Medical Marijuana Regulation and Safety Act August 26, 2015

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

This act shall be known, and may be cited, as the Medical Marijuana Regulation and Safety Act.

- **SEC. 1.** 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, 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 a medical reason for the recommendation.
- (5) Sexual misconduct with one or more patients during a course of treatment or an examination.
- (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. 2. Article 25 (commencing with Section 2525) is added to Chapter 5 of Division 2 of the Business and Professions Code, to read:

Article 25. Recommending Medical 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 licensee acting pursuant to the Medical Cannabis Regulation and Control Act (Chapter 3.5 (commencing with Section 19300) of Division 8) or a dispensary to provide recommendation for medical cannabis constitutes unprofessional conduct.
- **2525.5** (a) A person shall not distribute any form of advertising for physician recommendations for medical cannabis in California unless the advertisement bears the following notice to consumers:

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

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

SEC 3. (New B&P Code Sections)

Article 1. Definitions

- **100.** For purposes of this chapter, the following definitions shall apply:
- (a) "Accrediting 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.
- (b) "Act" means this chapter.
- (c) "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.
- (d) "Bureau" means the Bureau of Marijuana Regulation within the Department of Consumer Affairs.
- (e) "Cannabinoid" means a chemical compound that is unique to and derived from cannabis, also known as phytocannabinoid.
- (f) "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.
- (g) "Cannabis concentrate" means manufactured cannabis that has undergone a process to concentrate the cannabinoid active ingredient, thereby increasing the product's potency. An edible medical cannabis product is not considered food as defined under Health and Safety Code Sections 109935 nor a drug under Health and Safety Code Section 109925.
- (h) "Caregiver" or "primary caregiver" has the same meaning as that term is defined in Section 11362.7 of the Health and Safety Code.
- (i) "Certificate of accreditation" means a certificate issued by an accrediting body for a licensed testing laboratory, entity, or site to be registered in the state.

- (j) "Commercial cannabis activity" means cultivation, possession, manufacture, processing, storing, laboratory testing, labeling, transporting, distribution, or sale of medical cannabis or a medical cannabis product, except as set forth in Section 109.
- (k) "Cultivation" means any activity involving the planting, growing, harvesting, drying, curing, grading, or trimming of cannabis.
- (l) "Delivery" means the commercial transfer of medical cannabis or medical cannabis products from a dispensary, up to an amount determined by the bureau 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 or any technology platform that enables qualified patients or primary caregivers to arrange for or facilitate the commercial transfer of medical cannabis or medical cannabis products.
- (m) "Dispensary" means a physical retail establishment operating from a fixed location, including deliveries that are expressly authorized by local ordinance originating from the location, that makes retail sales of medical cannabis or medical cannabis products.
- (n) "Dispensing" means any activity involving the retail sale of medical cannabis or medical cannabis products from a dispensary.
- (o) "Distribution" means the procurement, sale, and transport of medical cannabis and medical cannabis products purchased and sold between licensed entities.
- (p) "Licensed Distributor" means a person who is engaged in the business of purchasing medical cannabis from a licensed cultivator or medical cannabis products from a licensed manufacturer in order to distribute to other licensees.
- (q) "Dried flower" means all dead medical cannabis that has been harvested, dried, cured, or otherwise processed, excluding leaves and stems.
- (r) "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. An edible medical cannabis product is not considered food as defined under Health and Safety Code Sections 109935 nor a drug under Health and Safety Code Section 109925.
- (s) "Fund" means the Medical Marijuana Regulation Fund established pursuant to Section 146.
- (t) "Identification program" means the universal identification certificate program for licensees.
- (u) "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.

- (v) "Licensed cultivation site" means a facility where medical cannabis is planted, grown, cultivated, harvested, dried, cured, graded, or trimmed, 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.
- (w) "Licensed dispensing facility" means a facility where medical cannabis, medical cannabis products, or devices for the use of medical cannabis or medical cannabis products are provided, either individually or in any combination, and that is issued a state license pursuant to this chapter and a local license or permit.
- (x) "Licensed manufacturer" means a person that conducts the production, preparation, propagation, or compounding of medical cannabis or medical cannabis products, either directly or indirectly or by extraction methods, 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 labels or relabels its container, and that has been issued both a local license or permit and a state license pursuant to this chapter.
- (y) "Licensed testing laboratory" means a facility, entity, or site in the state that offers or performs tests of medical cannabis or medical cannabis products, and that is both of the following:
- (1) Accredited as operating to ISO standard 17025 by an accrediting body that is independent from all other persons involved in the medical cannabis industry in the state.
- (2) Registered with the State Department of Public Health.
- (z) "Licensed transporter" means a person issued a state license by the bureau to transport medical cannabis or medical cannabis products in an amount above a threshold determined by the bureau between facilities that have been issued a state license pursuant to this chapter.
- (aa) "Licensee" means a person issued a state license under this chapter to engage in commercial cannabis activity.
- (ab) "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 Department of Food and Agriculture. For dispensaries and transporters, the licensing authority is the bureau. For licensed manufacturers and certified testing laboratories, the licensing authority is the State Department of Public Health.
- (ac) "Live plants" means living medical cannabis flowers and plants, including seeds, immature plants, and vegetative stage plants.

