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AMENDED IN ASSEMBLY MAY 20, 2015  
AMENDED IN ASSEMBLY MAY 5, 2015  
AMENDED IN ASSEMBLY APRIL 23, 2015  
AMENDED IN ASSEMBLY APRIL 20, 2015  
AMENDED IN ASSEMBLY MARCH 26, 2015  
CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

**ASSEMBLY BILL**

**No. 34**

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**Introduced by Assembly Members ~~Bonta~~ Cooley, Bonta, and  
Jones-Sawyer**

December 1, 2014

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*An act to amend Sections 2220.05, 2242, and 2264 of, and to add Chapter 18 (commencing with Section 26000) to Division 9 of, the Business and Professions Code, to add Section 23028 to the Government Code, to amend Section 11362.775 of the Health and Safety Code, and to add Sections 147.5 and 3094 to the Labor Code, relating to medical cannabis, and making an appropriation therefor. An act to amend Sections 2220.05, 2242, and 2264 of, to add Article 25 (commencing with Section 2525) to Chapter 5 of Division 2 of, and to add Chapter 3.5 (commencing with Section 19300) to Division 8 of, the Business and Professions Code, to amend and repeal Section 11362.775 of the Health and Safety Code, to add Sections 147.5 and 3094 to the Labor Code, and to add Section 2402.5 to the Vehicle Code, relating to medical cannabis.*

## LEGISLATIVE COUNSEL'S DIGEST

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

*(1) Existing law, the Compassionate Use Act of 1996, an initiative measure enacted by the approval of Proposition 215 at the November 6, 1996, statewide general election, authorizes the use of marijuana for medical purposes. Existing law enacted by the Legislature requires the establishment of a program for the issuance of identification cards to qualified patients so that they may lawfully use marijuana for medical purposes, and requires the establishment of guidelines for the lawful cultivation of marijuana grown for medical use. Existing law provides for the licensure of various professions by the Department of Consumer Affairs. Existing law, the Sherman Food, Drug, and Cosmetic Law, provides for the regulation of food, drugs, devices, and cosmetics, as specified. A violation of that law is a crime.*

*This bill would enact the Medical Cannabis Regulation and Control Act and would establish within the office of the Governor, the Governor's Office of Marijuana Regulation to coordinate and provide oversight of the licensing and regulation of various commercial cannabis activities, as defined. The bill would establish the Division of Medical Cannabis Regulation, which is established within the State Board of Equalization, for the licensure and regulation of medical cannabis dispensaries and transporters. The bill would establish the Division of Medical Cannabis Manufacturing and Testing within the State Department of Public Health for the licensing and regulation of medical cannabis manufacturers and certified testing laboratories. The bill would also require the Division of Medical Cannabis Manufacturing and Testing to set specified standards for edible cannabis products. The bill would also establish the Division of Medical Cannabis Cultivation within the Department of Food and Agriculture for the licensure and regulation of medical cannabis cultivators. The bill would set forth the duties of these various divisions. The bill would require the office, by March 1, 2016, to convene a task force to advise the office on the development of standards for the regulation of medical cannabis.*

*This bill would provide for the enforcement of the provisions of the act and of local ordinances relating to medical cannabis by the state and local governments and would require the office to develop an enforcement framework that clarifies the enforcement roles of the state and local governments. The bill would provide that the director of the*

*office and other prescribed persons employed by licensing and law enforcement authorities are peace officers for purposes of enforcing the provisions of this act. The bill would specify that it does not supersede the provisions of Measure D, approved by the voters of the City of Los Angeles on the May 21, 2013, ballot.*

*This bill would require, before a business granted a state license commences operation, that the business also obtain a license or permit from the local jurisdiction and would authorize the local jurisdiction to regulate commercial cannabis activity in specified ways. The bill would provide for provisional licensure to engage in commercial cannabis activity, as specified, until the state license application is either granted or denied or until July 1, 2017.*

*This bill would, by January 1, 2017, require the Division of Labor Standards and Enforcement to develop a certification program for cannabis employees. The bill would require, by January 1, 2019, that all persons who perform work as cannabis employees be certified or participating in an apprenticeship program, as provided.*

*This bill would establish the Medical Cannabis Regulation Fund and various accounts within that fund for the collection of fines and fees imposed on the licensees conducting commercial cannabis activities.*

*(2) Existing law establishes the Division of Apprenticeship Standards, which audits and regulates apprenticeship programs for various trades, including electricians.*

*This bill would require the division to investigate, approve, or reject applications for apprenticeship employees of a licensed cultivation site or a licensed dispensing facility, as defined.*

*(3) Existing law, the Medical Practice Act, provides for the licensure and regulation of physicians and surgeons by the Medical Board of California. Existing law requires the board to prioritize investigations and prosecutions of physicians and surgeons representing the greatest threat of harm, as specified. Existing law identifies the cases that are to be given priority, which include cases of repeated acts of excessively prescribing, furnishing, or administering controlled substances without a good faith prior examination of the patient. 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 provides that a violation of the Medical Practice Act is a crime.*

*This bill would require the board to consult with the Center for Medicinal Cannabis Research on developing and adopting medical guidelines for the appropriate administration and use of marijuana.*

*The bill would also make it a misdemeanor for a physician and surgeon who recommends marijuana to a patient for a medical purpose to accept, solicit, or offer any remuneration from or to a licensed dispensing facility in which the physician and surgeon or his or her immediate family has a financial interest. By creating a new crime, the bill would impose a state-mandated local program.*

*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 for medical purposes without a good faith examination are among the types of cases that should be given priority for investigation and prosecution by the board, as described above. The bill would further prohibit a physician and surgeon from recommending medical marijuana to a patient unless that person is the patient's attending physician, as defined. Because a violation of that provision would be a crime, the bill would impose a state-mandated local program.*

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

*This bill would authorize the board of supervisors of a county to impose a tax on the privilege of cultivating, dispensing, producing, processing, preparing, storing, providing, donating, selling, or distributing marijuana or products containing marijuana. 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.*

*(5) Existing law exempts qualified patients, persons with valid identification cards, and the designated primary caregivers of qualified patients and persons with identification cards from certain crimes, including possession of concentrated cannabis and marijuana, cultivation of marijuana, and possession of marijuana for sale.*

*This bill, commencing 180 days after the Division of Medical Cannabis Regulation within the State Board of Equalization posts a notice on its Internet Web site that the licensing authorities have commenced issuing provisional licenses, would repeal those provisions.*

*(6) Existing law establishes the Department of the California Highway Patrol. Existing law also prohibits and establishes standards for driving under the influence of alcohol.*

*This bill would require the Department of the California Highway Patrol to establish protocols to determine whether a driver is operating a vehicle under the influence of cannabis, and to develop protocols setting forth best practices to assist law enforcement agencies.*

*(7) Existing law regulates the labor practices of agricultural employers. Existing law establishes the Occupational Safety and Health Standards Board within the Department of Industrial Relations to adopt, amend, and repeal occupational safety and health standards and establishes the Division of Occupational Safety and Health to enforce those standards.*

*This bill would include licensed cultivation sites in the definition of agricultural employer. The bill would require the division to convene an advisory committee to evaluate whether there is a need to develop industry-specific regulations relating to facilities issued a conditional license.*

*(8) This bill would provide that its provisions are severable.*

*(9) 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.*

*(10) 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.*

~~(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 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 Control Fund with separate accounts for 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 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 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~~-no. 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 cannabis for medical purposes. The Compassionate Use Act of*  
6 *1996 urged the state and federal governments to implement a plan*  
7 *to provide for the safe and affordable distribution of medical*  
8 *cannabis to all patients in medical need of the drug.*

9 (b) *Federal enforcement authorities have recognized that in*  
10 *states that have authorized cannabis use and have enacted strong*  
11 *and effective regulatory and enforcement systems to control the*  
12 *cultivation, distribution, sale, and possession of cannabis, conduct*  
13 *in compliance with those regulatory and enforcement systems is*  
14 *less likely to threaten federal priorities, and, thus, less likely to*  
15 *require federal enforcement intervention (See: Memorandum For*  
16 *All United States Attorneys—Guidance Regarding Marijuana*  
17 *Enforcement, by James M. Cole, Deputy Attorney General, August*  
18 *29, 2013).*

19 (c) *Greater certainty and minimum statewide standards are*  
20 *urgently needed regarding the obligations of medical cannabis*  
21 *facilities, and for the imposition and enforcement of regulations*  
22 *to prevent unlawful cultivation and the diversion of cannabis to*  
23 *nonmedical use.*

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

30 (e) *The California Constitution grants cities and counties the*  
31 *authority to make and enforce, within their borders, “all local*  
32 *police, sanitary, and other ordinances and regulations not in*  
33 *conflict with the general laws.” This inherent local police power*  
34 *includes broad authority to determine, for purposes of public*  
35 *health, safety, and welfare, the appropriate uses of land within the*

1 local jurisdiction's borders. The police power, therefore, allows  
2 each city and county to determine whether or not a medical  
3 cannabis dispensary or other facility that makes medical cannabis  
4 available may operate within its borders. This authority has been  
5 upheld by *City of Riverside v. Inland Empire Patients Health and*  
6 *Wellness Center, Inc.* (2013) 56 Cal.4th 729, and *County of Los*  
7 *Angeles v. Hill* (2011) 192 Cal.App.4th 861. Nothing in this act  
8 shall diminish, erode, or modify that authority.

9 (f) If a city or county determines that a dispensary or other  
10 facility that makes medical cannabis available may operate within  
11 its borders, then there is a need for the state to license these  
12 dispensaries and other facilities for the purpose of adopting and  
13 enforcing protocols for security standards at dispensaries and in  
14 the transportation of medical cannabis, as well as health and safety  
15 standards to ensure patient safety. This licensing requirement is  
16 not intended in any way nor shall it be construed to preempt local  
17 ordinances, regulations, or enforcement actions regarding the sale  
18 and use of medical cannabis, including, but not limited to, security,  
19 signage, lighting, and inspections.

20 (g) Nothing in this act or Article 2 (commencing with Section  
21 11357) or Article 2.5 (commencing with Section 11362.7) of  
22 Chapter 6 of Division 10 of the Health and Safety Code is intended  
23 to preempt any local ordinance regulating or banning the  
24 cultivation, processing, manufacturing, testing, transportation,  
25 distribution, provision, donation, or sale of medical cannabis, or  
26 to otherwise prevent or limit a city, county, or city and county from  
27 adopting or enforcing a zoning ordinance or other law, ordinance,  
28 or regulation that bans or regulates the location, operation, or  
29 establishment of any individual or other person that cultivates,  
30 processes, possesses, stores, manufactures, tests, transports,  
31 distributes, provides, donates, or sells cannabis.

32 (h) Nothing in this act is intended to require an employer to  
33 permit or accommodate the use, consumption, possession, transfer,  
34 display, transportation, sale, or growth of cannabis in the  
35 workplace, or to affect the ability of employers to have policies  
36 restricting the use of cannabis by employees, or otherwise  
37 complying with federal law.

38 (i) Nothing in this act shall be construed to promote or facilitate  
39 the nonmedical, recreational possession, sale, or use of cannabis.

1 (j) *Nothing in this act shall have a diminishing effect on the*  
2 *rights and protections granted to a patient or primary caregiver*  
3 *pursuant to the Compassionate Use Act of 1996.*

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

6 2220.05. (a) In order to ensure that its resources are maximized  
7 for the protection of the public, the Medical Board of California  
8 shall prioritize its investigative and prosecutorial resources to  
9 ensure that physicians and surgeons representing the greatest threat  
10 of harm are identified and disciplined expeditiously. Cases  
11 involving any of the following allegations shall be handled on a  
12 priority basis, as follows, with the highest priority being given to  
13 cases in the first paragraph:

14 (1) Gross negligence, incompetence, or repeated negligent acts  
15 that involve death or serious bodily injury to one or more patients,  
16 such that the physician and surgeon represents a danger to the  
17 public.

