

AMENDED IN ASSEMBLY MAY 5, 2015

AMENDED IN ASSEMBLY APRIL 14, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

**ASSEMBLY BILL**

**No. 266**

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

February 10, 2015

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An act to amend Section 2220.05 of, to add Article 25 (commencing with Section 2525) to Chapter 5 of Division 2 of, and to add Part 5 (commencing with Section 18100) to Division 7 of, the Business and Professions Code, to add Section 23028 to the Government Code, to amend Section 11362.775 of, and to add Article 8 (commencing with Section 111658) to Chapter 6 of Part 5 of Division 104 of, the Health and Safety Code, and to amend Section 1155.7 of, and to add Sections 1158.5, 147.5 and 3094 to, the Labor Code, relating to medical marijuana, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 266, as amended, Cooley. Medical marijuana.

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

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

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

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

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

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

~~regulations govern agreements between a facility with more than 20 employees issued a conditional license and labor.~~

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

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

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

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

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

(3) Existing law, the Medical Practice Act, provides for the licensure and regulation of physicians and surgeons by the Medical Board of California. Existing law requires the board to prioritize investigations and prosecutions of physicians and surgeons representing the greatest threat of harm, as specified. Existing law identifies the cases that are to be given priority, which include cases of repeated acts of excessively

prescribing, furnishing, or administering controlled substances without a good faith prior examination of the patient. Existing law provides that a violation of the Medical Practice Act is a crime.

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

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

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

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

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

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

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

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

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

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

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

This bill would make legislative findings to that effect.

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

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

Vote: majority. Appropriation: yes. Fiscal committee: yes. State-mandated local program: yes.

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

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

3 (a) In 1996, the people of the State of California enacted the  
4 Compassionate Use Act of 1996, codified in Section 11362.5 of  
5 the Health and Safety Code. The people of the State of California  
6 declared that their purpose in enacting the measure was, among  
7 other things, “to ensure that seriously ill Californians have the  
8 right to obtain and use marijuana for medical purposes where that  
9 medical use is deemed appropriate and has been recommended by

1 a physician who has determined that the person’s health would  
2 benefit from the use of marijuana in the treatment of cancer,  
3 anorexia, AIDS, chronic pain, spasticity, glaucoma, arthritis,  
4 migraine, or any other illness for which marijuana provides relief.”

5 (b) The Compassionate Use Act of 1996 called on state  
6 government to implement a plan for the safe and affordable  
7 distribution of marijuana to all patients in medical need of  
8 marijuana, while ensuring that nothing in that act would be  
9 construed to condone the diversion of marijuana for nonmedical  
10 purposes.

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

15 (d) Greater certainty and minimum statewide standards are  
16 urgently needed regarding the obligations of medical marijuana  
17 facilities, and for the imposition and enforcement of regulations  
18 to prevent unlawful cultivation and the diversion of marijuana to  
19 nonmedical use.

20 (e) Despite the passage of the Compassionate Use Act of 1996  
21 and the MMPA, because of the lack of an effective statewide  
22 system for regulating and controlling medical marijuana, cities,  
23 counties and local law enforcement officials have been confronted  
24 with uncertainty about the legality of some medical marijuana  
25 cultivation and distribution activities. The current state of affairs  
26 makes law enforcement difficult and endangers patient safety  
27 because of an inability to monitor the supply of medical marijuana  
28 in the state and the lack of quality control, testing, and labeling  
29 requirements.

30 (f) The California Constitution grants cities and counties the  
31 authority to make and enforce, within their borders, “all local  
32 police, sanitary, and other ordinances and regulations not in conflict  
33 with the general laws.” This inherent local police power includes  
34 broad authority to determine, for purposes of public health, safety,  
35 and welfare, the appropriate uses of land within the local  
36 jurisdiction’s borders. The police power, therefore, allows each  
37 city and county to determine whether or not a medical marijuana  
38 dispensary or other facility that makes medical marijuana available  
39 may operate within its borders. This authority has been upheld by  
40 *City of Riverside v. Inland Empire Patients Health and Wellness*

1 Center, Inc. (2013) 56 Cal.4th 729 and County of Los Angeles v.  
2 Hill (2011) 192 Cal.App.4th 861. Nothing in this act shall diminish,  
3 erode, or modify that authority.

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

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

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

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

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

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

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

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

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

38 (1) Gross negligence, incompetence, or repeated negligent acts  
39 that involve death or serious bodily injury to one or more patients,

1 such that the physician and surgeon represents a danger to the  
2 public.

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

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

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

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

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

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

31 SEC. 3. Article 25 (commencing with Section 2525) is added  
32 to Chapter 5 of Division 2 of the Business and Professions Code,  
33 to read:

34

35 Article 25. Recommending Medical Marijuana

36

37 2525. (a) It is unlawful for a physician and surgeon who  
38 recommends marijuana to a patient for a medical purpose to accept,  
39 solicit, or offer any form of remuneration from or to a facility  
40 issued a conditional license pursuant to Part 5 (commencing with

1 Section 18100) of Division 7, if the physician and surgeon or his  
2 or her immediate family have a financial interest in that facility.

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

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

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

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

16 2525.3. An examination conducted by the physician and  
17 surgeon involving the use of telehealth as defined in Section 2290.5  
18 of the Business and Professions Code, shall comply with applicable  
19 federal and state laws and regulations, including compliance with  
20 the regulations promulgated pursuant to the Health Insurance  
21 Portability and Accountability Act of 1996, found in Parts 160 and  
22 164 of Title 45 of the Code of Federal Regulations.

23 SEC. 4. Part 5 (commencing with Section 18100) is added to  
24 Division 7 of the Business and Professions Code, to read:

25  
26 PART 5. MEDICAL MARIJUANA

27  
28 CHAPTER 1. GENERAL PROVISIONS

29  
30 18100. For purposes of this part, the following definitions shall  
31 apply:

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

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

38 (c) “Chief” means the Chief of the Bureau of Medical Marijuana  
39 Regulation.

1 (d) “Delivery service” means an individual or entity issued a  
2 conditional license by the bureau pursuant to this part and a local  
3 license or permit, as specified in subdivision (c) of Section 18110,  
4 to deliver medical marijuana or medical marijuana products, up  
5 to an amount determined by the bureau, to patients, testing  
6 laboratories, or to events or locations where it will be used solely  
7 for promotional purposes. A delivery service shall not be required  
8 to obtain a transporter license.

