

**Amendments Mock-up for 2015-2016 AB-266 (Bonta (A) , Cooley (A) , Jones-Sawyer (A) ,
Lackey (A))**

*******Amendments are BOLDED, UNDERLINED, AND
ITALICIZED*******

**Mock-up based on Version Number 93 - Amended Senate 7/13/15
Submitted by: An-Chi and Max, Asm. Bonta**

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

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

(a) The people of California enacted the Compassionate Use Act of 1996 to ensure that seriously ill Californians have access to cannabis 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 cannabis to all patients in medical need of the drug.

(b) Federal enforcement authorities have recognized that in states that have authorized cannabis use and have enacted strong and effective regulatory and enforcement systems to control the cultivation, distribution, sale, and possession of cannabis, 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).

(c) Greater certainty and minimum statewide standards are urgently needed regarding the obligations of medical cannabis facilities, and for the imposition and enforcement of regulations to prevent unlawful cultivation and the diversion of cannabis to nonmedical use.

(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 cannabis laws does not threaten the federal priorities as set forth in the James M. Cole memorandum, and, therefore, does not require federal enforcement intervention.

(e) 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 cannabis dispensary or other facility that makes medical cannabis 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.

(f) If a city or county determines that a dispensary or other facility that makes medical cannabis 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 cannabis, 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 cannabis, including, but not limited to, security, signage, lighting, and inspections.

(g) ~~Nothing~~ *To the extent that this act does not conflict with or violate Section 11362.5 of the Health and Safety Code, nothing* in this act or 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 is intended to preempt any local ordinance regulating or banning the cultivation, processing, manufacturing, testing, transportation, distribution, provision, ~~donation,~~ or sale of medical cannabis, or to otherwise prevent or limit a city, county, or city and county from adopting or enforcing a zoning ordinance or other law, ordinance, or regulation that bans or regulates the location, operation, or establishment of any individual or other person that cultivates, processes, possesses, stores, manufactures, tests, transports, distributes, provides, ~~donates,~~ or sells cannabis.

(h) Nothing in this act is intended to interfere with an employer’s rights and obligations to maintain a drug and alcohol free workplace or to 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 prohibiting the use of cannabis by employees and prospective employees, or otherwise complying with state and federal law.

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

(j) Nothing in this act shall have a diminishing effect on the 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 cannabis 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) Repeated acts of clearly excessive recommending of cannabis to patients for medical purposes, or repeated acts of recommending cannabis to patients for medical purposes without a good faith prior examination of the patient and medical reason therefor.

~~(4)(5)~~ Sexual misconduct with one or more patients during a course of treatment or an examination.

~~(5)(6)~~ 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. **Recommending**

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medical cannabis 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. (a) 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.

(b) 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 cannabis constitutes unprofessional conduct.

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

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Article 25. Recommending Medical Cannabis

2525. (a) It is unlawful for a physician and surgeon who recommends cannabis to a patient for a medical purpose to accept, solicit, or offer any form of remuneration from or to a facility issued a state license pursuant to Chapter 3.5 (commencing with Section 19300) of Division 8, 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 cannabis.

2525.2. A physician and surgeon shall not recommend medical cannabis 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 Recommending medical cannabis to a patient for a medical purpose without an appropriate prior examination and a medical indication constitutes unprofessional conduct.

2525.4 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 cannabis constitutes unprofessional conduct.

SEC. 6. Chapter 3.5 (commencing with Section 19300) is added to Division 8 of the Business and Professions Code, to read:

CHAPTER 3.5. Medical Cannabis

Article 1. Definitions

19300. For purposes of this chapter, the following definitions shall apply:

“Accreditation body” means a nonprofit, impartial organization that requires conformance to ISO/IEC 17025 requirements and is a signatory to the International Laboratory Accreditation Cooperation Mutual Recognition Arrangement for Testing.

“Act” means the Medical Cannabis Regulation and Control Act.

“Batch” means a specific quantity of medical cannabis or medical cannabis products that is intended to have uniform character and quality, within specified limits, and is produced according to a single manufacturing order during the same cycle of manufacture.

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

(b) “Cannabis” means all parts of the plant *Cannabis 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. “Cannabis” 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 the separated resin, whether crude or purified, obtained from marijuana. Without limiting the definition, “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.

(c) “Cannabis concentrate” means manufactured cannabis that has undergone a process to concentrate the cannabinoid active ingredient, thereby increasing the product’s potency.

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

“Certificate of accreditation” means a certificate issued by an accrediting body for the licensed testing laboratory facility, entity or site to be registered in the state.

(e) **“~~Certified Licensed~~ testing laboratory” means ~~a laboratory that is certified by the State Department of Public Health to perform random sample testing of medical cannabis pursuant to the certification standards for these facilities promulgated by the department. any facility, entity, or site in the state that offers or performs tests of medical cannabis or medical cannabis products, and is all of the following:~~**

(1) **Accredited as operating to ISO standard 17025 by an accreditation body:**

- (A) That is a signatory to the International Laboratory Accreditation Cooperation Mutual Recognition Arrangement; and,
(B) That is independent from all other persons involved in the medical cannabis industry in the state; and,
2) Registered with the Department of Public Health.

(f) “Commercial cannabis activity” means any cultivation, possession, manufacture, processing, storing, laboratory testing, labeling, transporting, distribution, or sale of cannabis or cannabis product, ~~or any technology platform that enables qualified patients or primary caregivers to arrange for or facilitate any of the above-described functions with a third party~~ except as set forth in Section 19316.

(g) “Cultivation” means any activity involving the planting, growing, harvesting, drying, ~~processing,~~ curing, grading, or trimming of cannabis.

(h) “Delivery” means the commercial transfer of medical cannabis or medical cannabis products from a dispensary, up to an amount determined by the State Board of Equalization, to a primary caregiver or qualified patient, as defined in Section 11362.7 of the Health and Safety Code, a testing laboratory, or to an event or location where it will be used solely for promotional purposes. Delivery also includes the use by a dispensary of a third party technology platform that enables qualified patients or primary caregivers to arrange for or facilitate the commercial transfer of medical cannabis or medical cannabis products.

~~(i) “Delivery service” means a person issued a state license by the State Board of Equalization pursuant to this chapter and a local license or permit, to deliver medical cannabis or medical cannabis products, up to an amount determined by the department, 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.~~

(j) “Director” means the director of the Office of Medical Cannabis Regulation.

(k) “Dispensary” means a physical retail establishment operating from a fixed location, including mobile deliveries *that are expressly authorized by local ordinance* originating from the location, that makes retail sales of medical cannabis or medical cannabis products.

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

(m) “Distribution” means the procurement, sale, and transport of medical cannabis and medical cannabis products purchased and sold between licensed entities.

(n) “Distributor” means a person who is engaged in the business of purchasing medical cannabis in this state from a licensed cultivator or medical cannabis products from licensed manufacturers and who then in order

~~to distribute distributes the medical cannabis to a manufacturer or dispensary to other licensees of commercial cannabis activity.~~

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

(p) “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.

(q) “Fund” means the Medical Cannabis Regulation Fund established pursuant to Section 19361.

(r) “Identification program” means the universal identification certificate program for licensees.

“Immature plant” means a nonflowering live plant that is no taller than 8 inches and no wider than 8 inches.

(s) “Labor peace agreement” means an agreement between a licensee 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. The agreement shall provide a bona fide labor organization access at reasonable times to areas in which the applicant’s employees work, for the purpose of meeting with employees to discuss their right to representation, employment rights under state law, and terms and conditions of employment. This type of agreement shall not mandate a particular method of election or certification of the bona fide labor organization.

(t) “Licensed cultivation site” means a person that plants, grows, cultivates, harvests, dries, **cures, grades** or **processes trims** medical cannabis, or that does all or any combination of those activities, and that is issued a state license pursuant to this chapter and a local license or permit.

(u) “Licensed dispensing facility” means a person that provides medical cannabis, medical cannabis products, or devices for the use of medical cannabis or medical cannabis products, either individually or in any combination, that is issued a state license pursuant to this chapter and a local license or permit.

(v) “Licensed manufacturer” means a person that conducts the production, preparation, propagation, **or** **compounding, or processing** of medical cannabis or medical cannabis products, either directly or indirectly or by extraction **methods processes**, or independently by means of chemical synthesis or by a combination of extraction and chemical synthesis, and includes a location that packages or repackages medical cannabis or medical cannabis products or labeling or relabeling of its container, and that has been issued both a local license or permit and a state license pursuant to this chapter.

(w) “Licensed transporter” means a person issued a state license by the Board of Equalization to transport medical cannabis or medical cannabis products in an amount above a threshold ~~above a limit~~ determined by the ~~board~~ Board of Equalization between facilities that have been issued a state license or to dispensing facilities in the City of Los Angeles pursuant to this chapter.

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

(y) “Licensing authority” means the state agency responsible for granting and renewing state licenses and regulating the relevant licensees. For licensed cultivators, the licensing authority is the Division of Medical Cannabis Cultivation in the Department of Food and Agriculture. For dispensaries and transporters, the licensing authority is the Division of Medical Cannabis Regulation within the State Board of Equalization. For licensed manufacturers and certified licensed testing laboratories, the licensing authority is the Division of Medical Cannabis Manufacturing and Testing within the State Department of Public Health.

(z) “Live plants” means living medical cannabis flowers and plants, including seeds, immature plants, and vegetative stage plants.

“Lot” means a batch, or a specific identified portion of a batch, having uniform character and quality within specified limits; or, in the case of medical cannabis or medical cannabis products produced by a continuous process, it is a specific identified amount produced in a unit of time or quantity in a manner that assures its having uniform character and quality within specified limits.

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

(ab) “Manufacturing site” means a location that produces, prepares, propagates, or compounds, ~~or processes~~ medical cannabis or medical cannabis products, directly or indirectly, by extraction processes methods, independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis, and is owned and operated by a licensee for these activities pursuant to this chapter.

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

(ad) “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.

(ae) “Office” means the Governor’s Office of Medical Cannabis Regulation.

(af) "Permit," "local license," or "local permit" means an official document granted by a local jurisdiction that specifically authorizes a person to conduct commercial cannabis activity in the local jurisdiction.

(ag) "Person" means an 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.

(ah) "Pesticide" has the same meaning as the term as defined in Section 12753 of the Food and Agricultural Code.

~~(ah)~~ **(ai)** "State license " or "license" means a state license issued pursuant to this chapter.

~~(ai)~~**(aj)** "Topical cannabis" means a product intended for external use.

~~(aj)~~**(ak)** "Transport" means the transfer of medical cannabis or medical cannabis products from the permitted business location of one licensee to the permitted business location of another licensee, or to dispensing facilities in the City of Los Angeles, for the purposes of conducting commercial cannabis activity authorized by licensees pursuant to this chapter.

Article 2. Administration

19301. This chapter shall be known, and may be cited, as the Medical Cannabis Regulation and Control Act.

19302. (a) There is hereby created within the office of the Governor, the Governor's Office of Medical Cannabis Regulation, under the supervision and control of the Director of the Office of Medical Cannabis Regulation, who shall be appointed by the Governor, subject to Senate confirmation. **The Governor shall appoint the director at a salary to be fixed and determined by the director with the approval of the Director of Finance. The director shall receive the salary provided for by Chapter 6 (commencing with Section 11550) of Part 1 of Division 3 of Title 2.**

(b) The director shall be the appointing power of all employees within the office, and all heads of divisions, bureaus, and other employees in the office shall be responsible to the director for the proper carrying out of the duties and responsibilities of their respective positions.

(c) In developing a regulatory framework pursuant to this chapter, the director shall consult with state agencies possessing expertise in licensure and enforcement, including, but not limited to, the Department of Alcoholic Beverage Control and the Department of Consumer Affairs.

(d) By January 1, 2017, the office shall, in consultation with local governments, develop an enforcement framework that clarifies the enforcement roles of the state and local governments consistent with this chapter.

~~(d)(e)~~ The office shall have overall executive authority and responsibility for implementation of all aspects of medical cannabis regulation pursuant to this chapter.