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

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

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

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

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

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

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

8 2242. (a) Prescribing, dispensing, or furnishing dangerous  
9 drugs as defined in Section 4022 without an appropriate prior  
10 examination and a medical indication, constitutes unprofessional  
11 conduct. *Prescribing or recommending medical cannabis to a*  
12 *patient for a medical purpose without an appropriate prior*  
13 *examination and a medical indication constitutes unprofessional*  
14 *conduct.*

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

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

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

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

30 (B) The practitioner was designated as the practitioner to serve  
31 in the absence of the patient's physician and surgeon or podiatrist,  
32 as the case may be.

33 (3) The licensee was a designated practitioner serving in the  
34 absence of the patient's physician and surgeon or podiatrist, as the  
35 case may be, and was in possession of or had utilized the patient's  
36 records and ordered the renewal of a medically indicated  
37 prescription for an amount not exceeding the original prescription  
38 in strength or amount or for more than one refill.

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

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

3 2264. (a) The employing, directly or indirectly, the aiding,  
4 or the abetting of any unlicensed person or any suspended, revoked,  
5 or unlicensed practitioner to engage in the practice of medicine or  
6 any other mode of treating the sick or afflicted which requires a  
7 license to practice constitutes unprofessional conduct.

8 (b) Employment by, or other agreement with, a mandatory  
9 commercial licensee acting pursuant to the Medical Cannabis  
10 Regulation and Control Act or a dispensary to provide  
11 recommendations for medical cannabis constitutes unprofessional  
12 conduct.

13 SEC. 5. Article 25 (commencing with Section 2525) is added  
14 to Chapter 5 of Division 2 of the Business and Professions Code,  
15 to read:

16

17 Article 25. Recommending Medical Cannabis

18

19 2525. (a) It is unlawful for a physician and surgeon who  
20 recommends cannabis to a patient for a medical purpose to accept,  
21 solicit, or offer any form of remuneration from or to a facility  
22 issued a conditional license pursuant to Chapter 3.5 (commencing  
23 with Section 19300) of Division 8, if the physician and surgeon or  
24 his or her immediate family have a financial interest in that facility.

25 (b) For the purposes of this section, “financial interest” shall  
26 have the same meaning as in Section 650.01.

27 (c) A violation of this section shall be a misdemeanor.

28 2525.1. The Medical Board of California shall consult with  
29 the California Marijuana Research Program, known as the Center  
30 for Medicinal Cannabis Research, authorized pursuant to Section  
31 11362.9 of the Health and Safety Code, on developing and adopting  
32 medical guidelines for the appropriate administration and use of  
33 medical cannabis.

34 2525.2. A physician and surgeon shall not recommend medical  
35 cannabis to a patient, unless that person is the patient’s attending  
36 physician, as defined by subdivision (a) of Section 11362.7 of the  
37 Health and Safety Code.

38 SEC. 6. Chapter 3.5 (commencing with Section 19300) is added  
39 to Division 8 of the Business and Professions Code, to read:

1  
2                    *CHAPTER 3.5. MEDICAL CANNABIS*  
3

4                    *Article 1. Definitions*  
5

6        *19300. For purposes of this chapter, the following definitions*  
7 *shall apply:*

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

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

24        (c) *“Cannabis concentrate” means manufactured cannabis that*  
25 *has undergone a process to concentrate the cannabinoid active*  
26 *ingredient, thereby increasing the product’s potency.*

27        (d) *“Certified testing laboratory” means a laboratory that is*  
28 *certified by the State Department of Public Health to perform*  
29 *random sample testing of medical cannabis pursuant to the*  
30 *certification standards for these facilities promulgated by the*  
31 *department.*

32        (e) *“Commercial cannabis activity” means any cultivation,*  
33 *possession, manufacture, processing, storing, laboratory testing,*  
34 *labeling, transporting, distribution, or sale of cannabis or cannabis*  
35 *product, or any Internet platform that facilitates any of these*  
36 *functions for the purpose of selling medical cannabis or medical*  
37 *cannabis products to qualified patients or caregivers, except as*  
38 *set forth in Section 19316.*

39        (f) *“Cultivation” means any activity involving the planting,*  
40 *growing, harvesting, drying, processing, or trimming of cannabis.*

1 (g) “Delivery” means the commercial transfer of medical  
2 cannabis or medical cannabis products from a dispensary to a  
3 primary caregiver or qualified patient, as defined in Section  
4 11362.7 of the Health and Safety Code.

5 (h) “Delivery service” means a person issued a state license  
6 by the State Department of Public Health pursuant to this chapter  
7 and a local license or permit, to deliver medical cannabis or  
8 medical cannabis products, up to an amount determined by the  
9 department, to patients, testing laboratories, or to events or  
10 locations where it will be used solely for promotional purposes.  
11 A delivery service shall not be required to obtain a transporter  
12 license.

13 (i) “Director” means the director of the Office of Marijuana  
14 Regulation.

15 (j) “Dispensary” means a nonmobile, nonvehicular,  
16 non-Internet-based retail location that distributes medical cannabis  
17 or medical cannabis products and is owned and operated by a  
18 licensee for these activities pursuant to this chapter.

19 (k) “Dispensing” means any activity involving the retail sale  
20 of medical cannabis or medical cannabis products from a  
21 dispensary.

22 (l) “Dried flower” means all dead medical cannabis that has  
23 been harvested, dried, cured, or otherwise processed.

24 (m) “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 (n) “Fund” means the Medical Cannabis Regulation Fund  
28 established pursuant to Section 19361.

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

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



1 *the applicant’s employees work, for the purpose of meeting with*  
2 *employees to discuss their right to representation, employment*  
3 *rights under state law, and terms and conditions of employment.*  
4 *This type of agreement shall not mandate a particular method of*  
5 *election or certification of the bona fide labor organization.*

6 (q) *“Licensed cultivation site” means a person that plants,*  
7 *grows, cultivates, harvests, dries, or processes medical cannabis,*  
8 *or that does all or any combination of those activities, and that is*  
9 *issued a state license pursuant to this chapter and a local license*  
10 *or permit.*

11 (r) *“Licensed dispensing facility” means a person that provides*  
12 *medical cannabis, medical cannabis products, or devices for the*  
13 *use of medical cannabis or medical cannabis products, either*  
14 *individually or in any combination, that is issued a state license*  
15 *pursuant to this chapter and a local license or permit.*

16 (s) *“Licensed manufacturer” means a person that conducts the*  
17 *production, preparation, propagation, compounding, or processing*  
18 *of medical cannabis or medical cannabis products, either directly*  
19 *or indirectly or by extraction processes, or independently by means*  
20 *of chemical synthesis or by a combination of extraction and*  
21 *chemical synthesis, and includes a location that packages or*  
22 *repackages medical cannabis or medical cannabis products or*  
23 *labeling or relabeling of its container, and that has been issued a*  
24 *state license pursuant to this part.*

25 (t) *“Licensed transporter” means a person issued a state license*  
26 *by the Board of Equalization to transport medical cannabis or*  
27 *medical cannabis products above a limit determined by the board*  
28 *to and from facilities that have been issued a state license pursuant*  
29 *to this chapter.*

30 (u) *“Licensee” means a person issued a state license under this*  
31 *chapter to engage in commercial cannabis activity.*

32 (v) *“Licensing authority” means the state agency responsible*  
33 *for granting and renewing state licenses and regulating the*  
34 *relevant licensees. For licensed cultivators, the licensing authority*  
35 *is the Division of Medical Cannabis Cultivation in the Department*  
36 *of Food and Agriculture. For dispensaries and transporters, the*  
37 *licensing authority is the State Board of Equalization. For licensed*  
38 *manufacturers and certified testing laboratories, the licensing*  
39 *authority is the Division of Medical Cannabis Manufacturing and*  
40 *Testing within the State Department of Public Health.*

1 (w) “Live plants” means living medical cannabis flowers and  
2 plants, including seeds, immature plants, and vegetative stage  
3 plants.

4 (x) “Manufactured cannabis” means raw cannabis that has  
5 undergone a process whereby the raw agricultural product has  
6 been transformed into a concentrate, an edible product, or a topical  
7 product.

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

13 (z) “Nursery” means a licensee that produces only clones,  
14 immature plants, seeds, and other agricultural products used  
15 specifically for the planting, propagation, and cultivation of  
16 medical cannabis.

17 (aa) “Office” means the Office of Marijuana Regulation.

18 (ab) “Permit,” “local license,” or “local permit” means an  
19 official document granted by a local jurisdiction that authorizes  
20 a person to conduct commercial cannabis activity in the local  
21 jurisdiction.

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

27 (ad) “State license ” or “license” means a state license issued  
28 pursuant to this chapter.

29 (ae) “Topical cannabis” means a manufactured product  
30 intended for external use.

31 (af) “Transport” means the commercial transfer of medical  
32 cannabis or medical cannabis products from the business location  
33 of one licensee to another licensee, for the purposes of conducting  
34 commercial cannabis activity authorized by licensees pursuant to  
35 this chapter.

36

37 *Article 2. Administration*

38

39 19301. This chapter shall be known, and may be cited, as the  
40 Medical Cannabis Regulation and Control Act.

1 19302. (a) *There is hereby created within the office of the*  
2 *Governor, the Governor’s Office of Marijuana Regulation, under*  
3 *the supervision and control of the Director of the Office of*  
4 *Marijuana Regulation, who shall be appointed by the Governor.*  
5 *The Governor shall appoint the director at a salary to be fixed*  
6 *and determined by the director with the approval of the Director*  
7 *of Finance. The director shall serve in accordance with the State*  
8 *Civil Service Act (Part 2 (commencing with Section 18500) of*  
9 *Division 5 of Title 2 of the Government Code).*

10 (b) *The director shall be the appointing power of all employees*  
11 *within the office, and all heads of divisions, bureaus, and other*  
12 *employees in the office shall be responsible to the director for the*  
13 *proper carrying out of the duties and responsibilities of their*  
14 *respective positions.*

15 (c) *In developing a regulatory framework pursuant to this*  
16 *chapter, the director shall consult with state agencies possessing*  
17 *expertise in licensure and enforcement, including, but not limited*  
18 *to, the Department of Alcoholic Beverage Control and the*  
19 *Department of Consumer Affairs.*

20 (d) *The office shall have overall executive authority and*  
21 *responsibility for implementation of all aspects of cannabis*  
22 *regulation pursuant to this chapter.*

23 (e) *The office shall coordinate and provide oversight of all*  
24 *activities described in this chapter. The office shall lead all state*  
25 *and local authorities regarding the tracking of medical cannabis,*  
26 *medical cannabis products, and licensees pursuant to this chapter.*  
27 *All departments and divisions specified in Section 19304 shall*  
28 *report directly to the office. Any information technology systems*  
29 *created to store and process data related to commercial cannabis*  
30 *licensing shall be integrated, and all licensing data shall be*  
31 *immediately available to each licensing authority and to the office.*

32 19303. *The office shall maintain a registry of all permit holders*  
33 *and shall maintain a record of all state licenses and commercial*  
34 *cannabis activity of the permit holder throughout the length of*  
35 *licensure and for a minimum of seven years following the*  
36 *expiration of each license. The office shall make limited licensee*  
37 *information available to a licensee so that it may verify whether*  
38 *it is engaging in commercial cannabis activities with a properly*  
39 *licensed entity.*

1 19304. (a) The following entities shall report to and be directly  
2 accountable to the office for their respective designated  
3 responsibilities within the regulatory and enforcement framework,  
4 as follows:

5 (1) The Division of Medical Cannabis Regulation, which is  
6 established within the State Board of Equalization, shall do all of  
7 the following:

8 (A) Be administered by a person who is appointed by the State  
9 Board of Equalization.

10 (B) Administer this chapter, as it pertains to commercial  
11 cannabis activity relating to dispensaries and transporters.

