

AMENDED IN ASSEMBLY AUGUST 18, 2015

AMENDED IN ASSEMBLY AUGUST 17, 2015

AMENDED IN SENATE JUNE 3, 2015

AMENDED IN SENATE MAY 6, 2015

AMENDED IN SENATE APRIL 6, 2015

**SENATE BILL**

**No. 643**

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**Introduced by Senator McGuire**

February 27, 2015

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An act to amend Section 2220.05 of, to add Article 25 (commencing with Section 2525) to Chapter 5 of Division 2 of, and to add Part 5 (commencing with Section 18100) to Division 7 of, the Business and Professions Code, to add Section 23028 to the Government Code, and to amend Section 11362.775 of, ~~and~~ to add Article 8 (commencing with Section 111658) to Chapter 6 of Part 5 of Division 104 of, the Health and Safety Code, *to add Section 3094 to the Labor Code, and to add Section 2402.5 to the Vehicle Code*, relating to medical marijuana.

LEGISLATIVE COUNSEL'S DIGEST

SB 643, as amended, McGuire. Medical marijuana.

(1) Existing law, the Compassionate Use Act of 1996, an initiative measure enacted by the approval of Proposition 215 at the November 6, 1996, statewide general election, authorizes the use of marijuana for medical purposes. Existing law enacted by the Legislature requires the establishment of a program for the issuance of identification cards to qualified patients so that they may lawfully use marijuana for medical purposes, and requires the establishment of guidelines for the lawful cultivation of marijuana grown for medical use. Existing law provides

for the licensure of various professions by the Department of Consumer Affairs. Existing law, the Sherman Food, Drug, and Cosmetic Law, provides for the regulation of food, drugs, devices, and cosmetics, as specified. A violation of that law is a crime.

This bill would establish within the Business, Consumer Services, and Housing Agency the Office of Medical Marijuana Regulation, under the supervision and control of the Chief of the Office of Medical Marijuana Regulation, and, beginning no later than July 1, 2018, would require the office to license and Regulation. *The bill would authorize the office to issue licenses for commercial marijuana activity and would require the office to regulate dispensing facilities, cultivation sites, transporters, and manufacturers of medical marijuana and medical marijuana products, subject to local ordinances. The bill would require a background check of applicants for licensure, as defined, to be administered by the Department of Justice, and submission of a statement signed by an applicant, under penalty of perjury, that the information on his or her application is true, thereby creating a crime and imposing a state-mandated local program. Violation of the provisions related to applying for a conditional license would be punishable by a civil fine of up to \$35,000 for each individual violation, or as otherwise specified.*

The bill would make conditional licenses subject to the restrictions of the local jurisdiction in which the facility operates or proposes to operate. The bill would authorize a facility or entity that is operating in conformance with local zoning ordinances and other state and local requirements on January 1, 2016, to continue its operations until its application for conditional licensure is approved or denied. The bill would set forth provisions related to the transportation, testing, and distribution of medical marijuana and medical marijuana products. The bill would prohibit the distribution of any form of advertising for physician recommendations for medical marijuana, unless the advertisement bears a specified notice and requires that the advertisement meet specified requirements and not be fraudulent, deceitful, or misleading.

The bill would establish the Medical Marijuana Regulation Fund and would require the deposit of specified fees collected pursuant to this act into the fund. The bill would make moneys from the fund available upon appropriation to the office for the purposes of administering this act. The bill would also establish the Special Account for Environmental Enforcement within the Medical Marijuana Regulation Fund. This

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

~~The bill would require, among other things, that all marijuana grown, produced, distributed, and sold in the state, by January 1, 2022, meet standards equivalent to those for certified organic crops and the Department of Food and Agriculture, in conjunction with the office, to make available a certified organic designation for medical marijuana by January 1, 2020, or, if the certified organic designation and organic certification program is not available by that date, to develop an equivalent program by January 1, 2022. The bill would also require that the office establish “appellations of origin” for marijuana grown in the state.~~

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

~~The bill would establish enforcement procedures and would authorize a city, county, or city and county to administer and enforce these provisions. The bill, by July 1, 2017, would require the office to report to the Legislature on the feasibility of developing a program to certify laboratories for the testing of medical marijuana and related products and the feasibility of developing a labeling requirement for edible marijuana products, as specified. The bill would further set forth provisions regulating edible medical marijuana products, as specified. By adding these provisions to the Sherman Food, Drug, and Cosmetic Law, a violation of which is a crime, the bill would impose a state-mandated local program.~~

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

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

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

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

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

This bill would authorize a county by ordinance, to impose a tax on the privilege of cultivating, dispensing, producing, processing, preparing, storing, providing, donating, selling, or distributing medical marijuana by an entity issued a ~~conditional~~ license. The bill would authorize the tax to be imposed for either general or specific governmental purposes. The bill would require a tax imposed pursuant to this authority to be subject to any applicable voter approval requirement.

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

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

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

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

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

This bill would require the Department of Motor Vehicles, in consultation with the Department of the California Highway Patrol, to establish protocols to determine whether a driver is operating a vehicle under the influence of cannabis, and to develop protocols setting forth best practices to assist law enforcement agencies. The bill would require the Department of Motor Vehicles to prepare and submit a report, by September 1, 2016, that identifies best practices for the identification, detection, and apprehension of drivers operating a vehicle unsafely due to medical cannabis impairment.

(5)

(7) Existing law imposes sales and use taxes, as specified, to be collected by the State Board of Equalization.

This bill would require the State Board of Equalization, on or before July 1, 2016, to compile a report that includes the actual tax collected on the sale of medical marijuana, using the most current data available, and the expected tax revenues, under the existing tax structure, for the years 2016 to 2021, inclusive, and to submit that report to the Legislature and Governor's Office.

(6)

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

(7)

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

This bill would make legislative findings to that effect.

(8)

(10) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.

State-mandated local program: yes.

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

1 SECTION 1. This act shall be known, and may be cited, as the  
2 Medical Marijuana Public Safety and Environmental Protection  
3 Act.

4 SEC. 2. The Legislature finds and declares all of the following:

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

16 (b) The Compassionate Use Act of 1996 called on state  
17 government to implement a plan for the safe and affordable  
18 distribution of marijuana to all patients in medical need of  
19 marijuana, while ensuring that nothing in that act would be  
20 construed to condone the diversion of marijuana for nonmedical  
21 purposes.

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

26 (d) Greater certainty and minimum statewide standards are  
27 urgently needed regarding the obligations of medical marijuana  
28 facilities, and for the imposition and enforcement of regulations  
29 to prevent unlawful cultivation and the diversion of marijuana to  
30 nonmedical use.

1 (e) Despite the passage of the Compassionate Use Act of 1996  
2 and the MMPA, because of the lack of an effective statewide  
3 system for regulating and controlling medical marijuana, cities,  
4 counties, and local law enforcement officials have been confronted  
5 with uncertainty about the legality of some medical marijuana  
6 cultivation and distribution activities. The current state of affairs  
7 makes law enforcement difficult and endangers patient safety  
8 because of an inability to monitor the supply of medical marijuana  
9 in the state and the lack of quality control, testing, and labeling  
10 requirements.

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

25 (g) If a city or county determines that a dispensary or other  
26 facility that makes medical marijuana available may operate within  
27 its borders, then there is a need for the state and local governments  
28 to license these dispensaries and other facilities for the purpose of  
29 adopting and enforcing protocols for security standards at  
30 dispensaries and in the transportation of medical marijuana, as  
31 well as health and safety standards to ensure patient safety. This  
32 licensing requirement is not intended in any way nor shall it be  
33 construed to preempt local ordinances, regulations, or enforcement  
34 actions regarding the sale and use of medical marijuana, including,  
35 but not limited to, security, signage, lighting, and inspections.

36 (h) Greater oversight, uniformity, and enforcement are urgently  
37 needed regarding the obligations and rights of medical marijuana  
38 cultivators, transporters, and distribution facilities.

1 (i) Marijuana has widely accepted medical applications that  
2 make it inappropriate to be classified as a Schedule I controlled  
3 substance in the State of California.

4 (j) For the protection of Californians, the state must act to  
5 regulate and control commercial medical marijuana and not  
6 preempt local government ordinances. Counties should be allowed  
7 to impose local taxes and enact zoning regulations and other  
8 restrictions applicable to the cultivation, transportation, and  
9 distribution of medical marijuana based on local needs.

10 (k) For the protection of California's environment and its natural  
11 resources, all efforts must be made to prevent and mitigate the  
12 harmful environmental impacts that can be associated with some  
13 marijuana cultivation.

14 (l) Illegal trespass grows on private and public property pose a  
15 threat to public safety and the environment.

16 (m) The North Coast Regional Water Quality Control Board is  
17 currently in the process of promulgating regulations that would  
18 create a 3-tiered system for cultivator wastewater discharge permits.  
19 A similar permitting system would assist the state in controlling  
20 damaging wastewater runoff from cultivation sites, while  
21 minimizing the burden on smaller cultivators.

22 (n) Nothing in this act shall have a diminishing effect on the  
23 rights and protections granted to a patient or primary caregiver  
24 pursuant to the Compassionate Use Act of 1996.

25 (o) Nothing in this act shall be construed to promote or facilitate  
26 the nonmedical, recreational possession, sale, or use of marijuana.

27 SEC. 3. Section 2220.05 of the Business and Professions Code  
28 is amended to read:

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

37 (1) Gross negligence, incompetence, or repeated negligent acts  
38 that involve death or serious bodily injury to one or more patients,  
39 such that the physician and surgeon represents a danger to the  
40 public.

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

3 (3) Repeated acts of clearly excessive prescribing, furnishing,  
4 or administering of controlled substances, or repeated acts of  
5 prescribing, dispensing, or furnishing of controlled substances, or  
6 recommending marijuana to patients for medical purposes, without  
7 a good faith prior examination of the patient and medical reason  
8 therefor. However, in no event shall a physician and surgeon  
9 prescribing, furnishing, or administering controlled substances for  
10 intractable pain consistent with lawful prescribing, including, but  
11 not limited to, Sections 725, 2241.5, and 2241.6 of this code and  
12 Sections 11159.2 and 124961 of the Health and Safety Code, be  
13 prosecuted for excessive prescribing and prompt review of the  
14 applicability of these provisions shall be made in any complaint  
15 that may implicate these provisions.

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

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

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

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

29 SEC. 4. Article 25 (commencing with Section 2525) is added  
30 to Chapter 5 of Division 2 of the Business and Professions Code,  
31 to read:

32  
33 Article 25. Recommending Medical Marijuana

34  
35 2525. (a) It is unlawful for a physician and surgeon who  
36 recommends marijuana to a patient for a medical purpose to accept,  
37 solicit, or offer any form of remuneration from or to a facility  
38 issued a ~~conditional~~ license pursuant to Part 5 (commencing with  
39 Section 18100) of Division 7, if the physician and surgeon or his  
40 or her immediate family have a financial interest in that facility.

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

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

4 2525.1. The Medical Board of California shall consult with  
5 the California Marijuana Research Program, known as the Center  
6 for Medicinal Cannabis Research, authorized pursuant to Section  
7 11362.9 of the Health and Safety Code, on developing and adopting  
8 medical guidelines for the appropriate administration and use of  
9 medical marijuana.

10 2525.2. A physician and surgeon shall not recommend medical  
11 marijuana to a patient, unless that person is the patient’s attending  
12 physician, as defined by subdivision (a) of Section 11362.7 of the  
13 Health and Safety Code.

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

16  
17 PART 5. MEDICAL MARIJUANA

18  
19 CHAPTER 1. GENERAL PROVISIONS

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

23 (a) “Chief” means the Chief of the Office of Medical Marijuana  
24 Regulation.

25 (b) *“Delivery” means the commercial transfer of medical*  
26 *marijuana or medical marijuana products from a dispensary, up*  
27 *to an amount determined by the office, to a primary caregiver or*  
28 *qualified patient, as defined in Section 11362.7 of the Health and*  
29 *Safety Code, a testing laboratory, or to an event or location where*  
30 *it will be used solely for promotional purposes. Delivery also*  
31 *includes the use by a dispensary of a third party or any technology*  
32 *platform that enables qualified patients or primary caregivers to*  
33 *arrange for or facilitate the commercial transfer of medical*  
34 *marijuana or medical marijuana products.*

35 (b)

36 (c) “Dispensary” means a distribution operation that provides  
37 medical marijuana or medical marijuana derived products to  
38 patients and caregivers.

