~~
30 ~~cannabis products and report to the Division on Medical Cannabis~~
31 ~~Regulation and Enforcement, as specified by this chapter and any~~
32 ~~regulations promulgated pursuant to this chapter.~~

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

35 ~~(1) Maintain intrastate operating authority.~~

36 ~~(2) Maintain interstate operating authority, for the commercial~~
37 ~~purposes of the licensee, and only to the extent permitted by federal~~
38 ~~law.~~

39 ~~(3) Be allowed by local jurisdictions to transport medical~~
40 ~~cannabis, if the licensee is in compliance with this chapter.~~

1 26041. (a) All licensees authorized by the Division of Medical
2 Cannabis Cultivation for the cultivation of medical cannabis or
3 medical cannabis products shall:

4 (1) Comply with all regulations of the Department of Food and
5 Agriculture pursuant to this chapter regarding the cultivation of
6 medical cannabis.

7 (2) Comply with any other applicable requirements of this
8 chapter.

9 (3) Transport only medical cannabis or medical cannabis
10 products for commercial purposes to only another licensee of
11 commercial cannabis activity pursuant to this chapter. Cultivation
12 licensees that deliver directly to any entity not licensed pursuant
13 to this chapter shall be fined and be under review for the revocation
14 of licensure by the Division of Medical Cannabis Cultivation.
15 Licensees that are not authorized to transport live plants explicitly
16 by their license that transport or deliver live plants shall be fined
17 and be under review for the revocation of licensure by the Division
18 of Medical Cannabis.

19 (4) Track all cannabis products and report to the division, as
20 specified by this chapter and any regulations promulgated pursuant
21 to this chapter.

22 (5) Obtain a seller's permit from the State Board of Equalization
23 to validate the authority of the licensee to sell commercial cannabis
24 products to another licensee of commercial cannabis activity.

25 (6) Obtain a resale certificate upon the sale of cannabis to
26 another licensee of commercial cannabis activity, to track the
27 quantities exchanged.

28 (7) Test all medical cannabis by a laboratory that has been
29 certified and licensed pursuant to this chapter, prior to commercial
30 exchange with a dispensary. If the licensee has a separate
31 dispensary license, all medical cannabis and medical cannabis
32 products must be tested by a laboratory that has been certified
33 and licensed pursuant to this chapter, prior to retail directly to
34 consumers.

35 (b) All licensees authorized under the Division of Medical
36 Cannabis Manufacturing and Testing for the manufacturing or
37 testing of medical cannabis or medical cannabis products shall:

38 (1) With regard to testing licensees only:

1 (A) Not receive medical cannabis or medical cannabis products
2 except through a regulatory authority or a licensee of commercial
3 cannabis activity.

4 (B) Not be licensed for any other activity authorized under this
5 article, and from holding an ownership interest in any real
6 property, personal property, or other assets associated or used in
7 any other license category.

8 (2) With regard to manufacturing licensees only:

9 (A) Transport medical cannabis or medical cannabis products
10 for commercial purposes only to another licensee of commercial
11 cannabis activity pursuant to this chapter. Manufacturing licensees,
12 without a separate dispensary license, that deliver directly to any
13 entity not licensed pursuant to this chapter shall be fined and be
14 under review for the revocation of licensure by the Division of
15 Medical Cannabis Manufacturing and Testing.

16 (B) Obtain a seller's permit from the State Board of Equalization
17 to validate the authority of the licensee to sell commercial
18 manufactured cannabis products to another licensee of commercial
19 cannabis activity.

20 (C) Obtain a resale certificate upon the sale of manufactured
21 medical cannabis products to another licensee of commercial
22 cannabis activity, to track the quantities exchanged.

23 (3) With regard to all licensees:

24 (A) Follow any other applicable requirement of this chapter.

25 (B) Comply with all regulations of the State Department of
26 Public Health pursuant to this chapter regarding the manufacturing
27 and testing of medical cannabis.

28 (C) Track all medical cannabis and medical cannabis products
29 and report to the division, as specified by this chapter and any
30 regulations promulgated pursuant to this chapter.

31 (D) Test all manufactured medical cannabis by a laboratory
32 that has been certified and licensed pursuant to this chapter, prior
33 to commercial exchange with a dispensary. If the licensee has a
34 separate dispensary license, all medical cannabis and medical
35 cannabis products must be tested by a laboratory that has been
36 certified and licensed pursuant to this chapter, prior to retail
37 directly to consumers.

38 (c) All licensed authorized by the division shall:

39 (1) Comply with all regulations of the division pursuant to this
40 chapter regarding the dispensing of medical cannabis.

1 (2) Comply with any other applicable requirements of this
2 chapter.

3 (3) Track all medical cannabis and medical cannabis products
4 and report to the division, as specified by this chapter and any
5 regulations promulgated pursuant to this chapter.

6 (4) Licenses that are authorized to deliver medical cannabis
7 and medical cannabis products may deliver medical cannabis and
8 medical cannabis products that have been prepared in compliance
9 with this chapter directly to qualified patients and primary
10 caregivers.

11 (5) Test all medical and medical cannabis products by a
12 laboratory that has been certified and licensed pursuant to this
13 chapter prior to commercial exchange with a dispensary. If the
14 licensee has a separate dispensary license, all medical cannabis
15 and medical cannabis products must be tested by a laboratory that
16 has been certified and licensed pursuant to this chapter, prior to
17 retail directly to consumers.

18 (6) With regard to dispensary licensees only:

19 (A) Dispensary licensees may store limited quantities of medical
20 cannabis and medical cannabis products, as determined by the
21 division for commercial purposes pursuant to this chapter, in a
22 manner deemed safe and secure by the division.

