

AMENDED IN ASSEMBLY MAY 11, 2015

AMENDED IN ASSEMBLY MAY 5, 2015

AMENDED IN ASSEMBLY APRIL 14, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 266

**Introduced by Assembly Member Cooley
(Coauthor: Assembly Member Lackey)**

February 10, 2015

An act to amend Section 2220.05 of, to add Article 25 (commencing with Section 2525) to Chapter 5 of Division 2 of, and to add Part 5 (commencing with Section 18100) to Division 7 of, the Business and Professions Code, to add Section 23028 to the Government Code, to amend Section 11362.775 of, and to add Article 8 (commencing with Section 111658) to Chapter 6 of Part 5 of Division 104 of, the Health and Safety Code, and to amend Section 1155.7 of, and to add Sections 147.5 and 3094 to, the Labor Code, relating to medical marijuana, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 266, as amended, Cooley. Medical marijuana.

(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 establish within the Department of Consumer Affairs a Bureau of Medical Marijuana Regulation, under the supervision and control of the Chief of the Bureau of Medical Marijuana Regulation, and would require the bureau to license and regulate dispensing facilities, cultivation sites, transporters, and manufacturers of medical marijuana and medical marijuana products, subject to local ordinances. The bill would require a background check of applicants for licensure, as defined, to be administered by the Department of Justice, and submission of a statement signed by an applicant, under penalty of perjury, that the information on his or her application is true, thereby creating a crime and imposing a state-mandated local program. Violation of the provisions related to applying for a conditional license would be punishable by a civil fine of up to \$35,000 for each individual violation, or as otherwise specified.

The bill would make conditional licenses subject to the restrictions of the local jurisdiction in which the facility operates or proposes to operate. The bill would set forth provisions related to the transportation, testing, and distribution of medical marijuana. The bill would prohibit the distribution of any form of advertising for physician recommendations for medical marijuana, unless the advertisement bears a specified notice and requires that the advertisement meet specified requirements and not be fraudulent, deceitful, or misleading.

The bill would require the State Department of Public Health to promulgate standards for the certification of testing laboratories to perform random sample testing of all medical marijuana products, including standards for onsite testing.

The bill would establish a system of certification for cannabis employees. The bill would require the Division of Labor Standards Enforcement to maintain and enforce minimum standards of competency and training and to certify cannabis employees.

The bill would establish the Medical Marijuana Regulation Fund and would require the deposit of specified fees collected pursuant to this act into the fund. The bill would continuously appropriate moneys from the fund to the bureau for the purposes of administering this act, thereby making an appropriation. The bill would also establish the Special Account for Environmental Enforcement within the Medical Marijuana

Fund. This account would contain money from fees assessed against licensed cultivation facilities and would be continuously appropriated for the enforcement of environmental regulations relating to licensed cultivation sites. The bill would require the deposit of penalty moneys collected pursuant to this bill into the General Fund.

The bill would provide that it shall not supersede provisions of Measure D, as approved by the voters of the City of Los Angeles, as specified.

The bill would require the bureau, in consultation with local governments, to develop an enforcement framework that clarifies the enforcement roles of state and local governments, as specified, and would authorize a city, county, or city and county to administer and enforce these provisions. The bill would require the bureau to establish quality assurance protocols by July 1, 2017, to ensure uniform testing standards of medical marijuana, and would require licensees to comply with these provisions. The bill would further set forth provisions regulating edible medical marijuana products, as specified. By adding these provisions to the Sherman Food, Drug, and Cosmetic Law, a violation of which is a crime, the bill would impose a state-mandated local program.

(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 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.

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 January 1, 2018, would also exempt from those crimes an employee, officer, or board member of a licensed cultivation site or a licensed dispensing facility, except as specified.

(6) 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.

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

(8) 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.

(9) 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 no reimbursement is required by this act for a specified reason.

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

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

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

3 (a) In 1996, the people of the State of California enacted the
4 Compassionate Use Act of 1996, codified in Section 11362.5 of
5 the Health and Safety Code. The people of the State of California
6 declared that their purpose in enacting the measure was, among
7 other things, “to ensure that seriously ill Californians have the
8 right to obtain and use marijuana for medical purposes where that
9 medical use is deemed appropriate and has been recommended by
10 a physician who has determined that the person’s health would
11 benefit from the use of marijuana in the treatment of cancer,
12 anorexia, AIDS, chronic pain, spasticity, glaucoma, arthritis,
13 migraine, or any other illness for which marijuana provides relief.”

14 (b) The Compassionate Use Act of 1996 called on state
15 government to implement a plan for the safe and affordable
16 distribution of marijuana to all patients in medical need of
17 marijuana, while ensuring that nothing in that act would be

1 construed to condone the diversion of marijuana for nonmedical
2 purposes.

3 (c) In 2003, the Legislature enacted the Medical Marijuana
4 Program Act (MMPA), codified in Article 2.5 (commencing with
5 Section 11362.7) of Chapter 6 of Division 10 of the Health and
6 Safety Code.

7 (d) Greater certainty and minimum statewide standards are
8 urgently needed regarding the obligations of medical marijuana
9 facilities, and for the imposition and enforcement of regulations
10 to prevent unlawful cultivation and the diversion of marijuana to
11 nonmedical use.

12 (e) Despite the passage of the Compassionate Use Act of 1996
13 and the MMPA, because of the lack of an effective statewide
14 system for regulating and controlling medical marijuana, cities,
15 counties and local law enforcement officials have been confronted
16 with uncertainty about the legality of some medical marijuana
17 cultivation and distribution activities. The current state of affairs
18 makes law enforcement difficult and endangers patient safety
19 because of an inability to monitor the supply of medical marijuana
20 in the state and the lack of quality control, testing, and labeling
21 requirements.

22 (f) The California Constitution grants cities and counties the
23 authority to make and enforce, within their borders, “all local
24 police, sanitary, and other ordinances and regulations not in conflict
25 with the general laws.” This inherent local police power includes
26 broad authority to determine, for purposes of public health, safety,
27 and welfare, the appropriate uses of land within the local
28 jurisdiction’s borders. The police power, therefore, allows each
29 city and county to determine whether or not a medical marijuana
30 dispensary or other facility that makes medical marijuana available
31 may operate within its borders. This authority has been upheld by
32 *City of Riverside v. Inland Empire Patients Health and Wellness*
33 *Center, Inc.* (2013) 56 Cal.4th 729 and *County of Los Angeles v.*
34 *Hill* (2011) 192 Cal.App.4th 861. Nothing in this act shall diminish,
35 erode, or modify that authority.

36 (g) If a city or county determines that a dispensary or other
37 facility that makes medical marijuana available may operate within
38 its borders, then there is a need for the state to license these
39 dispensaries and other facilities for the purpose of adopting and
40 enforcing protocols for security standards at dispensaries and in

1 the transportation of medical marijuana, as well as health and safety
2 standards to ensure patient safety. This licensing requirement is
3 not intended in any way nor shall it be construed to preempt local
4 ordinances, regulations, or enforcement actions regarding the sale
5 and use of medical marijuana, including, but not limited to,
6 security, signage, lighting, and inspections.

7 (h) All of the following are necessary to uphold important state
8 goals:

9 (1) Strict provisions to prevent the potential diversion of
10 marijuana for recreational use.

11 (2) Audits to accurately track the volume of both product
12 movement and sales.

13 (3) An effective means of restricting nonmedical access to
14 medical marijuana by minors.

15 (i) Nothing in this act shall be construed to promote or facilitate
16 the nonmedical, recreational possession, sale, or use of marijuana.

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

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

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

30 (1) Gross negligence, incompetence, or repeated negligent acts
31 that involve death or serious bodily injury to one or more patients,
32 such that the physician and surgeon represents a danger to the
33 public.

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

36 (3) Repeated acts of clearly excessive prescribing, furnishing,
37 or administering of controlled substances, or repeated acts of
38 prescribing, dispensing, or furnishing of controlled substances, or
39 recommending marijuana to patients for medical purposes, without
40 a good faith prior examination of the patient and medical reason

1 therefor. However, in no event shall a physician and surgeon
 2 prescribing, furnishing, or administering controlled substances for
 3 intractable pain consistent with lawful prescribing, including, but
 4 not limited to, Sections 725, 2241.5, and 2241.6 of this code and
 5 Sections 11159.2 and 124961 of the Health and Safety Code, be
 6 prosecuted for excessive prescribing and prompt review of the
 7 applicability of these provisions shall be made in any complaint
 8 that may implicate these provisions.