1 (d) “Distribution” means procurement, sale, and transport of  
2 medical marijuana and medical marijuana products purchased  
3 and sold between licensed entities.

4 (e) “Distributor” means a person who is engaged in the business  
5 of purchasing medical marijuana from a licensed cultivator or  
6 medical marijuana products from a licensed manufacturer in order  
7 to distribute to other licensees.

8 (e)

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

11 (g) “Labor peace agreement” means an agreement between a  
12 licensee and a bona fide labor organization that, at a minimum,  
13 protects the state’s proprietary interests by prohibiting labor  
14 organizations and members from engaging in picketing, work  
15 stoppages, boycotts, and any other economic interference with the  
16 applicant’s business. This agreement means that the applicant has  
17 agreed not to disrupt efforts by the bona fide labor organization  
18 to communicate with, and attempt to organize and represent, the  
19 applicant’s employees. The agreement shall provide a bona fide  
20 labor organization access, at reasonable times, to areas in which  
21 the applicant’s employees work, for the purpose of meeting with  
22 employees to discuss their right to representation, employment  
23 rights under state law, and terms and conditions of employment.  
24 This type of agreement shall not mandate a particular method of  
25 election or certification of the bona fide labor organization.

26 (d)

27 (h) “Licensed cultivation site” means a facility that plants,  
28 grows, cultivates, harvests, dries, or processes medical marijuana  
29 and that is issued both a ~~conditional~~ license pursuant to this part  
30 and a local license or permit.

31 (e)

32 (i) “Licensed dispensing facility” means a dispensary or other  
33 facility that provides medical marijuana, medical marijuana  
34 products, or devices for the use of medical marijuana or medical  
35 marijuana products that is issued both a ~~conditional~~ license  
36 pursuant to this part and a local license or permit.

37 (f)

38 (j) “Licensed manufacturer” means a person who extracts,  
39 prepares, derives, produces, compounds, or repackages medical  
40 marijuana or medical marijuana products into consumable and

1 nonconsumable forms and that is issued both a ~~conditional~~ license  
 2 pursuant to this part and a local license or permit.

3 ~~(g)~~

4 (k) “Licensed transporter” means an individual or entity issued  
 5 ~~both a conditional a license by the office and a local license or~~  
 6 ~~permit to transport medical marijuana to and from facilities that~~  
 7 ~~have been issued conditional licenses~~ *both a license* pursuant to  
 8 ~~this part or and a local license or permit for~~ medical marijuana  
 9 products above a quantity limit established by the office.

10 ~~(h)~~

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

24 ~~(i)~~

25 (m) “Office” means the Office of Medical Marijuana Regulation  
 26 in the Business, Consumer ~~Affairs~~, *Services*, and Housing Agency.  
 27 18101. (a) There is hereby created in the Business, Consumer  
 28 Affairs, and Housing Agency the Office of Medical Marijuana  
 29 Regulation, under the supervision and control of the Chief of the  
 30 Office of Medical Marijuana Regulation.

31 ~~(b) Protection of the public shall be the highest priority~~  
 32 ~~Preservation of patients’ access to medical marijuana and the~~  
 33 ~~protection of the public shall be the highest priorities~~ for the office  
 34 in exercising its licensing, regulatory, and disciplinary functions.  
 35 Whenever the protection of the public is inconsistent with other  
 36 interests sought to be promoted, the protection of the public shall  
 37 be paramount.

38 (c) The office shall have the authority to issue, suspend, or  
 39 revoke conditional licenses for the cultivation, manufacture,  
 40 transportation, storage, distribution, *testing*, and sale of medical

1 marijuana within the state and to collect fees in connection with  
2 these actions. The office shall have the authority to create, issue,  
3 suspend, or revoke other licenses in order to protect patient health  
4 and the public and to facilitate the regulation of medical marijuana.

5 (d) (1) The Governor shall appoint the chief at a salary to be  
6 fixed and determined by the secretary with the approval of the  
7 Director of Finance.

8 (2) Appointment of the chief shall be subject to confirmation  
9 by the Senate Committee on Rules.

10 (e) The duty of enforcing and administering this part shall be  
11 vested in the chief. The chief may adopt and enforce those rules  
12 and regulations that he or she determines are reasonably necessary  
13 to carry out the purposes of this part and declaring the policy of  
14 the office, including a system for the issuance of citations for  
15 violations of this part, as specified in Section 18127.

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

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

28 (h) The office shall exercise its authority pursuant to this part  
29 consistent with Section 1 of the act that added this section and  
30 consistent with the provisions of this part.

31 18102. Funds for the establishment and support of the office  
32 shall be advanced as a loan from the General Fund and shall be  
33 repaid by the initial proceeds from fees collected pursuant to this  
34 part or any rule or regulation adopted pursuant to this part.

35 18103. The office shall have the authority necessary for the  
36 implementation of this part, including, but not limited to, all of  
37 the following:

38 (a) Establishing rules or regulations necessary to carry out the  
39 purposes and intent of this part and to enable the office to exercise  
40 the powers and perform the duties conferred upon it by this part

1 and in accordance with Chapter 3.5 (commencing with Section  
 2 11340) of Part 1 of Division 3 of Title 2 of the Government Code.  
 3 These rules and regulations shall not limit any authority of a city,  
 4 county, or city and county provided by law. For the performance  
 5 of its duties, the office has the powers as set forth in Article 2  
 6 (commencing with Section 11180) of Chapter 2 of Part 1 of  
 7 Division 3 of Title 2 of the Government Code.

8 (b) Issuing ~~conditional~~ licenses to persons for the cultivation,  
 9 manufacture, transportation, storage, distribution, *testing*, and sale  
 10 of medical marijuana within the state.

11 (c) Setting application, licensing, and renewal fees for  
 12 ~~conditional~~ licenses issued pursuant to Section ~~18117~~. *18114*.

13 (d) Establishing standards for the cultivation, manufacturing,  
 14 transportation, storage, distribution, provision, testing, donation,  
 15 and sale of medical marijuana and medical marijuana products.

16 (e) Establishing procedures for the issuance, renewal,  
 17 suspension, denial, and revocation of ~~conditional~~ licenses.

18 (f) Enforcing the licensing and regulatory requirement of this  
 19 part, subject to the requirements of Section 18126.

20 (g) Imposing a penalty authorized by this part or any rule or  
 21 regulation adopted pursuant to this part.

22 (h) Taking action with respect to an application for a ~~conditional~~  
 23 license in accordance with procedures established pursuant to this  
 24 part.

25 (i) Overseeing the operation of the Medical Marijuana  
 26 Regulation Fund and the Special Account for Environmental  
 27 Enforcement, established pursuant to Section ~~18118~~. *18115*.

28 (j) Consulting with other state or local agencies, departments,  
 29 representatives of the medical marijuana community, or public or  
 30 private entities for the purposes of establishing statewide standards  
 31 and regulations.

32 18104. (a) On or before January 1, 2018, the office shall  
 33 promulgate regulations for implementation and enforcement of  
 34 this part, including, but not limited to, all of the following:

35 (1) Procedures for the issuance, renewal, suspension, denial,  
 36 and revocation of ~~conditional~~ licenses.

37 (2) Procedures for appeal of fines and the appeal of denial,  
 38 suspension, or revocation of ~~conditional~~ licenses.

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

1 (4) A time period in which the office shall approve or deny an  
2 application for a ~~conditional~~ license pursuant to this part.

3 (5) Qualifications for licensees.

4 (b) The office, in consultation with the Division of Labor  
5 Standards Enforcement, shall adopt regulations establishing worker  
6 safety standards for entities licensed pursuant to this part.

7 (c) The office shall not issue a ~~conditional~~ license unless the  
8 applicant has met all of the requirements of this part, including the  
9 requirements of subdivision ~~(d)~~ (h) of Section 18110, and has  
10 demonstrated compliance with all applicable agricultural  
11 requirements, consumer protection requirements, food and product  
12 safety requirements, and environmental requirements, including,  
13 but not limited to, applicable water quality standards.

14 18104.5. (a) On or before April 1, 2016, the office shall  
15 convene an advisory committee to advise the office on the  
16 development of standards and regulations pursuant to this chapter.  
17 The advisory committee shall recommend to the office the  
18 appropriate roles of each state entity as it pertains to this chapter,  
19 and shall recommend guidelines on communication and  
20 information sharing between state entities, and with local agencies,  
21 for implementation of this chapter.

22 (b) The advisory committee shall be comprised of gubernatorial  
23 and legislative appointees, including, but not limited to,  
24 representatives of the medical marijuana industry, *representatives*  
25 *of medical marijuana cultivators*, appropriate local and state  
26 agencies, appropriate local and state law enforcement, physicians,  
27 environmental and public health experts, and medical marijuana  
28 patient advocates.

29 (c) (1) The advisory committee shall submit a report on these  
30 standards, determinations, and guidelines for implementation of  
31 this chapter to the Legislature and state entities affected by this  
32 chapter by August 1, 2016.

33 (2) The report submitted to the Legislature shall be submitted  
34 in compliance with Section 9795 of the Government Code.

35 (3) The requirement for submitting a report imposed pursuant  
36 to this subdivision is inoperative on January 1, 2020, pursuant to  
37 Section 10231.5 of the Government Code.

38 18105. (a) The chief shall keep a complete record of all  
39 facilities issued a ~~conditional~~ license.

1 (b) This record shall be made available on the office's Internet  
2 Web site.

3 (c) The office shall not disclose information that the office  
4 determines is sensitive and should not be publicly disclosed,  
5 including, but not limited to, the address or location of cultivation  
6 sites.

7 (d) Upon request, the office shall provide summary information  
8 on all licensees, including, but not limited to, the name of the  
9 licensee, the date the license was issued, the status of the license,  
10 and the licensee's mailing address.

11 18106. The office shall establish procedures to provide state  
12 and local law enforcement and state and local agencies, upon their  
13 request, with 24-hour access to information to verify a ~~conditional~~  
14 license, track transportation manifests, and track the inventories  
15 of facilities issued a ~~conditional~~ license.