~~(e)(f)~~ The office shall coordinate and provide oversight of all activities described in this chapter. The office shall lead all state and local authorities regarding the tracking of medical cannabis, medical cannabis products, and licensees pursuant to this chapter. *All departments and divisions specified in Section 19304 shall report directly to the office. Any information technology systems created to store and process data related to commercial cannabis licensing shall be integrated, and all licensing data shall be immediately available to each licensing authority and to the office.*

19303. The office shall maintain a registry of all permit holders and shall maintain a record of all state 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 office 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.

19304. ~~(a)~~ The following entities shall report to and be directly accountable to the office for their respective designated responsibilities within the regulatory and enforcement framework, as follows:

~~(1)~~

~~(a)~~ The Division of Medical Cannabis Regulation, which is established within the State Board of Equalization, shall do all of the following:

~~(A)~~

~~(1)~~ Be administered by a person who is ~~appointed~~ *hired* by the ~~Governor, subject to Senate confirmation.~~ *State Board of Equalization, and who 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).*

~~(B)~~

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

~~(2)~~

~~(b)~~ The Division of Medical Cannabis Manufacturing and Testing, which is established within the State Department of Public Health, shall do all of the following:

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~~(A)~~

(1) Be administered by a person who is appointed by the ~~Governor, subject to Senate confirmation.~~ State Department of Public Health, and who 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).

~~(B)~~

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

~~(3)~~

(c) The Division of Medical Cannabis Cultivation, which is established within the Department of Food and Agriculture, shall do all of the following:

~~(A)~~

(1) Be administered by a person who is appointed by the ~~Governor, subject to Senate confirmation.~~ Department of Food and Agriculture, and who 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).

~~(B)~~

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

~~(4)~~

(d) The California Environmental Protection Agency and the California Natural Resources Agency shall coordinate and direct the following entities in the discharge of their designated regulatory responsibilities:

~~(A)~~

(1) The State Water Resources Control Board shall promulgate regulations related to discharge into waterways, and diversion therefrom, resulting from cannabis cultivation.

~~(B)~~

(2) The Department of Fish and Wildlife shall promulgate regulations of cultivation activities for the protection of any species affected by cultivation activity, and regulations for any cultivation-related development, including alteration of waterways.

(3) The Department of Pesticide Regulation shall promulgate regulations consistent with Division 6 (commencing with Section 11401) of the Food and Agricultural Code.

~~(5)~~

(e) The Department of Justice shall conduct the following activities:

~~(A)~~

(1) Perform criminal background checks of applicants for licensure.

~~(B)~~

(2) Develop uniform security standards for dispensaries and all phases of transport covered by this chapter.

~~(C)~~

(3) Provide supplemental enforcement on an as-needed basis at the request of the office.

19305. (a) The office and licensing authorities shall have the authority necessary for the implementation of this chapter, including, but not limited to, all of the following:

(1) Establishing rules or regulations necessary to carry out the purposes and intent of this chapter and to enable the office and licensing authorities to exercise the powers and perform the duties conferred by this chapter 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 Article 3 (commencing with Section 19307), or specified in Section 7 of Article XI of the California Constitution, or any other law. For the performance of its duties, the office has the powers 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. The office shall review all regulations and guidance promulgated by licensing authorities in the administration of this chapter to ensure no duplication, overlap, *conflict, or promulgation of ~~or~~* inconsistent regulations occur between licensing authorities. *The office may require the licensing authorities to resubmit regulations to the Office of Administrative Law, as it deems necessary.*

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

(3) Issuing state licenses to persons for the cultivation, distribution, manufacture, transportation, and retail sale of medical cannabis within the state.

(4) ~~Setting~~ Establishing procedures and associated fees for the application ~~for licensing, issuance of~~ and renewal ~~fees for of~~ state licenses issued pursuant to this chapter.

(5) Establishing standards for commercial cannabis activity.

(6) Establishing procedures for the ~~issuance, renewal,~~ suspension, denial, and revocation of state licenses.

(7) Imposing a penalty authorized by this chapter or any rule or regulation adopted pursuant to this chapter.

(8) ~~Taking action with respect to~~ Approval or denial of an application for a state license in accordance with procedures established pursuant to this chapter.

(9) Overseeing the operation of the Medical Cannabis Regulation Fund, established pursuant to Section 19361.

(10) Consulting with other state or local agencies, departments, representatives of the medical cannabis community, or public or private entities for the purposes of establishing statewide standards and regulations.

(b) Protection of the public's health and safety shall be the highest priority for the office and the licensing authorities in exercising the licensing, regulatory, and disciplinary functions pursuant to this chapter. Whenever the protection of the public's health and safety is inconsistent with other interests sought to be promoted, the protection of the public's health and safety shall be paramount.

19306. (a) The office, by April 1, 2016, shall convene a task force, which shall advise the office on the development of standards pursuant to this chapter. The task force shall be responsible for recommending to the office the appropriate roles of each state entity as it pertains to this chapter, and shall recommend guidelines on communication and information sharing between state entities, and with local agencies, for implementation of this chapter. Notwithstanding Section 10231.5 of the Government Code, the task force shall submit a report on these standards, determinations, and guidelines for implementation of this chapter to the Legislature and state entities affected by this chapter by August 1, 2016. The report submitted to the Legislature shall be submitted in compliance with Section 9795 of the Government Code.

(b) The task force shall be comprised of ~~15~~ 21 members, each of whom shall ~~serve~~ *be appointed to* a two-year term, as follows:

(1) ~~Four~~ Five members to be appointed by the Governor, as follows:

- (A) A member representing counties.
- (B) A member representing cities.
- (C) A member representing local law enforcement.
- (D) A member representing state law enforcement.

(E) A member representing medical cannabis distributors.

(2) ~~Three~~ **Five** members to be appointed by the *Speaker of the Assembly*, as follows:

- (A) A member representing labor.
- (B) A member representing ~~the medical cannabis industry~~ **medical cannabis manufacturers.**
- (C) A member with public health expertise.

(D) A member with environmental expertise.

(E) A member representing medical cannabis testing laboratories.

(3) ~~Three~~ **Five** members to be appointed by the ~~Senate~~, *Senate Committee on Rules*, as follows:

- (A) A member representing qualified medical cannabis patients and caregivers.
- (B) ~~A member with environmental expertise.~~ A member representing physicians. This member shall have a minimum of two years experience recommending medical cannabis to qualified patients.

(C) A member representing medical cannabis cultivators.

(D) A member representing medical cannabis dispensaries.

(E) A member representing the protections of minors.

(4) The director or chief of each of the following state agencies, or his or her designee:

- (A) The Department of Food and Agriculture.
- (B) State Department of Public Health.

(C) ~~The Chair of the~~ State Board of Equalization.

(D) Department of Justice.

(E) Department of the California Highway Patrol.

(F) California Environmental Protection Agency.

(c) Task force members shall serve on a voluntary basis and shall be responsible for costs associated with their participation in the task force. The licensing authorities shall not be responsible for travel costs incurred by task force members or otherwise compensating task force members for costs associated with their participation in the task force.

(d) Each member shall only have one vote in determinations of the task force.

(e) The office shall not be responsible for any costs associated with the task force.

19306.5. (a) The task force established in Section 19306 shall work with representatives of medical cannabis patient groups and physicians and shall, on or before July 1, 2016, establish best practices and guidelines to ensure qualified patients have adequate access to medical cannabis and medical cannabis products. These best practices and guidelines shall be sent in a report to the Legislature and to all local authorities that have implemented local ordinances that ban exempt individuals of this chapter from engaging in cultivation or possession of medical cannabis or medical cannabis products within their jurisdictions.

(b) The report be submitted in compliance with Section 9795 of the Government Code.

(c) This section shall remain in effect only until January 1, 2017, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2017, deletes or extends that date.

Article 3. Enforcement and Local Control

19307. (a) Each licensing authority shall work in conjunction with local agencies for the purposes of implementing, administering, and enforcing this chapter, and 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) Except for persons employed by the State Board of Equalization, the director and the persons employed by the licensing authorities for the administration and enforcement of this chapter are, for purposes of this chapter, peace officers in the enforcement of the penal provisions of this chapter, the regulations adopted pursuant to this chapter, and any other penal provisions of law prohibiting or regulating the cultivation, processing, storing, manufacturing, testing, transporting, or selling of medical cannabis. These persons may, while acting as peace officers, enforce any penal provisions of state law applicable to this chapter while in the course of their employment.~~

~~(c) The regulatory directors, persons employed by the licensing authorities for the administration and enforcement of this chapter, peace officers listed in Section 830.1 of the Penal Code, persons listed in Section 830.11 of the Penal Code, and officers listed in Section 830.6 of the Penal Code, while acting in the course and scope of their employment as peace officers,~~

(b) Peace officers, as defined in Chapter 4.5 (commencing with Section 830) of the Penal Code, may, in enforcing this chapter, visit and inspect the premises of a licensee pursuant to subdivision (f) of Section 19326.

~~(d)~~

~~(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 a licensee pursuant to subdivision (f) of Section 19326.~~

~~19308. (a) By January 1, 2017, the office shall, in consultation with local governments, develop an enforcement framework that clarifies the enforcement roles of the state and local governments consistent with this chapter.~~ Local agencies are authorized to enforce any state statutory or regulatory standard.

(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 state license.

19309. (a) For facilities issued a state license that are located within the incorporated area of a city, the city shall have full power and authority to enforce this chapter and the ~~rules, regulations, and standards~~ promulgated by the office or any licensing authority. Notwithstanding Sections 101375, 101400, and 101405 of the Health and Safety Code or any contract entered into pursuant thereto, or any other law, 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, including a county health officer, 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 chapter and the ~~rules, regulations, and standards~~ promulgated by the office or any licensing authority.

(c) ~~All standards and regulations promulgated pursuant to this chapter shall be the minimum standards and regulations for obtaining and maintaining a state license.~~ State agencies shall collaborate with local agencies to enforce state standards and regulations to the extent that it is within the scope of other statutory responsibilities of local agencies and to the extent that resources for this enforcement are available *and appropriated by the local governing body* to the local agencies. ~~This section shall not limit any other state or local requirements.~~

(d) Pursuant to Section 7 of Article XI of the California Constitution, a city, county, or city and county may adopt ordinances that establish additional standards, requirements, and regulations for local licenses and permits for commercial cannabis activity. For all conflicts between the state and local standards, requirements, and regulations regarding health and safety, testing, security, and worker protections, the state shall preempt local ordinances.

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

19310. (a) The director of a licensing authority or a 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 a 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. A 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 office and the appropriate licensing authority of violations or arrests made for violations over which the licensing authority has jurisdiction that involve a licensee or licensed premises. Notice shall be given within 10 days of the violation or arrest. The office or licensing authority shall promptly investigate as to whether grounds exist for suspension or revocation of the state license.

(c) This chapter shall not be construed to limit a state or local agency's ability to investigate unlawful activity in relation to a state license.

(d) Nothing in this chapter shall prevent a city or other local governing body from taking action as specified in Section 19315 of this code or Section 11362.83 of the Health and Safety Code.

(e) The office shall establish and oversee procedures to provide any relevant state and local agencies, including all licensing authorities, upon their request, with 24-hour access to information to verify a state license, track transportation manifests, and track the inventories of facilities issued a state license. ***This record These procedures shall include, but not be limited to, allow the authorization of*** state and local law enforcement, agencies, and licensing entities to verify a state license and 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 licensee's mailing address.

19312. (a) This chapter 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 provides potential limited immunity to medical cannabis businesses as defined by Measure D consistent with the terms of the measure and local ordinances. Notwithstanding the provisions of this part, cannabis businesses within the City of Los Angeles shall continue to be subject to Measure D and any and all other applicable ordinances and regulations of the City of Los Angeles.

(b) It is the intent of the Legislature to recognize the unique circumstances of the City of Los Angeles with respect to Measure D and associated rules related to commercial cannabis activity. In light of these unique circumstances, the provisions of Sections 19319 19318.5 and 19338 19337.1 shall apply in the City of Los Angeles.

(c) The State Board of Equalization shall enter into a memorandum of understanding with the appropriate department or departments of the City of Los Angeles to establish protocols for the following:

(1) Tracking businesses granted immunity pursuant to Measure D, as approved by the voters of the City of Los Angeles at the May 21, 2013, general election. entities with a Business Tax Registration Certificate of class L050, Medical Marijuana Collective, or its successor classification.

