

AMENDED IN SENATE SEPTEMBER 11, 2015

AMENDED IN SENATE SEPTEMBER 4, 2015

AMENDED IN SENATE SEPTEMBER 1, 2015

AMENDED IN SENATE AUGUST 17, 2015

AMENDED IN SENATE JULY 13, 2015

AMENDED IN SENATE JUNE 30, 2015

AMENDED IN ASSEMBLY JUNE 2, 2015

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**

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**Introduced by Assembly Members Bonta, Cooley, Jones-Sawyer,  
and Lackey, and Wood  
(Coauthor: ~~Assembly Member Chiu~~)**

February 10, 2015

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~~An act to amend Section 2220.05 of the Business and Professions Code, relating to medical marijuana.~~ *An act to amend Sections 27 and 101 of, to add Section 205.1 to, and to add Chapter 3.5 (commencing with Section 19300) to Division 8 of, the Business and Professions Code, to amend Section 9147.7 of the Government Code, to amend Section 11362.775 of the Health and Safety Code, to add Section 147.5 to the Labor Code, and to add Section 31020 to the Revenue and Taxation Code, relating to medical marijuana.*

## LEGISLATIVE COUNSEL'S DIGEST

AB 266, as amended, Bonta. ~~Medical Board of California: cannabis.~~  
*Medical marijuana.*

*(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 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 boards or bureaus within 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, among other things, would enact the Medical Marijuana Regulation and Safety Act for the licensure and regulation of medical marijuana and would establish within the Department of Consumer Affairs the Bureau of Medical Marijuana Regulation, under the supervision and control of the Director of Consumer Affairs. The bill would require the director to administer and enforce the provisions of the act.*

*This bill would also require the Board of Equalization, in consultation with the Department of Food and Agriculture, to adopt a system for reporting the movement of commercial cannabis and cannabis products.*

*This bill would impose certain fines and civil penalties for specified violations of the act, and would require moneys collected as a result of these fines and civil penalties to be deposited into the Medical Cannabis Fines and Penalties Account.*

*(2) Under existing law, certain persons with identification cards, who associate within the state in order collectively or cooperatively to cultivate marijuana for medical purposes, are not solely on the basis of that fact subject to specified state criminal sanctions.*

*This bill would repeal these provisions upon the issuance of licenses by licensing authorities pursuant to the Medical Marijuana Regulation and Safety Act, as specified, and would instead provide that actions of licensees with the relevant local permits, in accordance with the act and applicable local ordinances, are not offenses subject to arrest, prosecution, or other sanction under state law.*

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

(4) *Existing constitutional provisions require that a statute that limits the right of access to the meetings of public bodies or the writings of public officials and agencies be adopted with findings demonstrating the interest protected by the limitation and the need for protecting that interest.*

*This bill would make legislative findings to that effect.*

(5) *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, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.*

(6) *The bill would provide that it shall become operative only if SB 643 and AB 243 of the 2015–16 Regular Session are also enacted and become operative.*

~~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 requires the Medical Board of California to prioritize its investigative and prosecutorial resources to ensure that the most harmful physicians and surgeons are identified and disciplined expeditiously, and provides a list of allegations that shall be prioritized.~~

~~This bill would add repeatedly recommending excessive cannabis to patients for medical purposes, and repeatedly recommending cannabis to patients without a good faith examination and a medical reason, to the list of prioritized allegations.~~

~~This bill would become operative only if SB 643 of the 2015–16 Regular Session is enacted and becomes operative.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: ~~no~~-yes.

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

1     **SECTION 1.** *Section 27 of the Business and Professions Code*  
2     *is amended to read:*

3     27. (a) Each entity specified in subdivisions (c), (d), and (e)  
4     shall provide on the Internet information regarding the status of

1 every license issued by that entity in accordance with the California  
2 Public Records Act (Chapter 3.5 (commencing with Section 6250)  
3 of Division 7 of Title 1 of the Government Code) and the  
4 Information Practices Act of 1977 (Chapter 1 (commencing with  
5 Section 1798) of Title 1.8 of Part 4 of Division 3 of the Civil Code).  
6 The public information to be provided on the Internet shall include  
7 information on suspensions and revocations of licenses issued by  
8 the entity and other related enforcement action, including  
9 accusations filed pursuant to the Administrative Procedure Act  
10 (Chapter 3.5 (commencing with Section 11340) of Part 1 of  
11 Division 3 of Title 2 of the Government Code) taken by the entity  
12 relative to persons, businesses, or facilities subject to licensure or  
13 regulation by the entity. The information may not include personal  
14 information, including home telephone number, date of birth, or  
15 social security number. Each entity shall disclose a licensee's  
16 address of record. However, each entity shall allow a licensee to  
17 provide a post office box number or other alternate address, instead  
18 of his or her home address, as the address of record. This section  
19 shall not preclude an entity from also requiring a licensee, who  
20 has provided a post office box number or other alternative mailing  
21 address as his or her address of record, to provide a physical  
22 business address or residence address only for the entity's internal  
23 administrative use and not for disclosure as the licensee's address  
24 of record or disclosure on the Internet.

25 (b) In providing information on the Internet, each entity specified  
26 in subdivisions (c) and (d) shall comply with the Department of  
27 Consumer Affairs' guidelines for access to public records.

28 (c) Each of the following entities within the Department of  
29 Consumer Affairs shall comply with the requirements of this  
30 section:

31 (1) The Board for Professional Engineers, Land Surveyors, and  
32 Geologists shall disclose information on its registrants and  
33 licensees.

34 (2) The Bureau of Automotive Repair shall disclose information  
35 on its licensees, including auto repair dealers, smog stations, lamp  
36 and brake stations, smog check technicians, and smog inspection  
37 certification stations.

38 (3) The Bureau of Electronic and Appliance Repair, Home  
39 Furnishings, and Thermal Insulation shall disclose information on  
40 its licensees and registrants, including major appliance repair

1 dealers, combination dealers (electronic and appliance), electronic  
2 repair dealers, service contract sellers, and service contract  
3 administrators.

4 (4) The Cemetery and Funeral Bureau shall disclose information  
5 on its licensees, including cemetery brokers, cemetery salespersons,  
6 cemetery managers, crematory managers, cemetery authorities,  
7 crematories, cremated remains disposers, embalmers, funeral  
8 establishments, and funeral directors.

9 (5) The Professional Fiduciaries Bureau shall disclose  
10 information on its licensees.

11 (6) The Contractors' State License Board shall disclose  
12 information on its licensees and registrants in accordance with  
13 Chapter 9 (commencing with Section 7000) of Division 3. In  
14 addition to information related to licenses as specified in  
15 subdivision (a), the board shall also disclose information provided  
16 to the board by the Labor Commissioner pursuant to Section 98.9  
17 of the Labor Code.

18 (7) The Bureau for Private Postsecondary Education shall  
19 disclose information on private postsecondary institutions under  
20 its jurisdiction, including disclosure of notices to comply issued  
21 pursuant to Section 94935 of the Education Code.

22 (8) The California Board of Accountancy shall disclose  
23 information on its licensees and registrants.

24 (9) The California Architects Board shall disclose information  
25 on its licensees, including architects and landscape architects.

26 (10) The State Athletic Commission shall disclose information  
27 on its licensees and registrants.

28 (11) The State Board of Barbering and Cosmetology shall  
29 disclose information on its licensees.

30 (12) The State Board of Guide Dogs for the Blind shall disclose  
31 information on its licensees and registrants.

32 (13) The Acupuncture Board shall disclose information on its  
33 licensees.

34 (14) The Board of Behavioral Sciences shall disclose  
35 information on its licensees, including licensed marriage and family  
36 therapists, licensed clinical social workers, licensed educational  
37 psychologists, and licensed professional clinical counselors.

38 (15) The Dental Board of California shall disclose information  
39 on its licensees.

1 (16) The State Board of Optometry shall disclose information  
2 regarding certificates of registration to practice optometry,  
3 statements of licensure, optometric corporation registrations, branch  
4 office licenses, and fictitious name permits of its licensees.

5 (17) The Board of Psychology shall disclose information on its  
6 licensees, including psychologists, psychological assistants, and  
7 registered psychologists.

8 (d) The State Board of Chiropractic Examiners shall disclose  
9 information on its licensees.

10 (e) The Structural Pest Control Board shall disclose information  
11 on its licensees, including applicators, field representatives, and  
12 operators in the areas of fumigation, general pest and wood  
13 destroying pests and organisms, and wood roof cleaning and  
14 treatment.

15 (f) *The Bureau of Medical Marijuana Regulation shall disclose*  
16 *information on its licensees.*

17 ~~(f)~~

18 (g) “Internet” for the purposes of this section has the meaning  
19 set forth in paragraph (6) of subdivision (f) of Section 17538.