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

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

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

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

22 SEC. 3. Article 25 (commencing with Section 2525) is added
 23 to Chapter 5 of Division 2 of the Business and Professions Code,
 24 to read:

25
 26 Article 25. Recommending Medical Marijuana

27
 28 2525. (a) It is unlawful for a physician and surgeon who
 29 recommends marijuana to a patient for a medical purpose to accept,
 30 solicit, or offer any form of remuneration from or to a facility
 31 issued a conditional license pursuant to Part 5 (commencing with
 32 Section 18100) of Division 7, if the physician and surgeon or his
 33 or her immediate family have a financial interest in that facility.

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

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

37 2525.1. The Medical Board of California shall consult with
 38 the California Marijuana Research Program, known as the Center
 39 for Medicinal Cannabis Research, authorized pursuant to Section
 40 11362.9 of the Health and Safety Code, on developing and adopting

1 medical guidelines for the appropriate administration and use of
2 medical marijuana.

3 2525.2. A physician and surgeon shall not recommend medical
4 marijuana to a patient, unless that person is the patient’s attending
5 physician, as defined by subdivision (a) of Section 11362.7 of the
6 Health and Safety Code.

7 ~~2525.3. An examination conducted by the physician and~~
8 ~~surgeon involving the use of telehealth as defined in Section 2290.5~~
9 ~~of the Business and Professions Code, shall comply with applicable~~
10 ~~federal and state laws and regulations, including compliance with~~
11 ~~the regulations promulgated pursuant to the Health Insurance~~
12 ~~Portability and Accountability Act of 1996, found in Parts 160 and~~
13 ~~164 of Title 45 of the Code of Federal Regulations.~~

14 SEC. 4. Part 5 (commencing with Section 18100) is added to
15 Division 7 of the Business and Professions Code, to read:

16
17 PART 5. MEDICAL MARIJUANA

18
19 CHAPTER 1. GENERAL PROVISIONS

20
21 18100. For purposes of this part, the following definitions shall
22 apply:

23 (a) “Bureau” means the Bureau of Medical Marijuana Regulation
24 in the Department of Consumer Affairs.

25 (b) “Certified testing laboratory” means a laboratory that is
26 certified by the ~~bureau~~ *State Department of Public Health* to
27 perform random sample testing of medical marijuana pursuant to
28 the certification standards for these facilities promulgated by the
29 bureau.

30 (c) “Chief” means the Chief of the Bureau of Medical Marijuana
31 Regulation.

32 (d) “Delivery service” means an individual or entity issued a
33 conditional license by the bureau pursuant to this part and a local
34 license or permit, as specified in subdivision (c) of Section 18110,
35 to deliver medical marijuana or medical marijuana products, up
36 to an amount determined by the bureau, to patients, testing
37 laboratories, or to events or locations where it will be used solely
38 for promotional purposes. A delivery service shall not be required
39 to obtain a transporter license.

40 (e) “Department” means the Department of Consumer Affairs.

1 (f) “Director” means the Director of Consumer Affairs.

2 (g) “Dispensary” means a distribution operation that provides
3 medical marijuana or medical marijuana derived products to
4 patients and caregivers.

5 (h) “Edible marijuana product” means medical marijuana or
6 medical marijuana-derived product that is ingested or meant to be
7 ingested through the mouth and into the digestive system.

8 (i) “Fund” means the Medical Marijuana Regulation Fund
9 established pursuant to Section 18118.

10 (j) “Labor peace agreement” means an agreement between an
11 entity and a bona fide labor organization that, at a minimum,
12 protects the state’s proprietary interests by prohibiting labor
13 organizations and members from engaging in picketing, work
14 stoppages, boycotts, and any other economic interference with the
15 applicant’s business. The agreement means that the applicant has
16 agreed not to disrupt efforts by the bona fide labor organization
17 to communicate with, and attempt to organize and represent, the
18 applicant’s employees.

19 (k) “Licensed cultivation site” means a facility that plants,
20 grows, cultivates, harvests, dries, or processes medical marijuana,
21 or that does all or any combination of those activities, and that is
22 issued a conditional license pursuant to this part and a local license
23 or permit, as required by subdivision (c) of Section 18110.

24 (l) “Licensed dispensing facility” means a dispensary or other
25 facility that provides medical marijuana, medical marijuana
26 products, or devices for the use of medical marijuana or medical
27 marijuana products, either individually or in any combination, that
28 is issued a conditional license pursuant to this part and a local
29 license or permit, as required by subdivision (c) of Section 18110.

30 (m) “Licensed manufacturer” means a person who extracts,
31 prepares, derives, produces, compounds, or repackages medical
32 marijuana or medical marijuana products into consumable and
33 nonconsumable forms, or that does all or any combination of those
34 activities, and that is issued a conditional license pursuant to this
35 part and a local license or permit, as required by subdivision (c)
36 of Section 18110.

37 (n) “Licensed transporter” means an individual or entity issued
38 a conditional license by the bureau to transport medical marijuana
39 or medical marijuana products above a limit determined by the

1 bureau to and from facilities that have been issued conditional
2 licenses pursuant to this part.

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

16 18101. (a) There is hereby created in the Department of
17 Consumer Affairs the Bureau of Medical Marijuana Regulation,
18 under the supervision and control of the Chief of the Bureau of
19 Medical Marijuana Regulation.

20 (b) Protection of the public shall be the highest priority for the
21 bureau in exercising its licensing, regulatory, and disciplinary
22 functions. Whenever the protection of the public is inconsistent
23 with other interests sought to be promoted, the protection of the
24 public shall be paramount.

25 (c) The bureau shall have the authority to issue conditional
26 licenses for the cultivation, manufacture, transportation, storage,
27 distribution, and sale of medical marijuana within the state and to
28 collect fees in connection with these actions. The bureau shall have
29 the authority to create other licenses in order to protect patient
30 health and the public and to facilitate the regulation of medical
31 marijuana.

32 (d) The Governor shall appoint the chief at a salary to be fixed
33 and determined by the director with the approval of the Director
34 of Finance. The chief shall serve in accordance with the State Civil
35 Service Act (Part 2 (commencing with Section 18500) of Division
36 5 of Title 2 of the Government Code).

37 (e) The duty of enforcing and administering this part shall be
38 vested in the chief, who is responsible to the director. The chief
39 may adopt and enforce those rules and regulations that he or she
40 determines are reasonably necessary to carry out the purposes of

1 this part and declaring the policy of the bureau, including a system
2 for the issuance of citations for violations of this part, as specified
3 in Section 18127.

4 (f) The chief, as necessary to carry out the provisions of this
5 part, and in accordance with the State Civil Service Act (Part 2
6 (commencing with Section 18500) of Division 5 of Title 2 of the
7 Government Code), may appoint and fix the compensation of
8 personnel, including, but not limited to, clerical, inspection,
9 investigation, and auditing personnel, as well as an assistant chief.
10 These personnel shall perform their respective duties under the
11 supervision and the direction of the chief.

12 (g) Every power granted to, or duty imposed upon, the chief
13 under this part may be exercised or performed in the name of the
14 chief by a deputy or assistant chief, subject to conditions and
15 limitations that the chief prescribes.

16 (h) The bureau shall exercise its authority pursuant to this part
17 consistent with Section 1 of the act that added this section and
18 consistent with the provisions of this part.

19 18102. Funds for the establishment and support of the bureau
20 shall be advanced as a loan by the department and shall be repaid
21 by the initial proceeds from fees collected pursuant to this part or
22 any rule or regulation adopted pursuant to this part.