- (ad) "Lot" means a batch, or a specifically identified portion of a batch, having uniform character and quality within specified limits. In the case of medical cannabis or a medical cannabis product produced by a continuous process, "lot" means a specifically identified amount produced in a unit of time or a quantity in a manner that ensures its having uniform character and quality within specified limits.
- (ae) "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.
- (af) "Manufacturing site" means a location that produces, prepares, propagates, or compounds medical cannabis or medical cannabis products, directly or indirectly, by extraction 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.
- (ag) "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).
- (ah) "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.
- (ai) "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.
- (aj) "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.
- (ak) "Pesticide" has the same meaning as defined in Section 12753 of the Food and Agricultural Code.
- (al) "State license" or "license" means a state license issued pursuant to this chapter.
- (am) "Topical cannabis" means a product intended for external use. A topical cannabis product is not considered a drug as defined under Health and Safety Code Section 109925.
- (an) "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, for the purposes of conducting commercial cannabis activity authorized pursuant to this chapter.

Article 2. Administration

- **101.** This chapter shall be known, and may be cited, as the Medical Marijuana Regulation and Safety Act.
- **102.** (a) There is hereby created within the Department of Consumer Affairs the Bureau of Medical Marijuana Governance.
- (b) The Bureau Chief shall be appointed by, and hold office at the pleasure of, the Governor. The appointment of the bureau chief is subject to confirmation by the Senate.
- (c) The Governor may appoint the following positions to the Bureau; an Assistant Chief of Enforcement, an Assistant Chief of Regulation, a Chief Counsel, an Assistant Chief Counsel, and a Policy Director. All of these positions shall hold office at the pleasure of the Governor.
- (d) On or before January 1, 2017, the bureau 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.
- (e) The bureau shall coordinate and provide oversight of all activities described in this chapter. The bureau shall lead all state and local authorities regarding the tracking of medical cannabis, medical cannabis products, and licensees pursuant to this chapter.
- (f) The bureau shall have the authority to issue, suspend, or revoke licenses for the manufacture, transportation, storage, distribution, testing, and sale of medical marijuana within the state and to collect fees in connection with these actions. The bureau shall have the authority to create, issue, suspend, or revoke other licenses in order to protect patient health and the public and to facilitate the regulation of medical marijuana.
- (g) The duty of enforcing and administering this part shall be vested in the chief. The chief may adopt and enforce those rules and regulations that he or she determines are reasonably necessary to carry out the purposes of this part and declaring the policy of the office, including a system for the issuance of citations for violations of this part.
- (h) The chief, as necessary to carry out the provisions of this part, and in accordance with the State Civil Service Act (Part 2 (commencing with Section 18500) of Division 5 of Title 2 of the Government Code), may appoint and fix the compensation of personnel, including, but not limited to, clerical, inspection, investigation, and auditing personnel, as well as an assistant chief. These personnel shall perform their respective duties under the supervision and the direction of the chief.
- (i) Every power granted to, or duty imposed upon, the chief under this part may be exercised or performed in the name of the chief by a deputy or assistant chief, subject to conditions and limitations that the chief prescribes.
- (j) The office shall exercise its authority pursuant to this part consistent with Section 1 of the act that added this section and consistent with the provisions of this part.
- (k) The Department of Food and Agriculture, shall administer this chapter and issue the state license as it pertains to cultivation of medical cannabis.

- **103.** (a) The bureau may convene an advisory committee to advise the bureau on the development of standards and regulations pursuant to this chapter, including best practices and guidelines to ensure qualified patients have adequate access to medical cannabis and medical cannabis products. The advisory committee members shall be determined by the chief.
- (b) The advisory committee members may include, but not limited to, representatives of the medical marijuana industry, representatives of medical marijuana cultivators, appropriate local and state agencies, appropriate local and state law enforcement, physicians, environmental and public health experts, and medical marijuana patient advocates.