23 (B) Out-of-state medical cannabis patients with current, valid
24 verification that they are allowed to receive medical cannabis
25 treatment within their home state may receive medical cannabis
26 treatment, including the ability to purchase medical cannabis from
27 licensed dispensaries within this state upon verification of the
28 documents by the dispensary, pursuant to protocols established
29 by the division, and in accordance with this chapter.

30 (C) Obtain a seller's permit from the Board of Equalization to
31 validate the authority of the licensee to sell medical cannabis and
32 medical cannabis products, and to maintain receipts of all sales
33 transactions.

34 (D) Upon receipt of medical cannabis, manufactured medical
35 cannabis, and medical cannabis products, request and record
36 evidence that the product has been tested by a laboratory that has
37 been certified and licensed pursuant to this chapter.

38 (E) Provide patients with detailed written information about
39 the contents of the medical cannabis and medical cannabis
40 products they obtain.

1 (F) Commencing 180 days after the division begins issuing
2 provisional licenses, provide patients medical cannabis and
3 medical cannabis products obtained only from persons licensed
4 under this chapter.

5 (G) Be able to demonstrate the present location, amounts, and
6 descriptions of all medical cannabis and medical cannabis products
7 from the time of delivery to the dispensary until purchase by a
8 qualified patient or primary caregiver.

9 (7) With regard to wholesale licensees only:

10 (A) Comply with all regulations of the division pursuant to this
11 chapter regarding the wholesale storage and distribution of
12 medical cannabis.

13 (B) Comply with any other applicable requirements of this
14 chapter.

15 (C) Wholesale licensees may do commercial business only with
16 other licensees of commercial cannabis activity. All other licensees
17 under this chapter shall not be required to work only with a
18 wholesale licensee directly.

19 (8) With regard to licensees authorized to transport or deliver
20 medical cannabis or medical cannabis products:

21 (A) Maintain intrastate operating authority.

22 (B) Maintain interstate operating authority, for the commercial
23 purposes of the licensee, and only to the extent permitted by federal
24 law.

25 (C) Be allowed by local jurisdictions to transport medical
26 cannabis, if the licensee is in compliance with this chapter.

27 (D) Only transport or deliver dried flower medical cannabis or
28 medical cannabis products, unless otherwise specified by their
29 license.

30 26041.5. (a) All licensees under this chapter shall:

31 (1) Abide by the guidelines for the destruction of contaminated,
32 adulterated, deteriorated, or excess medical cannabis or medical
33 cannabis product as follows:

34 (A) Liquid waste shall be disposed of in compliance all
35 applicable federal, state and local laws, regulations, rules, and
36 other requirements.

37 (B) Disposal of chemical, dangerous or hazardous waste shall
38 be conducted in a manner consistent with federal, state and local
39 laws, regulations, rules, or other requirements. This may include,
40 but is not limited to, the disposal of all pesticide or other chemicals

1 *used in the cultivation process, certain solvents or other chemicals*
2 *used in the production of medical cannabis concentrate or any*
3 *medical cannabis soaked in a flammable solvent for purposes of*
4 *producing a medical cannabis concentrate.*

5 *(C) All waste, including infused-product waste, shall be made*
6 *unusable and unrecognizable prior to leaving the business location*
7 *of the licensee. Waste may be made unrecognizable by grinding*
8 *and incorporating the medical cannabis waste with*
9 *nonconsumable, solid waste, with at least 50 percent of the mixture*
10 *being nonmedical cannabis, such as paper, plastic, cardboard,*
11 *food, grease or other compostable oil, bokashi or other compost*
12 *activators, soil, or any other wastes approved by the regulatory*
13 *authorities.*

14 *(D) Any other protocols set forth by the regulatory authorities.*

15 *(2) Meet minimum advertising, marketing, signage, and lighting*
16 *requirements as follows:*

17 *(A) Signs or other advertising matter used in connection with*
18 *the licensed premises of any licensee shall not be of any obnoxious,*
19 *gaudy, blatant, of offensive nature, shall not appeal to minors, and*
20 *shall in no manner contrary to the rules of the department obstruct*
21 *the view of the interior of the premises from the street.*

22 *(B) No more than 33 percent of the square footage of the*
23 *windows and clear doors of the business premises of a licensee*
24 *shall bear advertising or signs of any sort, and all advertising and*
25 *signage shall be placed and maintained in a manner that ensures*
26 *that law enforcement personnel have a clear and unobstructed*
27 *view of the interior of the premises, including the area in which*
28 *the cash registers are maintained, from the exterior public sidewalk*
29 *or entrance to the premises. This latter requirement shall not apply*
30 *to premises where there are no windows, or where existing*
31 *windows are located at a height that precludes a view of the*
32 *interior of the premises to a person standing outside the premises.*

33 *(C) The exterior of the premises, including adjacent public*
34 *sidewalks and all parking lots under the control of the licensee,*
35 *shall be illuminated during all hours of darkness during which the*
36 *premises are open for business in a manner so that persons*
37 *standing in those areas at night are identifiable by law enforcement*
38 *personnel. The required illumination shall be placed so as to*
39 *minimize interference with the quiet enjoyment of nearby residents*
40 *of their property.*

1 (D) Licensees shall abide by all other requirements adopted
2 through regulation by the regulatory authorities.

3 (3) Follow all regulations adopted by the regulatory authorities
4 in order to implement and enforce this chapter.

5 (b) All licensees may test medical cannabis or medical cannabis
6 products for the purposes of conducting quality assurance testing.
7 Tests completed by licensees without a testing license shall not
8 substitute tests required for commercial cannabis activity under
9 this chapter. Any licensees found to be substituting tests required
10 under this chapter with unauthorized tests shall be fined and be
11 under review for the revocation of licensure by the appropriate
12 regulatory authority.

13 26042. Each regulatory authority shall establish appropriate
14 fees as part of its emergency regulations for the issuance of
15 provisional licenses adopted pursuant to Section 26043.

