

AMENDED IN SENATE JUNE 15, 2016

AMENDED IN SENATE MAY 24, 2016

AMENDED IN SENATE SEPTEMBER 4, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 567

Introduced by Assembly Member Gipson

February 24, 2015

An act to amend Section 19323 of the Business and Professions Code, to amend and renumber Sections 7076, 7076.1, 7076.2, 7076.3, 7076.4, 7077, and 7078 of, and to add Article 2.1 (commencing with Section 7077) to Chapter 8 of Part 1 of Division 2 of, the Revenue and Taxation Code, and to add Division 11 (commencing with Section 18740) to the Unemployment Insurance Code, relating to medical cannabis.

LEGISLATIVE COUNSEL'S DIGEST

AB 567, as amended, Gipson. Medical cannabis: regulation and taxation amnesty.

(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, the Medical Marijuana Program, requires the State Department of Public Health to establish a voluntary program for the issuance of identification cards to qualified patients and primary caregivers under the Compassionate Use Act, and grants immunity from arrest for violation of specified provisions relating to the cultivation, possession, transportation, and sale of marijuana, if conditions of the act are met.

Existing law imposes sales and use taxes collected and administered by the State Board of Equalization and employment taxes, as defined, collected and administered by the Employment Development Department. Existing law sets forth various penalties, including penalties for the nonpayment or late payment of those taxes, and the failure to file or intentional filing of incorrect returns. Existing law established a tax amnesty program, conducted in 2005, with respect to sales and use tax penalties.

This bill would require the State Board of Equalization and the Employment Development Department to administer tax penalty amnesty programs during the period beginning on July 1, 2017, through September 30, 2017, inclusive, for medical cannabis-related businesses, as provided. The bill would define a medical cannabis-related business for these purposes as a person that engages in the sale of cannabis for medical purposes to qualified patients or the primary caregivers of qualified patients pursuant to the Compassionate Use Act or the Medical Marijuana Program. The bill would require the Department of Consumer Affairs to revoke or refuse to issue a state license to a medical cannabis-related business that is eligible to, but does not participate in, those programs and meets other specified conditions.

(2) This bill would make related findings and declarations. The bill would also make technical and conforming changes.

(3) Existing state constitutional law prohibits the Legislature from making any gift, or authorizing the making of any gift, of any public money or thing of value to any individual, municipal, or other corporation.

This bill would make certain legislative findings and declarations that amnesty programs to incentivize a specific type of business to become current with their tax obligations serve a general public purpose, and therefore are not gifts of public funds.

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

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

- 1 SECTION 1. The Legislature finds and declares all of the
- 2 following:
- 3 (a) The voters of the State of California enacted the
- 4 Compassionate Use Act of 1996, which became effective on
- 5 November 6, 1996, as Section 11362.5 of the Health and Safety

1 Code. The act exempts patients and their designated primary
2 caregivers who possess and cultivate cannabis for personal medical
3 use upon recommendation or approval of a physician from
4 specified criminal laws.

5 (b) In 2004, the Legislature and Governor refined the
6 Compassionate Use Act through SB 420, which added Sections
7 11362.7 to 11362.83, inclusive, to the Health and Safety Code,
8 allows the formation of medical cultivation collectives or
9 cooperatives, and provides for a voluntary state identification card
10 system for medical cannabis patients. SB 420 also limits the
11 amount of medical cannabis patients are allowed to possess and
12 cultivate.

13 (c) However, the sale of any cannabis still remains illegal under
14 federal law. At the federal level, marijuana remains classified as
15 a Schedule I substance under the Controlled Substances Act.
16 Schedule I substances are defined as drugs with no currently
17 accepted medical use and a high potential for abuse.

18 (d) In August 2013, the United States Department of Justice
19 issued the “Cole Memo” to federal prosecutors, which established
20 priorities for federal prosecution of cannabis-related activities
21 under the Controlled Substances Act. The memo indicated that
22 states with a strong regulatory framework for legalized recreational
23 or medical cannabis that supports those priorities would make
24 federal involvement in local jurisdictions less likely.

25 (e) In February 2014, the United States Department of the
26 Treasury’s Financial Crimes Enforcement Network (FinCEN)
27 issued guidance to financial institutions setting forth FinCEN’s
28 Bank Secrecy Act expectations for financial institutions choosing
29 to work with cannabis-related businesses.

