AGENDA

Supervisor, Mark Lovelace, Humboldt County, Co-Chair
Supervisor Bruce McPherson, Santa Cruz County, Co-Chair

10:30 a.m.  I.  Welcome and Introductions

   Supervisor, Mark Lovelace, Humboldt County, Co-Chair
   Supervisor Bruce McPherson, Santa Cruz County, Co-Chair

10:40 a.m.  II.  2015 Medical Marijuana Legislation:

   AB 34 (Bonta) – Medical Cannabis: State Regulation
   AB 243 (Wood) – Medical Marijuana Cultivation
   AB 266 (Cooley) – Medical Marijuana
   SB 643 (McGuire) – Medical Marijuana

   Karen Keene, CSAC Senior Legislative Representative
   Cara Martinson, CSAC Legislative Representative

11:00 a.m.  III.  North Coast Counties Marijuana Policy Statement

   Supervisor, Mark Lovelace, Humboldt County
   Carmel Angelo, County Administrator, Mendocino County

11:20 a.m.  IV.  Roundtable Discussion

11:45 a.m.  V.  Other Items and Adjournment
ATTACHMENTS

Attachment One ..................... AB 34 (Bonta) – Medical Cannabis: State Regulation

Attachment Two ..................... AB 243 (Wood) – Medical Marijuana Cultivation

Attachment Three .................. AB 266 (Cooley) – Medical Marijuana

Attachment Four .................... SB 643 (McGuire) – Medical Marijuana

Attachment Five ..................... North Coast Counties Marijuana Policy Statement

Attachment Six ....................... North Coast Regional Summit on the Economic Impacts of Legalized Cannabis
Attachment One
AB 34 (Bonta) – Medical Cannabis: State Regulation
AMENDED IN ASSEMBLY MAY 5, 2015
AMENDED IN ASSEMBLY APRIL 23, 2015
AMENDED IN ASSEMBLY APRIL 20, 2015
AMENDED IN ASSEMBLY MARCH 26, 2015
CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 34

Introduced by Assembly Members Bonta and Jones-Sawyer

December 1, 2014

An act to amend Sections 2220.05, 2242, and 2264 of, and to add Chapter 18 (commencing with Section 26000) to Division 9 of, the Business and Professions Code, to add Section 23028 to the Government Code, to amend Section 11362.775 of the Health and Safety Code, and to add Sections 147.5 and 3094 to the Labor Code, relating to medical cannabis, and making an appropriation therefor.

LEGISLATIVE COUNSEL’S DIGEST

AB 34, as amended, Bonta. Medical cannabis regulation and enforcement.

(1) Existing law, the Compassionate Use Act of 1996, an initiative measure enacted by the approval of Proposition 215 at the November 5, 1996, statewide general election, authorizes the use of marijuana for medical purposes.

Existing law enacted by the Legislature, commonly referred to as the Medical Marijuana Program Act (MMPA), requires the establishment of a program for the issuance of identification cards to qualified patients so that they may use marijuana for medical purposes without arrest or prosecution under specified state law, and requires the establishment
of guidelines for the lawful cultivation of marijuana grown for medical use.

This bill would enact the Medical Cannabis Regulation and Control Act and would establish the Division of Medical Cannabis Regulation and Enforcement within the Department of Alcoholic Beverage Control, the Division of Medical Cannabis Manufacturing and Testing within the State Department of Public Health, and the Division of Medical Cannabis Cultivation within the Department of Food and Agriculture and would set forth the duties of the respective regulatory authorities.

The bill would, 180 days after the division posts a specified notice on its Internet Web site, make those provisions of the MMPA that prohibit prosecution of qualified patients, persons with valid identification cards, and designated primary caregivers who associate in California, collectively or cooperatively, to cultivate marijuana for medical purposes, inapplicable to licensees. The bill would, thereafter, permit a dispensary to provide patients with medical marijuana and medical marijuana products obtained only from persons licensed under this bill.

The bill would require the regulatory authorities to license persons to engage in the various aspects of commercial cannabis activity, as defined. The bill would designate as peace officers specified officers and employees of the regulatory authorities. The bill would prescribe requirements for the issuance, renewal, suspension, and revocation of a mandatory commercial license and would authorize the assessment of related fees.

The bill would not preclude a city or county from adopting a local ordinance, not consistent with this bill, that regulates the location, operation, or establishment of a licensee or prohibits commercial cannabis activity within its jurisdiction. The bill would require state agencies to collaborate with local agencies, and would require local agencies to, within the scope of their jurisdiction, assist state agencies in the enforcement of the bill. By imposing these enforcement duties on local agencies, the bill would impose a state-mandated local program.

The bill would establish the Medical Marijuana Regulation Cannibis Control Fund with separate accounts for fees and for penalties, and would require deposit of fees and penalties into their respective accounts within the fund. The bill would continuously appropriate moneys within the fees account to the division appropriate regulating authorities for the purposes of administering the program.
The bill would authorize the regulatory authorities to collaborate to establish a regulation and enforcement assistance grant program and would authorize the Department of Transportation to conduct research and develop protocols regarding determining whether a driver is operating a vehicle under the influence of marijuana to assist law enforcement agencies. The bill would make the fines and penalties deposited into the fund available, upon appropriation by the Legislature, for funding these programs.

The bill would require the regulatory authorities, as soon as practicable, to allow qualified applicants for licensure to apply for and receive a provisional license to engage in commercial cannabis activity and to adopt emergency regulations for that purpose.

The bill would require the regulatory authorities to adopt regulations necessary for the implementation and enforcement of this bill in consultation with prescribed state agencies relating to environmental, agricultural, consumer protection, worker safety, and food and product safety requirements. The bill would authorize the regulatory authorities to enter into interagency agreements to pay, from fees deposited into the fund, the associated costs incurred by these state agencies.

The bill would establish a cannabis employee certification, training, and apprenticeship program for cultivation sites and dispensaries, as defined. The bill would require the Division of Labor Standards Enforcement to maintain and enforce minimum standards for the competency and training of employees and to certify cannabis employees. The bill would require the Division of Labor Standards Enforcement, *Occupational Safety and Health* by January 1, 2017, to convene an advisory committee to evaluate whether there is a need to develop industry-specific regulations related to the activities of licensed facilities. The bill would require the advisory committee to present to the Occupational Safety and Health Standards Board its findings and recommendations for consideration by the board, and would require the board, by July 1, 2017, to render a decision regarding the adoption of industry-specific regulations.

The bill would require a licensee to keep various records in connections with commercial cannabis activities and would prescribe requirements for making records available to the division and any state or local agency. The bill would prohibit the disclosure of certain patient and caregiver information pursuant to the California Public Records Act.
The bill would declare that it does not apply to, or diminish the protections granted to, a patient or primary caregiver acting pursuant to the Compassionate Use Act of 1996 and would exempt these parties from the application of the act.

The bill would declare that the actions of a licensee or provisional licensee, its employees, and its agents that are within the scope of a valid license are not unlawful under state law, as specified. The bill would provide similar state law immunity for a property owner who allows his or her property to be used by a licensee or provisional licensee.

The bill would require the regulatory authorities to work in conjunction with law enforcement entities throughout the state to implement and enforce the rules and regulations regarding medical cannabis and to take appropriate action against businesses and individuals that fail to comply with the law.

The bill would authorize the director of any regulatory authority, and prescribed local entities, to bring an action to enjoin violations. The bill would require the regulatory authority to establish a digital database and to allow on its Internet Web site to permit state and local law enforcement agencies to verify licenses.

(2) Existing law, the Medical Practice Act, establishes the Medical Board of California and sets forth its powers and duties, including, but not limited to the licensing and regulation of physicians and surgeons. Existing law sets forth the conduct that would constitute unprofessional conduct for a physician and surgeon, including, but not limited to, prescribing certain drugs without an appropriate examination or medical indication. Existing law generally makes a violation of these provisions a misdemeanor.

This bill would specify that recommending marijuana to patients without an appropriate prior examination and a medical indication is unprofessional conduct.

The bill would provide that specified acts of recommending marijuana without a good faith examination are among the types of cases that should be given priority for investigation and prosecution by the Medical Board of California, as described above. The bill would deem as unprofessional conduct a physician and surgeon being employed by, or entering into an agreement with, a medical cannabis licensee to provide recommendations for medical marijuana.

By broadening the definition of a crime, the bill would impose a state-mandated local program.
(3) Existing law authorizes the board of supervisors of a county and
the governing body of a city to impose various taxes, including a
transactions and use tax at a rate of 0.125%, or a multiple thereof, if
approved by the required vote of the board or governing body and the
required vote of qualified voters, and limits the combined rate of
transactions and use taxes within a city or county to 2%.
This bill would authorize the board of supervisors of a county to
impose, by ordinance, a tax on the privilege of cultivating, dispensing,
producing, processing, preparing, storing, providing, donating, selling,
or distributing cannabis or cannabis products, including a transactions
and use tax at any rate specified by the board. 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) This bill would specify that its provisions are severable.
(5) 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.
(6) 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 with regard to certain mandates no
reimbursement is required by this act for a specified reason.
With regard to any other mandates, this bill would provide that, if the
Commission on State Mandates determines that the bill contains costs
so mandated by the state, reimbursement for those costs shall be made
pursuant to the statutory provisions noted above.
State-mandated local program: yes.

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

1   SECTION 1. The Legislature finds and declares all of the
2   following:
3     (a) The people of California enacted the Compassionate Use
4     Act of 1996 to ensure that seriously ill Californians have access
5     to marijuana for medical purposes. The Compassionate Use Act
of 1996 urged the state and federal governments to implement a plan to provide for the safe and affordable distribution of medical marijuana to all patients in medical need of the drug.

(b) Under federal law, marijuana is a Schedule 1 drug. Its placement in that schedule is based upon a finding that marijuana has no currently accepted medical use. That finding, if correct at the time it was made, is no longer accurate. California, exercising its traditional power to regulate the practice of medicine, has determined that marijuana has a significant role to play.

(c) California, acting alone, is powerless to change federal law and to correct this misunderstanding in federal law about the role that marijuana can and does play in the practice of medicine. However, federal enforcement authorities have recognized that in states that have authorized marijuana use and have enacted strong and effective regulatory and enforcement systems to control the cultivation, distribution, sale, and possession of marijuana, conduct in compliance with those regulatory and enforcement systems is less likely to threaten federal priorities and, thus, less likely to require federal enforcement intervention (See: Memorandum For All United States Attorneys—Guidance Regarding Marijuana Enforcement, by James M. Cole, Deputy Attorney General, August 29, 2013).

(d) The purpose of this act is to establish for California a robust medical cannabis regulatory and enforcement system to ensure that conduct in compliance with California’s medical marijuana laws does not threaten the federal priorities as set forth in the James M. Cole memorandum, and, therefore, does not require federal enforcement intervention.

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

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

(1) Gross negligence, incompetence, or repeated negligent acts that involve death or serious bodily injury to one or more patients,
such that the physician and surgeon represents a danger to the
public.
(2) Drug or alcohol abuse by a physician and surgeon involving
dead or serious bodily injury to a patient.
(3) Repeated acts of clearly excessive prescribing, furnishing,
or administering of controlled substances, or repeated acts of
prescribing, dispensing, or furnishing of controlled substances, or
recommending marijuana to patients for medical purposes, without
a good faith prior examination of the patient and medical reason
thereof. However, in no event shall a physician and surgeon
prescribing, furnishing, or administering controlled substances for
intractable pain consistent with lawful prescribing, including, but
not limited to, Sections 725, 2241.5, and 2241.6 of this code and
Sections 11159.2 and 124961 of the Health and Safety Code, be
prosecuted for excessive prescribing and prompt review of the
applicability of these provisions shall be made in any complaint
that may implicate these provisions.
(4) Sexual misconduct with one or more patients during a course
of treatment or an examination.
(5) Practicing medicine while under the influence of drugs or
alcohol.
(b) The board may by regulation prioritize cases involving an
allegation of conduct that is not described in subdivision (a). Those
cases prioritized by regulation shall not be assigned a priority equal
to or higher than the priorities established in subdivision (a).
(c) The Medical Board of California shall indicate in its annual
report mandated by Section 2312 the number of temporary
restraining orders, interim suspension orders, and disciplinary
actions that are taken in each priority category specified in
subdivisions (a) and (b).
SEC. 3. Section 2242 of the Business and Professions Code is
amended to read:
2242. (a) Prescribing, dispensing, or furnishing dangerous
drugs as defined in Section 4022 without an appropriate prior
examination and a medical indication, constitutes unprofessional
conduct. Prescribing or recommending marijuana to a patient for
a medical purpose without an appropriate prior examination and
a medical indication constitutes unprofessional conduct.
(b) No licensee shall be found to have committed unprofessional
conduct within the meaning of this section if, at the time the drugs
were prescribed, dispensed, or furnished, any of the following applies:

(1) The licensee was a designated physician and surgeon or podiatrist serving in the absence of the patient's physician and surgeon or podiatrist, as the case may be, and if the drugs were prescribed, dispensed, or furnished only as necessary to maintain the patient until the return of his or her practitioner, but in any case no longer than 72 hours.

(2) The licensee transmitted the order for the drugs to a registered nurse or to a licensed vocational nurse in an inpatient facility, and if both of the following conditions exist:

(A) The practitioner had consulted with the registered nurse or licensed vocational nurse who had reviewed the patient's records.

(B) The practitioner was designated as the practitioner to serve in the absence of the patient's physician and surgeon or podiatrist, as the case may be.

(3) The licensee was a designated practitioner serving in the absence of the patient's physician and surgeon or podiatrist, as the case may be, and was in possession of or had utilized the patient's records and ordered the renewal of a medically indicated prescription for an amount not exceeding the original prescription in strength or amount or for more than one refill.

(4) The licensee was acting in accordance with Section 120582 of the Health and Safety Code.

SEC. 4. Section 2264 of the Business and Professions Code is amended to read:

2264. The employing, directly or indirectly, the aiding, or the abetting of any unlicensed person or any suspended, revoked, or unlicensed practitioner to engage in the practice of medicine or any other mode of treating the sick or afflicted which requires a license to practice constitutes unprofessional conduct. Employment by, or other agreement with, a mandatory commercial licensee acting pursuant to the Medical Cannabis Regulation and Control Act or a dispensary to provide recommendations for medical marijuana constitutes unprofessional conduct.

SEC. 5. Chapter 18 (commencing with Section 26000) is added to Division 9 of the Business and Professions Code, to read:
CHAPTER 18. MEDICAL CANNABIS REGULATION AND CONTROL


26000. (a) This chapter shall be known, and may be cited, as the Medical Cannabis Regulation and Control Act.
(b) It is the intent of the Legislature in enacting this chapter to provide for the statewide regulation of the commercial cannabis activity and the enforcement of laws relating to commercial cannabis activities without preempting city or county ordinances regulating or banning these activities. This chapter is an exercise of the police powers of the state for the protection of the safety, welfare, health, peace, and morals of the people of the state.
26001. Without limiting the authority of a city or county pursuant to Section 7 of Article XI of the California Constitution, or any other provision of law, and subject to that authority, the state shall have the exclusive primary right and power to regulate and license persons for the cultivation, manufacture, transportation, sale, and other related activities regarding medical cannabis within the state. In the exercise of these rights and powers, the state and each of its agencies are hereby deemed not to be engaged in activities requiring licensure under this chapter.
26002. For the purpose of this chapter:
(a) "Regulatory authority" means the Division of Medical Cannabis Regulation and Enforcement within the Department of Alcoholic Beverage Control, the Division of Medical Cannabis Manufacturing and Testing within the State Department of Public Health, or the Division of Medical Cannabis Cultivation within the Department of Food and Agriculture, as appropriate to the context.
(b) "Regulatory director" means the Director of the Department of Alcoholic Beverage Control, the Director of Consumer Affairs, the Director of the Department of Public Health, or the Director of the Department of Food and Agriculture.
(c) "Division" means the Division of Medical Cannabis Regulation and Enforcement within the Department of Alcoholic Beverage Control, unless otherwise specified.
(d) "Cannabis" means all parts of the plant Cannabis *sativa*, *sativa L.*, cannabis indica, or cannabis ruderalis, whether growing or not; the seeds thereof; the resin, whether crude or purified,
extracted from any part of the plant; and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or resin. It does not include the mature stalks of the plant, fiber produced from the stalks, oil or cake made from the seeds of the plant, any other compound, manufacture, salt, derivative, mixture, or preparation of the mature stalks (except the resin extracted therefrom), fiber, oil, or cake, or the sterilized seed of the plant which is incapable of germination. "Cannabis" also means marijuana as defined by Section 11018 of the Health and Safety Code as enacted by Chapter 1407 of the Statutes of 1972.

(e) "Commercial cannabis activity" means any cultivation, possession, manufacture, processing, storing, laboratory testing, labeling, transporting, distribution, or sale of cannabis or cannabis product, except as set forth in subdivision (b) of Section 26052.

(f) "Medical cannabis product," "medical marijuana product," or "cannabis product" means any product containing cannabis, including, but not limited to, concentrates and extractions intended to be sold for use by medical marijuana patients in California pursuant to the Compassionate Use Act of 1996 (Proposition 215).

(g) "Manufactured cannabis" means raw marijuana that has undergone a process whereby the raw agricultural product has been transformed into a concentrate, an edible product, or a topical product.

(h) "Cannabis concentrate" means manufactured cannabis that has undergone a process to concentrate the tetrahydrocannabinol active ingredient, thereby increasing the product's potency.

(i) "Cannabinoid" means a chemical compound that is unique to and derived from cannabis, also known as phytocannabinoid.

(j) "Edible cannabis product" means manufactured cannabis that is intended to be used, in whole or in part, for human consumption, including, but not limited to, chewing gum.

(k) "Topical cannabis" means manufactured product intended for external use.

(l) "Identification program" means the universal identification certificate program for licensees.

(m) "Mandatory commercial license" or "license" means a mandatory commercial license issued pursuant to Article 3 (commencing with Section 26040).
(n) "Licensee" means any person licensed under this chapter to engage in commercial cannabis activity related to medical cannabis or medical cannabis products as set forth in this chapter.

(o) "Dispensary" means a retail location that distributes cannabis or medical cannabis products and is owned and operated by a licensee for these activities pursuant to this chapter.

(p) "Testing and labeling" means a labeling and quality assurance plan that addresses all of the following:

(1) Potency.

(2) Chemical residue.

(3) Microbiological contaminants.

(4) Handling, care, and storage.

(5) Date, and location of cultivation, processing, and manufacturing.

(q) "Fund" means the Medical Cannabis Control Fund established pursuant to Section 26028.

(r) "Person" means any individual, firm, partnership, joint venture, association, corporation, limited liability company, estate, trust, business trust, receiver, syndicate, or any other group or combination acting as a unit and includes the plural as well as the singular number.

(s) "Cultivation site" means a location that grows cannabis or medical cannabis products and is owned and operated by a licensee for these activities pursuant to this chapter, including a nursery.

(t) "Nursery" means a licensee that produces only clones, immature plants, seeds, and other agricultural products used specifically for the planting, propagation, and cultivation of medical cannabis.

(u) "Cultivation" means any activity involving the planting, growing, harvesting, drying, processing, or trimming of cannabis.

(v) "Dispensing" means any activity involving the retail sale of medical cannabis or medical cannabis products.

26010. This chapter does not, nor does Article 2 (commencing with Section 11357) and Article 2.5 (commencing with Section 11362.7) of Chapter 6 of Division 10 of the Health and Safety Code, prevent a city or county from doing any of the following:

(a) Adopting local ordinances inconsistent with this chapter that do the following:

(1) Regulate the location, operation, or establishment of a licensee or any person that cultivates, processes, possesses, stores,
manufactures, tests, transports, distributes, or sells medical cannabis.

(2) Prohibit commercial cannabis activity within their jurisdiction.

(b) The administrative, civil, or criminal enforcement of the ordinances described in subdivision (a).

(c) Establishing a fee or tax for the operation of a licensee within its jurisdiction.

(d) Enacting and enforcing other laws or ordinances pursuant to the authority granted by Section 7 of Article XI of the California Constitution.

Article 2. Administration

26020. (a) The Division of Medical Cannabis Regulation and Enforcement is hereby established within the Department of Alcoholic Beverage Control. The Division of Medical Cannabis Regulation and Enforcement shall do all of the following:

(1) Be administered by a person who is appointed by the Director of the Department of Alcoholic Beverage Control.

(2) Administer this chapter, as it pertains to commercial cannabis activity relating to dispensaries.

(3) Lead all state and local authorities regarding the tracking of medical cannabis, medical cannabis products, and licensees pursuant to this chapter.

(b) The Division of Medical Cannabis Manufacturing and Testing is hereby established within the Department of Public Health. The Division of Medical Cannabis Manufacturing and Testing shall do all the following:

(1) Be administered by a person who is appointed by the State Health Officer.

(2) Administer this chapter, as it pertains to manufacturing, testing, and certification of testing laboratories for medical cannabis: cannabis and medical cannabis products.

(c) The Division of Medical Cannabis Cultivation is hereby established within the Department of Food and Agriculture. The Division of Medical Cannabis Cultivation shall do all of the following:
(1) Be administered by a person who is appointed by the Secretary of the Department of Food and Agriculture.

(2) Administer this chapter as it pertains to cultivation of medical cannabis.

(d) The regulatory authorities shall issue licenses to applicants to engage in commercial cannabis activity pursuant to this chapter. No person shall engage in commercial cannabis activity unless the person obtains permission pursuant to section 26045.

(e) The division shall maintain a registry of all permit holders and shall maintain a record of all licenses and commercial cannabis activity of the permit holder throughout the length of licensure and for a minimum of seven years following the expiration of each license. The division shall make limited licensee information available to a licensee so that it may verify whether it is engaging in commercial cannabis activities with a properly licensed entity.

(f) Each regulatory authority shall adopt regulations as needed to implement that licensing program as set forth in Article 3 (commencing with Section 26040) within one year following the establishment of provisional licenses, pursuant to Section 26054. The regulations shall not limit the authority of a city or a county pursuant to Section 7 of Article XI of the California Constitution, Section 26010 or 26060, or any other law. The regulations shall, in addition, do all of the following:

(1) Establish a scale of application, licensing, and renewal fees, based upon the cost of enforcing this chapter, as follows:

(A) Each regulatory authority shall charge each applicant for licensure or renewal an application or renewal fee that shall be calculated to cover the costs of processing the application or renewal. This fee may vary depending upon the varying costs associated with approving the application or renewal related to the varying activities covered by the license, but shall not exceed ___________ dollars ($______) for an initial application, and ___________ dollars ($______) for a renewal application. The reasonable regulatory costs to the regulatory authority.