23 18103. The bureau shall have the authority necessary for the
24 implementation of this part, including, but not limited to, all of
25 the following:

26 (a) Establishing rules or regulations necessary to carry out the
27 purposes and intent of this part and to enable the bureau to exercise
28 the powers and perform the duties conferred upon it by this part
29 and in accordance with Chapter 3.5 (commencing with Section
30 11340) of Part 1 of Division 3 of Title 2 of the Government Code.
31 These rules and regulations shall not limit the authority of a city,
32 county, or city and county specified in Section 18128, or specified
33 in Section 7 of Article XI of the California Constitution, or any
34 other law. For the performance of its duties, the bureau has the
35 powers as set forth in Article 2 (commencing with Section 11180)
36 of Chapter 2 of Part 1 of Division 3 of Title 2 of the Government
37 Code.

38 (b) Issuing conditional licenses to persons for the cultivation,
39 manufacture, transportation, storage, distribution, and sale of
40 medical marijuana within the state.

1 (c) Setting application, licensing, and renewal fees for
2 conditional licenses issued pursuant to Section 18117.

3 (d) Establishing standards for the cultivation, manufacturing,
4 transportation, storage, testing, distribution, provision, donation,
5 and sale of medical marijuana and medical marijuana products.

6 (e) Establishing procedures for the issuance, renewal,
7 suspension, denial, and revocation of conditional licenses.

8 (f) Imposing a penalty authorized by this part or any rule or
9 regulation adopted pursuant to this part.

10 (g) Taking action with respect to an application for a conditional
11 license in accordance with procedures established pursuant to this
12 part.

13 (h) Overseeing the operation of the Medical Marijuana
14 Regulation Fund and the Special Account for Environmental
15 Enforcement, established pursuant to Section 18118.

16 (i) Consulting with other state or local agencies, departments,
17 representatives of the medical marijuana community, or public or
18 private entities for the purposes of establishing statewide standards
19 and regulations. The bureau shall, at a minimum, consult with the
20 State Department of Public Health and the Department of Food
21 and Agriculture when developing these standards.

22 18104. (a) On or before July 1, 2017, the bureau shall
23 promulgate regulations for implementation and enforcement of
24 this part, including, but not limited to, all of the following:

25 (1) Procedures for the issuance, renewal, suspension, denial,
26 and revocation of conditional licenses.

27 (2) Procedures for appeal of fines and the appeal of denial,
28 suspension, or revocation of conditional licenses.

29 (3) Application, licensing, and renewal forms and fees.

30 (4) A time period in which the bureau shall approve or deny an
31 application for a conditional license pursuant to this part.

32 (5) Qualifications for licensees.

33 (6) Requirements to ensure that all licensees and certified testing
34 laboratories conform with standards equivalent to state statutory
35 environmental, agricultural, consumer protection, and food and
36 product safety requirements. These standards shall be in addition
37 to, and not limited to, any other state and local requirements. At
38 a minimum, these standards shall do all of the following:

39 (A) Prescribe sanitation standards analogous to the California
40 Retail Food Code (Part 7 (commencing with Section 113700) of

1 Division 104 of the Health and Safety Code) for food preparation,
2 storage, handling, and sale of edible medical marijuana products.

3 (B) Require that edible medical marijuana products produced,
4 distributed, provided, donated, or sold by licensees shall be limited
5 to nonpotentially hazardous food, as established by the State
6 Department of Public Health pursuant to Section 114365.5.

7 (C) Require that facilities in which edible medical marijuana
8 products are prepared shall be constructed in accordance with
9 applicable building standards, health and safety standards, and
10 other state laws.

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

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

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

24 (7) Develop procedures to ensure that testing of marijuana
25 occurs prior to delivery to dispensaries or any other business, and
26 specify that the cost of testing shall be borne by the licensed
27 cultivators, how often licensees shall test marijuana, and requiring
28 destruction of harvested batches whose testing samples indicate
29 noncompliance with health and safety standards promulgated by
30 the bureau, unless remedial measures can bring the marijuana into
31 compliance with quality assurance standards as promulgated by
32 the bureau.

33 (8) Establish minimum standards for quality assurance protocols
34 implemented by each licensed facility pursuant to Section 18138.

35 (b) On or before July 1, 2017, the bureau shall also promulgate
36 regulations for minimum statewide health and safety standards
37 and quality assurance standards associated with the cultivation,
38 transport, storage, manufacture, and sale of all medical marijuana
39 produced in this state. Consistent with Section 18126, local

1 agencies shall have primary responsibility for enforcement of these
2 standards in accordance with bureau regulations.

3 (c) The bureau shall not issue a conditional license unless the
4 applicant has met all of the requirements of this part, including the
5 requirements of subdivision (d) of Section 18110.

6 18104.5. (a) The State Department of Public Health shall
7 promulgate standards for certification of testing laboratories to
8 perform random sample testing of all medical marijuana products,
9 including standards for onsite testing.

10 (b) Certification of testing laboratories shall be consistent with
11 general requirements for the competence of testing and calibration
12 activities, including sampling, using standard methods established
13 by the International Organization for Standardization, specifically
14 ISO/IEC 17020 and ISO/IEC 17025.

15 (c) These requirements shall apply to all entities, including
16 third-party laboratories, engaged in the testing of medical marijuana
17 pursuant to this part.

18 18105. The chief shall keep a complete record of all facilities
19 issued a conditional license. The bureau shall, upon request,
20 provide summary information on licensees consisting of the name
21 of the licensee, the date the license was issued, the status of the
22 license, and the licensees's mailing address.

23 18106. The bureau shall establish procedures to provide state
24 and local law enforcement, upon their request, with 24-hour access
25 to information to verify a conditional license, track transportation
26 manifests, and track the inventories of facilities issued a conditional
27 license.

28 18107. This part shall in no way supersede the provisions of
29 Measure D, approved by the voters of the City of Los Angeles on
30 the May 21, 2013, ballot for the city, which granted medical
31 marijuana businesses and dispensaries qualified immunity
32 consistent with the terms of the measure and local ordinances.
33 Notwithstanding the provisions of this part, marijuana businesses
34 and dispensaries subject to the provisions of Measure D and its
35 qualified immunity shall continue to be subject to the ordinances
36 and regulations of the City of Los Angeles.

CHAPTER 2. CONDITIONAL LICENSES

1
2
3 18108. The following persons are exempt from the requirement
4 of licensure under this part:
5 (a) A patient who cultivates, possesses, stores, manufactures,
6 or transports marijuana exclusively for his or her personal medical
7 use and who does not sell, distribute, donate, or provide marijuana
8 to any other person or entity.
9 (b) A primary caregiver who cultivates, possesses, stores,
10 manufactures, transports, or provides marijuana exclusively for
11 the personal medical purposes to no more than five specified
12 qualified patients for whom he or she is the primary caregiver
13 within the meaning of Section 11362.7 of the Health and Safety
14 Code and who does not receive remuneration for these activities,
15 except for compensation in full compliance with subdivision (c)
16 of Section 11362.765 of the Health and Safety Code. Nothing in
17 this section shall permit primary caregivers to organize themselves
18 as cooperatives or collectives of caregivers.
19 18109. (a) Except as provided in Section 11362.5 of, and
20 Article 2.5 (commencing with Section 11362.7) of Chapter 6 of
21 Division 10 of, the Health and Safety Code, a person shall not sell
22 or provide medical marijuana to a patient or caregiver other than
23 at a licensed dispensing facility or through delivery from a licensed
24 dispensing facility.
25 (b) Except as provided in Section 11362.5 of, and Article 2.5
26 (commencing with Section 11362.7) of Chapter 6 of Division 10
27 of, the Health and Safety Code, a person shall not grow medical
28 marijuana other than at a licensed cultivation site.
29 (c) Except as provided in Section 11362.5 of, and Article 2.5
30 (commencing with Section 11362.7) of Chapter 6 of Division 10
31 of, the Health and Safety Code, a person shall not manufacture
32 medical marijuana or medical marijuana products other than a
33 licensed manufacturer.
34 (d) A person shall not transport medical marijuana from one
35 facility issued a conditional license to another, other than a licensed
36 transporter.
37 (e) A licensed manufacturer may obtain medical marijuana from
38 a licensed cultivator and may furnish medical marijuana products
39 to a licensed dispensary.