20 *SEC. 2. Section 101 of the Business and Professions Code is*  
21 *amended to read:*

22 101. The department is comprised of the following:

- 23 (a) The Dental Board of California.
- 24 (b) The Medical Board of California.
- 25 (c) The State Board of Optometry.
- 26 (d) The California State Board of Pharmacy.
- 27 (e) The Veterinary Medical Board.
- 28 (f) The California Board of Accountancy.
- 29 (g) The California Architects Board.
- 30 (h) The Bureau of Barbering and Cosmetology.
- 31 (i) The Board for Professional Engineers and Land Surveyors.
- 32 (j) The Contractors’ State License Board.
- 33 (k) The Bureau for Private Postsecondary Education.
- 34 (l) The Bureau of Electronic and Appliance Repair, Home  
35 Furnishings, and Thermal Insulation.
- 36 (m) The Board of Registered Nursing.
- 37 (n) The Board of Behavioral Sciences.
- 38 (o) The State Athletic Commission.
- 39 (p) The Cemetery and Funeral Bureau.
- 40 (q) The State Board of Guide Dogs for the Blind.

- 1 (r) The Bureau of Security and Investigative Services.
- 2 (s) The Court Reporters Board of California.
- 3 (t) The Board of Vocational Nursing and Psychiatric
- 4 Technicians.
- 5 (u) The Landscape Architects Technical Committee.
- 6 (v) The Division of Investigation.
- 7 (w) The Bureau of Automotive Repair.
- 8 (x) The Respiratory Care Board of California.
- 9 (y) The Acupuncture Board.
- 10 (z) The Board of Psychology.
- 11 (aa) The California Board of Podiatric Medicine.
- 12 (ab) The Physical Therapy Board of California.
- 13 (ac) The Arbitration Review Program.
- 14 (ad) The Physician Assistant Committee.
- 15 (ae) The Speech-Language Pathology and Audiology Board.
- 16 (af) The California Board of Occupational Therapy.
- 17 (ag) The Osteopathic Medical Board of California.
- 18 (ah) The Naturopathic Medicine Committee.
- 19 (ai) The Dental Hygiene Committee of California.
- 20 (aj) The Professional Fiduciaries Bureau.
- 21 (ak) The State Board of Chiropractic Examiners.
- 22 (al) The Bureau of Real Estate.
- 23 (am) The Bureau of Real Estate Appraisers.
- 24 (an) The Structural Pest Control Board.
- 25 (ao) *The Bureau of Medical Marijuana Regulation.*
- 26 (~~ap~~)
- 27 (*ap*) Any other boards, offices, or officers subject to its
- 28 jurisdiction by law.
- 29 *SEC. 3. Section 205.1 is added to the Business and Professions*
- 30 *Code, to read:*
- 31 *205.1. Notwithstanding subdivision (a) of Section 205, the*
- 32 *Medical Marijuana Regulation and Safety Act Fund is a special*
- 33 *fund within the Professions and Vocations Fund, and is subject to*
- 34 *subdivision (b) of Section 205.*
- 35 *SEC. 4. Chapter 3.5 (commencing with Section 19300) is added*
- 36 *to Division 8 of the Business and Professions Code, to read:*

1  
2 CHAPTER 3.5. MEDICAL MARIJUANA REGULATION AND SAFETY  
3 ACT

4  
5 Article 1. Definitions  
6

7 19300. This act shall be known and may be cited as the Medical  
8 Marijuana Regulation and Safety Act.

9 19300.5. For purposes of this chapter, the following definitions  
10 shall apply:

11 (a) "Accrediting body" means a nonprofit organization that  
12 requires conformance to ISO/IEC 17025 requirements and is a  
13 signatory to the International Laboratory Accreditation  
14 Cooperation Mutual Recognition Arrangement for Testing.

15 (b) "Applicant," for purposes of Article 4 (commencing with  
16 Section 19319), means the following:

17 (1) Owner or owners of a proposed facility, including all persons  
18 or entities having ownership interest other than a security interest,  
19 lien, or encumbrance on property that will be used by the facility.

20 (2) If the owner is an entity, "owner" includes within the entity  
21 each person participating in the direction, control, or management  
22 of, or having a financial interest in, the proposed facility.

23 (3) If the applicant is a publicly traded company, "owner"  
24 means the chief executive officer or any person or entity with an  
25 aggregate ownership interest of 5 percent or more.

26 (c) "Batch" means a specific quantity of medical cannabis or  
27 medical cannabis products that is intended to have uniform  
28 character and quality, within specified limits, and is produced  
29 according to a single manufacturing order during the same cycle  
30 of manufacture.

31 (d) "Bureau" means the Bureau of Medical Marijuana  
32 Regulation within the Department of Consumer Affairs.

33 (e) "Cannabinoid" or "phytocannabinoid" means a chemical  
34 compound that is unique to and derived from cannabis.

35 (f) "Cannabis" means all parts of the plant *Cannabis sativa*  
36 *Linnaeus.*, *Cannabis indica*, or *Cannabis ruderalis*, whether  
37 growing or not; the seeds thereof; the resin, whether crude or  
38 purified, extracted from any part of the plant; and every compound,  
39 manufacture, salt, derivative, mixture, or preparation of the plant,  
40 its seeds, or resin. "Cannabis" also means the separated resin,

1 *whether crude or purified, obtained from marijuana. “Cannabis”*  
2 *also means marijuana as defined by Section 11018 of the Health*  
3 *and Safety Code as enacted by Chapter 1407 of the Statutes of*  
4 *1972. “Cannabis” does not include the mature stalks of the plant,*  
5 *fiber produced from the stalks, oil or cake made from the seeds of*  
6 *the plant, any other compound, manufacture, salt, derivative,*  
7 *mixture, or preparation of the mature stalks (except the resin*  
8 *extracted therefrom), fiber, oil, or cake, or the sterilized seed of*  
9 *the plant which is incapable of germination. For the purpose of*  
10 *this chapter, “cannabis” does not mean “industrial hemp” as*  
11 *defined by Section 81000 of the Food and Agricultural Code or*  
12 *Section 11018.5 of the Health and Safety Code.*

13 (g) *“Cannabis concentrate” means manufactured cannabis that*  
14 *has undergone a process to concentrate the cannabinoid active*  
15 *ingredient, thereby increasing the product’s potency. An edible*  
16 *medical cannabis product is not considered food, as defined by*  
17 *Section 109935 of the Health and Safety Code, or a drug, as*  
18 *defined by Section 109925 of the Health and Safety Code.*

19 (h) *“Caregiver” or “primary caregiver” has the same meaning*  
20 *as that term is defined in Section 11362.7 of the Health and Safety*  
21 *Code.*

22 (i) *“Certificate of accreditation” means a certificate issued by*  
23 *an accrediting body to a licensed testing laboratory, entity, or site*  
24 *to be registered in the state.*

25 (j) *“Chief” means Chief of the Bureau of Medical Marijuana*  
26 *Regulation within the Department of Consumer Affairs.*

27 (k) *“Commercial cannabis activity” includes cultivation,*  
28 *possession, manufacture, processing, storing, laboratory testing,*  
29 *labeling, transporting, distribution, or sale of medical cannabis*  
30 *or a medical cannabis product, except as set forth in Section 19319,*  
31 *related to qualifying patients and primary caregivers.*

32 (l) *“Cultivation” means any activity involving the planting,*  
33 *growing, harvesting, drying, curing, grading, or trimming of*  
34 *cannabis.*

35 (m) *“Delivery” means the commercial transfer of medical*  
36 *cannabis or medical cannabis products from a dispensary, up to*  
37 *an amount determined by the bureau to a primary caregiver or*  
38 *qualified patient as defined in Section 11362.7 of the Health and*  
39 *Safety Code, or a testing laboratory. “Delivery” also includes the*  
40 *use by a dispensary of any technology platform owned and*

1 controlled by the dispensary, or independently licensed under this  
2 chapter, that enables qualified patients or primary caregivers to  
3 arrange for or facilitate the commercial transfer by a licensed  
4 dispensary of medical cannabis or medical cannabis products.

5 (n) “Dispensary” means a facility where medical cannabis,  
6 medical cannabis products, or devices for the use of medical  
7 cannabis or medical cannabis products are offered, either  
8 individually or in any combination, for retail sale, including an  
9 establishment that delivers, pursuant to express authorization by  
10 local ordinance, medical cannabis and medical cannabis products  
11 as part of a retail sale.

12 (o) “Dispensing” means any activity involving the retail sale  
13 of medical cannabis or medical cannabis products from a  
14 dispensary.

15 (p) “Distribution” means the procurement, sale, and transport  
16 of medical cannabis and medical cannabis products between  
17 entities licensed pursuant to this chapter.

18 (q) “Distributor” means a person licensed under this chapter  
19 to engage in the business of purchasing medical cannabis from a  
20 licensed cultivator, or medical cannabis products from a licensed  
21 manufacturer, for sale to a licensed dispensary.

22 (r) “Dried flower” means all dead medical cannabis that has  
23 been harvested, dried, cured, or otherwise processed, excluding  
24 leaves and stems.

25 (s) “Edible cannabis product” means manufactured cannabis  
26 that is intended to be used, in whole or in part, for human  
27 consumption, including, but not limited to, chewing gum. An edible  
28 medical cannabis product is not considered food as defined by  
29 Section 109935 of the Health and Safety Code or a drug as defined  
30 by Section 109925 of the Health and Safety Code.