(B) Each regulatory authority shall charge each licensee a licensure fee upon the issuance of a license. The licensure fee shall be calculated to cover the costs of administering this chapter, other than the costs of processing applications. The licensure fee may vary depending upon the varying costs associated with administering the various regulatory requirements of this chapter.
as they relate to the nature and scope of the different licensure activities, but shall not be less than _____ dollars ($_____), nor more than _____ dollars ($_____), exceed the reasonable regulatory costs to the regulatory authority.

(C) The total fees assessed pursuant to this chapter, including, but not limited to, provisional license fees set forth in Section 26054, shall be set at an amount that will fairly and proportionately generate sufficient total revenue to fully cover the total costs of administering this chapter, including, but not limited to, costs set forth in Section 26023.

(2) Establish procedures for approval or denial of applications for licensure for each and every aspect of commercial cannabis activity, including, but not limited to, cultivation, possession, manufacture, processing, storing, laboratory testing, labeling, transporting, distribution, and sale of cannabis.

(3) Establish applicant qualifications.

(4) Establish licensee employee qualifications, including, but not limited to, training and screening requirements.

(5) Establish licensee security requirements, including, but not limited to, procedures to limit access to facilities and to prevent diversion of product to nonmedical use.

(6) Establish procedures and protocols for identifying, managing, and disposing of contaminated, adulterated, deteriorated, or excess product.

(7) Establish advertising, marketing, signage, and labeling requirements and restrictions.

(8) Establish procedures for the suspension, revocation, or surrender of a license and establishing related fines and penalties to be assessed against licensees for violations of this chapter.

(9) Establish procedures for the oversight of the fund established pursuant to Section 26028. 26021. The Division of Medical Cannabis Cultivation shall do all of the following:

(a) Adopt regulations, in consultation with the Department of Water Resources, State Water Resources Control Board, to ensure that commercial cannabis activity licensed pursuant to this chapter does not threaten the state's clean water and environment.

(b) Adopt regulations ensuring that the cultivation of cannabis under this chapter is in compliance with standards equivalent to the statutory and regulatory requirements applicable to the
production of a food crop, including, but not limited to, all of the following:

(1) Regulations regarding the verification of cannabis stock for the purposes of cultivation.

(2) Cultivation protocols ensuring the quality, availability, and safety of the cannabis crop, including both indoor and outdoor cultivation standards and regulations regarding carbon offsets for indoor cultivation.

(3) Environmentally sound agricultural practices, including all of the following:

(A) A requirement that any actual, or potential for, environmental damage be addressed by the relevant state agency, including, but not limited to, the State Board of Forestry and Fire Protection, the Department of Fish and Wildlife, California regional water quality control boards, the Department of the California Highway Patrol, or the Department of Justice.

(B) A provision authorizing revocation of a license if the state determines that the conduct of the licensee threatens to inflict or has inflicted significant damage to the environment.

(C) Standards controlling the application of pesticides. These standards shall, at a minimum, require that if pesticides are to be used, the use comply with standards equivalent to Division 6 (commencing with Section 11401) of the Food and Agricultural Code and its implementing regulations.

(c) Adopt regulations to establish cultivation labeling and packaging standards and requirements, including, but not limited to, cultivation labeling requirements requiring labeling to include, at a minimum, cannabinoid levels, cannabinoid profile, and active ingredients.

(d) In consultation with the State Department of Public Health, establish testing standards for medical cannabis.

(e) Ensure cultivation licenses have access to existing agricultural incentive and support programs.

(f) Establish weighing or measuring standards, including, but not limited to, the requirement that devices used in connection with the sale or distribution of cannabis meet standards equivalent to Division 5 (commencing with Section 12001).

(g) Establish standards controlling the application of pesticides. These standards shall, at a minimum, require that if pesticides are to be used, the use comply with standards equivalent to Division
6 (commencing with Section 11401) of the Food and Agricultural Code and its implementing regulations.

26021.5. (a) State agencies shall collaborate with local agencies, and local agencies, within the scope of their jurisdiction, and to the extent that resources are available, shall assist state agencies in the enforcement of this chapter. This section shall not limit any other state or local requirements.

(b) No cannabis shall be cultivated on public lands pursuant to this chapter.

26022. The Division of Medical Cannabis Manufacturing and Testing, in consultation with the State Department of Public Health, shall adopt regulations to do all of the following:

(a) Establish product labeling and packaging standards and requirements, including, but shall not be limited to, all of the following:

(1) All manufactured cannabis product labeling and packaging standards, including, but not limited to, all of the following:

(A) A requirement that the label include the manufacturing date, the name of the mandatory commercial licensee from which it was obtained, the active ingredients, net weight, cannabinoid profile, nutritional facts, dosage in total milligrams of cannabinoids delivered, and any potential allergens: allergens, and the amount in milligrams of cannabinoids per serving, servings per package, and the amount in milligrams of cannabinoids in the total package.

(B) A requirement that the label include the warnings: “KEEP OUT OF REACH OF CHILDREN AND ANIMALS,” and “FOR MEDICAL USE ONLY.”

(C) A requirement that packaging contain a clear indication in bold font that the package contains medical cannabis, and that the package not be designed in a manner that attracts minors.

(D) Standards for labeling food that clearly distinguish edible cannabis products from non-cannabis products.

(E) The name of the mandatory commercial licensee that manufactured the product.

(b) Establish consumer protection, food and product safety requirements, including, but not limited to, all of the following:

(1) Adverse event reporting and product recall systems that include batch, lot, or control number tracking, the requirement that employees who manufacture or otherwise handle edible medical cannabis products thoroughly wash their hands before commencing
production and before handling finished edible medical cannabis products.

(2) Standards for cannabinoid dosage the amount, in milligrams, of cannabinoids per serving in edible products.

(3) Sanitation standards equivalent to the California Retail Food Code (Part 7 (commencing with Section 113700) of Division 104 of the Health and Safety Code) for food preparation, storage, handling, and sale of medical cannabis products. For purposes of this chapter, edible medical cannabis products are deemed to be unadulterated food products.

(4) A requirement that edible medical cannabis products be limited to foods that are not potentially hazardous food as set forth in Section 114365.5 of the Health and Safety Code.

(5) A requirement that facilities in which edible medical cannabis products are prepared shall be constructed in accordance with building standards and health and safety standards applicable to a food production facility, including the requirement that edible products distributed or sold by dispensaries not be produced or stored in private homes.

(6) Weighing or measuring standards, including, but not limited to, the requirement that devices used in connection with the sale or distribution of cannabis meet standards equivalent to Division 5 (commencing with Section 12001) of the Business and Professions Code.

(7) Standards controlling the application of pesticides. These standards shall, at a minimum, require that if pesticides are to be used, the use comply with standards equivalent to Division 6 (commencing with Section 11401) of the Food and Agricultural Code and its implementing regulations.

(8) A requirement that all edible medical cannabis products shall be individually wrapped at the original point of preparation.

(c) Establish testing requirements for all medical cannabis and medical cannabis products, including edible cannabis products and those used, or intended for use, via inhalation, including, but not limited to:

(1) Testing for the active cannabinoid-profile, constituent elements, and microbiological, bacterial, pathogenic yeast, and mold counts.
(2) Testing standards by which to test and measure the potency
of medical cannabis and medical cannabis products. The division
Division of Medical Cannabis Manufacturing and Testing shall
also determine maximum standards in the potency of medical
cannabis and medical cannabis products.
(3) Testing standards by which to test and measure the quality
of the medical cannabis and medical cannabis product.
(4) Protocols for medical cannabis and medical cannabis product
safety testing.
(d) Establish procedures for certifying laboratories for the testing
of medical cannabis and medical cannabis products, as defined in
this chapter. Certification of testing laboratories shall be consistent
with general requirements for the competence of testing and
calibration activities, including sampling, using standard methods
established by the International Organization for Standardization,
including, but not limited to, ISO/IEC 17020 and 17025.
(e) Ensure licensed cannabis cultivation entities have access to
existing agricultural incentive and support programs.
26022.5. The regulations shall not limit the authority of a city
or a county pursuant to Section 7 of Article XI of the California
Constitution, Section 26010 or 26060, or any other law.
26023. The regulations shall set forth the inspection and
enforcement responsibilities of the Department of Alcohol and
Beverage Control, the State Department of Public Health, the
Division of Labor Standards Enforcement, the Department of
Water Resources, State Water Resources Control Board, the State
Department of Public Health, and the Department of Food and
Agriculture associated with this chapter.
26023.5. (a) Without limiting the authority of a city or a county
pursuant to Section 7 of Article XI of the California Constitution
or any other law, the Division of Medical Cannabis Regulation
and Enforcement shall adopt regulations regarding the minimum
standards for the operation of dispensaries. The regulations shall
establish all of the following:
(1) A requirement that dispensaries provide patients with
detailed written information about the contents of the cannabis
and medical cannabis products they obtain.
(2) Requirements for inventory control and reporting that require
all dispensaries to be able to demonstrate the present location,
amounts, and descriptions of all medical cannabis products from
the time of delivery to the dispensary until purchase by a qualified
patient or primary caregiver.
(3) Minimum educational and testing requirements for licensee
staff, including, but not limited to, background checks and a
requirement that every dispensary maintain dedicated, licensed
security staff—both inside and outside the dispensary as deemed
appropriate by the division.
(4) Minimum standards governing signage and advertising for
dispensaries.
(b) Commencing 180 days after the division begins issuing
provisional licenses, a dispensary shall provide patients medical
cannabis and medical cannabis products obtained only from persons
licensed under this chapter.
(c) Out-of-state medical cannabis patients with current, valid
verification that they are allowed to receive medical cannabis
treatment within their home state may receive medical cannabis
treatment, including the ability to purchase medical cannabis from
licensed dispensaries within this state upon verification of the
documents by the dispensary, pursuant to protocols established by
the division.
26024. The regulatory authorities may assist state taxation
authorities in the development of uniform policies for the state
taxation of mandatory commercial licensees.
26028. (a) The Medical Cannabis Control Fund is hereby
established within the State Treasury. Notwithstanding Section
16305.7 of the Government Code, the fund shall include any
interest and dividends earned on the moneys in the fund.
(b) All fees collected pursuant to this chapter shall be deposited
into the fees account, which is hereby established within the fund.
Notwithstanding Section 13340 of the Government Code, all
moneys within the fees account are hereby continuously
appropriated, without regard to fiscal year, to the Division of
Medical Cannabis Regulation and Enforcement appropriate
regulatory authority solely for the purposes of fully funding and
administering this chapter, including, but not limited to, the costs
incurred by the division regulatory authority for its administrative
expenses and costs and the costs of all regulatory authorization
regulation as set forth in Section 26023.
(c) All moneys collected pursuant to this chapter as a result of
fines or penalties imposed under this chapter shall be deposited
directly into the fines and penalties account, which is hereby
established within the fund, and shall be available, upon
appropriation by the Legislature, for the purposes of funding the
enforcement grant program pursuant to subdivision (d).
(d) The regulatory authorities shall collaboratively establish and
administer a grant program to allocate moneys from the fines and
penalties account to state and local entities for the purpose of
assisting with medical cannabis regulation and the enforcement
of this chapter and other state and local laws applicable to licensees.
The costs of the grant program under this subdivision shall, upon
appropriation by the Legislature, be paid for with moneys in the
fines and penalties account.
(e) The Department of Transportation shall conduct research
regarding determining whether a driver is operating a vehicle under
the influence of cannabis, and shall develop protocols setting forth
best practices to assist law enforcement agencies. The costs of the
Department of Transportation under this subdivision shall, upon
appropriation by the Legislature, be paid for with moneys in the
fines and penalties account.
(f) The total fees charged pursuant to this chapter shall be
sufficient to pay the costs associated with the administrative and
enforcement duties of the division and of the associated state
agencies in administering this chapter.
(g) The regulatory authorities shall enter into an interagency
agreement with the Department of Alcohol and Beverage Control,
the Department of Consumer Affairs, the Division of Labor
Standards Enforcement, the Department of Water Resources, the
State Department of Public Health, and the Department of Food
and Agriculture setting forth the duties of those agencies under
this chapter and providing for reimbursement to the appropriate
state and local authorities of associated costs from revenues
deposited into the fees account of the fund.
26030. (a) The regulatory directors and the persons employed
by the regulatory authorities for the administration and enforcement
of this chapter are peace officers in the enforcement of the penal
provisions of this chapter, the rules of the division adopted under
this chapter, and any other penal provisions of law of this state
prohibiting or regulating the cultivation, processing, storing,
manufacturing, testing, transporting, or selling of medical cannabis,
and these persons are authorized, while acting as peace officers,
to enforce any penal provisions of state law while in the course of
their employment.
(b) The regulatory directors, the persons employed by the
regulatory authorities for the administration and enforcement of
this chapter, peace officers listed in Section 830.1 of the Penal
Code, and those officers listed in Section 830.6 of the Penal Code
while acting in the course and scope of their employment as peace
officers may, in enforcing this chapter, visit and inspect the
premises of any licensee at any time during which the licensee is
acting pursuant to the mandatory commercial license.
(c) Peace officers of the Department of the California Highway
Patrol, members of the University of California and California
State University police departments, and peace officers of the
Department of Parks and Recreation, as defined in subdivisions
(a), (b), (c), and (f) of Section 830.2 of the Penal Code, may, in
enforcing this chapter, visit and inspect the premises of any licensee
at any time during which the licensee is acting pursuant to the
license.
26034. (a) Information identifying the names of patients, their
medical conditions, or the names of their primary caregivers
received and contained in records kept by the regulatory authorities
for the purposes of administering this chapter are confidential and
shall not be disclosed pursuant to the California Public Records
Act (Chapter 3.5 (commencing with Section 6250) of Division 7
of Title 1 of the Government Code), except as necessary for
authorized employees of the State of California or any city or
county to perform official duties pursuant to this chapter, or a local
ordinance adopted in accordance with Section 26010.
(b) Nothing in this section precludes the following:
(1) Employees of any of the regulatory authorities notifying
state or local agencies about information submitted to the division
regulatory authority that the employee suspects is falsified or
fraudulent.
(2) Notifications from any of the regulatory authorities to state
or local agencies about apparent violations of this chapter or any
applicable local ordinance.
(3) Verification of requests by state or local agencies to confirm
licenses and certificates issued by the regulatory authorities or
other state agency.
(4) Provision of information requested pursuant to a court order or subpoena issued by a court or an administrative agency or local governing body authorized by law to issue subpoenas.

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

26035. This chapter does not require an employer to permit or accommodate the use, consumption, possession, transfer, display, transportation, sale, or growth of cannabis in the workplace or to affect the ability of employers to have policies restricting the use of cannabis by employees.

Article 3. Mandatory Commercial License

26040. (a) The regulatory authorities shall adopt regulations establishing a tiered licensing scheme to accommodate the different levels and types of activity to be licensed, as follows:

(1) The Division of Medical Cannabis Cultivation shall adopt regulations for a tiered licensing structure for the cultivation of medical cannabis.

(2) The Division of Medical Cannabis Manufacturing and Testing shall adopt regulations, in consultation with the Department of Consumer Affairs, regulations for the tiered licensing structure of the following:

(A) Manufacturing of medical cannabis products.

(B) Testing of medical cannabis products.

(C) Certification of medical cannabis testing laboratories.

(3) The Division of Medical Cannabis Regulation and Enforcement shall adopt regulations for the tiered licensing structure for all the following:

(A) Wholesale of medical cannabis products, which shall include large-scale storage and distribution, as defined by the regulatory authority.

(B) Dispensing of medical cannabis products.

(b) The regulations shall set forth the application and licensure process, including, but not limited to, all of the following:

(1) A description of the various specific forms of commercial cannabis activity to be authorized by the various types of licenses.
(2) The establishment of license application, issuance, renewal, suspension, surrender, and revocation procedures for the various types of licenses to be issued.

(3) The procedures for the issuance, renewal, suspension, and revocation of mandatory commercial licenses.

(4) Time periods, not to exceed 90 days, by which the division shall approve or deny an application for mandatory commercial licensure. The failure of the division regulatory authority to act upon an application for licensure within the time prescribed shall not be deemed approval of the application.

(5) Qualifications for licensees.

(6) Security requirements, including, but not limited to, procedures for limiting access to facilities and for the screening of employees.

(c) Each mandatory commercial license application approved by the respective licensing authority pursuant to this chapter is separate and distinct.

(d) A mandatory commercial license application approved by the respective licensing authority pursuant to this chapter shall be valid for a period not to exceed one year from the date of approval unless revoked or suspended earlier than that date pursuant to this chapter or the rules or regulations adopted pursuant to this chapter.

(e) Each regulatory authority may adopt regulations for additional licenses for any cannabis activity within its statutory jurisdiction pursuant to this chapter, as deemed necessary.

(f) Each mandatory commercial license application approved by the respective regulatory authority shall be reported to the Division of Medical Cannabis Regulation and Enforcement within 24 hours of its approval.

26041. Regulations adopted by the regulatory authorities shall require, at a minimum, all of the following, as applicable:

(a) The Division of Medical Cannabis Cultivation shall adopt regulations on the for cultivation of medical cannabis that do all of the following:

(1) Require that the cultivation licensee comply with all regulations of the Department of Food and Agriculture pursuant to this chapter regarding the cultivation of medical cannabis.

(2) Require that the cultivation licensee comply with any other applicable requirement of the division pursuant to this chapter.
(3) Establish criteria for different tiers of cultivation licenses, including, but not limited to small, mid-sized, and large commercial cultivation licenses, based on the area, in square feet, in cannabis cultivation.

(4) Authorize commercial cultivation licensees to transport and deliver medical cannabis for commercial purposes to only another licensee of commercial cannabis activity pursuant to this chapter. Cultivation licensees, without a separate dispensary license, who deliver directly to any entity not licensed pursuant to this chapter shall be fined and be under review for the revocation of licensure by the Division of Medical Cannabis Cultivation.

(5) Require licensees to track all cannabis products and report to the division, as specified by this chapter and any regulations promulgated pursuant to this chapter.

(6) Require a cultivation licensee to obtain a seller’s permit from the Board of Equalization to validate the authority of the licensee to sell commercial cannabis products to another licensee of commercial cannabis activity.

(7) Require a cultivation licensee to obtain a resale certificate upon the sale of cannabis to another licensee of commercial cannabis activity, to track the quantities exchanged.

(8) Require all medical cannabis to be tested by a laboratory that has been certified and licensed pursuant to this chapter, prior to commercial exchange with a dispensary. If the licensee has a separate dispensary license, all medical cannabis and medical cannabis products must be tested by a laboratory that has been certified and licensed pursuant to this chapter, prior to retail directly to consumers.

(9) Ensure that licensed cannabis cultivation entities cultivate licensed licensees have access to existing agricultural incentive and support programs.

(b) The Division of Medical Cannabis Manufacturing and Testing shall adopt regulations on the for testing of medical cannabis that do all of the following:

(1) Prohibit a testing licensee from receiving medical cannabis products except through a regulatory authority or a medical cannabis licensee.

(2) Prohibit a testing licensee from being licensed for any other activity authorized under this article, and from holding an
ownership interest in any real property, personal property, or other
assets associated or used in any other license category.
(3) Require the licensee to follow any other applicable
requirement of the division pursuant to this chapter.
(a) Regulations on the manufacturing of medical cannabis shall
do all of the following:
(1) Require the manufacturing licensee comply with all
regulations of the State Department of Public Health pursuant to
this chapter regarding the cultivation manufacturing and testing
of medical cannabis.
(2) Require the manufacturing licensee comply with any other
applicable requirement of the Division of Medical Cannabis
Regulation and Enforcement pursuant to this chapter.
(3) Establish criteria for different tiers of manufacturing licenses,
including, but not limited to small, mid-sized, and large commercial
manufacturing licenses.
(4) Authorize commercial manufacturing licensees to transport
and deliver medical cannabis for commercial purposes to only
another licensee of commercial cannabis activity pursuant to this
chapter. Manufacturing licensees, without a separate dispensary
license, who deliver directly to any entity not licensed pursuant to
this chapter shall be fined and be under review for the revocation
of licensure by the Division of Medical Cannabis Manufacturing
and Testing.
(5) Require licensees to track all cannabis products and report
to the Division of Medical Cannabis Regulation and Enforcement,
as specified by this chapter and any regulations promulgated
pursuant to this chapter.
(6) Require a manufacturing licensee to obtain a seller’s permit
from the Board of Equalization to validate the authority of the
licensee to sell commercial manufactured cannabis products to
another licensee of commercial cannabis activity.
(7) Require a manufacturing licensee to obtain a resale certificate
upon the sale of manufactured medical cannabis products to another
licensee of commercial cannabis activity, to track the quantities
exchanged.
(8) Require all manufactured medical cannabis and medical
cannabis products to be tested by a laboratory that has been
certified and licensed pursuant to this chapter, prior to commercial
exchange with a dispensary. If the licensee has a separate

-25-
dispensary license, all manufactured cannabis and medical cannabis
products shall be tested by a laboratory that has been certified and
licensed pursuant to this chapter, prior to retail sale directly to
consumers.

(d) Regulations—The division shall adopt regulations for the
dispensing of medical cannabis shall that do all of the following:
(1) Require the dispensary licensee comply with all regulations
of the division pursuant to this chapter regarding the dispensing
of medical cannabis
(2) Require the dispensary licensee comply with any other
applicable requirements of the division pursuant to this chapter.
(3) Allow dispensaries to store limited quantities of
medical cannabis and medical cannabis products for commercial
purposes pursuant to this chapter, in a manner deemed safe and
secure by the regulatory authority.
(4) Allow all non-mobile, non-vehicular, and non-Internet-based
dispensaries to be licensed to transport medical cannabis and
medical cannabis products directly to consumers.
(5) Require all mobile, vehicular and Internet-based dispensaries
to maintain a business contract with a non-vehicular and
non-mobile dispensary, and report all records of commercial
activity to said entity.
(6) Require licensees to track all medical cannabis and medical
cannabis products and report to the division, as specified by this
chapter and any regulations promulgated pursuant to this chapter.
(7) Require all dispensary licensees to obtain a seller’s permit
from the Board of Equalization to validate the authority of the
licensee to sell medical cannabis and medical cannabis products,
and to maintain receipts of all sales transactions.
(8) Require that, upon receipt of medical cannabis, manufactured
medical cannabis, and medical cannabis products, the dispensary
licensee shall request and record evidence that the product has
been tested by a laboratory that has been certified and licensed
pursuant to this chapter.