1 (f) To meet the requirements of Article 8 (commencing with
2 Section 111658) of Chapter 6 of Part 5 of Division 104 of the
3 Health and Safety Code, medical marijuana and medical marijuana
4 products shall be tested by a certified testing laboratory.

5 (g) This section shall become operative on July 1, 2017.

6 18110. (a) Beginning July 1, 2017, the bureau shall provide
7 for and shall issue conditional licenses. Conditional licenses shall
8 be required for all activity authorized under this chapter, including,
9 but not limited to, cultivation, storage, transport, and dispensing
10 of medical marijuana. A license issued pursuant to this chapter is
11 subject to compliance with all local ordinances and regulations
12 determined to be applicable by the local government of the
13 jurisdiction in which the licensee operates.

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

20 (c) A facility shall not commence activity under the authority
21 of a conditional license until the applicant has obtained, in addition
22 to the conditional license, a license or permit from the local
23 jurisdiction in which he or she proposes to operate, following the
24 requirements of the applicable local ordinances.

25 (d) An applicant for a conditional license shall do all following:

26 (1) Pay the fee or fees required by this part for each license
27 being applied for.

28 (2) Register with the bureau on forms prescribed by the chief.
29 The forms shall contain sufficient information to identify the
30 licensee, including all of the following:

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

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

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

38 (D) In the case of a cultivation site, the GPS coordinates of the
39 site.

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

5 (3) Describe, in writing, the scope of business of the proposed
6 facility.

7 (4) Provide evidence that the applicant and owner have been
8 legal full-time residents of the state for not less than 12 months.

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

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

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

30 (B) The Department of Justice shall provide a response to the
31 bureau pursuant to paragraph (1) of subdivision (p) of Section
32 11105 of the Penal Code.

33 (C) The bureau shall request from the Department of Justice
34 subsequent notification service, as provided pursuant to Section
35 11105.2 of the Penal Code, for persons described in subparagraph
36 (A).

37 (D) 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 (7) Identify all local ordinances applicable to the operation of
2 the proposed facility, and provide evidence that the proposed
3 facility is a permitted use at the proposed location under local
4 zoning and other ordinances.

5 (8) Provide a statement, signed by the applicant under penalty
6 of perjury, that the information provided is true.

7 (9) For an applicant with 20 or more employees, provide a
8 statement that the applicant will enter into, or demonstrate that it
9 has already entered into, and abide by the terms of a labor peace
10 agreement, as defined in Section 18100. The bureau may consult
11 with the Division of Labor Standards and Enforcement to ensure
12 that the labor peace agreement meets the requirements of Section
13 18100.

14 (10) Provide any other information required by the bureau.

15 (e) Each location and each discrete use of a single location shall
16 require a conditional license. Each application for a conditional
17 license is separate and distinct, and the bureau may charge a
18 separate fee for each.

19 (f) A conditional license issued pursuant to this section shall be
20 valid for 12 months after the date of issuance. The bureau shall
21 establish procedures for the renewal of a conditional license.

22 (g) A conditional license issued pursuant to this section shall
23 be restricted as follows:

24 (1) A single licensee shall not hold both a license for the
25 cultivation of marijuana and a license for the dispensing of
26 marijuana unless the cultivation site is restricted to 1,000 square
27 feet in area.

28 (2) The holder of a license for transport of marijuana may not
29 hold any other category of license.

30 (3) The holder of a certification for a testing laboratory may not
31 combine that certificate with any category of license.

32 (4) Persons or entities that own testing laboratories are
33 prohibited from licensure for any activity authorized under this
34 chapter, and are prohibited from holding an ownership interest in
35 any real property, personal property, or other assets associated or
36 used in any license category.

37 18111. (a) Upon receipt of the application materials and fee
38 required in Section 18110, the bureau, provided the applicant has
39 not committed an act or crime constituting grounds for the denial

1 of licensure under Section 18112, may issue the conditional license
2 and send a proof of issuance to the applicant.

3 (b) The chief shall, by regulation, prescribe conditions upon
4 which a person whose conditional license has previously been
5 denied, suspended, or revoked, may be issued a conditional license.

6 18112. (a) An application for a conditional license shall be
7 denied and a conditional license shall be suspended or revoked for
8 a past felony conviction for the possession for sale, sale,
9 manufacture, transportation, or cultivation of a controlled
10 substance, a felony criminal conviction for drug trafficking, a
11 felony conviction for embezzlement, a felony conviction involving
12 fraud or deceit, or any violent or serious felony conviction pursuant
13 to subdivision (c) of Section 667.5 of, or subdivision (c) of Section
14 1192.7 of, the Penal Code. The bureau, at its discretion, may issue
15 a license to an applicant that would be otherwise denied pursuant
16 to this subdivision if the applicant has obtained a certificate of
17 rehabilitation, pursuant to Section 4852.13 of the Penal Code.

18 (b) The chief, upon his or her determination, may deny, suspend,
19 or revoke a conditional license when a conditional licensee,
20 applicant, or employee, partner, officer, or member of an entity
21 conditionally licensed does any of the following:

22 (1) Making or authorizing in any manner or by any means a
23 written or oral statement that is untrue or misleading and that is
24 known, or that by exercise of reasonable care should be known,
25 to be untrue or misleading.

26 (2) Any other conduct that constitutes fraud.

27 (3) Conduct constituting gross negligence.

28 (4) Failure to comply with the provisions of this part, Article 8
29 (commencing with Section 111658) of Chapter 6 of Part 5 of
30 Division 104 of the Health and Safety Code, or any rule or
31 regulation adopted pursuant to this part.

32 (5) Conduct that constitutes grounds for denial of licensure
33 pursuant to Chapter 2 (commencing with Section 480) of Division
34 1.5.

35 (6) Violation of any applicable local ordinance.

36 18113. (a) Upon denying, suspending, or revoking a
37 conditional license, the chief shall notify the applicant or licensee,
38 in writing, by personal service or mail addressed to the address of
39 the applicant or licensee set forth in the application. The applicant
40 or licensee shall be given a hearing within 30 days thereafter if he

1 or she files with the bureau a written request for hearing. Otherwise,
2 the denial, suspension, or revocation is deemed affirmed.

3 (b) All proceedings to deny, suspend, or revoke a conditional
4 license shall be conducted pursuant to Chapter 5 (commencing
5 with Section 11500) of Part 1 of Division 3 of Title 2 of the
6 Government Code.

7 18114. An application for or renewal of a license shall not be
8 approved if the bureau determines any of the following:

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

16 (b) The applicant, or any of its officers, directors, owners,
17 members, or shareholders, is a minor.

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

21 (d) The applicant, or any of its officers, directors, owners,
22 members, or shareholders has been sanctioned by the bureau, a
23 city, county, or city and county, for medical marijuana activities
24 conducted in violation of this part or any applicable local ordinance
25 or has had a conditional license or local license or permit revoked
26 in the previous five years.

27 (e) The proposed cultivation, processing, possession, storage,
28 manufacturing, testing, transporting, distribution, provision, or
29 sale of medical marijuana will violate any applicable local law or
30 ordinance.

31 (f) The applicant or the owner is unable to establish that he or
32 she has been a resident of the state for not less than 12 months.

33 18115. In addition to the provisions of this part, a conditional
34 license shall be subject to the restrictions of the local jurisdiction
35 in which the facility operates or proposes to operate. Even if a
36 conditional license has been granted pursuant to this part, a facility
37 shall not operate in a local jurisdiction that prohibits the
38 establishment of that type of business.

39 18116. The bureau may adopt regulations to limit the number
40 of conditional licenses issued pursuant to this part upon a finding

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

3
4 CHAPTER 3. FEES
5

6 18117. (a) The conditional licensing fee shall be established
7 by the bureau at a level sufficient to fund the reasonable costs of
8 all of the following:

9 (1) Administrative costs incurred by the bureau in overseeing
10 the conditional licensing program, establishing health and safety
11 standards, and certifying the required testing laboratories.

12 (2) Costs incurred by the bureau or the Department of Justice
13 for enforcement of the provisions of this part.

14 (3) Costs incurred by law enforcement and other public safety
15 entities for enforcing the provisions of this part in their jurisdiction.