9 ~~(d)~~

10 (e) “Department” means the Department of Consumer Affairs.

11 ~~(e)~~

12 (f) “Director” means the Director of Consumer Affairs.

13 ~~(f)~~

14 (g) “Dispensary” means a distribution operation that provides  
15 medical marijuana or medical marijuana derived products to  
16 patients and caregivers.

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

20 ~~(g)~~

21 (i) “Fund” means the Medical Marijuana Regulation Fund  
22 established pursuant to Section 18118.

23 ~~(h)~~

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

33 ~~(i)~~

34 (k) “Licensed cultivation site” means a facility that plants,  
35 grows, cultivates, harvests, dries, or processes medical marijuana,  
36 or that does all or any combination of those activities, and that is  
37 issued a conditional license pursuant to this part and a local license  
38 or permit, as required by subdivision (c) of Section 18110.

39 ~~(j)~~

1 (l) “Licensed dispensing facility” means a dispensary or other  
2 facility that provides medical marijuana, medical marijuana  
3 products, or devices for the use of medical marijuana or medical  
4 marijuana products, either individually or in any combination, that  
5 is issued a conditional license pursuant to this part *and a local*  
6 *license or permit, as required by subdivision (c) of Section 18110.*

7 ~~(k)~~

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

15 ~~(j)~~

16 (n) “Licensed transporter” means an individual or entity issued  
17 a conditional license by the bureau to transport medical marijuana  
18 *or medical marijuana products above a limit determined by the*  
19 *bureau* to and from facilities that have been issued conditional  
20 licenses pursuant to this part.

21 ~~(m)~~

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

35 18101. (a) There is hereby created in the Department of  
36 Consumer Affairs the Bureau of Medical Marijuana Regulation,  
37 under the supervision and control of the Chief of the Bureau of  
38 Medical Marijuana Regulation.

39 (b) Protection of the public shall be the highest priority for the  
40 bureau in exercising its licensing, regulatory, and disciplinary

1 functions. Whenever the protection of the public is inconsistent  
2 with other interests sought to be promoted, the protection of the  
3 public shall be paramount.

4 (c) The bureau shall have the authority to issue conditional  
5 licenses for the cultivation, manufacture, transportation, storage,  
6 distribution, and sale of medical marijuana within the state and to  
7 collect fees in connection with these actions. The bureau shall have  
8 the authority to create other licenses in order to protect patient  
9 health and the public and to facilitate the regulation of medical  
10 marijuana.

11 (d) The Governor shall appoint the chief at a salary to be fixed  
12 and determined by the director with the approval of the Director  
13 of Finance. The chief shall serve in accordance with the State Civil  
14 Service Act (Part 2 (commencing with Section 18500) of Division  
15 5 of Title 2 of the Government Code).

16 (e) The duty of enforcing and administering this part shall be  
17 vested in the chief, who is responsible to the director. The chief  
18 may adopt and enforce those rules and regulations that he or she  
19 determines are reasonably necessary to carry out the purposes of  
20 this part and declaring the policy of the bureau, including a system  
21 for the issuance of citations for violations of this part, as specified  
22 in Section ~~18126~~. 18127.

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

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

35 (h) The bureau shall exercise its authority pursuant to this part  
36 consistent with Section 1 of the act that added this section and  
37 consistent with the provisions of this part.

38 18102. Funds for the establishment and support of the bureau  
39 shall be advanced as a loan by the department and shall be repaid

1 by the initial proceeds from fees collected pursuant to this part or  
2 any rule or regulation adopted pursuant to this part.

3 18103. The bureau shall have the authority necessary for the  
4 implementation of this part, including, but not limited to, all of  
5 the following:

6 (a) Establishing rules or regulations necessary to carry out the  
7 purposes and intent of this part and to enable the bureau to exercise  
8 the powers and perform the duties conferred upon it by this part  
9 and in accordance with Chapter 3.5 (commencing with Section  
10 11340) of Part 1 of Division 3 of Title 2 of the Government Code.  
11 These rules and regulations shall not limit the authority of a city,  
12 county, or city and county specified in Section 18128, or specified  
13 in Section 7 of Article XI of the California Constitution, or any  
14 other law. For the performance of its duties, the bureau has the  
15 powers as set forth in Article 2 (commencing with Section 11180)  
16 of Chapter 2 of Part 1 of Division 3 of Title 2 of the Government  
17 Code.

18 (b) Issuing conditional licenses to persons for the cultivation,  
19 manufacture, transportation, storage, distribution, and sale of  
20 medical marijuana within the state.

21 (c) Setting application, licensing, and renewal fees for  
22 conditional licenses issued pursuant to Section 18117.

23 (d) Establishing standards for the cultivation, manufacturing,  
24 transportation, storage, *testing*, distribution, provision, donation,  
25 and sale of medical marijuana and medical marijuana products.

26 (e) Establishing procedures for the issuance, renewal,  
27 suspension, denial, and revocation of conditional licenses.

28 (f) Imposing a penalty authorized by this part or any rule or  
29 regulation adopted pursuant to this part.

30 (g) Taking action with respect to an application for a conditional  
31 license in accordance with procedures established pursuant to this  
32 part.

33 (h) Overseeing the operation of the Medical Marijuana  
34 Regulation Fund and the Special Account for Environmental  
35 Enforcement, established pursuant to Section 18118.

36 (i) Consulting with other state or local agencies, departments,  
37 representatives of the medical marijuana community, or public or  
38 private entities for the purposes of establishing statewide standards  
39 and regulations. *The bureau shall, at a minimum, consult with the*

1 *State Department of Public Health and the Department of Food*  
2 *and Agriculture when developing these standards.*

3 ~~(j) Certifying laboratories to perform testing of medical~~  
4 ~~marijuana.~~

5 18104. (a) On or before July 1, 2017, the bureau shall  
6 promulgate regulations for implementation and enforcement of  
7 this part, including, but not limited to, all of the following:

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

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

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

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

15 (5) Qualifications for licensees.