Article 3. Enforcement

- **104.** (a) The bureau may enforce all of the requirements of this part, including any regulations adopted pursuant to this part.
- (b) (1) The bureau may delegate the authority to enforce the requirements of this part, including any regulations, to a city, county, or city and county, upon request of that entity.
 - (2) Notwithstanding the delegation of enforcement authority to a local agency required in paragraph (1), the bureau shall retain the authority to take any enforcement action it deems necessary to ensure compliance with the requirements of this part and any implementing regulations adopted by the bureau.
- (c) Nothing in this part shall be interpreted to supersede or limit existing local authority for law enforcement activity, enforcement of local zoning requirements, or enforcement of local licensing requirements.
- (d) Nothing in this part shall be interpreted to require the bureau to undertake local law enforcement responsibilities, enforce local zoning requirements, or enforce local licensing requirements.
- **105.** (a) Local agencies may enforce any state statutory or regulatory standard only as it pertains to statutory delegated authority.
- (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.
- **106.** (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 regulations promulgated by the bureau 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 regulations promulgated by the bureau or any licensing authority.
- (c) 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.
- (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. Any standards, requirements, and regulations regarding health and safety, testing, security, and worker protections established by the state shall be the minimum standards for all licensees statewide.
- (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.
- 107. (a) The actions of a licensee, its employees, and its agents, that are 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, 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, its employees, and its agents, as permitted pursuant to both a state license and a local license or permit 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.
- **108.** (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 bureau, 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 146. A day of operation is defined to mean any period of time within a 24-hour period.
- (b) If an action for civil penalties is brought against a licensee pursuant to this chapter 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 or city and county in which the judgment was entered. If the action is brought by a city attorney and is adjudicated in a superior

court located in the unincorporated area or another city in the same county, the penalty shall be paid one-half to the treasurer of the city in which the complaining attorney has jurisdiction and one-half to the treasurer of the county in which the judgment is entered.

(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.

Article 4. Licensing

- **109.** (a) 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 or entity is not, thereby, engaged in commercial cannabis activity and is, therefore, exempt from the licensure requirements of this part.
- (b) A primary caregiver who cultivates, possesses, stores, manufactures, transports, donates, or provides 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 part.
- **110.** (a) Licensing authorities may issue state licenses only to qualified applicants engaging in commercial cannabis activity pursuant to this chapter. 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, license, or other authorization.
- (b) A licensee 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.
- (c) Revocation of a local license or permit shall terminate the ability of a medical cannabis business to operate within that local jurisdiction until the local jurisdiction reinstates or reissues the local license or permit.
- (d) Revocation of a state license shall terminate the ability of a medical cannabis business to operate within California until the bureau reinstates or reissues the state license.
- (e) In addition to the provisions of this part, local jurisdictions retain the power to assess fees and taxes, as applicable, on facilities that are licensed pursuant to this part and the business activities of those licensees.
- **111.** (a) A licensing authority shall promulgate regulations for implementation of its respective responsibilities in the enforcement of this chapter.

- (b) A license issued pursuant to this section shall be valid for 12 months after the date of issuance. After the initial 12-month period, a license may be renewed for a period of 12 months. The bureau shall establish procedures for the renewal of a license.
- (c) A facility or entity that is operating in compliance with local zoning ordinances and other state and local requirements on or before January 1, 2018, may continue its operations until its application for licensure is approved or denied pursuant to this part. The bureau shall prioritize when issuing licensees, any facility or entity that can demonstrate to the bureau's satisfaction that it was in operation and in good standing with the local jurisdiction by January 1, 2016.
- 112. (a) An applicant for a state license shall do all of the following:
- (1) Submit the applicant's fingerprint images as follows:
- (A) The applicant shall electronically submit to the Department of Justice fingerprint images and related information required by the Department of Justice for the purpose of obtaining information as to the existence and content of a record of state or federal convictions and arrests, and information as to the existence and content of a record of state or federal convictions and arrests for which the Department of Justice establishes that the person is free on bail or on his or her own recognizance, pending trial or appeal.
- (B) The Department of Justice shall provide a response to the bureau pursuant to paragraph (1) of subdivision (p) of Section 11105 of the Penal Code.
- (C)The 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.
- (D)The Department of Justice shall charge the applicant a fee sufficient to cover the reasonable cost of processing the requests described in this paragraph.
- (2) 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.
- (3) Provide evidence of the legal right to occupy and use an established location.
- (4) 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.
- (5) Provide a statement, signed by the applicant under penalty of perjury, that the information provided is complete, true, and accurate.
- (6)(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.
- (7) Provide any other information required by the licensing authority.
- (8) 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.
- (9) 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.
- (10) For an applicant seeking licensure as a testing laboratory, register with the State Department of Public Health and provide any information required by the Department.
- (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.
- **113.** (a) The bureau office 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 part.
- (b) The bureau shall deny the application for licensure or renewal, or suspend or revoke a state license, if any of the following conditions apply:

- (1) Failure to comply with the provisions of this part or any rule or regulation adopted pursuant to this part.
- (2) Conduct that constitutes grounds for denial of licensure pursuant to Chapter 2 (commencing with Section 480) of Division 1.5.
- (3) Local agencies have notified the bureau that a licensee or applicant within its jurisdiction is in violation of state rules and regulation relating to commercial cannabis activities, and the bureau, through an investigation, has determined that violation are grounds for termination or revocation of the license.
- (4) The applicant has failed to provide information requested.
- (A) An applicant shall not be denied a state license if the denial is based solely on any of the following:
- (i) The applicant has been convicted of transporting a controlled substance pursuant to Section 11352 or 11379 of the Health and Safety Code prior to 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 the intent to aid and abet the commission of, or conspiracy to commit, a crime of transportation of the controlled substance.
- (ii) The applicant has been convicted of a felony that would not be subject to criminal prosecution pursuant to Section 11362.5 or 11362.775 of the Health and Safety Code.
- (B) An applicant shall not be denied a state license under either of the following conditions:
- (i) The applicant has obtained a certificate of rehabilitation pursuant to 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.
- (ii) The applicant had a conviction that was subsequently dismissed under the provisions of Section 1203.4, 1203.4a, or 1203.41 of the Penal Code.
- (C) An applicant shall be denied a license that are substantially related to the qualifications, functions, or duties of the business or profession for which the application is made, the bureau office shall include, but not be limited to, the following:
- (i) A felony conviction for the illegal possession for sale, sale, manufacture, transportation, or cultivation of a controlled substance.
- (ii) A violent felony, as specified in subdivision (c) of Section 667.5 of the Penal Code.
- (iii) A serious felony as specified in subdivision (c) of Section 1192.7 of the Penal Code.

- (iv) A felony offense involving fraud, deceit, or embezzlement.
- (5) The applicant, or any of its officers, directors, or owners, is a licensed physician making patient recommendations for medical cannabis.
- (6) The applicant or any of its officers, directors, or owners has been subject to fines or penalties for cultivation or production of a controlled substance on public or private lands pursuant to Section 12025 of the Fish and Game Code.
- (7) The applicant, or any of its officers, directors, or owners, have been sanctioned by the bureau, or a city, county, or a city and county for unlicensed commercial medical cannabis activities or has had a license revoked under this part in the previous three years.
- (8) Failure to obtain and maintain a valid seller's permit required pursuant to Part 1 (commencing with Section 6001) of the Revenue and Taxation Code.
- (a) Applicants shall be notified of a denied application, and licensees of a suspended or revoked license shall be notified, in writing via personal service or mail. The applicant or licensee shall have the right to appeal the denial, suspension, or revocation and shall be given a hearing within 30 days of the appeal.
- (b) All proceedings to deny, suspend, or revoke a license shall be conducted pursuant to Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.
- (9) 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.
- **114.** The bureau 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. Medical Marijuana Regualtion

- 115. (a) A person other than a licensed transporter shall not transport medical cannabis or medical cannabis products from one facility issued a state license to another, unless otherwise specified in this chapter.
- (b) All licensees holding cultivation or manufacturing licenses shall send all medical cannabis and medical cannabis products cultivated or manufactured to a Type 11 licensee for quality assurance and inspection by the Type 11 licensee and for a batch testing by a Type 8 licensee prior to distribution to a dispensary. Those licensees holding a Type 10A license in addition to a cultivation license or a manufacturing license shall send all medical cannabis and medical cannabis products to a Type 11 licensee for presale inspection and for a batch testing by a Type 8 licensee prior to dispensing any product. The licensing authority shall fine a licensee who violates this subdivision in an amount determined by the licensing authority to be reasonable.

- (c) (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 ensure a random sample of the medical cannabis or medical cannabis product 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 by the Type 8 licensee that the product is fit for manufacturing or retail, all medical cannabis and medical cannabis products shall undergo a quality assurance review by the Type 11 licensee prior to distribution to ensure the quantity and content of the medical cannabis or medical cannabis product, and for tracking and taxation purposes by the state. Licensed 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 medical cannabis or medical cannabis products being transported or delivered to a licensee, qualified patient, or caregiver.
- (3) This section does not limit the ability of 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 applicable state or local taxes and fees.
- (d) Medical cannabis and medical cannabis products shall be tested by a 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, 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 Department of Public Health.
- (e) All commercial cannabis activity shall be conducted between licensees.
- (f) This section shall become operative one year following the issuance of state licenses.
- **116.** (a) A licensee shall not cultivate, process, store, manufacture, transport, or sell medical cannabis or medical cannabis products in the state unless accurate records are kept at the licensed premises of the growing, processing, storing, manufacturing, transporting, or selling by the licensee, as determined by the bureau or the licensing authority.
- (b)Records shall be kept for a minimum of seven years following approval of a state license.