30 (f) A federal spending bill passed in late 2014 prohibits the use
31 of United States Department of Justice funds to prevent states,
32 including California, that authorize the use, distribution, possession,
33 or cultivation of cannabis for medical use from implementing laws
34 related to these activities. At a minimum, this prohibition will
35 remain in effect for the rest of the federal fiscal year that ends
36 September 30, 2015. Various other federal legislative proposals
37 to loosen federal restrictions on the cultivation, possession, and
38 sale of cannabis in states where it is legal are also pending.

39 (g) Despite this identified federal guidance, the uncertainty
40 created by state and federal differences has left medical

1 cannabis-related businesses with the fear that compliance with
2 state tax laws could lead to federal prosecution. Thus, many of
3 these businesses have been noncompliant since their inception,
4 and would owe massive penalties and interest if they were to come
5 into compliance.

6 (h) It is the intent of the Legislature to further the public
7 purposes of preventing undue hardship on medical cannabis-related
8 businesses and providing a strong incentive, the relief of penalties,
9 for those businesses to come forward and pay the taxes and interest
10 that they owe. In furtherance of this intent, the Legislature hereby
11 enacts the Medical Cannabis Tax Amnesty Act as set forth below.

12 SEC. 2. Section 19323 of the Business and Professions Code
13 is amended to read:

14 19323. (a) The licensing authority shall deny an application
15 if either the applicant or the premises for which a state license is
16 applied do not qualify for licensure under this chapter.

17 (b) The licensing authority may deny the application for
18 licensure or renewal of a state license if any of the following
19 conditions apply:

20 (1) Failure to comply with the provisions of this chapter or any
21 rule or regulation adopted pursuant to this chapter, including but
22 not limited to, any requirement imposed to protect natural
23 resources, instream flow, and water quality pursuant to subdivision
24 (a) of Section 19332.

25 (2) Conduct that constitutes grounds for denial of licensure
26 pursuant to Chapter 2 (commencing with Section 480) of Division
27 1.5.

28 (3) A local agency has notified the licensing authority that a
29 licensee or applicant within its jurisdiction is in violation of state
30 rules and regulation relating to commercial cannabis activities,
31 and the licensing authority, through an investigation, has
32 determined that the violation is grounds for termination or
33 revocation of the license. The licensing authority shall have the
34 authority to collect reasonable costs, as determined by the licensing
35 authority, for investigation from the licensee or applicant.

36 (4) The applicant has failed to provide information required by
37 the licensing authority.

38 (5) The applicant or licensee has been convicted of an offense
39 that is substantially related to the qualifications, functions, or duties
40 of the business or profession for which the application is made,

1 except that if the licensing authority determines that the applicant
2 or licensee is otherwise suitable to be issued a license and granting
3 the license would not compromise public safety, the licensing
4 authority shall conduct a thorough review of the nature of the
5 crime, conviction, circumstances, and evidence of rehabilitation
6 of the applicant, and shall evaluate the suitability of the applicant
7 or licensee to be issued a license based on the evidence found
8 through the review. In determining which offenses are substantially
9 related to the qualifications, functions, or duties of the business or
10 profession for which the application is made, the licensing authority
11 shall include, but not be limited to, the following:

12 (A) A felony conviction for the illegal possession for sale, sale,
13 manufacture, transportation, or cultivation of a controlled
14 substance.

15 (B) A violent felony conviction, as specified in subdivision (c)
16 of Section 667.5 of the Penal Code.

17 (C) A serious felony conviction, as specified in subdivision (c)
18 of Section 1192.7 of the Penal Code.

19 (D) A felony conviction involving fraud, deceit, or
20 embezzlement.

21 (6) The applicant, or any of its officers, directors, or owners, is
22 a licensed physician making patient recommendations for medical
23 cannabis pursuant to Section 11362.7 of the Health and Safety
24 Code.

25 (7) The applicant or any of its officers, directors, or owners has
26 been subject to fines or penalties for cultivation or production of
27 a controlled substance on public or private lands pursuant to
28 Section 12025 or 12025.1 of the Fish and Game Code.

29 (8) The applicant, or any of its officers, directors, or owners,
30 has been sanctioned by a licensing authority or a city, county, or
31 city and county for unlicensed commercial medical cannabis
32 activities or has had a license revoked under this chapter in the
33 three years immediately preceding the date the application is filed
34 with the licensing authority.

35 (9) Failure to obtain and maintain a valid seller's permit required
36 pursuant to Part 1 (commencing with Section 6001) of Division 2
37 of the Revenue and Taxation Code.