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

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

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

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

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

38 (E) Require that the application of pesticides or other pest  
39 control in connection with the indoor or outdoor cultivation of  
40 medical marijuana shall meet standards analogous to Division 6

1 (commencing with Section 11401) of the Food and Agricultural  
2 Code and its implementing regulations.

3 (F) Require that indoor and outdoor marijuana cultivation by  
4 licensees is conducted in accordance with state and local laws and  
5 best practices related to land conversion, grading, electricity usage,  
6 water usage, agricultural discharges, and similar matters.

7 (7) Develop procedures to ensure that testing of marijuana  
8 occurs prior to delivery to dispensaries or any other business, *and*  
9 *specify that the cost of testing shall be borne by the licensed*  
10 *cultivators, how often licensees shall test marijuana*, and requiring  
11 destruction of harvested batches whose testing samples indicate  
12 noncompliance with health and safety standards promulgated by  
13 the bureau, unless remedial measures can bring the marijuana into  
14 compliance with quality assurance standards as promulgated by  
15 the bureau.

16 (8) Establish minimum standards for quality assurance protocols  
17 implemented by each licensed facility pursuant to Section 18138.

18 (b) On or before July 1, 2017, the bureau shall also promulgate  
19 regulations for minimum statewide health and safety standards  
20 and quality assurance standards associated with the cultivation,  
21 transport, storage, manufacture, and sale of all medical marijuana  
22 produced in this state. Consistent with Section 18126, local  
23 agencies shall have primary responsibility for enforcement of these  
24 standards in accordance with bureau regulations.

25 (c) The bureau shall not issue a conditional license unless the  
26 applicant has met all of the requirements of this part, including the  
27 requirements of ~~paragraph (4) of subdivision (d) of Section 18110.~~

28 18104.5. (a) The State Department of Public Health shall  
29 promulgate standards for certification of testing laboratories to  
30 perform random sample testing of all medical marijuana products,  
31 including standards for onsite testing.

32 (b) Certification of testing laboratories shall be consistent with  
33 general requirements for the competence of testing and calibration  
34 activities, including sampling, using standard methods established  
35 by the International Organization for Standardization, specifically  
36 ~~ISO/IEC 17025. 17020 and ISO/IEC 17025.~~

37 (c) These requirements shall apply to all entities, including  
38 third-party laboratories, engaged in the testing of medical marijuana  
39 pursuant to this part.

1 18105. The chief shall keep a complete record of all facilities  
 2 issued a conditional license. The bureau shall, upon request,  
 3 provide summary information on licensees consisting of the name  
 4 of the licensee, the date the license was issued, the status of the  
 5 license, and the licensee’s mailing address.

6 18106. The bureau shall establish procedures to provide state  
 7 and local law enforcement, upon their request, with 24-hour access  
 8 to information to verify a conditional license, track transportation  
 9 manifests, and track the inventories of facilities issued a conditional  
 10 license.

11 18107. This part shall in no way supersede the provisions of  
 12 Measure D, approved by the voters of the City of Los Angeles on  
 13 the May 21, 2013, ballot for the city, which granted medical  
 14 marijuana businesses and dispensaries qualified immunity  
 15 consistent with the terms of the measure and local ordinances.  
 16 Notwithstanding the provisions of this part, marijuana businesses  
 17 and dispensaries subject to the provisions of Measure D and its  
 18 qualified immunity shall continue to be subject to the ordinances  
 19 and regulations of the City of Los Angeles.

20

21 CHAPTER 2. CONDITIONAL LICENSES

22

23 18108. The following persons are exempt from the requirement  
 24 of licensure under this part:

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

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

39 18109. (a) Except as provided in Section 11362.5 of, and  
 40 Article 2.5 (commencing with Section 11362.7) of Chapter 6 of

1 Division 10 of, the Health and Safety Code, a person shall not sell  
2 or provide medical marijuana to a patient or caregiver other than  
3 at a licensed dispensing facility or through delivery from a licensed  
4 dispensing facility.

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

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

14 (d) A person shall not transport medical marijuana from one  
15 facility issued a conditional license to another, other than a licensed  
16 transporter.

17 (e) A licensed manufacturer may obtain medical marijuana from  
18 a licensed cultivator and may furnish medical marijuana products  
19 to a licensed dispensary.

20 (f) To meet the requirements of Article 8 (commencing with  
21 Section 111658) of Chapter 6 of Part 5 of Division 104 of the  
22 Health and Safety Code, medical marijuana and medical marijuana  
23 products shall be tested by a certified testing laboratory.

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

25 18110. (a) Beginning July 1, 2017, the bureau shall provide  
26 for and shall issue conditional licenses. Conditional licenses shall  
27 be required for all activity authorized under this chapter, including,  
28 but not limited to, cultivation, storage, transport, and dispensing  
29 of medical marijuana. A license issued pursuant to this chapter is  
30 subject to compliance with all local ordinances and regulations  
31 determined to be applicable by the local government of the  
32 jurisdiction in which the licensee operates.

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

39 (c) A ~~licensee~~ facility shall not commence activity under the  
40 authority of a conditional license until the applicant has obtained,

1 in addition to the conditional license, a license or permit from the  
2 local jurisdiction in which he or she proposes to operate, following  
3 the requirements of the applicable local ordinances.

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

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

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

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

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

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

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

19 (E) In the case of a dispensary, the name and address of each  
20 licensed cultivation site and licensed manufacturer from which the  
21 dispensary will acquire or obtain medical marijuana or medical  
22 marijuana products.

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

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

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

32 (6) Provide the applicant's fingerprint images. For purposes of  
33 this paragraph, "applicant" means the owner or owners of a  
34 proposed facility, including all persons or entities having an  
35 ownership interest other than a security interest, lien, or  
36 encumbrance on property that will be used by the facility. If the  
37 owner is an entity, fingerprints shall be submitted for each person  
38 participating in the direction, control, or management of, or having  
39 a financial interest in, the proposed facility.

1 (A) The applicant shall electronically submit to the Department  
2 of Justice fingerprint images and related information required by  
3 the Department of Justice for the purpose of obtaining information  
4 as to the existence and content of a record of state or federal  
5 convictions and arrests, and information as to the existence and  
6 content of a record of state or federal convictions and arrests for  
7 which the Department of Justice establishes that the person is free  
8 on bail, or on his or her own recognizance, pending trial or appeal.