- (c) The bureau, 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 licensee and may visit and inspect the premises of a licensee, as the bureau 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 other 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).
- (d) Books or records requested by the bureau or an appropriate state or local agency shall be made available upon request.
- (e)The bureau, 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.
- (f)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.
- (g) 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 thirty thousand dollars (\$30,000) per individual violation.
- (h)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.
- (i) A licensed cultivation site or licensed dispensing facility shall display the license in a manner so as to be available and easily read at the location.
- 117. (a) A licensee may only hold a state license in up to two separate license categories, as follows:
- (1) Type 1, 1A, 1B, 2, 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, 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, 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, 2A, and 2B state license, or a combination thereof.
- (7) Type 11 licensees may apply for a Type 12 state license.
- (8) Type 12 licensees may apply for a Type 11 state 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) (1) In a jurisdiction that adopted a local ordinance, prior to July 1, 2015, 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 it meets all of the following conditions:
- (A) The business was cultivating, manufacturing, and dispensing medical cannabis or medical cannabis products on July 1, 2015, and has continuously done so since that date.
- (B) The business has been in full compliance with all applicable local ordinances.
- (C) The business is registered with the State Board of Equalization.
- (2) A business licensed pursuant to paragraph (1) is not required to conduct all cultivation or manufacturing within the bounds of a local jurisdiction, but all cultivation and manufacturing shall 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 a state license or local licenses or permits for commercial cannabis activity after July 1, 2015, unless it complies with the requirements in subdivision (a).
- (d) A licensee shall not hold a cultivation license for an area totaling more than one acre of canopy size, except as provided in subdivision (c). For the purposes of this section, a plant count allowed by an individual's license shall count towards the maximum allowable canopy size pursuant to this section.
- **118.** A licensee shall not also be licensed as a retailer of alcoholic beverages pursuant to Division 9 (commencing with Section 23000).
- 119. 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.

120. 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. Licensed Cultivation Sites

- **121.** 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.).
- (b) The use of pesticides is not adequately regulated due to the omissions in federal law, and cannabis cultivated in California for California patients can and often does contain pesticide residues.
- (c) Lawful California medical cannabis growers and caregivers urge the Department of Pesticide Regulation to provide guidance, in absence of federal guidance, on whether the pesticides currently used at most cannabis cultivation sites are actually safe for use on cannabis intended for human consumption.
- **122.** (a) 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 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 in cultivation, and maximum tolerances for pesticides 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 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.

- (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.
- (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.
- (d) State licenses to be issued 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 noncontiguous plots.
- (2) 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) 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) 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) 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 Department of Food and Agriculture 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 Department of Food and Agriculture 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 Department of Food and Agriculture shall limit the number of licenses allowed of this type.
- (10) Type 4, or "nursery," for cultivation of medical cannabis solely as a nursery. Type 4 licensees may transport live plants.

- (e) It is the intent of the Legislature to establish appropriate protocols for the collection of the specific location of cultivation sites.
- **123.** An employee engaged in commercial cannabis cultivation activity shall be subject to Wage Order 4-2001 of the Industrial Welfare Commission.

Article 7 Appellations of Origin and Cultivation Standards

- **124.** (a) Not later than January 1, 2020, the Department of Food and Agriculture in conjunction with the bureau, shall make available a certified organic designation and organic certification program for medical marijuana, if permitted under federal law.
- (b) The bureau may establish appellations of origin for marijuana grown in California.
- (d) It is unlawful for medical marijuana to be marketed, labeled, or sold as grown in a California county when the medical marijuana was not grown in that county.
- (e) It is unlawful to use the name of a California county in the labeling, marketing, or packaging of medical marijuana products unless the product was grown in that county.

Article 8. Licensed Distributors, Dispensaries, and Transporters

- **125.** (a) The bureau 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) State licenses to be issued by the bureau are as follows:
- (1) Type 10, or "dispensary," for the retail of medical cannabis or medical cannabis products. This license shall allow for delivery where expressly authorized by local ordinance, pursuant to subdivision (b) of Section 133.
- (2) Type 10A or "special dispensary status," for dispensers who have no more than three licensed dispensary facilities. This license shall allow for delivery where expressly authorized by local ordinance, pursuant to subdivision (b) of Section 133.
- (3) Type 11, or "distributor," for the certification of the content of all medical cannabis or medical cannabis products and distribution 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 a cultivation, manufacturing, dispensing, or testing license category and shall not own, or have an ownership interest in, a facility licensed in those categories other than a security interest, lien, or encumbrance on property that is used by a licensee. A Type 11 licensee shall be bonded and insured at a minimum level established by the licensing authority.
- (4) Type 12, or "transport," for transporters of medical cannabis or medical cannabis products. A Type 12 licensee shall be bonded and insured at a minimum level established by the licensing authority.