12 (2) The Division of Medical Cannabis Manufacturing and  
13 Testing, which is established within the State Department of Public  
14 Health, shall do all of the following:

15 (A) Be administered by a person who is appointed by the  
16 Governor.

17 (B) Administer this chapter, as it pertains to manufacturing,  
18 testing, and certification of testing laboratories for medical  
19 cannabis and medical cannabis products.

20 (3) The Division of Medical Cannabis Cultivation, which is  
21 established within the Department of Food and Agriculture, shall  
22 do all of the following:

23 (A) Be administered by a person who is appointed by the  
24 Governor.

25 (B) Administer this chapter as it pertains to cultivation of  
26 medical cannabis.

27 (4) The California Environmental Protection Agency and the  
28 California Natural Resources Agency shall coordinate and direct  
29 the following entities in the discharge of their designated  
30 regulatory responsibilities:

31 (A) The State Water Resources Control Board shall promulgate  
32 regulations related to discharge into waterways, and diversion  
33 therefrom, resulting from cannabis cultivation.

34 (B) The Department of Fish and Wildlife shall promulgate  
35 regulations for the protection of any species affected by cultivation  
36 activity, and regulations for any cultivation-related development,  
37 including alteration of waterways.

38 (5) The Department of Justice shall conduct the following  
39 activities:

1 (A) Perform criminal background checks of applicants for  
2 licensure.

3 (B) Develop uniform security standards for dispensaries and  
4 all phases of transport covered by this chapter.

5 (C) Provide supplemental enforcement on an as-needed basis  
6 at the request of the office.

7 19305. (a) The office and licensing authorities shall have the  
8 authority necessary for the implementation of this chapter,  
9 including, but not limited to, all of the following:

10 (1) Establishing rules or regulations necessary to carry out the  
11 purposes and intent of this chapter and to enable the office and  
12 licensing authorities to exercise the powers and perform the duties  
13 conferred by this chapter and in accordance with Chapter 3.5  
14 (commencing with Section 11340) of Part 1 of Division 3 of Title  
15 2 of the Government Code. These rules and regulations shall not  
16 limit the authority of a city, county, or city and county specified  
17 in Article 3 (commencing with Section 19307), or specified in  
18 Section 7 of Article XI of the California Constitution, or any other  
19 law. For the performance of its duties, the office has the powers  
20 set forth in Article 2 (commencing with Section 11180) of Chapter  
21 2 of Part 1 of Division 3 of Title 2 of the Government Code. The  
22 office shall review all regulations and guidance promulgated by  
23 licensing authorities in the administration of this chapter to ensure  
24 no duplication, overlap, or inconsistent regulations occur between  
25 licensing authorities.

26 (2) Issuing state licenses to persons for the cultivation,  
27 manufacture, transportation, and sale of medical cannabis within  
28 the state.

29 (3) Setting application, licensing, and renewal fees for state  
30 licenses issued pursuant to this chapter.

31 (4) Establishing standards for commercial cannabis activity.

32 (5) Establishing procedures for the issuance, renewal,  
33 suspension, denial, and revocation of state licenses.

34 (6) Imposing a penalty authorized by this chapter or any rule  
35 or regulation adopted pursuant to this chapter.

36 (7) Taking action with respect to an application for a state  
37 license in accordance with procedures established pursuant to this  
38 chapter.

39 (8) Overseeing the operation of the Medical Cannabis  
40 Regulation Fund, established pursuant to Section 19361.

1 (9) Consulting with other state or local agencies, departments,  
2 representatives of the medical cannabis community, or public or  
3 private entities for the purposes of establishing statewide standards  
4 and regulations.

5 (b) Protection of the public shall be the highest priority for the  
6 office and the licensing authorities in exercising the licensing,  
7 regulatory, and disciplinary functions pursuant to this chapter.  
8 Whenever the protection of the public is inconsistent with other  
9 interests sought to be promoted, the protection of the public shall  
10 be paramount.

11 19306. (a) The office, by March 1, 2016, shall convene a task  
12 force, which shall advise the office on the development of standards  
13 pursuant to this chapter. The task force shall be responsible for  
14 recommending to the office the appropriate roles of each state  
15 entity as it pertains to this chapter, and shall recommend guidelines  
16 on communication and information sharing between state entities,  
17 and with local agencies, for implementation of this chapter.  
18 Notwithstanding Section 10231.5 of the Government Code, the  
19 task force shall submit a report on these standards, determinations,  
20 and guidelines for implementation of this chapter to the Legislature  
21 and state entities affected by this chapter by August 1, 2016. The  
22 report submitted to the Legislature shall be submitted in  
23 compliance with Section 9795 of the Government Code.

24 (b) The task force shall be comprised of representatives of  
25 medical cannabis consumer advocates, environmental experts,  
26 public health experts, medical cannabis industry representatives,  
27 related regulatory authorities, labor, and law enforcement. The  
28 task force may also be comprised of representatives of the State  
29 Board of Equalization and Attorney General, and other state  
30 agencies, as deemed appropriate. The task force shall have a  
31 minimum of nine members, with one-third of the members  
32 appointed by the California State Assembly, one-third of the  
33 members appointed by the California State Senate, and one-third  
34 of the members appointed by the Governor. If there is an unequal  
35 divide between these three entities, the Governor shall make  
36 appointments for the difference.

37 (c) Task force members shall serve on a voluntary basis and  
38 shall be responsible for costs associated with their participation  
39 in the task force. The licensing authorities shall not be responsible  
40 for travel costs incurred by task force members or otherwise

1 *compensating task force members for costs associated with their*  
2 *participation in the task force.*

3

4

*Article 3. Enforcement and Local Control*

5

6 *19307. (a) Each licensing authority shall work in conjunction*  
7 *with law enforcement agencies for the purposes of implementing,*  
8 *administering, and enforcing this chapter, and any regulations*  
9 *adopted pursuant to this chapter and taking appropriate action*  
10 *against licensees and others who fail to comply with this chapter*  
11 *or the regulations adopted pursuant to this chapter.*

12 *(b) The director and the persons employed by the licensing*  
13 *authorities for the administration and enforcement of this chapter*  
14 *are, for purposes of this chapter, peace officers in the enforcement*  
15 *of the penal provisions of this chapter, the regulations adopted*  
16 *pursuant to this chapter, and any other penal provisions of law*  
17 *prohibiting or regulating the cultivation, processing, storing,*  
18 *manufacturing, testing, transporting, or selling of medical*  
19 *cannabis. These persons may, while acting as peace officers,*  
20 *enforce any penal provisions of state law while in the course of*  
21 *their employment.*

22 *(c) The regulatory directors, persons employed by the licensing*  
23 *authorities for the administration and enforcement of this chapter,*  
24 *peace officers listed in Section 830.1 of the Penal Code, and*  
25 *officers listed in Section 830.6 of the Penal Code, while acting in*  
26 *the course and scope of their employment as peace officers, may,*  
27 *in enforcing this chapter, visit and inspect the premises of a*  
28 *licensee at any time during which the licensee is acting pursuant*  
29 *to the state license.*

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

38 *19308. (a) The office shall, in consultation with local*  
39 *governments, develop an enforcement framework that clarifies the*  
40 *enforcement roles of the state and local governments. Local*

1 agencies are authorized to enforce any state statutory or regulatory  
2 standard.

3 (b) A state agency is not required by this section to enforce a  
4 city, county, city and county, or local law, ordinance, rule, or  
5 regulation regarding the site or operation of a facility or  
6 transporter issued a state license.

7 19309. (a) For facilities issued a state license that are located  
8 within the incorporated area of a city, the city shall have full power  
9 and authority to enforce this chapter and the rules, regulations,  
10 and standards promulgated by the office. The city shall further  
11 assume complete responsibility for any regulatory function relating  
12 to those licensees within the city limits that would otherwise be  
13 performed by the county or any county officer or employee, without  
14 liability, cost, or expense to the county.

15 (b) For licensed facilities located within the unincorporated  
16 area of a county, the county shall have full power and authority  
17 to enforce this chapter and the rules, regulations, and standards  
18 promulgated by the office.

19 (c) It is the intent of the Legislature in enacting this chapter to  
20 provide for the statewide regulation of the commercial cannabis  
21 activity and the enforcement of laws relating to commercial  
22 cannabis activities without preempting city, county, or city and  
23 county ordinances regulating or banning these activities. This  
24 chapter is an exercise of the police powers of the state for the  
25 protection of the safety, welfare, health, peace, and morals of the  
26 people of the state.

27 (d) Nothing in this chapter, or any regulations promulgated  
28 thereunder, shall be deemed to limit the authority or remedies of  
29 a city, county, or city and county under any provision of law,  
30 including, but not limited to, Section 7 of Article XI of the  
31 California Constitution.

32 19310. (a) The director of a licensing authority or a district  
33 attorney, county counsel, city attorney, or city prosecutor may  
34 bring an action in the name of the people of the State of California  
35 to enjoin a violation or the threatened violation of any provision  
36 of this chapter, including, but not limited to, a licensee's failure  
37 to correct objectionable conditions following notice or as a result  
38 of a rule promulgated pursuant to this chapter, and to assess and  
39 recover civil penalties in accordance with this chapter. The action  
40 shall be brought in the county in which the violation occurred or



1 *is threatened to occur. A proceeding for injunctive relief brought*  
2 *pursuant to this chapter shall conform to the requirements of*  
3 *Chapter 3 (commencing with Section 525) of Title 7 of Part 2 of*  
4 *the Code of Civil Procedure.*

5 (b) *A state or local agency shall immediately notify the office*  
6 *and the appropriate licensing authority of violations or arrests*  
7 *made for violations over which the licensing authority has*  
8 *jurisdiction that involve a licensee or licensed premises. Notice*  
9 *shall be given within 10 days of the violation or arrest. The office*  
10 *or licensing authority shall promptly investigate as to whether*  
11 *grounds exist for suspension or revocation of the state license.*

12 (c) *This chapter shall not be construed to limit a law*  
13 *enforcement agency's ability to investigate unlawful activity in*  
14 *relation to a state license.*

15 (d) *Nothing in this chapter shall prevent a city or other local*  
16 *governing body from taking action as specified in Section 11362.83*  
17 *of the Health and Safety Code.*

18 (e) *The office shall establish procedures to provide state and*  
19 *local law enforcement, upon their request, with 24-hour access to*  
20 *information to verify a state license, track transportation manifests,*  
21 *and track the inventories of facilities issued a state license. This*  
22 *record shall allow state and local law enforcement to verify a state*  
23 *license and provide summary information on licensees consisting*  
24 *of the name of the licensee, the date the license was issued, the*  
25 *status of the license, and the licensee's mailing address.*

26 19311. (a) *Licensing authorities and any relevant local agency*  
27 *may examine the books and records of a licensee and may visit*  
28 *and inspect the premises of a licensee as the licensing authority*  
29 *or local agency deems necessary to perform their duties under this*  
30 *chapter or local ordinance.*

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

38 (c) *All cultivation and dispensing licensees shall be subject to*  
39 *an annual audit, as specified by the licensing authority, in order*

1 to ensure proper documentation is kept at each facility. The  
2 reasonable costs of the audit shall be paid for by the licensee.

3 19312. (a) This chapter shall in no way supersede the  
4 provisions of Measure D, approved by the voters of the City of Los  
5 Angeles on the May 21, 2013, ballot for the city, which granted  
6 medical cannabis businesses and dispensaries qualified immunity  
7 consistent with the terms of the measure and local ordinances.  
8 Notwithstanding the provisions of this part, cannabis businesses  
9 and dispensaries subject to the provisions of Measure D and its  
10 qualified immunity shall continue to be subject to the ordinances  
11 and regulations of the City of Los Angeles.

12 (b) It is the intent of the Legislature to recognize the unique  
13 circumstances of the City of Los Angeles with respect to Measure  
14 D and associated rules related to commercial cannabis activity.