16 26043. Each regulatory authority shall adopt, as soon as
17 practicable, emergency regulations consistent with this chapter to
18 allow a qualified applicant for licensure to apply for and receive
19 a provisional license to engage in commercial cannabis activity
20 so as to ensure an adequate supply of medical cannabis upon full
21 implementation of this chapter as set forth in Section 26054.

22 26044. Every mandatory commercial license is renewable
23 unless the license has been revoked if the renewal application is
24 submitted and the fee for it is paid. A license that has been
25 suspended, but not revoked, may be renewed under this section,
26 however, the act of renewal shall not affect the suspension and the
27 suspension shall remain in effect upon renewal. All licenses expire
28 at 12 midnight on the last day of the month posted on the license.
29 All licenses shall be renewed as follows:

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

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

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

1 (d) A license that has been canceled pursuant to subdivision (c)
2 may be reinstated during the 30 days immediately following
3 cancellation upon payment by cashier's check or money order of
4 the annual renewal fee, plus a penalty fee that shall be equal to
5 100 percent of the annual fee. A license that has been canceled
6 pursuant to subdivision (c) and that has not been reinstated within
7 30 days pursuant to this subdivision is automatically revoked on
8 the 31st day after the license has been canceled.

9 (e) A renewal application shall not be deemed filed within the
10 meaning of this section unless the document itself has been actually
11 delivered to, and the required renewal fee has been paid at, any
12 office of the division during office hours, or unless both the
13 document and fee have been filed and remitted pursuant to Section
14 11003 of the Government Code.

15 26045. A person may engage in commercial cannabis activity
16 only if the person has complied with all of the following conditions:

17 (a) ~~The~~ (1) *Except as provided in paragraph (2), the person*
18 *has obtained permission from local authorities approving the*
19 *proposed commercial cannabis activity. This requirement shall*
20 *not apply to a person who holds a valid business license,*
21 *conditional use permit, or other locally issued permit for*
22 *commercial cannabis activity. For the purposes of this subdivision,*
23 *the document granting the permission shall be issued by the local*
24 *authority and include, at a minimum, all of the following:*

25 (1)

26 (A) The legal name, ~~address~~ *address*, and date of birth of the
27 applicant.

28 (2)

29 (B) The type of license the applicant is requesting a permit for.

30 (3)

31 (C) Documentation that the applicant has been in compliance
32 with local ordinances and regulations, including, but not limited
33 to, an entity granted immunity under Measure D, approved by the
34 voters of the City of Los Angeles at the May 21, 2013, general
35 election.

36 (4)

37 (D) A statement of whether or not the applicant has previously
38 committed a felony, as described in paragraph (8) of subdivision
39 (e) of Section 26047.

40 (5)

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

3 (2) *Paragraph (1) shall not apply to a person who holds a valid*
4 *business license, conditional use permit, or other locally issued*
5 *permit for commercial cannabis activity. Those persons who are*
6 *applying for licensure in a jurisdiction covered by Measure D,*
7 *approved by the voters of the City of Los Angeles at the May 21,*
8 *2013, general election, in lieu of the requirement in paragraph*
9 *(1), shall provide documentation that the applicant has been in*
10 *compliance with the terms of granted immunity under that measure.*

11 (b) The person submits a copy of the permission, or equivalent
12 qualifying documents, to the division for recordation. Upon receipt
13 of an approved permission, the division shall provide the applicant
14 with a certificate of approval for licensure, to be presented to the
15 relevant regulatory authority under which the person seeks
16 licensure. No regulatory authority shall grant approval of an
17 application without a certificate of approval for application of
18 commercial cannabis licensure for the applicant.

19 (c) The person applies for licensure for commercial cannabis
20 activity from a regulatory authority and receives approval for that
21 licensure.

22 (d) The person abides by all local and state ordinances and
23 regulations pursuant to this chapter.

24 26046. (a) An application for a license shall include, but shall
25 not be limited to, all of the following:

26 (1) A certificate of approval for licensure by the Division of
27 Medical Cannabis Regulation and Enforcement.

28 (2) The legal name and proposed physical addresses of the
29 mandatory commercial licensee.

30 (3) The name, address, and date of birth of each principal officer
31 and board member.

32 (4) Operating and inventory control procedures to ensure
33 security and prevent diversion.

34 (5) Detailed operating procedures for the proposed facility,
35 which shall include, but not be limited to, provisions for facility
36 and operational security, prevention of diversion, employee
37 screening, storage of medical cannabis, personnel policies, and
38 recordkeeping procedures.

1 (6) A list of all persons or entities having an ownership interest
 2 other than a security interest, lien, or encumbrance on any property
 3 that will be used by the applicant.

4 (7) Evidence of the legal right to occupy and use an established
 5 location, including that if the proposed facility is a cultivator or a
 6 dispensary, that the proposed facility is located beyond at least a
 7 600-foot radius from a school, or an immunity from prosecution
 8 for that occupancy or use pursuant to ~~a local ordinance or~~
 9 ~~ordinances, including, but not limited to,~~ Measure D, approved by
 10 the voters of the City of Los Angeles at the May 21, 2013, general
 11 election.

12 (8) Documentation that the applicant will be in compliance with
 13 all local ordinances and regulations, including, but not limited to,
 14 an entity granted immunity under Measure D, approved by the
 15 voters of the City of Los Angeles at the May 21, 2013, general
 16 election.