(2) Tracking medical cannabis and medical cannabis products to and from the City of Los Angeles.

(3) Allowing for the legal transfer of medical cannabis and medical cannabis products from outside the jurisdiction of the City of Los Angeles to within the city by licensees conducting commercial cannabis activities outside of the city.

19313. (a) The actions of a licensee or provisional licensee, its employees, and its agents, that are permitted pursuant to both a state license or provisional 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 chapter and regulations adopted pursuant to 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.

(b) The actions of a person who, in good faith and upon investigation, allows his or her property to be used by a licensee or provisional licensee, its employees, and its agents, as permitted pursuant to both a state 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, 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 and permitted by local ordinance but not fully in compliance with this chapter shall be subject to the enforcement provisions of this chapter and

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shall not be subject to the penal provisions of state law 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, county, or city and county under any provision of law, including, without limitation, Section 7 of Article XI of the California Constitution.~~

19314. (a) A person engaging in commercial cannabis activity without a license required by this chapter shall be subject to civil penalties of up to twice the amount of the license fee for each violation, and the office, licensing authority, or court may order the destruction of medical cannabis associated with that violation. Each day of operation shall constitute a separate violation of this section. All civil penalties imposed and collected pursuant to this section shall be deposited into the Medical Cannabis Fines and Penalties Account established pursuant to Section 19361. A day of operation is defined to mean any period of time within a 24-hour period. This section shall not apply to unlicensed facilities in the City of Los Angeles.

(b) If an action for civil penalties on a licensee pursuant to this chapter is brought by the Attorney General, the penalty collected shall be deposited into the General Fund. 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. If the action is brought by a city attorney or city prosecutor of a city and county, the penalty collected shall be paid to the treasurer of the city and county in which the judgment was entered. If the action is brought by a city attorney or a city prosecutor adjudicated in Superior Court, located in an unincorporated area or another city in the same county, the penalty collected shall be divided equally between the city of the city attorney or city prosecutor who brought the action and the jurisdiction in which the action occurred.

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

19315. (a) ~~This~~ *To the extent that this chapter does not interfere with or violate Section 11362.5 of the Health and Safety Code, this* chapter does not, nor do 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, county, or city and county from doing any of the following:

(1) Adopting local ordinances, whether consistent or inconsistent with this chapter, that do the following:

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

(B) Prohibit *commercial* cannabis activity within their jurisdiction.

- (2) Providing for the administrative, civil, or criminal enforcement of the ordinances described in paragraph (1).
- (3) Establishing a fee for the operation within its jurisdiction of any of the following:
- (A) A licensee.
 - (B) Another person that cultivates, processes, possesses, stores, manufactures, tests, transports, distributes, or sells medical cannabis or medical cannabis products.
 - (C) A person exempt from licensure pursuant to this chapter.
- (4) Enacting and enforcing other laws or ordinances pursuant to the authority granted by Section 7 of Article XI of the California Constitution.
- (b) ~~Nothing~~ *To the extent that this chapter does not interfere with or violate Section 11362.5 of the Health and Safety Code, 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 bans or regulates the location, operation, or establishment of a licensee or other person that engages in *commercial* cannabis activity.

Article 4. Licensure

- 19316.** (a) This chapter shall not apply to, and shall have no diminishing effect on the protections granted to, a patient or a primary caregiver pursuant to the Compassionate Use Act of 1996.
- (b) (1) A qualified patient who cultivates, possesses, stores, manufactures, or transports cannabis exclusively for his or her personal medical use but who does not provide, donate, 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 no more than five specified qualified patients for whom he or she is the primary caregiver within the meaning of Section 11362.7 of the Health and Safety Code but who does not receive remuneration for these activities except for compensation in full compliance with subdivision (c) of Section 11362.765 of the Health and Safety Code is not engaged in commercial cannabis activity and is, therefore, exempt from the licensure requirements of this chapter.

(c) ~~Exemption~~ *To the extent that this chapter does not interfere with or violate Section 11362.5 of the Health and Safety Code, exemption* from the license requirements of this chapter shall not limit or prevent a city, county, or city and county from regulating or banning the cultivation, storage, manufacture, transport, provision, or other activity by the exempt person, or impair the enforcement of that regulation or ban.

19317. ~~The~~ *To the extent that this chapter does not interfere with or violate Section 11362.5 of the Health and Safety Code, the* state shall have the right and authority to conduct state licensure activities and to regulate commercial cannabis activity pursuant to this chapter. Local governments have the right and authority to regulate *commercial* cannabis activity within their jurisdiction, including granting or refusing to grant permits pursuant to local ordinances. In the exercise of these rights and powers, the state and each of its agencies, and all local agencies, are hereby deemed not to be engaged in activities requiring licensure under this chapter.

19318. (a) Licensing authorities may issue state licenses only to qualified applicants engaging in commercial cannabis activity pursuant to this chapter. Except as specified in Section ~~19318.1, 19318.5, beginning January 1, 2018, upon the date of implementation of regulations by the licensing authorities,~~ no person shall engage in commercial cannabis activity without possessing *both* a state license and a local ~~permit.~~ *permit, license, or other authorization.* For purposes of this section, “state license” includes a provisional license issued pursuant to Article 6 (commencing with Section 19330).

(b) Local permits shall be determined by local ordinances. Licensing authorities issuing state licenses shall have sole authority to revoke a state license. Local agencies issuing local permits shall have sole authority to revoke a local permit.

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

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

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

(f) If a local government agency notifies the office or a licensing authority and provides evidence that a licensee or applicant within its jurisdiction is in violation of local ordinances relating to *commercial* cannabis activities, the licensing authority shall schedule a hearing to determine whether the evidence is sufficient to constitute grounds for the revocation of the license within 20 working ~~days.~~ *days pursuant to Section 19323.*

(g) Revocation of a state license or local license or permit shall terminate the ability of a medical cannabis business to operate within ~~California~~ *California until the licensing authority or local jurisdiction reinstates or reissues the state license or local license or permit.*

19318.5. (a) A licensing authority shall not issue a license to an applicant who proposes to operate within the City of Los Angeles, regardless of the activity for which the license is sought.

(b) A medical cannabis business, as defined by Measure D, within the City of Los Angeles shall comply with all standards and regulations applicable to the commercial cannabis activity or activities engaged in by that medical cannabis business with respect to all of the following:

(1) Standards *to be defined by the Division of Medical Cannabis Manufacturing and Testing* for the production, labeling, and manufacture of medical cannabis and medical cannabis products, in accordance with Article 7 (commencing with Section 19332) and Article 10 (commencing with Section 19342).

(2) Standards regarding the application of pesticides, in accordance with Article 7 (commencing with Section 19332).

(3) Regulations to be promulgated by the State Board of Equalization, in accordance with Article 8 (commencing with Section 19334), governing dispensing facilities and transporters to the extent that those regulations relate to health and safety standards, environmental standards, worker protections, or security requirements.

(4) Security measures regarding transported medical cannabis, in accordance with Section 19337.

(5) Standards to be promulgated by the Division of Medical Cannabis Manufacturing and Testing regarding health and safety, in accordance with Article 10 (commencing with Section 19342).

(c) The City of Los Angeles shall have the full power, authority, and discretion to enforce all standards and regulations required by this section.

19319. (a) A licensing authority shall promulgate regulations for implementation *of its respective responsibilities in the and* enforcement of this chapter, 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) Procedures for the issuance, renewal, suspension, denial, and revocation of a state license *and establishing related fines and penalties to be assessed against licensees for violations of this chapter.*

(3) Procedures for appeal of fines and the appeal of denial, suspension, or revocation of a state license.

(4) Application, licensing, and renewal forms and fees. All fees shall be established on a scaled basis, depending on the size or tier of the license.

(5) Time periods, not to exceed 90 days, by which the licensing authority shall approve or deny an application for a state license. The failure of the licensing authority to act upon an application for licensure within the time prescribed shall not be deemed approval of the application.

(6) Qualifications for licensees.

(7) Security requirements, including, but not limited to, procedures for limiting access to facilities, **to prevent diversion of product to nonmedical use**, and for the screening of employees. All screening processes shall adhere to guidance and best practices established by the United States Equal Employment Opportunity Commission, including, but not limited to, those on hiring practices relating to the consideration of arrest and conviction records in employment decisions under Title VII of the Civil Rights Act of 1964. **Employers shall not ask applicants about arrests or convictions on job applications and, if and when they make such inquiries, the inquiries shall be limited to convictions for which exclusion would be job related for the position in question and consistent with business necessity or for the purposes of compliance with the Commercial Motor Vehicle Safety Act of 1986, 49 USC section 2701 et seq..**

(8) Requirements to ensure that all licensees **and certified testing laboratories** conform with applicable standards equivalent to state statutory environmental, agricultural, consumer protection, and food and product safety requirements. These standards shall be in addition, and not limited, to any other state and local requirements.

(9) Develop procedures to ensure each licensee holds and maintains a seller's permit required pursuant to Part 1 (commencing with Section 6001) of Division 2 of the Revenue and Taxation Code.

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

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

(12) Establish procedures for the suspension, revocation, or surrender of a state license,

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

~~(b)(e)~~ A state license application approved by a 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.

~~(c)(d)~~ Each licensing authority may adopt regulations for additional licenses for cannabis activity within its statutory jurisdiction pursuant to this chapter, as deemed necessary.

~~(d)(e)~~ Each state license application approved by a licensing authority shall be reported to the office within 24 hours of its approval.

~~(e)(f)~~ A licensing authority shall not issue a state license unless the applicant has met all of the requirements of this chapter.

~~(g) The regulations shall not limit the authority of a city, county, or city and county pursuant to Section 7 of Article XI of the California Constitution or any other law. The regulations shall do all of the following:~~

~~(1) Establish procedures for approval, renewal, or denial of applications for state 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.~~

~~(2) Establish applicant qualifications.~~

~~(3) Establish state licensee employee qualifications, including, but not limited to, training and screening requirements. All screening processes shall adhere to guidance and best practices established by the United States Equal Employment Opportunity Commission, including, but not limited to, those relating to hiring practices on the consideration of arrest and conviction records in employment decisions under Title VII of the Civil Rights Act of 1964.~~

~~(4) Establish state licensee security requirements, including, but not limited to, procedures to limit access to facilities and to prevent diversion of product to nonmedical use.~~

~~(5) Establish procedures and protocols for identifying, managing, and disposing of contaminated, adulterated, deteriorated, or excess product.~~

~~(6) Establish advertising, marketing, signage, and labeling requirements and restrictions.~~

~~(7) Establish procedures for the suspension, revocation, or surrender of a state license, and establishing related fines and penalties to be assessed against licensees for violations of this chapter.~~

19320. (a) An applicant for a state license shall do all of the following:

- (1) Pay the fee or fees required by this chapter for each state license for which an application is submitted.
- (2) Register with the licensing authority on forms prescribed by the licensing authority. 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.
- (3) Provide a description, in writing, of 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 ~~four~~ *three* years. 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.
- (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 cannabis, personnel policies, and recordkeeping procedures. All screening processes shall adhere to guidance and best practices established by the United States Equal Employment Opportunity Commission, including, but not limited to, those relating to hiring practices on the consideration of arrest and conviction records in employment decisions under Title VII of the Civil Rights Act of 1964.
- (6) Submit the applicant’s fingerprint images as follows:
 - (A) 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.
 - (B) 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.

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

(D) The licensing authority shall request from the Department of Justice subsequent notification service, as provided pursuant to Section 11105.2 of the Penal Code, for applicants.

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

(7) Provide documentation issued by the local jurisdiction in which the proposed business is operating or will operate certifying that the applicant is or will be in compliance with all local ordinances and regulations.

(8) Provide evidence of the legal right to occupy and use an established location.

(9) If the proposed facility is a cultivator or a dispensary, provide evidence that the proposed facility is located beyond at least a 600 foot radius from a school, as required by Section 11362.768 of the Health and Safety Code.

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

(11) (A) 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.