(e) Regulations for the wholesale of medical cannabis or medical
cannabis products shall do all of the following:
(1) Require all wholesale licensees to comply with all
regulations of the division pursuant to this chapter regarding the
wholesale storage and distribution of medical cannabis.
(2) Require the dispensary wholesale licensee comply with any other applicable requirements of the division pursuant to this chapter.

(3) Establish criteria for the qualifications of a wholesale licensee, including maximum quantities of medical cannabis that each licensee may store at one time.

(4) Authorize all wholesale licensees to do commercial business with only other licensees of commercial cannabis activity. All other licensees under this chapter shall not be required to work only with a wholesale licensee directly.

(5) Require that all medical cannabis and medical cannabis products be tested by the wholesale licensee prior to commercial exchange with a dispensary: a laboratory that has been certified and licensed pursuant to this chapter prior to commercial exchange with a dispensary. If the licensee has a separate dispensary license, all medical cannabis and medical cannabis products must be tested by a laboratory that has been certified and licensed pursuant to this chapter, prior to retail directly to consumers.

(6) Require licensees to track all medical cannabis and medical cannabis products and report to the Division on Medical Cannabis Regulation and Enforcement, as specified by this chapter and any regulations promulgated pursuant to this chapter.

(f) All regulations related to transportation of cannabis shall require a medical cannabis licensee to do all of the following:

(1) Maintain intrastate operating authority.

(2) Maintain interstate operating authority, for the commercial purposes of the licensee, and only to the extent permitted by federal law.

(3) Be allowed by local jurisdictions to transport medical cannabis, if the licensee is in compliance with this chapter.

26042. Each regulatory authority shall establish a scale of application, licensing, and renewal fees, based upon the cost of enforcing this chapter, as follows:

(a) Each regulatory authority shall charge each applicant for licensure or renewal an application or renewal fee that shall be calculated to cover the costs of processing the application or renewal. This fee may vary depending upon the varying costs associated with approving the application or renewal related to the varying activities covered by the license, but shall not exceed
dollars ($____) for an initial application, and ____ dollars ($____)
for a renewal application.
(b) Upon the issuance of a license, the respective regulatory
authority shall charge each licensee a licensure fee. The licensure
fee shall be calculated to cover the costs of administering this
chapter, other than the costs of processing applications. The
licensure fee may vary depending upon the varying costs associated
with administering the various regulatory requirements of this
chapter as they relate to the nature and scope of the different
licensure activities, but shall not be less than ____ dollars ($____);
nor more than ____ dollars ($____).
(e) Each regulatory authority shall establish appropriate fees as
part of its emergency regulations for the issuance of provisional
licenses adopted pursuant to Section 26043.
(d) The total fees assessed pursuant to this chapter, including,
but not limited to, provisional license fees set forth in Section
26054, shall be set at an amount that will fairly and proportionately
generate sufficient total revenue to fully cover the total costs of
administering this chapter, including, but not limited to, costs set
forth in Section 26023:
26042. Each regulatory authority shall establish appropriate
fees as part of its emergency regulations for the issuance of
provisional licenses adopted pursuant to Section 26043.
26043. Each regulatory authority shall adopt, as soon as
practicable, emergency regulations consistent with this chapter to
allow a qualified applicant for licensure to apply for and receive
a provisional license to engage in commercial cannabis activity
so as to ensure an adequate supply of medical cannabis upon full
implementation of this chapter as set forth in Section 26054.
26044. Every mandatory commercial license is renewable
unless the license has been revoked if the renewal application is
submitted and the fee for it is paid. A license that has been
suspended, but not revoked, may be renewed under this section,
however, the act of renewal shall not affect the suspension and the
suspension shall remain in effect upon renewal. All licenses expire
at 12 midnight on the last day of the month posted on the license.
All licenses shall be renewed as follows:
(a) The application to renew the license may be filed before the
license expires upon payment of the annual fee.
(b) For 60 days after the license expires, the license may be renewed upon payment of the annual renewal fee plus a penalty fee that shall be equal to 50 percent of the annual fee.

(c) Unless otherwise terminated, or unless renewed pursuant to subdivision (a) or (b), a license that is in effect on the month posted on the license continues in effect through 12 midnight of the 60th day following the month posted on the license, at which time it is automatically canceled.

(d) A license that has been canceled pursuant to subdivision (c) may be reinstated during the 30 days immediately following cancellation upon payment by cashier's check or money order of the annual renewal fee, plus a penalty fee that shall be equal to 100 percent of the annual fee. A license that has been canceled pursuant to subdivision (c) and that has not been reinstated within 30 days pursuant to this subdivision is automatically revoked on the 31st day after the license has been canceled.

(e) A renewal application shall not be deemed filed within the meaning of this section unless the document itself has been actually delivered to, and the required renewal fee has been paid at, any office of the division during office hours, or unless both the document and fee have been filed and remitted pursuant to Section 11003 of the Government Code.

26045. A person shall may engage in commercial cannabis activity only if the person has complied with all of the following conditions:

(a) The person has obtained permission from local authorities approving the proposed commercial cannabis activity. This requirement shall not apply to a person who holds a valid business license, conditional use permit, or other locally issued permit for commercial cannabis activity. For the purposes of this subdivision, the document granting the permission shall be issued by the local authority and include, at a minimum, all of the following:

(1) The legal name, address and date of birth of the applicant.
(2) The type of license the applicant is requesting a permit for.
(3) Documentation that the applicant has been in compliance with local ordinances and regulations, including, but not limited to, an entity granted immunity under Measure D, approved by the voters of the City of Los Angeles at the May 21, 2013, general election.
(4) A statement of whether or not the applicant has previously committed a felony, as described in paragraph (8) of subdivision (e) of Section 26047.

(5) A statement signed by the applicant under penalty of perjury that the information provided in the application is true.

(b) The person submits a copy of the permission, or equivalent qualifying documents, to the division for recordation. Upon receipt of an approved permission, the division shall provide the applicant with a certificate of approval for licensure, to be presented to the relevant regulatory authority under which the person seeks licensure. No regulatory authority shall grant approval of an application without a certificate of approval for application of commercial cannabis licensure for the applicant.

(c) The person applies for licensure for commercial cannabis activity from a regulatory authority and receives approval for that licensure.

(d) The person abides by all local and state ordinances and regulations pursuant to this chapter.

26046. (a) An application for a license shall include, but shall not be limited to, all of the following:

(1) A certificate of approval for licensure by the Division of Medical Cannabis Regulation and Enforcement.

(2) The legal name and proposed physical addresses of the mandatory commercial licensee.

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

(4) Operating and inventory control procedures to ensure security and prevent diversion.

(5) Detailed operating procedures for the proposed facility, which shall include, but not be limited to, provisions for facility and operational security, prevention of diversion, employee screening, storage of medical cannabis, personnel policies, and recordkeeping procedures.

(6) A list of all persons or entities having an ownership interest other than a security interest, lien, or encumbrance on any property that will be used by the applicant.

(7) Evidence of the legal right to occupy and use an established location, including that if the proposed facility is a cultivator or a dispensary, that the proposed facility is located beyond at least a 600-foot radius from a school, or an immunity from prosecution.
for that occupancy or use pursuant to a local ordinance or
ordinances, including, but not limited to, Measure D, approved by
the voters of the City of Los Angeles at the May 21, 2013, general
election.
(8) Documentation that the applicant will be in compliance with
all local ordinances and regulations, including, but not limited to,
an entity granted immunity under Measure D, approved by the
voters of the City of Los Angeles at the May 21, 2013, general
election.
(9) Evidence that all of the officers and owners of the applicant
organization have been residents of the State of California for at
least three years.
(10) For an applicant with 20 employees or more, a statement
that the applicant will enter into, or demonstrate that it has already
entered into, and abide by the terms of, a “labor peace agreement,”
as defined by the division in consultation with the Division of
Labor Standards Enforcement.
(11) For an applicant seeking a license to cultivate, a statement
declaring the applicant is an “agricultural employer,” as defined
in the Alatorre-Zenovich-Dunlap-Berman Agricultural Labor
Relations Act of 1975 (Part 3.5 (commencing with Section 1140)
of Division 2 of the Labor Code), to the extent not prohibited by
law.
(12) A statement signed by the applicant under penalty of perjury
that the information provided in the application is true.
(b) For applicants seeking a license to cultivate and—process,
manufacture, the application shall also include a detailed
description of the operating procedures for all of the following:
(1) Cultivation.
(2) Extraction and infusion methods.
(3) The transportation process.
(4) Inventory procedures.
(5) Quality control procedures.
26047. (a) Upon receipt of an application for licensure and
the applicable fee, the respective regulatory authority shall make
a thorough investigation to determine whether the applicant and
the premises for which a license is applied qualify for the license
and whether this chapter has been complied with, and shall
investigate all matters connected therewith that may affect the
public welfare and morals.
(b) The respective regulatory authority shall deny an application if either the applicant or the premises for which a license is applied do not qualify for licensure under this chapter.

(c) The respective regulatory authority may, at its discretion, issue a license to an applicant who has obtained a certificate of rehabilitation pursuant to Section 4852.13 of the Penal Code.

(d) The respective regulatory authority may place reasonable conditions upon licensure if grounds exist for denial of a license, and the division finds those grounds may be removed by the imposition of those conditions. However, the limitations set forth in paragraph (6) of subdivision (b) of Section 26040 (10) of subdivision (d) shall not be waived.

(e) The respective regulatory authority shall deny the application for licensure or renewal, or suspend or revoke a license, if any of the following conditions apply:

(1) Granting or continuation of a license would be contrary to the public welfare or morals.

(2) The applicant holding or seeking a license has violated any law prohibiting conduct involving moral turpitude.

(3) Local agencies have notified the division and provided evidence that a licensee or applicant within its jurisdiction is in violation of local ordinances relating to cannabis activities.

(4) The application has failed to state with sufficient specificity the jurisdiction in which the applicant proposes to establish operations.

(5) The applicant fails to meet the requirements of this chapter or any regulation adopted pursuant to this chapter, or any applicable city or county ordinance or regulation.

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

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

(8) The applicant, or any of its officers, directors, or owners has been convicted of a felony criminal conviction for drug trafficking, a violent felony, as specified in subdivision (c) of Section 667.5 of the Penal Code, a serious felony as specified in subdivision (c) of Section 1192.7 of the Penal Code, a felony offense involving
fraud or deceit, or any other felony that, in the division’s
determination, would impair the applicant’s ability to appropriately
operate as a mandatory commercial licensee. The respective
regulatory authority may, at its discretion, issue a license to an
applicant that has obtained a certificate of rehabilitation pursuant
to Section 4852.13 of the Penal Code.
(9) The applicant, or any of its officers, directors, or owners is
a licensed physician making patient recommendations for medical
cannabis.
(10) The applicant, or any of its officers, directors, or owners
has been sanctioned by the division, a regulatory authority, a city,
or a county for unlicensed commercial medical cannabis activities
or has had a license revoked under this chapter in the previous
three years.
(11) Applicants shall be notified of a denied application in
writing via personal service or mail addressed to the address of
the applicant or licensee set forth in the application. The denial
letter shall contain the detailed reasons for which the application
has been denied. The applicant shall have the right to appeal the
denial and be given a hearing within 30 days of the appeal. On
appeal, the decision shall be upheld unless the applicant
demonstrates that the applicant is in fact eligible for licensure and
the application is in compliance with this chapter.
26048. (a) The respective regulatory authority shall
electronically submit to the Department of Justice fingerprint
images and related information for all applicants for cultivation,
dispensers, manufacturing, and transportation licenses for the
purpose of obtaining information as to the existence and content
of a record of state or federal convictions and arrests, and
information regarding whether the person is free on bail, or on his
or her own recognizance, pending trial or appeal.
(b) The Department of Justice shall provide a response to the
division pursuant to paragraph (1) of subdivision (p) of Section
11105 of the Penal Code.
(c) The division shall request from the Department of Justice
subsequent notification service, as provided pursuant to Section
11105.2 of the Penal Code, for persons described in this section.
(d) The Department of Justice shall charge a fee sufficient to
cover the reasonable cost of processing the requests described in
this section.
26049. (a) The actions of a mandatory commercial licensee
or provisional licensee, its employees, and its agents, permitted
pursuant to a mandatory commercial license or provisional license
issued by the division or otherwise permitted by this chapter, that
are within the scope of the license issued pursuant to this chapter
and the regulations adopted pursuant to the authority granted by
this chapter, are not unlawful under state law and shall not be an
offense subject to arrest, prosecution, or other sanction under state
law, or be subject to a civil fine or be a basis for seizure or
forfeiture of assets under law.

(b) The actions of a person who, in good faith and upon
investigation, allows his or her property to be used by a mandatory
commercial licensee or provisional licensee, its employees, and
its agents, as permitted pursuant to a mandatory commercial license
or provisional license issued by the division or otherwise permitted
by this chapter, are not unlawful under state law and shall not be
an offense subject to arrest, prosecution, or other sanction under
state law, or be subject to a civil fine or be a basis for seizure or
forfeiture of assets under state law.

(c) Conduct that is within the scope of a license issued pursuant
to this chapter but not fully in compliance with this chapter shall
be subject to the enforcement provisions of this chapter and shall
not be subject to the penal provisions generally prohibiting
cannabis-related activity, unless and until the license is revoked.

(d) This section shall not be deemed to limit the authority or
remedies of a city or county under any provision of law, including,
without limitation, Section 7 of Article XI of the California
Constitution or Section 26010 or 26060.

26050. (a) A licensee shall keep, at the licensed premises,
accurate records of the specific commercial cannabis activity
conducted by the licensee. The records shall include, at a minimum,
all of the following for each batch of product:

(1) The name and address of the supplier.
(2) The dates on which the product was received.
(3) The amounts, form, and batch and lot number.
(4) The location of the cultivation site.
(5) The name of the employee who received the product.
(6) Records demonstrating compliance by the licensee with state
and federal rules and regulations regarding reporting and taxation
of income received.
(b) The records shall be kept for a minimum of seven years.
(c) The division may make any examination of the books and
records of any licensee and may visit and inspect the premises of
any licensee that the division may deem necessary to perform its
duties under this chapter.
(d) If the licensee or any employee of the licensee refuses,
impedes, obstructs, or interferes with an inspection pursuant to
this chapter or local ordinance, or if the licensee fails to maintain
or provide the books and records required by this section, the
license may be summarily suspended and the division shall directly
commence proceedings for the revocation of the license in
accordance with this chapter.
(e) All cultivation, dispensing, and retail sales licensees shall
be subject to an annual audit by the State Auditor audit, as specified
by the regulatory authority, in order to ensure proper
documentation is kept at each site or facility. The reasonable costs
of the audit shall be paid for by the licensee.

26052. (a) This chapter shall not apply to, and shall have no
diminishing effect on, the rights and protections granted to a patient
or a primary caregiver pursuant to the Compassionate Use Act of
1996.

(b) (1) A patient who cultivates, possesses, stores, manufactures,
or transports cannabis exclusively for his or her personal medical
use but who does not sell or distribute cannabis to any other person
is not, thereby, engaged in commercial cannabis activity and is,
therefore, exempt from the licensure requirements of this chapter.
(2) A primary caregiver who cultivates, possesses, stores,
manufactures, transports, donates, or provides cannabis exclusively
for the personal medical purposes of a specified qualified patient
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, thereby, engaged
in commercial cannabis activity and is, therefore, exempt from the
licensure requirements of this chapter.

26054. (a) Each regulatory authority shall, as soon as
practicable following January 1, 2016, allow a qualified applicant
for licensure to apply for and receive a provisional license to
engage in commercial cannabis activity so as to ensure an adequate
supply of medical cannabis upon full implementation of this chapter.

(b) Each regulatory authority shall establish appropriate fees not to exceed____ dollars ($____) the reasonable regulatory costs to the regulatory authority for the issuance of a provisional license under its jurisdiction pursuant to this chapter.

(c) Each regulatory authority shall, if the applicant meets all the requirements in this section, issue a provisional license to individuals and entities that the regulatory authority determines were, during the 3 months prior to January 1, 2016, regularly cultivating, processing, manufacturing, transporting, or distributing medical cannabis collectively or cooperatively in full compliance with any applicable local ordinance, to continue to do so until the licensee’s application for mandatory commercial licensure has been approved or denied under this chapter, but no later than 90 days after the regulatory authority begins accepting applications for regular mandatory commercial licenses. The regulatory authority may consult with relevant local agencies in making a determination on whether a provisional license applicant is in compliance with any applicable ordinance.

(d) To qualify for a provisional mandatory commercial license, applicants shall disclose to the appropriate regulatory authority all of the following information in writing:

(1) The names, addresses, and dates of birth of each principal officer, owner, or board member.

(2) The common street address and assessor’s parcel number of the property at which the licensee conducts any activity under the authority of the licensee.

(3) The common street address and assessor’s parcel number of the property at which any cultivation activity was or is to be conducted.

(4) For the 3 months prior to January 1, 2016, the quantity of cannabis cultivated, processed, manufactured, tested, transported, or sold at a location and the quantity expected to be cultivated, processed, manufactured, tested, transported, or sold from January 1, 2016, to July 1, 2016, inclusive. The licensee shall make its records of current activity and activity for the 3 months prior to January 1, 2016, available to the division upon request.

(e) Upon receipt of the application materials and fee, the division may shall issue a provisional license and send a proof of issuance
to the applicant, applicant that meets all the requirements of this section, if the applicant has not committed any act or crime constituting grounds for the denial of licensure.

(f) Notwithstanding any other provision of this section, the division shall not issue a provisional license to an individual or entity, or for a premises, against whom there are pending state or local administrative or judicial proceedings or actions initiated by a city, county, or city and county under any applicable local ordinance or who has been determined through those proceedings to have violated any local ordinance related to cannabis activity, or that knowingly provides false or fraudulent information on an application for licensure.

(g) Entities that are provided immunity under Measure D, approved by the voters of the City of Los Angeles at the May 21, 2013, general election, shall be considered the equivalent of entities that are registered, permitted, or licensed as a medical marijuana business, dispensary, or other entity involved in providing medical marijuana to patients under a local ordinance and shall be considered in compliance with a local ordinance for the purposes of the implementation of this section.

(h) Provisional licensees shall comply with all standards and requirements applicable to a licensee under this chapter, including, but not limited to, the production, recordkeeping, security, and transportation requirements and standards.

(i) Beginning July 1, 2017, all commercial cannabis activity shall be conducted between licensees of commercial cannabis activity, pursuant to this chapter. If the regulatory authorities have not promulgated their respective regulations by that date, the regulatory authorities shall provide an extension for all provisional licenses for applicants abiding by the provisions of this chapter.

26055. The regulatory authority may adopt regulations to permit the transfer of a license from a licensee to another person who demonstrates to the regulatory authority that he or she is eligible for licensure under this chapter, if the prospective recipient of the license complies with all of the requirements of this chapter relating to a new application for licensure, including, but not limited to, payment to the regulatory authority of a reasonable license transfer fee.

26057. Each regulatory authority shall make recommendations to the Legislature pertaining to the establishment of an appeals
and judicial review process for persons aggrieved by a final
decision of the regulatory authority.

Article 4. Enforcement

26060. (a) Each regulatory authority shall work in conjunction
with law enforcement agencies for the purposes of implementing,
administering, and enforcing this chapter and the division's any
regulations adopted pursuant to this chapter and taking appropriate
action against licensees and others who fail to comply with this
chapter or the regulations adopted pursuant to this chapter.

(b) Nothing in this chapter or in Article 2 (commencing with
Section 11357) or Article 2.5 (commencing with Section 11362.7)
of Chapter 6 of Division 10 of the Health and Safety Code, shall
prevent a city, county, or city and county from adopting or
enforcing a zoning ordinance or other law, ordinance, or regulation
that regulates the location, operation, or establishment of a licensee
or other person that engages in commercial cannabis activity.

26062. Except for a person identified in Section 26052, a person
shall not exercise the privilege or perform any act that a licensee
may exercise or perform under the authority of a license unless
the person is acting pursuant to a license, including, but not limited
to, a provisional license issued pursuant to this chapter.

26064. Any person engaging in commercial cannabis activity
and operating an unlicensed facility, building, structure, vehicle,
mobile unit, or location in violation of this chapter shall be subject
to civil penalties of up to ______ dollars ($____) twice the amount
of the license fee for each violation, and the division or court may
order the destruction of any cannabis associated with that violation.

All civil fines collected pursuant to this section shall be deposited
into the fines and penalties account established pursuant to Section
26028. If an action for civil penalties is brought by the Attorney
General, the penalty collected shall be deposited into the General
Fund pursuant to Section 26028. If the action is brought by a
district attorney or county counsel, the penalty collected shall be
paid to the treasurer of the county in which the judgment was
entered. If the action is brought by a city attorney or city
prosecutor, the penalty collected shall be paid to the treasurer of
the city in which the judgment was entered.
26066. (a) Any regulatory director or any district attorney, county counsel, city attorney, or city prosecutor may bring an action in the name of the people of the State of California to enjoin a violation or the threatened violation of any provision of this chapter, including, but not limited to, a licensee's failure to correct objectionable conditions following notice or as a result of any rule promulgated pursuant to this chapter, and to assess and recover civil penalties in accordance with this chapter. The action shall be brought in the county in which the violation occurred or is threatened to occur. Any proceeding for injunctive relief brought pursuant to this chapter shall conform to the requirements of Chapter 3 (commencing with Section 525) of Title 7 of Part 2 of the Code of Civil Procedure.

(b) A state or local agency shall immediately notify the division and the appropriate regulatory authority of any violations or arrests made for violations over which the division or regulatory authority has jurisdiction which involve a licensee or licensed premises. Notice shall be given within 10 days of the violation or arrest. The division or regulatory authority shall promptly cause an investigation to be made as to whether grounds exist for suspension or revocation of the license.