9 (B) The Department of Justice shall provide a response to the  
10 bureau pursuant to paragraph (1) of subdivision (p) of Section  
11 11105 of the Penal Code.

12 (C) The bureau shall request from the Department of Justice  
13 subsequent notification service, as provided pursuant to Section  
14 11105.2 of the Penal Code, for persons described in subparagraph  
15 (A).

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

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

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

25 (9) *For an applicant with 20 or more employees, provide a*  
26 *statement that the applicant will enter into, or demonstrate that it*  
27 *has already entered into, and abide by the terms of a labor peace*  
28 *agreement, as defined in Section 18100. The bureau may consult*  
29 *with the Division of Labor Standards and Enforcement to ensure*  
30 *that the labor peace agreement meets the requirements of Section*  
31 *18100.*

32 ~~(9)~~

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

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

38 (f) A conditional license issued pursuant to this section shall be  
39 valid for 12 months after the date of issuance. The bureau shall  
40 establish procedures for the renewal of a conditional license.

1 (g) A conditional license issued pursuant to this section shall  
2 be restricted as follows:

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

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

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

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

16 18111. (a) Upon receipt of the application materials and fee  
17 required in Section 18110, the bureau, provided the applicant has  
18 not committed an act or crime constituting grounds for the denial  
19 of licensure under Section 18112, may issue the conditional license  
20 and send a proof of issuance to the applicant.

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

24 18112. (a) An application for a conditional license shall be  
25 denied and a conditional license shall be suspended or revoked for  
26 a past felony conviction for the possession for sale, sale,  
27 manufacture, transportation, or cultivation of a controlled  
28 substance, a felony criminal conviction for drug trafficking, a  
29 felony conviction for embezzlement, a felony conviction involving  
30 fraud or deceit, or any violent or serious felony conviction pursuant  
31 to subdivision (c) of Section 667.5 of, or subdivision (c) of Section  
32 1192.7 of, the Penal Code. The bureau, at its discretion, may issue  
33 a license to an applicant that would be otherwise denied pursuant  
34 to this subdivision if the applicant has obtained a certificate of  
35 rehabilitation, pursuant to Section 4852.13 of the Penal Code.

36 (b) The chief, upon his or her determination, may deny, suspend,  
37 or revoke a conditional license when a conditional licensee,  
38 applicant, or employee, partner, officer, or member of an entity  
39 conditionally licensed does any of the following:

- 1 (1) Making or authorizing in any manner or by any means a  
2 written or oral statement that is untrue or misleading and that is  
3 known, or that by exercise of reasonable care should be known,  
4 to be untrue or misleading.
- 5 (2) Any other conduct that constitutes fraud.
- 6 (3) Conduct constituting gross negligence.
- 7 (4) Failure to comply with the provisions of this part, Article 8  
8 (commencing with Section 111658) of Chapter 6 of Part 5 of  
9 Division 104 of the Health and Safety Code, or any rule or  
10 regulation adopted pursuant to this part.
- 11 (5) Conduct that constitutes grounds for denial of licensure  
12 pursuant to Chapter 2 (commencing with Section 480) of Division  
13 1.5.
- 14 (6) Violation of any applicable local ordinance.
- 15 18113. (a) Upon denying, suspending, or revoking a  
16 conditional license, the chief shall notify the applicant or licensee,  
17 in writing, by personal service or mail addressed to the address of  
18 the applicant or licensee set forth in the application. The applicant  
19 or licensee shall be given a hearing within 30 days thereafter if he  
20 or she files with the bureau a written request for hearing. Otherwise,  
21 the denial, suspension, or revocation is deemed affirmed.
- 22 (b) All proceedings to deny, suspend, or revoke a conditional  
23 license shall be conducted pursuant to Chapter 5 (commencing  
24 with Section 11500) of Part 1 of Division 3 of Title 2 of the  
25 Government Code.
- 26 18114. An application for or renewal of a license shall not be  
27 approved if the bureau determines any of the following:
- 28 (a) The applicant fails to meet the requirements of this part or  
29 any regulation adopted pursuant to this part or any applicable city,  
30 county, or city and county ordinance or regulation. If a local  
31 government adopts an ordinance or resolution authorizing medical  
32 marijuana to be cultivated, manufactured, stored, distributed, or  
33 sold within its jurisdiction, it shall submit to the bureau  
34 documentation detailing their renewal requirements.
- 35 (b) The applicant, or any of its officers, directors, owners,  
36 members, or shareholders, is a minor.
- 37 (c) The applicant has knowingly answered a question or request  
38 for information falsely on the application form or failed to provide  
39 information requested.

1 (d) The applicant, or any of its officers, directors, owners,  
 2 members, or shareholders has been sanctioned by the bureau, a  
 3 city, county, or city and county, for medical marijuana activities  
 4 conducted in violation of this part or any applicable local ordinance  
 5 or has had a *conditional license or local license or permit* revoked  
 6 in the previous five years.

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

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

13 18115. In addition to the provisions of this part, a conditional  
 14 license shall be subject to the restrictions of the local jurisdiction  
 15 in which the facility operates or proposes to operate. Even if a  
 16 conditional license has been granted pursuant to this part, a facility  
 17 shall not operate in a local jurisdiction that prohibits the  
 18 establishment of that type of business.

19 18116. The bureau may adopt regulations to limit the number  
 20 of conditional licenses issued pursuant to this part upon a finding  
 21 that the otherwise unrestricted issuance of conditional licenses is  
 22 dangerous to the public health and safety.

23  
 24  
 25

### CHAPTER 3. FEES

26 18117. (a) The conditional licensing fee shall be established  
 27 by the bureau at a level sufficient to fund the reasonable costs of  
 28 all of the following:

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

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

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

36 (b) In addition to the conditional licensing fee required pursuant  
 37 to subdivision (a), a ~~cultivation facility~~ *licensed cultivation site*  
 38 shall be assessed a fee in a sufficient amount to cover the  
 39 reasonable regulatory costs to the state of enforcing the  
 40 environmental impact provisions relating to those cultivation

1 facilities. This fee shall be paid in addition to any other fees  
2 charged by the bureau or any local agency. This fee shall be  
3 distributed, as necessary and in proportion to its regulatory  
4 function, between the following agencies responsible for enforcing  
5 the regulations relating to the environmental impact of licensed  
6 cultivation sites:

- 7 (1) The State Water *Resources Control* Board.
- 8 (2) The Department of Fish and Wildlife.
- 9 (3) The Department of Forestry and Fire Protection.
- 10 (4) The Department of Pesticide Regulation.
- 11 (5) The Department of Food and Agriculture.

