

AMENDED IN ASSEMBLY JUNE 13, 2016

AMENDED IN SENATE MAY 31, 2016

AMENDED IN SENATE MARCH 15, 2016

SENATE BILL

No. 987

Introduced by Senator McGuire

February 10, 2016

An act to amend Sections 11362.715, 11362.72, and 11362.735 of the Health and Safety Code, and to add Part 17 (commencing with Section 37001) to Division 2 of the Revenue and Taxation Code, relating to medical marijuana, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 987, as amended, McGuire. Medical marijuana: Marijuana User Fee Act.

Existing law, the Compassionate Use Act of 1996, an initiative measure enacted by the approval of Proposition 215 at the November 5, 1996, statewide general election, ~~allows the use of marijuana for medical purposes. exempts from specified criminal penalties the possession or cultivation of medical marijuana by patients and primary caregivers. The Medical Marijuana Program requires the State Department of Public Health to establish and maintain a voluntary program for the issuance of identification cards to qualified patients who satisfy specified requirements with respect to the use of medical marijuana.~~ The Medical Marijuana Regulation and Safety Act, operative beginning on January 1, 2016, provides for the licensure and regulation of commercial medical marijuana activity, as specified. The Fee Collection Procedures Law, the violation of which is a crime, provides procedures for the collection of certain ~~fees and surcharges.~~ *fees.*

This bill would require an identification card issued pursuant to the Medical Marijuana Program to contain an indication that the cardholder has low income if that person's income is less than 200% of the federal poverty guidelines.

This bill would enact the Marijuana User Fee Act. The bill, on and after January 1, 2018, unless a specified initiative is passed by the voters at the November 8, 2016, statewide general election, would impose a fee on the consumption or other use in this state of medical marijuana purchased from any retailer for the consumption or other use in this state at the rate of ~~15%~~ 10% of the sales price of the medical marijuana. This bill would provide that a purchaser is liable for that fee *unless the purchaser has an identification card indicating that the purchaser has low income, as described above*, and would require every retailer engaged in business in this state and making sales of medical marijuana to a purchaser for the consumption or other use in this state to separately state and collect the fee from a purchaser, *unless the purchaser presents that identification card*, as specified. This bill would also make specific violations of this bill a crime, thereby imposing a state-mandated local program.

This bill would require the State Board of Equalization to administer and collect the fee in accordance with the Fee Collection Procedures Law. By expanding the application of the Fee Collection Procedures Law, the violation of which is a crime, this bill would impose a state-mandated local program. The bill would require a retailer to register for a permit with the board, to prepare and file with the board returns, and to remit the fee quarterly. The bill would require that all revenues, less refunds, be remitted to the ~~State Board of Equalization board~~ and deposited in the Marijuana User Fee Fund, which the bill would establish.

This bill would require moneys in the Marijuana User Fee Fund to be allocated by the Controller in specified percentages to the General Fund and, upon appropriation by the Legislature, to the Bureau of Medical Marijuana Regulation for the administration of a grant program to distribute grants to local agencies, as defined, that oversee or are affected by the regulation of cultivating, processing, manufacturing, distributing, and selling of medical marijuana, or that undertake enforcement activities pertaining to the cultivation of marijuana; the Department of Parks and Recreation for the stewardship, operation, maintenance, and preservation of state park units; and to counties, as defined, for drug and alcohol treatment programs. The bill, commencing

in 2018, and at least every other year thereafter, would require the Legislative Analyst to review and evaluate the fee, and provide a report on the fee to specified committees of the Legislature. The bill would also require funds to be advanced to the Marijuana User Fee Fund as a General Fund or special fund loan, would authorize the Director of Finance to provide an initial operating loan from the General Fund, and would appropriate to the board funds so advanced or loaned to the board for the implementation and administration of the act.

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: $\frac{2}{3}$. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: yes.

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

1 SECTION 1. The Legislature finds and declares that edible
2 cannabis products, as defined in Section 19300.5 of the Business
3 and Professions Code and as applicable to Section 2 of this act,
4 are not considered a food product for purposes of Section 34 of
5 Article XIII of the California Constitution.

6 SEC. 2. Section 11362.715 of the Health and Safety Code is
7 amended to read:

8 11362.715. (a) A person who seeks an identification card shall
9 pay the fee, as provided in Section 11362.755, and provide all of
10 the following to the county health department or the county's
11 designee on a form developed and provided by the department:

12 (1) The name of the person, and proof of his or her residency
13 within the county.