(c) This chapter shall not be construed to limit a law enforcement agency's ability to investigate unlawful activity in relation to a mandatory commercial licensee.

(d) The division shall keep a complete record of all entities licensed pursuant to this chapter. This record shall be made available on the division's Internet Web site so as to permit state and local law enforcement to verify a mandatory commercial license.

(e) A city, county, or city and county may impose a temporary local suspension of the license of a commercial licensee for up to 30 days for violations of this chapter or a local ordinance. The regulatory authority shall promptly cause an investigation to be made as to whether grounds exist for continued suspension or revocation of the license. A If the regulatory authority has not completed its investigation or disciplinary action within 30 days, a city, county, or city and county may impose a subsequent temporary local suspension of the license of a commercial licensee for the same violation until the regulatory authority's investigation and all appeals are complete. investigation, the suspension or
revocation, and all appeals to that suspension or revocation are complete. This subdivision shall not limit a city’s, county’s, or city and county’s authority to enforce laws or ordinances pursuant to the authority granted by Section 7 of Article XI of the California Constitution.

Article 5. Transportation of Medical Cannabis

26100. A licensee authorized to transport medical cannabis and medical cannabis products shall do so only as set forth in this chapter.

26102. (a) Prior to transporting medical cannabis or medical cannabis products, a licensee authorized to transport medical cannabis or medical cannabis products shall do both of the following:

(1) Complete an electronic shipping manifest as prescribed by the division.

(2) Securely transmit the manifest to the division and the licensee that will receive the medical cannabis product.

(b) During transportation, the licensed transporter shall maintain a physical copy of the shipping manifest and make it available upon request to agents of the division, local law enforcement officers, or any other designated enforcement agency.

(c) The licensee receiving the shipment shall maintain each electronic shipping manifest and shall make it available upon request to agents of the division, local law enforcement officers, or any other designated enforcement agency.

(d) Upon receipt of the shipment, a licensed facility shall submit to the division a record verifying receipt of the shipment and the details of the shipment.

26104. (a) Transported medical cannabis or medical cannabis products shall be transported only in a storage compartment that is securely affixed to the interior of the transporting vehicle, and shall not be visible from outside the vehicle. This requirement shall only apply to licensees transporting medical cannabis or medical cannabis products with a total retail value of over five hundred dollars ($500).

(b) A vehicle transporting medical cannabis products shall travel only directly between licensed facilities, facilities, unless otherwise authorized under its license.
(c) All transport vehicles shall be staffed with a minimum of two employees. At least one transport member shall remain with the vehicle at all times when the vehicle contains medical cannabis. This requirement shall only apply to licensees transporting medical cannabis or medical cannabis products with a total retail value of over five thousand dollars ($5,000).

(d) Each transport team member shall possess documentation of licensing and a government-issued identification card at all times when transporting or delivering medical cannabis and shall produce it upon the request of agents of any regulatory authority or any law enforcement officials.

26105. (a) The division shall develop a database containing the electronic shipping manifests, which shall include, but are not limited to, the following information:

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

(2) The estimated times of departure and arrival.

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

(4) The actual time of arrival.

(5) A categorization of the product.

(b) The database shall be designed to flag irregularities for any regulatory authority to investigate. Any regulatory authority may, at any time, inspect shipments and request documentation for current inventory.

Article 6. Cannabis Employee Certification and Apprenticeship Program for Cultivation Sites and Dispensaries

26140. This article applies only to cultivation sites and dispensaries.

26140.5. The Division of Labor Standards Enforcement shall do all of the following:

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

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

(c) Adopt regulations as determined to be necessary to implement this article.
(d) Issue certification cards to employees certified pursuant to this article.

(e) Establish registration fees in an amount reasonably necessary to implement this article, not to exceed twenty-five dollars ($25) for the initial registration. There shall be no fee for annual renewal of registration. Fees shall be placed in the fund.

26141. (a) By January 1, 2017, the Division of Labor Standards Enforcement shall develop a certification program for cannabis employees. Commencing January 1, 2019, except as provided in subdivision (c), certification shall be required of all persons who perform work as cannabis employees.

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

(c) (1) Certification is not required for registered apprentices working as cannabis employees as part of a state-approved apprenticeship program. An apprentice who is within one year of completion of his or her term of apprenticeship shall be permitted to take the certification examination and, upon passing the examination, shall be certified immediately upon completion of the term of apprenticeship.

(2) Commencing January 1, 2019, an uncertified person may perform work for which certification is otherwise required in order to acquire the necessary on-the-job experience for certification provided that the person shall be under the direct supervision of a cannabis employee certified pursuant to Section 26141 who is responsible for supervising no more than one uncertified person.

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

26141.5. (a) The following shall constitute additional grounds for disciplinary proceedings, including suspension or revocation of the license issued pursuant to this chapter:

(1) The licensee willfully employs one or more uncertified persons to perform work as cannabis employees in violation of this section.

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

(3) The licensee willfully fails to provide adequate supervision of apprentices performing work pursuant to paragraph (1) of subdivision (c) of Section 26141.
(b) The Labor Commissioner shall maintain a process for referring cases to the appropriate regulatory authority when it has been determined that a violation of this section has likely occurred. The Labor Commissioner shall have a memorandum of understanding with the regulatory authorities in furtherance of this section.

(c) Upon receipt of a referral by the Labor Commissioner alleging a violation under this section, the appropriate regulatory authority shall open an investigation. Disciplinary action against the licensee shall be initiated within 60 days of the receipt of the referral. The regulatory authority may initiate disciplinary action against a licensee upon its or her own investigation, the filing of a complaint, or a finding that results from a referral from the Labor Commissioner alleging a violation under this section. Failure of the employer or employee to provide evidence of certification or apprentice status shall create a rebuttable presumption of violation of this provision.

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

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

23028. (a) (1) In addition to any authority otherwise provided by law, the board of supervisors of any county may impose, by ordinance, a tax on the privilege of cultivating, dispensing, producing, processing, preparing, storing, providing, donating, selling, or distributing cannabis by a licensee operating pursuant to the Medical Cannabis Regulation and Control Act (Chapter 18 (commencing with Section 26000) of Division 9 of the Business and Professions Code). The tax may be imposed for general governmental purposes or for purposes specified in the ordinance by the board of supervisors.

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

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

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

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

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

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

(d) For purposes of this section, “marijuana” or “cannabis” shall have the meanings set forth in Section 26002 of the Business and Professions Code.

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

(f) The total taxation of state and local authorities shall not be in excess of 25 percent of retail prices.

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

11362.775. (a) Qualified patients, Subject to subdivision (b), qualified persons with valid identification cards, and the designated primary caregivers of qualified patients and persons with identification cards, who associate within the State of California in order collectively or cooperatively to cultivate marijuana for

95
medical purposes, shall not solely on the basis of that fact be
subject to state criminal sanctions under Section 11357, 11358,
11359, 11360, 11366, 11366.5, or 11570.
(b) Commencing 180 days following the issuance of provisional
licenses pursuant to the Medical Cannabis Regulation and Control
Act (Chapter 18 (commencing with Section 26000) of Division 9
of the Business and Professions Code), subdivision (a) shall not
apply to licensees under that act or to any persons who
collectively or cooperative cultivate marijuana for medical
purposes. Each regulatory authority shall post a notice on its
Internet Web site indicating when it has commenced issuing
provisional licenses and when the 180-day period has been
exhausted.
SEC. 8. Section 147.5 is added to the Labor Code, to read:
147.5. (a) By January 1, 2017, the Division of Occupational Safety and Health shall convene an advisory committee to evaluate whether there is a need to develop industry-specific regulations related to the activities of facilities issued a license pursuant to Chapter 18 (commencing with Section 26000) of Division 9 of the Business and Professions Code.
(b) By July 1, 2017, the advisory committee shall present to the board its findings and recommendations for consideration by the board. By July 1, 2017, the board shall render a decision regarding the adoption of industry-specific regulations pursuant to this section.

SEC. 9. Section 3094 is added to the Labor Code, to read:
3094. The Division of Apprenticeship Standards shall investigate, approve, or reject applications for apprenticeship programs for employees of a licensee subject to Article 6 (commencing with Section 26140) of Chapter 18 of Division 9 of the Business and Professions Code. The Division of Apprenticeship Standards shall adopt regulations necessary to implement and regulate the establishment of the apprenticeship programs described in this section.

SEC. 10. The provisions of this act are severable. If any provision of this act or its application is held invalid, that invalidity shall not affect other provisions or applications that can be given effect without the invalid provision or application.
SEC. 11. The Legislature finds and declares that Section 5 of this act, which adds Chapter 18 (commencing with Section 26000)
to Division 9 of the Business and Professions Code, imposes a limitation on the public’s right of access to the meetings of public bodies or the writings of public officials and agencies within the meaning of Section 3 of Article I of the California Constitution. Pursuant to that constitutional provision, the Legislature makes the following findings to demonstrate the interest protected by this limitation and the need for protecting that interest:

It is necessary to maintain the confidentiality of patient and physician information provided to the regulatory authorities in order to protect the private medical information of patients who use medical cannabis and to preserve the essential confidentiality of the physician and patient relationship.

SEC. 12. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution for certain costs that may be incurred by a local agency or school district because, in that regard, this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution. However, if the Commission on State Mandates determines that this act contains other costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.
Attachment Two
AB 243 (Wood) – Medical Marijuana Cultivation
An act to add Sections 11362.769 and 11362.777 to the Health and Safety Code, and to add Section 13276 to the Water Code, relating to medical marijuana.

LEGISLATIVE COUNSEL'S DIGEST

AB 243, as amended, Wood. Medical marijuana cultivation.

(1) Existing law, the Compassionate Use Act of 1996, an initiative measure enacted by the approval of Proposition 215 at the November 5, 1996, statewide general election, authorizes the use and cultivation of marijuana for medical purposes. Existing law makes it a crime to plant, cultivate, harvest, dry, or process marijuana, except as otherwise authorized by law. Under existing law, qualified patients, persons with valid identification cards, and the designated primary caregivers of qualified patients and persons with identification cards, who associate in order collectively and cooperatively to cultivate marijuana for medical purposes, are not subject to criminal sanctions solely on the basis of that fact.

This bill would generally require all persons who cultivate marijuana for medical purposes, except those cultivating for personal use, as specified, to obtain a permit to cultivate marijuana from the county, city, city and county, or from a state agency to be designated by the Governor or the board of supervisors of the county, city, or city and
county chooses not to be the responsible entity for these purposes. The bill would allow the county, city, city and county, or state agency to charge a fee in an amount sufficient to cover the reasonable cost of issuing the permits and carrying out the program. The bill would prohibit marijuana from being cultivated within 100 feet of an occupied legal residential home or school if grown outdoors, or within 100 feet of a school if grown at a residence. The bill would require the county, city, city and county, or designated state agency to issue zip ties for the identification of marijuana plants and would allow the county, city, city and county, or state agency to charge a fee to cover the reasonable costs of issuing the zip ties, monitoring, tracking, and inspecting the plants, and for enforcing specified requirements. The bill would require a copy of a current and valid state-issued medical marijuana ID card or physician recommendation to be displayed at all cultivation sites. The bill would allow a county, city, city and county, or designated state agency to revoke or suspend a permit, deny the reissuance of a permit, or impose fines, for a violation of these requirements, or abate a violation as a nuisance. The bill would not apply to a county, city, or city and county that has an existing ordinance pertaining to cultivation of marijuana.

The bill would also require indoor and outdoor medical marijuana cultivation to be conducted in accordance with state and local laws and best practices related to land conversion, grading, electricity usage, water usage, water quality, woodland and riparian habitat protection, agricultural discharges, and similar matters. This bill would require state agencies to address environmental impacts of medical marijuana cultivation and coordinate, when appropriate, with cities and counties and their law enforcement agencies in enforcement efforts.

The bill would state the intent of the Legislature that the multiagency task force, the Department of Fish and Wildlife and State Water Resources Control Board pilot project to address the Environmental Impacts of Cannabis Cultivation, continue their enforcement efforts on a statewide level and permanent status.

(2) Under existing law, the Porter-Cologne Water Quality Control Act, the State Water Resources Control Board and the California regional water quality control boards are the principal state agencies with responsibility for the coordination and control of water quality in the state.
This bill would require each regional board, and would allow the state board, to address discharges of waste resulting from medical marijuana cultivation and associated activities.


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

SECTION 1. It is the intent of the Legislature that the multiagency task force, the Department of Fish and Wildlife and State Water Resources Control Board pilot project to address the Environmental Impacts of Cannabis Cultivation, assigned to respond to the damages caused from marijuana cultivation on public and private lands in California, will continue their enforcement efforts on a statewide level and permanent status to ensure the reduction of the adverse impacts of marijuana cultivation on water quality and fish and wildlife throughout the state.

SECTION 1.

SEC. 2. Section 11362.769 is added to the Health and Safety Code, to read:

11362.769. Indoor and outdoor medical marijuana cultivation shall be conducted in accordance with state and local laws and best practices related to land conversion, grading, electricity usage, water usage, water quality, woodland and riparian habitat protection, agricultural discharges, and similar matters. State agencies, including, but not limited to, the State Board of Forestry and Fire Protection, the Department of Fish and Wildlife, the State Water Resources Control Board, the California regional water quality control boards, and traditional state law enforcement agencies shall address environmental impacts of medical marijuana cultivation and shall coordinate, when appropriate, with cities and counties and their law enforcement agencies in enforcement efforts.

SEC. 3. Section 11362.777 is added to the Health and Safety Code, to read:

11362.777. (a) A board of supervisors of a county, city, or city and county may choose not to be the responsible entity for purposes of implementing this section. No later than July 1, 2016, a county, city, or city and county shall adopt an ordinance to implement this...
section, or shall, by resolution, opt out of the requirements of this
section. The Governor shall designate an appropriate state agency
to implement this section in each county, city, or city and county
that adopts a resolution to opt out of the requirements of this
section. For purposes of this section, “designated state agency”
means the state agency designated by the Governor to implement
this program in counties in which the board of supervisors a county,
city, or city and county that has chosen not to be responsible for
implementing the requirements of this section.

(b) *Except as provided in subdivision (d), all qualified
patients and designated primary caregivers caregivers cultivating
marijuana pursuant to Section 11362.5, and all qualified patients,
persons with valid identification cards, and the designated primary
caregivers of qualified patients and persons with identification
cards, who associate within the State of California in order
collectively or cooperatively to cultivate marijuana for medical
purposes, are subject to all of the following:

(1) Each patient, primary caregiver, collective, or cooperative
that cultivates marijuana shall obtain a permit to cultivate marijuana
from the sheriff, chief of police, or other entity designated by the
board of supervisors of the county, city, city and county, or from
the designated state agency. Each permit shall specify the location
being permitted and the number of plants that may be grown at
that location. The board of supervisors county, city, city and county,
or the designated state agency may charge a fee in an amount
sufficient to cover the reasonable cost of issuing the permit and
carrying out the requirements of this section. The permits
authorized by this section shall be renewed annually.

(2) Each county, city, or city and county shall establish the
number of plants that may be cultivated on an outdoor parcel or
at an indoor facility. Except for cultivation at a residential home
pursuant to paragraph (5), cultivation shall only be permitted in
areas that are zoned specifically for the cultivation of marijuana.
In—counties a county, city, or city and county where the
requirements of this section are being implemented by the
designated state agency, the maximum number of plants that may
be cultivated at any given site shall not exceed 99 plants. The board
of supervisors county, city, city and county, or designated state
designation may set a maximum limit on the square footage that may
be cultivated at a single location.
(3) Marijuana cultivated outdoors shall not be cultivated within
100 feet of any occupied legal residential home or within 100 feet
of a school offering kindergarten and grades 1 to 12, inclusive,
education. A county, city, or city and county may increase this
distance, not to exceed one mile. All outdoor cultivation sites shall
be within a secure fence that is not less than six feet in height and
that fully encloses the cultivation area. All marijuana cultivated
outdoors shall be out of the public’s view. Use of light assistance
for outdoor cultivation shall not exceed a maximum of 1,200 watts
of lighting capacity per 100 square feet of cultivated area.

(4) Indoor cultivation of marijuana shall not occur within 100
feet of a school offering kindergarten and grades 1 to 12, inclusive,
education.

(5) Marijuana cultivated at a residential home shall not exceed
the number of plants per home established by the county, city, or
city and county. In a county, city, or city and county where the
requirements of this section are being implemented by the
designated state agency, the maximum number of plants that may
be cultivated at a residential home shall not exceed six plants unless
the county, city, or city and county adopts an ordinance permitting
a higher number. Cultivation of marijuana that exceeds the six
plants or the number of plants per home established by the county,
city, or city and county shall be conducted in areas specifically
zoned for the cultivation of marijuana. Cultivation of marijuana
at a residential home shall not occur within 100 feet of a school
offering kindergarten and grades 1 to 12, inclusive, education. A
county, city, or city and county may increase this distance, not to
exceed one mile.

(6) All buildings where marijuana is cultivated or stored shall
be properly secured to prevent unauthorized entry.

(7) A county, city, city and county, or the designated state agency
shall issue zip ties for the identification of medical marijuana
plants. A county, city, or city and county may designate the sheriff
or chief of police to issue the zip ties. Zip ties shall be attached at
the base of each plant. The county, city, city and county, or
designated state agency may charge a fee to cover the reasonable
costs of issuing the zip ties, monitoring, tracking, and inspecting
the plants, and for enforcing the requirements of Section
11362.769.
(8) A copy of a current and valid state-issued medical marijuana ID card or physician recommendation shall be displayed at all cultivation sites in a manner that allows law enforcement officers to see the card or recommendation without entering a building or fenced area.

(c) A county, city, city and county, or the designated state agency may revoke or suspend a permit, deny the reissuance of a permit, or impose fines for a violation of this section. A county may also abate a violation of this section through the abatement process established by Section 25845 of the Government Code. Code and a city may declare what constitutes a nuisance by ordinance pursuant to Section 38771 of the Government Code. The county, city, or city and county may set maximum noise levels specifically related to the cultivation of marijuana.

(d) This section does not apply to a qualified patient cultivating marijuana pursuant to Section 11362.5 if he or she cultivates marijuana for his or her personal medical use and does not sell, distribute, donate, or provide marijuana to any other person or entity. This section does not apply to a primary caregiver cultivating marijuana pursuant to Section 11362.5 if he or she cultivates marijuana exclusively for the personal medical use of no more than five specified qualified patients for whom he or she is the primary caregiver within the meaning of Section 11362.7 and who does not receive remuneration for these activities, except for compensation provided in full compliance with subdivision (c) of Section 11362.765. This section does not preclude a county, city, or city and county from regulating or banning the cultivation, possession, storage, manufacture, transport, provision, distribution, donation, or sale of marijuana, or any other activity, by a person specified in this subdivision, or impair the enforcement of the same.

(e) This section does not apply to a county, city, or city and county that has an existing ordinance pertaining to the cultivation of marijuana, unless the county, city, or city and county adopts an ordinance to participate in the provisions of this section.

(f) A county, city, or city and county that opts out of the requirements of this section pursuant to subdivision (a) may adopt an ordinance to participate in the provisions of this section at a later date, in which case the designated state agency shall cooperate with that local jurisdiction to phase out the designated state agency's operation of the program.
SEC. 4. Section 13276 is added to the Water Code, to read:

13276. Each regional board shall, and the State Water Resources Control Board may, address discharges of waste resulting from medical marijuana cultivation and associated activities, including by adopting a general permit, establishing waste discharge requirements, or taking action pursuant to Section 13269. In addressing these discharges, each regional board shall include conditions to address items that include, but are not limited to, all of the following:

(a) Site development and maintenance, erosion control, and drainage features.
(b) Stream crossing installation and maintenance.
(c) Riparian and wetland protection and management.
(d) Soil disposal.
(e) Water storage and use.
(f) Irrigation runoff.
(g) Fertilizers and soil.
(h) Pesticides and herbicides.
(i) Petroleum products and other chemicals.
(j) Cultivation-related waste.
(k) Refuse and human waste.
(l) Cleanup, restoration, and mitigation.
Attachment Three
AB 266 (Cooley) – Medical Marijuana
AMENDED IN ASSEMBLY MAY 5, 2015
AMENDED IN ASSEMBLY APRIL 14, 2015
CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 266

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

February 10, 2015

An act to amend Section 2220.05 of, to add Article 25 (commencing with Section 2525) to Chapter 5 of Division 2 of, and to add Part 5 (commencing with Section 18100) to Division 7 of, the Business and Professions Code, to add Section 23028 to the Government Code, to amend Section 11362.775 of, and to add Article 8 (commencing with Section 111658) to Chapter 6 of Part 5 of Division 104 of, the Health and Safety Code, and to amend Section 1155.7 of, and to add Sections 1458.5, 147.5 and 3094 to, the Labor Code, relating to medical marijuana, and making an appropriation therefor.

LEGISLATIVE COUNSEL’S DIGEST

AB 266, as amended, Cooley. Medical marijuana.
(1) Existing law, the Compassionate Use Act of 1996, an initiative measure enacted by the approval of Proposition 215 at the November 6, 1996, statewide general election, authorizes the use of marijuana for medical purposes. Existing law enacted by the Legislature requires the establishment of a program for the issuance of identification cards to qualified patients so that they may lawfully use marijuana for medical purposes, and requires the establishment of guidelines for the lawful cultivation of marijuana grown for medical use. Existing law provides for the licensure of various professions by the Department of Consumer
Affairs. Existing law, the Sherman Food, Drug, and Cosmetic Law, provides for the regulation of food, drugs, devices, and cosmetics, as specified. A violation of that law is a crime.

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

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

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

The bill would establish a system, including apprenticeship and certification, system of certification for cannabis employees. The bill would require the Division of Labor Standards Enforcement to maintain and enforce minimum standards of competency and training and to certify cannabis employees. The bill would require the division to establish a cannabis curriculum certification committee to establish educational curriculum standards and to oversee educational providers of cannabis curriculum. The bill would require the Division of Occupational Health and Safety to develop industry-specific regulations for facilities issued a conditional license and would specify that those
regulations govern agreements between a facility with more than 20 employees issued a conditional license and labor.