16 ~~18107. This part shall in no way supersede the provisions of~~  
17 ~~Measure D, approved by the voters of the City of Los Angeles on~~  
18 ~~the May 21, 2013, ballot for the city, or any similar measure in~~  
19 ~~other jurisdictions, which grants medical marijuana businesses and~~  
20 ~~dispensaries qualified immunity consistent with the terms of the~~  
21 ~~measure and local ordinances. Immunity granted by Measure D~~  
22 ~~shall be sufficient to comply with the requirement of local approval~~  
23 ~~for licensure pursuant to Section 18110.~~

24 *18107. Notwithstanding Section 18119, a licensed transporter*  
25 *may transport medical marijuana products to an unlicensed*  
26 *dispensing facility within the City of Los Angeles, provided the*  
27 *following requirements are met:*

28 (a) *The licensed transporter shall comply with subdivisions (b)*  
29 *and (c) of Section 18117, except that, in complying with paragraph*  
30 *(2) of subdivision (b), the licensed transporter shall securely*  
31 *transmit the manifest to the office and the unlicensed dispensing*  
32 *facility that will receive the medical marijuana products.*

33 (b) *The licensed transporter shall record and maintain, in both*  
34 *physical and electronic format, the following information with*  
35 *respect to the delivery of medical marijuana products to the*  
36 *unlicensed dispensing facility:*

37 (1) *The date of delivery.*

38 (2) *The address of delivery.*

39 (3) *The name of the individual who completed the delivery.*

1 (4) *The name of the individual at the facility who received the*  
2 *delivery.*

3 (5) *The name of the owner or operator of the facility.*

4 (6) *The name of the facility, as reflected on any signage.*

5 (7) *The quantity, or weight, and variety of all medical marijuana*  
6 *products delivered.*

7 (8) *The source of all medical marijuana delivered.*

8 (9) *The monetary amount charged and received for all medical*  
9 *marijuana products delivered.*

10 (c) *The recorded information specified in subdivision (b) shall*  
11 *be transmitted within five days to the City of Los Angeles, in a*  
12 *manner to be determined and specified by the City of Los Angeles.*

13 (d) *The records required by this section shall be maintained*  
14 *and made available in accordance with the regulations*  
15 *promulgated by the office pursuant to Section 18140.*

16 18107.1. (a) *The office shall develop a database containing*  
17 *the electronic shipping manifests, which shall include, but not be*  
18 *limited to, the following information:*

19 (1) *The quantity, or weight, and variety of products shipped.*

20 (2) *The estimated times of departure and arrival.*

21 (3) *The quantity, or weight, and variety of products received.*

22 (4) *The actual time of arrival.*

23 (5) *A categorization of the product.*

24 (b) *The database shall be designed to flag irregularities for the*  
25 *office to investigate. An authorized enforcement authority may, at*  
26 *any time, inspect shipments and request documentation for current*  
27 *inventory.*

28 18107.2. (a) *This part shall not be construed to authorize or*  
29 *permit a licensee to transport or deliver, or cause to be transported*  
30 *or delivered, marijuana or marijuana products outside the state,*  
31 *unless authorized by federal law.*

32 (b) *A local jurisdiction shall not prevent transportation of*  
33 *medical marijuana or medical marijuana products on public roads*  
34 *by a licensee transporting medical marijuana or medical marijuana*  
35 *products that acts in compliance with this part.*

36 (c) *A local jurisdiction shall not prevent delivery of medical*  
37 *marijuana or medical marijuana products on public roads by a*  
38 *licensee that acts in compliance with this part and applicable local*  
39 *ordinances.*

CHAPTER 2. ~~CONDITIONAL~~ LICENSES

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18108. The following persons are exempt from the requirement of licensure under this part:

~~(a) A patient who cultivates, possesses, stores, manufactures, or transports marijuana exclusively for his or her personal medical use and who does not sell, distribute, donate, or provide marijuana to any other person or entity.~~

~~(b) A primary caregiver who cultivates, possesses, stores, manufactures, transports, or provides marijuana exclusively for the personal medical purposes to no more than five specified qualified patients for whom he or she is the primary caregiver within the meaning of Section 11362.7 of the Health and Safety Code and who does not receive remuneration for these activities, except for compensation in full compliance with subdivision (c) of Section 11362.765 of the Health and Safety Code. Nothing in this section shall permit primary caregivers to organize themselves as cooperatives or collectives of caregivers.~~

*(a) A qualified patient who cultivates, possesses, stores, manufactures, or transports marijuana exclusively for his or her personal medical use but who does not provide, donate, sell, or distribute marijuana to any other person or entity is not, thereby, engaged in commercial marijuana activity and is, therefore, exempt from the licensure requirements of this part.*

*(b) A primary caregiver who cultivates, possesses, stores, manufactures, transports, donates, or provides marijuana exclusively for the personal medical purposes of no more than five specified qualified patients for whom he or she is the primary caregiver within the meaning of Section 11362.7 of the Health and Safety Code, but who does not receive remuneration for these activities except for compensation in full compliance with subdivision (c) of Section 11362.765 of the Health and Safety Code is not engaged in commercial marijuana activity and is, therefore, exempt from the licensure requirements of this part.*

18109. (a) Except as provided in Section 11362.5 of, and Article 2.5 (commencing with Section 11362.7) of Chapter 6 of Division 10 of, the Health and Safety Code, a person shall not sell or provide medical marijuana to a patient or caregiver other than at a licensed dispensing facility or through delivery from a licensed dispensing facility.

1 (b) Except as provided in Section 11362.5 of, and Article 2.5  
2 (commencing with Section 11362.7) of Chapter 6 of Division 10  
3 of, the Health and Safety Code, a person shall not grow medical  
4 marijuana other than at a licensed cultivation site.

5 (c) Except as provided in Section 11362.5 of, and Article 2.5  
6 (commencing with Section 11362.7) of Chapter 6 of Division 10  
7 of, the Health and Safety Code, a person shall not manufacture  
8 medical marijuana or medical marijuana products other than a  
9 licensed manufacturer.

10 (d) A person other than a licensed transporter shall not transport  
11 medical marijuana from one facility issued a ~~conditional~~ license  
12 to another.

13 (e) A licensed manufacturer may obtain medical marijuana from  
14 a licensed cultivator and may furnish medical marijuana products  
15 to a licensed dispensary.

16 ~~18110. (a) Beginning no later than July 1, 2018, the office  
17 shall provide for and shall issue conditional licenses. Conditional  
18 licenses shall be required for all activity authorized under this  
19 chapter, including, but not limited to, cultivation, processing,  
20 storage, transportation, and dispensing of medical marijuana.~~

21 ~~(b) The issuance of a conditional license shall not, in and of  
22 itself, authorize the recipient to begin business operations. The  
23 conditional license shall certify, at a minimum, that the applicant  
24 has paid the state conditional licensing fee, successfully passed a  
25 criminal background check, and met the state residency  
26 requirements.~~

27 ~~(c) A conditionally licensed facility shall not commence activity  
28 under the authority of a conditional license until the applicant has  
29 also obtained a license or permit from the local jurisdiction in  
30 which he or she proposes to operate, following the requirements  
31 of local ordinances.~~

32 *18110. (a) The office may issue state licenses only to qualified  
33 applicants engaging in commercial marijuana activity pursuant  
34 to this chapter. Upon the date of implementation of regulations  
35 by the office, no person shall engage in commercial marijuana  
36 activity without possessing both a state license and a local permit,  
37 license, or other authorization.*

38 *(b) Local permits shall be determined by local ordinances. The  
39 office issuing state licenses shall have sole authority to revoke a*

1 state license. Local agencies issuing local permits shall have sole  
2 authority to revoke a local permit.

3 (c) Each applicant for a state license shall provide notice to  
4 every affected local jurisdiction at the same time the state  
5 application is filed. The office shall confirm with the applicant a  
6 list of affected local jurisdictions, including those jurisdictions  
7 affected by potential deliveries by the applicant.

8 (d) The issuance of a state license shall not, in and of itself,  
9 authorize the recipient to begin business operations. The state  
10 license shall certify, at a minimum, that the applicant has paid the  
11 state licensing fee, successfully passed a criminal background  
12 check, and is a resident of the state of California.

13 (e) Even if a state license has been granted pursuant to this  
14 chapter, a facility shall not operate in a local jurisdiction that  
15 prohibits the establishment of that type of business. A facility shall  
16 not commence activity under the authority of a state license until  
17 the applicant has obtained, in addition to the state license, a license  
18 or permit from the local jurisdiction in which he or she proposes  
19 to operate, following the requirements of the applicable local  
20 ordinances.

21 (f) If a local government agency notifies the office and provides  
22 evidence that a licensee or applicant within its jurisdiction is in  
23 violation of local ordinances relating to commercial marijuana  
24 activities, the office shall schedule a hearing within 20 days to  
25 determine whether the evidence is sufficient to constitute grounds  
26 for the revocation of the state license.

27 (g) Revocation of a state license or local license or permit shall  
28 terminate the ability of a medical marijuana business to operate  
29 within California until the office or local jurisdiction reinstates  
30 or reissues the state license or local license or permit.

31 ~~(h)~~

32 (h) An applicant for a ~~conditional~~ license shall do all of the  
33 following:

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

36 (2) Register with the office on forms prescribed by the chief.  
37 The forms shall contain sufficient information to identify the  
38 licensee, including all of the following:

39 (A) Name of the owner or owners of a proposed facility,  
40 including all persons or entities having an ownership interest other

1 than a security interest, lien, or encumbrance on property that will  
2 be used by the applicant.

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

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

6 (D) In the case of a cultivation site, the GPS coordinates of the  
7 site.

8 (3) Describe, in writing, the scope of business of the proposed  
9 facility.

10 (4) Provide evidence that the applicant and owner have ~~been~~  
11 ~~legal full-time residents of the state for not less than 12 months.~~  
12 *their primary residence in California.*

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

18 (6) Provide evidence that the applicant has received all required  
19 environmental permits, including compliance with the California  
20 Environmental Quality Act, and wastewater discharge permits.

21 (7) *For an applicant seeking a cultivation license, provide a*  
22 *statement declaring the applicant is an “agricultural employer,”*  
23 *as defined in the Alatorre-Zenovich-Dunlap-Berman Agricultural*  
24 *Labor Relations Act of 1975 (Part 3.5 (commencing with Section*  
25 *1140) of Division 2 of the Labor Code), to the extent not prohibited*  
26 *by law.*

27 (7)

28 (8) Provide the applicant’s fingerprint images. For purposes of  
29 this paragraph, “applicant” means the owner or owners of a  
30 proposed facility, including all persons or entities having an  
31 ownership interest other than a security interest, lien, or  
32 encumbrance on property that will be used by the facility.

33 (A) The applicant shall electronically submit to the Department  
34 of Justice fingerprint images and related information required by  
35 the Department of Justice for the purpose of obtaining information  
36 as to the existence and content of a record of state or federal  
37 convictions and arrests, and information as to the existence and  
38 content of a record of state or federal convictions and arrests for  
39 which the Department of Justice establishes that the person is free  
40 on bail, or on his or her own recognizance, pending trial or appeal.

1 (B) The Department of Justice shall provide a response to the  
 2 office pursuant to paragraph (1) of subdivision (p) of Section 11105  
 3 of the Penal Code.

4 (C) The office shall request from the Department of Justice  
 5 subsequent notification service, as provided pursuant to Section  
 6 11105.2 of the Penal Code, for persons described in subparagraph  
 7 (A).

8 (D) The Department of Justice shall charge the applicant a fee  
 9 sufficient to cover the reasonable cost of processing the requests  
 10 described in this paragraph.

11 ~~(8)~~

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

14 ~~(9)~~

15 (10) Provide any other information required by the office.

16 ~~(e)~~

17 (i) Each location and each discrete use of a single location shall  
 18 require a ~~conditional~~ license. Each application for a ~~conditional~~  
 19 license is separate and distinct, and the office may charge a separate  
 20 fee for each.

21 ~~(f)~~

22 (j) A ~~conditional~~ license issued pursuant to this section shall be  
 23 valid for 12 months after the date of issuance. After the initial  
 24 12-month period, a ~~conditional~~ license may be renewed for a period  
 25 of ~~24~~ 12 months. The office shall establish procedures for the  
 26 renewal of a ~~conditional~~ license.

27 ~~(g)~~

28 (k) Notwithstanding any other law, the office shall not issue a  
 29 ~~conditional~~ license to an individual or entity, or for a premise,  
 30 against whom there is a pending state or local administrative or  
 31 judicial proceeding, against whom there is an action initiated by  
 32 a city, county, or city and county under a local ordinance, or who  
 33 has been determined to have violated an applicable local ordinance.  
 34 *are pending state or local administrative actions, judicial*  
 35 *proceedings, or other actions initiated against the applicant, by*  
 36 *a city, county, or city and county under an applicable local*  
 37 *ordinance, or who has been determined through those proceedings*  
 38 *to have violated a local ordinance related to commercial marijuana*  
 39 *activity.*

40 ~~(h)~~

1 (l) A facility or entity that is operating in compliance with local  
2 zoning ordinances and other state and local requirements on  
3 January 1, 2016, may continue its operations until its application  
4 for ~~conditional~~ licensure is approved or denied pursuant to this  
5 part.

6 (m) A licensee shall not be licensed as a retailer of alcoholic  
7 beverages pursuant to Division 9 (commencing with Section  
8 23000).

9 18111. (a) Upon receipt of the application ~~materials and fee~~  
10 ~~required in Section 18110, the office, provided the applicant has~~  
11 ~~not committed an act or crime constituting grounds for the denial~~  
12 ~~of licensure under Section 18112, may issue the conditional license~~  
13 ~~and send a proof of issuance to the applicant. for licensure and the~~  
14 ~~applicable fee, the office shall make a thorough investigation to~~  
15 ~~determine whether the applicant and the premises for which a state~~  
16 ~~license is applied qualify for the state license and whether this~~  
17 ~~chapter has been complied with, and shall investigate all relevant~~  
18 ~~matters that may affect the public welfare and morals.~~

19 (b) The office shall deny an application if either the applicant  
20 or the premises for which a state license is applied do not qualify  
21 for licensure under this part.