12 (c) The bureau may establish a separate schedule of licensing  
13 fees for application to nonprofit entities if the entity's nonprofit  
14 status is verified by an *independent* audit or by *confirmation of*  
15 *the entity's 501(c)(3) status under the federal Internal Revenue*  
16 *Code.*

17 18118. (a) The Medical Marijuana Regulation Fund is hereby  
18 established within the State Treasury. Notwithstanding Section  
19 16305.7 of the Government Code, the fund shall include any  
20 interest and dividends earned on the money in the fund.

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

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

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

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

9 18119. (a) A facility issued a conditional license shall not  
 10 acquire, cultivate, process, possess, store, manufacture, distribute,  
 11 sell, deliver, transfer, transport, or dispense medical marijuana for  
 12 any purpose other than those authorized by Article 2.5  
 13 (commencing with Section 11362.7) of Chapter 6 of Division 10  
 14 of the Health and Safety Code.

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

20

21 CHAPTER 4. TRANSPORTATION OF MEDICAL MARIJUANA

22

23 18120. (a) A licensed transporter shall ship *medical marijuana*  
 24 only to facilities issued a conditional license and only in response  
 25 to a request for a specific quantity and variety from those facilities.

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

28 (1) Complete a shipping manifest using a form prescribed by  
 29 the bureau.

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

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

38 18121. (a) Transported medical marijuana products shall:

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

4 (2) Not be visible from outside the vehicle.

5 (b) A vehicle transporting medical marijuana products shall  
6 travel directly from one licensed facility to another licensed facility  
7 authorized to receive the shipment.

8 18122. (a) All transport vehicles shall be staffed with a  
9 minimum of two employees. At least one transport team member  
10 shall remain with the vehicle at all times when the vehicle contains  
11 medical marijuana.

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

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

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

24 (e) *This section shall only apply to a licensed transporter.*

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

29  
30 CHAPTER 5. ENFORCEMENT

31  
32 18124. ~~A~~(a) *The bureau shall, in consultation with local*  
33 *governments, develop an enforcement framework that clarifies the*  
34 *enforcement roles of the state and local governments, designating*  
35 *local governments with primary enforcement responsibility,*  
36 *maximizes the capabilities and resources of local enforcement*  
37 *agencies, and ensures that there is communication and*  
38 *collaboration between the bureau, relevant state agencies, and*  
39 *local governments to enhance and streamline enforcement efforts.*

1 (b) A state agency is not required by this section to enforce a  
2 city, county, city and county, or local law, ordinance, rule, or  
3 regulation regarding the site or operation of a facility *or transporter*  
4 issued a conditional license.

5 18125. The bureau may assist state taxation authorities in the  
6 development of uniform policies for the state taxation of licensees.

7 18126. (a) For facilities issued a conditional license that are  
8 located within the incorporated area of a city, the city shall have  
9 full power and authority to enforce this part and Article 8  
10 (commencing with Section 111658) of Chapter 6 of Part 5 of  
11 Division 104 of the Health and Safety Code and the rules,  
12 regulations, and standards promulgated by the bureau. The city  
13 shall further assume complete responsibility for any regulatory  
14 function relating to those licensees within the city limits that would  
15 otherwise be performed by the county or any county officer or  
16 employee, without liability, cost, or expense to the county.

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

23 18127. (a) A willful violation of Section 18110, including an  
24 attempt to falsify information on an application or to otherwise  
25 defraud or mislead a state or local agency in the course of the  
26 application process, shall be punishable by a civil fine of up to  
27 thirty-five thousand dollars (\$35,000) for each individual violation.

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

31 18128. A district attorney, county counsel, city attorney, or  
32 city prosecutor may bring an action to enjoin a violation or the  
33 threatened violation of any provision of this part, including, but  
34 not limited to, a licensee's failure to correct objectionable  
35 conditions following notice or as a result of a rule promulgated  
36 pursuant to this part. The action shall be brought in the county in  
37 which the violation occurred or is threatened to occur. A proceeding  
38 brought pursuant to this part shall conform to the requirements of  
39 Chapter 3 (commencing with Section 525) of Title 7 of Part 2 of  
40 the Code of Civil Procedure. Nothing in this section shall diminish

1 the authority of a local government to take requisite enforcement  
2 actions pertaining to its own ordinances or regulations.

3 18129. Nothing in this part shall prevent a city or other local  
4 governing body from taking action as specified in Section 11362.83  
5 of the Health and Safety Code.

6 18130. This part shall not be construed to limit a law  
7 enforcement agency’s ability to investigate unlawful activity in  
8 relation to a facility issued a conditional license.

9

10 CHAPTER 6. CANNABIS EMPLOYEES

11

12 18131. ~~(a)~~ The Division of Labor Standards Enforcement shall  
13 do all of the following:

14 ~~(1)~~

15 ~~(a)~~ Maintain minimum standards for the competency and  
16 training of employees of a licensed cultivation site or a licensed  
17 dispensing facility, as defined in subdivisions (i) and (j) of Section  
18 18100, through a system of testing and certification.

19 ~~(2)~~

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

23 ~~(3)~~

24 ~~(c)~~ Establish and collect certification fees not to exceed the  
25 reasonable cost to the division in issuing certifications.

26 ~~(4)~~

27 ~~(d)~~ Adopt regulations necessary to implement this chapter.

28 ~~(5)~~

29 ~~(e)~~ Issue certification cards to employees who have been  
30 certified pursuant to this chapter.