17 (9) Evidence that all of the officers and owners of the applicant
 18 organization have been residents of the State of California for at
 19 least ~~three years~~: *the three years prior to the date of applying for*
 20 *licensure.*

21 (10) (A) For an applicant with 20 employees or more, a
 22 statement that the applicant will enter into, or demonstrate that it
 23 has already entered into, and abide by the terms of, a ~~“labor peace~~
 24 ~~agreement,” as defined by the division in consultation with the~~
 25 ~~Division of Labor Standards Enforcement.~~ *labor peace agreement.*

26 (B) *For the purposes of this paragraph, “employee” does not*
 27 *include any employee who is a supervisor, defined as any*
 28 *individual having authority, in the interest of the licensee, to hire,*
 29 *transfer, suspend, lay off, recall, promote, discharge, assign,*
 30 *reward, or discipline other employees, or responsibility to direct*
 31 *them or to adjust their grievances, or effectively to recommend*
 32 *such action, if in connection with the foregoing the exercise of*
 33 *such authority is not of a merely routine or clerical nature, but*
 34 *requires the use of independent judgment.*

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

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

3 (13) *For an applicant seeking a cultivation or dispensary*
4 *license, a notarized statement from the owner of real property or*
5 *landlord where the cultivation or dispensing commercial cannabis*
6 *activities will occur, as proof to demonstrate the landowner has*
7 *acknowledged and consented to permit cultivation or dispensary*
8 *activities to be conducted on the property by the tenant applicant.*

9 (b) For applicants seeking a license to cultivate and manufacture,
10 the application shall also include a detailed description of the
11 operating procedures for all of the following:

- 12 (1) Cultivation.
- 13 (2) Extraction and infusion methods.
- 14 (3) The transportation process.
- 15 (4) Inventory procedures.
- 16 (5) Quality control procedures.

17 26047. (a) Upon receipt of an application for licensure and
18 the applicable fee, the respective regulatory authority shall make
19 a thorough investigation to determine whether the applicant and
20 the premises for which a license is applied qualify for the license
21 and whether this chapter has been complied with, and shall
22 investigate all matters connected therewith that may affect the
23 public welfare and morals.

24 (b) The respective regulatory authority shall deny an application
25 if either the applicant or the premises for which a license is applied
26 do not qualify for licensure under this chapter.

27 (c) The respective regulatory authority may place reasonable
28 conditions upon licensure if grounds exist for denial of the license,
29 and the division finds those grounds may be removed by the
30 imposition of those conditions. However, the limitations set forth
31 in paragraph (10) of subdivision (d) shall not be waived.

32 (d) The respective regulatory authority shall deny the application
33 for licensure or renewal, or suspend or revoke a license, if any of
34 the following conditions apply:

- 35 (1) Granting or continuation of a license would be contrary to
36 the public welfare or morals.
- 37 (2) The applicant holding or seeking a license has violated any
38 law prohibiting conduct involving moral turpitude.

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

4 (4) The application has failed to state with sufficient specificity
 5 the jurisdiction ~~in~~ *and location at* which the applicant proposes to
 6 establish operations.

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

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

12 (7) *The applicant fails to provide notarized written proof that*
 13 *the owner of real property or landlord has acknowledged and*
 14 *consented to its tenant’s proposed cultivation or dispensing of*
 15 *medical cannabis or medical cannabis products.*

16 ~~(7)~~

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

20 ~~(8)~~

21 (9) The applicant, or any of its officers, directors, or owners has
 22 been convicted of a felony criminal conviction for ~~drug trafficking,~~
 23 *trafficking involving a minor, felonies subject to enhancements*
 24 *Section 13370.4 or 11379.8 of the Health and Safety Code, a*
 25 *violent felony, as specified in subdivision (c) of Section 667.5 of*
 26 *the Penal Code, a serious felony as specified in subdivision (c) of*
 27 *Section 1192.7 of the Penal Code, a felony offense involving fraud*
 28 *or deceit, or any other felony that, in the division’s determination,*
 29 *would impair the applicant’s ability to appropriately operate as a*
 30 *mandatory commercial licensee. The respective regulatory authority*
 31 *may, at its discretion, issue a license to an applicant that has*
 32 *obtained a certificate of rehabilitation pursuant to Section 4852.13*
 33 *of the Penal Code.*

34 ~~(9)~~

35 (10) The applicant, or any of its officers, directors, or owners
 36 is a licensed physician making patient recommendations for
 37 medical cannabis.

38 ~~(10)~~

39 (11) The applicant, or any of its officers, directors, or owners
 40 has been sanctioned by a regulatory authority, a city, or a county

1 for unlicensed commercial medical cannabis activities or has had
2 a license revoked under this chapter in the previous three years.

3 *(12) The applicant, or any of its officers, directors, or owners,*
4 *has been subject to fines or penalty for cultivation or production*
5 *of a controlled substance on public or private lands pursuant to*
6 *Section 12025 of the Fish and Game Code.*

7 *(13) The proposed commercial cannabis activity will violate*
8 *any applicable local law or ordinance.*

9 *(14) The applicant has had 20 employees or more in the past*
10 *year and failed to enter into a labor peace agreement.*

11 ~~(11)~~

12 (e) Applicants shall be notified of a denied application in writing
13 via personal service or mail addressed to the address of the
14 applicant or licensee set forth in the application. The denial letter
15 shall contain the detailed reasons for which the application has
16 been denied. The applicant shall have the right to appeal the denial
17 and be given a hearing within 30 days of the appeal. On appeal,
18 the decision shall be upheld unless the applicant demonstrates that
19 the applicant is in fact eligible for licensure and the application is
20 in compliance with this chapter.

21 26048. (a) The respective regulatory authority shall
22 electronically submit to the Department of Justice fingerprint
23 images and related information for all applicants for cultivation,
24 dispensing, manufacturing, and transportation licenses for the
25 purpose of obtaining information as to the existence and content
26 of a record of state or federal convictions and arrests, and
27 information regarding whether the person is free on bail, or on his
28 or her own recognizance, pending trial or appeal.