31 (t) “Fund” means the Medical Marijuana Regulation and Safety  
32 Act Fund established pursuant to Section 19351.

33 (u) “Identification program” means the universal identification  
34 certificate program for commercial medical cannabis activity  
35 authorized by this chapter.

36 (v) “Labor peace agreement” means an agreement between a  
37 licensee and a bona fide labor organization that, at a minimum,  
38 protects the state’s proprietary interests by prohibiting labor  
39 organizations and members from engaging in picketing, work  
40 stoppages, boycotts, and any other economic interference with the

1 applicant's business. This agreement means that the applicant has  
2 agreed not to disrupt efforts by the bona fide labor organization  
3 to communicate with, and attempt to organize and represent, the  
4 applicant's employees. The agreement shall provide a bona fide  
5 labor organization access at reasonable times to areas in which  
6 the applicant's employees work, for the purpose of meeting with  
7 employees to discuss their right to representation, employment  
8 rights under state law, and terms and conditions of employment.  
9 This type of agreement shall not mandate a particular method of  
10 election or certification of the bona fide labor organization.

11 (w) "Licensing authority" means the state agency responsible  
12 for the issuance, renewal, or reinstatement of the license, or the  
13 state agency authorized to take disciplinary action against the  
14 license.

15 (x) "Cultivation site" means a facility where medical cannabis  
16 is planted, grown, harvested, dried, cured, graded, or trimmed, or  
17 that does all or any combination of those activities, that holds a  
18 valid state license pursuant to this chapter, and that holds a valid  
19 local license or permit.

20 (y) "Manufacturer" means a person that conducts the  
21 production, preparation, propagation, or compounding of  
22 manufactured medical cannabis, as described in subdivision (ae),  
23 or medical cannabis products either directly or indirectly or by  
24 extraction methods, or independently by means of chemical  
25 synthesis or by a combination of extraction and chemical synthesis  
26 at a fixed location that packages or repackages medical cannabis  
27 or medical cannabis products or labels or relabels its container,  
28 that holds a valid state license pursuant to this chapter, and that  
29 holds a valid local license or permit.

30 (z) "Testing laboratory" means a facility, entity, or site in the  
31 state that offers or performs tests of medical cannabis or medical  
32 cannabis products and that is both of the following:

33 (1) Accredited by an accrediting body that is independent from  
34 all other persons involved in the medical cannabis industry in the  
35 state.

36 (2) Registered with the State Department of Public Health.

37 (aa) "Transporter" means a person issued a state license by  
38 the bureau to transport medical cannabis or medical cannabis  
39 products in an amount above a threshold determined by the bureau

1 *between facilities that have been issued a state license pursuant*  
2 *to this chapter.*

3 *(ab) “Licensee” means a person issued a state license under*  
4 *this chapter to engage in commercial cannabis activity.*

5 *(ac) “Live plants” means living medical cannabis flowers and*  
6 *plants, including seeds, immature plants, and vegetative stage*  
7 *plants.*

8 *(ad) “Lot” means a batch, or a specifically identified portion*  
9 *of a batch, having uniform character and quality within specified*  
10 *limits. In the case of medical cannabis or a medical cannabis*  
11 *product produced by a continuous process, “lot” means a*  
12 *specifically identified amount produced in a unit of time or a*  
13 *quantity in a manner that ensures its having uniform character*  
14 *and quality within specified limits.*

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

19 *(af) “Manufacturing site” means a location that produces,*  
20 *prepares, propagates, or compounds manufactured medical*  
21 *cannabis or medical cannabis products, directly or indirectly, by*  
22 *extraction methods, independently by means of chemical synthesis,*  
23 *or by a combination of extraction and chemical synthesis, and is*  
24 *owned and operated by a licensee for these activities.*

25 *(ag) “Medical cannabis,” “medical cannabis product,” or*  
26 *“cannabis product” means a product containing cannabis,*  
27 *including, but not limited to, concentrates and extractions, intended*  
28 *to be sold for use by medical cannabis patients in California*  
29 *pursuant to the Compassionate Use Act of 1996 (Proposition 215),*  
30 *found at Section 11362.5 of the Health and Safety Code. For the*  
31 *purposes of this chapter, “medical cannabis” does not include*  
32 *“industrial hemp” as defined by Section 81000 of the Food and*  
33 *Agricultural Code or Section 11018.5 of the Health and Safety*  
34 *Code.*

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

39 *(ai) “Permit,” “local license,” or “local permit” means an*  
40 *official document granted by a local jurisdiction that specifically*

1 *authorizes a person to conduct commercial cannabis activity in*  
2 *the local jurisdiction.*

3 (aj) *“Person” means an individual, firm, partnership, joint*  
4 *venture, association, corporation, limited liability company, estate,*  
5 *trust, business trust, receiver, syndicate, or any other group or*  
6 *combination acting as a unit and includes the plural as well as*  
7 *the singular number.*

8 (ak) *“State license,” “license,” or “registration” means a state*  
9 *license issued pursuant to this chapter.*

10 (al) *“Topical cannabis” means a product intended for external*  
11 *use. A topical cannabis product is not considered a drug as defined*  
12 *by Section 109925 of the Health and Safety Code.*

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

18 *19300.7. License classifications pursuant to this chapter are*  
19 *as follows:*

20 (a) *Type 1 = Cultivation; Specialty outdoor; Small.*

21 (b) *Type 1A = Cultivation; Specialty indoor; Small.*

22 (c) *Type 1B = Cultivation; Specialty mixed-light; Small.*

23 (d) *Type 2 = Cultivation; Outdoor; Small.*

24 (e) *Type 2A = Cultivation; Indoor; Small.*

25 (f) *Type 2B = Cultivation; Mixed-light; Small.*

26 (g) *Type 3 = Cultivation; Outdoor; Medium.*

27 (h) *Type 3A = Cultivation; Indoor; Medium.*

28 (i) *Type 3B = Cultivation; Mixed-light; Medium.*

29 (j) *Type 4 = Cultivation; Nursery.*

30 (k) *Type 6 = Manufacturer 1.*

31 (l) *Type 7 = Manufacturer 2.*

32 (m) *Type 8 = Testing.*

33 (n) *Type 10 = Dispensary; General.*

34 (o) *Type 10A = Dispensary; No more than three retail sites.*

35 (p) *Type 11 = Distribution.*

36 (q) *Type 12 = Transporter.*

1                                    *Article 2. Administration*

2  
3        *19302. There is in the Department of Consumer Affairs the*  
4 *Bureau of Medical Marijuana Regulation, under the supervision*  
5 *and control of the director. The director shall administer and*  
6 *enforce the provisions of this chapter.*

7        *19303. Protection of the public shall be the highest priority*  
8 *for the bureau in exercising its licensing, regulatory, and*  
9 *disciplinary functions under this chapter. Whenever the protection*  
10 *of the public is inconsistent with other interests sought to be*  
11 *promoted, the protection of the public shall be paramount.*

12        *19304. The bureau shall make and prescribe reasonable rules*  
13 *as may be necessary or proper to carry out the purposes and intent*  
14 *of this chapter and to enable it to exercise the powers and duties*  
15 *conferred upon it by this chapter, not inconsistent with any statute*  
16 *of this state, including particularly this chapter and Chapter 3.5*  
17 *(commencing with Section 11340) of Part 1 of Division 3 of Title*  
18 *2 of the Government Code. For the performance of its duties, the*  
19 *bureau has the power conferred by Sections 11180 to 11191,*  
20 *inclusive, of the Government Code.*

21        *19305. Notice of any action of the licensing authority required*  
22 *by this chapter to be given may be signed and given by the director*  
23 *or an authorized employee of the department and may be made*  
24 *personally or in the manner prescribed by Section 1013 of the*  
25 *Code of Civil Procedure.*

26        *19306. (a) The bureau may convene an advisory committee*  
27 *to advise the bureau and licensing authorities on the development*  
28 *of standards and regulations pursuant to this chapter, including*  
29 *best practices and guidelines to ensure qualified patients have*  
30 *adequate access to medical cannabis and medical cannabis*  
31 *products. The advisory committee members shall be determined*  
32 *by the chief.*

33        *(b) The advisory committee members may include, but not be*  
34 *limited to, representatives of the medical marijuana industry,*  
35 *representatives of medical marijuana cultivators, appropriate*  
36 *local and state agencies, appropriate local and state law*  
37 *enforcement, physicians, environmental and public health experts,*  
38 *and medical marijuana patient advocates.*

1 19307. A licensing authority may make or cause to be made  
2 such investigation as it deems necessary to carry out its duties  
3 under this chapter.

4 19308. For any hearing held pursuant to this chapter, the  
5 director, or a licensing authority, may delegate the power to hear  
6 and decide to an administrative law judge. Any hearing before an  
7 administrative law judge shall be pursuant to the procedures,  
8 rules, and limitations prescribed in Chapter 5 (commencing with  
9 Section 11500) of Part 1 of Division 3 of Title 2 of the Government  
10 Code.