14 (2) Written documentation by the attending physician in the
15 person's medical records stating that the person has been diagnosed
16 with a serious medical condition and that the medical use of
17 marijuana is appropriate.

18 (3) The name, office address, office telephone number, and
19 California medical license number of the person's attending
20 physician.

21 (4) The name and the duties of the primary caregiver.

1 (5) A government-issued photo identification card of the person
2 and of the designated primary caregiver, if any. If the applicant is
3 a person under 18 years of age, a certified copy of a birth certificate
4 shall be deemed sufficient proof of identity.

5 (6) *Documentation of the person's income.*

6 (b) If the person applying for an identification card lacks the
7 capacity to make medical decisions, the application may be made
8 by the person's legal representative, including, but not limited to,
9 any of the following:

10 (1) A conservator with authority to make medical decisions.

11 (2) An attorney-in-fact under a durable power of attorney for
12 health care or surrogate decisionmaker authorized under another
13 advanced health care directive.

14 (3) Any other individual authorized by statutory or decisional
15 law to make medical decisions for the person.

16 (c) The legal representative described in subdivision (b) may
17 also designate in the application an individual, including himself
18 or herself, to serve as a primary caregiver for the person, provided
19 that the individual meets the definition of a primary caregiver.

20 (d) The person or legal representative submitting the written
21 information and documentation described in subdivision (a) shall
22 retain a copy thereof.

23 *SEC. 3. Section 11362.72 of the Health and Safety Code is*
24 *amended to read:*

25 11362.72. (a) Within 30 days of receipt of an application for
26 an identification card, a county health department or the county's
27 designee shall do all of the following:

28 (1) For purposes of processing the application, verify that the
29 information contained in the application is accurate. If the person
30 is less than 18 years of age, the county health department or its
31 designee shall also contact the parent with legal authority to make
32 medical decisions, legal guardian, or other person or entity with
33 legal authority to make medical decisions, to verify the information.

34 (2) Verify with the Medical Board of California or the
35 Osteopathic Medical Board of California that the attending
36 physician has a license in good standing to practice medicine or
37 osteopathy in the state.

38 (3) Contact the attending physician by facsimile, telephone, or
39 mail to confirm that the medical records submitted by the patient
40 are a true and correct copy of those contained in the physician's

1 office records. When contacted by a county health department or
2 the county's designee, the attending physician shall confirm or
3 deny that the contents of the medical records are accurate.

4 (4) Take a photograph or otherwise obtain an electronically
5 transmissible image of the applicant and of the designated primary
6 caregiver, if any.

7 (5) *Determine whether the applicant has low income. For*
8 *purposes of this article, an applicant has low income if the*
9 *applicant's income is less than 200 percent of the federal poverty*
10 *guidelines.*

11 ~~(5)~~

12 (6) Approve or deny the application. If an applicant who meets
13 the requirements of Section 11362.715 can establish that an
14 identification card is needed on an emergency basis, the county or
15 its designee shall issue a temporary identification card that shall
16 be valid for 30 days from the date of issuance. The county, or its
17 designee, may extend the temporary identification card for no more
18 than 30 days at a time, so long as the applicant continues to meet
19 the requirements of this paragraph.

20 (b) If the county health department or the county's designee
21 approves the application, it shall, within 24 hours, or by the end
22 of the next working day of approving the application, electronically
23 transmit the following information to the department:

24 (1) A unique user identification number of the applicant.

25 (2) The date of expiration of the identification card.

26 (3) The name and telephone number of the county health
27 department or the county's designee that has approved the
28 application.

29 (c) The county health department or the county's designee shall
30 issue an identification card to the applicant and to his or her
31 designated primary caregiver, if any, within five working days of
32 approving the application.

33 (d) In any case involving an incomplete application, the
34 applicant shall assume responsibility for rectifying the deficiency.
35 The county shall have 14 days from the receipt of information
36 from the applicant pursuant to this subdivision to approve or deny
37 the application.

38 *SEC. 4. Section 11362.735 of the Health and Safety Code is*
39 *amended to read:*

1 11362.735. (a) An identification card issued by the county
 2 health department shall be serially numbered and shall contain all
 3 of the following:

- 4 (1) A unique user identification number of the cardholder.
- 5 (2) The date of expiration of the identification card.
- 6 (3) The name and telephone number of the county health
 7 department or the county’s designee that has approved the
 8 application.
- 9 (4) A 24-hour, toll-free telephone number, to be maintained by
 10 the department, that will enable state and local law enforcement
 11 officers to have immediate access to information necessary to
 12 verify the validity of the card.
- 13 (5) Photo identification of the cardholder.
- 14 (6) *An indication that the cardholder has low income, if*
 15 *applicable.*

16 (b) A separate identification card shall be issued to the person’s
 17 designated primary caregiver, if any, and shall include a photo
 18 identification of the caregiver.