(B) For the purposes of this paragraph, “employee” does not include a supervisor.

(C) For purposes of this paragraph, “supervisor” means an individual having authority, in the interest of the licensee, to hire, transfer, suspend, lay off, recall, promote, discharge, assign, reward, or discipline other employees, or responsibility to direct them or to adjust their grievances, or effectively to recommend such action, if, in connection with the foregoing, the exercise of that authority is not of a merely routine or clerical nature, but requires the use of independent judgment.

(D) Provide the applicant’s seller’s permit number issued pursuant to Part 1 (commencing with Section 6001) of Division 2 of the Revenue and Taxation Code, or indicate that the applicant is currently applying for a seller’s permit.

(12) Provide any other information required by the licensing authority.

(13) For an applicant seeking a cultivation license, provide 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.

(14) For an applicant seeking a cultivator, distributor, or dispensary license, provide a notarized statement from the owner of real property or their agent where the cultivation, distribution, manufacturing, or dispensing commercial medical cannabis activities will occur, as proof to demonstrate the landowner has acknowledged and consented to permit cultivation, distribution, or dispensary activities to be conducted on the property by the tenant applicant.

(15) For an applicant seeking a testing license, register with the Department of Public Health by submitting the following:

(A) A completed independent laboratory registration form, as established by the Department of Public Health.

(B) A copy of the certificate of accreditation accompanied by the scope of accreditation.

(C) Submit the name, address, date of birth, and Social Security Number of each licensed testing laboratory employee and a copy of the application form completed by each licensed testing laboratory employee.

(b) Each location and each discrete use of a single location shall require a separate state license. Each application for a state license is separate and distinct, and the licensing authority may charge a separate fee for each.

(c) For applicants seeking a state license to cultivate, distribute, or manufacture, the application shall also include a detailed description of the operating procedures for all of the following, as applicable:

(1) Cultivation.

(2) Extraction and infusion methods.

(3) The transportation process.

(4) Inventory procedures.

(5) Quality control procedures.

19321. (a) Upon receipt of an application for licensure and the applicable fee, each licensing authority shall make a thorough investigation to determine whether the applicant and the premises for which a state license is applied qualify for the state 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) A licensing authority shall deny an application if either the applicant or the premises for which a state license is applied do not qualify for licensure under this chapter.

(c) A licensing authority may place reasonable conditions upon licensure if grounds exist for denial of the state license, and the licensing authority finds those grounds may be removed by the imposition of those conditions. However, the limitations set forth in paragraphs ~~(15)~~ (6), (15), and (18) of subdivision (d) shall not be waived.

(d) Each licensing authority ~~may~~ shall deny the application for licensure or renewal, or suspend or revoke a state license, if any of the following conditions apply:

(1) An entity 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) **Conduct that constitutes fraud.**~~

~~(2) **Conduct involving dishonesty, fraud, deceit or gross negligence with the intent to substantially benefit himself or herself or another, or substantially injure another.**~~

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

~~(4) (3) Failure to comply with the provisions of this chapter or any rule or regulation adopted pursuant to this chapter.~~

~~(5) (4) Conduct that constitutes grounds for denial of licensure pursuant to Chapter 2 (commencing with Section 480) of Division 1.5.~~

~~(6) (5) Local agencies have notified the licensing authority or the office and provided evidence that a licensee or applicant within its jurisdiction is in violation of local ordinances relating to medical cannabis activities.~~

~~(7) (6) The applicant fails to meet the requirements of this chapter or any regulation adopted pursuant to this chapter or any applicable city, county, or city and county ordinance or regulation. If a local government adopts an ordinance or resolution authorizing medical cannabis to be cultivated, manufactured, stored, distributed, or sold within its jurisdiction, it may submit to the office documentation detailing their renewal requirements. Failure to submit an ordinance or resolution to the office shall not impair the enforceability of the ordinance or resolution. Ordinances or resolutions that are not submitted pursuant to this subdivision shall not be considered in denial of licensure pursuant to this chapter.~~

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

~~(9) (8) **The applicant holding or seeking a state license has been convicted of a misdemeanor involving moral turpitude, excluding misdemeanors involving possession of a controlled substance.**~~

~~(10)~~ (9) The **application applicant** has failed to state with sufficient specificity the jurisdiction and location at which the applicant proposes to establish operations.

~~(11)~~ (10) The applicant, or any of its officers, directors, or owners, is under 21 years of age.

~~(12)~~ (11) The applicant fails to provide notarized written proof that the owner of real property or landlord has acknowledged and consented to its tenant's proposed cultivation or dispensing of medical cannabis or medical cannabis products.

~~(13)~~ (12) The applicant has failed to provide information requested.

(12)-(13) Unless otherwise provided by this paragraph, the applicant, or any of its officers, directors, or owners, has been convicted of a crime or act that is substantially related to the qualifications, functions, or duties of the business or profession for which the application is made. A conviction within the meaning of this section means a plea or verdict of guilty or a conviction following a plea of nolo contendere. Any action that a licensing authority is permitted to take following the establishment of a conviction including, but not limited to, the issuance, renewal, suspension, and revocation of a license for commercial cannabis activity pursuant to this chapter, shall be held in abeyance until after the time for appeal has elapsed, or the judgment of conviction has been affirmed on appeal. Action may be taken when an order granting probation is made suspending the imposition of sentence, irrespective of a subsequent order under the provisions of section 1203.4, 1203.4a, or 1203.41 of the Penal Code.

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

(i) The applicant has been convicted of transporting a controlled substance pursuant to Health and Safety Code Section 11352 or 11379 prior to the amendment enacted on January 1, 2014, and the facts underlying the conviction establish that the applicant did not transport the controlled substance with the intent to sell or aid and abet the commission of, or conspiracy to commit, transport of the controlled substance.

(ii) The applicant has been convicted of a felony for conduct that would be entitled to an affirmative defense pursuant to Health and Safety Code Sections 11362.5 and 11362.775.

(iii) The applicant had a conviction that was subsequently dismissed under the provisions of Sections 1203.4, 1203.4a, or 1203.41 of the Penal Code.

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

(i) He or she has obtained a certificate of rehabilitation under Chapter 3.5 (commencing with section 4852.01) of Title 6 of Part 3 of the Penal Code, for a crime or act that is substantially related to the qualifications, functions, or duties of the business or profession for which the application is made; or,

(ii) He or she has been convicted of a misdemeanor, and he or she has met all of applicable requirements of the criteria of rehabilitation developed by the licensing authority to evaluate the rehabilitation of a person when considering the denial of license.

(C) If the applicant has been convicted for a crime or act that is substantially related to the qualifications, functions, or duties of the business or profession for which the application is made, the licensing authority shall conduct a thorough investigation of the nature of the crime, conviction, circumstances, and evidence of rehabilitation of the applicant, and evaluate the suitability of the applicant to be issued a state license based on the evidence found through the investigation. In the evaluation, public protection shall take priority over

rehabilitation and, where evidence of rehabilitation and public protection are in conflict, public protection shall take precedence.

~~a felony criminal conviction for the possession for sale, sale, manufacture, transportation, or cultivation of a controlled substance, including a narcotic drug classified in Schedule II, III, IV, or V, but excluding marijuana, for drug trafficking involving a minor, felonies subject to enhancements Section 11370.4 or 11379.8 of the Health and Safety Code, 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 licensing authority's determination, would impair the applicant's ability to appropriately operate as a state licensee. The licensing authority may, at its discretion, issue a state license to an applicant that has obtained a certificate of rehabilitation pursuant to Section 4852.13 of the Penal Code. It is the intent of the Legislature to further determine the suitability of applicants for licensure with prior felonies specific to cannabis.~~

~~(15)~~ (14) The applicant, or any of its officers, directors, or owners, is a licensed physician making patient recommendations for medical cannabis.

~~(16)~~ (15) The applicant, or any of its officers, directors, or owners, has been sanctioned by a licensing authority, the office, or a city, county, or a city and county for unlicensed commercial medical cannabis activities or has had a license revoked under this chapter in the previous three years.

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

~~(18)~~ (17) The proposed commercial medical cannabis activity will violate any applicable local law or ordinance.

~~(19)~~ (18) The applicant has had 20 employees or more in the past year and failed to enter into a labor peace agreement.

~~(20)~~ (19) The applicant or the owner is unable to establish that he or she has been a resident of the state for not less than ~~four~~ *three* years.

~~(21)~~ (20) Failure to obtain and maintain a valid seller's permit ~~requires~~ required pursuant to Part 1 (commencing with Section 6001) of the Revenue and Taxation Code.

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

(e) 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 was 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.

19322. (a) A licensing authority may refuse to issue, reinstate, or renew a state license, or may suspend a state license for failure of a licensee to resolve all outstanding final liabilities, including, but not limited to, taxes, additions to tax, penalties, interest, and fees that have been assessed by the State Board of Equalization.

(1) Until the final liabilities covered by this section are satisfied, a person named on a state license that has been suspended pursuant to this section shall be prohibited from serving in any capacity that is subject to licensure pursuant to this chapter, but may act as a nonsupervising employee.

(2) All state licenses issued with the same personnel of record that have been assessed an outstanding liability covered by this section shall be suspended until the debt has been satisfied or until the indebted personnel of record disassociate themselves from the licensee.

(b) The refusal to issue a state license or the suspension of a state license as provided by this section shall occur only if the licensing authority has mailed a notice, prior to the refusal or suspension, that indicates that the state license will be refused or suspended by a date certain. This preliminary notice shall be mailed to the licensee at least 60 days before the date certain.

(c) This section shall not apply to any outstanding final liability if the licensee has entered into an installment payment agreement for that liability with the State Board of Equalization and is in compliance with the terms of that agreement.

19323. (a) Provided the applicant has not committed an act or crime constituting grounds for the denial of licensure under Section 19321, a licensing authority may issue a state license and send a proof of issuance to the applicant.

(b) A licensing authority shall, by regulation, prescribe conditions upon which a person whose state license has previously been denied, suspended, or revoked, may be issued a state license.

19324. The office may adopt regulations to limit the number of state licenses issued pursuant to this chapter upon a finding that the otherwise unrestricted issuance of state licenses is dangerous to the public's health and safety.

Article 5. Regulation of Medical Cannabis

19325. (a) Except as provided in Section 11362.5 of the Health and Safety Code and Section 19316, a person shall not sell, distribute, provide, or donate medical cannabis or medical cannabis products 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 and Section 19316, a person shall not cultivate medical cannabis 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 and Section 19316, a person other than a licensed manufacturer shall not manufacture or process medical cannabis or medical cannabis products.

(d) A person other than a licensed transporter shall not transport medical cannabis from one facility issued a state license to another, unless otherwise specified in this chapter.

(e) All licensees holding cultivation or manufacturing licenses shall send all medical cannabis and medical cannabis products cultivated or manufactured to a licensed processor for processing and Type 11 licensee for quality assurance and inspection by the Type 11 licensee and for batch testing by a Type 8 licensee prior to distribution retail or sale of medical cannabis or medical cannabis products or to a dispensary, qualified patient, or caregiver, according to the allowances by their license. Those licensees holding a Type 10A license in addition to a cultivation license or manufacturing license shall send all medical cannabis and medical cannabis products to a licensed processor Type 11 license for quality assurance and inspection and for batch testing by a Type 8 licensee prior to dispensing any product. Medical cannabis and medical cannabis products shall not be returned to a cultivation or manufacturing licensee unless that licensee is also a licensed dispensary. The licensing authority shall fine a licensee who violates this subdivision in an amount determined by the licensing authority to be reasonable.

(f) (1) Upon receipt of medical cannabis or medical cannabis products by a holder of a cultivation or manufacturing license, the Type 11 licensee shall first inspect the product to ensure the identity and quantity of the product and then send ensure the medical cannabis or medical cannabis product to be is tested by a Type 8 licensee, prior to distributing the batch of medical cannabis or medical cannabis products.