11 19309. In any hearing before a licensing authority pursuant  
12 to this chapter, the licensing authority may pay any person  
13 appearing as a witness at the hearing at the request of the licensing  
14 authority pursuant to a subpoena, his or her actual, necessary,  
15 and reasonable travel, food, and lodging expenses, not to exceed  
16 the amount authorized for state employees.

17 19310. The department may on its own motion at any time  
18 before a penalty assessment is placed into effect and without any  
19 further proceedings, review the penalty, but such review shall be  
20 limited to its reduction.

21  
22 *Article 3. Enforcement*  
23

24 19311. Grounds for disciplinary action include:

25 (a) Failure to comply with the provisions of this chapter or any  
26 rule or regulation adopted pursuant to this chapter.

27 (b) Conduct that constitutes grounds for denial of licensure  
28 pursuant to Chapter 3 (commencing with Section 490) of Division  
29 1.5.

30 (c) Any other grounds contained in regulations adopted by a  
31 licensing authority pursuant to this chapter.

32 (d) Failure to comply with any state law, except as provided for  
33 in this chapter or other California law.

34 19312. Each licensing authority may suspend or revoke  
35 licenses, after proper notice and hearing to the licensee, if the  
36 licensee is found to have committed any of the acts or omissions  
37 constituting grounds for disciplinary action. The disciplinary  
38 proceedings under this chapter shall be conducted in accordance  
39 with Chapter 5 (commencing with Section 11500) of Part 1 of

1 *Division 3 of Title 2 of the Government Code, and the director of*  
2 *each licensing authority shall have all the powers granted therein.*

3 *19313. Each licensing authority may take disciplinary action*  
4 *against a licensee for any violation of this chapter when the*  
5 *violation was committed by the licensee's agent or employee while*  
6 *acting on behalf of the licensee or engaged in commercial cannabis*  
7 *activity.*

8 *19313.5. Upon suspension or revocation of a license, the*  
9 *licensing authority shall inform the bureau. The bureau shall then*  
10 *inform all other licensing authorities and the Department of Food*  
11 *and Agriculture.*

12 *19314. All accusations against licensees shall be filed by the*  
13 *licensing authority within five years after the performance of the*  
14 *act or omission alleged as the ground for disciplinary action;*  
15 *provided, however, that the foregoing provision shall not constitute*  
16 *a defense to an accusation alleging fraud or misrepresentation as*  
17 *a ground for disciplinary action. The cause for disciplinary action*  
18 *in such case shall not be deemed to have accrued until discovery,*  
19 *by the licensing authority, of the facts constituting the fraud or*  
20 *misrepresentation, and, in such case, the accusation shall be filed*  
21 *within five years after such discovery.*

22 *19315. (a) Nothing in this chapter shall be interpreted to*  
23 *supersede or limit existing local authority for law enforcement*  
24 *activity, enforcement of local zoning requirements or local*  
25 *ordinances, or enforcement of local permit or licensing*  
26 *requirements.*

27 *(b) Nothing in this chapter shall be interpreted to require the*  
28 *Department of Consumer Affairs to undertake local law*  
29 *enforcement responsibilities, enforce local zoning requirements,*  
30 *or enforce local licensing requirements.*

31 *(c) Nothing in this chapter shall be interpreted to supersede or*  
32 *limit state agencies from exercising their existing enforcement*  
33 *authority under the Fish and Game Code, the Water Code, the*  
34 *Food and Agricultural Code, or the Health and Safety Code.*

35 *19316. (a) Pursuant to Section 7 of Article XI of the California*  
36 *Constitution, a city, county, or city and county may adopt*  
37 *ordinances that establish additional standards, requirements, and*  
38 *regulations for local licenses and permits for commercial cannabis*  
39 *activity. Any standards, requirements, and regulations regarding*  
40 *health and safety, testing, security, and worker protections*

1 *established by the state shall be the minimum standards for all*  
2 *licensees statewide.*

3 *(b) For facilities issued a state license that are located within*  
4 *the incorporated area of a city, the city shall have full power and*  
5 *authority to enforce this chapter and the regulations promulgated*  
6 *by the bureau or any licensing authority, if delegated by the state.*  
7 *Notwithstanding Sections 101375, 101400, and 101405 of the*  
8 *Health and Safety Code or any contract entered into pursuant*  
9 *thereto, or any other law, the city shall further assume complete*  
10 *responsibility for any regulatory function relating to those licensees*  
11 *within the city limits that would otherwise be performed by the*  
12 *county or any county officer or employee, including a county health*  
13 *officer, without liability, cost, or expense to the county.*

14 *(c) Nothing in this chapter, or any regulations promulgated*  
15 *thereunder, shall be deemed to limit the authority or remedies of*  
16 *a city, county, or city and county under any provision of law,*  
17 *including, but not limited to, Section 7 of Article XI of the*  
18 *California Constitution.*

19 *19317. (a) The actions of a licensee, its employees, and its*  
20 *agents that are (1) permitted pursuant to both a state license and*  
21 *a license or permit issued by the local jurisdiction following the*  
22 *requirements of the applicable local ordinances, and (2) conducted*  
23 *in accordance with the requirements of this chapter and regulations*  
24 *adopted pursuant to this chapter, are not unlawful under state law*  
25 *and shall not be an offense subject to arrest, prosecution, or other*  
26 *sanction under state law, or be subject to a civil fine or be a basis*  
27 *for seizure or forfeiture of assets under state law.*

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

36 *19318. (a) A person engaging in commercial cannabis activity*  
37 *without a license required by this chapter shall be subject to civil*  
38 *penalties of up to twice the amount of the license fee for each*  
39 *violation, and the court may order the destruction of medical*  
40 *cannabis associated with that violation in accordance with Section*

1 11479 of the Health and Safety Code. Each day of operation shall  
 2 constitute a separate violation of this section. All civil penalties  
 3 imposed and collected pursuant to this section by a licensing  
 4 authority shall be deposited into the Medical Cannabis Fines and  
 5 Penalties Account established pursuant to Section 19351.

6 (b) If an action for civil penalties is brought against a licensee  
 7 pursuant to this chapter by the Attorney General on behalf of the  
 8 people, the penalty collected shall be deposited into the Medical  
 9 Cannabis Fines and Penalties Account established pursuant to  
 10 Section 19351. If the action is brought by a district attorney or  
 11 county counsel, the penalty collected shall be paid to the treasurer  
 12 of the county in which the judgment was entered. If the action is  
 13 brought by a city attorney or city prosecutor, the penalty collected  
 14 shall be paid to the treasurer of the city or city and county in which  
 15 the judgment was entered. If the action is brought by a city attorney  
 16 and is adjudicated in a superior court located in the  
 17 unincorporated area or another city in the same county, the penalty  
 18 shall be paid one-half to the treasurer of the city in which the  
 19 complaining attorney has jurisdiction and one-half to the treasurer  
 20 of the county in which the judgment is entered.

21 (c) Notwithstanding subdivision (a), criminal penalties shall  
 22 continue to apply to an unlicensed person engaging in commercial  
 23 cannabis activity in violation of this chapter, including, but not  
 24 limited to, those individuals covered under Section 11362.7 of the  
 25 Health and Safety Code.

26  
 27  
 28

#### Article 4. Licensing

29 19320. (a) Licensing authorities administering this chapter  
 30 may issue state licenses only to qualified applicants engaging in  
 31 commercial cannabis activity pursuant to this chapter. Upon the  
 32 date of implementation of regulations by the licensing authority,  
 33 no person shall engage in commercial cannabis activity without  
 34 possessing both a state license and a local permit, license, or other  
 35 authorization. A licensee shall not commence activity under the  
 36 authority of a state license until the applicant has obtained, in  
 37 addition to the state license, a license or permit from the local  
 38 jurisdiction in which he or she proposes to operate, following the  
 39 requirements of the applicable local ordinance.