29 (b) The Department of Justice shall provide a response to the
30 division pursuant to paragraph (1) of subdivision (p) of Section
31 11105 of the Penal Code.

32 (c) The division shall request from the Department of Justice
33 subsequent notification service, as provided pursuant to Section
34 11105.2 of the Penal Code, for persons described in this section.

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

38 26049. (a) The actions of a mandatory commercial licensee
39 or provisional licensee, its employees, and its agents, permitted
40 pursuant to a mandatory commercial license or provisional license

1 issued by the ~~division or otherwise permitted by this chapter,~~
2 *regulatory authority* that are within the scope of the license issued
3 pursuant to this chapter and the regulations adopted pursuant to
4 the authority granted by this chapter, are not unlawful under state
5 ~~law~~ *law*, and shall not be an offense subject to arrest, prosecution,
6 or other sanction under state law, or be subject to a civil fine or be
7 a basis for seizure or forfeiture of assets under *state* law.

8 (b) The actions of a person who, in good faith and upon
9 investigation, allows his or her property to be used by a mandatory
10 commercial licensee or provisional licensee, its employees, and
11 its agents, as permitted pursuant to a mandatory commercial license
12 or provisional license issued by the division or otherwise permitted
13 by this chapter, are not unlawful under state law and shall not be
14 an offense subject to arrest, prosecution, or other sanction under
15 state law, or be subject to a civil fine or be a basis for seizure or
16 forfeiture of assets under state law.

17 (c) Conduct that is within the scope of a license issued pursuant
18 to this chapter *and permitted by local ordinance* but not fully in
19 compliance with this chapter shall be subject to the enforcement
20 provisions of this chapter and shall not be subject to the penal
21 provisions *of state law* generally prohibiting cannabis-related
22 activity, unless and until the license is revoked.

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

27 26050. (a) A licensee shall keep, at the licensed premises,
28 accurate records of the specific commercial cannabis activity
29 conducted by the licensee. The records shall include, at a minimum,
30 all of the following for each batch of product:

- 31 (1) The name and address of the supplier.
- 32 (2) The dates on which the product was received.
- 33 (3) The amounts, form, and batch and lot number.
- 34 (4) The location of the cultivation site.
- 35 (5) The name of the employee who received the product.
- 36 (6) Records demonstrating compliance by the licensee with state
37 and federal rules and regulations regarding reporting and taxation
38 of income received.

1 (7) Receipts for all expenditures incurred by the registrant and
2 banking records, if any, for all funds obtained or expended in the
3 performance of any activity under the authority of the registration.

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

5 (c) ~~The division~~ Regulatory authorities and any relevant local
6 agency may make any examination of the books and records of
7 any licensee and may visit and inspect the premises of any licensee
8 that the ~~division~~ regulatory authority or local agency may deem
9 necessary to perform ~~its~~ their duties under this ~~chapter~~. chapter
10 or local ordinance.

11 (d) If the licensee or any employee of the licensee refuses,
12 impedes, obstructs, or interferes with an inspection pursuant to
13 this chapter or local ordinance, or if the licensee fails to maintain
14 or provide the books and records required by this section, the
15 license may be summarily suspended and the division shall directly
16 commence proceedings for the revocation of the license in
17 accordance with this chapter.

18 (e) All cultivation, dispensing, and retail sales licensees shall
19 be subject to an annual audit, as specified by the regulatory
20 authority, in order to ensure proper documentation is kept at each
21 site or facility. The reasonable costs of the audit shall be paid for
22 by the licensee.

23 26052. (a) This chapter shall not apply to, and shall have no
24 diminishing effect on, the ~~rights and~~ protections granted to a patient
25 or a primary caregiver pursuant to the Compassionate Use Act of
26 1996.

27 (b) (1) A patient who cultivates, possesses, stores, manufactures,
28 or transports cannabis exclusively for his or her personal medical
29 use but who does not ~~sell or~~ provide, donate, sell, or distribute
30 cannabis to any other person is not, thereby, engaged in commercial
31 cannabis activity and is, therefore, exempt from the licensure
32 requirements of this chapter.

33 (2) A primary caregiver who cultivates, possesses, stores,
34 manufactures, transports, donates, or provides cannabis exclusively
35 for the personal medical purposes of ~~a no more than five~~ specified
36 qualified patient for whom he or she is the primary caregiver within
37 the meaning of Section 11362.7 of the Health and Safety Code but
38 who does not receive remuneration for these activities except for
39 compensation in full compliance with subdivision (c) of Section
40 11362.765 of the Health and Safety Code is not, thereby, engaged

1 in commercial cannabis activity and is, therefore, exempt from the
 2 licensure requirements of this chapter.

3 (c) *Exemption from the license requirements of this part shall*
 4 *not limit or prevent a city, county, or city and county from*
 5 *regulating or banning the cultivation, storage, manufacture,*
 6 *transport, provision, or other activity by the exempt person, or*
 7 *impair the enforcement of that regulation or ban.*

8 26054. (a) Each regulatory authority shall, as soon as
 9 practicable following January 1, 2016, allow a qualified applicant
 10 for licensure to apply for and receive a provisional license to
 11 engage in commercial cannabis activity so as to ensure an adequate
 12 supply of medical cannabis upon full implementation of this
 13 chapter.

14 (b) Each regulatory authority shall establish appropriate fees
 15 not to exceed the reasonable regulatory costs to the regulatory
 16 authority for the issuance of a provisional license under its
 17 jurisdiction pursuant to this chapter.