(2) Upon issuance of a certificate of analysis certification by the Type 8 licensee that the product is fit for manufacturing or retail, all medical cannabis and medical cannabis products shall be processed undergo a quality assurance review by the Type 11 license a certified processor prior to distribution retail or dispensing to ensure the quantity and content of the medical cannabis or medical cannabis product, and for tracking and taxation purposes by the state. Licensed processors cultivators and manufacturers shall package or seal all medical cannabis and medical cannabis products in tamper-evident packaging and use a unique identifier, such as a batch and lot number or bar code, to identify and track the medical cannabis or medical cannabis products. Medical cannabis and medical cannabis products shall be labeled as required by Section 19346. All packaging and sealing shall be completed prior to any medical cannabis or medical cannabis products being transported or delivered to a licensee, qualified patient, or caregiver.

(3) Nothing in the section shall limit the ability for licensed cultivators, manufacturers, and dispensaries to directly enter into contracts with one another indicating the price and quantity of medical cannabis or medical cannabis products to be distributed. However, a Type 11 licensee responsible for executing the contract is authorized to collect a fee for the services rendered, including but not limited to costs incurred by a Type 8 licensee, as well as any applicable state or local taxes and fees.

(g) Medical cannabis and medical cannabis products shall be tested by a **certified licensed** testing laboratory, prior to retail sale or dispensing, as follows:

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

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

(3) This chapter shall not prohibit a licensee from performing on-site testing for the purposes of quality assurance of the product in conjunction with reasonable business operations. On-site testing by the licensee shall not be certified by the Division of Medical Cannabis Manufacturing and Testing.

(h) For purposes of this section, “license” includes a provisional license issued pursuant to Section 19330.

(i) This section shall become operative on July 1, 2017.

19326. (a) A licensee shall not cultivate, process, store, manufacture, transport, or sell medical cannabis in the state unless accurate records are kept at the licensed premises of the growing, processing, storing, manufacturing, transporting, or selling by the licensee.

(b) 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 **and lot** of product:

(1) The name, **and** address, **and license number** 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.

(7) 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 state license.

(8) For testing licensees, a record of test methods and test results, including graphs, charts, or spectra from laboratory instrumentation.

(c) Records shall be kept for a minimum of seven years following approval of a state license.

(d) The office, the local enforcement agency designated in accordance with Section 19309, and any other appropriate state or local agency may examine the books and records of a state licensee and may visit and inspect the premises of a state licensee, as the office or state or local agency deems necessary to perform its duties under this chapter. All inspections shall be conducted during standard business hours of the licensed facility **or at any reasonable time**. *Licensees or employees or representatives of licensees are prohibited from refusing, impeding, or interfering with an inspection pursuant to this chapter or local ordinance. A violation shall be a misdemeanor punishable by up to one year in county jail and a fine up to five thousand dollars (\$5,000) or by civil penalties of up to five thousand dollars (\$5,000).*

(e) Books or records requested by the office or an appropriate state or local agency shall be **provided by the licensee no later than five business days after the request is made. made available upon request.**

(f) The office, the local enforcement agency designated pursuant to Section 19309, or any other state or local agency may enter and inspect the premises of a facility issued a state 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 chapter or a local ordinance.

(g) If a licensee or an employee of a licensee refuses, impedes, obstructs, or interferes with an inspection pursuant to this section, the state license may be summarily suspended and the licensing authority shall directly commence proceedings for the revocation of the state license.

(h) 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.

(i) All cultivator, distributor, and dispensing licensees shall be subject to inspection, as specified by the licensing authority, in order to ensure compliance with this chapter, including, but not limited to, maintaining proper documentation at each site or facility.

19327. (a) A licensee may only hold a state license in up to two separate license categories, as follows:

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

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

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

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

(5) Type 1, 1A, **1B**, 2, ~~**and**~~ **2A**, **and 2B** licensees, or a combination thereof, may apply for a Type 10A state license.

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

(7) Type 11 licensees may apply for a Type 12 license.

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

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

(c) ~~A licensee conducting commercial cannabis activity in a jurisdiction that, prior to January 1, 2016, imposed a local ordinance requiring a qualified businesses or individuals to cultivate, manufacture, and dispense medical cannabis or medical cannabis products, with all commercial cannabis activity being conducted by a single licensee, may maintain their current categories of licensure.~~

(1) In jurisdictions that, prior to July 1, 2015, adopted a local ordinance allowing or requiring qualified businesses to cultivate, manufacture, and dispense medical cannabis or medical cannabis products, with all commercial cannabis activity being conducted by a single qualified business, upon licensure that business shall not be subject to subdivision (a) if they meet all of the following conditions:

(A) The business has continuously conducted commercial cannabis activity since prior to July 1, 2015.

(B) The business has cultivated, manufactured, and dispensed medical cannabis or medical cannabis products since prior to July 1, 2015.

(C) The business has been in full compliance with all applicable local ordinances.

(D) The business has been registered with the State Board of Equalization.

(2) A business licensed pursuant to paragraph (1) is not required to conduct all cultivation and manufacturing within the bounds of the local jurisdiction, however all cultivation and manufacturing must have commenced prior to July 1, 2015 and have been in full compliance with applicable local ordinances.

(3) A business licensed pursuant to paragraph (1) shall not be issued new state or local licenses or permits for commercial cannabis activity beginning after July 1, 2015, until and unless they comply with the requirements in subdivision (a).

(d) No licensee may hold cultivation licenses totaling more than one acre of canopy size, except as provided in subdivision (c). For the purposes of this section, any plant count allowed by an individual's license shall count towards the maximum allowable canopy size pursuant to this section.

19327.2. A licensee ~~with a Type 10 or Type 10A state license~~ shall not also be licensed as a retailer of alcoholic beverages pursuant to Division 9 (commencing with Section 23000).

19328. Each licensing 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 licensing authority.

19329. This chapter and 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 shall not interfere with an employer's rights and obligations to maintain a drug and alcohol free workplace or require an employer to permit or accommodate the use, consumption, possession, transfer, display, transportation, sale, or growth of cannabis in the workplace or affect the ability of employers to have policies prohibiting the use of cannabis by employees and prospective employees, or prevent employers from complying with state or federal law.

Article 6. Provisional Licensing

19330. (a) Each licensing authority shall, as soon as practicable following January 1, 2016, allow a qualified applicant for licensure to apply for, receive, and renew 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. The provisional license shall have a scheduled expiration date, as determined by the licensing authority.

(b) Each licensing authority shall establish appropriate fees not to exceed the reasonable regulatory costs to the licensing authority for the issuance and renewal of a provisional license under its jurisdiction.

(c) Each licensing authority shall, if the applicant meets all the requirements in this section, issue a provisional license to individuals and entities that the licensing authority determines were, during the three months prior to March 1, 2016, regularly cultivating, processing, manufacturing, transporting, or distributing medical cannabis collectively or cooperatively in full compliance with any applicable local ordinance, and to continue to do so until the licensee's application for a state license has been approved or denied under this chapter, but no later than 90 days after the licensing authority begins accepting applications for regular state licenses. The licensing authority may consult with relevant local agencies in making a determination on whether a provisional license applicant is in compliance with applicable ordinances. Priority for provisional licensure shall be given to those businesses in compliance with local ordinances prior to ~~September~~ July 1, 2015.

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(d) To qualify for a provisional license, an applicant shall disclose to the appropriate licensing 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 activity under the authority of the license.

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

(4) For the three months prior to March 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 March 1, 2016, to September 1, 2016, inclusive. The licensee shall make its records of current activity, and activity for the three months prior to March 1, 2016, available to the licensing authority upon request.

(5) For an applicant seeking a license to cultivate, distribute, or dispense medical cannabis, a notarized statement from the owner of real property or landlord where the licensed activities will occur, as proof to demonstrate the landowner has acknowledged and consented to permit the proposed activities to be conducted on the property by the tenant applicant.

(6) For an applicant seeking a license to test medical cannabis and medical cannabis products:

(A) A completed independent laboratory registration form, as established by the Department of Public Health.

(B) A copy of the contract with the accreditation body that the licensee is applying to become accredited accompanied by a copy of the proposed scope of the accreditation, or evidence the licensed testing laboratory has been accredited by the accreditation body in another jurisdiction.

(D) The name, address, and date of birth and Social Security Number of each licensed testing laboratory employee and a copy of the application form completed by each licensed testing laboratory employee.

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

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

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(g) Except for as provided in subdivisions (h) and (i), a licensing authority shall not issue or renew a provisional license to an applicant or entity, or any of its officers, directors, or owners, who has been convicted, as defined as a plea or verdict of guilty or a conviction following a plea of nolo contendere, of any of the following:

- (1) A felony conviction for the possession for sale, sale, manufacture, transportation, or cultivation of a controlled substance;
- (2) A violent felony, as specified in subdivision (c) of section 667.5 of the Penal Code;
- (3) A serious felony as specified in subdivision (c) of section 1192.7 of the Penal Code;
- (4) A felony offense involving fraud, deceit, or embezzlement; or,
- (5) Any other felony that, in the licensing authority's determination, would impair the applicants ability to appropriately operate as a provisional licensee.

(h) An applicant shall not be denied a provisional license based on a conviction for an offense listed in subdivision (g) if:

- (1) The only basis for denial under subdivision (g) is that the applicant has been convicted of transporting a controlled substance pursuant to Health and Safety Code Section 11352 or 11379 prior to the amendment enacted on January 1, 2014, and the facts underlying the conviction establish that the applicant did not transport the controlled substance with the intent to sell or aid and abet the commission of, or conspiracy to commit, transport of the controlled substance.
- (2) The applicant has been convicted of a felony for conduct that would be entitled to an affirmative defense pursuant to Health and Safety Code Sections 11362.5 and 11362.775.
- (3) The applicant has obtained a certificate of rehabilitation under Chapter 3.5 (commencing with section 4852.01) of Title 6 of Part 3 of the Penal Code, or the conviction was subsequently dismissed under the provisions of Sections 1203.4, 1203.4a, or 1203.41 of the Penal Code.

(i) The licensing authority shall give priority review for applications of those applicants who have been in operation for five years prior to the opening date of application period for provisional licenses, have not been convicted of a felony, and have been in full compliance with the local ordinance in which the applicant proposes to operate.

(j) A provisional licensee 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.

(k) ~~(h)~~ Beginning July 1, 2017, all commercial cannabis activity shall be conducted between licensees of commercial cannabis activity. If the licensing authority has not promulgated its respective regulations by that date, the licensing authority shall provide an extension for all provisional licenses for applicants abiding by the provisions of this chapter.

~~(l)-(i)~~ A provisional license issued pursuant to this section shall automatically terminate upon a licensing agency's issuance of a regular state license.

Article 7. Licensed Cultivation Sites

19332.0 The Legislature finds and declares all of the following:

- (a) The United States Environmental Protection Agency has not established appropriate pesticide tolerances for, or permitted the registration and lawful use of, pesticides on cannabis crops intended for human consumption pursuant to the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. 136 et seq. hereinafter;
- (b) The use of pesticides is not adequately regulated due to the omissions in federal law, and whereas cannabis cultivated in California for California patients can and often does contain pesticide residues; and,
- (c) Lawful California medical cannabis growers and caregivers urge the Department of Pesticide Regulation to provide guidance (in absence fo any federal guidance) on whether the pesticides currently used at most cannabis cultivation sites are actually safe for use on cannabis intended for human consumption.

19332. (a) The Division of Medical Cannabis Cultivation in the Department of Food and Agriculture shall promulgate regulations governing the licensing of cultivation sites. For purposes of this chapter, the Secretary of the Department of Food and Agriculture shall declare medical cannabis to be an agricultural product. The ~~department shall~~ *division shall, in consultation with the State Department of Public Health and the Department of Pesticide Regulation,* develop standards for the production and labeling of all edible medical cannabis products, standards for the use of pesticides ~~and rodenticides~~ in cultivation, ~~and, in consultation with the State Department of Public Health,~~ and maximum tolerances for ~~pesticides pesticides, rodenticides,~~ and other foreign object residue in harvested cannabis.

(b) The Department of Food and Agriculture shall have the authority necessary for the implementation of this chapter. Department regulations shall do all of the following:

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

~~(2) Require that the application of pesticides or other pest control in connection with the indoor or outdoor cultivation of medical cannabis shall meet standards equivalent to Division 6 (commencing with Section 11401) of the Food and Agricultural Code and its implementing regulations.~~

~~(3)~~

(2) Require that indoor and outdoor cannabis 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.