16 (b) In addition to the conditional licensing fee required pursuant
17 to subdivision (a), a licensed cultivation site shall be assessed a
18 fee in a sufficient amount to cover the reasonable regulatory costs
19 to the state of enforcing the environmental impact provisions
20 relating to those cultivation facilities. This fee shall be paid in
21 addition to any other fees charged by the bureau or any local
22 agency. This fee shall be distributed, as necessary and in proportion
23 to its regulatory function, between the following agencies
24 responsible for enforcing the regulations relating to the
25 environmental impact of licensed cultivation sites:

- 26 (1) The State Water Resources Control Board.
- 27 (2) The Department of Fish and Wildlife.
- 28 (3) The Department of Forestry and Fire Protection.
- 29 (4) The Department of Pesticide Regulation.
- 30 (5) The Department of Food and Agriculture.

31 (c) The bureau may establish a separate schedule of licensing
32 fees for application to nonprofit entities if the entity’s nonprofit
33 status is verified by an independent audit or by confirmation of
34 the entity’s 501(c)(3) status under the federal Internal Revenue
35 Code.

36 18118. (a) The Medical Marijuana Regulation Fund is hereby
37 established within the State Treasury. Notwithstanding Section
38 16305.7 of the Government Code, the fund shall include any
39 interest and dividends earned on the money in the fund.

1 (b) Except as provided in subdivision (c), all fees collected
2 pursuant to this part shall be deposited into the Medical Marijuana
3 Regulation Fund. Notwithstanding Section 13340 of the
4 Government Code, all moneys within the fund are hereby
5 continuously appropriated, without regard to fiscal year, to the
6 bureau solely for the purposes of fully funding and administering
7 this part, including, but not limited to, the costs incurred by the
8 bureau for its administrative expenses.

9 (c) The Special Account for Environmental Enforcement is
10 hereby established as an account within the Medical Marijuana
11 Regulation Fund. Notwithstanding Section 16305.7 of the
12 Government Code, the account shall include any interest and
13 dividends earned on the money in the account. All fees collected
14 pursuant to subdivision (b) of Section 18117 shall be deposited in
15 this account. Notwithstanding Section 13340 of the Government
16 Code, all moneys within the fund are hereby continuously
17 appropriated, without regard to fiscal year, to the bureau for
18 distribution to the entities listed in subdivision (b) of Section 18117
19 to be used to enforce the environmental regulation of licensed
20 cultivation sites.

21 (d) All moneys collected as a result of penalties imposed under
22 this part shall be deposited directly into the General Fund, to be
23 available upon appropriation.

24 (e) The bureau may establish and administer a grant program
25 to allocate moneys from the Medical Marijuana Regulation Fund
26 to state and local entities for the purpose of assisting with medical
27 marijuana regulation and the enforcement of this part and other
28 state and local laws applicable to licensees.

29 18119. (a) A facility issued a conditional license shall not
30 acquire, cultivate, process, possess, store, manufacture, distribute,
31 sell, deliver, transfer, transport, or dispense medical marijuana for
32 any purpose other than those authorized by Article 2.5
33 (commencing with Section 11362.7) of Chapter 6 of Division 10
34 of the Health and Safety Code.

35 (b) A licensed dispensing facility shall not acquire, cultivate,
36 process, possess, store, manufacture, distribute, sell, deliver,
37 transfer, transport, or dispense medical marijuana plants or medical
38 marijuana products except through a licensed cultivation site or a
39 licensed manufacturer.

1 CHAPTER 4. TRANSPORTATION OF MEDICAL MARIJUANA

2
3 18120. (a) A licensed transporter shall ship medical marijuana
4 only to facilities issued a conditional license and only in response
5 to a request for a specific quantity and variety from those facilities.

6 (b) Prior to transporting medical marijuana products, a licensed
7 transporter shall do both of the following:

8 (1) Complete a shipping manifest using a form prescribed by
9 the bureau.

10 (2) Securely transmit a copy of the manifest to the licensee that
11 will receive the medical marijuana product, and to the bureau,
12 prior to transport.

13 (c) The licensed transporter making the shipment and the
14 licensee receiving the shipment shall maintain each shipping
15 manifest and make it available to local code enforcement officers,
16 any other locally designated enforcement entity, and the bureau
17 upon request.

18 18121. (a) Transported medical marijuana products shall:

19 (1) Be transported only in a locked, safe, and secure storage
20 compartment that is securely affixed to the interior of the
21 transporting vehicle.

22 (2) Not be visible from outside the vehicle.

23 (b) A vehicle transporting medical marijuana products shall
24 travel directly from one licensed facility to another licensed facility
25 authorized to receive the shipment.

26 18122. (a) All transport vehicles shall be staffed with a
27 minimum of two employees. At least one transport team member
28 shall remain with the vehicle at all times when the vehicle contains
29 medical marijuana.

30 (b) Each transport team member shall have access to a secure
31 form of communication by which each member can communicate
32 with personnel at the licensed facility at all times when the vehicle
33 contains medical marijuana.

34 (c) Each transport team member shall possess documentation
35 of licensing and a government-issued identification card at all
36 times when transporting or delivering medical marijuana and shall
37 produce it to any representative of the bureau or law enforcement
38 upon request.

1 (d) This part shall not be construed to authorize or permit a
2 licensee to transport, or cause to be transported, medical marijuana
3 or medical marijuana products outside the state.

4 (e) This section shall only apply to a licensed transporter.

5 18123. A local jurisdiction shall not prevent transportation
6 through or to a facility issued a conditional license, by a
7 conditionally licensed transporter who acts in compliance with
8 this part.

9
10 CHAPTER 5. ENFORCEMENT

11
12 18124. (a) The bureau shall, in consultation with local
13 governments, develop an enforcement framework that clarifies the
14 enforcement roles of the state and local governments, designating
15 local governments with primary enforcement responsibility,
16 maximizes the capabilities and resources of local enforcement
17 agencies, and ensures that there is communication and collaboration
18 between the bureau, relevant state agencies, and local governments
19 to enhance and streamline enforcement efforts.

20 (b) A state agency is not required by this section to enforce a
21 city, county, city and county, or local law, ordinance, rule, or
22 regulation regarding the site or operation of a facility or transporter
23 issued a conditional license.

24 18125. The bureau may assist state taxation authorities in the
25 development of uniform policies for the state taxation of licensees.

26 18126. (a) For facilities issued a conditional license that are
27 located within the incorporated area of a city, the city shall have
28 full power and authority to enforce this part and Article 8
29 (commencing with Section 111658) of Chapter 6 of Part 5 of
30 Division 104 of the Health and Safety Code and the rules,
31 regulations, and standards promulgated by the bureau. The city
32 shall further assume complete responsibility for any regulatory
33 function relating to those licensees within the city limits that would
34 otherwise be performed by the county or any county officer or
35 employee, without liability, cost, or expense to the county.

36 (b) For licensed facilities located within the unincorporated area
37 of a county, the county shall have full power and authority to
38 enforce this part and Article 8 (commencing with Section 111658)
39 of Chapter 6 of Part 5 of Division 104 of the Health and Safety

1 Code and the rules, regulations, and standards promulgated by the
 2 bureau.

3 18127. (a) A willful violation of Section 18110, including an
 4 attempt to falsify information on an application or to otherwise
 5 defraud or mislead a state or local agency in the course of the
 6 application process, shall be punishable by a civil fine of up to
 7 thirty-five thousand dollars (\$35,000) for each individual violation.

8 (b) A technical violation of Section 18110 shall, at the bureau’s
 9 discretion, be punishable by a civil fine of up to ten thousand
 10 dollars (\$10,000) for each individual violation.

11 18128. A district attorney, county counsel, city attorney, or
 12 city prosecutor may bring an action to enjoin a violation or the
 13 threatened violation of any provision of this part, including, but
 14 not limited to, a licensee’s failure to correct objectionable
 15 conditions following notice or as a result of a rule promulgated
 16 pursuant to this part. The action shall be brought in the county in
 17 which the violation occurred or is threatened to occur. A proceeding
 18 brought pursuant to this part shall conform to the requirements of
 19 Chapter 3 (commencing with Section 525) of Title 7 of Part 2 of
 20 the Code of Civil Procedure. Nothing in this section shall diminish
 21 the authority of a local government to take requisite enforcement
 22 actions pertaining to its own ordinances or regulations.