31 ~~(6)~~ Maintain a cannabis certification curriculum committee  
32 made up of representatives of the State Department of Education,  
33 the California Community Colleges, and the division. The  
34 committee shall do all of the following:

35 ~~(A)~~ Establish written educational curriculum standards for  
36 enrollees in training programs. Curriculum shall include appropriate  
37 standards for the sale, processing, and cultivation of medical  
38 marijuana including standards for dispensing, growing, harvesting,  
39 packaging, labeling, preparing, transporting, delivering, testing,

1 storage, and preventing diversion of medical marijuana and related  
2 products, including edible medical marijuana products.

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

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

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

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

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

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

23 (2) "Committee" means the cannabis curriculum certification  
24 committee established pursuant to paragraph (6) of subdivision  
25 (a).

26 (3) "Division" means the Division of Labor Standards and  
27 Enforcement.

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

34 18132. (a) Except as provided in subdivision (c), persons who  
35 perform work as cannabis employees shall be certified by the  
36 division.

37 (b) Individuals desiring to be certified shall submit an  
38 application for certification and examination that includes an  
39 employment history report from the Social Security Administration.

1 The individual may redact his or her social security number from  
2 the employment history report before it is submitted.

3 (c) (1) Certification is not required for registered apprentices  
4 working as cannabis employees as part of an apprenticeship  
5 program approved under ~~a federal Office of Apprenticeship~~  
6 ~~program or a state an approved apprenticeship program authorized~~  
7 ~~by the federal Office of Apprenticeship.~~ *program.* An apprentice  
8 who is within one year of completion of his or her term of  
9 apprenticeship shall be permitted to take the certification  
10 examination and, upon passing the examination, shall be certified  
11 immediately upon completion of the term of apprenticeship.

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

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

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

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

30 (2) The licensed cultivation site or licensed dispensing facility  
31 willfully fails to provide adequate supervision of uncertified  
32 ~~workers required by paragraph (3) of subdivision (a) of Section~~  
33 ~~18134.~~ *workers.*

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

37 (e) The Labor Commissioner shall maintain a process for  
38 referring cases to the bureau when it has been determined that a  
39 violation of this section has likely occurred. The Labor

1 Commissioner shall have a memorandum of understanding with  
2 the bureau in furtherance of this section.

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

13 ~~18133. The division shall do all of the following:~~

14 ~~(a) Make information about cannabis employee certification~~  
15 ~~available in languages other than English to the extent the division~~  
16 ~~finds it appropriate.~~

17 ~~(b) Provide for the administration of certification tests in Spanish~~  
18 ~~and, to the extent practicable, other languages spoken by a~~  
19 ~~substantial number of applicants, except when the ability to~~  
20 ~~understand warning signs, instructions, and certain other~~  
21 ~~information in English is necessary for safety, cultivation, and~~  
22 ~~dispensing.~~

23 ~~(c) Ensure, in conjunction with the California Apprenticeship~~  
24 ~~Council, that all cannabis apprenticeship programs that impose~~  
25 ~~minimum formal education requirements as a condition of entry~~  
26 ~~provide for reasonable alternative means of satisfying those~~  
27 ~~requirements.~~

28 ~~(d) Ensure, in conjunction with the California Apprenticeship~~  
29 ~~Council, that all cannabis apprenticeship programs have adopted~~  
30 ~~reasonable procedures for granting credit toward a term of~~  
31 ~~apprenticeship for other vocational training and on-the-job training~~  
32 ~~experience.~~

33 ~~18134. (a) An uncertified person may perform work for which~~  
34 ~~certification is otherwise required in order to acquire the necessary~~  
35 ~~on-the-job experience for certification if all of the following~~  
36 ~~requirements are met:~~

37 ~~(1) The person is registered with the division. A list of current~~  
38 ~~registrants shall be maintained by the division and made available~~  
39 ~~to the public upon request.~~

1 ~~(2) The person either has completed or is enrolled in an approved~~  
2 ~~curriculum of classroom instruction.~~

3 ~~(3) The employer attests that the person shall be under the direct~~  
4 ~~supervision of a cannabis employee certified pursuant to Section~~  
5 ~~18131 who is responsible for supervising no more than one~~  
6 ~~uncertified person. An employer who is found by the division to~~  
7 ~~have failed to provide adequate supervision may be barred by the~~  
8 ~~division from employing uncertified individuals in the future.~~

9 ~~(b) For purposes of this section, “an approved curriculum of~~  
10 ~~classroom instruction” means a curriculum of classroom instruction~~  
11 ~~approved by the committee and provided under the jurisdiction of~~  
12 ~~the State Department of Education, the Board of Governors of the~~  
13 ~~California Community Colleges, or the Bureau for Private~~  
14 ~~Postsecondary and Vocational Education.~~

15 ~~(c) The committee may grant approval to an educational provider~~  
16 ~~that presently offers only a partial curriculum if the educational~~  
17 ~~provider intends in the future to offer, or to cooperate with other~~  
18 ~~educational providers to offer, a complete curriculum for the type~~  
19 ~~of certification involved. The committee may require an~~  
20 ~~educational provider receiving approval for a partial curriculum~~  
21 ~~to periodically renew its approval with the committee until a~~  
22 ~~complete curriculum is offered and approved.~~

23 ~~(d) An educational provider that receives approval for a partial~~  
24 ~~curriculum shall disclose in all communications to students and~~  
25 ~~to the public that the educational provider has only received~~  
26 ~~approval for a partial curriculum and shall not make any~~  
27 ~~representations that the provider offers a complete approved~~  
28 ~~curriculum of classroom instruction.~~

29 ~~(e) For purposes of this section, a person is enrolled in an~~  
30 ~~approved curriculum of classroom instruction if the person is~~  
31 ~~attending classes on a full-time or part-time basis toward the~~  
32 ~~completion of an approved curriculum.~~

33 ~~(f) Registration under this section shall be renewed annually~~  
34 ~~and the registrant shall provide to the division certification of the~~  
35 ~~classwork completed and on-the-job experience acquired since the~~  
36 ~~prior registration.~~

37 ~~(g) For purposes of verifying the information provided by a~~  
38 ~~person registered with the division, an educational provider shall~~  
39 ~~provide an approved curriculum of classroom instruction, and~~  
40 ~~shall, upon the division’s request, provide the division with~~

1 information regarding the enrollment status and instruction  
2 completed by an individual registered. By registering with the  
3 division in accordance with this section, the individual consents  
4 to the release of this information.