38 (c) The licensing authority shall revoke or refuse to issue,
39 reinstate, or renew a state license pursuant to Section 7077.4 of

1 the Revenue and Taxation Code and Section 18744 of the
2 Unemployment Insurance Code.

3 SEC. 3. Section 7076 of the Revenue and Taxation Code, as
4 added by Section 1 of Chapter 87 of the Statutes of 2003, is
5 amended and renumbered to read:

6 7079. (a) The State Board of Equalization shall determine
7 which taxpayer's accounts are eligible for the managed audit
8 program in a manner that is consistent with the efficient use of its
9 auditing resources and the maximum effectiveness of the program.

10 (b) A taxpayer is not required to participate in the managed
11 audit program.

12 SEC. 4. Section 7076.1 of the Revenue and Taxation Code is
13 amended and renumbered to read:

14 7079.1. A taxpayer's account is eligible for the managed audit
15 program only if the taxpayer meets all of the following criteria:

16 (a) The taxpayer's business involves few or no statutory
17 exemptions.

18 (b) The taxpayer's business involves a single or small number
19 of clearly defined taxability issues.

20 (c) The taxpayer is taxed pursuant to this part and agrees to
21 participate in the managed audit program.

22 (d) The taxpayer has the resources to comply with the managed
23 audit instructions provided by the board.

24 SEC. 5. Section 7076.2 of the Revenue and Taxation Code is
25 amended and renumbered to read:

26 7079.2. (a) If the board selects a taxpayer's account for a
27 managed audit, all of the following apply:

28 (1) The board shall identify all of the following:

29 (A) The audit period covered by the managed audit.

30 (B) The types of transactions covered by the managed audit.

31 (C) The specific procedures that the taxpayer is to follow in
32 determining any liability.

33 (D) The records to be reviewed by the taxpayer.

34 (E) The manner in which the types of transactions are to be
35 scheduled for review.

36 (F) The time period for completion of the managed audit.

37 (G) The time period for the payment of the liability and interest.

38 (H) Any other criteria that the board may require for completion
39 of the managed audit.

40 (2) The taxpayer shall:

1 (A) Examine its books, records, and equipment to determine if
2 it has any unreported tax liability for the audit period.

3 (B) Make available to the board for verification all computations,
4 books, records, and equipment examined pursuant to subparagraph
5 (A).

6 (b) The information provided by the taxpayer pursuant to
7 paragraph (2) of subdivision (a) is the same information that is
8 required for the completion of any other audit that the board may
9 conduct.

10 SEC. 6. Section 7076.3 of the Revenue and Taxation Code is
11 amended and renumbered to read:

12 7079.3. Nothing in this article limits the board's authority to
13 examine the books, papers, records, and equipment of a taxpayer
14 under Section 7054.

15 SEC. 7. Section 7076.4 of the Revenue and Taxation Code is
16 amended and renumbered to read:

17 7079.4. Upon completion of the managed audit and verification
18 by the board, interest on any unpaid liability shall be computed at
19 one-half the rate that would otherwise be imposed for liabilities
20 covered by the audit period. Payment of the liabilities and interest
21 shall be made within the time period specified by the board. If the
22 requirements for the managed audit are not satisfied, the board
23 may proceed to examine the records of the taxpayer in a manner
24 to be determined by the board under law.

25 SEC. 8. Section 7077 of the Revenue and Taxation Code is
26 amended and renumbered to read:

27 7076.3. The board shall adequately publicize the tax penalty
28 amnesty program so as to maximize public awareness of the
29 participation in the program. The board shall coordinate to the
30 highest degree possible its publicity efforts and other actions taken
31 in implementing this article with similar programs administered
32 by the Franchise Tax Board.

33 SEC. 9. Section 7078 of the Revenue and Taxation Code is
34 amended and renumbered to read:

35 7076.5. Subdivision (b) of Section 19736, to the extent feasible
36 and practical, shall also apply to the board.

37 SEC. 10. Article 2.1 (commencing with Section 7077) is added
38 to Chapter 8 of Part 1 of Division 2 of the Revenue and Taxation
39 Code, to read:

1 Article 2.1. Medical Cannabis Tax Amnesty

2
3 7077. The board shall develop and administer a tax penalty
4 amnesty program for qualified taxpayers.