18 (c) Each regulatory authority shall, if the applicant meets all the
 19 requirements in this section, issue a provisional license to
 20 individuals and entities that the regulatory authority determines
 21 were, during the ~~3~~ *three* months prior to January 1, 2016, regularly
 22 cultivating, processing, manufacturing, transporting, or distributing
 23 medical cannabis collectively or cooperatively in full compliance
 24 with any applicable local ordinance, to continue to do so until the
 25 licensee’s application for mandatory commercial licensure has
 26 been approved or denied under this chapter, but no later than 90
 27 days after the regulatory authority begins accepting applications
 28 for regular mandatory commercial licenses. The regulatory
 29 authority may consult with relevant local agencies in making a
 30 determination on whether a provisional license applicant is in
 31 compliance with any applicable ordinance.

32 (d) To qualify for a provisional mandatory commercial license,
 33 applicants shall disclose to the appropriate regulatory authority all
 34 of the following information in writing:

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

37 (2) The common street address and assessor’s parcel number
 38 of the property at which the licensee conducts any activity under
 39 the authority of the licensee.

1 (3) The common street address and assessor’s parcel number
2 of the property at which any cultivation activity was or is to be
3 conducted.

4 (4) For the ~~3~~ *three* months prior to January 1, 2016, the quantity
5 of cannabis cultivated, processed, manufactured, tested, transported,
6 or sold at a location and the quantity expected to be cultivated,
7 processed, manufactured, tested, transported, or sold from January
8 1, 2016, to July 1, 2016, inclusive. The licensee shall make its
9 records of current activity and activity for the ~~3~~ *three* months prior
10 to January 1, 2016, available to the division upon request.

11 (5) *For an applicant seeking a cultivation or dispensary license,*
12 *a notarized statement from the owner of real property or landlord*
13 *where the cultivation or dispensing commercial cannabis activities*
14 *will occur, as proof to demonstrate the landowner has*
15 *acknowledged and consented to permit cultivation or dispensary*
16 *activities to be conducted on the property by the tenant applicant.*

17 (e) Upon receipt of the application materials and fee, the division
18 shall issue a provisional license and send a proof of issuance to
19 the applicant that meets all the requirements of this section, if the
20 applicant has not committed any act or crime constituting grounds
21 for the denial of licensure.

22 (f) Notwithstanding any other provision of this section, the
23 division shall not issue a provisional license to an individual or
24 entity, or for a premises, against whom there are pending state or
25 local administrative or judicial proceedings or actions initiated by
26 a city, county, or city and county under any applicable local
27 ordinance or who has been determined through those proceedings
28 to have violated any local ordinance related to cannabis activity,
29 or that knowingly provides false or fraudulent information on an
30 application for licensure.

31 (g) Entities that are provided immunity under Measure D,
32 approved by the voters of the City of Los Angeles at the May 21,
33 2013, general election, shall be considered the equivalent of entities
34 that are registered, permitted, or licensed as a medical marijuana
35 business, dispensary, or other entity involved in providing medical
36 marijuana to patients under a local ordinance and shall be
37 considered in compliance with a local ordinance for the purposes
38 of the implementation of this section.

39 (h) Provisional licensees shall comply with all standards and
40 requirements applicable to a licensee under this chapter, including,

1 but not limited to, the production, recordkeeping, security, and
2 transportation requirements and standards.

3 (i) Beginning July 1, 2017, all commercial cannabis activity
4 shall be conducted between licensees of commercial cannabis
5 activity, pursuant to this chapter. If the regulatory authorities have
6 not promulgated their respective regulations by that date, the
7 regulatory authorities shall provide an extension for all provisional
8 licenses for applicants abiding by the provisions of this chapter.

9 26055. The regulatory authority may adopt regulations to
10 permit the transfer of a license from a licensee to another person
11 who demonstrates to the regulatory authority that he or she is
12 eligible for licensure under this chapter, if the prospective recipient
13 of the license complies with all of the requirements of this chapter
14 relating to a new application for licensure, including, but not
15 limited to, payment to the regulatory authority of a reasonable
16 license transfer fee.

17 26057. Each regulatory authority shall make recommendations
18 to the Legislature pertaining to the establishment of an appeals
19 and judicial review process for persons aggrieved by a final
20 decision of the regulatory authority.

21

22 Article 4. Enforcement

23

24 26060. (a) Each regulatory authority shall work in conjunction
25 with law enforcement agencies for the purposes of implementing,
26 administering, and enforcing this chapter and any regulations
27 adopted pursuant to this chapter and taking appropriate action
28 against licensees and others who fail to comply with this chapter
29 or the regulations adopted pursuant to this chapter.

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

38 26062. Except for a person identified in Section 26052, a person
39 shall not exercise the privilege or perform any act that a licensee
40 may exercise or perform under the authority of a license unless

1 the person is acting pursuant to a license, including, but not limited
2 to, a provisional license issued pursuant to this chapter.

3 26064. Any person engaging in commercial cannabis activity
4 and operating an unlicensed facility, building, structure, vehicle,
5 mobile unit, or location in violation of this chapter shall be subject
6 to civil penalties of up to twice the amount of the license fee for
7 each violation, and the division or court may order the destruction
8 of any cannabis associated with that violation. *Each day of*
9 *operation shall constitute a separate violation of this section.* All
10 civil fines *imposed and* collected pursuant to this section shall be
11 deposited into the fines and penalties account established pursuant
12 to Section 26028. If an action for civil penalties is brought by the
13 Attorney General, the penalty collected shall be deposited into the
14 General Fund pursuant to Section 26028. If the action is brought
15 by a district attorney or county counsel, the penalty collected shall
16 be paid to the treasurer of the county in which the judgment was
17 entered. If the action is brought by a city attorney or city
18 prosecutor, the penalty collected shall be paid to the treasurer of
19 the city in which the judgment was entered.

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

33 (b) A state or local agency shall immediately notify the division
34 and the appropriate regulatory authority of any violations or arrests
35 made for violations over which the division or regulatory authority
36 has jurisdiction which involve a licensee or licensed premises.
37 Notice shall be given within 10 days of the violation or arrest. The
38 division or regulatory authority shall promptly cause an
39 investigation to be made as to whether grounds exist for suspension
40 or revocation of the license.