- (d) The Bureau shall adopt regulations establishing the following statewide minimum thresholds for additional transportation security requirements:
- (1) Minimum 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 122 or 134 or paragraph (1) or (2) of subdivision (c) of Section 125.
- (2) Minimum 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 paragraph (1) or (2) of subdivision (c) of Section 125, where expressly authorized by local ordinance, pursuant to subdivision (b) of Section 133.
- (e) A licensed dispensary shall implement sufficient security measures to both deter and prevent unauthorized entrance into areas containing medical cannabis or medical cannabis products and theft of medical cannabis or medical cannabis products at those facilities. These security measures shall include, but not be limited to, all of the following:
- (1) Preventing individuals from remaining on the premises of the facility if they are not engaging in activity expressly related to the operations of the facility.
- (2) Establishing limited access areas accessible only to authorized facility personnel.
- (3) Storing all finished medical cannabis and medical cannabis products in a secured and locked room, safe, or vault, and in a manner as to prevent diversion, theft, and loss, except for limited amounts of cannabis used for display purposes, samples, or immediate sale.
- (f) A facility issued a license shall notify appropriate law enforcement authorities within 24 hours after discovering any of the following:
- (1) Significant discrepancies identified during inventory. The level of significance shall be determined by the bureau.
- (2) Diversion, theft, loss, or any criminal activity involving the facility or a facility agent.
- (3) The loss or unauthorized alteration of records related to cannabis, registered qualifying patients, personal caregivers, or facility agents.
- (4) Any other breach of security.
- **126.** (a) The bureau shall adopt a medical marijuana and medical marijuana product track and trace process for reporting the movement of medical marijuana items throughout the distribution chain that also employs secure packaging and that is capable of providing information that captures, at a minimum, included but not all of the following: all of the following: (1) The licensee receiving the product; (2) The transaction date;

- (b) Licensees are not required to participate in the program unless the program is operational.
- (c)(1) The bureau shall also create a database containing the electronic shipping manifests pursuant, which shall include, but not be limited to, the following information:
- (A) The quantity, or weight, and variety of products shipped.
- (B) The estimated times of departure and arrival.
- (C) The quantity, or weight, and variety of products received.
- (D) The actual time of arrival.
- (E) A categorization of the product.
- (F) The license number issued by the licensing authority.
- (2) The database shall be designed to flag irregularities for a licensing authority to investigate. Licensing authorities and state and local agencies may, at any time, inspect shipments and request documentation for current inventory.
- **127.** (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 bureau'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

- **128.** (a) A licensee authorized to transport medical cannabis and medical cannabis products shall do so only as set forth in this chapter.
- (b) Prior to transporting medical cannabis or medical cannabis products, a licensee authorized to transport medical cannabis or medical cannabis products shall do both of the following:
- (1) Complete an electronic shipping manifest as prescribed by the licensing authority.
- (2) Securely transmit the manifest to the licensing authority and the licensee that will receive the medical cannabis product.
- (c) During transportation, 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 a record verifying receipt of the shipment and the details of the shipment.
- (f) When a licensing authority has knowledge that a licensee has transported, or arranged for or facilitated the transport of, medical cannabis or medical cannabis products in violation of this

article, the licensing authority shall summarily suspend that state license and shall, without delay, commence proceedings for revocation of the state license in accordance with this chapter.

- **129.** An entity licensed pursuant to Section 122 or 134 or paragraph (1) or (2) of subdivision (c) of Section 125 may transport between licensees medical cannabis or medical cannabis products in an amount below the statewide minimum set pursuant to subdivision (d) of Section 125.
- **130.** (a) Transported medical cannabis or medical cannabis products shall be transported only in a storage compartment that is securely affixed to the interior of the transporting vehicle and that is not visible from outside the vehicle. This requirement shall not apply to licensees transporting medical cannabis or medical cannabis products in an amount below the statewide minimum set pursuant to subdivision (d) of Section 125.
- (b) A vehicle transporting medical cannabis or medical cannabis products shall travel only directly between licensed facilities, unless otherwise authorized under its license. All transport–shall be conducted between 8:00 a.m. and 8:00 p.m. Transportation of shipments does not have to be completed in a single day.
- (c) All transport 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 transporting medical cannabis or medical cannabis products below the statewide minimum set pursuant to subdivision (d) of Section 125.
- (d) Each transport team member shall possess documentation of licensing and a government-issued identification card at all times when transporting medical cannabis or medical cannabis products 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.
- **131.** (a) This chapter shall not be construed to authorize or permit a licensee to transport or cause to be transported 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.
- **132.** 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 9.5. Delivery