5 7077.05. For the purposes of this article, the following terms
6 have the following meanings:

7 (a) “Amnesty period” means the period during which the tax
8 penalty amnesty program is conducted, as described in Section
9 7077.1.

10 (b) “Medical cannabis-related business” means a person that
11 engages in the sale of cannabis for medical purposes to qualified
12 patients or the primary caregivers of qualified patients pursuant
13 to the Compassionate Use Act of 1996 (Section 11362.5 of the
14 Health and Safety Code) or Article 2.5 (commencing with Section
15 11362.7) of Chapter 6 of Division 10 of the Health and Safety
16 Code, commonly referred to as the Medical Marijuana Program.

17 (c) “Qualified taxpayer” means a seller that is a medical
18 cannabis-related business.

19 7077.1. The tax penalty amnesty program shall be conducted
20 for a ~~six-month~~ *three-month* period beginning July 1, 2017, through
21 September ~~31~~, 30, 2017, inclusive. The program shall apply to tax
22 liabilities due and payable for tax reporting periods beginning
23 before January 1, 2015.

24 7077.2. (a) For any qualified taxpayer that meets the
25 requirements of Section 7077.3, all of the following shall apply:

26 (1) The board shall waive all penalties imposed by this part, for
27 the tax reporting periods for which tax penalty amnesty is
28 requested, that are owed as a result of the nonreporting or
29 underreporting of tax liabilities.

30 (2) No criminal action shall be brought against the qualified
31 taxpayer, for the tax reporting periods for which tax penalty
32 amnesty is requested, based on the nonreporting or underreporting
33 of tax liabilities.

34 (3) Paragraphs (1) and (2) do not apply to the nonpayment of
35 any taxes for which a notice of determination has previously been
36 issued.

37 (b) This section does not apply to violations of this part for
38 which, as of the first day of the amnesty period, either of the
39 following applies:

1 (1) The qualified taxpayer is on notice of a criminal investigation
2 by a complaint having been filed against the qualified taxpayer or
3 by written notice having been mailed to the qualified taxpayer that
4 the qualified taxpayer is under criminal investigation.

5 (2) A court proceeding has already been initiated.

6 (c) No refund or credit shall be granted of any penalty paid prior
7 to the time the qualified taxpayer makes a request for tax penalty
8 amnesty pursuant to Section 7077.3.

9 7077.3. (a) This article applies to any qualified taxpayer that
10 during the amnesty period files an application for tax penalty
11 amnesty and, within 60 days after the conclusion of the amnesty
12 period, does all of the following:

13 (1) Files completed tax returns reporting the nonreported or
14 underreported tax liabilities for all tax reporting periods for which
15 amnesty is being applied.

16 (2) Pays in full the taxes and interest due for each period for
17 which amnesty is requested, or applies for an installment agreement
18 under subdivision (b).

19 (b) The board may enter into an installment payment agreement
20 pursuant to paragraph (2) of subdivision (a), which shall include
21 interest on the outstanding amount due at the rate prescribed by
22 law. Failure by the qualified taxpayer to fully comply with the
23 terms of the agreement renders the waiver of penalties null and
24 void, unless the board determines that the failure was due to
25 reasonable causes, and the total amount of tax, interest, and all
26 penalties shall be immediately due and payable.

27 (c) If, subsequent to the amnesty period, the board issues a notice
28 of determination upon a return filed pursuant to subdivision (a),
29 the board may impose penalties, and criminal action may be
30 brought under this part only with respect to the difference between
31 the amount shown on that return and the correct amount of tax.
32 This action shall not invalidate any waivers granted under Section
33 7077.2.

34 (d) The application required under subdivision (a) shall be in
35 the form and manner specified by the board, but in no case shall
36 a mere payment of any taxes and interest due, in whole or in part,
37 for any period otherwise eligible for amnesty under this part, be
38 deemed to constitute an acceptable amnesty application under this
39 part. For purposes of the preceding sentence, the application of a
40 refund from one period to offset a tax liability for another period

1 otherwise eligible for amnesty shall not be allowed without the
2 filing of an amnesty application under this part.

3 7077.4. (a) (1) Notwithstanding any other law, the Department
4 of Consumer Affairs shall revoke or refuse to issue, reinstate, or
5 renew a state license of a qualified taxpayer that is eligible to
6 participate in the tax penalty amnesty program under this article
7 but does not participate in the amnesty program, and that does any
8 of the following:

9 (A) Fails to register with the board.

10 (B) Has a seller's permit revoked pursuant to Section 7077.6.