15 19313. (a) The actions of a licensee or provisional licensee,  
16 its employees, and its agents, that are permitted pursuant to both  
17 a state license or provisional license and a license or permit issued  
18 by the local jurisdiction following the requirements of the  
19 applicable local ordinances, and that are conducted in accordance  
20 with the requirements of this chapter and regulations adopted  
21 pursuant to this chapter, are not unlawful under state law and  
22 shall not be an offense subject to arrest, prosecution, or other  
23 sanction under state law or be subject to a civil fine or be a basis  
24 for seizure or forfeiture of assets under state law.

25 (b) The actions of a person who, in good faith and upon  
26 investigation, allows his or her property to be used by a licensee  
27 or provisional licensee, its employees, and its agents, as permitted  
28 pursuant to both a state license and a license or permit issued by  
29 the local jurisdiction following the requirements of the applicable  
30 local ordinances, are not unlawful under state law and shall not  
31 be an offense subject to arrest, prosecution, or other sanction  
32 under state law, or be subject to a civil fine or be a basis for seizure  
33 or forfeiture of assets under state law.

34 (c) Conduct that is within the scope of a license issued pursuant  
35 to this chapter and permitted by local ordinance but not fully in  
36 compliance with this chapter shall be subject to the enforcement  
37 provisions of this chapter and shall not be subject to the penal  
38 provisions of state law generally prohibiting cannabis-related  
39 activity, unless and until the license is revoked.

1 (d) This section shall not be deemed to limit the authority or  
2 remedies of a city, county, or city and county under any provision  
3 of law, including, without limitation, Section 7 of Article XI of the  
4 California Constitution.

5 19314. (a) A person engaging in commercial cannabis activity  
6 and operating an unlicensed facility, building, structure, vehicle,  
7 mobile unit, or location in violation of this chapter shall be subject  
8 to civil penalties of up to twice the amount of the license fee for  
9 each violation, and the office, licensing authority, or court may  
10 order the destruction of medical cannabis associated with that  
11 violation. Each day of operation shall constitute a separate  
12 violation of this section. All civil penalties imposed and collected  
13 pursuant to this section shall be deposited into the Medical  
14 Cannabis Fines and Penalties Account established pursuant to  
15 Section 19361.

16 (b) If an action for civil penalties is brought by the Attorney  
17 General, the penalty collected shall be deposited into the General  
18 Fund. If the action is brought by a district attorney or county  
19 counsel, the penalty collected shall be paid to the treasurer of the  
20 county in which the judgment was entered. If the action is brought  
21 by a city attorney or city prosecutor, the penalty collected shall  
22 be paid to the treasurer of the city in which the judgment was  
23 entered.

24 19315. (a) This chapter does not, nor do Article 2  
25 (commencing with Section 11357) and Article 2.5 (commencing  
26 with Section 11362.7) of Chapter 6 of Division 10 of the Health  
27 and Safety Code, prevent a city, county, or city and county from  
28 doing any of the following:

29 (1) Adopting local ordinances inconsistent with this chapter  
30 that do the following:

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

35 (B) Prohibit commercial cannabis activity within their  
36 jurisdiction.

37 (2) Providing for the administrative, civil, or criminal  
38 enforcement of the ordinances described in paragraph (1).

39 (3) Establishing a fee or tax for the operation of a licensee  
40 within its jurisdiction.

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

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

12  
 13 Article 4. Licensure

14  
 15 19316. (a) This chapter shall not apply to, and shall have no  
 16 diminishing effect on the protections granted to, a patient or a  
 17 primary caregiver pursuant to the Compassionate Use Act of 1996.

18 (b) (1) A patient who cultivates, possesses, stores, manufactures,  
 19 or transports cannabis exclusively for his or her personal medical  
 20 use but who does not provide, donate, sell, or distribute cannabis  
 21 to any other person is not, thereby, engaged in commercial  
 22 cannabis activity and is, therefore, exempt from the licensure  
 23 requirements of this chapter.

24 (2) A primary caregiver who cultivates, possesses, stores,  
 25 manufactures, transports, donates, or provides cannabis exclusively  
 26 for the personal medical purposes of no more than five specified  
 27 qualified patients for whom he or she is the primary caregiver  
 28 within the meaning of Section 11362.7 of the Health and Safety  
 29 Code but who does not receive remuneration for these activities  
 30 except for compensation in full compliance with subdivision (c)  
 31 of Section 11362.765 of the Health and Safety Code is not engaged  
 32 in commercial cannabis activity and is, therefore, exempt from the  
 33 licensure requirements of this chapter.

34 (c) Exemption from the license requirements of this chapter  
 35 shall not limit or prevent a city, county, or city and county from  
 36 regulating or banning the cultivation, storage, manufacture,  
 37 transport, provision, or other activity by the exempt person, or  
 38 impair the enforcement of that regulation or ban.

39 19317. The state shall have the right and authority to conduct  
 40 state licensure activities and to regulate commercial cannabis

1 activity pursuant to this chapter. Local governments have the right  
2 and authority to grant permits and regulate commercial cannabis  
3 activity within their jurisdiction pursuant to local ordinances. In  
4 the exercise of these rights and powers, the state and each of its  
5 agencies, and all local agencies, are hereby deemed not to be  
6 engaged in activities requiring licensure under this chapter.

7 19318. (a) Licensing authorities shall issue state licenses to  
8 qualified applicants engaging in commercial cannabis activity  
9 pursuant to this chapter. Beginning January 1, 2018, no person  
10 shall engage in commercial cannabis activity without possessing  
11 a state license and a local permit. For purposes of this section,  
12 “state license” includes a provisional license issued pursuant to  
13 Article 6 (commencing with Section 19330).

14 (b) Local permits shall be determined by local ordinances.  
15 Licensing authorities issuing state licenses shall have sole authority  
16 to revoke a state license. Local agencies issuing local permits shall  
17 have sole authority to revoke a local permit.

18 (c) The issuance of a state license shall not, in and of itself,  
19 authorize the recipient to begin business operations. The state  
20 license shall certify, at a minimum, that the applicant has paid the  
21 state licensing fee, successfully passed a criminal background  
22 check, and met state residency requirements.

23 (d) Even if a state license has been granted pursuant to this  
24 chapter, a facility shall not operate in a local jurisdiction that  
25 prohibits the establishment of that type of business. A facility shall  
26 not commence activity under the authority of a state license until  
27 the applicant has obtained, in addition to the state license, a license  
28 or permit from the local jurisdiction in which he or she proposes  
29 to operate, following the requirements of the applicable local  
30 ordinances.

31 (e) If a local government agency notifies the office or a licensing  
32 authority and provides evidence that a licensee or applicant within  
33 its jurisdiction is in violation of local ordinances relating to  
34 commercial cannabis activities, the licensing authority shall revoke  
35 the state license within 20 working days.

36 (f) Revocation of either a state or local license shall terminate  
37 the ability of a medical cannabis business to operate within  
38 California.

1     19319. (a) On or before July 1, 2017, a licensing authority  
2 shall promulgate regulations for implementation and enforcement  
3 of this chapter, including, but not limited to, all of the following:  
4     (1) A description of the various specific forms of commercial  
5 cannabis activity to be authorized by the various types of licenses.  
6     (2) Procedures for the issuance, renewal, suspension, denial,  
7 and revocation of a state license.  
8     (3) Procedures for appeal of fines and the appeal of denial,  
9 suspension, or revocation of a state license.  
10    (4) Application, licensing, and renewal forms and fees.  
11    (5) Time periods, not to exceed 90 days, by which the licensing  
12 authority shall approve or deny an application for a state license.  
13 The failure of the licensing authority to act upon an application  
14 for licensure within the time prescribed shall not be deemed  
15 approval of the application.  
16    (6) Qualifications for licensees.  
17    (7) Security requirements, including, but not limited to,  
18 procedures for limiting access to facilities and for the screening  
19 of employees.  
20    (8) Requirements to ensure that all licensees and certified testing  
21 laboratories conform with applicable standards equivalent to state  
22 statutory environmental, agricultural, consumer protection, and  
23 food and product safety requirements. These standards shall be  
24 in addition, and not limited, to any other state and local  
25 requirements.  
26    (b) Each state license application approved by the respective  
27 licensing authority pursuant to this chapter is separate and distinct.  
28    (c) A state license application approved by a licensing authority  
29 pursuant to this chapter shall be valid for a period not to exceed  
30 one year from the date of approval unless revoked or suspended  
31 earlier than that date pursuant to this chapter or the rules or  
32 regulations adopted pursuant to this chapter.  
33    (d) Each licensing authority may adopt regulations for  
34 additional licenses for cannabis activity within its statutory  
35 jurisdiction pursuant to this chapter, as deemed necessary.  
36    (e) Each state license application approved by a licensing  
37 authority shall be reported to the office within 24 hours of its  
38 approval.  
39    (f) A licensing authority shall not issue a state license unless  
40 the applicant has met all of the requirements of this chapter.

1 (g) Each licensing authority shall adopt regulations as needed  
2 to implement the relevant licensing program within one year  
3 following the establishment of provisional licenses, pursuant to  
4 Section 19330. The regulations shall not limit the authority of a  
5 city, county, or city and county pursuant to Section 7 of Article XI  
6 of the California Constitution or any other law. The regulations  
7 shall do all of the following:

8 (1) Establish procedures for approval or denial of applications  
9 for state licensure for each and every aspect of commercial  
10 cannabis activity, including, but not limited to, cultivation,  
11 possession, manufacture, processing, storing, laboratory testing,  
12 labeling, transporting, distribution, and sale of cannabis.

13 (2) Establish applicant qualifications.

14 (3) Establish state licensee employee qualifications, including,  
15 but not limited to, training and screening requirements.

16 (4) Establish state licensee security requirements, including,  
17 but not limited to, procedures to limit access to facilities and to  
18 prevent diversion of product to nonmedical use.

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

22 (6) Establish advertising, marketing, signage, and labeling  
23 requirements and restrictions.

24 (7) Establish procedures for the suspension, revocation, or  
25 surrender of a state license, and establishing related fines and  
26 penalties to be assessed against licensees for violations of this  
27 chapter.

28 19320. (a) An applicant for a state license shall do all of the  
29 following:

30 (1) Pay the fee or fees required by this chapter for each state  
31 license for which an application is submitted.

32 (2) Register with the licensing authority on forms prescribed  
33 by the licensing authority. The forms shall contain sufficient  
34 information to identify the licensee, including all of the following:

35 (A) Name of the owner or owners of a proposed facility,  
36 including all persons or entities having an ownership interest other  
37 than a security interest, lien, or encumbrance on property that will  
38 be used by the applicant.

39 (B) The name, address, and date of birth of each principal  
40 officer and board member.