(c) The Department of Pesticide Regulation shall promulgate regulations that require that the application of pesticides or other pest control in connection with the indoor or outdoor cultivation of medical cannabis meets standards equivalent to Division 6 (commencing with Section 11401) of the Food and Agricultural Code and its implementing regulations.

~~(e)~~

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

(d) State licenses to be issued by the Division of Medical Cannabis Cultivation are as follows:

(1) Type 1, or “specialty outdoor,” for outdoor cultivation **using no artificial lighting** of less than 5,000 square feet of total canopy size on one premises, **or up to 50 mature plants on non-contiguous plots.**

(6) Type 1A, or “specialty indoor,” for indoor cultivation **using exclusively artificial lighting** of less than 5,000 square feet of total canopy size on one premises.

(3) Type 1B, or “specialty mixed-light,” for cultivation using a combination of natural and supplemental artificial lighting at a maximum threshold to be determined by the licensing authority, of less than 5,000 square feet of total canopy size on one premises.

~~(4)(3)~~ Type 2, or “small outdoor,” for outdoor cultivation **using no artificial lighting** between 5,001 and 10,000 square feet of total canopy size on one premises.

~~(5)(4)~~ Type 2A, or “small indoor,” for indoor cultivation **using exclusively artificial lighting** between 5,001 and 10,000 square feet of total canopy size on one premises.

(6) Type 2B, or “small mixed-light,” for cultivation using a combination of natural and supplemental artificial lighting at a maximum threshold to be determined by the licensing authority, between 5,001 and 10,000 square feet of total canopy size on one premises.

~~(7)(5)~~ Type 3, or “outdoor,” for outdoor cultivation **using no artificial lighting** between 10,001 and 44,000 square feet of total canopy size on one premises. The Division of Medical Cannabis Cultivation shall limit the number of licenses allowed of this type.

(8) Type 3A, or “indoor,” for indoor cultivation using exclusively artificial lighting between 10,001 and 22,000 square feet of total canopy size on one premises. The Division of Medical Cannabis Cultivation shall limit the number of licenses allowed of this type.

(9) Type 3B, or “mixed-light,” for cultivation using a combination of natural and supplemental artificial lighting at a maximum threshold to be determined by the licensing authority, between 10,001 and 22,000 square feet of total canopy size on one premises. The Division of Medical Cannabis Cultivation shall limit the number of licenses allowed of this type.

~~(10)(6)~~ Type 4, or “nursery,” for cultivation of medical cannabis solely as a nursery. Type 4 licensees may transport live plants.

(e) All license fees collected by the ~~division~~ *Division of Medical Cannabis Cultivation* pursuant to this chapter shall be deposited into the Medical Cannabis Cultivation Fees Account, which is hereby established within the fund. All moneys within this account are available upon appropriation by the Legislature to the ~~division~~ *Division of Medical Cannabis Cultivation* solely for the purposes of fully funding and administering this chapter, including, but not limited to, the costs incurred by the ~~division~~ *Division of Medical Cannabis Cultivation* for its administrative expenses and costs and the costs of regulation.

~~(e)~~

(f) It is the intent of the Legislature to establish appropriate protocols for the collection of the specific location of cultivation sites.

19333. An employee engaged in commercial cannabis cultivation activity shall be subject to Wage Order 4-2001 of the Industrial Welfare Commission.

Article 8. Licensed Distributors, Dispensaries, and Transporters

19334. (a) The State Board of Equalization shall promulgate regulations governing the licensing and regulation of distributors, dispensing facilities, and transporters. State enforcement shall be conducted in coordination with local authorities.

(b) By March 31, 2016, the State Board of Equalization shall submit a request for proposal to the public regarding a tracking program for medical cannabis and medical cannabis products as part of the anti-diversion effort. The State Board of Equalization shall choose a supplier and begin full implementation of the program prior to the issuance of state licenses pursuant to this chapter.

~~(b)~~

(c) State licenses to be issued by the State Board of Equalization are as follows:

(1) Type 10, or “dispensary,” for the retail of medical cannabis or medical cannabis products. This license shall allow for delivery ~~upon local approval.~~ *where expressly authorized by local ordinance, pursuant to subdivision (b) of Section 19340.*

(2) Type 10A or “special dispensary status,” for dispensers who have no more than three licensed dispensary facilities. This license shall allow for delivery ~~with local approval.~~ *where expressly authorized by local ordinance, pursuant to subdivision (b) of Section 19340.*

(3) Type 11, or “distributor,” for the ~~processing and~~ certification of the content of all medical cannabis or medical cannabis products and distribution between that are transported or delivered by licensees. *A Type 11 licensee shall hold a Type 12, or transporter, license and register each facility location where product is stored for the purposes of distribution.* A Type 11 licensee shall not hold a license in any *cultivation, manufacturing, dispensing, or testing* license category and shall not own, or have an ownership interest in, a facility licensed *to these categories* pursuant to this chapter other than a security interest, lien, or encumbrance on property that is used by a licensee. *A Type 11 license shall be bonded and insured at a level no less than the minimum established by the licensing authority.*

(4) Type 12, or “transporter,” for transporters of medical cannabis or medical cannabis products. *A Type 12 license shall be bonded and insured at a level no less than the minimum established by the licensing authority.*

(d) All license fees collected by the State Board of Equalization pursuant to this chapter shall be deposited into the Medical Cannabis Retail Fees Account, which is hereby established within the fund. All moneys within the Medical Cannabis Retail Fees Account are available upon appropriation to the State Board of Equalization, solely for the purposes of fully funding and administering this chapter, including, but not limited to, the costs incurred by the State Board of Equalization for its administrative expenses and costs and the costs of regulation.

(e) The State Board of Equalization shall adopt by regulation the following statewide minimum thresholds for additional transportation security requirements developed by the taskforce and office:

(1) A statewide minimum threshold for additional security requirements for the transportation of medical cannabis and medical cannabis products, based on total retail value, weight of medical cannabis, and weight of medical cannabis products, for an entity licensed pursuant to Section 19332, 19334(c)(1)&(2), or 19342.

(2) A statewide minimum threshold for additional security requirements for the delivery of medical cannabis and medical cannabis products, based on total retail value, weight of medical cannabis, and weight of medical cannabis products, for an entity licensed pursuant to Section 19334(c)(1)&(2), where expressly authorized by local ordinance, pursuant to subdivision (b) of Section 19340.

19334.5. (a) The State Board of Equalization shall adopt a medical cannabis and medical cannabis products track and trace process for reporting the movement of cannabis items throughout the distribution chain that also employs secure packaging and that is capable of providing information that captures, at a minimum, all of the following:

(1) The licensee receiving the product.

(2) The transaction date.

(3) Any other information deemed necessary by the State Board of Equalization for the taxation and regulation of medical cannabis and medical cannabis products.

~~(b) It is the intent of the Legislature, in subsequent legislation, to adequately fund the medical cannabis and medical cannabis products track and trace process.~~

(b) The State Board of Equalization shall receive initial funding for subdivision (b) of Section 19334 and this section pursuant to subdivision (d) of Section 19361.

19335. (a) The provisions of Chapter 4 (commencing with Section 55121) of Part 30 of Division 2 of the Revenue and Taxation Code shall apply with respect to the State Board of Equalization's collection of the fees, civil fines, and penalties imposed pursuant to this chapter.

(b) The provisions of Chapter 8 (commencing with Section 55381) of Part 30 of Division 2 of the Revenue and Taxation Code shall apply with respect to the disclosure of information under this chapter.

Article 9. Licensed Transporters

19336. (a) A licensee authorized to transport, ~~or transport and deliver,~~ medical cannabis and medical cannabis products shall do so only as set forth in this chapter.

(b) Prior to transporting ~~or delivering~~ medical cannabis or medical cannabis products, a licensee authorized to transport ~~or deliver~~ medical cannabis or medical cannabis products shall do both of the following:

(1) Complete an electronic shipping manifest as prescribed by the licensing authority. All delivery shipping manifests shall not identify the qualified patient or primary caregiver by name or address.

(2) Securely transmit the manifest to the licensing authority and the licensee that will receive the medical cannabis product, as applicable.

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

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

(e) Upon receipt of the transported shipment, a licensee shall submit to the licensing agency authority a record verifying receipt of the shipment and the details of the shipment.

(f) Whenever a licensing authority has knowledge that a licensee has transported, or arranged or facilitated the transport of, medical cannabis or medical cannabis products in violation of this article, the licensing authority shall summarily suspend that facility's license and shall without delay commence proceedings for the revocation of the license in accordance with this chapter.

19336.5. An entity licensed pursuant to Section 19332, 19334(c)(1)&(2), or 19342 may transport between licensees medical cannabis or medical cannabis products ~~with a total retail value less than the value, weight of medical cannabis, and weight of medical cannabis products, in an amount~~ below the statewide ~~monetary~~ threshold ~~pursuant to Section 19334(e), which shall be adopted by regulation by the licensing authority after review by the task force and the office.~~

19337. (a) Transported and delivered 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 that is not visible from outside the vehicle. This requirement shall not only apply to licensees transporting medical cannabis or medical cannabis products in an amount below the statewide threshold pursuant to Section 19334(e). with a total retail value of at least an amount equal to a statewide monetary threshold, which shall be adopted by regulation by the licensing authority after review by the task force and the office.

(b) Except as provided in Section 19340, A vehicle transporting medical cannabis or medical cannabis products shall travel only directly between licensed facilities, unless otherwise authorized under its license. All transport and deliveries shall be conducted between 8:00 a.m. and 8:00 p.m. Transportation and delivery of shipments do not have to be completed in a single day.

(c) All transport or delivery vehicles shall be staffed with a minimum of two direct employees of the licensee. At least one employee shall remain with the vehicle at all times when the vehicle contains medical cannabis or medical cannabis products. This requirement shall not only apply to licensees transporting medical cannabis or medical cannabis products below the statewide threshold pursuant to Section 19334(e). with a total retail value of at least an amount equal to a statewide monetary threshold, which shall be adopted by regulation by the licensing authority after review by the task force and the office.

(d) Each transport or delivery 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 licensing authority or a law enforcement official.

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

19337.1. Notwithstanding Section 19337, a licensed transporter may transport medical cannabis products to an unlicensed dispensing facility within the City of Los Angeles, provided the following requirements are met:

(a) The licensed transporter shall comply with subdivisions (b) and (c) of Section 19336, except that, in complying with paragraph (2) of subdivision (b), the licensed transporter shall securely transmit the manifest to the licensing authority and the unlicensed dispensing facility that will receive the medical cannabis products.

(b) The licensed transporter shall record and maintain, in both physical and electronic format, the following information with respect to the delivery transportation of medical cannabis products to the unlicensed dispensing facility:

(1) The date and time of delivery arrival at the destination.

(2) The address of delivery destination.

(3) The name and license number of the individual who completed the delivery shipment.

(4) The name of the individual at the facility who received the delivery shipment.

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

(6) The name of the facility, including the name-as reflected on any signage.

(7) The quantity, or weight, and variety of all medical cannabis products delivered received.

(8) The source of all medical cannabis delivered received.

(9) The monetary amount charged and received for all medical cannabis products delivered transported.

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

(d) The records required by this section shall be maintained and made available in accordance with the provisions of Section 19326.

19338. (a) The ~~licensing authority~~ State Board of Equalization shall develop a database containing the electronic shipping manifests, which shall include, but not be 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.

(6) The license number issued by the State Board of Equalization.

(b) The database shall be designed to flag irregularities for a licensing authority to investigate. ~~An authorized enforcement Licensing authority authorities,~~ and state or local agencies may, at any time, inspect shipments and request documentation for current inventory.

19339. (a) (a) This chapter shall not be construed to authorize or permit a licensee to transport ~~or deliver~~, or cause to be transported ~~or delivered~~, cannabis or cannabis products outside the state, unless authorized by federal law.

(b) A local jurisdiction shall not prevent transportation of medical cannabis or medical cannabis products on public roads by a licensee transporting medical cannabis or medical cannabis products that acts in compliance with this chapter.