19 ~~SEC. 2.~~

20 *SEC. 5.* Part 17 (commencing with Section 37001) is added to
 21 Division 2 of the Revenue and Taxation Code, to read:

22
 23 **PART 17. MARIJUANA USER FEE ACT**
 24

25 37001. This part is known, and may be cited, as the “Marijuana
 26 User Fee Act.”

27 37002. For purposes of this part, the following definitions shall
 28 apply:

- 29 (a) “Local agency” includes any city, county, special district,
 30 authority, or other political subdivision of the state.
- 31 (b) “Medical marijuana” means medical cannabis as defined in
 32 Section 19300.5 of the Business and Professions Code.
- 33 (c) “Person” means person as defined in Section 55002.
- 34 (d) “Primary caregiver” means a person who is exempt from
 35 the licensure requirements of the Medical Marijuana Regulation
 36 and Safety Act (Chapter 3.5 (commencing with Section 19300) of
 37 Division 8 of the Business and Professions Code) pursuant to
 38 subdivision (b) of Section 19319 of the Business and Professions
 39 Code.

1 (e) “Purchaser” means a person that purchases medical
2 marijuana for consumption or other use in this state.

3 (f) “Qualified patient” means a person who is entitled to the
4 protections of the Compassionate Use Act of 1996 (Section 11362.5
5 of the Health and Safety Code).

6 (g) “Retail sale” or “sale at retail” means a sale for any purpose
7 other than resale in the regular course of business in the form of
8 medical marijuana.

9 (h) (1) “Retailer” includes every person that makes any retail
10 sale or sales of medical marijuana. “Retailer” also includes a person
11 holding a dispensary license issued pursuant to the Medical
12 Marijuana Regulation and Safety Act (Chapter 3.5 (commencing
13 with Section 19300) of Division 8 of the Business and Professions
14 Code).

15 (2) Every person making more than two retail sales of medical
16 marijuana during any 12-month period shall be considered a retailer
17 within the provisions of this part.

18 (i) “Retailer engaged in business in this state” means any retailer
19 that has substantial nexus with this state for purposes of the
20 commerce clause of the United States Constitution and any retailer
21 upon whom federal law permits this state to impose a fee collection
22 duty.

23 (j) (1) “Sale” or “purchase” means and includes any transfer
24 of title or possession, exchange, or barter, conditional or otherwise,
25 in any manner or by any means whatsoever, of medical marijuana
26 for a consideration. “Transfer of possession” includes only
27 transactions found by the board to be in lieu of a transfer of title,
28 exchange, or barter.

29 (2) Notwithstanding paragraph (1), “sale” or “purchase” does
30 not include the transfer of title or possession, exchange, or barter
31 of medical marijuana for a consideration between a qualified patient
32 and his or her primary caregiver.

33 (k) “Sales price” means the total amount for which medical
34 marijuana is sold, valued in money, whether paid in money or
35 otherwise, without any deduction on account of the cost of any
36 expenses.

37 (l) “Use” includes the exercise of any right or power over
38 medical marijuana incident to the ownership of that medical
39 marijuana, except that it does not include the sale of that medical
40 marijuana in the regular course of business.

1 37003. On and after January 1, 2018, there is hereby imposed
2 a fee on the consumption or other use in this state of medical
3 marijuana purchased from any retailer for the consumption or other
4 use in this state at the rate of ~~15~~ 10 percent of the sales price of
5 the medical marijuana.

6 37004. (a) (1) Every purchaser consuming or otherwise using
7 in this state medical marijuana that the purchaser purchased from
8 a retailer for consumption or other use in this state is liable for the
9 fee imposed by Section 37003. That purchaser's liability is not
10 extinguished until the fee has been paid to this state except that a
11 receipt from a retailer engaged in business in this state given to a
12 purchaser pursuant to paragraph (2) of subdivision (b) is sufficient
13 to relieve the purchaser from further liability for the fee to which
14 the receipt refers.