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

4 (d) The division shall keep a complete record of all entities
5 licensed pursuant to this chapter. This record shall be made
6 available to state and local law enforcement to verify a mandatory
7 commercial license.

8 (e) A city, county, or city and county may impose a temporary
9 local suspension of the license of a commercial licensee for up to
10 30 days for violations of this chapter or a local ordinance. The
11 regulatory authority shall promptly cause an investigation to be
12 made as to whether grounds exist for continued suspension or
13 revocation of the license. If the regulatory authority has not
14 completed its investigation or disciplinary action within 30 days,
15 a city, county, or city and county may impose a subsequent
16 temporary local suspension of the license of a commercial licensee
17 for the same violation until the regulatory authority’s investigation,
18 the suspension or revocation, and all appeals to that suspension or
19 revocation are complete. This subdivision shall not limit a city’s,
20 county’s, or city and county’s authority to enforce laws or
21 ordinances pursuant to the authority granted by Section 7 of Article
22 XI of the California Constitution.

23

24 Article 5. Transportation of Medical Cannabis

25

26 26100. A licensee authorized to ~~transport~~ *transport, or*
27 *transport and deliver*, medical cannabis and medical cannabis
28 products shall do so only as set forth in this chapter.

29 26102. (a) Prior to transporting *or delivering* medical cannabis
30 or medical cannabis products, a licensee authorized to transport
31 *or deliver*, medical cannabis or medical cannabis products shall
32 do both of the following:

33 (1) Complete an electronic shipping manifest as prescribed by
34 the division. *All delivery shipping manifests shall not identify the*
35 *qualified patient or primary caregiver by name or address.*

36 (2) Securely transmit the manifest to the division and the
37 licensee that will receive the medical cannabis ~~product~~. *product,*
38 *as applicable.*

39 (b) During ~~transportation~~, *transportation or delivery*, the
40 licensed transporter shall maintain a physical copy of the shipping

1 manifest and make it available upon request to agents of the
2 division, local law enforcement officers, or any other designated
3 enforcement agency.

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

8 (d) Upon receipt of the *transported* shipment, a licensed facility
9 shall submit to the division a record verifying receipt of the
10 shipment and the details of the shipment.

11 26104. (a) Transported *and delivered* medical cannabis or
12 medical cannabis products shall be transported only in a storage
13 compartment that is securely affixed to the interior of the
14 transporting vehicle, and shall not be visible from outside the
15 vehicle. This requirement shall only apply to licensees transporting
16 medical cannabis or medical cannabis products with a total retail
17 value of ~~over five hundred dollars (\$500)~~; *at least an amount equal*
18 *to a statewide monetary threshold, which shall be adopted by*
19 *regulation by the regulatory authorities after review by the task*
20 *force and regulatory authorities.*

21 (b) A vehicle transporting *medical cannabis or* medical cannabis
22 products shall travel only directly between licensed facilities, unless
23 otherwise authorized under its license.

24 (c) All transport *or delivery* vehicles shall be staffed with a
25 minimum of two employees. At least one transport member shall
26 remain with the vehicle at all times when the vehicle contains
27 medical cannabis. This requirement shall only apply to licensees
28 transporting medical cannabis or medical cannabis products with
29 a total retail value of ~~over five thousand dollars (\$5,000)~~; *at least*
30 *an amount equal to a statewide monetary threshold, which shall*
31 *be adopted by regulation by the regulatory authorities after review*
32 *by the task force and regulatory authorities.*

33 (d) Each transport *or delivery* team member shall possess
34 documentation of licensing and a government-issued identification
35 card at all times when transporting or delivering medical cannabis
36 and shall produce it upon the request of agents of any regulatory
37 authority or any law enforcement officials.

38 26105. (a) The division shall develop a database containing
39 the electronic shipping manifests, which shall include, but are not
40 limited to, the following information:

- 1 (1) The quantity, or weight, and variety of products shipped.
- 2 (2) The estimated times of departure and arrival.
- 3 (3) The quantity or weight, and variety of products received.
- 4 (4) The actual time of arrival.
- 5 (5) A categorization of the product.

6 (b) The database shall be designed to flag irregularities for any
 7 regulatory authority to investigate. Any regulatory authority may,
 8 at any time, inspect shipments and request documentation for
 9 current inventory.

10 *26106. (a) This chapter shall not be construed to authorize*
 11 *or permit any licensee to transport or deliver, or cause to be*
 12 *transported or delivered, cannabis or cannabis products outside*
 13 *the state, unless authorized by federal law.*

14 *(b) A local jurisdiction shall not prevent transportation of*
 15 *medical cannabis or medical cannabis products on public roads*
 16 *by a licensee transporting medical cannabis or medical cannabis*
 17 *products that acts in compliance with this chapter.*

18 *(c) A local jurisdiction shall not prevent delivery of medical*
 19 *cannabis or medical cannabis products on public roads by a*
 20 *licensee delivering medical cannabis or medical cannabis products*
 21 *that acts in compliance with this chapter and eligible local*
 22 *ordinances.*

23 *26107. (a) All mobile, vehicular, and Internet-based-delivery*
 24 *services are prohibited except as authorized by this chapter.*

25 *(b) Upon approval of the division, a licensee registered to*
 26 *provide delivery services, shall abide by the following conditions*
 27 *of the license:*

28 *(1) The city or county in which the licensed premises of the*
 29 *licensee are located, and in which each delivery is made must*
 30 *specifically permit delivery service by ordinance referring to this*
 31 *section.*