~~(c) A local jurisdiction shall not prevent delivery of medical cannabis or medical cannabis products on public roads by a licensee that acts in compliance with this chapter and applicable local ordinances.~~

19339.5 Notwithstanding any other law or the wage orders of the Industrial Welfare Commission, a driver employed to transport medical cannabis or medical cannabis products shall be entitled to overtime pay pursuant to Section 510 of the Labor Code.

Article XX. Delivery

19340. (a) All ~~mobile, vehicular, and technology platforms that enable qualified patients or primary caregivers to arrange for any of the above-described functions with a third party delivery deliveries of medical cannabis or medical cannabis products, as defined by Section 19300(h),~~ are prohibited, except as authorized by this ~~chapter.~~ chapter and local ordinance. Deliveries may only be performed by a licensed dispensary.

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(b) Upon approval of the licensing authority, a licensee dispensary authorized to deliver medical cannabis or medical cannabis products provide delivery services shall ~~abide by~~ *comply with* the following:

(1) The city, county, or city and county in which the ~~premises of the licensee dispensary~~ is located, and in which each delivery is made, must specifically, and by ordinance, permit delivery ~~service referring to this section. Delivery as defined in this chapter.~~

(2) All employees delivering medical cannabis or medical cannabis products must carry a current license authorizing those services with them during deliveries, and a government-issued identification card, and must present that license and the government-issued identification card upon request to state and local law enforcement, employees of regulatory authorities, and other state and local agencies enforcing this chapter.

~~(3) Delivery of medical cannabis or medical cannabis products pursuant to this section shall comply with subdivision (e) subdivisions (c) and (d) of Section 19336 and subdivisions (a), (c), and (d) of Section 19337.~~

(c) A county shall have the authority to impose a tax, pursuant to Section 19355, on each delivery transaction completed by a licensee.

(d) Whenever a licensing authority has knowledge that a licensee has ~~transported or~~ delivered, or arranged or facilitated the ~~transport or~~ delivery of, medical cannabis or medical cannabis products in violation of this ~~chapter article~~, the licensing authority shall summarily suspend that facility's license and shall without delay commence proceedings for the revocation of the license in accordance with this chapter.

(e) During delivery, the licensee shall maintain a physical copy of the delivery request and make it available upon request to agents of the licensing authority, local law enforcement officers, or any other designated enforcement agency.

(f) The patient or qualified caregiver requesting the delivery shall maintain a copy of the delivery request and shall make it available upon request to agents of the licensing authority, local law enforcement officers, or any other designated enforcement agency.

(g) Medical cannabis or medical cannabis products shall be delivered only in a storage compartment that is securely affixed to the interior of the vehicle and that is not visible from outside the vehicle. This requirement shall not apply to licensees delivering medical cannabis or medical cannabis products below the statewide threshold pursuant to Section 19334(e).

(h) All delivery vehicles shall be staffed with a minimum of two direct employees of the licensee. At least one employee shall remain with the vehicle at all times when the vehicle contains medical cannabis or medical cannabis products. This requirement shall not apply to licensees delivering medical cannabis or medical cannabis products below the statewide threshold pursuant to Section 19334(e).

(i) This chapter shall not be construed to authorize or permit a licensee to deliver, or cause to be delivered, medical cannabis or medical cannabis products outside the state, unless authorized by federal law.

(j) A local jurisdiction shall not prevent delivery of medical cannabis or medical cannabis products on public roads by a licensee that acts in compliance with this chapter and applicable local ordinances.

(e) All license fees collected by the licensing authority pursuant to this chapter shall be deposited into the Medical Cannabis Retail Fees Account, which is hereby established within the fund. All moneys within the Medical Cannabis Retail Fees Account are available upon appropriation to the State Board of Equalization, solely for the purposes of fully funding and administering this chapter, including, but not limited to, the costs incurred by the board for its administrative expenses and costs and the costs of regulation.

19341. Notwithstanding any other law or the wage orders of the Industrial Welfare Commission, a driver employed to transport medical cannabis or medical cannabis products shall be entitled to overtime pay pursuant to Section 510 of the Labor Code.

Article 10. Licensed Manufacturers and Certified Licensed Laboratories

19342. (a) The Division of Medical Cannabis Manufacturing and Testing within the State Department of Public Health shall promulgate regulations governing the licensing of cannabis manufacturers.

(b) Licenses to be issued by the division are as follows:

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

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

(3) Type 8, or “testing,” for testing of medical cannabis and medical cannabis products. Type 8 licensees shall have their facilities certified licensed according to regulations set forth by the division. A Type 8 licensee shall not hold a license in another license category of this chapter and shall not own or have ownership interest in a facility licensed pursuant to this ~~chapter, other than a security interest, lien, or encumbrance on property that will be used by the licensee.~~ chapter.

(c) All license fees collected by the ~~division~~ Division of Medical Cannabis Manufacturing and Testing pursuant to this chapter shall be deposited into the Medical Cannabis Manufacturing Fees Account, which is hereby established within the fund. All moneys within the Medical Cannabis Manufacturing Fees Account are available upon appropriation by the Legislature to the ~~division~~ Division of Medical Cannabis Manufacturing An-Chi T. and Max M.

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and Testing, solely for the purposes of fully funding and administering this chapter, including, but not limited to, the costs incurred by the ~~division~~ Division of Medical Cannabis Manufacturing and Testing for its administrative expenses and costs and the costs of regulation.

~~19343. (a) The State Department of Public Health shall promulgate standards for certification of testing laboratories to perform random sample testing of all medical cannabis and medical cannabis 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 ISO/IEC 17020 and ISO/IEC 17025.~~

~~(c) These requirements shall apply to all entities, including third-party laboratories, engaged in the testing of medical cannabis pursuant to this chapter.~~

- ~~(a) For the purposes of testing medical cannabis or medical cannabis products, licensees shall use a licensed testing laboratory that has adopted a standard operating procedure using methods 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 17020 and ISO/IEC 17025 to test medical cannabis and medical cannabis products that is approved by an accreditation body that is a signatory to the International Laboratory Accreditation Cooperation Mutual Recognition Arrangement.~~
- ~~(b) An agent of the licensed testing laboratory shall obtain samples according to a statistically valid sampling method for each lot.~~
- ~~(c) A licensed testing laboratory shall analyze the sample according either of the following:
 - ~~(1) The most current version of the cannabis Inflorescence monograph published by the American Herbal Pharmacopeia.~~
 - ~~(2) A scientifically valid methodology that is demonstrably equal or superior to that of the American Herbal Pharmacopeia monograph, in the opinion of the accrediting body.~~~~
- ~~(d) In the event of a test result that falls out of specification, the licensed testing laboratory shall follow its standard operating procedure to confirm or refute the original result.~~
- ~~(e) The licensed testing laboratory shall destroy the remains of the sample of medical cannabis or medical cannabis product upon completion of the analysis.~~

19343.1 All licensed testing laboratories shall do all of the following:

- (a) Follow the methodologies, ranges, and parameters which are contained in the scope of the accreditation for testing medical cannabis or medical cannabis products.
- (b) Require each licensed testing laboratory employee to complete and execute an application for employment on a form provided by the Division of Medical Cannabis Manufacturing and Testing.
- (c) Establish and follow written procedures for verifying the experience and education of their employees.
- (d) Submit the registration information for each licensed testing laboratory employee within 15 days after the date the licensed testing laboratory employee was hired.
- (e) Upon termination of the association of the registered licensed testing laboratory employee with the licensed testing laboratory:
 - (1) Obtain any keys or other entry devices from the terminated licensed testing laboratory employee.

- (2) Ensure the terminated licensed testing laboratory employee can no longer gain access to the laboratory premises.
- (3) Within one business day of the termination of a licensed laboratory employee, notify the Division of Medical Cannabis Manufacturing and Testing of the termination.
- (f) Notify the Division of Medical Cannabis Manufacturing and Testing within one business day after the receipt of notice of any kind that its accreditation has been denied, suspended, or revoked.

19343.2 No licensed testing laboratory may handle, test, or analyze medical cannabis or medical cannabis products unless the licensed testing laboratory:

- (a) Has been registered by the Division of Medical Cannabis Manufacturing and Testing.
- (b) Is independent from all other persons and entities involved in the medical cannabis industry.
- (c) Is accredited by an accreditation body or has a provisional license from the Division of Medical Cannabis Manufacturing and Testing.
- (d) Has established standard operating procedures that provide for adequate chain of custody controls for samples transferred to the licensed testing laboratory for testing.

19343.3 (a) A licensed testing laboratory shall issue a certificate of analysis for each lot, with supporting data, to report the following:

- (1) Whether the chemical profile of the lot conforms to the specifications for the lot for compounds including, but not limited to, the following:
- (A) Tetrahydrocannabinol (THC)
- (B) Tetrahydrocannabinolic Acid (THCA)
- (C) Cannabidiol (CBD)
- (D) Cannabidiolic Acid (CBDA)
- (E) The terpenes described in the most current version fo the cannabis Inflorescence monograph published by the American Herbal Pharmacopeia
- (F) Cannabigerol (CBD)
- (G) Cannabinol (CBN)
- (H) Any other compounds required by the Division of Medical Cannabis Manufacturing and Testing
- (2) That the presence of contaminants, including but not limited to the following, do not exceed the levels as required by the most current version of the American Herbal Pharmacopeia monograph or the Division of Medical Cannabis Manufacturing and Testing, whichever is lesser:
- (A) Any residual solvent or processing chemicals
- (B) Foreign material such as hair, insects, or any similar or related adulterant.
- (C) Any microbiological impurity, including:
- (i) Total aerobic microbial count
- (ii) Total yeast mold count
- (iii) P. aeruginosa
- (iv) Aspergillus spp.
- (v) S. aureus
- (vi) Aflatoxin B1, B2, G1, and G2
- (vii) Ochratoxin A.
- (D) Whether the batch is within specification for odor and appearance.
- (b) Residual levels of volatile organic compounds shall be below the specifications as set by the United States Pharmacopeia (USP Chapter 467) or the Division of Medical Cannabis Manufacturing and Testing, whichever is lesser.

19344. (a) ~~A~~ Except as provided in this section, a licensed testing laboratory certified by the department to perform random sample testing of medical cannabis or medical cannabis products shall not acquire or receive medical cannabis or medical cannabis products except from a licensed facility, ~~or an unlicensed facility in the City of Los Angeles,~~ in accordance with this chapter, and shall not distribute, sell, deliver, transfer, transport, or dispense medical cannabis or medical cannabis products except to the licensed facility, ~~or an unlicensed facility in the City of Los Angeles,~~ from which the medical cannabis or medical cannabis products were acquired or received. All transfer or transportation shall be performed pursuant to a specified chain of custody protocol.

~~(1) A licensed testing laboratory may receive and test samples of medical cannabis or medical cannabis products from a qualified patient or primary caregiver, only if he or she presents his or her own valid recommendation for cannabis for medical purposes from a physician.~~

~~(2) A licensed testing laboratory shall not certify any samples tested from a qualified patient or caregiver for resale or transfer to any other party or licensee.~~

~~(3) All tests performed by a licensed testing laboratory for a qualified patient or caregiver shall be recorded with the name of the qualified patient or caregiver, and the amount of cannabis received.~~

(b) The ~~department~~ Division of Medical Cannabis Manufacturing and Testing shall develop procedures to ensure that testing of cannabis occurs prior to delivery to dispensaries or any other business, and specify how often licensees shall test cannabis, that the cost of testing shall be borne by the licensed cultivators ~~or manufacturers,~~ and requiring destruction of harvested batches whose testing samples indicate noncompliance with health and safety standards promulgated by the ~~department~~ Division of Medical Cannabis Manufacturing and Testing, unless remedial measures can bring the cannabis into compliance with quality assurance standards as promulgated by the ~~department~~ Division of Medical Cannabis Manufacturing and Testing.

(c) The ~~department~~ Division of Medical Cannabis Manufacturing and Testing shall establish a ~~certification licensing~~ fee, and laboratories shall pay a fee to be ~~certified licensed~~. Certification fees shall not exceed the reasonable regulatory cost of the certification activities.