11 (C) Reports a gross understatement of tax.

12 (2) Revocation or refusal to issue, reinstate, or renew a state
13 license pursuant to paragraph (1) shall not be effective unless the
14 Department of Consumer Affairs, at least 60 days before the date
15 of revocation or refusal, mails a notice to the qualified taxpayer
16 that indicates that the license will be refused or revoked by that
17 date.

18 (b) For purposes of this section, the following terms have the
19 following meanings:

20 (1) "Gross understatement of tax" is a deficiency that is in excess
21 of 25 percent of the amount of tax reported on a qualified
22 taxpayer's return filed pursuant to Article 1 (commencing with
23 Section 6451) of Chapter 5.

24 (2) "State license" includes a license issued for any activity of
25 a medical cannabis-related business.

26 7077.6. The board shall refuse to issue a permit to any person
27 or shall revoke a seller's permit issued under this part for any
28 person that is both of the following:

29 (a) Eligible to participate in the tax penalty amnesty program
30 under this article but does not participate in the amnesty program.

31 (b) Engaged in retail sales of medical cannabis in this state that
32 would have been eligible to participate in the tax penalty amnesty
33 program as a medical cannabis-related business.

34 7077.7. The board shall issue forms and instructions and take
35 other actions needed to implement this article.

36 7077.8. The board shall adequately publicize the tax penalty
37 amnesty program for medical cannabis-related businesses so as to
38 maximize public awareness of, and participation in, the program.
39 The board shall coordinate to the highest degree possible its
40 publicity efforts and other actions taken in implementing this article

1 with similar programs administered by the Employment
2 Development Department.

3 SEC. 11. Division 11 (commencing with Section 18740) is
4 added to the Unemployment Insurance Code, to read:

5
6 DIVISION 11. MEDICAL CANNABIS TAX AMNESTY
7

8 18740. The department shall develop and administer a tax
9 penalty amnesty program for qualified employers.

10 18740.5. For purposes of this division, the following terms
11 have the following meanings:

12 (a) "Amnesty period" means the period during which the tax
13 penalty amnesty program is conducted, as described in Section
14 18741.

15 (b) "Department" means the Employment Development
16 Department.

17 (c) "Employment taxes" or "taxes" means the unemployment
18 insurance tax and employment training tax imposed under Part 1
19 (commencing with Section 100) of Division 1, state disability
20 insurance tax imposed under Part 2 (commencing with Section
21 2601) of Division 1, and personal income tax withholding imposed
22 under Division 6 (commencing with Section 13000).

23 (d) "Medical cannabis-related business" means a person that
24 engages in the sale of cannabis for medical purposes to qualified
25 patients or the primary caregivers of qualified patients pursuant
26 to the Compassionate Use Act of 1996 (Section 11362.5 of the
27 Health and Safety Code) or Article 2.5 (commencing with Section
28 11362.7) of Chapter 6 of Division 10 of the Health and Safety
29 Code, commonly referred to as the Medical Marijuana Program.

30 (e) "Person" has the meaning set forth in Section 6005 of the
31 Revenue and Taxation Code.

32 (f) "Qualified employer" means an employer or employing unit
33 that is a medical cannabis-related business subject to Part 1
34 (commencing with Section 100) of Division 1, Part 2 (commencing
35 with Section 2601) of Division 1, or Division 6 (commencing with
36 Section 13000).

37 18741. The tax penalty amnesty program shall be conducted
38 for a ~~six-month~~ *three-month* period beginning July 1, 2017, through
39 September 30, 2017, inclusive. The program shall apply only to
40 amounts unpaid for the periods beginning before January 1, 2015.

1 18742. (a) For any qualified employer that meets the
2 requirements of Section 18743, both of the following shall apply:

3 (1) The department shall waive all penalties imposed by this
4 code, for the tax reporting periods for which tax penalty amnesty
5 is requested, which are owed as a result of the nonpayment or
6 underpayment of employment tax liabilities or failure to file
7 reports.

8 (2) No criminal action shall be brought against the qualified
9 employer, for the tax reporting periods for which tax penalty
10 amnesty is requested, for the nonreporting or underreporting of
11 tax liabilities.

12 (b) This section does not apply to violations of this code for
13 which, as of the first day of the amnesty period, either of the
14 following applies:

15 (1) The qualified employer is on notice of a criminal
16 investigation by a complaint having been filed against the qualified
17 employer or by written notice having been mailed to the qualified
18 employer that the qualified employer is under criminal
19 investigation.