22 (c) The office shall deny the application for licensure or renewal,  
23 or suspend or revoke a state license, if any of the following  
24 conditions apply:

25 (1) Conduct involving dishonesty, fraud, or deceit, with the  
26 intent to substantially benefit himself, herself, or another, or  
27 substantially injure another.

28 (2) Failure to comply with the provisions of this part or any  
29 rule or regulation adopted pursuant to this part.

30 (3) Conduct that constitutes grounds for denial of licensure  
31 pursuant to Chapter 2 (commencing with Section 480) of Division  
32 1.5.

33 (4) Local agencies have notified the office and provided evidence  
34 that a licensee or applicant within its jurisdiction is in violation  
35 of local ordinances relating to commercial marijuana activities.

36 (5) The applicant fails to meet the requirements of this part or  
37 any regulation adopted pursuant to this part or any applicable  
38 city, county, or city and county ordinance or regulation. If a local  
39 government adopts an ordinance or resolution authorizing medical  
40 marijuana to be cultivated, manufactured, stored, distributed, or

1 sold within its jurisdiction, it may submit documentation to the  
2 office detailing its renewal requirements. Failure to submit an  
3 ordinance or resolution to the office shall not impair the  
4 enforceability of the ordinance or resolution. Ordinances or  
5 resolutions that are not submitted pursuant to this subdivision  
6 shall not be considered in denial of licensure pursuant to this part.

7 (6) Granting or continuation of a state license would be contrary  
8 to the public's safety.

9 (7) The applicant holding or seeking a state license has been  
10 convicted of a misdemeanor involving moral turpitude, excluding  
11 misdemeanors involving possession of a controlled substance.

12 (8) The application has failed to state with sufficient specificity  
13 the jurisdiction and location at which the applicant proposes to  
14 establish operations.

15 (9) The applicant, or any of its officers, directors, or owners,  
16 is under 21 years of age.

17 (10) The applicant fails to provide notarized written proof that  
18 the owner of real property or landlord has acknowledged and  
19 consented to its tenant's proposed cultivation or dispensing of  
20 medical marijuana or medical marijuana products.

21 (11) The applicant has failed to provide information requested.

22 (12) Unless otherwise provided by this paragraph, the applicant  
23 or any of its officers, directors, or owners, have been convicted of  
24 a crime or act that is substantially related to the qualifications,  
25 functions, or duties of the business or profession for which the  
26 application is made or is convicted of a misdemeanor involving  
27 moral turpitude, excluding misdemeanors involving possession of  
28 a controlled substance. For purposes of this section, a conviction  
29 means a plea or verdict of guilty or a conviction following a plea  
30 of nolo contendere. An action that the office is permitted to take  
31 following the establishment of a conviction, including, but not  
32 limited to, the issuance, renewal, suspension, and revocation of a  
33 license for commercial marijuana activity pursuant to this part,  
34 shall be held in abeyance until after the time for appeal has  
35 elapsed, or the judgment of conviction has been affirmed on appeal.  
36 Action may be taken when an order granting probation is made  
37 suspending the imposition of sentence.

38 (A) An applicant shall not be denied a state license if the denial  
39 is based solely on any of the following:

1 (i) *The applicant has been convicted of transporting a controlled*  
2 *substance pursuant to Section 11352 or 11379 of the Health and*  
3 *Safety Code prior to January 1, 2014, and the facts underlying the*  
4 *conviction establish that the applicant did not transport the*  
5 *controlled substance with the intent to sell or the intent to aid and*  
6 *abet the commission of, or conspiracy to commit, a crime of*  
7 *transportation of the controlled substance.*

8 (ii) *The applicant has been convicted of a felony that would not*  
9 *be subject to criminal prosecution pursuant to Section 11362.5 or*  
10 *11362.775 of the Health and Safety Code.*

11 (B) *An applicant shall not be denied a state license under either*  
12 *of the following conditions:*

13 (i) *The applicant has obtained a certificate of rehabilitation*  
14 *pursuant to Chapter 3.5 (commencing with Section 4852.01) of*  
15 *Title 6 of Part 3 of the Penal Code, for a crime or act that is*  
16 *substantially related to the qualifications, functions, or duties of*  
17 *the business or profession for which the application is made.*

18 (ii) *The applicant has been convicted of a misdemeanor, and*  
19 *he or she has met all of the applicable requirements of the criteria*  
20 *for rehabilitation developed by the office to evaluate the*  
21 *rehabilitation of a person when considering the denial of license.*

22 (C) *In determining convictions that are substantially related to*  
23 *the qualifications, functions, or duties of the business or profession*  
24 *for which the application is made, the office shall include, but not*  
25 *be limited to, the following:*

26 (i) *A felony conviction for the possession for sale, sale,*  
27 *manufacture, transportation, or cultivation of a controlled*  
28 *substance.*

29 (ii) *A violent felony, as specified in subdivision (c) of Section*  
30 *667.5 of the Penal Code.*

31 (iii) *A serious felony as specified in subdivision (c) of Section*  
32 *1192.7 of the Penal Code.*

33 (iv) *A felony offense involving fraud, deceit, or embezzlement.*

34 (13) *The applicant, or any of its officers, directors, or owners,*  
35 *is a licensed physician making patient recommendations for*  
36 *medical marijuana.*

37 (14) *The applicant or any of its officers, directors, or owners*  
38 *has been subject to fines or penalties for cultivation or production*  
39 *of a controlled substance on public or private lands pursuant to*  
40 *Section 12025 of the Fish and Game Code.*

1     (15) *The applicant, or any of its officers, directors, or owners,*  
2 *have been sanctioned by the office, or a city, county, or a city and*  
3 *county for unlicensed commercial medical marijuana activities or*  
4 *has had a license revoked under this part in the previous three*  
5 *years.*

6     (16) *The proposed commercial marijuana activity will violate*  
7 *any applicable local law or ordinance.*

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

10    (18) *The applicant or the owner is unable to show that he or*  
11 *she has established domicile within the state.*

12    (19) *Failure to obtain and maintain a valid seller's permit*  
13 *required pursuant to Part 1 (commencing with Section 6001) of*  
14 *the Revenue and Taxation Code.*

15    (20) *There are pending state or local administrative actions,*  
16 *judicial proceedings, or other actions initiated against the*  
17 *applicant, by a city, county, or city and county under an applicable*  
18 *local ordinance, or who has been determined through those*  
19 *proceedings to have violated a local ordinance related to*  
20 *commercial marijuana activity, or who knowingly provides false*  
21 *or fraudulent information on an application for licensure.*

22    (d) *Notwithstanding any other section of this part, the office*  
23 *may grant a license to an applicant who has been convicted of a*  
24 *crime if the office determines that the applicant is otherwise*  
25 *suitable to be issued a state license and granting a license would*  
26 *not compromise public safety. The office shall conduct a thorough*  
27 *investigation of the nature of the crime, conviction, circumstances,*  
28 *and evidence of rehabilitation of the applicant, and shall evaluate*  
29 *the suitability of the applicant to be issued a state license based*  
30 *on the evidence found through the investigation. In the evaluation,*  
31 *public protection shall take priority over rehabilitation and, where*  
32 *evidence of rehabilitation and public protection are in conflict,*  
33 *public protection shall take precedence.*

34    (e) *Applicants shall be notified of a denied application, and*  
35 *licensees of a suspended or revoked license shall be notified, in*  
36 *writing via personal service or mail addressed to the address of*  
37 *the applicant or licensee set forth in the application. The letter*  
38 *shall contain the detailed reasons for which the application was*  
39 *denied, the license was revoked, or the license was suspended. The*  
40 *applicant or licensee shall have the right to appeal the denial,*

1 *suspension, or revocation and shall be given a hearing within 30*  
2 *days of the appeal. On appeal, the decision shall be upheld unless*  
3 *the applicant or licensee demonstrates that he or she is in fact*  
4 *eligible for licensure and the application or licensee is in*  
5 *compliance with this part.*

6 ~~(b)~~

7 *(f) The chief shall, by regulation, prescribe conditions upon*  
8 *which a person whose ~~conditional~~ license has previously been*  
9 *denied, suspended, or revoked, may be issued a ~~conditional~~ license.*

10 *(g) All proceedings to deny, suspend, or revoke a license shall*  
11 *be conducted pursuant to Chapter 5 (commencing with Section*  
12 *11500) of Part 1 of Division 3 of Title 2 of the Government Code.*

13 ~~18112. (a) An application for a conditional license shall be~~  
14 ~~denied and a conditional license shall be suspended or revoked for~~  
15 ~~a past felony conviction for the possession for sale, sale,~~  
16 ~~manufacture, transportation, or cultivation of a controlled~~  
17 ~~substance, a felony criminal conviction for drug trafficking, a~~  
18 ~~felony conviction for embezzlement, a felony conviction involving~~  
19 ~~fraud or deceit, or any violent or serious felony conviction pursuant~~  
20 ~~to subdivision (c) of Section 667.5 of, or subdivision (c) of Section~~  
21 ~~1192.7 of, the Penal Code. A conditional license shall not be denied~~  
22 ~~solely on the basis of a prior conviction for a felony that was~~  
23 ~~committed after the enactment of the Compassionate Use Act of~~  
24 ~~1996, but which would not be a felony after the enactment of the~~  
25 ~~measure that added this part. The office, at its discretion, may issue~~  
26 ~~a license to an applicant that would be otherwise denied pursuant~~  
27 ~~to this subdivision, with the exception of the requirement of having~~  
28 ~~been issued a conditional license, if the applicant has obtained a~~  
29 ~~certificate of rehabilitation, pursuant to Section 4852.13 of the~~  
30 ~~Penal Code.~~

31 ~~(b) The chief, upon his or her determination, may deny, suspend,~~  
32 ~~or revoke a conditional license when a conditional licensee,~~  
33 ~~applicant, or employee, partner, officer, or member of an entity~~  
34 ~~conditionally licensed does any of the following:~~

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

39 ~~(2) Any other conduct that constitutes fraud.~~

40 ~~(3) Conduct constituting gross negligence.~~

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

5 ~~(5) Conduct that constitutes grounds for denial of licensure~~  
6 ~~pursuant to Chapter 2 (commencing with Section 480) of Division~~  
7 ~~1.5.~~

8 ~~18113.—(a) Upon denying, suspending, or revoking a~~  
9 ~~conditional license, the chief shall notify the applicant or licensee,~~  
10 ~~in writing, by personal service or mail addressed to the address of~~  
11 ~~the applicant or licensee set forth in the application. The applicant~~  
12 ~~or licensee shall be given a hearing within 30 days thereafter if he~~  
13 ~~or she files with the office a written request for hearing. Otherwise,~~  
14 ~~the denial, suspension, or revocation is deemed affirmed.~~

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

19 ~~18114.—An application for or renewal of a conditional license~~  
20 ~~shall not be approved if the office determines any of the following:~~

21 ~~(a) The applicant fails to meet the requirements of this part or~~  
22 ~~has had an applicable permit or license revoked or denied by an~~  
23 ~~applicable city, county, or city and county agency. If a local~~  
24 ~~government adopts an ordinance or resolution authorizing medical~~  
25 ~~marijuana to be cultivated, manufactured, stored, distributed, or~~  
26 ~~sold within its jurisdiction, it shall submit to the office~~  
27 ~~documentation detailing their renewal requirements.~~

28 ~~(b) The applicant, or any of its officers, directors, owners,~~  
29 ~~members, or shareholders, is a minor.~~

30 ~~(c) The applicant has knowingly answered a question or request~~  
31 ~~for information falsely on the application form or failed to provide~~  
32 ~~information requested.~~

33 ~~(d) The applicant, or any of its officers, directors, owners,~~  
34 ~~members, or shareholders has been sanctioned by the office, a city,~~  
35 ~~county, or city and county, for medical marijuana activities~~  
36 ~~conducted in violation of this part or any applicable local ordinance~~  
37 ~~or has had a license revoked in the previous five years.~~

38 ~~(e) The proposed cultivation, processing, possession, storage,~~  
39 ~~manufacturing, testing, transporting, distribution, provision, or~~

1 ~~sale of medical marijuana will violate any applicable local law or~~  
2 ~~ordinance.~~

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

5 ~~18115.~~

6 ~~18112.~~ (a) In addition to the provisions of this part, a  
7 ~~conditional~~ license shall be subject to the restrictions of the local  
8 jurisdiction in which the facility operates or proposes to operate.  
9 Even if a ~~conditional~~ license has been granted pursuant to this part,  
10 a facility shall not operate in a local jurisdiction that prohibits the  
11 establishment of that type of business.