The bill would establish the Medical Marijuana Regulation Fund and would require the deposit of specified fees collected pursuant to this act into the fund. The bill would continuously appropriate moneys from the fund to the bureau for the purposes of administering this act, thereby making an appropriation. The bill would also establish the Special Account for Environmental Enforcement within the Medical Marijuana Fund. This account would contain money from fees assessed against licensed cultivation facilities and would be continuously appropriated for the enforcement of environmental regulations relating to licensed cultivation sites. The bill would require the deposit of penalty moneys collected pursuant to this bill into the General Fund.

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

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

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

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

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

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

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

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

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

This bill would authorize the board of supervisors of a county to impose a tax on the privilege of cultivating, dispensing, producing, processing, preparing, storing, providing, donating, selling, or distributing marijuana or products containing marijuana. The bill would authorize the tax to be imposed for either general or specific governmental purposes. The bill would require a tax imposed pursuant to this authority to be subject to any applicable voter approval requirement.

(5) Existing law exempts qualified patients, persons with valid identification cards, and the designated primary caregivers of qualified patients and persons with identification cards from certain crimes, including possession of concentrated cannabis and marijuana, cultivation of marijuana, and possession of marijuana for sale.
This bill bill, commencing January 1, 2018, would also exempt from those crimes an employee, officer, or board member of a licensed cultivation site or a licensed dispensing facility, except as specified.

(6) Existing law regulates the labor practices of agricultural employers. Existing law establishes the Occupational Safety and Health Standards Board within the Department of Industrial Relations to adopt, amend, and repeal occupational safety and health standards and establishes the Division of Occupational Safety and Health to enforce those standards.

This bill would include licensed cultivation sites and licensed dispensing facilities in the definition of agricultural employer. The bill would require the division to convene an advisory committee to evaluate whether there is a need to develop industry-specific regulations relating to facilities issued a conditional license.

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

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

This bill would make legislative findings to that effect.

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

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


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

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

(a) In 1996, the people of the State of California enacted the Compassionate Use Act of 1996, codified in Section 11362.5 of the Health and Safety Code. The people of the State of California declared that their purpose in enacting the measure was, among other things, “to ensure that seriously ill Californians have the right to obtain and use marijuana for medical purposes where that medical use is deemed appropriate and has been recommended by
a physician who has determined that the person’s health would
benefit from the use of marijuana in the treatment of cancer,
anorexia, AIDS, chronic pain, spasticity, glaucoma, arthritis,
migraine, or any other illness for which marijuana provides relief.”
(b) The Compassionate Use Act of 1996 called on state
government to implement a plan for the safe and affordable
distribution of marijuana to all patients in medical need of
marijuana, while ensuring that nothing in that act would be
construed to condone the diversion of marijuana for nonmedical
purposes.
(c) In 2003, the Legislature enacted the Medical Marijuana
Program Act (MMPA), codified in Article 2.5 (commencing with
Section 11362.7) of Chapter 6 of Division 10 of the Health and
Safety Code.
(d) Greater certainty and minimum statewide standards are
urgently needed regarding the obligations of medical marijuana
facilities, and for the imposition and enforcement of regulations
to prevent unlawful cultivation and the diversion of marijuana to
nonmedical use.
(e) Despite the passage of the Compassionate Use Act of 1996
and the MMPA, because of the lack of an effective statewide
system for regulating and controlling medical marijuana, cities,
counties and local law enforcement officials have been confronted
with uncertainty about the legality of some medical marijuana
cultivation and distribution activities. The current state of affairs
makes law enforcement difficult and endangers patient safety
because of an inability to monitor the supply of medical marijuana
in the state and the lack of quality control, testing, and labeling
requirements.
(f) The California Constitution grants cities and counties the
authority to make and enforce, within their borders, “all local
police, sanitary, and other ordinances and regulations not in conflict
with the general laws.” This inherent local police power includes
broad authority to determine, for purposes of public health, safety,
and welfare, the appropriate uses of land within the local
jurisdiction’s borders. The police power, therefore, allows each
city and county to determine whether or not a medical marijuana
dispensary or other facility that makes medical marijuana available
may operate within its borders. This authority has been upheld by
City of Riverside v. Inland Empire Patients Health and Wellness

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

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

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

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

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

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

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

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

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

(1) Gross negligence, incompetence, or repeated negligent acts that involve death or serious bodily injury to one or more patients,
such that the physician and surgeon represents a danger to the
public.
(2) Drug or alcohol abuse by a physician and surgeon involving
death or serious bodily injury to a patient.
(3) Repeated acts of clearly excessive prescribing, furnishing,
or administering of controlled substances, or repeated acts of
prescribing, dispensing, or furnishing of controlled substances, or
recommending marijuana to patients for medical purposes, without
a good faith prior examination of the patient and medical reason
therefor. However, in no event shall a physician and surgeon
prescribing, furnishing, or administering controlled substances for
intractable pain consistent with lawful prescribing, including, but
not limited to, Sections 725, 2241.5, and 2241.6 of this code and
Sections 11159.2 and 124961 of the Health and Safety Code, be
prosecuted for excessive prescribing and prompt review of the
applicability of these provisions shall be made in any complaint
that may implicate these provisions.
(4) Sexual misconduct with one or more patients during a course
of treatment or an examination.
(5) Practicing medicine while under the influence of drugs or
alcohol.
(b) The board may by regulation prioritize cases involving an
allegation of conduct that is not described in subdivision (a). Those
cases prioritized by regulation shall not be assigned a priority equal
to or higher than the priorities established in subdivision (a).
(c) The Medical Board of California shall indicate in its annual
report mandated by Section 2312 the number of temporary
restraining orders, interim suspension orders, and disciplinary
actions that are taken in each priority category specified in
subdivisions (a) and (b).
SEC. 3. Article 25 (commencing with Section 2525) is added
to Chapter 5 of Division 2 of the Business and Professions Code,
to read:

Article 25. Recommending Medical Marijuana

2525. (a) It is unlawful for a physician and surgeon who
recommends marijuana to a patient for a medical purpose to accept,
solicit, or offer any form of remuneration from or to a facility
issued a conditional license pursuant to Part 5 (commencing with

97

-61-
Section 18100) of Division 7, if the physician and surgeon or his
or her immediate family have a financial interest in that facility.
(b) For the purposes of this section, “financial interest” shall
have the same meaning as in Section 650.01.
(c) A violation of this section shall be a misdemeanor.
2525.1. The Medical Board of California shall consult with
the California Marijuana Research Program, known as the Center
for Medicinal Cannabis Research, authorized pursuant to Section
11362.9 of the Health and Safety Code, on developing and adopting
medical guidelines for the appropriate administration and use of
medical marijuana.
2525.2. A physician and surgeon shall not recommend medical
marijuana to a patient, unless that person is the patient’s attending
physician, as defined by subdivision (a) of Section 11362.7 of the
Health and Safety Code.
2525.3. An examination conducted by the physician and
surgeon involving the use of telehealth as defined in Section 2290.5
of the Business and Professions Code, shall comply with applicable
federal and state laws and regulations, including compliance with
the regulations promulgated pursuant to the Health Insurance
Portability and Accountability Act of 1996, found in Parts 160 and
164 of Title 45 of the Code of Federal Regulations.
SEC. 4. Part 5 (commencing with Section 18100) is added to
Division 7 of the Business and Professions Code, to read:

PART 5. MEDICAL MARIJUANA

CHAPTER 1. GENERAL PROVISIONS

18100. For purposes of this part, the following definitions shall
apply:
(a) “Bureau” means the Bureau of Medical Marijuana Regulation
in the Department of Consumer Affairs.
(b) “Certified testing laboratory” means a laboratory that is
certified by the bureau to perform random sample testing of
medical marijuana pursuant to the certification standards for these
facilities promulgated by the bureau.
(c) “Chief” means the Chief of the Bureau of Medical Marijuana
Regulation.
(d) "Delivery service" means an individual or entity issued a conditional license by the bureau pursuant to this part and a local license or permit, as specified in subdivision (c) of Section 18110, to deliver medical marijuana or medical marijuana products, up to an amount determined by the bureau, to patients, testing laboratories, or to events or locations where it will be used solely for promotional purposes. A delivery service shall not be required to obtain a transporter license.

(e) "Department" means the Department of Consumer Affairs.

(f) "Director" means the Director of Consumer Affairs.

(g) "Dispensary" means a distribution operation that provides medical marijuana or medical marijuana derived products to patients and caregivers.

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

(i) "Fund" means the Medical Marijuana Regulation Fund established pursuant to Section 18118.

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

(k) "Licensed cultivation site" means a facility that plants, grows, cultivates, harvests, dries, or processes medical marijuana, or that does all or any combination of those activities, and that is issued a conditional license pursuant to this part and a local license or permit, as required by subdivision (c) of Section 18110.
"Licensed dispensing facility" means a dispensary or other facility that provides medical marijuana, medical marijuana products, or devices for the use of medical marijuana or medical marijuana products, either individually or in any combination, that is issued a conditional license pursuant to this part and a local license or permit, as required by subdivision (c) of Section 18110.

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

"Licensed transporter" means an individual or entity issued a conditional license by the bureau to transport medical marijuana or medical marijuana products above a limit determined by the bureau to and from facilities that have been issued conditional licenses pursuant to this part.

"Marijuana" means all parts of the plant Cannabis sativa, cannabis indica, or cannabis ruderalis, whether growing or not; the seeds thereof; the resin, whether crude or purified, extracted from any part of the plant; and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or resin. "Marijuana" does not include the mature stalks of the plant, fiber produced from the stalks, oil or cake made from the seeds of the plant, any other compound, manufacture, salt, derivative, mixture, or preparation of the mature stalks (except the resin extracted therefrom), fiber, oil, or cake, or the sterilized seed of the plant which is incapable of germination. "Marijuana" also means marijuana, as defined by Section 11018 of the Health and Safety Code.

There is hereby created in the Department of Consumer Affairs the Bureau of Medical Marijuana Regulation, under the supervision and control of the Chief of the Bureau of Medical Marijuana Regulation.

Protection of the public shall be the highest priority for the bureau in exercising its licensing, regulatory, and disciplinary
functions. Whenever the protection of the public is inconsistent
with other interests sought to be promoted, the protection of the
public shall be paramount.
(c) The bureau shall have the authority to issue conditional
licenses for the cultivation, manufacture, transportation, storage,
distribution, and sale of medical marijuana within the state and to
collect fees in connection with these actions. The bureau shall have
the authority to create other licenses in order to protect patient
health and the public and to facilitate the regulation of medical
marijuana.
(d) The Governor shall appoint the chief at a salary to be fixed
and determined by the director with the approval of the Director
of Finance. The chief shall serve in accordance with the State Civil
Service Act (Part 2 (commencing with Section 18500) of Division
5 of Title 2 of the Government Code).
(e) The duty of enforcing and administering this part shall be
vested in the chief, who is responsible to the director. The chief
may adopt and enforce those rules and regulations that he or she
determines are reasonably necessary to carry out the purposes of
this part and declaring the policy of the bureau, including a system
for the issuance of citations for violations of this part, as specified
in Section 18126.18127.
(f) The chief, as necessary to carry out the provisions of this
part, and in accordance with the State Civil Service Act (Part 2
(commencing with Section 18500) of Division 5 of Title 2 of the
Government Code), may appoint and fix the compensation of
personnel, including, but not limited to, clerical, inspection,
investigation, and auditing personnel, as well as an assistant chief.
These personnel shall perform their respective duties under the
supervision and the direction of the chief.
(g) Every power granted to, or duty imposed upon, the chief
under this part may be exercised or performed in the name of the
chief by a deputy or assistant chief, subject to conditions and
limitations that the chief prescribes.
(h) The bureau shall exercise its authority pursuant to this part
consistent with Section 1 of the act that added this section and
consistent with the provisions of this part.
18102. Funds for the establishment and support of the bureau
shall be advanced as a loan by the department and shall be repaid
by the initial proceeds from fees collected pursuant to this part or any rule or regulation adopted pursuant to this part.
18103. The bureau shall have the authority necessary for the implementation of this part, including, but not limited to, all of the following:
(a) Establishing rules or regulations necessary to carry out the purposes and intent of this part and to enable the bureau to exercise the powers and perform the duties conferred upon it by this part and in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.
These rules and regulations shall not limit the authority of a city, county, or city and county specified in Section 18128, or specified in Section 7 of Article XI of the California Constitution, or any other law. For the performance of its duties, the bureau has the powers as set forth in Article 2 (commencing with Section 11180) of Chapter 2 of Part 1 of Division 3 of Title 2 of the Government Code.
(b) Issuing conditional licenses to persons for the cultivation, manufacture, transportation, storage, distribution, and sale of medical marijuana within the state.
(c) Setting application, licensing, and renewal fees for conditional licenses issued pursuant to Section 18117.
(d) Establishing standards for the cultivation, manufacturing, transportation, storage, testing, distribution, provision, donation, and sale of medical marijuana and medical marijuana products.
(e) Establishing procedures for the issuance, renewal, suspension, denial, and revocation of conditional licenses.
(f) Imposing a penalty authorized by this part or any rule or regulation adopted pursuant to this part.
(g) Taking action with respect to an application for a conditional license in accordance with procedures established pursuant to this part.
(h) Overseeing the operation of the Medical Marijuana Regulation Fund and the Special Account for Environmental Enforcement, established pursuant to Section 18118.
(i) Consulting with other state or local agencies, departments, representatives of the medical marijuana community, or public or private entities for the purposes of establishing statewide standards and regulations. The bureau shall, at a minimum, consult with the
State Department of Public Health and the Department of Food and Agriculture when developing these standards.

(i) Certifying laboratories to perform testing of medical marijuana:

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

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

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

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

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

(5) Qualifications for licensees.

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

(A) Prescribe sanitation standards analogous to the California Retail Food Code (Part 7 (commencing with Section 113700) of Division 104 of the Health and Safety Code) for food preparation, storage, handling, and sale of edible medical marijuana products.

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

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

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

(E) Require that the application of pesticides or other pest control in connection with the indoor or outdoor cultivation of medical marijuana shall meet standards analogous to Division 6
(commencing with Section 11401) of the Food and Agricultural
Code and its implementing regulations.
(F) Require that indoor and outdoor marijuana cultivation by
licensees is conducted in accordance with state and local laws and
best practices related to land conversion, grading, electricity usage,
water usage, agricultural discharges, and similar matters.
(7) Develop procedures to ensure that testing of marijuana
occurs prior to delivery to dispensaries or any other business, and
specify that the cost of testing shall be borne by the licensed
cultivators, how often licensees shall test marijuana, and requiring
destruction of harvested batches whose testing samples indicate
noncompliance with health and safety standards promulgated by
the bureau, unless remedial measures can bring the marijuana into
compliance with quality assurance standards as promulgated by
the bureau.
(8) Establish minimum standards for quality assurance protocols
implemented by each licensed facility pursuant to Section 18138.
(b) On or before July 1, 2017, the bureau shall also promulgate
regulations for minimum statewide health and safety standards
and quality assurance standards associated with the cultivation,
transport, storage, Manufacture, and sale of all medical marijuana
produced in this state. Consistent with Section 18126, local
agencies shall have primary responsibility for enforcement of these
standards in accordance with bureau regulations.
(c) The bureau shall not issue a conditional license unless the
applicant has met all of the requirements of this part, including the
requirements of paragraph (d) of Section 18110.
18104.5. (a) The State Department of Public Health shall
promulgate standards for certification of testing laboratories to
perform random sample testing of all medical marijuana products,
including standards for onsite testing.
(b) Certification of testing laboratories shall be consistent with
general requirements for the competence of testing and calibration
activities, including sampling, using standard methods established
by the International Organization for Standardization, specifically
(c) These requirements shall apply to all entities, including
third-party laboratories, engaged in the testing of medical marijuana
pursuant to this part.
18105. The chief shall keep a complete record of all facilities issued a conditional license. The bureau shall, upon request, provide summary information on licensees consisting of the name of the licensee, the date the license was issued, the status of the license, and the licensees's mailing address.

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

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

Chapter 2. Conditional Licenses

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.

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.
(b) 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 grow medical
marijuana other than at a licensed cultivation site.
(c) 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 manufacture
medical marijuana or medical marijuana products other than a
licensed manufacturer.
(d) A person shall not transport medical marijuana from one
facility issued a conditional license to another, other than a licensed
transporter.
(e) A licensed manufacturer may obtain medical marijuana from
a licensed cultivator and may furnish medical marijuana products
to a licensed dispensary.
(f) To meet the requirements of Article 8 (commencing with
Section 111658) of Chapter 6 of Part 5 of Division 10 of the
Health and Safety Code, medical marijuana and medical marijuana
products shall be tested by a certified testing laboratory.
(g) This section shall become operative on July 1, 2017.
18110. (a) Beginning July 1, 2017, the bureau shall provide
for and shall issue conditional licenses. Conditional licenses shall
be required for all activity authorized under this chapter, including,
but not limited to, cultivation, storage, transport, and dispensing
of medical marijuana. A license issued pursuant to this chapter is
subject to compliance with all local ordinances and regulations
determined to be applicable by the local government of the
jurisdiction in which the licensee operates.
(b) The issuance of a conditional license shall not, in and of
itself, authorize the recipient to begin business operations. The
conditional license shall certify, at a minimum, that the applicant
has paid the state conditional licensing fee, successfully passed a
criminal background check, and met the state residency
requirements.
(c) A licensee facility shall not commence activity under the
authority of a conditional license until the applicant has obtained,
in addition to the conditional license, a license or permit from the
diary in which he or she proposes to operate, following
the requirements of the applicable local ordinances.
(d) An applicant for a conditional license shall do all following:
(1) Pay the fee or fees required by this part for each license
being applied for.
(2) Register with the bureau on forms prescribed by the chief.
The forms shall contain sufficient information to identify the
licensee, including all of the following:
(A) Name of the owner or owners of a proposed facility,
including all persons or entities having an ownership interest other
than a security interest, lien, or encumbrance on property that will
be used by the applicant.
(B) The name, address, and date of birth of each principal officer
and board member.
(C) The address and telephone number of the proposed facility.
(D) In the case of a cultivation site, the GPS coordinates of the
site.
(E) In the case of a dispensary, the name and address of each
licensed cultivation site and licensed manufacturer from which the
dispensary will acquire or obtain medical marijuana or medical
marijuana products.
(3) Describe, in writing, the scope of business of the proposed
facility.
(4) Provide evidence that the applicant and owner have been
legal full-time residents of the state for not less than 12 months.
(5) Provide detailed operating procedures, in writing, for the
proposed facility, which shall include, but not be limited to,
procedures for facility and operational security, prevention of
diversion, employee screening, storage of medical marijuana,
personnel policies, and recordkeeping procedures.
(6) Provide the applicant's fingerprint images. For purposes of
this paragraph, "applicant" means the owner or owners of a
proposed facility, including all persons or entities having an
ownership interest other than a security interest, lien, or
encumbrance on property that will be used by the facility. If the
owner is an entity, fingerprints shall be submitted for each person
participating in the direction, control, or management of, or having
a financial interest in, the proposed facility.
(A) The applicant shall electronically submit to the Department of Justice fingerprint images and related information required by the Department of Justice for the purpose of obtaining information as to the existence and content of a record of state or federal convictions and arrests, and information as to the existence and content of a record of state or federal convictions and arrests for which the Department of Justice establishes that the person is free on bail, or on his or her own recognizance, pending trial or appeal.

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

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

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

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

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

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

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

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

(f) A conditional license issued pursuant to this section shall be valid for 12 months after the date of issuance. The bureau shall establish procedures for the renewal of a conditional license.
(g) A conditional license issued pursuant to this section shall be restricted as follows:

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

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

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

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

18111. (a) Upon receipt of the application materials and fee required in Section 18110, the bureau, provided the applicant has not committed an act or crime constituting grounds for the denial of licensure under Section 18112, may issue the conditional license and send a proof of issuance to the applicant.

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

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

(b) The chief, upon his or her determination, may deny, suspend, or revoke a conditional license when a conditional licensee, applicant, or employee, partner, officer, or member of an entity conditionally licensed does any of the following:
(1) Making or authorizing in any manner or by any means a written or oral statement that is untrue or misleading and that is known, or that by exercise of reasonable care should be known, to be untrue or misleading.

(2) Any other conduct that constitutes fraud.

(3) Conduct constituting gross negligence.

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

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

(6) Violation of any applicable local ordinance.

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

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

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

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

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

(c) The applicant has knowingly answered a question or request for information falsely on the application form or failed to provide information requested.
(d) The applicant, or any of its officers, directors, owners, members, or shareholders has been sanctioned by the bureau, a city, county, or city and county, for medical marijuana activities conducted in violation of this part or any applicable local ordinance or has had a conditional license or local license or permit revoked in the previous five years.

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

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

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

18116. The bureau may adopt regulations to limit the number of conditional licenses issued pursuant to this part upon a finding that the otherwise unrestricted issuance of conditional licenses is dangerous to the public health and safety.

**Chapter 3. Fees**

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

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

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

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

(b) In addition to the conditional licensing fee required pursuant to subdivision (a), a cultivation facility licensed cultivation site shall be assessed a fee in a sufficient amount to cover the reasonable regulatory costs to the state of enforcing the environmental impact provisions relating to those cultivation...
facilities. This fee shall be paid in addition to any other fees
called by the bureau or any local agency. This fee shall be
distributed, as necessary and in proportion to its regulatory
function, between the following agencies responsible for enforcing
the regulations relating to the environmental impact of licensed
cultivation sites:
(1) The State Water Resources Control Board.
(2) The Department of Fish and Wildlife.
(3) The Department of Forestry and Fire Protection.
(4) The Department of Pesticide Regulation.
(5) The Department of Food and Agriculture.
(c) The bureau may establish a separate schedule of licensing
fees for application to nonprofit entities if the entity’s nonprofit
status is verified by an independent audit or by confirmation of
the entity’s 501(c)(3) status under the federal Internal Revenue
Code.
18118. (a) The Medical Marijuana Regulation Fund is hereby
established within the State Treasury. Notwithstanding Section
16305.7 of the Government Code, the fund shall include any
interest and dividends earned on the money in the fund.
(b) Except as provided in subdivision (c), all fees collected
pursuant to this part shall be deposited into the Medical Marijuana
Regulation Fund. Notwithstanding Section 13340 of the
Government Code, all moneys within the fund are hereby
continuously appropriated, without regard to fiscal year, to the
bureau solely for the purposes of fully funding and administering
this part, including, but not limited to, the costs incurred by the
bureau for its administrative expenses.
(c) The Special Account for Environmental Enforcement is
hereby established as an account within the Medical Marijuana
Regulation Fund. Notwithstanding Section 16305.7 of the
Government Code, the account shall include any interest and
dividends earned on the money in the account. All fees collected
pursuant to subdivision (b) of Section 18112. 18117 shall be
deposited in this account. Notwithstanding Section 13340 of the
Government Code, all moneys within the fund are hereby
continuously appropriated, without regard to fiscal year, to the
bureau for distribution to the entities listed in subdivision (b) of
Section 18117 to be used to enforce the environmental regulation
of licensed cultivation sites.
(d) All moneys collected as a result of penalties imposed under this part shall be deposited directly into the General Fund, to be available upon appropriation.