23 18129. Nothing in this part shall prevent a city or other local
 24 governing body from taking action as specified in Section 11362.83
 25 of the Health and Safety Code.

26 18130. This part shall not be construed to limit a law
 27 enforcement agency’s ability to investigate unlawful activity in
 28 relation to a facility issued a conditional license.

29
 30 CHAPTER 6. CANNABIS EMPLOYEES
 31

32 18131. The Division of Labor Standards Enforcement shall do
 33 all of the following:

34 (a) Maintain minimum standards for the competency and training
 35 of employees of a licensed cultivation site or a licensed dispensing
 36 facility, as defined in ~~subdivisions (i) and (j) of~~ Section 18100,
 37 through a system of testing and certification.

38 (b) Maintain an advisory committee and panels as necessary to
 39 carry out its functions under this section. There shall be employer
 40 representation on the committee and panels.

1 (c) Establish and collect certification fees not to exceed the
2 reasonable cost to the division in issuing certifications.

3 (d) Adopt regulations necessary to implement this chapter.

4 (e) Issue certification cards to employees who have been
5 certified pursuant to this chapter.

6 (f) The division shall establish registration fees in an amount
7 reasonably necessary to implement this section, not to exceed
8 twenty-five dollars (\$25) for the initial registration. There shall
9 not be a fee for the annual renewal of registration. Fees shall be
10 placed in the Cannabis Certification Fund, established pursuant to
11 Section 18135.

12 18132. (a) Except as provided in subdivision (c), persons who
13 perform work as cannabis employees shall be certified by the
14 division.

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

20 (c) (1) Certification is not required for registered apprentices
21 working as cannabis employees as part of an apprenticeship
22 program approved under an approved apprenticeship program. An
23 apprentice who is within one year of completion of his or her term
24 of apprenticeship shall be permitted to take the certification
25 examination and, upon passing the examination, shall be certified
26 immediately upon completion of the term of apprenticeship.

27 (2) An uncertified person may perform work for which
28 certification is otherwise required in order to acquire the necessary
29 on-the-job experience for certification, if the person is under the
30 direct supervision of a cannabis employee certified pursuant to
31 Section 18131 who is responsible for supervising no more than
32 one uncertified person. The Division of Labor Standards
33 Enforcement may develop additional criteria governing this
34 paragraph.

35 (d) The following shall constitute additional grounds for
36 disciplinary proceedings, including suspension or revocation of
37 the conditional license issued pursuant to Chapter 2 (commencing
38 with Section 18108):

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

4 (2) The licensed cultivation site or licensed dispensing facility
5 willfully fails to provide adequate supervision of uncertified
6 workers.

7 (3) The licensed cultivation site or licensed dispensing facility
8 willfully fails to provide adequate supervision of apprentices
9 performing work pursuant to paragraph (1) of subdivision (c).

10 (e) The Labor Commissioner shall maintain a process for
11 referring cases to the bureau when it has been determined that a
12 violation of this section has likely occurred. The Labor
13 Commissioner shall have a memorandum of understanding with
14 the bureau in furtherance of this section.

15 (f) Upon receipt of a referral by the Labor Commissioner
16 alleging a violation under this section, the bureau shall open an
17 investigation. Disciplinary action against the licensee shall be
18 initiated within 60 days of the receipt of the referral. The bureau
19 may initiate disciplinary action against a licensee upon his or her
20 own investigation, the filing of a complaint, or a finding that results
21 from a referral from the Labor Commissioner alleging a violation
22 under this section. Failure of the employer or employee to provide
23 evidence of certification or apprentice status shall create a
24 rebuttable presumption of violation of this provision.

25 18135. The Cannabis Certification Fund is established as a
26 special account in the State Treasury. Proceeds of the fund may
27 be expended by the division, upon appropriation by the Legislature,
28 for the costs of validating and certifying cannabis employees, as
29 provided by this chapter, and shall not be used for any other
30 purpose.

31

32 CHAPTER 7. REGULATION OF MEDICAL MARIJUANA

33

34 18136. (a) A person shall not distribute any form of advertising
35 for physician recommendations for medical marijuana in California
36 unless the advertisement bears the following notice to consumers:

37

38 NOTICE TO CONSUMERS: The Compassionate Use Act of
39 1996 ensures that seriously ill Californians have the right to obtain
40 and use marijuana for medical purposes where medical use is

1 deemed appropriate and has been recommended by a physician
2 who has determined that the person’s health would benefit from
3 the use of medical marijuana. Physicians are licensed and regulated
4 by the Medical Board of California and arrive at the decision to
5 make this recommendation in accordance with accepted standards
6 of medical responsibility.

7
8 (b) Advertising for physician recommendations for medical
9 marijuana shall meet all requirements of Section 651. Price
10 advertising shall not be fraudulent, deceitful, or misleading,
11 including statements or advertisements of bait, discounts,
12 premiums, gifts, or statements of a similar nature.

13 18137. (a) A conditionally licensed facility shall implement
14 sufficient security measures to both deter and prevent unauthorized
15 entrance into areas containing medical marijuana or medical
16 marijuana products and theft of medical marijuana at those licensed
17 facilities. These security measures shall, in addition to any
18 requirements imposed by local ordinance, include, but not be
19 limited to, all of the following:

20 (1) Preventing individuals from remaining on the premises of
21 the facility if they are not engaging in activity expressly related to
22 the operations of the facility.

23 (2) Establishing limited access areas accessible only to
24 authorized facility personnel, in compliance with all local building
25 and fire codes.

26 (3) Storing all finished medical marijuana in a secured and
27 locked room, safe, or vault, and in a manner as to prevent diversion,
28 theft, and loss.

29 (b) A conditionally licensed facility shall notify appropriate law
30 enforcement authorities within 24 hours after discovering any of
31 the following:

32 (1) Discrepancies identified during inventory.

33 (2) Diversion, theft, loss, or any criminal activity involving the
34 facility or a facility agent.

35 (3) The loss or unauthorized alteration of records related to
36 marijuana, registered qualifying patients, personal caregivers, or
37 facility agents.

38 (4) Any other breach of security.

39 (c) A licensed cultivation site shall weigh, inventory, and
40 account for on video, each shipment of medical marijuana that

1 exceeds a threshold amount set by the bureau that is to be
2 transported to an individual licensed dispensing facility prior to
3 its leaving its origination location. Within eight hours after arrival
4 at the destination, the licensed dispensing facility shall reweigh,
5 reinventory, and account for on video, all transported medical
6 marijuana that was subject to these provisions at the licensed
7 cultivation site.

8 18138. (a) The bureau shall require an annual audit, *in a form*
9 *specified by the bureau*, of all conditionally licensed facilities. The
10 reasonable costs of the audit shall be paid for by the licensee.

11 (b) Completed audit reports shall also be submitted by the
12 licensee to local code enforcement offices, or the appropriate
13 locally designated enforcement entity, within 30 days of the
14 completion of the audit.

15 (c) It is the responsibility of each conditionally licensed facility
16 to develop a robust quality assurance protocol in accordance with
17 the regulations issued by the bureau that, at a minimum, includes
18 all of the provisions of this part.

19 18139. (a) A laboratory certified by the bureau to perform
20 random sample testing of medical marijuana products shall not
21 acquire, process, possess, store, transfer, transport, or dispense
22 medical marijuana for any purpose other than those authorized by
23 Article 2.5 (commencing with Section 11362.7) of Chapter 6 of
24 Division 10 of the Health and Safety Code. All transfer or
25 transportation shall be performed pursuant to a specified chain of
26 custody protocol.

27 (b) A laboratory certified by the bureau to perform random
28 sample testing of medical marijuana products shall not acquire,
29 process, possess, store, transfer, transport, or dispense medical
30 marijuana plants or medical marijuana products except through a
31 patient, primary caregiver, or a facility issued a conditional license.
32 All transfer or transportation shall be performed pursuant to a
33 specified chain of custody protocol.