32 *(2) Transportation of medical cannabis or medical cannabis*
 33 *products for delivery under this section shall comply with*
 34 *subdivisions (b) and (c) of Section 26102 and subdivisions (a), (c),*
 35 *and (d) of Section 26104.*

36 *(3) All employees delivering medical cannabis or medical*
 37 *cannabis products must carry a current license authorizing those*
 38 *services with them during deliveries, and must present them upon*
 39 *request to state and local law enforcement, employees of regulatory*

1 *authorities, and other state and local agencies enforcing this*
2 *chapter.*

3 *(c) Cities and counties shall have the authority to impose a tax,*
4 *pursuant to Section 23028 of the Government Code, on each*
5 *delivery transaction completed by an authorized licensee.*

6 *(d) Whenever a regulatory authority has knowledge that a*
7 *licensed facility has transported or delivered, or arranged or*
8 *facilitates the transport or delivery of, medical cannabis or medical*
9 *cannabis products in violation of this chapter, the regulatory*
10 *authority shall summarily suspend the license of that facility and*
11 *shall without delay commence proceedings for the revocation of*
12 *the license in accordance with this part.*

13

14 Article 6. Cannabis Employee Certification and Apprenticeship
15 Program for Cultivation Sites and Dispensaries

16

17 26140. This article applies only to cultivation sites and
18 dispensaries.

19 26140.5. The Division of Labor Standards Enforcement shall
20 do all of the following:

21 (a) Maintain minimum standards for the competency and training
22 of employees of a licensed cultivator or dispensary through a
23 system of testing and certification.

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

27 (c) Adopt regulations as determined to be necessary to
28 implement this article.

29 (d) Issue certification cards to employees certified pursuant to
30 this article.

31 (e) Establish registration fees in an amount reasonably necessary
32 to implement this article, not to exceed twenty-five dollars (\$25)
33 for the initial registration. There shall be no fee for annual renewal
34 of registration. ~~Fees shall be placed in the fund.~~ *Fees collected for*
35 *cultivation sites and dispensaries shall be placed into the Medical*
36 *Cannabis Cultivation Fee Account and the Medical Cannabis*
37 *Retail Fee Account, respectively.*

38 26141. (a) By January 1, 2017, the Division of Labor Standards
39 Enforcement shall develop a certification program for cannabis
40 employees. Commencing January 1, 2019, except as provided in

1 subdivision (c), certification shall be required of all persons who
2 perform work as cannabis employees.

3 (b) Individuals desiring to be certified shall submit an
4 application for certification and examination.

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

12 (2) Commencing January 1, 2019, an uncertified person may
13 perform work for which certification is otherwise required in order
14 to acquire the necessary on-the-job experience for certification
15 provided that the person shall be under the direct supervision of a
16 cannabis employee certified pursuant to Section 26141 who is
17 responsible for supervising no more than one uncertified person.

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

20 26141.5. (a) The following shall constitute additional grounds
21 for disciplinary proceedings, including suspension or revocation
22 of the license issued pursuant to this chapter:

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

26 (2) The licensee willfully fails to provide adequate supervision
27 of uncertified workers.

28 (3) The licensee willfully fails to provide adequate supervision
29 of apprentices performing work pursuant to paragraph (1) of
30 subdivision (c) of Section 26141.

31 (b) The Labor Commissioner shall maintain a process for
32 referring cases to the appropriate regulatory authority when it has
33 been determined that a violation of this section has likely occurred.
34 The Labor Commissioner shall have a memorandum of
35 understanding with the regulatory authorities in furtherance of this
36 section.

37 (c) Upon receipt of a referral by the Labor Commissioner
38 alleging a violation under this section, the appropriate regulatory
39 authority shall open an investigation. Disciplinary action against
40 the licensee shall be initiated within 60 days of the receipt of the

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

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

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

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

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

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

39 (4) The tax authorized by this section may be imposed upon
40 any or all of the activities set forth in paragraph (1), regardless of

1 whether the activity is undertaken individually, collectively, or
2 cooperatively, and regardless of whether the activity is for
3 compensation or gratuitously, as determined by the board of
4 supervisors.

5 (5) The board of supervisors *or city council* shall specify whether
6 the tax applies throughout the entire county *or city*, or within the
7 unincorporated area of the *city or county*.

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

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

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

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

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

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

28 11362.775. (a) Subject to subdivision (b), qualified persons
29 with valid identification cards, and the designated primary
30 caregivers of qualified patients and persons with identification
31 cards, who associate within the State of California in order *to*
32 collectively or cooperatively ~~to~~ cultivate marijuana for medical
33 purposes, shall not solely on the basis of that fact be subject to
34 state criminal sanctions under Section 11357, 11358, 11359, 11360,
35 11366, 11366.5, or 11570.

36 (b) Commencing 180 days following the issuance of provisional
37 licenses pursuant to the Medical Cannabis Regulation and Control
38 Act (Chapter 18 (commencing with Section 26000) of Division 9
39 of the Business and Professions Code), subdivision (a) shall not
40 apply to licensees under that act or to any persons who collectively

1 or ~~cooperative~~ *cooperatively* cultivate marijuana for medical
2 purposes. Each regulatory authority shall post a notice on its
3 Internet Web site indicating when it has commenced issuing
4 provisional licenses and when the 180-day period has been
5 exhausted.

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

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

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

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

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

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

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

1 It is necessary to maintain the confidentiality of patient and
2 physician information provided to the regulatory authorities in
3 order to protect the private medical information of patients who
4 use medical cannabis and to preserve the essential confidentiality
5 of the physician and patient relationship.

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

15 However, if the Commission on State Mandates determines that
16 this act contains other costs mandated by the state, reimbursement
17 to local agencies and school districts for those costs shall be made
18 pursuant to Part 7 (commencing with Section 17500) of Division
19 4 of Title 2 of the Government Code.