1     ***(b) Revocation of a local license, permit, or other authorization***  
2 *shall terminate the ability of a medical cannabis business to*  
3 *operate within that local jurisdiction until the local jurisdiction*  
4 *reinstates or reissues the local license, permit, or other required*  
5 *authorization. Local authorities shall notify the bureau upon*  
6 *revocation of a local license. The bureau shall inform relevant*  
7 *licensing authorities.*

8     ***(c) Revocation of a state license shall terminate the ability of a***  
9 *medical cannabis licensee to operate within California until the*  
10 *licensing authority reinstates or reissues the state license. Each*  
11 *licensee shall obtain a separate license for each location where it*  
12 *engages in commercial medical cannabis activity. However,*  
13 *transporters only need to obtain licenses for each physical location*  
14 *where the licensee conducts business while not in transport, or*  
15 *any equipment that is not currently transporting medical cannabis*  
16 *or medical cannabis products, permanently resides.*

17     ***(d) In addition to the provisions of this chapter, local***  
18 *jurisdictions retain the power to assess fees and taxes, as*  
19 *applicable, on facilities that are licensed pursuant to this chapter*  
20 *and the business activities of those licensees.*

21     ***(e) Nothing in this chapter shall be construed to supersede or***  
22 *limit state agencies, including the State Water Resources Control*  
23 *Board and Department of Fish and Wildlife, from establishing*  
24 *fees to support their medical cannabis regulatory programs.*

25     **19321. (a) The Department of Consumer Affairs, the**  
26 *Department of Food and Agriculture, and the State Department*  
27 *of Public Health shall promulgate regulations for implementation*  
28 *of their respective responsibilities in the administration of this*  
29 *chapter.*

30     ***(b) A license issued pursuant to this section shall be valid for***  
31 *12 months from the date of issuance. The license shall be renewed*  
32 *annually. Each licensing authority shall establish procedures for*  
33 *the renewal of a license.*

34     ***(c) Notwithstanding subdivision (a) of Section 19320, a facility***  
35 *or entity that is operating in compliance with local zoning*  
36 *ordinances and other state and local requirements on or before*  
37 *January 1, 2018, may continue its operations until its application*  
38 *for licensure is approved or denied pursuant to this chapter. In*  
39 *issuing licenses, the licensing authority shall prioritize any facility*  
40 *or entity that can demonstrate to the authority's satisfaction that*

1 *it was in operation and in good standing with the local jurisdiction*  
2 *by January 1, 2016.*

3 *(d) Issuance of a state license or a determination of compliance*  
4 *with local law by the licensing authority shall in no way limit the*  
5 *ability of the City of Los Angeles to prosecute any person or entity*  
6 *for a violation of, or otherwise enforce, Proposition D, approved*  
7 *by the voters of the City of Los Angeles on the May 21, 2013, ballot*  
8 *for the city, or the city's zoning laws. Nor may issuance of a license*  
9 *or determination of compliance with local law by the licensing*  
10 *authority be deemed to establish, or be relied upon, in determining*  
11 *satisfaction with the immunity requirements of Proposition D or*  
12 *local zoning law, in court or in any other context or forum.*

13

14 *Article 5. Medical Marijuana Regulation*

15

16 *19326. (a) A person other than a licensed transporter shall*  
17 *not transport medical cannabis or medical cannabis products from*  
18 *one licensee to another licensee, unless otherwise specified in this*  
19 *chapter.*

20 *(b) All licensees holding cultivation or manufacturing licenses*  
21 *shall send all medical cannabis and medical cannabis products*  
22 *cultivated or manufactured to a distributor, as defined in Section*  
23 *19300.5, for quality assurance and inspection by the Type 11*  
24 *licensee and for a batch testing by a Type 8 licensee prior to*  
25 *distribution to a dispensary. Those licensees holding a Type 10A*  
26 *license in addition to a cultivation license or a manufacturing*  
27 *license shall send all medical cannabis and medical cannabis*  
28 *products to a Type 11 licensee for presale inspection and for a*  
29 *batch testing by a Type 8 licensee prior to dispensing any product.*  
30 *The licensing authority shall fine a licensee who violates this*  
31 *subdivision in an amount determined by the licensing authority to*  
32 *be reasonable.*

33 *(c) (1) Upon receipt of medical cannabis or medical cannabis*  
34 *products by a holder of a cultivation or manufacturing license,*  
35 *the Type 11 licensee shall first inspect the product to ensure the*  
36 *identity and quantity of the product and then ensure a random*  
37 *sample of the medical cannabis or medical cannabis product is*  
38 *tested by a Type 8 licensee prior to distributing the batch of*  
39 *medical cannabis or medical cannabis products.*

1 (2) Upon issuance of a certificate of analysis by the Type 8  
2 licensee that the product is fit for manufacturing or retail, all  
3 medical cannabis and medical cannabis products shall undergo  
4 a quality assurance review by the Type 11 licensee prior to  
5 distribution to ensure the quantity and content of the medical  
6 cannabis or medical cannabis product, and for tracking and  
7 taxation purposes by the state. Licensed cultivators and  
8 manufacturers shall package or seal all medical cannabis and  
9 medical cannabis products in tamper-evident packaging and use  
10 a unique identifier, as prescribed by the Department of Food and  
11 Agriculture, for the purpose of identifying and tracking medical  
12 cannabis or medical cannabis products. Medical cannabis and  
13 medical cannabis products shall be labeled as required by Section  
14 19347. All packaging and sealing shall be completed prior to  
15 medical cannabis or medical cannabis products being transported  
16 or delivered to a licensee, qualified patient, or caregiver.

17 (3) This section does not limit the ability of licensed cultivators,  
18 manufacturers, and dispensaries to directly enter into contracts  
19 with one another indicating the price and quantity of medical  
20 cannabis or medical cannabis products to be distributed. However,  
21 a Type 11 licensee responsible for executing the contract is  
22 authorized to collect a fee for the services rendered, including,  
23 but not limited to, costs incurred by a Type 8 licensee, as well as  
24 applicable state or local taxes and fees.

25 (d) Medical cannabis and medical cannabis products shall be  
26 tested by a registered testing laboratory, prior to retail sale or  
27 dispensing, as follows:

28 (1) Medical cannabis from dried flower shall, at a minimum,  
29 be tested for concentration, pesticides, mold, and other  
30 contaminants.

31 (2) Medical cannabis extracts shall, at a minimum, be tested  
32 for concentration and purity of the product.

33 (3) This chapter shall not prohibit a licensee from performing  
34 on-site testing for the purposes of quality assurance of the product  
35 in conjunction with reasonable business operations. On-site testing  
36 by the licensee shall not be certified by the State Department of  
37 Public Health.

38 (e) All commercial cannabis activity shall be conducted between  
39 licensees, when these are available.

1 19327. (a) A licensee shall keep accurate records of  
2 commercial cannabis activity.

3 (b) All records related to commercial cannabis activity as  
4 defined by the licensing authorities shall be maintained for a  
5 minimum of seven years.

6 (c) The bureau may examine the books and records of a licensee  
7 and inspect the premises of a licensee as the licensing authority  
8 or a state or local agency deems necessary to perform its duties  
9 under this chapter. All inspections shall be conducted during  
10 standard business hours of the licensed facility or at any other  
11 reasonable time.

12 (d) Licensees shall keep records identified by the licensing  
13 authorities on the premises of the location licensed. The licensing  
14 authorities may make any examination of the records of any  
15 licensee. Licensees shall also provide and deliver copies of  
16 documents to the licensing agency upon request.

17 (e) A licensee or its agent, or employee, that refuses, impedes,  
18 obstructs, or interferes with an inspection of the premises or  
19 records of the licensee pursuant to this section has engaged in a  
20 violation of this chapter.

21 (f) If a licensee or an employee of a licensee fails to maintain  
22 or provide the records required pursuant to this section, the  
23 licensee shall be subject to a citation and fine of thirty thousand  
24 dollars (\$30,000) per individual violation.

25 19328. (a) A licensee may only hold a state license in up to  
26 two separate license categories, as follows:

27 (1) Type 1, 1A, 1B, 2, 2A, or 2B licensees may also hold either  
28 a Type 6 or 7 state license.

29 (2) Type 6 or 7 licensees, or a combination thereof, may also  
30 hold either a Type 1, 1A, 1B, 2, 2A, or 2B state license.

31 (3) Type 6 or 7 licensees, or a combination thereof, may also  
32 hold a Type 10A state license.

33 (4) Type 10A licensees may also hold either a Type 6 or 7 state  
34 license, or a combination thereof.

35 (5) Type 1, 1A, 1B, 2, 2A, or 2B licensees, or a combination  
36 thereof, may also hold a Type 10A state license.

37 (6) Type 10A licensees may apply for Type 1, 1A, 1B, 2, 2A, or  
38 2B state license, or a combination thereof.

39 (7) Type 11 licensees shall apply for a Type 12 state license,  
40 but shall not apply for any other type of state license.