- **133.** (a) Deliveries, as defined in Section 100, are allowed, except where explicitly prohibited by local ordinance. Deliveries may only be made by an appropriately licensed dispensary.
- (b) Upon approval of the licensing authority, a licensed dispensary that delivers medical cannabis or medical cannabis products shall comply with both of the following:
- (1) The city, county, or city and county in which the licensed dispensary is located, and in which each delivery is made, do not explicitly by ordinance prohibit delivery, as defined in Section 100.
- (2) All employees delivering medical cannabis or medical cannabis products shall carry a current license authorizing those services with them during deliveries and a government-issued identification, and shall present that license and identification upon request to state and local law enforcement, employees of regulatory authorities, and other state and local agencies enforcing this chapter.
- (c) A county shall have the authority to impose a tax, pursuant to Section 144, on each delivery transaction completed by a licensee.
- (d) Whenever a licensing authority has knowledge that a licensee has delivered, or arranged or facilitated the delivery 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.
- (e) During delivery, the licensee shall maintain a physical 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. The delivery request documentation shall comply with state and federal law regarding the protection of confidential medical information.
- (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 subdivision shall not apply to licensees delivering medical cannabis or medical cannabis products below the statewide minimum set pursuant to subdivision (d) of Section 125.
- (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 subdivision shall not apply to licensees delivering medical cannabis or medical cannabis products below the statewide minimum set pursuant to subdivision (d) of Section 125.
- (i) This section shall not be construed to authorize or permit a licensee to deliver, or cause to be delivered, cannabis or cannabis products outside the state, unless authorized by federal law.

(j) A local jurisdiction shall not prevent carriage of medical cannabis or medical cannabis products on public roads by a licensee acting in compliance with this chapter and applicable local ordinances, which do not explicitly prohibit delivery.

Article 10. Licensed Manufacturers and Licensed Laboratories

- **134.** (a) 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 Department of Public Health 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 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.
- 135. (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 are approved by an accrediting body that is a signatory to the International Laboratory Accreditation Cooperation Mutual Recognition Arrangement.
- (b) An agent of a licensed testing laboratory shall obtain samples according to a statistically valid sampling method for each lot.
- (c) A licensed testing laboratory shall analyze samples according to either of the following:
- (1) The most current version of the cannabis inflorescence monograph published by the American Herbal Pharmacopoeia.
- (2) Scientifically valid methodology that is demonstrably equal or superior to paragraph (1), in the opinion of the accrediting body.
- (d) If a test result falls outside the specifications authorized by law or regulation, the licensed testing laboratory shall follow a standard operating procedure to confirm or refute the original result.

- (e) A licensed testing laboratory shall destroy the remains of the sample of medical cannabis or medical cannabis product upon completion of the analysis.
- **136.** A licensed testing laboratory shall not handle, test, or analyze medical cannabis or medical cannabis products unless the licensed testing laboratory meets all of the following:
- (a) Is registered by the Department of Public Health.
- (b) Is independent from all other persons and entities involved in the medical cannabis industry.
- (c) Follow the methodologies, ranges, and parameters that are contained in the scope of the accreditation for testing medical cannabis or medical cannabis products. The testing lab shall also comply with any other requirements specified by the Department of Public Health.
- (d) Notify the Department of Public Health within one business day after the receipt of notice of any kind that its accreditation has been denied, suspended, or revoked.
- (e) Has established standard operating procedures that provide for adequate chain of custody controls for samples transferred to the licensed testing laboratory for testing.
- **137.** (a) A licensed testing laboratory shall issue a certificate of analysis for each lot, with supporting data, to report both of the following:
- (1) Whether the chemical profile of the lot conforms to the specifications of the lot for compounds, including, but not limited to, all of 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 of the cannabis inflorescence monograph published by the American Herbal Pharmacopoeia.
- (F) Cannabigerol (CBG).
- (G) Cannabinol (CBN).
- (H) Any other compounds required by the Department of Public Health.
- (2) That the presence of contaminants does not exceed the levels that are the lesser of either the most current version of the American Herbal Pharmacopoeia monograph or the Department of Public Health. For purposes of this paragraph, contaminants includes, but is not limited to, all of the following:

- (A) Residual solvent or processing chemicals.
- (B) Foreign material, including, but not limited to, hair, insects, or similar or related adulterant.
- (C) Microbiological impurity, including total aerobic microbial count, total yeast mold count, P.aeruginosa, aspergillus spp., s. aureus, aflatoxin B1, B2, G1, or G2, or ochratoxin A.
- (D) Whether the batch is within specification for odor and appearance.
- (b) Residual levels of volatile organic compounds shall be below the lesser of either the specifications set by the United States Pharmacopeia (U.S.P. Chapter 467) or those set by the Department of Public Health.
- **138.** (a) Except as provided in this chapter, a licensed testing laboratory shall not acquire or receive medical cannabis or medical cannabis products except from a licensed facility in accordance with this chapter, and shall not distribute, sell, deliver, transfer, transport, or dispense medical cannabis or medical cannabis products, 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.
- (b) 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 valid recommendation for cannabis for medical purposes from a physician. A licensed testing laboratory shall not certify samples from a qualified patient or caregiver for resale or transfer to another party or licensee. 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 medical cannabis or medical cannabis product received.
- (c) The Department of Public Health 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, and requiring destruction of harvested batches whose testing samples indicate noncompliance with health and safety standards promulgated by the Department of Public Health, unless remedial measures can bring the cannabis into compliance with quality assurance standards as promulgated by the Department of Public Health.
- (d) The Department of Public Health shall establish a licensing fee, and laboratories shall pay a fee to be licensed. Licensing fees shall not exceed the reasonable regulatory cost of the licensing activities.
- **139.** (a) 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 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.
- **140.** (a) Prior to sale or distribution at a licensed dispensing facility, 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."