12 (b) In addition to the provisions of this part, local jurisdictions  
13 retain the power to assess fees and taxes, as applicable, on facilities  
14 that are ~~conditionally~~ licensed pursuant to this part and the business  
15 activities of those licensees.

16 ~~18116.~~

17 ~~18113.~~ The office may adopt regulations to limit the number  
18 of ~~conditional~~ licenses issued pursuant to this part upon a finding  
19 that the otherwise unrestricted issuance of ~~conditional~~ licenses is  
20 dangerous to the public health and safety.

21  
22 CHAPTER 3. FEES

23  
24 ~~18117.~~

25 ~~18114.~~ (a) The ~~conditional~~ licensing fee shall be established  
26 by the office at a level sufficient to fund the reasonable costs of  
27 all of the following:

28 (1) Administrative costs incurred by the office in overseeing  
29 the ~~conditional~~ licensing program and establishing health and  
30 safety standards.

31 (2) Costs incurred by the office or the Department of Justice  
32 for enforcement of the provisions of this part.

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

35 (b) In addition to the ~~conditional~~ licensing fee required pursuant  
36 to subdivision (a), a cultivation facility shall be assessed a fee in  
37 a sufficient amount to cover the reasonable regulatory costs of  
38 enforcing the environmental impact provisions relating to those  
39 cultivation facilities. This fee shall be distributed, as necessary  
40 and in proportion to its regulatory function, between the following

1 agencies responsible for enforcing the regulations relating to the  
2 environmental impact of licensed cultivation sites:

- 3 (1) The State Water Resources Control Board.
- 4 (2) The Department of Fish and Wildlife.
- 5 (3) The Department of Forestry and Fire Protection.
- 6 (4) The Department of Pesticide Regulation.
- 7 (5) The Department of Food and Agriculture.
- 8 (6) Local law enforcement.
- 9 ~~18118.~~

10 *18115.* (a) The Medical Marijuana Regulation Fund is hereby  
11 established within the State Treasury. Notwithstanding Section  
12 16305.7 of the Government Code, the fund shall include any  
13 interest and dividends earned on the money in the fund.

14 (b) Except as provided in subdivision (c), all fees collected  
15 pursuant to this part shall be deposited into the Medical Marijuana  
16 Regulation Fund. All moneys within the fund are available, upon  
17 appropriation by the Legislature, to the office solely for the  
18 purposes of fully funding and administering this part, including,  
19 but not limited to, the costs incurred by the office for its  
20 administrative expenses.

21 (c) The Special Account for Environmental Enforcement is  
22 hereby established as an account within the Medical Marijuana  
23 Regulation Fund. Notwithstanding Section 16305.7 of the  
24 Government Code, the account shall include any interest and  
25 dividends earned on the money in the account. All fees collected  
26 pursuant to subdivision (b) of Section ~~18117~~ *18114* shall be  
27 deposited in this account. All moneys within the fund are available,  
28 upon appropriation by the Legislature, to the office for distribution  
29 to the entities listed in subdivision (b) of Section ~~18117~~ *18114* to  
30 be used to enforce the environmental regulation of licensed  
31 cultivation sites.

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

35 (e) The office may establish and administer a grant program to  
36 allocate moneys from the Medical Marijuana Regulation Fund to  
37 state and local entities for the purpose of assisting with medical  
38 marijuana regulation and the enforcement of this part.

1 ~~18119.~~

2 ~~18116. (a) A facility issued a conditional license shall not~~  
3 ~~acquire, cultivate, process, possess, store, manufacture, distribute,~~  
4 ~~sell, deliver, transfer, transport, or dispense medical marijuana for~~  
5 ~~any purpose other than those authorized by Article 2.5~~  
6 ~~(commencing with Section 11362.7) of Chapter 6 of Division 10~~  
7 ~~of the Health and Safety Code.~~

8 ~~(b) A licensed dispensing facility shall not acquire, cultivate,~~  
9 ~~process, possess, store, manufacture, distribute, sell, deliver,~~  
10 ~~transfer, transport, or dispense medical marijuana plants or medical~~  
11 ~~marijuana products except through a licensed cultivation site or a~~  
12 ~~licensed manufacturer.~~

13

14 CHAPTER 4. TRANSPORTATION OF MEDICAL MARIJUANA

15

16 ~~18120. (a) A licensed transporter shall ship only to facilities~~  
17 ~~issued a conditional license and only in response to a request for~~  
18 ~~a specific quantity and variety from those facilities.~~

19 ~~(b) Prior to transporting medical marijuana or medical marijuana~~  
20 ~~products, a licensed transporter shall do both of the following:~~

21 ~~(1) Complete a shipping manifest using a form prescribed by~~  
22 ~~the office.~~

23 ~~(2) Securely transmit a copy of the manifest to the licensee that~~  
24 ~~will receive the medical marijuana or medical marijuana product,~~  
25 ~~and to the office, prior to transport.~~

26 ~~(c) The licensed transporter making the shipment and the~~  
27 ~~licensee receiving the shipment shall maintain each shipping~~  
28 ~~manifest and make it available to local code enforcement officers,~~  
29 ~~any other locally designated enforcement entity, and the office~~  
30 ~~upon request.~~

31 ~~18121. (a) Transported medical marijuana and medical~~  
32 ~~marijuana products shall:~~

33 ~~(1) Be transported only in a locked, safe, and secure storage~~  
34 ~~compartment that is securely affixed to the interior of the~~  
35 ~~transporting vehicle.~~

36 ~~(2) Not be visible from outside the vehicle.~~

37 ~~(b) A vehicle transporting medical marijuana or medical~~  
38 ~~marijuana products shall not have external markings or other~~  
39 ~~indications that it is transporting medical marijuana.~~

1 ~~(e) A vehicle transporting medical marijuana products shall~~  
2 ~~travel directly from one licensed facility to another licensed facility~~  
3 ~~authorized to receive the shipment.~~

4 ~~(d) The provisions of this section only apply to a licensed~~  
5 ~~transporter.~~

6 ~~18122. (a) All transport vehicles carrying medical marijuana~~  
7 ~~with a retail value greater than ten thousand dollars (\$10,000) shall~~  
8 ~~be staffed with a minimum of two employees. At least one transport~~  
9 ~~team member shall remain with the vehicle at all times when the~~  
10 ~~vehicle contains medical marijuana.~~

11 ~~(b) Each transport team member shall have access to a secure~~  
12 ~~form of communication by which each member can communicate~~  
13 ~~with personnel at the licensed facility at all times when the vehicle~~  
14 ~~contains medical marijuana.~~

15 ~~(c) Each transport team member shall possess documentation~~  
16 ~~of licensing and a government-issued identification card at all~~  
17 ~~times when transporting or delivering medical marijuana and shall~~  
18 ~~produce it to any representative of the office or law enforcement~~  
19 ~~upon request.~~

20 ~~(d) This part shall not be construed to authorize or permit a~~  
21 ~~licensee to transport, or cause to be transported, medical marijuana~~  
22 ~~or medical marijuana products outside the state.~~

23 ~~(e) The requirements of this section shall only apply to a licensed~~  
24 ~~transporter.~~

25 ~~18123. A local jurisdiction shall not prevent transportation~~  
26 ~~through or to a facility issued a conditional license, by a~~  
27 ~~conditionally licensed transporter who acts in compliance with~~  
28 ~~this part.~~

29 *18117. (a) A licensee authorized to transport, or transport*  
30 *and deliver, medical marijuana and medical marijuana products*  
31 *shall do so only as set forth in this chapter.*

32 *(b) Prior to transporting or delivering medical marijuana or*  
33 *medical marijuana products, a licensee authorized to transport*  
34 *or deliver medical marijuana or medical marijuana products shall*  
35 *do both of the following:*

36 *(1) Complete an electronic shipping manifest as prescribed by*  
37 *the office. All delivery shipping manifests shall not identify the*  
38 *qualified patient or primary caregiver by name or address.*

1 (2) Securely transmit the manifest to the office and the licensee  
2 that will receive the medical marijuana product, as applicable,  
3 prior to transport.

4 (c) During transportation or delivery, the licensed transporter  
5 shall maintain a physical copy of the shipping manifest and shall  
6 make it available upon request to office, local law enforcement  
7 officers, or any other designated enforcement agency.

8 (d) The licensee receiving the shipment shall maintain each  
9 electronic shipping manifest and shall make it available upon  
10 request to agents of the office, local law enforcement officers, or  
11 any other locally designated enforcement agency.

12 (e) Upon receipt of the transported shipment, a licensee shall  
13 submit to the office a record verifying receipt of the shipment and  
14 the details of the shipment.

15 (f) Notwithstanding any other law or the wage orders of the  
16 Industrial Welfare Commission, a driver employed to transport  
17 medical marijuana or medical marijuana products shall be entitled  
18 to overtime pay pursuant to Section 510 of the Labor Code.

19 18118. An entity licensed pursuant to Sections 18109 to 18113,  
20 inclusive, may transport between licensees medical marijuana or  
21 medical marijuana products with a total retail value, weight of  
22 medical marijuana, and weight of medical marijuana products,  
23 below the statewide threshold, which shall be adopted by regulation  
24 by the office after review by the advisory committee and the office.

25 18119. (a) Transported and delivered medical marijuana or  
26 medical marijuana products shall be transported only in a storage  
27 compartment that is securely affixed to the interior of the  
28 transporting vehicle and that is not visible from outside the vehicle.  
29 This requirement shall only apply to licensees transporting medical  
30 marijuana or medical marijuana products with a total retail value  
31 of at least an amount equal to a statewide monetary threshold,  
32 which shall be adopted by regulation by the office after review by  
33 the advisory committee and the office.

34 (b) A vehicle transporting medical marijuana or medical  
35 marijuana products shall travel only directly between licensed  
36 facilities authorized to receive the shipment, unless otherwise  
37 authorized under its license. All transport and deliveries shall be  
38 conducted between 8:00 a.m. and 8:00 p.m. Transportation and  
39 delivery of shipments do not have to be completed in a single day.

1 (c) All transport or delivery vehicles shall be staffed with a  
2 minimum of two direct employees of the licensee. At least one  
3 employee shall remain with the vehicle at all times when the vehicle  
4 contains medical marijuana. This requirement shall only apply to  
5 licensees transporting medical marijuana or medical marijuana  
6 products with a total retail value of at least an amount equal to a  
7 statewide monetary threshold, which shall be adopted by regulation  
8 by the office after review by the advisory committee and the office.

9 (d) Each transport or delivery team member shall possess  
10 documentation of licensing and a government-issued identification  
11 card at all times when transporting or delivering medical  
12 marijuana and shall produce it upon the request of agents of the  
13 office or a law enforcement official.

14 (e) This section shall be enforced by the Department of the  
15 California Highway Patrol in collaboration with local agencies.

16  
17 CHAPTER 5. ENFORCEMENT  
18

19 18124. ~~A state agency~~ The office is not required by this section  
20 to enforce a city, county, city and county, or local law, ordinance,  
21 rule, or regulation regarding the site or operation of a facility issued  
22 a ~~conditional~~ license.

23 18125. The office may assist state taxation authorities in the  
24 development of uniform policies for the state taxation of licensees.

25 18126. (a) The office may enforce all of the requirements of  
26 this part, including any regulations adopted pursuant to this part.