15 (2) *Notwithstanding paragraph (1), a purchaser is not liable*
16 *for the tax if the purchaser has an identification card issued*
17 *pursuant to Article 2.5 (commencing with Section 11362.7) of*
18 *Chapter 6 of Division 10 of the Health and Safety Code indicating*
19 *that the purchaser has low income.*

20 (b) (1) Every retailer engaged in business in this state and
21 making sales of medical marijuana to a purchaser shall, at the time
22 of making such a sale, collect the fee as a charge separate from,
23 and not included in, any other fee, charge, or other amount paid
24 by the purchaser.

25 (2) Every retailer engaged in business in this state shall collect
26 the fee from the purchaser and give to the purchaser a receipt
27 therefor in the manner and form prescribed by the board.

28 (3) *Notwithstanding paragraphs (1) and (2), a retailer engaged*
29 *in business in this state shall not collect the tax from a purchaser*
30 *who, at the time of the sale, presents the retailer with an*
31 *identification card issued pursuant to Article 2.5 (commencing*
32 *with Section 11362.7) of Chapter 6 of Division 10 of the Health*
33 *and Safety Code indicating that the purchaser has low income.*

34 (c) The board shall administer and collect the fee imposed by
35 this part pursuant to the Fee Collection Procedures Law (Part 30
36 (commencing with Section 55001)), except that Article 1.1
37 (commencing with Section 55050) of Chapter 3 of that part shall
38 not apply.

39 (d) (1) The fee required to be collected by the retailer engaged
40 in business in this state, any fee collected from a purchaser that

1 has not been remitted to the board, and any amount unreturned to
2 a purchaser which is not the fee, but was collected from the
3 purchaser under the representation by the retailer that it was the
4 fee, constitutes debts owed by the retailer to this state.

5 (2) A retailer is relieved from liability to collect the fee that
6 became due and payable, insofar as the measure of the fee is
7 represented by accounts that have been found to be worthless and
8 charged off by the retailer in accordance with generally accepted
9 accounting principles. A retailer that has previously paid the
10 amount of the fee may, under rules and regulations prescribed by
11 the board, take as a deduction on its return the amount found
12 worthless and charged off by the retailer. If these accounts are
13 thereafter in whole or in part collected by the retailer, the amount
14 collected shall be included in the first return filed after the
15 collection and the amount of the fee shall be paid with the return.

16 (3) The board may by regulation promulgate such other rules
17 with respect to uncollected or worthless accounts as it shall deem
18 necessary to the fair and efficient administration of this part.

19 (e) It is unlawful for any retailer to advertise or hold out or state
20 to the public or to any purchaser, directly or indirectly, that the fee
21 or any part thereof will be assumed or absorbed by the retailer or
22 that it will not be added to the selling price of the medical
23 marijuana sold or that if added it or any part thereof will be
24 refunded. Any person violating this subdivision is guilty of a
25 misdemeanor.

26 (f) (1) The fee required to be collected by the retailer engaged
27 in business in this state from the purchaser shall be displayed
28 separately from the price of the medical marijuana on the sales
29 check or other proof of sales. Any person violating this paragraph
30 is guilty of a misdemeanor.

31 (2) Except as otherwise required by paragraph (1), the fee
32 required to be collected by the retailer engaged in business in this
33 state from the purchaser shall be included in any list price, marked
34 price, or any other advertised or quoted price of medical marijuana
35 provided or displayed by the retailer engaged in business in this
36 state.

37 (g) (1) The board may prescribe, adopt, and enforce regulations
38 relating to the administration and enforcement of this part.

39 (2) The board may prescribe, adopt, and enforce any emergency
40 regulations as necessary to implement this part. Any emergency

1 regulation prescribed, adopted, or enforced pursuant to this section
2 shall be adopted in accordance with Chapter 3.5 (commencing
3 with Section 11340) of Part 1 of Division 3 of Title 2 of the
4 Government Code, and, for purposes of that chapter, including
5 Section 11349.6 of the Government Code, the adoption of the
6 regulation is an emergency and shall be considered by the Office
7 of Administrative Law as necessary for the immediate preservation
8 of the public peace, health and safety, and general welfare.

9 (h) (1) The fee imposed by this part is due and payable to the
10 board quarterly on or before the last day of the month next
11 succeeding each quarterly period.

12 (2) On or before the last day of the month following each
13 quarterly period, a return for the preceding quarterly period shall
14 be filed using electronic media with the board. Returns shall be
15 authenticated in a form or pursuant to methods as may be
16 prescribed by the board.