1 (C) *The address and telephone number of the proposed facility.*

2 (3) *In the case of a dispensary, provide the name and address*  
3 *of each licensed cultivation site and licensed manufacturer from*  
4 *which the dispensary will acquire or obtain medical cannabis or*  
5 *medical cannabis products.*

6 (4) *Provide a description, in writing, of the scope of business*  
7 *of the proposed facility.*

8 (5) *Provide evidence that the applicant and owner have been*  
9 *legal full-time residents of the state for not less than two years.*

10 (6) *Provide detailed operating procedures, in writing, for the*  
11 *proposed facility, which shall include, but not be limited to,*  
12 *procedures for facility and operational security, prevention of*  
13 *diversion, employee screening, storage of medical cannabis,*  
14 *personnel policies, and recordkeeping procedures.*

15 (7) *Submit the applicant's fingerprint images as follows:*

16 (A) *For purposes of this paragraph, "applicant" means the*  
17 *owner or owners of a proposed facility, including all persons or*  
18 *entities having an ownership interest other than a security interest,*  
19 *lien, or encumbrance on property that will be used by the facility.*  
20 *If the owner is an entity, fingerprints shall be submitted for each*  
21 *person participating in the direction, control, or management of,*  
22 *or having a financial interest in, the proposed facility.*

23 (B) *The applicant shall electronically submit to the Department*  
24 *of Justice fingerprint images and related information required by*  
25 *the Department of Justice for the purpose of obtaining information*  
26 *as to the existence and content of a record of state or federal*  
27 *convictions and arrests, and information as to the existence and*  
28 *content of a record of state or federal convictions and arrests for*  
29 *which the Department of Justice establishes that the person is free*  
30 *on bail or on his or her own recognizance, pending trial or appeal.*

31 (C) *The Department of Justice shall provide a response to the*  
32 *licensing authority pursuant to paragraph (1) of subdivision (p)*  
33 *of Section 11105 of the Penal Code.*

34 (D) *The licensing authority shall request from the Department*  
35 *of Justice subsequent notification service, as provided pursuant*  
36 *to Section 11105.2 of the Penal Code, for applicants.*

37 (E) *The Department of Justice shall charge the applicant a fee*  
38 *sufficient to cover the reasonable cost of processing the requests*  
39 *described in this paragraph.*



1 (8) *If applicable, provide documentation that the applicant will*  
2 *be in compliance with all local ordinances and regulations,*  
3 *including, but not limited to, an entity granted immunity under*  
4 *Measure D, approved by the voters of the City of Los Angeles at*  
5 *the May 21, 2013, general election.*

6 (9) *Provide evidence of the legal right to occupy and use an*  
7 *established location, including that, if the proposed facility is a*  
8 *cultivator or a dispensary, that the proposed facility is located*  
9 *beyond at least a 600-foot radius from a school, or, if applicable,*  
10 *an immunity from prosecution for that occupancy or use pursuant*  
11 *to Measure D, approved by the voters of the City of Los Angeles*  
12 *at the May 21, 2013, general election.*

13 (10) *Provide a statement, signed by the applicant under penalty*  
14 *of perjury, that the information provided is true.*

15 (11) (A) *For an applicant with 20 or more employees, provide*  
16 *a statement that the applicant will enter into, or demonstrate that*  
17 *it has already entered into, and abide by the terms of a labor peace*  
18 *agreement.*

19 (B) *For the purposes of this paragraph, “employee” does not*  
20 *include a supervisor.*

21 (C) *For purposes of this paragraph, “supervisor” means an*  
22 *individual having authority, in the interest of the licensee, to hire,*  
23 *transfer, suspend, lay off, recall, promote, discharge, assign,*  
24 *reward, or discipline other employees, or responsibility to direct*  
25 *them or to adjust their grievances, or effectively to recommend*  
26 *such action, if, in connection with the foregoing, the exercise of*  
27 *that authority is not of a merely routine or clerical nature, but*  
28 *requires the use of independent judgment.*

29 (12) *Provide any other information required by the licensing*  
30 *authority.*

31 (13) *For an applicant seeking a cultivation license, provide a*  
32 *statement declaring the applicant is an “agricultural employer,”*  
33 *as defined in the Alatorre-Zenovich-Dunlap-Berman Agricultural*  
34 *Labor Relations Act of 1975 (Part 3.5 (commencing with Section*  
35 *1140) of Division 2 of the Labor Code), to the extent not prohibited*  
36 *by law.*

37 (14) *For an applicant seeking a cultivation or dispensary*  
38 *license, provide a notarized statement from the owner of real*  
39 *property or landlord where the cultivation or dispensing*  
40 *commercial medical cannabis activities will occur, as proof to*

1 *demonstrate the landowner has acknowledged and consented to*  
2 *permit cultivation or dispensary activities to be conducted on the*  
3 *property by the tenant applicant.*

4 *(b) Each location and each discrete use of a single location*  
5 *shall require a separate state license. Each application for a state*  
6 *license is separate and distinct, and the licensing authority may*  
7 *charge a separate fee for each.*

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

12 *(1) Cultivation.*

13 *(2) Extraction and infusion methods.*

14 *(3) The transportation process.*

15 *(4) Inventory procedures.*

16 *(5) Quality control procedures.*

17 *19321. (a) Upon receipt of an application for licensure and*  
18 *the applicable fee, each licensing authority shall make a thorough*  
19 *investigation to determine whether the applicant and the premises*  
20 *for which a state license is applied qualify for the state license and*  
21 *whether this chapter has been complied with, and shall investigate*  
22 *all matters connected therewith that may affect the public welfare*  
23 *and morals.*

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

27 *(c) A licensing authority may place reasonable conditions upon*  
28 *licensure if grounds exist for denial of the state license, and the*  
29 *licensing authority finds those grounds may be removed by the*  
30 *imposition of those conditions. However, the limitations set forth*  
31 *in paragraph (15) of subdivision (d) shall not be waived.*

32 *(d) Each licensing authority shall deny the application for*  
33 *licensure or renewal, or suspend or revoke a state license, if any*  
34 *of the following conditions apply:*

35 *(1) An entity making or authorizing in any manner or by any*  
36 *means a written or oral statement that is untrue or misleading and*  
37 *that is known, or that by exercise of reasonable care should be*  
38 *known, to be untrue or misleading.*

39 *(2) Conduct that constitutes fraud.*

40 *(3) Conduct constituting gross negligence.*

1 (4) Failure to comply with the provisions of this chapter or any  
2 rule or regulation adopted pursuant to this chapter.

3 (5) Conduct that constitutes grounds for denial of licensure  
4 pursuant to Chapter 2 (commencing with Section 480) of Division  
5 1.5.

6 (6) Local agencies have notified the licensing authority or the  
7 office and provided evidence that a licensee or applicant within  
8 its jurisdiction is in violation of local ordinances relating to  
9 medical cannabis activities.

10 (7) The applicant fails to meet the requirements of this chapter  
11 or any regulation adopted pursuant to this chapter or any  
12 applicable city, county, or city and county ordinance or regulation.  
13 If a local government adopts an ordinance or resolution  
14 authorizing medical cannabis to be cultivated, manufactured,  
15 stored, distributed, or sold within its jurisdiction, it shall submit  
16 to the office documentation detailing their renewal requirements.

17 (8) Granting or continuation of a state license would be contrary  
18 to the public welfare or morals.

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

21 (10) The application has failed to state with sufficient specificity  
22 the jurisdiction and location at which the applicant proposes to  
23 establish operations.

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

26 (12) The applicant fails to provide notarized written proof that  
27 the owner of real property or landlord has acknowledged and  
28 consented to its tenant's proposed cultivation or dispensing of  
29 medical cannabis or medical cannabis products.

30 (13) The applicant has failed to provide information requested.

31 (14) The applicant, or any of its officers, directors, or owners,  
32 has been convicted of a felony criminal conviction for drug  
33 trafficking involving a minor, felonies subject to enhancements  
34 Section 11370.4 or 11379.8 of the Health and Safety Code, a  
35 violent felony, as specified in subdivision (c) of Section 667.5 of  
36 the Penal Code, a serious felony as specified in subdivision (c) of  
37 Section 1192.7 of the Penal Code, a felony offense involving fraud  
38 or deceit, or any other felony that, in the licensing authority's  
39 determination, would impair the applicant's ability to appropriately  
40 operate as a state licensee. The licensing authority may, at its

1 *discretion, issue a state license to an applicant that has obtained*  
2 *a certificate of rehabilitation pursuant to Section 4852.13 of the*  
3 *Penal Code.*

4 *(15) The applicant, or any of its officers, directors, or owners,*  
5 *is a licensed physician making patient recommendations for*  
6 *medical cannabis.*

7 *(16) The applicant, or any of its officers, directors, or owners,*  
8 *has been sanctioned by a licensing authority, the office, or a city,*  
9 *county, or a city and county for unlicensed commercial medical*  
10 *cannabis activities or has had a license revoked under this chapter*  
11 *in the previous three years.*

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

16 *(18) The proposed commercial medical cannabis activity will*  
17 *violate any applicable local law or ordinance.*

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

20 *(20) The applicant or the owner is unable to establish that he*  
21 *or she has been a resident of the state for not less than 2 years.*

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

31 *19323. (a) Provided the applicant has not committed an act*  
32 *or crime constituting grounds for the denial of licensure under*  
33 *Section 19321, a licensing authority may issue a state license and*  
34 *send a proof of issuance to the applicant.*

35 *(b) A licensing authority shall, by regulation, prescribe*  
36 *conditions upon which a person whose state license has previously*  
37 *been denied, suspended, or revoked, may be issued a state license.*

38 *19324. The office may adopt regulations to limit the number*  
39 *of state licenses issued pursuant to this chapter upon a finding*

1 *that the otherwise unrestricted issuance of state licenses is*  
2 *dangerous to the public health and safety.*

3

4

*Article 5. Regulation of Medical Cannabis*

5

6 *19325. (a) Except as provided in Section 11362.5 of, and*  
7 *Article 2.5 (commencing with Section 11362.7) of Chapter 6 of*  
8 *Division 10 of, the Health and Safety Code, a person shall not sell*  
9 *medical cannabis to a patient or caregiver other than at a licensed*  
10 *dispensing facility or through delivery from a licensed dispensing*  
11 *facility.*

12 *(b) Except as provided in Section 11362.5 of, and Article 2.5*  
13 *(commencing with Section 11362.7) of Chapter 6 of Division 10*  
14 *of, the Health and Safety Code, a person shall not grow medical*  
15 *cannabis other than at a licensed cultivation site.*

16 *(c) Except as provided in Section 11362.5 of, and Article 2.5*  
17 *(commencing with Section 11362.7) of Chapter 6 of Division 10*  
18 *of, the Health and Safety Code, a person other than a licensed*  
19 *manufacturer shall not manufacture medical cannabis or medical*  
20 *cannabis products.*

21 *(d) A person other than a licensed transporter shall not transport*  
22 *medical cannabis from one facility issued a state license to another.*

23 *(e) A licensed manufacturer may obtain medical cannabis from*  
24 *a licensed cultivator and may furnish medical cannabis products*  
25 *to a licensed dispensary.*

26 *(f) Medical cannabis and medical cannabis products shall be*  
27 *tested by a certified testing laboratory.*

28 *(g) For purposes of this section, “license” includes a provisional*  
29 *license issued pursuant to Section 19330.*

30 *(h) This section shall become operative on July 1, 2017.*

31 *19326. (a) A licensee shall not cultivate, process, store,*  
32 *manufacture, transport, or sell medical cannabis in the state unless*  
33 *accurate records are kept at the licensed premises of the growing,*  
34 *processing, storing, manufacturing, transporting, or selling by the*  
35 *licensee.*

36 *(b) A licensee shall keep, at the licensed premises, accurate*  
37 *records of the specific commercial cannabis activity conducted by*  
38 *the licensee. The records shall include, at a minimum, all of the*  
39 *following for each batch of product:*

40 *(1) The name and address of the supplier.*

- 1     (2) *The dates on which the product was received.*
- 2     (3) *The amounts, form, and batch and lot number.*
- 3     (4) *The location of the cultivation site.*
- 4     (5) *The name of the employee who received the product.*
- 5     (6) *Records demonstrating compliance by the licensee with state*
- 6     *and federal rules and regulations regarding reporting and taxation*
- 7     *of income received.*
- 8     (7) *Receipts for all expenditures incurred by the licensee and*
- 9     *banking records, if any, for all funds obtained or expended in the*
- 10    *performance of any activity under the authority of the state license.*
- 11    (c) *Records shall be kept for a minimum of seven years.*
- 12    (d) *The office and an appropriate state or local agency may*
- 13    *examine the books and records of a state licensee and may visit*
- 14    *and inspect the premises of a state licensee, as the office or state*
- 15    *or local agency deems necessary to perform its duties under this*
- 16    *chapter.*
- 17    (e) *Books or records requested by the office or an appropriate*
- 18    *state or local agency shall be provided by the licensee no later*
- 19    *than five business days after the request is made.*
- 20    (f) *The office or a state or local agency may enter and inspect*
- 21    *the premises of a facility issued a state license between the hours*
- 22    *of 8 a.m. and 8 p.m. on any day that the facility is open, or at any*
- 23    *reasonable time, to ensure compliance and enforcement of the*
- 24    *provisions of this chapter or a local ordinance.*
- 25    (g) *If a licensee or an employee of a licensee refuses, impedes,*
- 26    *obstructs, or interferes with an inspection pursuant to this section,*
- 27    *the state license may be summarily suspended and the licensing*
- 28    *authority shall directly commence proceedings for the revocation*
- 29    *of the state license.*
- 30    (h) *If a licensee or an employee of a licensee fails to maintain*
- 31    *or provide the books and records required pursuant to this section,*
- 32    *the licensee shall be subject to a civil fine of fifteen thousand*
- 33    *dollars (\$15,000) per individual violation.*
- 34    (i) *All cultivation and dispensing licensees shall be subject to*
- 35    *an annual audit, as specified by the licensing authority, in order*
- 36    *to ensure proper documentation is kept at each site or facility. The*
- 37    *reasonable costs of the audit shall be paid for by the licensee.*
- 38    19327. (a) *A licensee may only hold a state license in up to*
- 39    *two separate license categories, as follows:*

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

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

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

7 (4) Type 10D, 11D, and 12D licensees may apply for type 6A,  
8 6B, 7A, and 7B licenses.