(d) All ~~certification licensing~~ fees collected by the ~~department~~ Division of Medical Cannabis Manufacturing and Testing pursuant to this chapter shall be deposited into the Medical Cannabis Testing Fees Account, which is hereby established within the fund. All moneys in the Medical Cannabis Testing Fees Account shall be available to the ~~division~~ Division of Medical Cannabis Manufacturing and Testing upon appropriation of the Legislature solely for the purpose of fully funding administration of this chapter, including, but not limited to, the costs incurred by the ~~division~~ Division of Medical Cannabis Manufacturing and Testing for the administrative expenses and costs and the costs of regulation.

19345. (a) The Division of Medical Cannabis Manufacturing and Testing within the State Department of Public Health shall promulgate the following standards:

(1) Health and safety standards applicable to all medical cannabis, and medical cannabis products, including maximum potency standards for medical cannabis products.

(2) Standards for licensed manufacturers of medical cannabis and medical cannabis products, including, but not limited to, edible products.

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

(1) Prescribe 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 edible medical cannabis products. For purposes of this chapter, edible medical cannabis products are deemed to be unadulterated food products.

(2) Require that edible medical cannabis 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 of the Health and Safety Code.

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

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

(c) No person shall engage in the manufacture, packing, or holding of processed food containing edible cannabis unless the person has a valid registration from the ~~department~~ Department of Public Health pursuant to Section 110460 of the Health and Safety Code. Health and safety standards prescribed by this section or promulgated through regulation may be enforced by local environmental health departments.

19346. (a) Prior to sale or distribution at a licensed dispensing facility or an unlicensed dispensing facility in the City of Los Angeles, medical cannabis products shall be labeled and in a tamper-evident package. Labels and packages of medical cannabis products shall meet the following requirements:

(1) Medical cannabis packages and labels shall not be made to be attractive to children.

(2) All medical cannabis 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)~~ **The statement “THIS PRODUCT MAY IMPAIR THE ABILITY TO DRIVE OR OPERATE MACHINERY. PLEASE USE EXTREME CAUTION.”**

~~(E)~~~~(F)~~ For packages containing only dried cannabis flower, the net weight of medical cannabis in the package.

~~(F)~~~~(G)~~ A warning if nuts or other known allergens are used.

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

~~(H)~~~~(I)~~ Clear indication, in bold type, that the product contains medical cannabis.

~~(I)~~~~(J)~~ Identification of the source and date of cultivation and manufacture.

~~(J)~~~~(K)~~ The date of sale.

~~(K)~~~~(L)~~ Any other requirement set by the department licensing authority.

(b) Only generic food names may be used to describe edible medical cannabis products.

Article 11. Cannabis Employee Certification and Apprenticeship

19350. This article applies only to cultivation sites and dispensaries.

19351. 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 collected for cultivation sites and dispensaries shall be placed into the Medical Cannabis Cultivation Fee Account and the Medical Cannabis Retail Fee Account, respectively.

19352. (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 this section 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.

19353. (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 article.

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

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

(b) The Labor Commissioner shall maintain a process for referring cases to the appropriate licensing 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 licensing authority shall open an investigation. Disciplinary action against the licensee shall be initiated within 60 days of the receipt of the referral. The licensing authority 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 section.

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

Article 12. Taxation

~~19355. The office and other state agencies may assist state taxation authorities in the development of uniform policies for the state taxation of state licensees.~~

~~19356. It is the intent of the Legislature to grant authority to the board of supervisors of a county to impose appropriate taxes on facilities licensed pursuant to this chapter.~~

~~(a) (1) A county may impose a tax on the privilege of cultivating, dispensing, producing, processing, preparing, storing, providing, donating, selling, or distributing medical cannabis or medical cannabis products 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 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.~~

~~(3) 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. A tax imposed pursuant to this section is a tax and not a fee or special assessment. The board of supervisors shall specify whether the tax applies throughout the entire county or within the unincorporated area of the county.~~

~~(4) 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 gratuitous, as determined by the board of supervisors.~~

(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, "cannabis" has the same meaning as the term "cannabis" set forth in Section 19300.

(d) This section is declaratory of existing law and does not limit or prohibit the levy or collection of 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. This section shall not be construed as a limitation upon the taxing authority of a county as provided by law.

(e) This section shall not be construed as to authorize a county to impose a sales or use tax in addition to the sales and use tax imposed under an ordinance conforming to the provisions of Sections 7202 and 7203 of the Revenue and Taxation Code.

Article 13. Funding

19360. Each licensing authority shall establish a scale of application, licensing, and renewal fees, based upon the cost of enforcing this chapter, as follows:

(a) Each licensing authority shall charge each licensee a licensure ~~or~~ and renewal fee, as applicable. The licensure or renewal fee shall be calculated to cover the costs of administering this chapter. 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, *including, but not limited to, the track and trace program required pursuant to Section 19334.5*, but shall not exceed the reasonable regulatory costs to the licensing authority.

(b) The total fees assessed pursuant to this chapter, including, but not limited to, provisional license fees set forth in Section 19330, 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.

(c) All license fees shall be set on a scaled basis by the licensing authority, ~~dependant~~ dependent on the size of the business.

19361. (a) The Medical Cannabis 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 moneys in the fund.

(b) Except as otherwise provided, all moneys collected pursuant to this chapter as a result of fines or penalties imposed under this chapter shall be deposited directly into the Medical Cannabis Fines and Penalties Account, which is hereby established within the fund, and shall be available, upon appropriation by the Legislature to the office, for the purposes of funding the enforcement grant program pursuant to subdivision (c).

(c) (1) The office shall establish a grant program to allocate moneys from the Medical Cannabis Fines and Penalties Account to state and local entities for the following purposes:

(A) To assist with medical cannabis regulation and the enforcement of this chapter and other state and local laws applicable to cannabis activities.

(B) For allocation to state and local agencies and law enforcement to remedy the environmental impacts of cannabis cultivation.

(2) The costs of the grant program under this subdivision shall, upon appropriation by the Legislature, be paid for with moneys in the Medical Cannabis Fines and Penalties Account.

(3) The grant program established in this subsection shall only be implemented after the loan described in subsection (d) has been repaid.

(d) (1) Funds for the establishment and support of the regulatory activities pursuant to this chapter ~~may~~ **shall** be advanced as a General Fund or special fund loan, and shall be repaid by the initial proceeds from fees collected pursuant to this chapter or any rule or regulation adopted pursuant to this chapter, by January 1, 2022. **Should the initial proceeds from these fees collected not be sufficient to cover the loan to establish and support the regulatory activities, moneys from the Medical Cannabis Fines and Penalties Account shall be made available to repay the loan, upon appropriation by the Legislature to the office.**

(2) Funds advanced pursuant to this subdivision shall be appropriated to the office, which shall distribute the moneys to the appropriate licensing authorities, as necessary to implement the provisions of this chapter.

Article 14. Reporting

19363. On or before March 1 of each year, the director shall prepare and submit to the Legislature an annual report on the office's activities and post the report on the office's Internet Web site. The report shall include, but not be limited to, the following information for the previous fiscal year:

(a) The amount of funds allocated and spent by the office and licensing authorities for medical cannabis licensing, enforcement, and administration.

- (b) The number of state licenses issued, renewed, denied, suspended, and revoked, by state license category.
- (c) The average time for processing state license applications, by state license category.
- (d) The number and type of enforcement activities conducted by the licensing authorities and by local law enforcement agencies in conjunction with the licensing authorities or the office.
- (e) The number, type, and amount of penalties, fines, and other disciplinary actions taken by the licensing authorities.

Article 15. Privacy

19365. (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 office or licensing 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, county, or city and county to perform official duties pursuant to this chapter, or a local ordinance.

(b) Nothing in this section precludes the following:

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

(2) Notifications from any of the office or licensing authorities to state or local agencies about apparent violations of this chapter or 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, notification, or the parameters of a specific court order or subpoena.

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

11362.775. (a) Subject to subdivision (b), 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 to collectively or cooperatively cultivate cannabis 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) This section shall remain in effect only until 180 days after the Governor's Office of Medical Cannabis Regulation posts a notice on its Internet Web site that the licensing authorities have commenced issuing provisional licenses pursuant to the Medical Cannabis Regulation and Control Act (Chapter 3.5 (commencing with Section 19300) of Division 8 of the Business and Professions Code), and as of that date is repealed.

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 3.5 (commencing with Section 19300) of Division 8 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 11 (commencing with Section 19350) of Chapter 3.5 of Division 8 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. Section 2402.5 is added to the Vehicle Code, to read:

2402.5. ~~The Department of the California Highway Patrol shall establish protocols to determine 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 to the Department of the California Highway Patrol of implementing this subdivision shall, upon appropriation by the Legislature, be paid for with appropriations from moneys in the Fines and Penalties Account of the Medical Cannabis Regulation Fund.~~

- a) *The Department of Motor Vehicles in consultation with the Department of the California Highway Patrol shall prepare a report to the Governor's Office of Medical Cannabis Regulation, State Senate and State Assembly that identifies best practices for the identification, detection, and apprehension of drivers operating a vehicle unsafely due to medical cannabis impairment.*
- 1) *It is the intent of the Legislature that Department of Motor Vehicles shall use various resources including, but not limited to, peer reviewed research and drug recognition experts to prepare the report.*
 - 2) *The report shall include, but not be limited to, an identification of roadside tests that enhance the ability of law enforcement officers to detect cannabis impairment and specific indicators that correlate performance on roadside testing with the inability of a driver to safely operate a motor vehicle.*
 - 3) *Publication of the report shall not occur until the Department of the California Highway Patrol concurs with its findings.*
 - 4) *The Department of Motor Vehicles and Department of the California Highway Patrol are authorized to contract for consultation services necessary to complete the report and receive reimbursement for the costs of consultation services from the Medical Cannabis Regulation Fund.*

SEC. 11. Section 11552 of the Government Code is amended to read:

11552. (a) Effective January 1, 1988, an annual salary of eighty-five thousand four hundred two dollars (\$85,402) shall be paid to each of the following:

- (1) Commissioner of Business Oversight.
- (2) Director of Transportation.
- (3) Real Estate Commissioner.
- (4) Director of Social Services.
- (5) Director of Water Resources.
- (6) Director of General Services.
- (7) Director of Motor Vehicles.
- (8) Executive Officer of the Franchise Tax Board.
- (9) Director of Employment Development.
- (10) Director of Alcoholic Beverage Control.
- (11) Director of Housing and Community Development.
- (12) Director of Alcohol and Drug Programs.
- (13) Director of Statewide Health Planning and Development.
- (14) Director of the Department of Human Resources.
- (15) Director of Health Care Services.
- (16) Director of State Hospitals.
- (17) Director of Developmental Services.
- (18) State Public Defender.
- (19) Director of the California State Lottery.

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- (20) Director of Fish and Wildlife.
- (21) Director of Parks and Recreation.
- (22) Director of Rehabilitation.
- (23) Director of the Office of Administrative Law.
- (24) Director of Consumer Affairs.
- (25) Director of Forestry and Fire Protection.
- (26) The Inspector General pursuant to Section 6125 of the Penal Code.
- (27) Director of Child Support Services.
- (28) Director of Industrial Relations.
- (29) Director of Toxic Substances Control.
- (30) Director of Pesticide Regulation.
- (31) Director of Managed Health Care.
- (32) Director of Environmental Health Hazard Assessment.
- (33) Director of California Bay-Delta Authority.
- (34) Director of California Conservation Corps.
- (35) Director of Technology.
- (36) Director of Emergency Services.
- (37) Director of the Office of Medical Cannabis Regulation**

(b) The annual compensation provided by this section shall be increased in any fiscal year in which a general salary increase is provided for state employees. The amount of the increase provided by this section shall be comparable to, but shall not exceed, the percentage of the general salary increases provided for state employees during that fiscal year.

(Amended by Stats. 2013, Ch. 352, Sec. 242. Effective September 26, 2013. Operative July 1, 2013, by Sec. 543 of Ch. 352.)

SEC. ~~11~~ 12. 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~~ 13. The Legislature finds and declares that Section 6 of this act, which adds Chapter 3.5 (commencing with Section 19300) to Division 8 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. 13 ~~13~~ 14. 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.