- (F) For packages containing only dried flower, the net weight of medical cannabis in the package.
- (G) A warning if nuts or other known allergens are used.
- (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.
- (I) Clear indication, in bold type, that the product contains medical cannabis.
- (J) Identification of the source and date of cultivation and manufacture.
- (K) The date of sale.
- (L) Any other requirement set by the licensing authority.
- (b) Only generic food names may be used to describe edible medical cannabis products.

Article 11. Cannabis Employee Certification and Apprenticeship

- **141.** This article applies only to cultivation sites and dispensaries.
- **142.** 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.
- **143.** (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.
- **145.** (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

146. (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 Chapter 3.5 (commencing with Section 100) of Division 8 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), as 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 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 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

- **147.** 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 and renewal fee, as applicable. The licensure and 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 126, but shall not exceed the reasonable regulatory costs to the licensing authority.
- (b) The total fees assessed pursuant to this chapter 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, dependent on the size of the business.
- (d) The licensing authority shall deposit all fees collected in a fee account specific to that licensing authority, to be established in the Medical Marijuana Regulation Fund. Moneys in the licensing authority fee accounts shall be used, upon appropriation of the Legislature, by the designated licensing authority for the administration of this chapter.
- **148.** (a) The Medical Marijuana Regulation Fund is hereby established within the State Treasury. Notwithstanding Section 16305.7 of the Government Code, the fund shall include any interest and dividends earned on the moneys in the fund.
- (b) (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 fees not be sufficient to repay the loan, moneys from the Medical Cannabis Fines and Penalties Account shall be made available to the bureau, by appropriation of the Legislature, to repay the loan.
- (2) Funds advanced pursuant to this subdivision shall be appropriated to the bureau, which shall distribute the moneys to the appropriate licensing authorities, as necessary to implement the provisions of this chapter.
- **149.** (a) 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 Marijuana Fines and Penalties Account, which is hereby established within the fund, and shall be available, upon appropriation by the Legislature to the bureau, for the purposes of funding the enforcement grant program pursuant to subdivision (b).
- (b) (1) The bureau 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 by this subdivision shall only be implemented after the loan specified in 146(b) is repaid.

Article 13.5

Section 147 shall only become operative if Chapter 2 and Chapter 3 of Assembly Bill 243 are not enacted by January 1, 2016. If both bills are enacted and become effective on or before January 1, 2016, then Section 147 of Assembly Bill 266 shall not become operative.

Article 14. Reporting

- **150.** On or before March 1 of each year, the director shall prepare and submit to the Legislature an annual report on the bureau's activities and post the report on the bureau'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 bureau 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 bureau.
- (e) The number, type, and amount of penalties, fines, and other disciplinary actions taken by the licensing authorities.
- **151.** The bureau shall contract with the California Marijuana Research Program, known as the Center for Medicinal Cannabis Research, authorized purauant to Section 11362.9 of the Health and Safety Code, to develop a study that identifies the impact that cannabis has on motor skills. This report should help inform best practices for the identification and detection of drivers operating a vehicle unsafely.

Article 15. Privacy

- **152.** (a) Information identifying the names of patients, their medical conditions, or the names of their primary caregivers received and contained in records kept by the bureau 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) Information identifying the names of patients, their medical conditions, or the names of their primary caregivers received and contained in records kept by the bureau for the purposes of administering this part shall be maintained in accordance with Chapter 1 (commencing with Section 123100) of Part 1 of Division 106 of the Health and Safety Code, Part 2.6 (commencing with

Section 56) of Division 1 of the Civil Code, and other state and federal laws relating to confidential patient information.

- (c) Nothing in this section precludes the following:
- (1) Employees of any of the bureau 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 bureau 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.
- (d) 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. 4. 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 one year after the Bureau of Medical Cannabis Governance posts a notice on its Internet Web site that the licensing authorities have commenced issuing licenses pursuant to the Medical Cannabis Regulation and Control Act (Chapter 3.5 (commencing with Section 100) of Division 8 of the Business and Professions Code), and is repealed upon issuance of licenses.
- **SEC. 5**. 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. 6.** 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 140) 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. 7. 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. 8.

Government Code Section 9147.7 shall not apply to the Bureau of Marijuana Regulation.

SEC. 9. The Legislature finds and declares that Section 5 of this act imposes a limitation on the public's right of access to the meetings of public bodies or the writings of public officials and agencies within the meaning of Section 3 of Article I of the California Constitution. Pursuant to that constitutional provision, the Legislature makes the following findings to demonstrate the interest protected by this limitation and the need for protecting that interest:

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

SEC. 10. 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.