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

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

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

Chapter 4. Transportation of Medical Marijuana

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

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

1. Complete a shipping manifest using a form prescribed by the bureau.

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

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

18121. (a) Transported medical marijuana products shall:
(1) Be transported only in a locked, safe, and secure storage
compartment that is securely affixed to the interior of the
transporting vehicle.
(2) Not be visible from outside the vehicle.
(b) A vehicle transporting medical marijuana products shall
travel directly from one licensed facility to another licensed facility
authorized to receive the shipment.
18122. (a) All transport vehicles shall be staffed with a
minimum of two employees. At least one transport team member
shall remain with the vehicle at all times when the vehicle contains
medical marijuana.
(b) Each transport team member shall have access to a secure
form of communication by which each member can communicate
with personnel at the licensed facility at all times when the vehicle
contains medical marijuana.
(c) Each transport team member shall possess documentation
of licensing and a government-issued identification card at all
times when transporting or delivering medical marijuana and shall
produce it to any representative of the bureau or law enforcement
upon request.
(d) This part shall not be construed to authorize or permit a
licensee to transport, or cause to be transported, medical marijuana
or medical marijuana products outside the state.
(e) This section shall only apply to a licensed transporter.
18123. A local jurisdiction shall not prevent transportation
through or to a facility issued a conditional license, by a
conditionally licensed transporter who acts in compliance with
this part.

Chapter 5. Enforcement

18124. A—(a) The bureau shall, in consultation with local
governments, develop an enforcement framework that clarifies the
enforcement roles of the state and local governments, designating
local governments with primary enforcement responsibility,
maximizes the capabilities and resources of local enforcement
agencies, and ensures that there is communication and
collaboration between the bureau, relevant state agencies, and
local governments to enhance and streamline enforcement efforts.
(b) A state agency is not required by this section to enforce a city, county, city and county, or local law, ordinance, rule, or regulation regarding the site or operation of a facility or transporter issued a conditional license.

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

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

(b) For licensed facilities located within the unincorporated area of a county, the county shall have full power and authority to enforce this part and Article 8 (commencing with Section 111658) of Chapter 6 of Part 5 of Division 104 of the Health and Safety Code and the rules, regulations, and standards promulgated by the bureau.

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

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

18128. A district attorney, county counsel, city attorney, or city prosecutor may bring an action to enjoin a violation or the threatened violation of any provision of this part, including, but not limited to, a licensee’s failure to correct objectionable conditions following notice or as a result of a rule promulgated pursuant to this part. The action shall be brought in the county in which the violation occurred or is threatened to occur. A proceeding brought pursuant to this part shall conform to the requirements of Chapter 3 (commencing with Section 525) of Title 7 of Part 2 of the Code of Civil Procedure. Nothing in this section shall diminish
the authority of a local government to take requisite enforcement
actions pertaining to its own ordinances or regulations.
18129. Nothing in this part shall prevent a city or other local
governing body from taking action as specified in Section 11362.83
18130. This part shall not be construed to limit a law
enforcement agency’s ability to investigate unlawful activity in
relation to a facility issued a conditional license.

Chapter 6. Cannabis Employees

18131. (a) The Division of Labor Standards Enforcement shall
do all of the following:
(1) Maintain minimum standards for the competency and
training of employees of a licensed cultivation site or a licensed
dispensing facility, as defined in subdivisions (i) and (j) of Section
18100, through a system of testing and certification.
(2) Maintain an advisory committee and panels as necessary to
carry out its functions under this section. There shall be employer
representation on the committee and panels.
(3) Establish and collect certification fees not to exceed the
reasonable cost to the division in issuing certifications.
(4) Adopt regulations necessary to implement this chapter.
(5) Issue certification cards to employees who have been
certified pursuant to this chapter.
(6) Maintain a cannabis certification curriculum committee
made up of representatives of the State Department of Education,
the California Community Colleges, and the division. The
committee shall do all of the following:
(A) Establish written educational curriculum standards for
enrollees in training programs. Curriculum shall include appropriate
standards for the sale, processing, and cultivation of medical
marijuana including standards for dispensing, growing, harvesting,
packaging, labeling, preparing, transporting, delivering, testing,
storage, and preventing diversion of medical marijuana and related products, including edible medical marijuana products:

(B) If an educational provider's curriculum meets the written educational curriculum standards established in accordance with subparagraph (A), designate that curriculum as an approved curriculum of classroom instruction:

(C) At the committee's discretion, review the approved curriculum of classroom instruction of any designated educational provider. The committee may withdraw its approval of the curriculum if the educational provider does not continue to meet the established written educational curriculum standards.

(D) Require each designated educational provider to submit an annual notice to the committee stating whether the educational provider is continuing to offer the approved curriculum of classroom instruction and whether material changes have been made to the curriculum since its approval:

(b) There shall be no discrimination in favor of, or against, a person based on membership or nonmembership in a union:

(e) For purposes of this chapter, the following definitions apply:

(1) "Cannabis employee" means an employee of a licensed cultivation site or a licensed dispensing facility, as defined in subdivisions (i) and (j) of Section 18100:

(2) "Committee" means the cannabis curriculum certification committee established pursuant to paragraph (6) of subdivision (a):

(3) "Division" means the Division of Labor Standards and Enforcement:

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

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

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

(c) (1) Certification is not required for registered apprentices working as cannabis employees as part of an apprenticeship program approved under—

(a) a federal Office of Apprenticeship program or an state approved apprenticeship program authorized by the federal Office of Apprenticeship program. An apprentice who is within one year of completion of his or her term of apprenticeship shall be permitted to take the certification examination and, upon passing the examination, shall be certified immediately upon completion of the term of apprenticeship.

(2) Certification is not required for any person employed pursuant to Section 18134.

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

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

(1) The licensed cultivation site or licensed dispensing facility willfully employs one or more uncertified persons to perform work as cannabis employees in violation of this section or Section 18134: section.

(2) The licensed cultivation site or licensed dispensing facility willfully fails to provide adequate supervision of uncertified workers required by paragraph (3) of subdivision (a) of Section 18134: workers.

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

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

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

18133. The division shall do all of the following:
(a) Make information about cannabis employee certification
available in languages other than English to the extent the division
finds it appropriate.
(b) Provide for the administration of certification tests in Spanish
and, to the extent practicable, other languages spoken by a
substantial number of applicants, except when the ability to
understand warning signs, instructions, and certain other
information in English is necessary for safety, cultivation, and
dispensing.
(c) Ensure, in conjunction with the California Apprenticeship
Council, that all cannabis apprenticeship programs that impose
minimum formal education requirements as a condition of entry
provide for reasonable alternative means of satisfying those
requirements.
(d) Ensure, in conjunction with the California Apprenticeship
Council, that all cannabis apprenticeship programs have adopted
reasonable procedures for granting credit toward a term of
apprenticeship for other vocational training and on-the-job training
experience.

18134. (a) An uncertified person may perform work for which
certification is otherwise required in order to acquire the necessary
on-the-job experience for certification if all of the following
requirements are met:
(1) The person is registered with the division. A list of current
registrants shall be maintained by the division and made available
to the public upon request.
(2) The person either has completed or is enrolled in an approved
curriculum of classroom instruction:
(3) The employer attests that the person shall be under the direct
supervision of a cannabis employee certified pursuant to Section
19131 who is responsible for supervising no more than one
uncertified person. An employer who is found by the division to
have failed to provide adequate supervision may be barred by the
division from employing uncertified individuals in the future:
(b) For purposes of this section, "an approved curriculum of
classroom instruction" means a curriculum of classroom instruction
approved by the committee and provided under the jurisdiction of
the State Department of Education, the Board of Governors of the
California Community Colleges, or the Bureau for Private
Postsecondary and Vocational Education:
(c) The committee may grant approval to an educational provider
that presently offers only a partial curriculum if the educational
provider intends in the future to offer, or to cooperate with other
educational providers to offer, a complete curriculum for the type
of certification involved. The committee may require an
educational provider receiving approval for a partial curriculum
to periodically renew its approval with the committee until a
complete curriculum is offered and approved:
(d) An educational provider that receives approval for a partial
curriculum shall disclose in all communications to students and
to the public that the educational provider has only received
approval for a partial curriculum and shall not make any
representations that the provider offers a complete approved
curriculum of classroom instruction:
(e) For purposes of this section, a person is enrolled in an
approved curriculum of classroom instruction if the person is
attending classes on a full-time or part-time basis toward the
completion of an approved curriculum:
(f) Registration under this section shall be renewed annually
and the registrant shall provide to the division certification of the
classwork completed and on-the-job experience acquired since the
prior registration:
(g) For purposes of verifying the information provided by a
person registered with the division, an educational provider shall
provide an approved curriculum of classroom instruction, and
shall, upon the division's request, provide the division with
information regarding the enrollment status and instruction completed by an individual registered. By registering with the division in accordance with this section, the individual consents to the release of this information.

(h) The division shall establish registration fees in an amount reasonably necessary to implement this section, not to exceed twenty-five dollars ($25) for the initial registration. There shall be no fee for annual renewal of registration. Fees shall be placed in the Cannabis Certification Fund, established pursuant to Section 18135.

(i) Notwithstanding any other law, an uncertified person who has completed an approved curriculum of classroom instruction and is currently registered with the division may take the certification examination. The person shall be certified upon passing the examination and satisfactorily completing the requisite number of on-the-job hours required for certification. A person who passes the examination prior to completing the requisite hours of on-the-job experience shall continue to comply with subdivision (f).

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

CHAPTER 7. REGULATION OF MEDICAL MARIJUANA

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

NOTICE TO CONSUMERS: The Compassionate Use Act of 1996 ensures that seriously ill Californians have the right to obtain and use marijuana for medical purposes where medical use is deemed appropriate and has been recommended by a physician who has determined that the person’s health would benefit from the use of medical marijuana. Physicians are licensed and regulated by the Medical Board of California and arrive at the decision to
make this recommendation in accordance with accepted standards
of medical responsibility.

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

18137. (a) A conditionally licensed facility shall implement
sufficient security measures to both deter and prevent unauthorized
entrance into areas containing medical marijuana or medical
marijuana products and theft of medical marijuana at those licensed
facilities. These security measures shall, in addition to any
requirements imposed by local ordinance, include, but not be
limited to, all of the following:
(1) Preventing individuals from remaining on the premises of
the facility if they are not engaging in activity expressly related to
the operations of the facility.
(2) Establishing limited access areas accessible only to
authorized facility personnel, in compliance with all local building
and fire codes.
(3) Storing all finished medical marijuana in a secured and
locked room, safe, or vault, and in a manner as to prevent diversion,
theft, and loss.

(b) A conditionally licensed facility shall notify appropriate law
enforcement authorities within 24 hours after discovering any of
the following:
(1) Discrepancies identified during inventory.
(2) Diversion, theft, loss, or any criminal activity involving the
facility or a facility agent.
(3) The loss or unauthorized alteration of records related to
marijuana, registered qualifying patients, personal caregivers, or
facility agents.
(4) Any other breach of security.

(c) A licensed cultivation site shall weigh, inventory, and
account for on video, all each shipment of medical marijuana that
exceeds a threshold amount set by the bureau that is to be
transported to an individual licensed dispensing facility prior to
its leaving its origination location. Within eight hours after arrival
at the destination, the licensed dispensing facility shall reweigh,
reinventory, and account for on video, all transported medical
marijuana that was subject to these provisions at the licensed
cultivation site.

18138. (a) The bureau shall require an annual audit of all
conditionally licensed facilities. The reasonable costs of the audit
shall be paid for by the licensee.

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

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

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

(b) A laboratory certified by the bureau to perform random
sample testing of medical marijuana products shall not acquire,
process, possess, store, transfer, transport, or dispense medical
marijuana plants or medical marijuana products except through a
patient, primary caregiver, or a facility issued a conditional license.

All transfer or transportation shall be performed pursuant to a
specified chain of custody protocol.

18140. (a) Information identifying the names of patients, their
medical conditions, or the names of their primary caregivers
received and contained in records kept by the bureau for the
purposes of administering this part are confidential and exempt
from the California Public Records Act (Chapter 3.5 (commencing
with Section 6250) of Division 7 of Title 1 of the Government
Code) and are not subject to disclosure to an individual or private
entity, except as necessary for authorized employees of the state
to perform official duties pursuant to this part.

(b) (1) Nothing in this section shall preclude any of the
following:
(A) Bureau employees notifying state or local agencies about information submitted to the bureau that the employee suspects is falsified or fraudulent.

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

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

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

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

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

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

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

18142. (a) A licensee shall not cultivate, process, store, manufacture, transport, or sell medical marijuana in the state unless accurate records are kept at the licensed premises of the growing, processing, storing, manufacturing, transporting, or selling by the licensee in the state. These records shall include the name and address of the supplier of marijuana received or possessed by the licensee, the location at which the marijuana was cultivated, the amount of marijuana received, the form in which it is received,
the name of the employee receiving it, and the date of receipt. These records shall also include receipts for all expenditures incurred by the licensee and banking records, if any, for all funds obtained or expended in the performance of any activity under the authority of the conditional license. A licensee who has a conditional license for more than one premises may keep all records at one of the conditionally licensed premises. Required records shall be kept for a period of seven years from the date of the transaction.

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

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

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

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

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

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

23028. (a) (1) In addition to any authority otherwise provided by law, the board of supervisors of any county may impose, by ordinance, a tax on the privilege of cultivating, dispensing, producing, processing, preparing, storing, providing, donating, selling, or distributing marijuana by a licensee operating pursuant to Chapter 18 (commencing with Section 26000) of Division 9 of the Business and Professions Code. The tax may be imposed for
general governmental purposes or for purposes specified in the
ordinance by the board of supervisors.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Article 8. Medical Marijuana

111658. For purposes of this article, the following definitions shall apply:
(a) "Bureau" means the Bureau of Medical Marijuana Regulations in the Department of Consumer Affairs.
(b) "Certified testing—laboratories\textsuperscript{2} laboratory," means a laboratory that is certified by the bureau to perform random sample testing of medical marijuana for patients, primary caregivers, and facilities issued conditional licenses pursuant to Part 5 (commencing with Section 18100) of Division 7 of the Business and Professions Code, pursuant to the certification standards for those facilities promulgated by the \textit{bureau department}.
(c) "Edible medical marijuana product" means medical marijuana or a medical marijuana-derived product that is ingested or meant to be ingested through the mouth and into the digestive system.
(d) "Marijuana" means all parts of the plant Cannabis sativa L. sativa, cannabis indica, or cannabis ruderalis, whether growing or not; the seeds thereof; the resin, whether crude or purified, extracted from any part of the plant; and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or resin. "Marijuana" does not include the mature stalks of the plant, fiber produced from the stalks, oil or cake made from the seeds of the plant, any other compound, manufacture, salt, derivative, mixture, or preparation of the mature stalks (except the resin extracted therefrom), fiber, oil, or cake, or the sterilized seed of the plant which is incapable of germination. "Marijuana" also means marijuana, as defined by Section 11018.
(e) "Labor peace agreement\textsuperscript{2} means an agreement between an entity and a bona fide labor organization that, at a minimum, protects the state's proprietary interests by prohibiting labor organizations and members from engaging in picketing, work stoppages, boycotts, and any other economic interference with the applicant's business. This agreement means that the applicant has agreed not to disrupt efforts by the bona fide labor organization to communicate with, and attempt to organize and represent, the applicant's employees:
(f) "Representative samples" means samples taken from each batch or shipment of medical marijuana received from a licensed cultivation site or any other source if intended for sale.
(a) Establish quality assurance protocols to ensure uniform testing standards for all medical marijuana sold via dispensaries or other facilities, or cultivated or manufactured by facilities, that are issued a conditional license pursuant to Part 5 (commencing with Section 18100) of Division 7 of the Business and Professions Code.

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

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

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

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

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

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

(e) Labeling of all medical marijuana and medical marijuana products that shall, at a minimum, include the following:

(1) List of pharmaceutically active ingredients, including, but not limited to, tetrahydrocannabinol (THC) and cannabidiol (CBD)
content, clear recommended dosage, and the size or volume of the recomended dose.

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

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

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

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

(6) The date of sale.

(7) Any other requirements set by the bureau:

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

(a) Baked edible medical marijuana products, including, but not limited to, brownies, bars, cookies, and cakes, tinctures, and other edible medical marijuana products that do not require refrigeration or hot holding may be manufactured, sold, or otherwise distributed at facilities issued a conditional license pursuant to Part 5 (commencing with Section 18100) of Division 7 of the Business and Professions Code.

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

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

(d) All edible medical marijuana products sold for direct consumption and infused with marijuana concentrate shall be individually wrapped at the original point of preparation.
products shall be packaged in a fashion that does not exceed a
single dosage for one individual.
(e) Products containing tetrahydrocannabinol (THC) shall be
prepared in compliance with maximum potency standards for THC
and THC concentrates set forth in the bureau’s regulations.
(f) Prior to sale or distribution at a licensed dispensing facility,
edible medical marijuana products shall be labeled and in an
opaque and a tamper evident package. Labels and packages of
edible medical marijuana products shall meet the following
requirements:
  (1) Edible medical marijuana packages and labels shall not be
made to be attractive to children.
  (2) All edible medical marijuana product labels shall include
the following information, prominently displayed and in a clear
and legible font:
    (A) Manufacture date and source.
    (B) The statement “KEEP OUT OF REACH OF CHILDREN
AND ANIMALS” in bold print.
    (C) The statement “FOR MEDICAL USE ONLY.”
    (D) The statement “THE INTOXICATING EFFECTS OF THIS
PRODUCT MAY BE DELAYED BY UP TO TWO HOURS.”
    (E) Net weight of medical marijuana in package.
    (F) A warning if nuts or other known allergens are used and
shall include the total weight, in ounces or grams, of medical
marijuana in the package.
    (G) List of pharmacologically active ingredients, including, but
not limited to, tetrahydrocannabinol (THC) and cannabidiol (CBD)
content, clear recommended dosage, and the size or volume of
recommended dose: the THC amount in milligrams per serving,
servings per package, and the THC amount in milligrams for the
package total.
  (H) Clear indication, in bold type, that the product contains
medical marijuana.
  (I) Identification of the source and date of cultivation and
manufacture.
  (J) The name and location of the licensed dispensary providing
the product.
(K) The date of sale.

(G)

(L) Any other requirement set by the bureau.

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

(h)

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

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

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

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

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

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

(b) To the extent not prohibited by law and for purposes of this chapter, "agricultural employer" includes a licensed cultivation site or a licensed dispensing facility, "site," as defined in subdivisions (i) and (j) of Section 18100 of the Business and Professions Code.

SEC. 9. Section 1158.5 is added to the Labor Code, to read:

1158.5. (a) The Division of Occupational Safety and Health in the Department of Industrial Relations shall develop industry-specific regulations related to the activities of facilities issued a conditional license pursuant to Part 5 (commencing with Section 18100) of Division 7 of the Business and Professions Code, including provisions for the establishment of labor peace
agreements and an apprenticeship program to ensure professional standards among industry employees.

(b) The regulations shall govern agreements between a facility with more than 20 employees issued a conditional license and a bona fide labor organization prohibiting labor organizations and members from engaging in picketing, work stoppages, boycotts, and other economic interference with the licensee's business. The regulations shall also govern agreements whereby the licensee with more than 20 employees has agreed not to disrupt efforts by the bona fide labor organization to communicate with, and attempt to organize and represent, the licensee's employees.

SEC. 10. Section 3094 is added to the Labor Code, to read:

3094. The Division of Apprenticeship Standards shall investigate, approve, or reject applications for apprenticeship programs for employees of a licensed cultivation site or a licensed dispensing facility, as defined in subdivisions (j) and (j) of Section 18100 of the Business and Professions Code. The Division of Apprenticeship Standards shall have the authority to issue rules necessary to implement and regulate the establishment of the apprenticeship programs described in this section.

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

SEC. 12. The Legislature finds and declares that Section 4 of this act imposes a limitation on the public's right of access to the meetings of public bodies or the writings of public officials and agencies within the meaning of Section 3 of Article 1 of the California Constitution. Pursuant to that constitutional provision, the Legislature makes the following findings to demonstrate the interest protected by this limitation and the need for protecting that interest:

The limitation imposed under this act is necessary for purposes of compliance with the federal Health Insurance Portability and Accountability Act of 1996 (42 U.S.C. Sec. 1320d et seq.), the Confidentiality of Medical Information Act (Part 2.6 (commencing with Section 56) of Division 1 of the Civil Code), and the Insurance Information and Privacy Protection Act (Article 6.6 (commencing with Section 791) of Part 2 of Division 1 of the Insurance Code).
SEC. 13. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.
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, relating to medical marijuana, and making an appropriation therefor.

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

The bill would make conditional licenses subject to the restrictions of the local jurisdiction in which the facility operates or proposes to operate. The bill would 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. 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 continuously appropriate moneys from the fund to the bureau for the purposes of administering this act, thereby making an appropriation. The bill would also establish the Special Account for Environmental Enforcement within the Medical Marijuana Fund. This account would contain money from fees assessed against licensed cultivation sites and would be continuously appropriated for the enforcement of environmental regulations relating to licensed cultivation sites. The bill would require the deposit of penalty moneys collected pursuant to this bill into the General Fund.

The bill would ban cultivation sites in areas zoned residential and would require, among other things, that all marijuana grown, produced, distributed, and sold in the state meet the certified organic standards by
January 1, 2022, and that the bureau 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 authorize a city, county, or city and county to administer and enforce these provisions. The bill would require the bureau to establish quality assurance protocols by January 1, 2018, to ensure uniform testing standards of medical marijuana, and would require licensees to comply with these provisions. The bill would further set forth provisions regulating edible medical marijuana products, as specified. By adding these provisions to the Sherman Food, Drug, and Cosmetic Law, a violation of which is a crime, the bill would impose a state-mandated local program.