17 37005. (a) A retailer required to collect the fee imposed under
18 this part shall register for a permit with the board. Every application
19 for registration shall be made in a form prescribed by the board
20 and shall set forth the name under which the applicant transacts
21 or intends to transact business, the location of the retailer's place
22 or places of business, and any other information that the board
23 may require. An application for registration shall be authenticated
24 in a form or pursuant to methods as may be prescribed by the
25 board.

26 (b) The board shall grant and issue to each applicant that
27 complies with subdivision (a) a separate permit for each place of
28 business within the state.

29 (c) A permit issued pursuant to this section is not assignable
30 and is valid only for the person in whose name it is issued and for
31 the transaction of business at the place designated therein. It shall
32 at all times be conspicuously displayed at the place for which it is
33 issued.

34 37005.3. Whenever any retailer fails to comply with any
35 provision of this part or any rules or regulations of the board
36 prescribed and adopted under this part, the board upon hearing,
37 after giving the retailer at least 10 days' notice in writing specifying
38 the time and place of the hearing and requiring the retailer to show
39 cause why the permit should not be revoked, may revoke or
40 suspend the permit held by the retailer. The board shall give to the

1 retailer written notice of the suspension or revocation of any of
2 the retailer's permits. The notices herein required may be served
3 personally or by mail in the manner prescribed for service of notice
4 of a deficiency determination. The board shall not issue a new
5 permit after the revocation of a permit unless it is satisfied that the
6 former holder of the permit will comply with the provisions of this
7 part and the regulations of the board prescribed and adopted under
8 this part.

9 37005.5. (a) The board may refuse to issue a permit to any
10 person submitting an application for a permit as required in Section
11 37005 if the person desiring to engage in or conduct business as
12 a retailer within this state has an outstanding final liability with
13 the board for any amount due under this part.

14 (b) The board may also refuse to issue a permit if the person
15 desiring to engage in or conduct business as a retailer within this
16 state is not a natural person or individual and any person controlling
17 the person desiring to engage in or conduct business as a seller
18 within this state has an outstanding final liability with the board
19 as provided in subdivision (a). For the purposes of this section,
20 "controlling" has the same meaning as defined in Section 22971
21 of the Business and Professions Code.

22 (c) For purposes of this section, a liability will not be deemed
23 to be outstanding if the person has entered into an installment
24 payment agreement pursuant to Section 55209 for any liability
25 and is in full compliance with the terms of the installment payment
26 agreement.

27 (d) If the person submitting an application for a permit pursuant
28 to Section 37005 has entered into an installment payment
29 agreement as provided in subdivision (c) and fails to comply with
30 the terms of the installment payment agreement, the board may
31 seek revocation of the person's permit pursuant to this section.

32 (e) (1) Whenever any person desiring to engage in or conduct
33 business as a retailer within this state is denied a permit pursuant
34 to this section, the board shall give to the person written notice of
35 the denial. The notice of the denial may be served personally, by
36 mail, or by other means deemed appropriate by the board. If served
37 by mail, the notice shall be placed in a sealed envelope, with
38 postage paid, addressed to the person at the address as it appears
39 in the records of the board. The giving of notice shall be deemed
40 complete at the time of deposit of the notice at the United States

1 Postal Service, or a mailbox, subpost office, substation or mail
2 chute, or other facility regularly maintained or provided by the
3 United States Postal Service, without extension of time for any
4 reason. In lieu of mailing, a notice may be served personally by
5 delivering to the person to be served and service shall be deemed
6 complete at the time of the delivery. Delivery of notice by other
7 means deemed appropriate by the board may include, but is not
8 limited to, electronic transmission. Personal service or delivery by
9 other means deemed appropriate by the board to a corporation may
10 be made by delivery of a notice to any person listed on the
11 application as an officer.

12 (2) Any person that is denied a permit pursuant to this section
13 may request reconsideration of the board's denial of the permit.
14 This request shall be submitted in writing within 30 days of the
15 date of the notice of denial. Timely submission of a written request
16 for reconsideration shall afford the person a hearing in a manner
17 that is consistent with a hearing provided for by Section 37005.3.
18 If a request for reconsideration is not filed within the 30-day period,
19 the denial becomes final at the end of the 30-day period.

20 (f) The board shall consider offers in compromise when
21 determining whether to issue a permit.

22 37006. (a) The Marijuana User Fee Fund is hereby established
23 in the State Treasury. All revenues, less refunds, collected pursuant
24 to this part shall be made in remittances to the board and shall be
25 deposited in the Marijuana User Fee Fund.