27 (b) The office shall delegate the authority to enforce the  
28 requirements of this part, including any regulations, to a city,  
29 county, or city and county, upon request of that entity.

30 (c) Nothing in this part shall be interpreted to supersede or limit  
31 existing local authority for law enforcement activity, enforcement  
32 of local zoning requirements, or enforcement of local licensing  
33 requirements.

34 (d) Nothing in this part shall be interpreted to require the office  
35 to undertake local law enforcement responsibilities, enforce local  
36 zoning requirements, or enforce local licensing requirements.

37 18127. (a) A willful violation of Section 18110, including an  
38 attempt to falsify information on an application or to otherwise  
39 defraud or mislead a state or local agency in the course of the

1 application process, shall be punishable by a civil fine of up to  
2 thirty-five thousand dollars (\$35,000) for each individual violation.

3 (b) A technical violation of Section 18110 shall, at the office's  
4 discretion, be punishable by a civil fine of up to ten thousand  
5 dollars (\$10,000) for each individual violation.

6 18128. A district attorney, county counsel, city attorney, city  
7 prosecutor, the Attorney General, or the office may bring an action  
8 to enjoin a violation or the threatened violation of any provision  
9 of this part, including, but not limited to, a licensee's failure to  
10 correct objectionable conditions following notice or as a result of  
11 a rule promulgated pursuant to this part. The action shall be brought  
12 in the county in which the violation occurred or is threatened to  
13 occur. A proceeding brought pursuant to this part shall conform  
14 to the requirements of Chapter 3 (commencing with Section 525)  
15 of Title 7 of Part 2 of the Code of Civil Procedure. Nothing in this  
16 section shall diminish the authority of a local government to take  
17 requisite enforcement actions pertaining to its own ordinances or  
18 regulations.

19 18129. Nothing in this part shall prevent a city or other local  
20 governing body from taking action as specified in Section 11362.83  
21 of the Health and Safety Code.

22 18130. This part shall not be construed to limit a law  
23 enforcement agency's ability to investigate unlawful activity in  
24 relation to a facility issued a conditional license.

25

26 *CHAPTER 6. TIERED LICENSING AND VERTICAL INTEGRATION*

27

28 18131. (a) A licensee may only hold a state license in up to  
29 two separate license categories, as follows:

30 (1) Type 1, 1A, 1B, 2, 2A, and 2B licensees, or a combination  
31 thereof, may apply for a Type 6 or 7 state license, or a combination  
32 thereof.

33 (2) Type 6 and 7 licensees, or a combination thereof, may apply  
34 for a Type 1, 1A, 1B, 2, 2A, and 2B state license, or a combination  
35 thereof.

36 (3) Type 6 and 7 licensees, or a combination thereof, may apply  
37 for a Type 10A state license.

38 (4) Type 10A licensees may apply for a Type 6 and 7 state  
39 license, or a combination thereof.

- 1 (5) Type 1, 1A, 1B, 2, 2A, and 2B licensees, or a combination  
2 thereof, may apply for a Type 10A state license.
- 3 (6) Type 10A licensees, may apply for Type 1, 1A, 1B, 2, 2A,  
4 and 2B state license, or a combination thereof.
- 5 (7) Type 11 licensees may apply for a Type 12 state license.
- 6 (8) Type 12 licensees may apply for a Type 11 state license.
- 7 (b) State licenses to be issued by the office are as follows:
- 8 (1) Type 1, or “specialty outdoor,” for outdoor cultivation using  
9 no artificial lighting of 5,000 square feet or less of total canopy  
10 size on one premises, or up to 50 mature plants on noncontiguous  
11 plots.
- 12 (2) Type 1A, or “specialty indoor,” for indoor cultivation using  
13 exclusively artificial lighting of 5,000 square feet or less of total  
14 canopy size on one premises.
- 15 (3) Type 1B, or “specialty mixed-light,” for cultivation using  
16 a combination of natural and supplemental artificial lighting at a  
17 maximum threshold to be determined by the office, than 5,000  
18 square feet or less of total canopy size on one premises.
- 19 (4) Type 2, or “small outdoor,” for outdoor cultivation using  
20 no artificial lighting between 5,001 and 10,000 square feet of total  
21 canopy size on one premises.
- 22 (5) Type 2A, or “small indoor,” for indoor cultivation using  
23 exclusively artificial lighting between 5,001 and 10,000 square  
24 feet of total canopy size on one premises.
- 25 (6) Type 2B, or “small mixed-light,” for cultivation using a  
26 combination of natural and supplemental artificial lighting at a  
27 maximum threshold to be determined by the office, between 5,001  
28 and 10,000 square feet of total canopy size on one premises.
- 29 (7) Type 3, or “outdoor,” for outdoor cultivation using no  
30 artificial lighting between 10,001 and 44,000 square feet of total  
31 canopy size on one premises. The office shall limit the number of  
32 licenses allowed of this type.
- 33 (8) Type 3A, or “indoor,” for indoor cultivation using  
34 exclusively artificial lighting between 10,001 and 22,000 square  
35 feet of total canopy size on one premises. The office shall limit the  
36 number of licenses allowed of this type.
- 37 (9) Type 3B, or “mixed-light,” for cultivation using a  
38 combination of natural and supplemental artificial lighting at a  
39 maximum threshold to be determined by the office, between 10,001

1 and 22,000 square feet of total canopy size on one premises. The  
2 office shall limit the number of licenses allowed of this type.

3 (10) Type 4, or “nursery,” for cultivation of medical marijuana  
4 solely as a nursery. Type 4 licensees may transport live plants.

5 (c) The office shall promulgate regulations governing the  
6 licensing of marijuana manufacturers.

7 (d) Licenses to be issued by the office to marijuana  
8 manufacturers are as follows:

9 (1) Type 6, or “manufacturing level 1,” for manufacturing sites  
10 that produce medical marijuana products using nonvolatile  
11 solvents.

12 (2) Type 7, or “manufacturing level 2,” for manufacturing sites  
13 that produce medical marijuana products using volatile solvents.  
14 The office shall limit the number of licenses of this type.

15 (3) Type 8, or “testing,” for testing of medical marijuana and  
16 medical marijuana products. Type 8 licensees shall have their  
17 facilities certified licensed according to regulations set forth by  
18 the office. A Type 8 licensee shall not hold a license in another  
19 license category of this part and shall not own or have ownership  
20 interest in a facility licensed pursuant to this part.

21 (e) State licenses to be issued by the office for dispensing and  
22 distributing are as follows:

23 (1) Type 10, or “dispensary,” for the retail of medical marijuana  
24 and medical marijuana products. This license shall allow for  
25 delivery where expressly authorized by local ordinance.

26 (2) Type 10A or “special dispensary status,” for dispensers  
27 who have no more than three licensed dispensary facilities. This  
28 license shall allow for delivery where expressly authorized by local  
29 ordinance.

30 (3) Type 11, or “distributor,” for the certification of the content  
31 of all medical marijuana or medical marijuana products and  
32 distribution licensees. A Type 11 licensee shall hold a Type 12, or  
33 transporter, license and register each facility location where  
34 product is stored for the purposes of distribution. A Type 11  
35 licensee shall not hold a license in a cultivation, manufacturing,  
36 dispensing, or testing license category and shall not own, or have  
37 an ownership interest in, a facility licensed in those categories  
38 other than a security interest, lien, or encumbrance on property  
39 that is used by a licensee. A Type 11 licensee shall be bonded and  
40 insured at a minimum level established by the office.

1 (4) Type 12, or “transport,” for transporters of medical  
 2 marijuana or medical marijuana products. A Type 12 licensee  
 3 shall be bonded and insured at a minimum level established by  
 4 the office.

5  
 6 CHAPTER 6-7. CULTIVATION SITES  
 7

8 ~~18133. (a) No later than January 1, 2022, all medical marijuana~~  
 9 ~~grown, produced, distributed, and sold in the state shall meet~~  
 10 ~~standards equivalent to those for certified organic crops.~~  
 11 ~~Certification shall be by the office or an independent third party~~  
 12 ~~that contracts with the office for the purpose of certifying medical~~  
 13 ~~marijuana as organic.~~

14 ~~(b) The office shall establish appellations of origin for marijuana~~  
 15 ~~grown in California.~~

16 18132. (a) Not later than January 1, 2020, the Department of  
 17 Food and Agriculture, in conjunction with the office, shall make  
 18 available a certified organic designation and organic certification  
 19 program for medical marijuana, if permitted under federal law.

20 (b) If the certified organic designation and organic certification  
 21 program is not available to medical marijuana by January 1, 2020,  
 22 the Department of Food and Agriculture, in conjunction with the  
 23 office, shall develop an equivalent program with standards for  
 24 designation and certification for medical marijuana by January  
 25 1, 2022.

26 (c) The office shall establish appellations of origin for marijuana  
 27 grown in California.

28 (d) It is unlawful for medical marijuana to be marketed, labeled,  
 29 or sold as grown in a California county when the medical  
 30 marijuana was not grown in that county.

31 (e) It is unlawful to use the name of a California county in the  
 32 labeling, marketing, or packaging of medical marijuana products  
 33 unless the product was grown in that county.

34 ~~18134.~~

35 18133. The office shall work with county agricultural  
 36 commissioners to provide all the information and forms required  
 37 for ~~conditional~~ licensure as a cultivation site in a single location,  
 38 including state licensure, local requirements in that jurisdiction,  
 39 and environmental requirements.

1 CHAPTER 7-8. REGULATION OF MEDICAL MARIJUANA

2  
3 *18134. This part and Article 2 (commencing with Section*  
4 *11357) and Article 2.5 (commencing with Section 11362.7) of*  
5 *Chapter 6 of Division 10 of the Health and Safety Code shall not*  
6 *interfere with an employer's rights and obligations to maintain a*  
7 *drug and alcohol free workplace or require an employer to permit*  
8 *or accommodate the use, consumption, possession, transfer,*  
9 *display, transportation, sale, or growth of marijuana in the*  
10 *workplace or affect the ability of employers to have policies*  
11 *prohibiting the use of marijuana by employees and prospective*  
12 *employees, or prevent employers from complying with state or*  
13 *federal law.*

14 ~~18136.~~

15 *18135. (a) A person shall not distribute any form of advertising*  
16 *for physician recommendations for medical marijuana in California*  
17 *unless the advertisement bears the following notice to consumers:*  
18

19 NOTICE TO CONSUMERS: The Compassionate Use Act of  
20 1996 ensures that seriously ill Californians have the right to obtain  
21 and use marijuana for medical purposes where medical use is  
22 deemed appropriate and has been recommended by a physician  
23 who has determined that the person's health would benefit from  
24 the use of medical marijuana. Physicians are licensed and regulated  
25 by the Medical Board of California and arrive at the decision to  
26 make this recommendation in accordance with accepted standards  
27 of medical responsibility. Marijuana is a Schedule I drug according  
28 to the federal Controlled Substances Act. Activity related to  
29 marijuana use is subject to federal prosecution, without protections  
30 provided by state law.

31  
32 (b) Advertising for physician recommendations for medical  
33 marijuana shall meet all requirements of Section 651. Price  
34 advertising shall not be fraudulent, deceitful, or misleading,  
35 including statements or advertisements of bait, discounts,  
36 premiums, gifts, or statements of a similar nature.

37 ~~18137.~~

38 *18136. (a) A facility issued a ~~conditional~~ license shall*  
39 *implement sufficient security measures to both deter and prevent*  
40 *unauthorized entrance into areas containing medical marijuana or*

1 medical marijuana products and theft of medical marijuana or  
 2 medical marijuana products at those facilities. These security  
 3 measures shall include, but not be limited to, all of the following:

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

7 (2) Establishing limited access areas accessible only to  
 8 authorized facility personnel.

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

14 (b) A facility issued a ~~conditional~~ license shall notify appropriate  
 15 law enforcement authorities within 24 hours after discovering any  
 16 of the following:

17 (1) Significant discrepancies identified during inventory. The  
 18 level of significance shall be determined by the office.

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

21 (3) The loss or unauthorized alteration of records related to  
 22 marijuana, registered qualifying patients, personal caregivers, or  
 23 facility agents.