1 (8) *Type 12 licensees may apply for a Type 11 state license.*

2 (9) *A Type 10A licensee may apply for a Type 6 or 7 state license*  
3 *and hold a 1, 1A, 1B, 2, 2A, 2B, 3, 3A, 3B, 4 or combination thereof*  
4 *if, under the 1, 1A, 1B, 2, 2A, 2B, 3, 3A, 3B, 4 or combination of*  
5 *licenses thereof, no more than four acres of total canopy size of*  
6 *cultivation by the licensee is occurring throughout the state during*  
7 *the period that the respective licenses are valid. All cultivation*  
8 *pursuant to this section shall comply with local ordinances. This*  
9 *paragraph shall become inoperative on January 1, 2026.*

10 (b) *Except as provided in subdivision (a), a person or entity*  
11 *that holds a state license is prohibited from licensure for any other*  
12 *activity authorized under this chapter, and is prohibited from*  
13 *holding an ownership interest in real property, personal property,*  
14 *or other assets associated with or used in any other license*  
15 *category.*

16 (c) (1) *In a jurisdiction that adopted a local ordinance, prior*  
17 *to July 1, 2015, allowing or requiring qualified businesses to*  
18 *cultivate, manufacture, and dispense medical cannabis or medical*  
19 *cannabis products, with all commercial cannabis activity being*  
20 *conducted by a single qualified business, upon licensure that*  
21 *business shall not be subject to subdivision (a) if it meets all of the*  
22 *following conditions:*

23 (A) *The business was cultivating, manufacturing, and dispensing*  
24 *medical cannabis or medical cannabis products on July 1, 2015,*  
25 *and has continuously done so since that date.*

26 (B) *The business has been in full compliance with all applicable*  
27 *local ordinances at all times prior to licensure.*

28 (C) *The business is registered with the State Board of*  
29 *Equalization.*

30 (2) *A business licensed pursuant to paragraph (1) is not required*  
31 *to conduct all cultivation or manufacturing within the bounds of*  
32 *a local jurisdiction, but all cultivation and manufacturing shall*  
33 *have commenced prior to July 1, 2015, and have been in full*  
34 *compliance with applicable local ordinances.*

35 (d) *This section shall remain in effect only until January 1, 2026,*  
36 *and as of that date is repealed.*

37 19329. *A licensee shall not also be licensed as a retailer of*  
38 *alcoholic beverages pursuant to Division 9 (commencing with*  
39 *Section 23000).*

1 19330. *This chapter and Article 2 (commencing with Section*  
 2 *11357) and Article 2.5 (commencing with Section 11362.7) of*  
 3 *Chapter 6 of Division 10 of the Health and Safety Code shall not*  
 4 *interfere with an employer’s rights and obligations to maintain a*  
 5 *drug and alcohol free workplace or require an employer to permit*  
 6 *or accommodate the use, consumption, possession, transfer,*  
 7 *display, transportation, sale, or growth of cannabis in the*  
 8 *workplace or affect the ability of employers to have policies*  
 9 *prohibiting the use of cannabis by employees and prospective*  
 10 *employees, or prevent employers from complying with state or*  
 11 *federal law.*

12  
 13 *Article 7. Licensed Distributors, Dispensaries, and Transporters*

14  
 15 19334. (a) *State licenses to be issued by the Department of*  
 16 *Consumer Affairs are as follows:*

17 (1) *“Dispensary,” as defined in this chapter. This license shall*  
 18 *allow for delivery pursuant to Section 19340.*

19 (2) *“Distributor,” for the distribution of medical cannabis and*  
 20 *medical cannabis products from manufacturer to dispensary. A*  
 21 *Type 11 licensee shall hold a Type 12, or transporter, license and*  
 22 *register each location where product is stored for the purposes of*  
 23 *distribution. A Type 11 licensee shall not hold a license in a*  
 24 *cultivation, manufacturing, dispensing, or testing license category*  
 25 *and shall not own, or have an ownership interest in, a facility*  
 26 *licensed in those categories other than a security interest, lien, or*  
 27 *encumbrance on property that is used by a licensee. A Type 11*  
 28 *licensee shall be bonded and insured at a minimum level*  
 29 *established by the licensing authority.*

30 (3) *“Transport,” for transporters of medical cannabis or*  
 31 *medical cannabis products between licensees. A Type 12 licensee*  
 32 *shall be bonded and insured at a minimum level established by*  
 33 *the licensing authority.*

34 (4) *“Special dispensary status” for dispensers who have no*  
 35 *more than three licensed dispensary facilities. This license shall*  
 36 *allow for delivery where expressly authorized by local ordinance.*

37 (b) *The bureau shall establish minimum security requirements*  
 38 *for the commercial transportation and delivery of medical cannabis*  
 39 *and products.*

1 (c) A licensed dispensary shall implement sufficient security  
2 measures to both deter and prevent unauthorized entrance into  
3 areas containing medical cannabis or medical cannabis products  
4 and theft of medical cannabis or medical cannabis products at the  
5 dispensary. These security measures shall include, but not be  
6 limited to, all of the following:

7 (1) Preventing individuals from remaining on the premises of  
8 the dispensary if they are not engaging in activity expressly related  
9 to the operations of the dispensary.

10 (2) Establishing limited access areas accessible only to  
11 authorized dispensary personnel.

12 (3) Storing all finished medical cannabis and medical cannabis  
13 products in a secured and locked room, safe, or vault, and in a  
14 manner as to prevent diversion, theft, and loss, except for limited  
15 amounts of cannabis used for display purposes, samples, or  
16 immediate sale.

17 (d) A dispensary shall notify the licensing authority and the  
18 appropriate law enforcement authorities within 24 hours after  
19 discovering any of the following:

20 (1) Significant discrepancies identified during inventory. The  
21 level of significance shall be determined by the bureau.

22 (2) Diversion, theft, loss, or any criminal activity involving the  
23 dispensary or any agent or employee of the dispensary.

24 (3) The loss or unauthorized alteration of records related to  
25 cannabis, registered qualifying patients, primary caregivers, or  
26 dispensary employees or agents.

27 (4) Any other breach of security.

28  
29 Article 9. Delivery

30  
31 19340. (a) Deliveries, as defined in this chapter, can only be  
32 made by a dispensary and in a city, county, or city and county that  
33 does not explicitly prohibit it by local ordinance.

34 (b) Upon approval of the licensing authority, a licensed  
35 dispensary that delivers medical cannabis or medical cannabis  
36 products shall comply with both of the following:

37 (1) The city, county, or city and county in which the licensed  
38 dispensary is located, and in which each delivery is made, do not  
39 explicitly by ordinance prohibit delivery, as defined in Section  
40 19300.5.

1 (2) All employees of a dispensary delivering medical cannabis  
2 or medical cannabis products shall carry a copy of the dispensary's  
3 current license authorizing those services with them during  
4 deliveries and the employee's government-issued identification,  
5 and shall present that license and identification upon request to  
6 state and local law enforcement, employees of regulatory  
7 authorities, and other state and local agencies enforcing this  
8 chapter.

9 (c) A county shall have the authority to impose a tax, pursuant  
10 to Article 11 (commencing with Section 19348), on each delivery  
11 transaction completed by a licensee.

12 (d) During delivery, the licensee shall maintain a physical copy  
13 of the delivery request and shall make it available upon request  
14 of the licensing authority and law enforcement officers. The  
15 delivery request documentation shall comply with state and federal  
16 law regarding the protection of confidential medical information.

17 (e) The qualified patient or primary caregiver requesting the  
18 delivery shall maintain a copy of the delivery request and shall  
19 make it available, upon request, to the licensing authority and law  
20 enforcement officers.

21 (f) A local jurisdiction shall not prevent carriage of medical  
22 cannabis or medical cannabis products on public roads by a  
23 licensee acting in compliance with this chapter.

24

#### 25 Article 10. Licensed Manufacturers and Licensed Laboratories

26

27 19341. The State Department of Public Health shall promulgate  
28 regulations governing the licensing of cannabis manufacturers  
29 and testing laboratories. Licenses to be issued are as follows:

30 (a) "Manufacturing level 1," for manufacturing sites that  
31 produce medical cannabis products using nonvolatile solvents.

32 (b) "Manufacturing level 2," for manufacturing sites that  
33 produce medical cannabis products using volatile solvents. The  
34 State Department of Public Health shall limit the number of  
35 licenses of this type.

36 (c) "Testing," for testing of medical cannabis and medical  
37 cannabis products. Testing licensees shall have their facilities  
38 licensed according to regulations set forth by the division. A testing  
39 licensee shall not hold a license in another license category of this

1 *chapter and shall not own or have ownership interest in a facility*  
2 *licensed pursuant to this chapter.*

3 19342. (a) *For the purposes of testing medical cannabis or*  
4 *medical cannabis products, licensees shall use a licensed testing*  
5 *laboratory that has adopted a standard operating procedure using*  
6 *methods consistent with general requirements for the competence*  
7 *of testing and calibration activities, including sampling, using*  
8 *standard methods established by the International Organization*  
9 *for Standardization, specifically ISO/IEC 17020 and ISO/IEC*  
10 *17025 to test medical cannabis and medical cannabis products*  
11 *that are approved by an accrediting body that is a signatory to the*  
12 *International Laboratory Accreditation Cooperation Mutual*  
13 *Recognition Arrangement.*

14 (b) *An agent of a licensed testing laboratory shall obtain*  
15 *samples according to a statistically valid sampling method for*  
16 *each lot.*

17 (c) *A licensed testing laboratory shall analyze samples*  
18 *according to either of the following:*

19 (1) *The most current version of the cannabis inflorescence*  
20 *monograph published by the American Herbal Pharmacopoeia.*

21 (2) *Scientifically valid methodology that is demonstrably equal*  
22 *or superior to paragraph (1), in the opinion of the accrediting*  
23 *body.*

24 (d) *If a test result falls outside the specifications authorized by*  
25 *law or regulation, the licensed testing laboratory shall follow a*  
26 *standard operating procedure to confirm or refute the original*  
27 *result.*

28 (e) *A licensed testing laboratory shall destroy the remains of*  
29 *the sample of medical cannabis or medical cannabis product upon*  
30 *completion of the analysis.*