5 (h) The division shall establish registration fees in an amount  
6 reasonably necessary to implement this section, not to exceed  
7 twenty-five dollars (\$25) for the initial registration. There shall be  
8 no fee for annual renewal of registration. Fees shall be placed in  
9 the Cannabis Certification Fund, established pursuant to Section  
10 18135.

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

20 18135. The Cannabis Certification Fund is established as a  
21 special account in the State Treasury. Proceeds of the fund may  
22 be expended by the division, upon appropriation by the Legislature,  
23 for the costs of validating and certifying cannabis employees, as  
24 provided by this chapter, and shall not be used for any other  
25 purpose.

26  
27 CHAPTER 7. REGULATION OF MEDICAL MARIJUANA

28  
29 18136. (a) A person shall not distribute any form of advertising  
30 for physician recommendations for medical marijuana in California  
31 unless the advertisement bears the following notice to consumers:

32  
33 NOTICE TO CONSUMERS: The Compassionate Use Act of  
34 1996 ensures that seriously ill Californians have the right to obtain  
35 and use marijuana for medical purposes where medical use is  
36 deemed appropriate and has been recommended by a physician  
37 who has determined that the person’s health would benefit from  
38 the use of medical marijuana. Physicians are licensed and regulated  
39 by the Medical Board of California and arrive at the decision to

1 make this recommendation in accordance with accepted standards  
2 of medical responsibility.

3  
4 (b) Advertising for physician recommendations for medical  
5 marijuana shall meet all requirements of Section 651. Price  
6 advertising shall not be fraudulent, deceitful, or misleading,  
7 including statements or advertisements of bait, discounts,  
8 premiums, gifts, or statements of a similar nature.

9 18137. (a) A conditionally licensed facility shall implement  
10 sufficient security measures to both deter and prevent unauthorized  
11 entrance into areas containing medical marijuana or medical  
12 marijuana products and theft of medical marijuana at those licensed  
13 facilities. These security measures shall, in addition to any  
14 requirements imposed by local ordinance, include, but not be  
15 limited to, all of the following:

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

19 (2) Establishing limited access areas accessible only to  
20 authorized facility personnel, in compliance with all local building  
21 and fire codes.

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

25 (b) A conditionally licensed facility shall notify appropriate law  
26 enforcement authorities within 24 hours after discovering any of  
27 the following:

28 (1) Discrepancies identified during inventory.

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

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

34 (4) Any other breach of security.

35 (c) A licensed cultivation site shall weigh, inventory, and  
36 account for on video, ~~at~~ *each shipment of medical marijuana that*  
37 *exceeds a threshold amount set by the bureau that is to be*  
38 *transported to an individual licensed dispensing facility* prior to  
39 its leaving its origination location. Within eight hours after arrival  
40 at the destination, the licensed dispensing facility shall reweigh,

1 reinventory, and account for on video, all transported *medical*  
2 *marijuana that was subject to these provisions at the licensed*  
3 *cultivation site.*

4 18138. (a) The bureau shall require an annual audit of all  
5 conditionally licensed facilities. The reasonable costs of the audit  
6 shall be paid for by the licensee.

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

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

15 18139. (a) A laboratory certified by the bureau to perform  
16 random sample testing of medical marijuana products shall not  
17 acquire, process, possess, store, transfer, transport, or dispense  
18 medical marijuana for any purpose other than those authorized by  
19 Article 2.5 (commencing with Section 11362.7) of Chapter 6 of  
20 Division 10 of the Health and Safety Code. All transfer or  
21 transportation shall be performed pursuant to a specified chain of  
22 custody protocol.

23 (b) A laboratory certified by the bureau to perform random  
24 sample testing of medical marijuana products shall not acquire,  
25 process, possess, store, transfer, transport, or dispense medical  
26 marijuana plants or medical marijuana products except through a  
27 patient, primary caregiver, or a facility issued a conditional license.  
28 All transfer or transportation shall be performed pursuant to a  
29 specified chain of custody protocol.

30 18140. (a) Information identifying the names of patients, their  
31 medical conditions, or the names of their primary caregivers  
32 received and contained in records kept by the bureau for the  
33 purposes of administering this part are confidential and exempt  
34 from the California Public Records Act (Chapter 3.5 (commencing  
35 with Section 6250) of Division 7 of Title 1 of the Government  
36 Code) and are not subject to disclosure to an individual or private  
37 entity, except as necessary for authorized employees of the state  
38 to perform official duties pursuant to this part.

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

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

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

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

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

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

14 18141. (a) The actions of a licensee, its employees, and its  
15 agents, that are permitted pursuant to both a conditional license  
16 and a license or permit issued by the local jurisdiction following  
17 the requirements of the applicable local ordinances, and that are  
18 conducted in accordance with the requirements of this part and  
19 regulations adopted pursuant to this part, are not unlawful under  
20 state law and shall not be an offense subject to arrest or prosecution  
21 under state law.

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

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

33 18142. (a) A licensee shall not cultivate, process, store,  
34 manufacture, transport, or sell medical marijuana in the state unless  
35 accurate records are kept at the licensed premises of the growing,  
36 processing, storing, manufacturing, transporting, or selling by the  
37 licensee in the state. These records shall include the name and  
38 address of the supplier of marijuana received or possessed by the  
39 licensee, the location at which the marijuana was cultivated, the  
40 amount of marijuana received, the form in which it is received,

1 the name of the employee receiving it, and the date of receipt.  
2 These records shall also include receipts for all expenditures  
3 incurred by the licensee and banking records, if any, for all funds  
4 obtained or expended in the performance of any activity under the  
5 authority of the conditional license. A licensee who has a  
6 conditional license for more than one premises may keep all records  
7 at one of the conditionally licensed premises. Required records  
8 shall be kept for a period of seven years from the date of the  
9 transaction.

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

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

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

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

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

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

34 23028. (a) (1) In addition to any authority otherwise provided  
35 by law, the board of supervisors of any county may impose, by  
36 ordinance, a tax on the privilege of cultivating, dispensing,  
37 producing, processing, preparing, storing, providing, donating,  
38 selling, or distributing marijuana by a licensee operating pursuant  
39 to Chapter 18 (commencing with Section 26000) of Division 9 of  
40 the Business and Professions Code. The tax may be imposed for

1 general governmental purposes or for purposes specified in the  
2 ordinance by the board of supervisors.