(2) Existing law, 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 the board of supervisors of a county or the city council of a city, county, or city and county, by ordinance, to impose a tax on the privilege of cultivating, dispensing, producing, processing, preparing, storing, providing, donating, selling, or distributing marijuana or products containing 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 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 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) This bill would provide that its provisions are severable.

(7) 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) 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.


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

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

SEC. 2. The Legislature finds and declares all of the following:
(a) In 1996, the people of the State of California enacted the Compassionate Use Act of 1996, codified in Section 11362.5 of the Health and Safety Code. The people of the State of California declared that their purpose in enacting the measure was, among other things, "to ensure that seriously ill Californians have the right to obtain and use marijuana for medical purposes where that medical use is deemed appropriate and has been recommended by a physician who has determined that the person's health would benefit from the use of marijuana in the treatment of cancer, anorexia, AIDS, chronic pain, spasticity, glaucoma, arthritis, migraine, or any other illness for which marijuana provides relief."
(b) The Compassionate Use Act of 1996 called on state government to implement a plan for the safe and affordable distribution of marijuana to all patients in medical need of marijuana, while ensuring that nothing in that act would be construed to condone the diversion of marijuana for nonmedical purposes.
(c) In 2003, the Legislature enacted the Medical Marijuana Program Act (MMPA), codified in Article 2.5 (commencing with Section 11362.7) of Chapter 6 of Division 10 of the Health and Safety Code.
(d) Greater certainty and minimum statewide standards are urgently needed regarding the obligations of medical marijuana facilities, and for the imposition and enforcement of regulations to prevent unlawful cultivation and the diversion of marijuana to nonmedical use.
(e) Despite the passage of the Compassionate Use Act of 1996 and the MMPA, because of the lack of an effective statewide system for regulating and controlling medical marijuana, cities, counties, and local law enforcement officials have been confronted with uncertainty about the legality of some medical marijuana cultivation and distribution activities. The current state of affairs makes law enforcement difficult and endangers patient safety because of an inability to monitor the supply of medical marijuana in the state and the lack of quality control, testing, and labeling requirements.

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

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

(h) Greater oversight, uniformity, and enforcement are urgently needed regarding the obligations and rights of medical marijuana cultivators, transporters, and distribution facilities.
(i) Marijuana has widely accepted medical applications that make it inappropriate to be classified as a Schedule I controlled substance in the State of California.

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

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

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

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

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

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

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

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

(2) Drug or alcohol abuse by a physician and surgeon involving death or serious bodily injury to a patient.
(3) Repeated acts of clearly excessive prescribing, furnishing, or administering of controlled substances, or repeated acts of prescribing, dispensing, or furnishing of controlled substances, or recommending marijuana to patients for medical purposes, without a good faith prior examination of the patient and medical reason therefor. However, in no event shall a physician and surgeon prescribing, furnishing, or administering controlled substances for intractable pain consistent with lawful prescribing, including, but not limited to, Sections 725, 2241.5, and 2241.6 of this code and Sections 11592 and 124961 of the Health and Safety Code, be prosecuted for excessive prescribing and prompt review of the applicability of these provisions shall be made in any complaint that may implicate these provisions.

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

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

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

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

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

Article 25. Recommending Medical Marijuana

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

(b) For the purposes of this section, "financial interest" shall have the same meaning as in Section 650.01.
(c) A violation of this section shall be a misdemeanor.

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

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

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

PART 5. MEDICAL MARIJUANA

CHAPTER 1. GENERAL PROVISIONS

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

(a) "Bureau" means the Bureau of Medical Marijuana Regulation in the Department of Consumer Affairs.

(b) "Certified testing laboratory" means a laboratory that is certified by the bureau to perform random sample testing of medical marijuana pursuant to the certification standards for these facilities promulgated by the bureau.

(c) "Chief" means the Chief of the Bureau of Medical Marijuana Regulation.

(d) "Department" means the Department of Consumer Affairs.

(e) "Director" means the Director of Consumer Affairs.

(f) "Dispensary" means a distribution operation that provides medical marijuana or medical marijuana derived products to patients and caregivers.

(g) "Fund" means the Medical Marijuana Regulation Fund established pursuant to Section 18118.

(h) "Licensed cultivation site" means a facility that plants, grows, cultivates, harvests, dries, or processes medical marijuana and that is issued a conditional license pursuant to this part.

(i) "Licensed dispensing facility" means a dispensary or other facility that provides medical marijuana, medical marijuana
products, or devices for the use of medical marijuana or medical
marijuana products that is issued a conditional license pursuant to
this part.
(j) "Licensed manufacturer" means a person who extracts,
prepares, derives, produces, compounds, or repackages medical
marijuana or medical marijuana products into consumable and
nonconsumable forms and that is issued a conditional license
pursuant to this part.
(k) "Licensed transporter" means an individual or entity issued
a conditional license by the bureau to transport medical marijuana
to and from facilities that have been issued conditional licenses
pursuant to this part.
(l) "Marijuana" means all parts of the plant Cannabis sativa,
Cannabis indica, or Cannabis ruderalis, whether growing or not;
the seeds thereof, the resin, whether crude or purified, extracted
from any part of the plant; and every compound, manufacture, salt,
derivative, mixture, or preparation of the plant, its seeds, or resin.
"Marijuana" does not include the mature stalks of the plant, fiber
produced from the stalks, oil or cake made from the seeds of the
plant, any other compound, manufacture, salt, derivative, mixture,
or preparation of the mature stalks (except the resin extracted
therefrom), fiber, oil, or cake, or the sterilized seed of the plant
which is incapable of germination. "Marijuana" also means
marijuana, as defined by Section 11018 of the Health and Safety
Code.
(m) "Trespass grows" means illicit marijuana cultivation on
public or private land without the explicit permission of the
landowner.
18101. (a) There is hereby created in the Department of
Consumer Affairs the Bureau of Medical Marijuana Regulation,
under the supervision and control of the Chief of the Bureau of
Medical Marijuana Regulation.
(b) Protection of the public shall be the highest priority for the
bureau in exercising its licensing, regulatory, and disciplinary
functions. Whenever the protection of the public is inconsistent
with other interests sought to be promoted, the protection of the
public shall be paramount.
(c) The bureau shall have the authority to issue, suspend, or
revoke conditional licenses for the cultivation, manufacture,
transportation, storage, distribution, and sale of medical marijuana
within the state and to collect fees in connection with these actions.
The bureau shall have the authority to create, issue, suspend, or
revoke other licenses in order to protect patient health and the
public and to facilitate the regulation of medical marijuana.
(d) The Governor shall appoint the chief at a salary to be fixed
and determined by the director with the approval of the Director
of Finance. The chief shall serve in accordance with the State Civil
Service Act (Part 2 (commencing with Section 18500) of Division
5 of Title 2 of the Government Code).
(e) The duty of enforcing and administering this part shall be
vested in the chief, who is responsible to the director. The chief
may adopt and enforce those rules and regulations that he or she
determines are reasonably necessary to carry out the purposes of
this part and declaring the policy of the bureau, including a system
for the issuance of citations for violations of this part, as specified
in Section 18126. 18127.
(f) The chief, as necessary to carry out the provisions of this
part, and in accordance with the State Civil Service Act (Part 2
(commencing with Section 18500) of Division 5 of Title 2 of the
Government Code), may appoint and fix the compensation of
personnel, including, but not limited to, clerical, inspection,
investigation, and auditing personnel, as well as an assistant chief.
These personnel shall perform their respective duties under the
supervision and the direction of the chief.
(g) Every power granted to, or duty imposed upon, the chief
under this part may be exercised or performed in the name of the
chief by a deputy or assistant chief, subject to conditions and
limitations that the chief prescribes.
(h) The bureau shall exercise its authority pursuant to this part
consistent with Section 1 of the act that added this section and
consistent with the provisions of this part.
18102. Funds for the establishment and support of the bureau
shall be advanced as a loan by the department and shall be repaid
by the initial proceeds from fees collected pursuant to this part or
any rule or regulation adopted pursuant to this part.
18103. The bureau shall have the authority necessary for the
implementation of this part, including, but not limited to, all of
the following:
(a) Establishing rules or regulations necessary to carry out the
purposes and intent of this part and to enable the bureau to exercise
the powers and perform the duties conferred upon it by this part
and in accordance with Chapter 3.5 (commencing with Section
11340) of Part 1 of Division 3 of Title 2 of the Government Code.
For the performance of its duties, the bureau has the powers as set
forth in Article 2 (commencing with Section 11180) of Chapter 2
of Part 1 of Division 3 of Title 2 of the Government Code.
(b) Issuing conditional licenses to persons for the cultivation,
manufacture, transportation, storage, distribution, and sale of
medical marijuana within the state.
(c) Setting application, licensing, and renewal fees for
conditional licenses issued pursuant to Section 18117.
(d) Establishing standards for the cultivation, manufacturing,
transportation, storage, distribution, provision, donation, and sale
of medical marijuana and medical marijuana products.
(e) Establishing procedures for the issuance, renewal,
suspension, denial, and revocation of conditional licenses.
(f) Imposing a penalty authorized by this part or any rule or
regulation adopted pursuant to this part.
(g) Taking action with respect to an application for a conditional
license in accordance with procedures established pursuant to this
part.
(h) Overseeing the operation of the Medical Marijuana
Regulation Fund and the Special Account for Environmental
Enforcement, established pursuant to Section 18118.
(i) Consulting with other state or local agencies, departments,
representatives of the medical marijuana community, or public or
private entities for the purposes of establishing statewide standards
and regulations.
(j) Certifying laboratories to perform testing of medical
marijuana.
18104. (a) On or before January 1, 2018, the bureau shall
promulgate regulations for implementation and enforcement of
this part, including, but not limited to, all of the following:
(1) Procedures for the issuance, renewal, suspension, denial,
and revocation of conditional licenses.
(2) Procedures for appeal of fines and the appeal of denial,
suspension, or revocation of conditional licenses.
(3) Application, licensing, and renewal forms and fees.
(4) A time period in which the bureau shall approve or deny an
application for a conditional license pursuant to this part.
(5) Qualifications for licensees.
(6) Standards for certification of testing laboratories to perform random sample testing of all medical marijuana products, including standards for onsite testing.
(A) Certification of testing laboratories shall be consistent with general requirements for the competence of testing and calibration activities, including sampling, using standard methods established by the International Organization for Standardization, specifically ISO/IEC 17025.
(B) These requirements shall apply to all entities, including third-party laboratories, engaged in the testing of medical marijuana pursuant to this part.
(7) Requirements to ensure conformance with standards analogous to state statutory environmental, agricultural, consumer protection, and food and product safety requirements. At a minimum, these standards shall do all of the following:
(A) Prescribe sanitation standards analogous to the California Retail Food Code (Part 7 (commencing with Section 113700) of Division 104 of the Health and Safety Code) for food preparation, storage, handling, and sale of edible medical marijuana products.
(B) Require that edible medical marijuana products produced, distributed, provided, donated, or sold by licensees shall be limited to nonpotentially hazardous food, as established by the State Department of Public Health pursuant to Section 114365.5.
(C) Require that facilities in which edible medical marijuana products are prepared shall be constructed in accordance with applicable building standards, health and safety standards, and other state laws.
(D) Provide that weighing or measuring devices used in connection with the sale or distribution of medical marijuana are required to meet standards analogous to Division 5 (commencing with Section 12001).
(E) Require that the application of pesticides or other pest control in connection with the indoor or outdoor cultivation of medical marijuana shall meet standards analogous to Division 6 (commencing with Section 11401) of the Food and Agricultural Code and its implementing regulations.
(b) On or before July 1, 2017, the bureau shall also promulgate regulations for minimum statewide health and safety standards and quality assurance standards associated with the cultivation,
transport, storage, manufacture, and sale of all medical marijuana
produced in this state. Consistent with Section 18126, local
agencies shall have primary responsibility for enforcement of these
standards in accordance with bureau regulations.
(c) The bureau, in consultation with the Division of Labor
Standards Enforcement, shall adopt regulations establishing worker
safety standards for entities licensed pursuant to this part.
(d) The bureau, in consultation with the State Water Resources
Control Board, shall adopt regulations to ensure that commercial
medical marijuana activity licensed pursuant to this part does not
threaten the state's environment and watersheds and is otherwise
in conformance with the California Environmental Quality Act.
(e) The bureau shall not issue a conditional license unless the
applicant has met all of the requirements of this part, including the
requirements of paragraph (4) of subdivision (d) of Section 18110.
18105. The chief shall keep a complete record of all facilities
issued a conditional license. This record shall be made available
on the bureau's Internet Web site.
18106. The bureau shall establish procedures to provide state
and local law enforcement, upon their request, with 24-hour access
to information to verify a conditional license, track transportation
manifests, and track the inventories of facilities issued a conditional
license.
18107. This part shall in no way supersede the provisions of
Measure D, approved by the voters of the City of Los Angeles on
the May 21, 2013, ballot for the city, or any similar measure in
other jurisdictions, which grants medical marijuana businesses and
dispensaries qualified immunity consistent with the terms of the
measure and local ordinances. Notwithstanding the provisions of
this part, marijuana businesses and dispensaries subject to the
provisions of Measure D or other similar qualified immunity shall
continue to be subject to the ordinances and regulations of the
relevant local jurisdiction.

Chapter 2. Conditional Licenses

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.
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.
(b) 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 grow medical
marijuana other than at a licensed cultivation site.
(c) 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 manufacture
medical marijuana or medical marijuana products other than a
licensed manufacturer.
(d) A person shall not transport medical marijuana from one
facility issued a conditional license to another, other than a licensed
transporter.
(e) A licensed manufacturer may obtain medical marijuana from
a licensed cultivator and may furnish medical marijuana products
to a licensed dispensary.
(f) To meet the requirements of Article 8 (commencing with
Section 111658) of Chapter 6 of Part 5 of Division 104 of the
Health and Safety Code, medical marijuana and medical marijuana
products shall be tested by a certified testing laboratory.
18110. (a) Beginning no later than July 1, 2018, the bureau
shall provide for and shall issue conditional licenses. Conditional
licenses shall be issued for all activity authorized under this
chapter, including, but not limited to, cultivation, processing, storage, transport, and dispensing of medical marijuana.

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

(c) In order to begin business operations pursuant to this chapter, an applicant shall, in addition to the conditional license, obtain a license or permit from the local jurisdiction in which he or she proposes to operate, following the requirements of the applicable local ordinances.

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

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

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

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

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

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

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

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

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

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

(6) Provide evidence that the applicant has received all required environmental permits, including compliance with the California Environmental Quality Act, and wastewater discharge permits.
(7) Provide the applicant's fingerprint images. For purposes of
this paragraph, "applicant" means the owner or owners of a
proposed facility, including all persons or entities having an
ownership interest other than a security interest, lien, or
encumbrance on property that will be used by the facility.
(A) The applicant shall electronically submit to the Department
of Justice fingerprint images and related information required by
the Department of Justice for the purpose of obtaining information
as to the existence and content of a record of state or federal
convictions and arrests, and information as to the existence and
content of a record of state or federal convictions and arrests for
which the Department of Justice establishes that the person is free
on bail, or on his or her own recognizance, pending trial or appeal.
(B) The Department of Justice shall provide a response to the
bureau pursuant to paragraph (1) of subdivision (p) of Section
11105 of the Penal Code.
(C) The bureau shall request from the Department of Justice
subsequent notification service, as provided pursuant to Section
11105.2 of the Penal Code, for persons described in subparagraph
(A).
(D) The Department of Justice shall charge the applicant a fee
sufficient to cover the reasonable cost of processing the requests
described in this paragraph.
(8) Provide a statement, signed by the applicant under penalty
of perjury, that the information provided is true.
(9) Provide any other information required by the bureau.
(e) Each location and each discrete use of a single location shall
require a conditional license. Each application for a conditional
license is separate and distinct, and the bureau may charge a
separate fee for each.
(f) A conditional license issued pursuant to this section shall be
valid for 12 months after the date of issuance. After the initial
12-month period, a conditional license may be renewed for a period
of 36 months. The bureau shall establish procedures for the renewal
of a conditional license.
(g) Notwithstanding any other law, the bureau shall not issue a
conditional license to an individual or entity, or for a premise,
against whom there is a pending state or local administrative or
judicial proceeding, against whom there is an action initiated by
a city, county, or city and county under a local ordinance, or who
has been determined to have violated an applicable local ordinance.
(h) A facility or entity that is operating in conformance with
local zoning ordinances and other state and local requirements on
January 1, 2016, may continue its operations until its application
for conditional licensure is approved or denied pursuant to this
part.
18111. (a) Upon receipt of the application materials and fee
required in Section 18110, the bureau, provided the applicant has
not committed an act or crime constituting grounds for the denial
of licensure under Section 18112, may issue the conditional license
and send a proof of issuance to the applicant.
(b) The chief shall, by regulation, prescribe conditions upon
which a person whose conditional license has previously been
denied, suspended, or revoked, may be issued a conditional license.
18112. (a) An application for a conditional license shall be
denied and a conditional license shall be suspended or revoked for
a past felony conviction for the possession for sale, sale,
manufacture, transportation, or cultivation of a controlled
substance, a felony criminal conviction for drug trafficking, a
felony conviction for embezzlement, a felony conviction involving
fraud or deceit, or any violent or serious felony conviction pursuant
to subdivision (c) of Section 667.5 of, or subdivision (c) of Section
1192.7 of, the Penal Code. The bureau, at its discretion, may issue
a license to an applicant that would be otherwise denied pursuant
to this subdivision if the applicant has obtained a certificate of
rehabilitation, pursuant to Section 4852.13 of the Penal Code.
(b) The chief, upon his or her determination, may deny, suspend,
or revoke a conditional license when a conditional licensee,
applicant, or employee, partner, officer, or member of an entity
conditionally licensed does any of the following:
(1) Making or authorizing in any manner or by any means a
written or oral statement that is untrue or misleading and that is
known, or that by exercise of reasonable care should be known,
to be untrue or misleading.
(2) Any other conduct that constitutes fraud.
(3) Conduct constituting gross negligence.
(4) Failure to comply with the provisions of this part, Article 8
(commencing with Section 111658) of Chapter 6 of Part 5 of
Division 104 of the Health and Safety Code, or any rule or
regulation adopted pursuant to this part.
(5) Conduct that constitutes grounds for denial of licensure
pursuant to Chapter 2 (commencing with Section 480) of Division
1.5.
18113. (a) Upon denying, suspending, or revoking a
conditional license, the chief shall notify the applicant or licensee,
in writing, by personal service or mail addressed to the address of
the applicant or licensee set forth in the application. The applicant
or licensee shall be given a hearing within 30 days thereafter if he
or she files with the bureau a written request for hearing. Otherwise,
the denial, suspension, or revocation is deemed affirmed.
(b) All proceedings to deny, suspend, or revoke a conditional
license shall be conducted pursuant to Chapter 5 (commencing
with Section 11500) of Part 1 of Division 3 of Title 2 of the
Government Code.
18114. An application for or renewal of a conditional license
shall not be approved if the bureau determines any of the following:
(a) The applicant fails to meet the requirements of this part or
any regulation adopted pursuant to this part or any applicable city,
county, or city and county ordinance or regulation. If a local
government adopts an ordinance or resolution authorizing medical
marijuana to be cultivated, manufactured, stored, distributed, or
sold within its jurisdiction, it shall submit to the bureau
documentation detailing their renewal requirements.
(b) The applicant, or any of its officers, directors, owners,
members, or shareholders, is a minor.
(c) The applicant has knowingly answered a question or request
for information falsely on the application form or failed to provide
information requested.
(d) The applicant, or any of its officers, directors, owners,
members, or shareholders has been sanctioned by the bureau, a
city, county, or city and county, for medical marijuana activities
conducted in violation of this part or any applicable local ordinance
or has had a license revoked in the previous five years.
(e) The proposed cultivation, processing, possession, storage,
manufacturing, testing, transporting, distribution, provision, or
sale of medical marijuana will violate any applicable local law or
ordinance.
(f) The applicant or the owner is unable to establish that he or
she has been a resident of the state for not less than 12 months.

18115. (a) In addition to the provisions of this part, a
conditional license shall be subject to the restrictions of the local
jurisdiction in which the facility operates or proposes to operate.
Even if a conditional license has been granted pursuant to this part,
a facility shall not operate in a local jurisdiction that prohibits the
establishment of that type of business.
(b) In addition to the provisions of this part, local jurisdictions
retain the power to assess fees and taxes, as applicable, on facilities
that are conditionally licensed pursuant to this part and the business
activities of those licensees.

18116. The bureau may adopt regulations to limit the number
of conditional licenses issued pursuant to this part upon finding
that the otherwise unrestricted issuance of conditional licenses is
dangerous to the public health and safety.

Chapter 3. Fees

18117. (a) The conditional licensing fee shall be established
by the bureau at a level sufficient to fund the reasonable costs of
all of the following:
(1) Administrative costs incurred by the bureau in overseeing
the conditional licensing program, establishing health and safety
standards, and certifying the required testing laboratories.
(2) Costs incurred by the bureau or the Department of Justice
for enforcement of the provisions of this part.
(3) Costs incurred by law enforcement and other public safety
entities for enforcing the provisions of this part in their jurisdiction.
(b) In addition to the conditional licensing fee required pursuant
to subdivision (a), a cultivation facility shall be assessed a fee in
a sufficient amount to cover the reasonable regulatory costs of
enforcing the environmental impact provisions relating to those
cultivation facilities. This fee shall be distributed, as necessary
and in proportion to its regulatory function, between the following
agencies responsible for enforcing the regulations relating to the
environmental impact of licensed cultivation sites:
(1) The State Water Resources Control Board.
(2) The Department of Fish and Wildlife.
(3) The Department of Forestry and Fire Protection.
(4) The Department of Pesticide Regulation.

(5) The Department of Food and Agriculture.

(6) Local law enforcement.