20 (2) A court proceeding has already been initiated.

21 (c) No refund or credit shall be granted of any penalty paid prior
22 to the time the qualified employer makes a request for tax penalty
23 amnesty pursuant to Section 18743.

24 18743. (a) This division applies to any qualified employer that
25 during the amnesty period files an application for tax penalty
26 amnesty and, within 60 days after the conclusion of the amnesty
27 period, does all of the following:

28 (1) Files quarterly contribution returns and reports reporting the
29 nonreported or underreported wages and taxes for the calendar
30 quarter that ended December 31, ~~2013~~, 2014, and prior calendar
31 quarters, for which amnesty is being applied.

32 (2) Pays in full all amounts due for all periods for which amnesty
33 is requested, or applies for an installment agreement under
34 subdivision (b).

35 (b) The department may enter into an installment payment
36 agreement pursuant to paragraph (2) of subdivision (a), which shall
37 include interest on the outstanding amount due at the rate
38 prescribed by law. Failure by the qualified employer to fully
39 comply with the terms of the agreement renders the waiver of
40 penalties null and void, unless the department determines that the

1 failure was due to reasonable causes, and the total amount of tax,
2 interest, and all penalties shall be immediately due and payable.

3 (c) If, subsequent to the amnesty period, the department issues
4 a deficiency assessment upon a return filed pursuant to subdivision
5 (a), the department may impose penalties and criminal action may
6 be brought under this division only with respect to the difference
7 between the amount shown on that return and the correct amount
8 of tax. This action shall not invalidate any waivers granted under
9 Section 18742.

10 (d) If the department issues a deficiency assessment under the
11 conditions described in subdivision (c), the department may issue
12 that deficiency assessment within 10 years from the last day of the
13 calendar month following the quarterly period for which the
14 amount is proposed to be assessed.

15 (e) The application required under subdivision (a) shall be in
16 the form and manner specified by the department, but in no case
17 shall a mere payment of any taxes and interest due, in whole or in
18 part, for any period otherwise eligible for amnesty under this
19 division, be deemed to constitute an acceptable amnesty application
20 under this division. For purposes of the preceding sentence, the
21 application of a refund from one period to offset a tax liability for
22 another period otherwise eligible for amnesty shall not be allowed
23 without the filing of an amnesty application under this division.

24 18744. (a) (1) Notwithstanding any other law, the Department
25 of Consumer Affairs shall revoke or refuse to issue, reinstate, or
26 renew a state license of a qualified employer that is eligible to
27 participate in the tax penalty amnesty program under this division
28 but does not participate in the amnesty program, and that does
29 either of the following:

30 (A) Fails to register with the department.

31 (B) Reports a gross understatement of tax.

32 (2) Revocation or refusal to issue, reinstate, or renew a state
33 license pursuant to paragraph (1) shall not be effective unless the
34 Department of Consumer Affairs, at least 60 days before the date
35 of revocation or refusal, mails a notice to the qualified employer
36 that indicates that the license will be refused or revoked by that
37 date.

38 (b) For purposes of this section, the following terms have the
39 following meanings:

1 (1) “Gross understatement of tax” is a deficiency that is in excess
2 of 25 percent of the amount of tax reported on a qualified
3 employer’s return filed pursuant to this code.

4 (2) “State license” includes a license issued for any activity of
5 a medical cannabis-related business.

6 18746. The department shall issue forms and instructions and
7 take other actions needed to implement this division.

8 18747. The department shall adequately publicize the tax
9 penalty amnesty program for medical cannabis-related businesses
10 so as to maximize public awareness of, and participation in, the
11 program. The department shall coordinate to the highest degree
12 possible its publicity efforts and other actions taken in
13 implementing this division with similar programs administered by
14 the State Board of Equalization.

15 SEC. 12. The Legislature finds and declares that Sections 10
16 and 11 of this act, establishing medical cannabis-related business
17 tax penalty programs by adding Article 2.1 (commencing with
18 Section 7077) to Chapter 8 of Part 1 of Division 2 of the Revenue
19 and Taxation Code and adding Division 11 (commencing with
20 Section 18740) to the Unemployment Insurance Code, serve a
21 general public purpose by incentivizing a specific type of business
22 to become current with its tax obligations and therefore do not
23 constitute gifts of public funds within the meaning of Section 6 of
24 Article XVI of the California Constitution.