26 (b) Except as otherwise provided in Section 37006.3, moneys
27 in the Marijuana User Fee Fund shall be allocated by the Controller
28 annually as follows:

29 (1) Thirty percent to the General Fund.

30 (2) Thirty percent to the Bureau of Medical Marijuana
31 Regulation for the administration of a grant program to distribute
32 grants to local agencies that oversee or are affected by the
33 regulation of cultivating, processing, manufacturing, distributing,
34 and selling of medical marijuana, that undertake enforcement
35 activities pertaining to the cultivation of marijuana in violation of
36 state law or local ordinance, or that are involved in a fire
37 suppression, emergency medical, or other "all-risk" response to a
38 marijuana cultivation, processing, manufacturing, or distribution
39 incident, upon appropriation by the Legislature. The grants shall
40 be made available beginning on or before July 1, 2018. No more

1 than 5 percent of any funds allocated may be used for
2 administrative costs of the grant program by the bureau or for any
3 administrative costs of the local agency awarded the grant.

4 (3) Twenty percent to the Department of Parks and Recreation
5 for the stewardship, operation, maintenance, and preservation of
6 state park units, including units operated on behalf of the state by
7 local or regional agencies or by nonprofit organizations, upon
8 appropriation by the Legislature. The department shall allocate to
9 those local or regional agencies or nonprofit organizations a
10 percentage of the funds received pursuant to this paragraph that is
11 roughly proportional to the ratio of the number of units operated
12 by the agencies or organizations to the number of units operated
13 by the department.

14 (4) (A) Twenty percent to counties for drug and alcohol
15 treatment programs, distributed based on the ratio of each county's
16 population to the total population of all counties, as set forth in
17 the most recent E-1 Cities, Counties, and the State Population
18 Estimates published by the Department of Finance, upon
19 appropriation by the Legislature. Any funds appropriated shall be
20 used for drug and alcohol treatment and recovery and case
21 management services.

22 (B) For purposes of this paragraph, "county" means a county
23 mental health department, two or more county mental health
24 departments acting jointly, or a city-operated program receiving
25 funds pursuant to Section 5701.5 of the Welfare and Institutions
26 Code.

27 37006.3. (a) Funds for the implementation and administration
28 of this part shall be advanced to the Marijuana User Fee Fund as
29 a General Fund or special fund loan, and shall be repaid by the
30 initial revenues, less refunds, collected pursuant to this part.

31 (b) Funds advanced or loaned to the Marijuana User Fee Fund
32 pursuant to this section are hereby appropriated to the board for
33 the implementation and administration of this part.

34 (c) The Director of Finance may provide an initial operating
35 loan from the General Fund to the Marijuana User Fee Fund that
36 does not exceed five million dollars (\$5,000,000).

37 37006.5. Commencing *in* 2018, and at least every other year
38 thereafter, the Legislative Analyst shall review and evaluate the
39 fee imposed by this part, and shall provide to the Senate
40 Committees on Governance and Finance, Appropriations, and

1 Budget and Fiscal Review, and to the Assembly Committees on
 2 Revenue and Taxation, Appropriations, and Budget, a report that
 3 makes recommendations regarding the rate of, allocations of
 4 revenue from, and any other adjustments to, the fee imposed by
 5 this part. The report shall include, but not be limited to, all of the
 6 following:

- 7 (a) Annual revenues.
- 8 (b) Annual costs of implementing this part.
- 9 (c) Annual amounts allocated to all of the following:
 - 10 (1) The General Fund.
 - 11 (2) The Bureau of Medical Marijuana Regulation.
 - 12 (3) The Department of Parks and Recreation.
 - 13 (4) Counties, for drug and alcohol programs.
- 14 (d) Fee compliance rates.
- 15 (e) Board recommendations to improve effective and efficient
 16 administration and enforcement of this part.

17 37007. Nothing in this part shall be interpreted to preclude a
 18 city, county, or city and county from enacting or continuing to
 19 enforce a local ordinance that imposes any fees, taxes, or other
 20 charges on the consumption or other use of medical marijuana, as
 21 may be otherwise authorized by law.

22 37008. This part shall only become operative if Secretary of
 23 State Initiative Number 1762, also known as the Control, Regulate
 24 and Tax Adult Use of Marijuana Act, is not approved by the voters
 25 at the November 8, 2016, statewide general election and does not
 26 take effect.

27 ~~SEC. 3.~~

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