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

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

13 (d) It is the intent of the Legislature to further develop which  
14 licensees may hold more than one license type.

15 19328. Each licensing authority shall make recommendations  
16 to the Legislature pertaining to the establishment of an appeals  
17 and judicial review process for persons aggrieved by a final  
18 decision of the licensing authority.

19 19329. This chapter and Article 2 (commencing with Section  
20 11357) and Article 2.5 (commencing with Section 11362.7) of  
21 Chapter 6 of Division 10 of the Health and Safety Code do not  
22 require an employer to permit or accommodate the use,  
23 consumption, possession, transfer, display, transportation, sale,  
24 or growth of cannabis in the workplace or affect the ability of  
25 employers to have policies restricting the use of cannabis by  
26 employees, or prevent employers from complying with federal law.

27

28

#### Article 6. Provisional Licensing

29

30 19330. (a) Each licensing authority shall, as soon as  
31 practicable following January 1, 2016, allow a qualified applicant  
32 for licensure to apply for and receive a provisional license to  
33 engage in commercial cannabis activity so as to ensure an  
34 adequate supply of medical cannabis upon full implementation of  
35 this chapter.

36 (b) Each licensing authority shall establish appropriate fees  
37 not to exceed the reasonable regulatory costs to the licensing  
38 authority for the issuance of a provisional license under its  
39 jurisdiction.

1     (c) Each licensing authority shall, if the applicant meets all the  
2 requirements in this section, issue a provisional license to  
3 individuals and entities that the licensing authority determines  
4 were, during the three months prior to January 1, 2016, regularly  
5 cultivating, processing, manufacturing, transporting, or  
6 distributing medical cannabis collectively or cooperatively in full  
7 compliance with any applicable local ordinance, and to continue  
8 to do so until the licensee's application for a state license has been  
9 approved or denied under this chapter, but no later than 90 days  
10 after the licensing authority begins accepting applications for  
11 regular state licenses. The licensing authority may consult with  
12 relevant local agencies in making a determination on whether a  
13 provisional license applicant is in compliance with applicable  
14 ordinances.

15     (d) To qualify for a provisional license, an applicant shall  
16 disclose to the appropriate licensing authority all of the following  
17 information in writing:

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

20     (2) The common street address and assessor's parcel number  
21 of the property at which the licensee conducts activity under the  
22 authority of the license.

23     (3) The common street address and assessor's parcel number  
24 of the property at which cultivation activity was or is to be  
25 conducted.

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

34     (5) For an applicant seeking a cultivation or dispensary license,  
35 a notarized statement from the owner of real property or landlord  
36 where the cultivation or dispensing of commercial cannabis  
37 activities will occur, as proof to demonstrate the landowner has  
38 acknowledged and consented to permit cultivation or dispensary  
39 activities to be conducted on the property by the tenant applicant.



1 (e) Upon receipt of the application materials and fee, if the  
 2 applicant meets all the requirements of this section and if the  
 3 applicant has not committed any act or crime constituting grounds  
 4 for the denial of licensure, the licensing authority shall issue a  
 5 provisional license and send a proof of issuance to the applicant.

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

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

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

27 (i) Beginning July 1, 2017, all commercial cannabis activity  
 28 shall be conducted between licensees of commercial cannabis  
 29 activity. If the licensing authority has not promulgated its  
 30 respective regulations by that date, the licensing authority shall  
 31 provide an extension for all provisional licenses for applicants  
 32 abiding by the provisions of this chapter.

33  
 34 Article 7. Licensed Cultivation Sites

35  
 36 19332. (a) The Division of Medical Cannabis Cultivation in  
 37 the Department of Food and Agriculture shall promulgate  
 38 regulations governing the licensing of cultivation sites. For  
 39 purposes of this chapter, the Secretary of the Department of Food  
 40 and Agriculture shall declare medical cannabis to be an

1 agricultural product. The department shall develop standards for  
2 the production and labeling of all edible medical cannabis  
3 products, standards for the use of pesticides and rodenticides in  
4 cultivation, and, in consultation with the State Department of  
5 Public Health, maximum tolerances for pesticides, rodenticides,  
6 and other foreign object residue in harvested cannabis.

7 (b) The Department of Food and Agriculture shall have the  
8 authority necessary for the implementation of this chapter.  
9 Department regulations shall do all of the following:

10 (1) Provide that weighing or measuring devices used in  
11 connection with the sale or distribution of medical cannabis are  
12 required to meet standards analogous to Division 5 (commencing  
13 with Section 12001).

14 (2) Require that the application of pesticides or other pest  
15 control in connection with the indoor or outdoor cultivation of  
16 medical cannabis shall meet standards analogous to Division 6  
17 (commencing with Section 11401) of the Food and Agricultural  
18 Code and its implementing regulations.

19 (3) Require that indoor and outdoor cannabis cultivation by  
20 licensees is conducted in accordance with state and local laws  
21 and best practices related to land conversion, grading, electricity  
22 usage, water usage, agricultural discharges, and similar matters.

23 (c) State licenses to be issued by the Division of Medical  
24 Cannabis Cultivation are as follows:

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

28 (2) Type 1A, or “specialty indoor,” for indoor cultivation of  
29 less than 5,000 square feet of total area on one property. Maximum  
30 of 50 mature plants on the property.

31 (3) Type 2, or “small outdoor,” for outdoor cultivation between  
32 5,001 and 10,000 square feet of total area on one property.  
33 Maximum of 99 mature plants on the property.

34 (4) Type 2A, or “small indoor,” for indoor cultivation between  
35 5,001 and 10,000 square feet of total area on one property.  
36 Maximum of 99 mature plants on the property.

37 (5) Type 3, or “medium outdoor,” for outdoor cultivation  
38 between 10,001 and 30,000 square feet of total area on one  
39 property. Maximum of 299 mature plants on the property. The

1 *Division of Medical Cannabis Cultivation shall limit the number*  
2 *of licenses allowed of this type.*

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

8 (7) *Type 4, or “large outdoor,” for outdoor cultivation greater*  
9 *than 30,001 square feet of total area on one property. Maximum*  
10 *of 500 mature plants on the property. The Division of Medical*  
11 *Cannabis Cultivation shall limit the number of licenses allowed*  
12 *of this type.*

13 (8) *Type 5, or “nursery,” for cultivation of medical cannabis*  
14 *solely as a nursery. Type 5 licensees may transport live plants.*

15 (d) *All license fees collected by the division pursuant to this*  
16 *chapter shall be deposited into the Medical Cannabis Cultivation*  
17 *Fees Account, which is hereby established within the fund. All*  
18 *moneys within this account are available upon appropriation by*  
19 *the Legislature to the division solely for the purposes of fully*  
20 *funding and administering this chapter, including, but not limited*  
21 *to, the costs incurred by the division for its administrative expenses*  
22 *and costs and the costs of regulation.*

23 (e) *It is the intent of the Legislature to establish appropriate*  
24 *protocols for the collection of the specific location of cultivation*  
25 *sites.*

26

27 *Article 8. Licensed Dispensing Facilities*

28

29 19334. (a) *The State Board of Equalization shall promulgate*  
30 *regulations governing the licensing and regulation of wholesalers,*  
31 *dispensing facilities, and transporters. State enforcement shall be*  
32 *conducted in coordination with local authorities.*

33 (b) *State licenses to be issued by the State Board of Equalization*  
34 *are as follows:*

35 (1) *Type 9, or “wholesale,” for the storage of medical cannabis*  
36 *or medical cannabis products. Maximum storage shall be two*  
37 *pounds of dried flower or 200 individual units per medical*  
38 *cannabis product.*

39 (2) *Type 10, or “small dispensary,” for dispensaries with 1-50*  
40 *employees, including management.*

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

3 (4) *Type 11, or “medium dispensary,” for dispensaries with*  
4 *51-100 employees, including management.*

5 (5) *Type 11D, or “medium dispensary-delivery,” for*  
6 *dispensaries with the same restrictions as Type 11; also allows*  
7 *for delivery.*

8 (6) *Type 12, or “large dispensary,” for dispensaries with 100*  
9 *employees or more, including management.*

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

12 (8) *Type 13, or “transport,” for transporters of medical*  
13 *cannabis and medical cannabis products.*

14

15 *Article 9. Licensed Transporters*

16

17 19336. (a) *A licensee authorized to transport, or transport*  
18 *and deliver, medical cannabis and medical cannabis products*  
19 *shall do so only as set forth in this chapter.*

20 (b) *Prior to transporting or delivering medical cannabis or*  
21 *medical cannabis products, a licensee authorized to transport or*  
22 *deliver medical cannabis or medical cannabis products shall do*  
23 *both of the following:*

24 (1) *Complete an electronic shipping manifest as prescribed by*  
25 *the licensing authority. All delivery shipping manifests shall not*  
26 *identify the qualified patient or primary caregiver by name or*  
27 *address.*

28 (2) *Securely transmit the manifest to the licensing authority and*  
29 *the licensee that will receive the medical cannabis product, as*  
30 *applicable.*

31 (c) *During transportation or delivery, the licensed transporter*  
32 *shall maintain a physical copy of the shipping manifest and make*  
33 *it available upon request to agents of the licensing authority, local*  
34 *law enforcement officers, or any other designated enforcement*  
35 *agency.*

36 (d) *The licensee receiving the shipment shall maintain each*  
37 *electronic shipping manifest and shall make it available upon*  
38 *request to agents of the licensing authority, local law enforcement*  
39 *officers, or any other designated enforcement agency.*

1 (e) Upon receipt of the transported shipment, a licensee shall  
2 submit to the licensing agency a record verifying receipt of the  
3 shipment and the details of the shipment.

4 19337. (a) Transported and delivered medical cannabis or  
5 medical cannabis products shall be transported only in a storage  
6 compartment that is securely affixed to the interior of the  
7 transporting vehicle and that is not visible from outside the vehicle.  
8 This requirement shall only apply to licensees transporting medical  
9 cannabis or medical cannabis products with a total retail value  
10 of at least an amount equal to a statewide monetary threshold,  
11 which shall be adopted by regulation by the licensing authority  
12 after review by the task force and the office.

13 (b) A vehicle transporting medical cannabis or medical cannabis  
14 products shall travel only directly between licensed facilities,  
15 unless otherwise authorized under its license.

16 (c) All transport or delivery vehicles shall be staffed with a  
17 minimum of two employees. At least one employee shall remain  
18 with the vehicle at all times when the vehicle contains medical  
19 cannabis. This requirement shall only apply to licensees  
20 transporting medical cannabis or medical cannabis products with  
21 a total retail value of at least an amount equal to a statewide  
22 monetary threshold, which shall be adopted by regulation by the  
23 licensing authority after review by the task force and the office.