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

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

(c) The Special Account for Environmental Enforcement is hereby established as an account within the Medical Marijuana Regulation Fund. Notwithstanding Section 16305.7 of the Government Code, the account shall include any interest and dividends earned on the money in the account. All fees collected pursuant to subdivision (b) of Section 18112 shall be deposited in this account. Notwithstanding Section 13340 of the Government Code, all moneys within the fund are hereby continuously appropriated, without regard to fiscal year, to the bureau for distribution to the entities listed in subdivision (b) of Section 18117 to be used to enforce the environmental regulation of licensed cultivation sites.

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

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

18119. (a) A facility issued a conditional license shall not acquire, cultivate, process, possess, store, manufacture, distribute, sell, deliver, transfer, transport, or dispense medical marijuana for any purpose other than those authorized by Article 2.5
(commencing with Section 11362.7) of Chapter 6 of Division 10
(b) A licensed dispensing facility shall not acquire, cultivate,
process, possess, store, manufacture, distribute, sell, deliver,
transfer, transport, or dispense medical marijuana plants or medical
marijuana products except through a licensed cultivation site or a
licensed manufacturer.

CHAPTER 4. TRANSPORTATION OF MEDICAL MARIJUANA

18120. (a) A licensed transporter shall ship only to facilities
issued a conditional license and only in response to a request for
a specific quantity and variety from those facilities.
(b) Prior to transporting medical marijuana products, a licensed
transporter shall do both of the following:
(1) Complete a shipping manifest using a form prescribed by
the bureau.
(2) Securely transmit a copy of the manifest to the licensee that
will receive the medical marijuana product, and to the bureau,
prior to transport.
(c) The licensed transporter making the shipment and the
licensee receiving the shipment shall maintain each shipping
manifest and make it available to local code enforcement officers,
any other locally designated enforcement entity, and the bureau
upon request.

18121. (a) Transported medical marijuana products shall:
(1) Be transported only in a locked, safe, and secure storage
compartment that is securely affixed to the interior of the
transporting vehicle.
(2) Not be visible from outside the vehicle.
(b) A vehicle transporting medical marijuana products shall
travel directly from one licensed facility to another licensed facility
authorized to receive the shipment.

18122. (a) All transport vehicles shall be staffed with a
minimum of two employees. At least one transport team member
shall remain with the vehicle at all times when the vehicle contains
medical marijuana.
(b) Each transport team member shall have access to a secure
form of communication by which each member can communicate
with personnel at the licensed facility at all times when the vehicle contains medical marijuana.

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

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

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

Chapter 5. Enforcement

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

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

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

(b) For licensed facilities located within the unincorporated area of a county, the county shall have full power and authority to enforce this part and Article 8 (commencing with Section 111658) of Chapter 6 of Part 5 of Division 104 of the Health and Safety Code and the rules, regulations, and standards promulgated by the bureau.
18127. (a) A willful violation of Section 18110, including an attempt to falsify information on an application or to otherwise defraud or mislead a state or local agency in the course of the application process, shall be punishable by a civil fine of up to thirty-five thousand dollars ($35,000) for each individual violation.

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

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

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

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

Chapter 6. Cultivation Sites

18131. A licensed cultivation site shall not be located in an area zoned residential.

18132. (a) The bureau shall notify local law enforcement of all conditional licenses issues for cultivation sites in that jurisdiction.

(b) A licensed cultivation site shall display the state license in a manner so as to be available and easily read at the location.

(c) The bureau shall work with and assist state and local law enforcement to eliminate trespass grows in the state.
18133. (a) No later than January 1, 2022, all medical marijuana
grown, produced, distributed, and sold in the state shall meet the
certified organic standards.
(b) The bureau shall establish appellations of origin for
marijuana grown in California.
18134. The bureau shall work with county agricultural
commissioners, offices to provide all the information and forms
required for conditional licensure as a cultivation site in a single
location, including state licensure, local requirements in that
jurisdiction, and environmental requirements.

CHAPTER 7. REGULATION OF MEDICAL MARIJUANA

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

NOTICE TO CONSUMERS: The Compassionate Use Act of
1996 ensures that seriously ill Californians have the right to obtain
and use marijuana for medical purposes where medical use is
deemed appropriate and has been recommended by a physician
who has determined that the person’s health would benefit from
the use of medical marijuana. Physicians are licensed and regulated
by the Medical Board of California and arrive at the decision to
make this recommendation in accordance with accepted standards
of medical responsibility.

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

18137. (a) A facility issued a conditional license shall
implement sufficient security measures to both deter and prevent
unauthorized entrance into areas containing marijuana and theft
of marijuana at those facilities. These security measures shall
include, but not be limited to, all of the following:
(1) Preventing individuals from remaining on the premises of
the facility if they are not engaging in activity expressly related to
the operations of the facility.
(2) Establishing limited access areas accessible only to authorized facility personnel.

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

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

(1) Discrepancies identified during inventory.

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

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

(4) Any other breach of security.

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

18138. (a) The bureau shall require an annual audit of all facilities issued a conditional license to cultivate, manufacture, process, transport, store, or sell medical marijuana. The reasonable costs of the audit shall be paid for by the licensee.

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

(c) It is the responsibility of each facility issued a conditional license to develop a robust quality assurance protocol that includes all of the provisions of this part.

18139. (a) A laboratory certified by the bureau to perform random sample testing of medical marijuana products shall not acquire, process, possess, store, transfer, transport, or dispense medical marijuana for any purpose other than those authorized by Article 2.5 (commencing with Section 11362.7) of Chapter 6 of Division 10 of the Health and Safety Code. All transfer or transportation shall be performed pursuant to a specified chain of custody protocol.
(b) A laboratory certified by the bureau to perform random
sample testing of medical marijuana products shall not acquire,
process, possess, store, transfer, transport, or dispense medical
marijuana plants or medical marijuana products except through a
patient, primary caregiver, or a facility issued a conditional license.
All transfer or transportation shall be performed pursuant to a
specified chain of custody protocol.

18140. (a) Information identifying the names of patients, their
medical conditions, or the names of their primary caregivers
received and contained in records kept by the bureau for the
purposes of administering this part are confidential and exempt
from the California Public Records Act (Chapter 3.5 (commencing
with Section 6250) of Division 7 of Title 1 of the Government
Code) and are not subject to disclosure to an individual or private
entity, except as necessary for authorized employees of the state
to perform official duties pursuant to this part.

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

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

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

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

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

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

18141. (a) The actions of a licensee, its employees, and its
agents, that are permitted pursuant to a conditional license and that
are conducted in accordance with the requirements of this part and
regulations adopted pursuant to this part, are not unlawful under
state law and shall not be an offense subject to arrest or
prosecution.

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

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

18142. (a) A licensee shall not cultivate, process, store, manufacture, transport, or sell medical marijuana in the state unless accurate records are kept at the licensed premises of the growing, processing, storing, manufacturing, transporting, or selling by the licensee in the state. These records shall include the name and address of the supplier of marijuana received or possessed by the licensee, the location at which the marijuana was cultivated, the amount of marijuana received, the form in which it is received, the name of the employee receiving it, and the date of receipt. These records shall also include receipts for all expenditures incurred by the licensee and banking records, if any, for all funds obtained or expended in the performance of any activity under the authority of the conditional license. A licensee who has a conditional license for more than one premises may keep all records at one of the conditionally licensed premises. Required records shall be kept for a period of seven years from the date of the transaction.

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

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

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

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

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

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

23028. (a) (1) In addition to any authority otherwise provided
by law, the board of supervisors of a county or the city council of
a city may impose, by ordinance, a tax on the privilege of
cultivating, dispensing, producing, processing, preparing, storing,
providing, donating, selling, or distributing marijuana by a licensee
operating pursuant to Chapter 18 (commencing with Section 26000)
of Division 9 of the Business and Professions Code. The tax may
be imposed for general governmental purposes or for purposes
specified in the ordinance by the board of supervisors or city
council:

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

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

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

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

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

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

(d) For purposes of this section, "marijuana" shall have the meanings set forth in Section 18100 of the Business and Professions Code.

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

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

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

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

(3) The tax authorized by this section may be imposed upon any or all of the activities set forth in paragraph (1) specified in the ordinance, regardless of whether the activity is undertaken individually, collectively, or cooperatively, and regardless of
whether the activity is for compensation or gratuitously, as
determined by the board of supervisors or city council.
(b) A tax imposed pursuant to this section shall be subject to
applicable voter approval requirements imposed by law.
(c) For purposes of this section, "marijuana" has the same
meaning as the term "marijuana product" set forth in Section
(d) This section does not limit or prohibit the levy or collection
or any other fee, charge, or tax, or a license or service fee or
charge upon, or related to, the activities set forth in subdivision
(a) as otherwise provided by law, including Section 37100.5. This
section shall not be construed as a limitation upon the taxing
authority of a city, county, or city and county as provided by law.
SEC. 7. Section 11362.775 of the Health and Safety Code is
amended to read:
11362.775. (a) Qualified patients, persons with valid
identification cards, and the designated primary caregivers of
qualified patients and persons with identification cards, who
cultivate marijuana for medical purposes, shall not solely on the
basis of that fact be subject to state criminal sanctions under
Section 11357, 11358, 11359, 11360, 11366, 11366.5, or 11570.
(b) An individual employee, officer, or board member of a
facility issued a conditional license pursuant to Part 5 (commencing
with Section 18100) of Division 7 of the Business and Professions
Code shall not be subject to state criminal sanctions under Section
11357, 11358, 11359, 11360, 11366, 11366.5, or 11570 and any
successor statutes, based solely on holding a conditional license,
for the possession, cultivation, processing, packaging, storage,
transportation, sale, or distribution of medical marijuana to a
facility holding a conditional license pursuant to Part 5
(commencing with Section 18100) of Division 7 of the Business
and Professions Code or directly to a qualified patient, a person
with a valid identification card, or the designated primary caregiver
of a qualified patient or person with a valid identification card,
within the state, unless the information contained on the licensing
paperwork is false or falsified, the license has been obtained by
means of fraud, or the person is otherwise in violation of Part 5
(commencing with Section 18100) of Division 7 of the Business
and Professions Code.
(c) This section shall not diminish the protections of Section 18141 of the Business and Professions Code.

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

Article 8. Medical Marijuana

111658. For purpose of this article, the following definitions shall apply:

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

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

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

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

(e) “Labor peace agreement” means an agreement between an entity and a bona fide labor organization that, at a minimum, protects the state’s proprietary interests by prohibiting labor organizations and members from engaging in picketing, work stoppages, boycotts, and any other economic interference with the
applicant's business. This agreement means that the applicant has
agreed not to disrupt efforts by the bona fide labor organization
to communicate with, and attempt to organize and represent, the
applicant's employees.
(f) "Representative samples" means samples taken from each
batch or shipment of medical marijuana received from a licensed
cultivation site or any other source if intended for sale.
111659. The bureau, by July 1, 2017, shall accomplish both
of the following:
(a) Establish quality assurance protocols to ensure uniform
testing standards for all medical marijuana sold via dispensaries
or other facilities, or cultivated or manufactured by facilities, that
are issued a conditional license pursuant to Part 5 (commencing
with Section 18100) of Division 7 of the Business and Professions
Code.
(b) In consultation with outside entities at its discretion, develop
a list of certified testing laboratories that can perform uniform
testing in compliance with this article, and post that list on its
Internet Web site.
111660. (a) A facility issued a conditional license pursuant to
Part 5 (commencing with Section 18100) of Division 7 of the
Business and Professions Code shall bear the responsibility for
contracting with certified testing laboratories for regular, systematic
testing of representative samples of all medical marijuana cultivated
or intended for sale or distribution, and shall bear the cost of that
testing.
(b) A facility issued a conditional license pursuant to Part 5
(commencing with Section 18100) of Division 7 of the Business
and Professions Code shall maintain records of testing reports for
seven years, either on site in a digital format or at a secure offsite
location in either digital or paper format. These facilities shall
provide results of test reports to local code enforcement officers,
any other locally designated enforcement entity, and the bureau
upon request.
111661. Quality assurance protocols shall be required between
all licensed cultivation sites, licensed manufacturers, and licensed
dispensing facilities to guarantee safe and reliable medicinal
marijuana delivery to all patients. These quality assurance protocols
shall include:
(a) Providing supplier information to dispensaries in order for recall procedures to be implemented, if and when necessary.

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

(c) Labeling of all medical marijuana and medical marijuana products that shall, at a minimum, include the following:

1. List of pharmacologically active ingredients, including, but not limited to, tetrahydrocannabinol (THC) and cannabidiol (CBD) content, clear recommended dosage, and the size or volume of the recommended dose.

2. Clear indication, in bold font, that the product contains medical marijuana.

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

4. Identification of the source and date of cultivation and manufacture.

5. The name and location of the dispensary providing the product.

6. The date of sale.

7. Any other requirements set by the bureau.

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

(a) Baked edible medical marijuana products, including, but not limited to, brownies, bars, cookies, and cakes, tinctures, and other edible medical marijuana products that do not require refrigeration or hot holding may be manufactured, sold, or otherwise distributed at facilities issued a conditional license pursuant to Part 5 (commencing with Section 18100) of Division 7 of the Business and Professions Code.

(b) A facility issued a conditional license pursuant to Part 5 (commencing with Section 18100) of Division 7 of the Business and Professions Code shall have an owner or employee who has successfully passed an approved and accredited food safety certification examination as specified in Sections 113947.1, 113947.2, and 113947.3 prior to selling, manufacturing, or
distributing edible medical marijuana products requiring
refrigeration or hot holding.
(c) Individuals manufacturing or selling edible medical
marijuana products shall thoroughly wash their hands before
commencing production and before handling finished edible
medical marijuana products.
(d) All edible medical marijuana products sold for direct
consumption and infused with marijuana concentrate shall be
individually wrapped at the original point of preparation. The
products shall be packaged in a fashion that does not exceed a
single dosage for one individual.
(e) Products containing tetrahydrocannabinol (THC) shall be
prepared in compliance with maximum potency standards for THC
and THC concentrates set forth in the bureau’s regulations.
(f) Prior to sale or distribution at a licensed dispensing facility,
edible medical marijuana products shall be labeled and in an
opaque and tamper evident package. Labels and packages of edible
medical marijuana products shall meet the following requirements:
(1) Edible medical marijuana packages and labels shall not be
made to be attractive to children.
(2) All edible medical marijuana product labels shall include
the following information, prominently displayed and in a clear
and legible font:
   (A) Manufacture date and source.
   (B) The statement “KEEP OUT OF REACH OF CHILDREN
   AND ANIMALS” in bold print.
   (C) The statement “FOR MEDICAL USE ONLY.”
   (D) Net weight of medical marijuana in package.
   (E) A warning if nuts or other known allergens are used and
shall include the total weight, in ounces or grams, of medical
marijuana in the package.
   (F) List of pharmacologically active ingredients, including, but
not limited to, tetrahydrocannabinol (THC) and cannabidiol (CBD)
content, clear recommended dosage, and the size or volume of
recommended dose.
   (G) Any other requirement set by the bureau.
   (g) Photos or images of food are not allowed on edible medical
marijuana product packages or labels.
   (h) Only generic food names may be used to describe edible
medical marijuana products.
SEC. 9. On or before July 1, 2016, the State Board of Equalization shall compile a report on the actual estimated tax collected on the sale of medical marijuana, using the most current data available. The report should also include expected tax revenues, under the existing tax structure, for the years 2016 to 2021, inclusive. This report shall be submitted to the Legislature and the Governor’s office pursuant to Section 9795 of the Government Code.

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

SEC. 11. The Legislature finds and declares that Section 5 of this act imposes a limitation on the public’s right of access to the meetings of public bodies or the writings of public officials and agencies within the meaning of Section 3 of Article I of the California Constitution. Pursuant to that constitutional provision, the Legislature makes the following findings to demonstrate the interest protected by this limitation and the need for protecting that interest:

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

SEC. 12. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.
North Coast Counties Marijuana Policy Statement

Preamble
North Coast Counties have unique insight into the significant problems and opportunities posed by statewide regulation and potential legalization of adult recreational use of marijuana. Inconsistent State and Federal laws and existing ambiguities in State law have caused significant economic, environmental, and public safety impacts to North Coast Counties related to the cultivation and distribution of marijuana. We strongly encourage the adoption of comprehensive State marijuana policies that will protect local communities and governments and also respect local control.

There is a need for certain and uniform state regulation while at the same time allowing local governments the flexibility to address individual community needs. State regulation should set clear minimum guidelines and should expressly not preempt local government control. State law and policy should reflect the basic reality that economic effects, environmental impacts, and community sensitivity vary widely from rural to urban areas and from one area to another, and have a direct impact on local quality of life. It is imperative that counties retain local control to address impacts appropriately from rural to urban communities.

Policy Statements
I. Local Control
   • State leadership is critical to provide a comprehensive regulatory framework which clearly delineates the roles of local and state government.
   • Minimum statewide standards on a range of issues including licensing, safety, accounting, state taxation, cultivation standards, distribution and consumer standards should be developed with local input.
   • A statewide regulatory program must explicitly preserve the right of local jurisdictions to regulate items of local concern including authority to: issue business licenses and impose local taxes to produce funding streams to fully cover local costs; to enact land use regulations; and to enact other restrictions applicable to the cultivation, distribution, and sale of marijuana based on a local governing body’s determination of local needs.
   • Existing local authority to regulate or prohibit the indoor or outdoor cultivation of marijuana and the establishment of dispensaries in certain areas must be explicitly preserved.
   • The right of local jurisdictions to provide for the health, safety and welfare of their constituents must be respected within an overall state regulatory framework.

II. Revenue & Taxation
   • Counties must have the ability to impose fees and fines to recover direct costs of local regulation and code enforcement with respect to all aspects of marijuana cultivation, sales and distribution.
   • Counties must have the option to adopt local excise and sales taxes to recover enforcement, environmental and other costs, subject to uniform statewide tax cap limits.
• State and local marijuana related excise and sales tax limits must be set at a level that does not discourage transition to a regulated market.
• Counties must be granted flexibility to further incentivize the transition to a regulated market, for instance, by deferring full imposition of the adopted local tax structure.
• Marijuana, no matter its use (medical or recreational), must be subject to state and local taxation in the same manner and at the same level in order to provide regulatory certainty and avoid the difficulties inherent in establishing a dual system of administration.

III. Environmental Protection
• Environmental protection and remediation shall be paramount in any regulatory and/or funding framework.
• Best management practices must be developed and adopted.
• Current environmental enforcement should remain the responsibility of existing regulatory agencies.
• Adequate and flexible enforcement tools must be available to local jurisdictions, including the availability of incentives to encourage responsible environmental practices.
• Counties must receive adequate funding from the state to compensate for local environmental enforcement and remediation including legacy impacts.

IV. Economics
• Legalization of marijuana for adult recreational use will have economic implications for North Coast Counties. To mitigate negative effects, the state must allocate a portion of state revenue to assist counties.
• A statewide regulatory program must provide economic development assistance including job training to help North Coast counties of origin successfully rebuild their traditional resource based economies while transitioning to a fully regulated legalized marijuana industry.
• State leadership is also necessary to address larger education and research programs beyond the purview of individual counties. Much like tobacco, the state must allocate funds to implement research, education and prevention programs, particularly for youth, to mitigate marijuana abuse and dependence.
• To ensure that counties can differentiate their products in the marketplace a statewide chain of custody certification program is needed to allow local branding that highlights regional strains, sustainable environmental practices, responsible processing, and ethical business behavior. Chain of custody certification will increase value to local producers and encourage consumers to make responsible purchasing decisions.

Conclusion
North Coast Counties support a comprehensive state regulatory framework that explicitly preserves existing local control, while protecting the environment, local economies and quality of life. We welcome the opportunity to provide additional language and information that supports these policy concepts.
Attachment Six
North Coast Regional Summit on the Economic Impacts of Legalized Cannabis
North Coast Regional Summit on the Economic Impacts of Legalized Cannabis

Overview
Over the past year, the North Coast Counties have been informally discussing the possible impacts of legalized cannabis on the economies, the environment and public safety. With a desire to coordinate a larger discussion and possible action, a small group of supervisors and CAOs decided to move forward with a regional summit to share information and ideas and if possible, develop a unified regional public statement.

On March 5, 2015, the North Coast regional summit on the Economic Impacts of Legalized Cannabis was held at the City of Santa Rosa Utilities Field Operations Center. The goal of the Summit was to develop a regional and unified position statement to help shape state legislation in order to influence cannabis policy and potential legalization with appropriate local control. Supervisors and Chief Administrative officers (CAOs) attended from the counties of Del Norte, Humboldt, Lake, Mendocino, Sonoma and Trinity (Attachment A). In addition, legislative representatives, California State Association of Counties, Rural County Representatives of California and county staff participated in the summit.

Guest speakers at the event included:
- Assemblyman Jim Wood, 2nd District: Update on Assembly Bill 243
- Representatives from California State Association of Counties (CSAC), Rural County Representatives of California (RCRC) and legislative advocacy firm Shaw/Yoder/Antwich, Inc. provided updates on marijuana-related legislation.

The majority of the day was spent in breakout groups and a roundtable discussion between the Supervisors from the participating counties. While the primary focus of the Summit was on potential economic impacts to the region, participants also discussed important impacts on local governments that need to be addressed in a regulatory framework. Breakout group topics consisted of the policy areas of local control, revenue and taxation, environment and economics.

The results from the breakout groups were compiled to craft a working outline for a regional policy statement. Subsequent to the Summit, the Supervisors and CAOs have collaborated repeatedly to create a uniform policy statement that reflects the priorities identified through the event. Comments and feedback were solicited and incorporated into the development of the statement from the entire group of Supervisors, CAOs and the larger participant group. On April 22, 2015 the group of Supervisors approved a final North Coast Counties Marijuana Policy Statement. Adoption of a unified regional statement provides the opportunity for counties to come together and influence the state legislative process to protect, support and enhance our economies, environment and quality of life, while retaining local control. The North Coast Counties Marijuana Policy Statement will go before each County’s respective board in May for possible adoption as a companion statement to the individual Board of Supervisors Legislative platforms on Marijuana, coupled with the marijuana platforms from CSAC and RCRC. Upon regional adoption the Policy Statement will be sent to CSAC, RCRC and all rural counties for consideration.
## Attachment A

### North Coast Regional Summit

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<th>Supervisors and CAOs Attendees</th>
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<td><strong>Mendocino County</strong></td>
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<td>Mendocino Supervisor</td>
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