34 18140. (a) Information identifying the names of patients, their
35 medical conditions, or the names of their primary caregivers
36 received and contained in records kept by the bureau for the
37 purposes of administering this part are confidential and exempt
38 from the California Public Records Act (Chapter 3.5 (commencing
39 with Section 6250) of Division 7 of Title 1 of the Government
40 Code) and are not subject to disclosure to an individual or private

1 entity, except as necessary for authorized employees of the state
2 to perform official duties pursuant to this part.

3 (b) (1) Nothing in this section shall preclude any of the
4 following:

5 (A) Bureau employees notifying state or local agencies about
6 information submitted to the bureau that the employee suspects is
7 falsified or fraudulent.

8 (B) Notifications from the bureau to state or local agencies of
9 apparent violations of this part or an applicable local ordinance.

10 (C) Verification of requests by state or local agencies to confirm
11 licenses and certificates issued by the bureau or other state agency.

12 (D) Providing information requested pursuant to a court order
13 or subpoena issued by a court, an administrative agency, or local
14 governing body authorized by law to issue subpoenas.

15 (2) Information shall not be disclosed beyond what is necessary
16 to achieve the goals of a specific investigation or notification or
17 the parameters of a specific court order or subpoena.

18 18141. (a) The actions of a licensee, its employees, and its
19 agents, that are permitted pursuant to both a conditional license
20 and a license or permit issued by the local jurisdiction following
21 the requirements of the applicable local ordinances, and that are
22 conducted in accordance with the requirements of this part and
23 regulations adopted pursuant to this part, are not unlawful under
24 state law and shall not be an offense subject to arrest or prosecution
25 under state law.

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

33 (c) This section shall not be deemed to limit the authority or
34 remedies of a city, county, or city and county under any provision
35 of law, including, without limitation, Section 7 of Article XI of
36 the California Constitution.

37 18142. (a) A licensee shall not cultivate, process, store,
38 manufacture, transport, or sell medical marijuana in the state unless
39 accurate records are kept at the licensed premises of the growing,
40 processing, storing, manufacturing, transporting, or selling by the

1 licensee in the state. These records shall include the name and
2 address of the supplier of marijuana received or possessed by the
3 licensee, the location at which the marijuana was cultivated, the
4 amount of marijuana received, the form in which it is received,
5 the name of the employee receiving it, and the date of receipt.
6 These records shall also include receipts for all expenditures
7 incurred by the licensee and banking records, if any, for all funds
8 obtained or expended in the performance of any activity under the
9 authority of the conditional license. A licensee who has a
10 conditional license for more than one premises may keep all records
11 at one of the conditionally licensed premises. Required records
12 shall be kept for a period of seven years from the date of the
13 transaction.

14 (b) The bureau and an appropriate state or local agency may
15 examine the books and records of a conditional licensee and may
16 visit and inspect the premises of a conditional licensee, as the
17 bureau or state or local agency deems necessary to perform its
18 duties under this part.

19 (c) Books or records requested by the bureau or an appropriate
20 state or local agency shall be provided by the conditional licensee
21 no later than five business days after the request is made.

22 (d) The bureau or a state or local agency may enter and inspect
23 the premises of a facility issued a conditional license between the
24 hours of 8 a.m. and 8 p.m. on any day that the facility is open, or
25 at any reasonable time, to ensure compliance and enforcement of
26 the provisions of this part or a local ordinance.

27 (e) If a licensee or an employee of a licensee refuses, impedes,
28 obstructs, or interferes with an inspection pursuant to subdivision
29 (d), the conditional license may be summarily suspended and the
30 bureau shall directly commence proceedings for the revocation of
31 the conditional license.

32 (f) If a licensee or an employee of a licensee fails to maintain
33 or provide the books and records required pursuant to this section,
34 the licensee shall be subject to a civil fine of fifteen thousand
35 dollars (\$15,000) per individual violation.

36 SEC. 5. Section 23028 is added to the Government Code, to
37 read:

38 23028. (a) (1) In addition to any authority otherwise provided
39 by law, the board of supervisors of any county may impose, by
40 ordinance, a tax on the privilege of cultivating, dispensing,

1 producing, processing, preparing, storing, providing, donating,
2 selling, or distributing marijuana by a licensee operating pursuant
3 to Chapter 18 (commencing with Section 26000) of Division 9 of
4 the Business and Professions Code. The tax may be imposed for
5 general governmental purposes or for purposes specified in the
6 ordinance by the board of supervisors.

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

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

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

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

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

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

1 (d) For purposes of this section, “marijuana” shall have the same
2 meanings set forth in Section 18100 of the Business and
3 Professions Code.

4 (e) This section does not limit or prohibit the levy or collection
5 or any other fee, charge, or tax, or any license or service fee or
6 charge upon, or related to, the activities set forth in subdivision
7 (a) as otherwise provided by law. This section shall not be
8 construed as a limitation upon the taxing authority of any county
9 as provided by other law.

10 SEC. 6. Section 11362.775 of the Health and Safety Code is
11 amended to read:

12 11362.775. (a) Qualified patients, persons with valid
13 identification cards, and the designated primary caregivers of
14 qualified patients and persons with identification cards, who
15 cultivate marijuana for medical purposes, shall not solely on the
16 basis of that fact be subject to state criminal sanctions under
17 Section 11357, 11358, 11359, 11360, 11366, 11366.5, or 11570.

18 (b) An individual employee, officer, or board member of a
19 facility issued a conditional license pursuant to Part 5 (commencing
20 with Section 18100) of Division 7 of the Business and Professions
21 Code shall not be subject to state criminal sanctions under Section
22 11357, 11358, 11359, 11360, 11366, 11366.5, or 11570 and any
23 successor statutes, based solely on holding a conditional license,
24 for the possession, cultivation, processing, packaging, storage,
25 transportation, sale, or distribution of medical marijuana to a
26 facility holding a conditional license pursuant to Part 5
27 (commencing with Section 18100) of Division 7 of the Business
28 and Professions Code or directly to a qualified patient, a person
29 with a valid identification card, or the designated primary caregiver
30 of a qualified patient or person with a valid identification card,
31 within the state, unless the information contained on the licensing
32 paperwork is false or falsified, the license has been obtained by
33 means of fraud, or the person is otherwise in violation of Part 5
34 (commencing with Section 18100) of Division 7 of the Business
35 and Professions Code.

36 (c) This section shall not diminish the protections of Section
37 18141 of the Business and Professions Code.

38 (d) This section shall become operative on January 1, 2018.

1 SEC. 7. Article 8 (commencing with Section 111658) is added
2 to Chapter 6 of Part 5 of Division 104 of the Health and Safety
3 Code, to read:

4
5 Article 8. Medical Marijuana
6

7 111658. For purposes of this article, the following definitions
8 shall apply:

9 (a) “Bureau” means the Bureau of Medical Marijuana
10 Regulations in the Department of Consumer Affairs.

11 (b) “Certified testing laboratory” means a laboratory that is
12 certified by the bureau to perform random sample testing of
13 medical marijuana for patients, primary caregivers, and facilities
14 issued conditional licenses pursuant to Part 5 (commencing with
15 Section 18100) of Division 7 of the Business and Professions Code,
16 pursuant to the certification standards for those facilities
17 promulgated by the department.

18 (c) “Edible medical marijuana product” means medical
19 marijuana or a medical marijuana-derived product that is ingested
20 or meant to be ingested through the mouth and into the digestive
21 system.

22 (d) “Marijuana” means all parts of the plant *Cannabis sativa* L.
23 *sativa*, *cannabis indica*, or *cannabis ruderalis*, whether growing or
24 not; the seeds thereof; the resin, whether crude or purified,
25 extracted from any part of the plant; and every compound,
26 manufacture, salt, derivative, mixture, or preparation of the plant,
27 its seeds, or resin. “Marijuana” does not include the mature stalks
28 of the plant, fiber produced from the stalks, oil or cake made from
29 the seeds of the plant, any other compound, manufacture, salt,
30 derivative, mixture, or preparation of the mature stalks (except the
31 resin extracted therefrom), fiber, oil, or cake, or the sterilized seed
32 of the plant which is incapable of germination. “Marijuana” also
33 means marijuana, as defined by Section 11018.