24 (4) Any other breach of security.

25 (c) A licensed cultivation site shall weigh, inventory, and  
 26 account for on video, all medical marijuana to be transported prior  
 27 to its leaving its origination location. Within eight hours after  
 28 arrival at the destination, the licensed dispensing facility shall  
 29 reweigh, reinventory, and account for on video, all transported  
 30 marijuana.

31 ~~18138.~~

32 *18137.* (a) A licensed cultivation site or licensed dispensing  
 33 facility shall display the ~~conditional~~ license in a manner so as to  
 34 be available and easily read at the location.

35 (b) The office shall notify local law enforcement of all  
 36 ~~conditional~~ licenses issued for cultivation sites, manufacturers,  
 37 and dispensaries in that jurisdiction.

38 ~~18140.~~

39 *18138.* (a) Information identifying the names of patients, their  
 40 medical conditions, or the names of their primary caregivers

1 received and contained in records kept by the office for the  
2 purposes of administering this part shall be maintained in  
3 accordance with Chapter 1 (commencing with Section 123100) of  
4 Part 1 of Division 106 of the Health and Safety Code, Part 2.6  
5 (commencing with Section 56) of Division 1 of the Civil Code,  
6 and other state and federal laws relating to confidential patient  
7 information.

8 (b) (1) Nothing in this section shall preclude any of the  
9 following:

10 (A) Office employees notifying state or local agencies about  
11 information submitted to the office that the employee suspects is  
12 falsified or fraudulent.

13 (B) Notifications from the office to state or local agencies of  
14 apparent violations of this part or an applicable local ordinance.

15 (C) Verification of requests by state or local agencies to confirm  
16 licenses and certificates issued by the office or other state agency.

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

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

23 ~~18141.~~

24 *18139.* (a) The actions of a licensee, its employees, and its  
25 agents, that are permitted pursuant to a ~~conditional~~ license and that  
26 are conducted in accordance with the requirements of this part and  
27 regulations adopted pursuant to this part, are not unlawful under  
28 state law and shall not be an offense subject to arrest or  
29 prosecution.

30 (b) The actions of a person who, in good faith and upon  
31 investigation, allows his or her property to be used by a licensee,  
32 its employees, and its agents, as permitted pursuant to a ~~conditional~~  
33 license, are not unlawful under state law and shall not be an offense  
34 subject to arrest or prosecution.

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

1 ~~18142.~~

2 18140. (a) A licensee shall not cultivate, process, store,  
3 manufacture, transport, *test*, or sell medical marijuana in the state  
4 unless accurate records are kept at the licensed premises of the  
5 growing, processing, storing, manufacturing, transporting, *testing*,  
6 or selling by the licensee in the state. These records shall include  
7 the name and address of the supplier of marijuana received or  
8 possessed by the licensee, the location at which the marijuana was  
9 cultivated, the amount of marijuana received, the form in which  
10 it is received, the name of the employee receiving it, and the date  
11 of receipt. These records shall also include receipts for all  
12 expenditures incurred by the licensee and banking records, if any,  
13 for all funds obtained or expended in the performance of any  
14 activity under the authority of the ~~conditional~~ license. A licensee  
15 who has a ~~conditional~~ license for more than one premises may  
16 keep all records at one of the ~~conditionally~~ licensed premises.  
17 Required records shall be kept for a period of seven years from  
18 the date of the transaction.

19 (b) The office or a local agency delegated the authority to  
20 enforce the licensing requirements of this part may examine the  
21 books and records of a ~~conditional~~ licensee and may visit and  
22 inspect the premises of a ~~conditional~~ licensee, as the office or local  
23 agency deems necessary to perform its duties under this part.

24 (c) Books or records requested by the office or a local agency  
25 delegated the authority to enforce licensing requirements of this  
26 part shall be provided by the ~~conditional~~ licensee no later than five  
27 business days after the request is made.

28 (d) The office or a local agency delegated the authority to  
29 enforce the licensing requirements of this part may enter and  
30 inspect the premises of a facility issued a ~~conditional~~ license  
31 between the hours of 8 a.m. and 8 p.m. on any day that the facility  
32 is open, or at any reasonable time, to ensure compliance and  
33 enforcement of the provisions of this part or a local ordinance.

34 (e) If a licensee or an employee of a licensee refuses, impedes,  
35 obstructs, or interferes with an inspection pursuant to subdivision  
36 (d), the ~~conditional~~ license may be summarily suspended and the  
37 office shall directly commence proceedings for the revocation of  
38 the ~~conditional~~ license.

39 (f) If a licensee fails to maintain or provide the books and  
40 records required pursuant to this section, the licensee shall be

1 subject to a civil fine of fifteen thousand dollars (\$15,000) per  
2 individual violation.

3 (g) The office or a local agency delegated the authority to  
4 enforce the licensing requirement of this part may, at its discretion,  
5 require a licensee to contract for an independent audit of the records  
6 required under this section. The licensee shall be liable for all costs  
7 associated with such an audit.

8

9

CHAPTER 9. APPRENTICESHIP PROGRAM

10

11 18141. *This chapter applies only to cultivation sites and*  
12 *dispensaries.*

13 18142. *The Division of Labor Standards Enforcement shall do*  
14 *all of the following:*

15 (a) *Maintain minimum standards for the competency and*  
16 *training of employees of a licensed cultivator or dispensary through*  
17 *a system of testing and certification.*

18 (b) *Maintain an advisory committee and panels as necessary*  
19 *to carry out its functions under this chapter. There shall be*  
20 *employer representation on the committee and panels.*

21 (c) *Adopt regulations as determined to be necessary to*  
22 *implement this chapter.*

23 (d) *Issue certification cards to employees certified pursuant to*  
24 *this chapter.*

25 (e) *Establish registration fees in an amount reasonably*  
26 *necessary to implement this chapter, not to exceed twenty-five*  
27 *dollars (\$25) for the initial registration. There shall be no fee for*  
28 *annual renewal of registration. Fees collected for cultivation sites*  
29 *and dispensaries shall be placed into the Medical Marijuana*  
30 *Regulation Fund.*

31 18143. (a) *By January 1, 2017, the Division of Labor*  
32 *Standards Enforcement shall develop a certification program for*  
33 *marijuana employees. Commencing January 1, 2019, except as*  
34 *provided in subdivision (c), certification shall be required of all*  
35 *persons who perform work as marijuana employees.*

36 (b) *Individuals desiring to be certified shall submit an*  
37 *application for certification and examination.*

38 (c) (1) *Certification is not required for registered apprentices*  
39 *working as marijuana employees as part of a state-approved*  
40 *apprenticeship program. An apprentice who is within one year of*

1 completion of his or her term of apprenticeship shall be permitted  
2 to take the certification examination and, upon passing the  
3 examination, shall be certified immediately upon completion of  
4 the term of apprenticeship.

5 (2) Commencing January 1, 2019, an uncertified person may  
6 perform work for which certification is otherwise required in order  
7 to acquire the necessary on-the-job experience for certification  
8 provided that the person shall be under the direct supervision of  
9 a marijuana employee certified pursuant to this section who is  
10 responsible for supervising no more than one uncertified person.

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

13 18144. (a) The following shall constitute additional grounds  
14 for disciplinary proceedings, including suspension or revocation  
15 of the license issued pursuant to this part:

16 (1) The licensee willfully employs one or more uncertified  
17 persons to perform work as marijuana employees in violation of  
18 this chapter.

19 (2) The licensee willfully fails to provide adequate supervision  
20 of uncertified workers.

21 (3) The licensee willfully fails to provide adequate supervision  
22 of apprentices.

23 (b) The Labor Commissioner shall maintain a process for  
24 referring cases to the office when it has been determined that a  
25 violation of this section has likely occurred. The Labor  
26 Commissioner shall have a memorandum of understanding with  
27 the regulatory authorities office in furtherance of this section.

28 (c) Upon receipt of a referral by the Labor Commissioner  
29 alleging a violation under this section, the office shall open an  
30 investigation. Disciplinary action against the licensee shall be  
31 initiated within 60 days of the receipt of the referral. The office  
32 may initiate disciplinary action against a licensee upon his or her  
33 own investigation, the filing of a complaint, or a finding that results  
34 from a referral from the Labor Commissioner alleging a violation  
35 under this section. Failure of the employer or employee to provide  
36 evidence of certification or apprentice status shall create a  
37 rebuttable presumption of violation of this section.

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

CHAPTER 10. TRACKING PROGRAM

1  
2  
3 *18145. On or before March 1, 2016, the chief shall submit a*  
4 *request for proposal to the public regarding a tracking program*  
5 *for medical marijuana and medical marijuana products as part*  
6 *of the antidiversion effort. The office shall choose a supplier and*  
7 *begin full implementation of the program prior to the issuance of*  
8 *state licenses pursuant to this part.*

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

11 23028. (a) (1) A county may impose a tax on the privilege of  
12 cultivating, dispensing, producing, processing, preparing, storing,  
13 providing, donating, selling, or distributing medical marijuana or  
14 medical marijuana products by a licensee operating pursuant to  
15 Part 5 (commencing with Section 18100) of Division 7 of the  
16 Business and Professions Code.

17 (2) The board of supervisors shall specify in the ordinance  
18 proposing the tax the activities subject to the tax, the applicable  
19 rate or rates, the method of apportionment, if necessary, and the  
20 manner of collection of the tax. The tax may be imposed for general  
21 governmental purposes or for purposes specified in the ordinance  
22 by the board of supervisors.

23 (3) In addition to any other method of collection authorized by  
24 law, the board of supervisors may provide for the collection of the  
25 tax imposed pursuant to this section in the same manner, and  
26 subject to the same penalties and priority of lien, as other charges  
27 and taxes fixed and collected by the county. A tax imposed  
28 pursuant to this section is a tax and not a fee or special assessment.  
29 The board of supervisors shall specify whether the tax applies  
30 throughout the entire county or within the unincorporated area of  
31 the county.

32 (4) The tax authorized by this section may be imposed upon  
33 any or all of the activities set forth in paragraph (1) specified in  
34 the ordinance, regardless of whether the activity is undertaken  
35 individually, collectively, or cooperatively, and regardless of  
36 whether the activity is for compensation or gratuitously, as  
37 determined by the board of supervisors or city council.

38 (b) A tax imposed pursuant to this section shall be subject to  
39 applicable voter approval requirements imposed by law.

1 (c) For purposes of this section, “marijuana” has the same  
2 meaning as the term “marijuana product” set forth in Section  
3 111658 of the Health and Safety Code.

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

10 (e) A tax imposed pursuant to this section is not a sales and use  
11 tax subject to Part 1.5 (commencing with Section 7200) of Division  
12 2 of the Revenue and Taxation Code or a transactions and use tax  
13 subject to Chapter 2 (commencing with Section 7285) of Part 1.7  
14 of Division 2 of the Revenue and Taxation Code. This subdivision  
15 shall not preclude imposition of any other tax authorized under  
16 this section upon the privilege of selling, storing, using, or  
17 consuming medical marijuana.

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

20 11362.775. (a) Qualified patients, persons with valid  
21 identification cards, and the designated primary caregivers of  
22 qualified patients and persons with identification cards, who  
23 cultivate marijuana for medical purposes, shall not solely on the  
24 basis of that fact be subject to state criminal sanctions under  
25 Section 11357, 11358, 11359, 11360, 11366, 11366.5, or 11570.

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

1 means of fraud, or the person is otherwise in violation of Part 5  
2 (commencing with Section 18100) of Division 7 of the Business  
3 and Professions Code.

4 (c) This section shall not diminish the protections of Section  
5 ~~18141~~ 18139 of the Business and Professions Code.

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

9

10 Article 8. Medical Marijuana

11

12 111658. For purposes of this article, the following definitions  
13 shall apply:

14 (a) “Edible medical marijuana product” means medical  
15 marijuana or a medical marijuana-derived product that is ingested  
16 or meant to be ingested through the mouth and into the digestive  
17 system.

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

30 (c) “Office” means the Office of Medical Marijuana Regulation  
31 in the Business, Consumer Affairs, *Services*, and Housing Agency.