24 (d) Each transport or delivery team member shall possess  
25 documentation of licensing and a government-issued identification  
26 card at all times when transporting or delivering medical cannabis  
27 and shall produce it upon the request of agents of any regulatory  
28 authority or a law enforcement official.

29 19338. (a) The licensing authority shall develop a database  
30 containing the electronic shipping manifests, which shall include,  
31 but not be limited to, the following information:

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

37 (b) The database shall be designed to flag irregularities for a  
38 regulatory authority to investigate. An authorized enforcement  
39 authority may, at any time, inspect shipments and request  
40 documentation for current inventory.

1 19339. (a) *This chapter shall not be construed to authorize*  
2 *or permit a licensee to transport or deliver, or cause to be*  
3 *transported or delivered, cannabis or cannabis products outside*  
4 *the state, unless authorized by federal law.*

5 (b) *A local jurisdiction shall not prevent transportation of*  
6 *medical cannabis or medical cannabis products on public roads*  
7 *by a licensee transporting medical cannabis or medical cannabis*  
8 *products that acts in compliance with this chapter and applicable*  
9 *local ordinances.*

10 19340. (a) *All mobile, vehicular, and Internet-based delivery*  
11 *services are prohibited except as authorized by this chapter.*

12 (b) *Upon approval of the licensing authority, a licensee*  
13 *authorized to provide delivery services shall abide by the following:*

14 (1) *The city, county, or city and county in which the premises*  
15 *of the licensee is located, and in which each delivery is made, must*  
16 *specifically permit delivery service by ordinance referring to this*  
17 *section.*

18 (2) *All employees delivering medical cannabis or medical*  
19 *cannabis products must carry a current license authorizing those*  
20 *services with them during deliveries, and must present that license*  
21 *upon request to state and local law enforcement, employees of*  
22 *regulatory authorities, and other state and local agencies enforcing*  
23 *this chapter.*

24 (c) *A city, county, or city and county shall have the authority*  
25 *to impose a tax, pursuant to Section 19355, on each delivery*  
26 *transaction completed by a licensee.*

27 (d) *Whenever a licensing authority has knowledge that a licensee*  
28 *has transported or delivered, or arranged or facilitated the*  
29 *transport or delivery of, medical cannabis or medical cannabis*  
30 *products in violation of this chapter, the licensing authority shall*  
31 *summarily suspend that facility's license and shall without delay*  
32 *commence proceedings for the revocation of the license in*  
33 *accordance with this chapter.*

34 (e) *All license fees collected by the licensing authority pursuant*  
35 *to this chapter shall be deposited into the Medical Cannabis Retail*  
36 *Fees Account, which is hereby established within the fund. All*  
37 *moneys within the Medical Cannabis Retail Fees Account are*  
38 *available upon appropriation to the State Board of Equalization,*  
39 *solely for the purposes of fully funding and administering this*  
40 *chapter, including, but not limited to, the costs incurred by the*

1 *board for its administrative expenses and costs and the costs of*  
2 *regulation.*

3

4 *Article 10. Licensed Manufacturers and Certified Laboratories*

5

6 *19342. (a) The Division of Medical Cannabis Manufacturing*  
7 *and Testing within the State Department of Public Health shall*  
8 *promulgate regulations governing the licensing of cannabis*  
9 *manufacturers.*

10 *(b) Licenses to be issued by the division are as follows:*

11 *(1) Type 6A, or “small manufacturing level 1,” for*  
12 *manufacturing sites that use a maximum of XXX pounds of medical*  
13 *cannabis each year to produce medical cannabis products, using*  
14 *nonvolatile solvents.*

15 *(2) Type 6B, or “small manufacturing level 2,” for*  
16 *manufacturing sites that use a maximum of XXX pounds of medical*  
17 *cannabis each year to produce medical cannabis products, using*  
18 *volatile solvents.*

19 *(3) Type 7A, or “large manufacturing level 1,” for*  
20 *manufacturing sites that use a maximum of XXX pounds of medical*  
21 *cannabis each year to produce medical cannabis products, using*  
22 *nonvolatile solvents. The division shall limit the number of licenses*  
23 *of this type.*

24 *(4) Type 7B, or “large manufacturing level 2,” for*  
25 *manufacturing sites that use a maximum of XXX pounds of medical*  
26 *cannabis each year to produce medical cannabis products, using*  
27 *volatile solvents. The division shall limit the number of licenses*  
28 *of this type.*

29 *(5) Type 8, or “testing,” for testing of medical cannabis and*  
30 *medical cannabis products. Type 8 licensees shall have their*  
31 *facilities certified according to regulations set forth by the division.*

32 *(c) All license fees collected by the division pursuant to this*  
33 *chapter shall be deposited into the Medical Cannabis*  
34 *Manufacturing and Testing Fees Account, which is hereby*  
35 *established within the fund. All moneys within the Medical*  
36 *Cannabis Manufacturing and Testing Fees Account are available*  
37 *upon appropriation by the Legislature to the division, solely for*  
38 *the purposes of fully funding and administering this chapter,*  
39 *including, but not limited to, the costs incurred by the division for*  
40 *its administrative expenses and costs and the costs of regulation.*

1 19343. (a) *The State Department of Public Health shall*  
2 *promulgate standards for certification of testing laboratories to*  
3 *perform random sample testing of all medical cannabis products,*  
4 *including standards for onsite testing.*

5 (b) *Certification of testing laboratories shall be consistent with*  
6 *general requirements for the competence of testing and calibration*  
7 *activities, including sampling, using standard methods established*  
8 *by the International Organization for Standardization, specifically*  
9 *ISO/IEC 17020 and ISO/IEC 17025.*

10 (c) *These requirements shall apply to all entities, including*  
11 *third-party laboratories, engaged in the testing of medical cannabis*  
12 *pursuant to this chapter.*

13 19344. (a) *A laboratory certified by the department to perform*  
14 *random sample testing of medical cannabis products shall not*  
15 *acquire, process, possess, store, transfer, transport, or dispense*  
16 *medical cannabis for any purpose other than those authorized by*  
17 *Article 2.5 (commencing with Section 11362.7) of Chapter 6 of*  
18 *Division 10 of the Health and Safety Code. All transfer or*  
19 *transportation shall be performed pursuant to a specified chain*  
20 *of custody protocol.*

21 (b) *A laboratory certified by the department to perform random*  
22 *sample testing of medical cannabis products shall not acquire,*  
23 *process, possess, store, transfer, transport, or dispense medical*  
24 *cannabis plants or medical cannabis products except through a*  
25 *patient, primary caregiver, or a facility issued a state license. All*  
26 *transfer or transportation shall be performed pursuant to a*  
27 *specified chain of custody protocol.*

28 (c) *The department shall develop procedures to ensure that*  
29 *testing of cannabis occurs prior to delivery to dispensaries or any*  
30 *other business, and specify how often licensees shall test cannabis,*  
31 *that the cost of testing shall be borne by the licensed cultivators,*  
32 *and requiring destruction of harvested batches whose testing*  
33 *samples indicate noncompliance with health and safety standards*  
34 *promulgated by the department, unless remedial measures can*  
35 *bring the cannabis into compliance with quality assurance*  
36 *standards as promulgated by the department.*

37 (d) *The department shall establish a certification fee, and*  
38 *laboratories shall pay a fee to be certified. Certification fees shall*  
39 *not exceed the reasonable regulatory cost of the certification*  
40 *activities.*



1 (e) All certification fees collected by the department pursuant  
2 to this chapter shall be deposited into the Medical Cannabis  
3 Manufacturing and Testing Fees Account, which is hereby  
4 established within the fund.

5 19345. (a) The Division of Medical Cannabis Manufacturing  
6 and Testing within the State Department of Public Health shall  
7 promulgate the following standards:

8 (1) Health and safety standards applicable to all medical  
9 cannabis, and medical cannabis products, including maximum  
10 potency standards.

11 (2) Standards for licensed manufacturers of medical cannabis  
12 and medical cannabis products, including, but not limited to, edible  
13 products.

14 (b) At a minimum, the standards required by this section shall  
15 do all of the following:

16 (1) Prescribe sanitation standards analogous to the California  
17 Retail Food Code (Part 7 (commencing with Section 113700) of  
18 Division 104 of the Health and Safety Code) for food preparation,  
19 storage, handling, and sale of edible medical cannabis products.  
20 For purposes of this chapter, edible medical cannabis products  
21 are deemed to be unadulterated food products.

22 (2) Require that edible medical cannabis products produced,  
23 distributed, provided, donated, or sold by licensees shall be limited  
24 to nonpotentially hazardous food, as established by the State  
25 Department of Public Health pursuant to Section 114365.5 of the  
26 Health and Safety Code.

27 (3) Require that facilities in which edible medical cannabis  
28 products are prepared shall be constructed in accordance with  
29 applicable building standards, health and safety standards, and  
30 other state laws.

31 (4) Require that all edible medical cannabis products shall be  
32 packaged at the original point of preparation.

33 (c) No person shall engage in the manufacture, packing, or  
34 holding of processed food containing edible cannabis unless the  
35 person has a valid registration from the department pursuant to  
36 Section 110460 of the Health and Safety Code. Health and safety  
37 standards prescribed by this section or promulgated through  
38 regulation may be enforced by local environmental health  
39 departments.

1 19346. (a) Prior to sale or distribution at a licensed dispensing  
2 facility, edible medical cannabis products shall be labeled and in  
3 a tamper-evident package. Labels and packages of edible medical  
4 cannabis products shall meet the following requirements:

5 (1) Edible medical cannabis packages and labels shall not be  
6 made to be attractive to children.

7 (2) All edible medical cannabis product labels shall include the  
8 following information, prominently displayed and in a clear and  
9 legible font:

10 (A) Manufacture date and source.

11 (B) The statement “KEEP OUT OF REACH OF CHILDREN  
12 AND ANIMALS” in bold print.

13 (C) The statement “FOR MEDICAL USE ONLY.”

14 (D) The statement “THE INTOXICATING EFFECTS OF THIS  
15 PRODUCT MAY BE DELAYED BY UP TO TWO HOURS.”

16 (E) Net weight of medical cannabis in the package.

17 (F) A warning if nuts or other known allergens are used and  
18 the total weight, in ounces or grams, of medical cannabis in the  
19 package.

20 (G) List of pharmacologically active ingredients, including, but  
21 not limited to, tetrahydrocannabinol (THC) and cannabidiol (CBD)  
22 content, the THC amount in milligrams per serving, servings per  
23 package, and the THC amount in milligrams for the package total.

24 (H) Clear indication, in bold type, that the product contains  
25 medical cannabis.

26 (I) Identification of the source and date of cultivation and  
27 manufacture.

28 (J) The name and location of the licensed dispensing facility  
29 providing the product.

30 (K) The date of sale.

31 (L) Any other requirement set by the department.

32 (b) Only generic food names may be used to describe edible  
33 medical cannabis products.

34

35 Article 11. Cannabis Employee Certification and Apprenticeship

36

37 19350. This article applies only to cultivation sites and  
38 dispensaries.

39 19351. The Division of Labor Standards Enforcement shall do  
40 all of the following:

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

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

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

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

11 (e) Establish registration fees in an amount reasonably  
12 necessary to implement this article, not to exceed twenty-five  
13 dollars (\$25) for the initial registration. There shall be no fee for  
14 annual renewal of registration. Fees collected for cultivation sites  
15 and dispensaries shall be placed into the Medical Cannabis  
16 Cultivation Fee Account and the Medical Cannabis Retail Fee  
17 Account, respectively.

18 19352. (a) By January 1, 2017, the Division of Labor  
19 Standards Enforcement shall develop a certification program for  
20 cannabis employees. Commencing January 1, 2019, except as  
21 provided in subdivision (c), certification shall be required of all  
22 persons who perform work as cannabis employees.