34 (e) “Representative samples” means samples taken from each
35 batch or shipment of medical marijuana received from a licensed
36 cultivation site or any other source if intended for sale.

37 111659. The bureau, by July 1, 2017, shall accomplish both
38 of the following:

39 (a) Establish quality assurance protocols to ensure uniform
40 testing standards for all medical marijuana sold via dispensaries

1 or other facilities, or cultivated or manufactured by facilities, that
2 are issued a conditional license pursuant to Part 5 (commencing
3 with Section 18100) of Division 7 of the Business and Professions
4 Code.

5 (b) In consultation with outside entities at its discretion, develop
6 a list of certified testing laboratories that can perform uniform
7 testing in compliance with this article, and post that list on its
8 Internet Web site.

9 111660. (a) A facility issued a conditional license pursuant to
10 Part 5 (commencing with Section 18100) of Division 7 of the
11 Business and Professions Code shall bear the responsibility for
12 contracting with certified testing laboratories for regular, random
13 sample testing of representative samples of all medical marijuana
14 cultivated or intended for sale or distribution, and shall bear the
15 cost of that testing.

16 (b) A facility issued a conditional license pursuant to Part 5
17 (commencing with Section 18100) of Division 7 of the Business
18 and Professions Code shall maintain records of testing reports for
19 seven years, either on site in a digital format or at a secure off-site
20 location in either digital or paper format. These facilities shall
21 provide results of test reports to local code enforcement officers,
22 any other locally designated enforcement entity, and the bureau
23 upon request.

24 111661. Quality assurance protocols shall be required between
25 all licensed cultivation sites, licensed manufacturers, and licensed
26 dispensing facilities to guarantee safe and reliable medicinal
27 marijuana delivery to all patients. These quality assurance protocols
28 shall include both of the following:

29 (a) Providing supplier information to dispensaries in order for
30 recall procedures to be implemented, if and when necessary.

31 (b) Safety testing of all medical marijuana prior to packaging
32 for sale and patient exposure to identify and eliminate
33 microbiological contaminants and chemical residue.

34 111662. For purposes of this article, edible medical marijuana
35 products are deemed to be unadulterated food products. In addition
36 to the quality assurance standards provided in Section 111661, all
37 edible medical marijuana products shall comply with the following
38 requirements:

39 (a) Baked edible medical marijuana products, including, but not
40 limited to, brownies, bars, cookies, and cakes, tinctures, and other

1 edible medical marijuana products that do not require refrigeration
2 or hot holding may be manufactured, sold, or otherwise distributed
3 at facilities issued a conditional license pursuant to Part 5
4 (commencing with Section 18100) of Division 7 of the Business
5 and Professions Code.

6 (b) A facility issued a conditional license pursuant to Part 5
7 (commencing with Section 18100) of Division 7 of the Business
8 and Professions Code shall have an owner or employee who has
9 successfully passed an approved and accredited food safety
10 certification examination as specified in Sections 113947.1,
11 113947.2, and 113947.3 prior to selling, manufacturing, or
12 distributing edible medical marijuana products requiring
13 refrigeration or hot holding.

14 (c) Individuals manufacturing or selling edible medical
15 marijuana products shall thoroughly wash their hands before
16 commencing production and before handling finished edible
17 medical marijuana products.

18 (d) All edible medical marijuana products sold for direct
19 consumption and infused with marijuana concentrate shall be
20 individually wrapped at the original point of preparation.

21 (e) Products containing tetrahydrocannabinol (THC) shall be
22 prepared in compliance with maximum potency standards for THC
23 and THC concentrates set forth in the bureau's regulations.

24 (f) Prior to sale or distribution at a licensed dispensing facility,
25 edible medical marijuana products shall be labeled and in a tamper
26 evident package. Labels and packages of edible medical marijuana
27 products shall meet the following requirements:

28 (1) Edible medical marijuana packages and labels shall not be
29 made to be attractive to children.

30 (2) All edible medical marijuana product labels shall include
31 the following information, prominently displayed and in a clear
32 and legible font:

33 (A) Manufacture date and source.

34 (B) The statement "KEEP OUT OF REACH OF CHILDREN
35 AND ANIMALS" in bold print.

36 (C) The statement "FOR MEDICAL USE ONLY."

37 (D) The statement "THE INTOXICATING EFFECTS OF THIS
38 PRODUCT MAY BE DELAYED BY UP TO TWO HOURS."

39 (E) Net weight of medical marijuana in package.

1 (F) A warning if nuts or other known allergens are used and the
2 total weight, in ounces or grams, of medical marijuana in the
3 package.

4 (G) List of pharmacologically active ingredients, including, but
5 not limited to, tetrahydrocannabinol (THC) and cannabidiol (CBD)
6 content, the THC amount in milligrams per serving, servings per
7 package, and the THC amount in milligrams for the package total.

8 (H) Clear indication, in bold type, that the product contains
9 medical marijuana.

10 (I) Identification of the source and date of cultivation and
11 manufacture.

12 (J) The name and location of the licensed dispensary providing
13 the product.

14 (K) The date of sale.

15 (L) Any other requirement set by the bureau.

16 (g) Only generic food names may be used to describe edible
17 medical marijuana products.

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

19 147.5. (a) By January 1, 2017, the Division of Occupational
20 Safety and Health in the Department of Industrial Relations shall
21 convene an advisory committee to evaluate whether there is a need
22 to develop industry-specific regulations related to the activities of
23 facilities issued a conditional license pursuant to Part 5
24 (commencing with Section 18100) of Division 7 of the Business
25 and Professions Code.

26 (b) By July 1, 2017, the advisory committee shall present its
27 findings and recommendations for consideration to the board. No
28 later than July 1, 2017, the board shall render a decision regarding
29 the adoption of industry-specific regulations.

30 SEC. 9. Section 1155.7 of the Labor Code is amended to read:

31 1155.7. (a) Nothing in this chapter shall be construed to apply
32 or be applicable to a labor organization in its representation of
33 workers who are not agricultural employees. Any such labor
34 organization shall continue to be governed in its intrastate activities
35 for nonagricultural workers by Section 923 and applicable judicial
36 precedents.

37 (b) To the extent not prohibited by law and for purposes of this
38 chapter, “agricultural employer” includes a licensed cultivation
39 site, as defined in Section 18100 of the Business and Professions
40 Code.

1 SEC. 10. Section 3094 is added to the Labor Code, to read:
2 3094. The Division of Apprenticeship Standards shall
3 investigate, approve, or reject applications for apprenticeship
4 programs for employees of a licensed cultivation site or a licensed
5 dispensing facility, as defined in subdivisions (i) and (j) of Section
6 18100 of the Business and Professions Code. The Division of
7 Apprenticeship Standards shall have the authority to issue rules
8 necessary to implement and regulate the establishment of the
9 apprenticeship programs described in this section.

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

14 SEC. 12. The Legislature finds and declares that Section 4 of
15 this act imposes a limitation on the public's right of access to the
16 meetings of public bodies or the writings of public officials and
17 agencies within the meaning of Section 3 of Article I of the
18 California Constitution. Pursuant to that constitutional provision,
19 the Legislature makes the following findings to demonstrate the
20 interest protected by this limitation and the need for protecting
21 that interest:

22 The limitation imposed under this act is necessary for purposes
23 of compliance with the federal Health Insurance Portability and
24 Accountability Act of 1996 (42 U.S.C. Sec. 1320d et seq.), the
25 Confidentiality of Medical Information Act (Part 2.6 (commencing
26 with Section 56) of Division 1 of the Civil Code), and the Insurance
27 Information and Privacy Protection Act (Article 6.6 (commencing
28 with Section 791) of Part 2 of Division 1 of the Insurance Code).

29 SEC. 13. No reimbursement is required by this act pursuant to
30 Section 6 of Article XIII B of the California Constitution because
31 the only costs that may be incurred by a local agency or school
32 district will be incurred because this act creates a new crime or
33 infraction, eliminates a crime or infraction, or changes the penalty
34 for a crime or infraction, within the meaning of Section 17556 of
35 the Government Code, or changes the definition of a crime within
36 the meaning of Section 6 of Article XIII B of the California
37 Constitution.

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