32 ~~111659. On or before July 1, 2017, the office shall report to~~  
33 ~~the Legislature on the feasibility of developing a program to certify~~  
34 ~~laboratories for the testing of medical marijuana and related~~  
35 ~~products and the feasibility of developing a labeling requirement~~  
36 ~~for edible marijuana products that incorporates information on the~~  
37 ~~cannabinoid content.~~

38 ~~111660. A facility issued a conditional license pursuant to Part~~  
39 ~~5 (commencing with Section 18100) of Division 7 of the Business~~

1 and Professions Code shall bear the responsibility for both of the  
2 following:

3 ~~(a) Maintaining supplier information in order for recall  
4 procedures to be implemented, if and when necessary.~~

5 ~~(b) Labeling of all medical marijuana and medical marijuana  
6 products that shall, at a minimum, include the following:~~

7 ~~(1) List of pharmacologically active ingredients, including, but  
8 not limited to, tetrahydrocannabinol (THC) and cannabidiol (CBD)  
9 content, the quantity of active ingredients per serving, and the total  
10 amount within the package. For purposes of this paragraph, the  
11 office shall determine the appropriate size of one serving.~~

12 ~~(2) Clear indication, in bold font, that the product contains  
13 medical marijuana.~~

14 ~~(3) The statement “FOR MEDICAL USE ONLY. KEEP OUT  
15 OF REACH OF CHILDREN AND ANIMALS” in bold print.~~

16 ~~(4) Identification of the source and date of cultivation and  
17 manufacture.~~

18 ~~(5) The name and location of the dispensary providing the  
19 product.~~

20 ~~(6) The date of sale.~~

21 ~~(7) Any other requirements set by the office.~~

22 *111659. (a) The office shall promulgate regulations for  
23 implementation and enforcement, including requirements to ensure  
24 that all licensees and certified testing laboratories conform with  
25 applicable standards equivalent to state statutory environmental,  
26 agricultural, consumer protection, and food and product safety  
27 requirements. These standards shall be in addition, and not limited,  
28 to any other state and local requirements.*

29 *(b) Medical marijuana and medical marijuana products shall  
30 be tested by a certified testing laboratory, prior to retail sale or  
31 dispensing, as follows:*

32 *(1) Medical marijuana from dried flower shall, at a minimum,  
33 be tested for potency, pesticides, mold, rodenticide, and other  
34 contaminants.*

35 *(2) Medical marijuana extracts shall, at a minimum, be tested  
36 for potency and purity of the product.*

37 *(3) This article shall not prohibit a licensee from performing  
38 onsite testing for the purposes of quality assurance of the product  
39 in conjunction with reasonable business operations. Onsite testing  
40 by the licensee shall not be certified by the office.*

1 (c) The office shall promulgate standards for certification of  
2 testing laboratories to perform random sample testing of all  
3 medical marijuana and medical marijuana products, including  
4 standards for onsite testing.

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

10 (e) These requirements shall apply to all entities, including  
11 third-party laboratories, engaged in the testing of medical  
12 marijuana pursuant to this article.

13 (f) A laboratory certified by the office to perform random sample  
14 testing of medical marijuana or medical marijuana products shall  
15 not acquire or receive medical marijuana or medical marijuana  
16 products except from a licensed facility in accordance with this  
17 article, and shall not distribute, sell, deliver, transfer, transport,  
18 or dispense medical marijuana or medical marijuana products  
19 except to the licensed facility from which the medical marijuana  
20 or medical marijuana products were acquired or received. All  
21 transfer or transportation shall be performed pursuant to a  
22 specified chain of custody protocol.

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

32 (h) The office shall establish a certification fee, and laboratories  
33 shall pay a fee to be certified. Certification fees shall not exceed  
34 the reasonable regulatory cost of the certification activities.

35 (i) All certification fees collected by the office pursuant to this  
36 chapter shall be deposited into the Medical Marijuana Regulation  
37 Fund. All moneys in the Medical Marijuana Regulation Fund that  
38 are attributable to this section shall be available to the office upon  
39 appropriation of the Legislature solely for the purpose of fully  
40 funding administration of this article, including, but not limited

1 to, the costs incurred by the office for the administrative expenses  
2 and costs and the costs of regulation.

3 111660. (a) The office shall promulgate the following public  
4 health standards:

5 (1) Health and safety standards applicable to all medical  
6 marijuana and medical marijuana products, including maximum  
7 potency standards for medical marijuana products.

8 (2) Standards for licensed manufacturers of medical marijuana  
9 and medical marijuana products, including, but not limited to,  
10 edible products.

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

13 (1) Prescribe sanitation standards equivalent to the California  
14 Retail Food Code (Part 7 (commencing with Section 113700)) for  
15 food preparation, storage, handling, and sale of edible medical  
16 marijuana products. For purposes of this article, edible medical  
17 marijuana products are deemed to be unadulterated food products.

18 (2) Require that edible medical marijuana products produced,  
19 distributed, provided, donated, or sold by licensees shall be limited  
20 to nonpotentially hazardous food, as established by the State  
21 Department of Public Health pursuant to Section 114365.5.

22 (3) Require that facilities in which edible medical marijuana  
23 products are prepared shall be constructed in accordance with  
24 applicable building standards, health and safety standards, and  
25 other state laws.

26 (4) Require that all edible medical marijuana products shall be  
27 packaged at the original point of preparation.

28 (c) No person shall engage in the manufacture, packing, or  
29 holding of processed food containing edible marijuana unless the  
30 person has a valid registration from the office pursuant to Sections  
31 18109 to 18113, inclusive, of the Business and Professions Code.  
32 Health and safety standards prescribed by this section or  
33 promulgated through regulation may be enforced by local  
34 environmental health departments.

35 111661. (a) Prior to sale or distribution at a licensed  
36 dispensing facility or an unlicensed dispensing facility in the City  
37 of Los Angeles, medical marijuana products shall be labeled and  
38 shall be in a tamper evident package. Labels and packages of  
39 medical marijuana products shall meet the following requirements:

1 (1) *Medical marijuana packages and labels shall not be made*  
2 *to be attractive to children.*

3 (2) *All medical marijuana product labels shall include the*  
4 *following information, shall be prominently displayed, and shall*  
5 *be in a clear and legible font:*

6 (A) *Manufacture date and source.*

7 (B) *The statement “KEEP OUT OF REACH OF CHILDREN*  
8 *AND ANIMALS” in bold print.*

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

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

12 (E) *The statement “THIS PRODUCT MAY IMPAIR THE*  
13 *ABILITY TO DRIVE OR OPERATE MACHINERY. PLEASE USE*  
14 *EXTREME CAUTION.”*

15 (F) *For packages containing only dried marijuana, the net*  
16 *weight of medical marijuana in the package.*

17 (G) *A warning if nuts or other known allergens are used.*

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

24 (I) *Clear indication, in bold type, that the product contains*  
25 *medical marijuana.*

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

28 (K) *The date of sale.*

29 (L) *Any other requirement set by the office.*

30 (b) *Only generic food names may be used to describe edible*  
31 *medical marijuana products.*

32 111662. *For purposes of this article, edible medical marijuana*  
33 *products are deemed to be unadulterated food products. In addition*  
34 *to the quality assurance standards provided in Section 111661, all*  
35 *edible medical marijuana products shall comply with the following*  
36 *requirements:*

37 (a) *Baked edible medical marijuana products, including, but not*  
38 *limited to, brownies, bars, cookies, and cakes, tinctures, and other*  
39 *edible medical marijuana products that do not require refrigeration*  
40 *or hot holding may be manufactured, sold, or otherwise distributed*

1 at facilities issued a ~~conditional~~ license pursuant to Part 5  
2 (commencing with Section 18100) of Division 7 of the Business  
3 and Professions Code.

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

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

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

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

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

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

28 (2) In addition to the labeling requirements set forth in Section  
29 111660, edible medical marijuana product labels shall include the  
30 following information, prominently displayed and in a clear and  
31 legible font:

32 (A) Manufacture date and source.

33 (B) Net weight of medical marijuana in package.

34 (C) A warning if nuts or other known allergens are used and  
35 shall include the total weight, in ounces or grams, of medical  
36 marijuana in the package.

37 (D) Any other requirement set by the office.

38 (g) Photos or images of food are not allowed on edible medical  
39 marijuana product packages or labels.

1 (h) Only generic food names may be used to describe edible  
2 medical marijuana products.

3 111663. All facilities issued a ~~conditional~~ license pursuant to  
4 Part 5 (commencing with Section 18100) of Division 7 of the  
5 Business and Professions Code that conduct business related to  
6 food or food-based products shall be subject to requirements  
7 equivalent to those of the California Retail Food Code and other  
8 applicable laws, as determined by the office.

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

10 *3094. The Division of Apprenticeship Standards shall*  
11 *investigate, approve, or reject applications for apprenticeship*  
12 *programs for employees of a licensee subject to Sections 18141*  
13 *to 18144, inclusive, of the Business and Professions Code. The*  
14 *Division of Apprenticeship Standards shall adopt regulations*  
15 *necessary to implement and regulate the establishment of the*  
16 *apprenticeship programs described in this section.*

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

18 *2402.5. (a) The Department of the California Highway Patrol*  
19 *shall establish protocols to determine whether a driver is operating*  
20 *a vehicle under the influence of marijuana, and shall develop*  
21 *protocols setting forth best practices to assist law enforcement*  
22 *agencies. The costs to the Department of the California Highway*  
23 *Patrol of implementing this subdivision shall, upon appropriation*  
24 *by the Legislature, be paid for with appropriations from moneys*  
25 *in the Medical Marijuana Regulation Fund.*

26 *(b) (1) Department of Motor Vehicles, in consultation with the*  
27 *Department of the California Highway Patrol, shall prepare a*  
28 *report to the Office of Medical Marijuana Regulation, the Senate,*  
29 *and the Assembly that identifies best practices for the identification,*  
30 *detection, and apprehension of drivers operating a vehicle unsafely*  
31 *due to marijuana impairment.*

32 *(2) It is the intent of the Legislature that Department of Motor*  
33 *Vehicles use various resources, including, but not limited to, peer*  
34 *reviewed research and drug recognition experts to prepare the*  
35 *report.*

36 *(3) The report shall include, but not be limited to, an*  
37 *identification of roadside tests that enhance the ability of law*  
38 *enforcement officers to detect marijuana impairment and specific*  
39 *indicators that correlate performance on roadside testing with the*  
40 *inability of a driver to safely operate a motor vehicle.*

1 (4) *Publication of the report shall not occur until the Department*  
2 *of the California Highway Patrol concurs with its findings.*

3 (5) *The report shall be provided no later than September 1,*  
4 *2016.*

5 (6) *The Department of Motor Vehicles and the Department of*  
6 *the California Highway Patrol are authorized to contract for*  
7 *consultation services necessary to complete the report and receive*  
8 *reimbursement for the costs of consultation services from the*  
9 *Medical Marijuana Regulation Fund.*

10 ~~SEC. 9.~~

11 *SEC. 11.* On or before July 1, 2016, the State Board of  
12 Equalization shall compile a report on the estimated tax collected  
13 on the sale of medical marijuana, using the most current data  
14 available. The report should also include expected tax revenues,  
15 under the existing tax structure, for the years 2016 to 2021,  
16 inclusive. This report shall be submitted to the Legislature and the  
17 Governor's office pursuant to Section 9795 of the Government  
18 Code.

19 ~~SEC. 10.~~

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

24 ~~SEC. 11.~~

25 *SEC. 13.* The Legislature finds and declares that Section 5 of  
26 this act imposes a limitation on the public's right of access to the  
27 meetings of public bodies or the writings of public officials and  
28 agencies within the meaning of Section 3 of Article I of the  
29 California Constitution. Pursuant to that constitutional provision,  
30 the Legislature makes the following findings to demonstrate the  
31 interest protected by this limitation and the need for protecting  
32 that interest:

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

1     ~~SEC. 12.~~

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

11     ~~SEC. 13.~~

12     *SEC. 15.* The amendments made to Section 11362.775 of the  
13 Health and Safety Code by this act shall become operative on July  
14 1, 2018.

O