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

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

32 (2) Commencing January 1, 2019, an uncertified person may  
33 perform work for which certification is otherwise required in order  
34 to acquire the necessary on-the-job experience for certification  
35 provided that the person shall be under the direct supervision of  
36 a cannabis employee certified pursuant to this section who is  
37 responsible for supervising no more than one uncertified person.

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

1 19353. (a) *The following shall constitute additional grounds*  
 2 *for disciplinary proceedings, including suspension or revocation*  
 3 *of the license issued pursuant to this chapter:*  
 4 (1) *The licensee willfully employs one or more uncertified*  
 5 *persons to perform work as cannabis employees in violation of*  
 6 *this article.*  
 7 (2) *The licensee willfully fails to provide adequate supervision*  
 8 *of uncertified workers.*  
 9 (3) *The licensee willfully fails to provide adequate supervision*  
 10 *of apprentices.*  
 11 (b) *The Labor Commissioner shall maintain a process for*  
 12 *referring cases to the appropriate regulatory authority when it*  
 13 *has been determined that a violation of this section has likely*  
 14 *occurred. The Labor Commissioner shall have a memorandum of*  
 15 *understanding with the regulatory authorities in furtherance of*  
 16 *this section.*  
 17 (c) *Upon receipt of a referral by the Labor Commissioner*  
 18 *alleging a violation under this section, the appropriate licensing*  
 19 *authority shall open an investigation. Disciplinary action against*  
 20 *the licensee shall be initiated within 60 days of the receipt of the*  
 21 *referral. The licensing authority may initiate disciplinary action*  
 22 *against a licensee upon his or her own investigation, the filing of*  
 23 *a complaint, or a finding that results from a referral from the*  
 24 *Labor Commissioner alleging a violation under this section.*  
 25 *Failure of the employer or employee to provide evidence of*  
 26 *certification or apprentice status shall create a rebuttable*  
 27 *presumption of violation of this section.*  
 28 (d) *This section shall become operative on January 1, 2019.*

29  
 30 *Article 12. Taxation*  
 31

32 19355. *The office and other state agencies may assist state*  
 33 *taxation authorities in the development of uniform policies for the*  
 34 *state taxation of state licensees.*  
 35 19356. (a) (1) *In addition to any authority otherwise provided*  
 36 *by law, the board of supervisors of a county may impose, by*  
 37 *ordinance, a tax on the privilege of cultivating, dispensing,*  
 38 *producing, processing, preparing, storing, providing, donating,*  
 39 *selling, or distributing cannabis by a licensee operating pursuant*  
 40 *to this chapter. The tax may be imposed for general governmental*

1 *purposes or for purposes specified in the ordinance by the board*  
2 *of supervisors.*

3 *(2) The board of supervisors shall specify in the ordinance*  
4 *proposing the tax the activities subject to the tax, the applicable*  
5 *rate or rates, the method of apportionment, and the manner of*  
6 *collection of the tax. A tax imposed pursuant to this section is a*  
7 *tax and not a fee or special assessment, and the tax is not required*  
8 *to be apportioned on the basis of benefit to any person or property*  
9 *or be applied uniformly to all taxpayers or all real property.*

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

19 *(4) The tax authorized by this section may be imposed upon any*  
20 *or all of the activities set forth in paragraph (1), regardless of*  
21 *whether the activity is undertaken individually, collectively, or*  
22 *cooperatively, and regardless of whether the activity is for*  
23 *compensation or gratuitously, as determined by the board of*  
24 *supervisors.*

25 *(5) The board of supervisors shall specify whether the tax*  
26 *applies throughout the entire county or within the unincorporated*  
27 *area of the county.*

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

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

35 *(d) For purposes of this section, “cannabis” shall have the same*  
36 *meanings as the definition set forth in Section 19300.*

37 *(e) This section does not limit or prohibit the levy or collection*  
38 *or any other fee, charge, or tax, or any license or service fee or*  
39 *charge upon, or related to, the activities set forth in subdivision*  
40 *(a), as otherwise provided by law. This section shall not be*

1 *construed as a limitation upon the taxing authority of any county*  
2 *as provided by other law.*

3

4

*Article 13. Funding*

5

6 *19360. Each licensing authority shall establish a scale of*  
7 *application, licensing, and renewal fees, based upon the cost of*  
8 *enforcing this chapter, as follows:*

9 *(a) Each licensing authority shall charge each licensee a*  
10 *licensure or renewal fee. The licensure or renewal fee shall be*  
11 *calculated to cover the costs of administering this chapter. The*  
12 *licensure fee may vary depending upon the varying costs associated*  
13 *with administering the various regulatory requirements of this*  
14 *chapter as they relate to the nature and scope of the different*  
15 *licensure activities, but shall not exceed the reasonable regulatory*  
16 *costs to the licensing authority.*

17 *(b) The total fees assessed pursuant to this chapter, including,*  
18 *but not limited to, provisional license fees set forth in Section*  
19 *19330, shall be set at an amount that will fairly and proportionately*  
20 *generate sufficient total revenue to fully cover the total costs of*  
21 *administering this chapter.*

22 *19361. (a) The Medical Cannabis Regulation Fund is hereby*  
23 *established within the State Treasury. Notwithstanding Section*  
24 *16305.7 of the Government Code, the fund shall include any*  
25 *interest and dividends earned on the moneys in the fund.*

26 *(b) Except as otherwise provided, all moneys collected pursuant*  
27 *to this chapter as a result of fines or penalties imposed under this*  
28 *chapter shall be deposited directly into the Medical Cannabis*  
29 *Fines and Penalties Account, which is hereby established within*  
30 *the fund, and shall be available, upon appropriation by the*  
31 *Legislature to the office, for the purposes of funding the*  
32 *enforcement grant program pursuant to subdivision (c).*

33 *(c) (1) The office shall establish a grant program to allocate*  
34 *moneys from the Medical Cannabis Fines and Penalties Account*  
35 *to state and local entities for the following purposes:*

36 *(A) To assist with medical cannabis regulation and the*  
37 *enforcement of this chapter and other state and local laws*  
38 *applicable to cannabis activities.*

1 (B) For allocation to state and local agencies and law  
2 enforcement to remedy the environmental impacts of cannabis  
3 cultivation.

4 (2) The costs of the grant program under this subdivision shall,  
5 upon appropriation by the Legislature, be paid for with moneys  
6 in the Medical Cannabis Fines and Penalties Account.

7 (d) Funds for the establishment and support of the regulatory  
8 activities pursuant to this chapter may be advanced as a General  
9 Fund or special fund loan, and shall be repaid by the initial  
10 proceeds from fees collected pursuant to this chapter or any rule  
11 or regulation adopted pursuant to this chapter, by January 1, 2022.  
12

13 Article 14. Reporting  
14

15 19363. On or before March 1 of each year, the director shall  
16 prepare and submit to the Legislature an annual report on the  
17 office's activities and post the report on the office's Internet Web  
18 site. The report shall include, but not be limited to, the following  
19 information for the previous fiscal year:

20 (a) The amount of funds allocated and spent by the office and  
21 licensing authorities for medical cannabis licensing, enforcement,  
22 and administration.

23 (b) The number of state licenses issued, renewed, denied,  
24 suspended, and revoked, by state license category.

25 (c) The average time for processing state license applications,  
26 by state license category.

27 (d) The number and type of enforcement activities conducted  
28 by the licensing authorities and by local law enforcement agencies  
29 in conjunction with the licensing authorities or the office.

30 (e) The number, type, and amount of penalties, fines, and other  
31 disciplinary actions taken by the licensing authorities.  
32

33 Article 15. Privacy  
34

35 19365. (a) Information identifying the names of patients, their  
36 medical conditions, or the names of their primary caregivers  
37 received and contained in records kept by the office or licensing  
38 authorities for the purposes of administering this chapter are  
39 confidential and shall not be disclosed pursuant to the California  
40 Public Records Act (Chapter 3.5 (commencing with Section 6250))

1 of Division 7 of Title 1 of the Government Code), except as  
 2 necessary for authorized employees of the State of California or  
 3 any city, county, or city and county to perform official duties  
 4 pursuant to this chapter, or a local ordinance.

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

6 (1) Employees of any of the office or licensing authorities  
 7 notifying state or local agencies about information submitted to  
 8 the agency that the employee suspects is falsified or fraudulent.

9 (2) Notifications from any of the office or licensing authorities  
 10 to state or local agencies about apparent violations of this chapter  
 11 or applicable local ordinance.

12 (3) Verification of requests by state or local agencies to confirm  
 13 licenses and certificates issued by the regulatory authorities or  
 14 other state agency.

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

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

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

24 11362.775. ~~Qualified~~

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

33 (b) This section shall remain in effect only until 180 days after  
 34 the Division of Medical Cannabis Regulation within the State  
 35 Board of Equalization posts a notice on its Internet Web site that  
 36 the licensing authorities have commenced issuing provisional  
 37 licenses pursuant to the Medical Cannabis Regulation and Control  
 38 Act (Chapter 3.5 (commencing with Section 19300) of Division 8  
 39 of the Business and Professions Code), and as of that date is  
 40 repealed.



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

2     *147.5. (a) By January 1, 2017, the Division of Occupational*  
3 *Safety and Health shall convene an advisory committee to evaluate*  
4 *whether there is a need to develop industry-specific regulations*  
5 *related to the activities of facilities issued a license pursuant to*  
6 *Chapter 3.5 (commencing with Section 19300) of Division 8 of the*  
7 *Business and Professions Code.*

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

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

14     *3094. The Division of Apprenticeship Standards shall*  
15 *investigate, approve, or reject applications for apprenticeship*  
16 *programs for employees of a licensee subject to Article 11*  
17 *(commencing with Section 19350) of Chapter 3.5 of Division 8 of*  
18 *the Business and Professions Code. The Division of Apprenticeship*  
19 *Standards shall adopt regulations necessary to implement and*  
20 *regulate the establishment of the apprenticeship programs*  
21 *described in this section.*

22     *SEC. 10. Section 2402.5 is added to the Vehicle Code, to read:*

23     *2402.5. The Department of the California Highway Patrol*  
24 *shall establish protocols to determine whether a driver is operating*  
25 *a vehicle under the influence of cannabis, and shall develop*  
26 *protocols setting forth best practices to assist law enforcement*  
27 *agencies. The costs to the Department of the California Highway*  
28 *Patrol of implementing this subdivision shall, upon appropriation*  
29 *by the Legislature, be paid for with appropriations from moneys*  
30 *in the Fines and Penalties Account of the Medical Cannabis*  
31 *Regulation Fund.*

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

36     *SEC. 12. The Legislature finds and declares that Section 6 of*  
37 *this act, which adds Chapter 3.5 (commencing with Section 19300)*  
38 *to Division 8 of the Business and Professions Code, imposes a*  
39 *limitation on the public's right of access to the meetings of public*  
40 *bodies or the writings of public officials and agencies within the*

1 *meaning of Section 3 of Article I of the California Constitution.*  
 2 *Pursuant to that constitutional provision, the Legislature makes*  
 3 *the following findings to demonstrate the interest protected by this*  
 4 *limitation and the need for protecting that interest:*

5 *It is necessary to maintain the confidentiality of patient and*  
 6 *physician information provided to the regulatory authorities in*  
 7 *order to protect the private medical information of patients who*  
 8 *use medical cannabis and to preserve the essential confidentiality*  
 9 *of the physician and patient relationship.*

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

19 *However, if the Commission on State Mandates determines that*  
 20 *this act contains other costs mandated by the state, reimbursement*  
 21 *to local agencies and school districts for those costs shall be made*  
 22 *pursuant to Part 7 (commencing with Section 17500) of Division*  
 23 *4 of Title 2 of the Government Code.*

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**All matter omitted in this version of the bill  
 appears in the bill as amended in the  
 Assembly, May 20, 2015. (JR11)**