31 19343. *A licensed testing laboratory shall not handle, test, or*  
32 *analyze medical cannabis or medical cannabis products unless*  
33 *the licensed testing laboratory meets all of the following:*

34 (a) *Is registered by the State Department of Public Health.*

35 (b) *Is independent from all other persons and entities involved*  
36 *in the medical cannabis industry.*

37 (c) *Follows the methodologies, ranges, and parameters that are*  
38 *contained in the scope of the accreditation for testing medical*  
39 *cannabis or medical cannabis products. The testing lab shall also*

1 *comply with any other requirements specified by the State*  
2 *Department of Public Health.*

3 *(d) Notifies the State Department of Public Health within one*  
4 *business day after the receipt of notice of any kind that its*  
5 *accreditation has been denied, suspended, or revoked.*

6 *(e) Has established standard operating procedures that provide*  
7 *for adequate chain of custody controls for samples transferred to*  
8 *the licensed testing laboratory for testing.*

9 *19344. (a) A licensed testing laboratory shall issue a certificate*  
10 *of analysis for each lot, with supporting data, to report both of the*  
11 *following:*

12 *(1) Whether the chemical profile of the lot conforms to the*  
13 *specifications of the lot for compounds, including, but not limited*  
14 *to, all of the following:*

15 *(A) Tetrahydrocannabinol (THC).*

16 *(B) Tetrahydrocannabinolic Acid (THCA).*

17 *(C) Cannabidiol (CBD).*

18 *(D) Cannabidiolic Acid (CBDA).*

19 *(E) The terpenes described in the most current version of the*  
20 *cannabis inflorescence monograph published by the American*  
21 *Herbal Pharmacopoeia.*

22 *(F) Cannabigerol (CBG).*

23 *(G) Cannabinol (CBN).*

24 *(H) Any other compounds required by the State Department of*  
25 *Public Health.*

26 *(2) That the presence of contaminants does not exceed the levels*  
27 *that are the lesser of either the most current version of the*  
28 *American Herbal Pharmacopoeia monograph or the State*  
29 *Department of Public Health. For purposes of this paragraph,*  
30 *contaminants includes, but is not limited to, all of the following:*

31 *(A) Residual solvent or processing chemicals.*

32 *(B) Foreign material, including, but not limited to, hair, insects,*  
33 *or similar or related adulterant.*

34 *(C) Microbiological impurity, including total aerobic microbial*  
35 *count, total yeast mold count, *P. aeruginosa*, *aspergillus spp.*, *s.**  
36 *aureus, aflatoxin B1, B2, G1, or G2, or ochratoxin A.*

37 *(D) Whether the batch is within specification for odor and*  
38 *appearance.*

39 *(b) Residual levels of volatile organic compounds shall be below*  
40 *the lesser of either the specifications set by the United States*

1 *Pharmacopeia (U.S.P. Chapter 467) or those set by the State*  
2 *Department of Public Health.*

3 19345. (a) *Except as provided in this chapter, a licensed*  
4 *testing laboratory shall not acquire or receive medical cannabis*  
5 *or medical cannabis products except from a licensed facility in*  
6 *accordance with this chapter, and shall not distribute, sell, deliver,*  
7 *transfer, transport, or dispense medical cannabis or medical*  
8 *cannabis products, from which the medical cannabis or medical*  
9 *cannabis products were acquired or received. All transfer or*  
10 *transportation shall be performed pursuant to a specified chain*  
11 *of custody protocol.*

12 (b) *A licensed testing laboratory may receive and test samples*  
13 *of medical cannabis or medical cannabis products from a qualified*  
14 *patient or primary caregiver only if he or she presents his or her*  
15 *valid recommendation for cannabis for medical purposes from a*  
16 *physician. A licensed testing laboratory shall not certify samples*  
17 *from a qualified patient or caregiver for resale or transfer to*  
18 *another party or licensee. All tests performed by a licensed testing*  
19 *laboratory for a qualified patient or caregiver shall be recorded*  
20 *with the name of the qualified patient or caregiver and the amount*  
21 *of medical cannabis or medical cannabis product received.*

22 (c) *The State Department of Public Health shall develop*  
23 *procedures to ensure that testing of cannabis occurs prior to*  
24 *delivery to dispensaries or any other business, specify how often*  
25 *licensees shall test cannabis and that the cost of testing shall be*  
26 *borne by the licensed cultivators, and require destruction of*  
27 *harvested batches whose testing samples indicate noncompliance*  
28 *with health and safety standards promulgated by the State*  
29 *Department of Public Health, unless remedial measures can bring*  
30 *the cannabis into compliance with quality assurance standards as*  
31 *promulgated by the State Department of Public Health.*

32 (d) *The State Department of Public Health shall establish a*  
33 *licensing fee, and laboratories shall pay a fee to be licensed.*  
34 *Licensing fees shall not exceed the reasonable regulatory cost of*  
35 *the licensing activities.*

36 19347. (a) *Prior to delivery or sale at a dispensary, medical*  
37 *cannabis products shall be labeled and in a tamper-evident*  
38 *package. Labels and packages of medical cannabis products shall*  
39 *meet the following requirements:*

- 1 (1) *Medical cannabis packages and labels shall not be made to*
- 2 *be attractive to children.*
- 3 (2) *All medical cannabis product labels shall include the*
- 4 *following information, prominently displayed and in a clear and*
- 5 *legible font:*
- 6 (A) *Manufacture date and source.*
- 7 (B) *The statement “SCHEDULE I CONTROLLED*
- 8 *SUBSTANCE.”*
- 9 (C) *The statement “KEEP OUT OF REACH OF CHILDREN*
- 10 *AND ANIMALS” in bold print.*
- 11 (D) *The statement “FOR MEDICAL USE ONLY.”*
- 12 (E) *The statement “THE INTOXICATING EFFECTS OF THIS*
- 13 *PRODUCT MAY BE DELAYED BY UP TO TWO HOURS.”*
- 14 (F) *The statement “THIS PRODUCT MAY IMPAIR THE*
- 15 *ABILITY TO DRIVE OR OPERATE MACHINERY. PLEASE USE*
- 16 *EXTREME CAUTION.”*
- 17 (G) *For packages containing only dried flower, the net weight*
- 18 *of medical cannabis in the package.*
- 19 (H) *A warning if nuts or other known allergens are used.*
- 20 (I) *List of pharmacologically active ingredients, including, but*
- 21 *not limited to, tetrahydrocannabinol (THC), cannabidiol (CBD),*
- 22 *and other cannabinoid content, the THC and other cannabinoid*
- 23 *amount in milligrams per serving, servings per package, and the*
- 24 *THC and other cannabinoid amount in milligrams for the package*
- 25 *total.*
- 26 (J) *Clear indication, in bold type, that the product contains*
- 27 *medical cannabis.*
- 28 (K) *Identification of the source and date of cultivation and*
- 29 *manufacture.*
- 30 (L) *Any other requirement set by the bureau.*
- 31 (M) *Information associated with the unique identifier issued by*
- 32 *the Department of Food and Agriculture pursuant to Section*
- 33 *11362.777 of the Health and Safety Code.*
- 34 (b) *Only generic food names may be used to describe edible*
- 35 *medical cannabis products.*

Article 14. Reporting

19353. Beginning on March 1, 2023, and on or before March 1 of each following year, each licensing authority shall prepare

1 and submit to the Legislature an annual report on the authority's  
2 activities and post the report on the authority's Internet Web site.  
3 The report shall include, but not be limited to, the following  
4 information for the previous fiscal year:

5 (a) The amount of funds allocated and spent by the licensing  
6 authority for medical cannabis licensing, enforcement, and  
7 administration.

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

10 (c) The average time for processing state license applications,  
11 by state license category.

12 (d) The number and type of enforcement activities conducted  
13 by the licensing authorities and by local law enforcement agencies  
14 in conjunction with the licensing authorities or the bureau.

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

17 19354. The bureau shall contract with the California Marijuana  
18 Research Program, known as the Center for Medicinal Cannabis  
19 Research, authorized pursuant to Section 11362.9 of the Health  
20 and Safety Code, to develop a study that identifies the impact that  
21 cannabis has on motor skills.

22

23

#### Article 15. Privacy

24

25 19355. (a) Information identifying the names of patients, their  
26 medical conditions, or the names of their primary caregivers  
27 received and contained in records kept by the office or licensing  
28 authorities for the purposes of administering this chapter are  
29 confidential and shall not be disclosed pursuant to the California  
30 Public Records Act (Chapter 3.5 (commencing with Section 6250)  
31 of Division 7 of Title 1 of the Government Code), except as  
32 necessary for authorized employees of the State of California or  
33 any city, county, or city and county to perform official duties  
34 pursuant to this chapter, or a local ordinance.

35 (b) Information identifying the names of patients, their medical  
36 conditions, or the names of their primary caregivers received and  
37 contained in records kept by the bureau for the purposes of  
38 administering this chapter shall be maintained in accordance with  
39 Chapter 1 (commencing with Section 123100) of Part 1 of Division  
40 106 of the Health and Safety Code, Part 2.6 (commencing with

1 Section 56) of Division 1 of the Civil Code, and other state and  
2 federal laws relating to confidential patient information.

3 (c) Nothing in this section precludes the following:

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

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

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

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

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

20 SEC. 5. Section 9147.7 of the Government Code is amended  
21 to read:

22 9147.7. (a) For the purpose of this section, “eligible agency”  
23 means any agency, authority, board, bureau, commission,  
24 conservancy, council, department, division, or office of state  
25 government, however denominated, excluding an agency that is  
26 constitutionally created or an agency related to postsecondary  
27 education, for which a date for repeal has been established by  
28 statute on or after January 1, 2011.

29 (b) The Joint Sunset Review Committee is hereby created to  
30 identify and eliminate waste, duplication, and inefficiency in  
31 government agencies. The purpose of the committee is to conduct  
32 a comprehensive analysis over 15 years, and on a periodic basis  
33 thereafter, of every eligible agency to determine if the agency is  
34 still necessary and cost effective.

35 (c) Each eligible agency scheduled for repeal shall submit to  
36 the committee, on or before December 1 prior to the year it is set  
37 to be repealed, a complete agency report covering the entire period  
38 since last reviewed, including, but not limited to, the following:

39 (1) The purpose and necessity of the agency.

1 (2) A description of the agency budget, priorities, and job  
2 descriptions of employees of the agency.

3 (3) Any programs and projects under the direction of the agency.

4 (4) Measures of the success or failures of the agency and  
5 justifications for the metrics used to evaluate successes and failures.

6 (5) Any recommendations of the agency for changes or  
7 reorganization in order to better fulfill its purpose.

8 (d) The committee shall take public testimony and evaluate the  
9 eligible agency prior to the date the agency is scheduled to be  
10 repealed. An eligible agency shall be eliminated unless the  
11 Legislature enacts a law to extend, consolidate, or reorganize the  
12 eligible agency. No eligible agency shall be extended in perpetuity  
13 unless specifically exempted from the provisions of this section.  
14 The committee may recommend that the Legislature extend the  
15 statutory sunset date for no more than one year to allow the  
16 committee more time to evaluate the eligible agency.

17 (e) The committee shall be comprised of 10 members of the  
18 Legislature. The Senate Committee on Rules shall appoint five  
19 members of the Senate to the committee, not more than three of  
20 whom shall be members of the same political party. The Speaker  
21 of the Assembly shall appoint five members of the Assembly to  
22 the committee, not more than three of whom shall be members of  
23 the same political party. Members shall be appointed within 15  
24 days after the commencement of the regular session. Each member  
25 of the committee who is appointed by the Senate Committee on  
26 Rules or the Speaker of the Assembly shall serve during that  
27 committee member's term of office or until that committee member  
28 no longer is a Member of the Senate or the Assembly, whichever  
29 is applicable. A vacancy on the committee shall be filled in the  
30 same manner as the original appointment. Three Assembly  
31 Members and three Senators who are members of the committee  
32 shall constitute a quorum for the conduct of committee business.  
33 Members of the committee shall receive no compensation for their  
34 work with the committee.

35 (f) The committee shall meet not later than 30 days after the  
36 first day of the regular session to choose a chairperson and to  
37 establish the schedule for eligible agency review provided for in  
38 the statutes governing the eligible agencies. The chairperson of  
39 the committee shall alternate every two years between a Member  
40 of the Senate and a Member of the Assembly, and the vice

1 chairperson of the committee shall be a member of the opposite  
 2 house as the chairperson.

3 (g) This section shall not be construed to change the existing  
 4 jurisdiction of the budget or policy committees of the Legislature.

5 (h) *This section shall not apply to the Bureau of Medical*  
 6 *Marijuana Regulation.*

7 *SEC. 6. Section 11362.775 of the Health and Safety Code is*  
 8 *amended to read:*

9 ~~11362.775. Qualified~~ *(a) Subject to subdivision (b), qualified*  
 10 *patients, persons with valid identification cards, and the designated*  
 11 *primary caregivers of qualified patients and persons with*  
 12 *identification cards, who associate within the State of California*  
 13 *in order collectively or cooperatively to cultivate—marijuana*  
 14 *cannabis for medical purposes, shall not solely on the basis of that*  
 15 *fact be subject to state criminal sanctions under Section 11357,*  
 16 *11358, 11359, 11360, 11366, 11366.5, or 11570.*

17 *(b) This section shall remain in effect only until one year after*  
 18 *the Bureau of Medical Marijuana Regulation posts a notice on its*  
 19 *Internet Web site that the licensing authorities have commenced*  
 20 *issuing licenses pursuant to the Medical Marijuana Regulation*  
 21 *and Safety Act (Chapter 3.5 (commencing with Section 19300) of*  
 22 *Division 8 of the Business and Professions Code), and is repealed*  
 23 *upon issuance of licenses.*

24 *SEC. 7. Section 147.5 is added to the Labor Code, to read:*

25 *147.5. (a) By January 1, 2017, the Division of Occupational*  
 26 *Safety and Health shall convene an advisory committee to evaluate*  
 27 *whether there is a need to develop industry-specific regulations*  
 28 *related to the activities of facilities issued a license pursuant to*  
 29 *Chapter 3.5 (commencing with Section 19300) of Division 8 of the*  
 30 *Business and Professions Code.*

31 *(b) By July 1, 2017, the advisory committee shall present to the*  
 32 *board its findings and recommendations for consideration by the*  
 33 *board. By July 1, 2017, the board shall render a decision regarding*  
 34 *the adoption of industry-specific regulations pursuant to this*  
 35 *section.*

36 *SEC. 8. Section 31020 is added to the Revenue and Taxation*  
 37 *Code, to read:*

38 *31020. The board, in consultation with the Department of Food*  
 39 *and Agriculture, shall adopt a system for reporting the movement*  
 40 *of commercial cannabis and cannabis products throughout the*

1 *distribution chain. The system shall not be duplicative of the*  
2 *electronic database administered by the Department of Food and*  
3 *Agriculture specified in Section 19335 of the Business and*  
4 *Professions Code. The system shall also employ secure packaging*  
5 *and be capable of providing information to the board. This system*  
6 *shall capture, at a minimum, all of the following:*

7 *(a) The amount of tax due by the designated entity.*

8 *(b) The name, address, and license number of the designated*  
9 *entity that remitted the tax.*

10 *(c) The name, address, and license number of the succeeding*  
11 *entity receiving the product.*

12 *(d) The transaction date.*

13 *(e) Any other information deemed necessary by the board for*  
14 *the taxation and regulation of marijuana and marijuana products.*

15 *SEC. 9. The provisions of this act are severable. If any*  
16 *provision of this act or its application is held invalid, that invalidity*  
17 *shall not affect other provisions or applications that can be given*  
18 *effect without the invalid provision or application.*

19 *SEC. 10. The Legislature finds and declares that Section 4 of*  
20 *this act, which adds Section 19355 to the Business and Professions*  
21 *Code, thereby imposes a limitation on the public's right of access*  
22 *to the meetings of public bodies or the writings of public officials*  
23 *and agencies within the meaning of Section 3 of Article I of the*  
24 *California Constitution. Pursuant to that constitutional provision,*  
25 *the Legislature makes the following findings to demonstrate the*  
26 *interest protected by this limitation and the need for protecting*  
27 *that interest:*

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

35 *SEC. 11. If the Commission on State Mandates determines that*  
36 *this act contains costs mandated by the state, reimbursement to*  
37 *local agencies and school districts for those costs shall be made*  
38 *pursuant to Part 7 (commencing with Section 17500) of Division*  
39 *4 of Title 2 of the Government Code.*

1     *SEC. 12. This act shall become operative only if Senate Bill*  
2     *643 and Assembly Bill 243 of the 2015–16 Regular Session are*  
3     *also enacted and become operative.*

4     SECTION 1. Section 2220.05 of the Business and Professions  
5     Code 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    without a good faith prior examination of the patient and medical  
24    reason therefor. However, in no event shall a physician and surgeon  
25    prescribing, furnishing, or administering controlled substances for  
26    intractable pain consistent with lawful prescribing, including, but  
27    not limited to, Sections 725, 2241.5, and 2241.6 of this code and  
28    Sections 11159.2 and 124961 of the Health and Safety Code, be  
29    prosecuted for excessive prescribing and prompt review of the  
30    applicability of these provisions shall be made in any complaint  
31    that may implicate these provisions.

32    (4) Repeated acts of clearly excessive recommending of cannabis  
33    to patients for medical purposes, or repeated acts of recommending  
34    cannabis to patients for medical purposes without a good faith  
35    prior examination of the patient and a medical reason for the  
36    recommendation.

37    (5) Sexual misconduct with one or more patients during a course  
38    of treatment or an examination.

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

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

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

10 ~~SEC. 2. This measure shall become operative only if Senate~~  
11 ~~Bill 643 of the 2015–16 Regular Session is enacted and becomes~~  
12 ~~operative.~~