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

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

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

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

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

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

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

38 (e) This section does not limit or prohibit the levy or collection  
39 or any other fee, charge, or tax, or any license or service fee or  
40 charge upon, or related to, the activities set forth in subdivision

1 (a) as otherwise provided by law. This section shall not be  
 2 construed as a limitation upon the taxing authority of any county  
 3 as provided by other law.

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

6 11362.775. (a) Qualified patients, persons with valid  
 7 identification cards, and the designated primary caregivers of  
 8 qualified patients and persons with identification cards, who  
 9 cultivate marijuana for medical purposes, shall not solely on the  
 10 basis of that fact be subject to state criminal sanctions under  
 11 Section 11357, 11358, 11359, 11360, 11366, 11366.5, or 11570.

12 (b) An individual employee, officer, or board member of a  
 13 facility issued a conditional license pursuant to Part 5 (commencing  
 14 with Section 18100) of Division 7 of the Business and Professions  
 15 Code shall not be subject to state criminal sanctions under Section  
 16 11357, 11358, 11359, 11360, 11366, 11366.5, or 11570 and any  
 17 successor statutes, based solely on holding a conditional license,  
 18 for the possession, cultivation, processing, packaging, storage,  
 19 transportation, sale, or distribution of medical marijuana to a  
 20 facility holding a conditional license pursuant to Part 5  
 21 (commencing with Section 18100) of Division 7 of the Business  
 22 and Professions Code or directly to a qualified patient, a person  
 23 with a valid identification card, or the designated primary caregiver  
 24 of a qualified patient or person with a valid identification card,  
 25 within the state, unless the information contained on the licensing  
 26 paperwork is false or falsified, the license has been obtained by  
 27 means of fraud, or the person is otherwise in violation of Part 5  
 28 (commencing with Section 18100) of Division 7 of the Business  
 29 and Professions Code.

30 (c) This section shall not diminish the protections of Section  
 31 18141 of the Business and Professions Code.

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

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

36  
 37 Article 8. Medical Marijuana

38  
 39 111658. For purposes of this article, the following definitions  
 40 shall apply:

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

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

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

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

26 (e) ~~“Labor peace agreement” means an agreement between an~~  
27 ~~entity and a bona fide labor organization that, at a minimum,~~  
28 ~~protects the state’s proprietary interests by prohibiting labor~~  
29 ~~organizations and members from engaging in picketing, work~~  
30 ~~stoppages, boycotts, and any other economic interference with the~~  
31 ~~applicant’s business. This agreement means that the applicant has~~  
32 ~~agreed not to disrupt efforts by the bona fide labor organization~~  
33 ~~to communicate with, and attempt to organize and represent, the~~  
34 ~~applicant’s employees.~~

35 (f)  
36 (e) “Representative samples” means samples taken from each  
37 batch or shipment of medical marijuana received from a licensed  
38 cultivation site or any other source if intended for sale.

39 111659. The bureau, by July 1, 2017, shall accomplish both  
40 of the following:

1 (a) Establish quality assurance protocols to ensure uniform  
 2 testing standards for all medical marijuana sold via dispensaries  
 3 or other facilities, or cultivated or manufactured by facilities, that  
 4 are issued a conditional license pursuant to Part 5 (commencing  
 5 with Section 18100) of Division 7 of the Business and Professions  
 6 Code.

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

11 111660. (a) A facility issued a conditional license pursuant to  
 12 Part 5 (commencing with Section 18100) of Division 7 of the  
 13 Business and Professions Code shall bear the responsibility for  
 14 contracting with certified testing laboratories for regular, random  
 15 sample testing of representative samples of all medical marijuana  
 16 cultivated or intended for sale or distribution, and shall bear the  
 17 cost of that testing.

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

26 111661. Quality assurance protocols shall be required between  
 27 all licensed cultivation sites, licensed manufacturers, and licensed  
 28 dispensing facilities to guarantee safe and reliable medicinal  
 29 marijuana delivery to all patients. These quality assurance protocols  
 30 shall ~~include~~: *include both of the following*:

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

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

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

38 ~~(1) List of pharmacologically active ingredients, including, but~~  
 39 ~~not limited to, tetrahydrocannabinol (THC) and cannabidiol (CBD)~~

1 content, clear recommended dosage, and the size or volume of the  
2 recommended dose.

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

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

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

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

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

12 ~~(7) Any other requirements set by the bureau.~~

13 111662. For purposes of this article, edible medical marijuana  
14 products are deemed to be unadulterated food products. In addition  
15 to the quality assurance standards provided in Section 111661, all  
16 edible medical marijuana products shall comply with the following  
17 requirements:

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

25 (b) A facility issued a conditional license pursuant to Part 5  
26 (commencing with Section 18100) of Division 7 of the Business  
27 and Professions Code shall have an owner or employee who has  
28 successfully passed an approved and accredited food safety  
29 certification examination as specified in Sections 113947.1,  
30 113947.2, and 113947.3 prior to selling, manufacturing, or  
31 distributing edible medical marijuana products requiring  
32 refrigeration or hot holding.

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

37 (d) All edible medical marijuana products sold for direct  
38 consumption and infused with marijuana concentrate shall be  
39 individually wrapped at the original point of preparation. ~~The~~

1 ~~products shall be packaged in a fashion that does not exceed a~~  
2 ~~single dosage for one individual.~~

3 (e) Products containing tetrahydrocannabinol (THC) shall be  
4 prepared in compliance with maximum potency standards for THC  
5 and THC concentrates set forth in the bureau's regulations.

6 (f) Prior to sale or distribution at a licensed dispensing facility,  
7 edible medical marijuana products shall be labeled and in ~~an~~  
8 ~~opaque and a~~ tamper evident package. Labels and packages of  
9 edible medical marijuana products shall meet the following  
10 requirements:

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

13 (2) All edible medical marijuana product labels shall include  
14 the following information, prominently displayed and in a clear  
15 and legible font:

16 (A) Manufacture date and source.

17 (B) The statement "KEEP OUT OF REACH OF CHILDREN  
18 AND ANIMALS" in bold print.

19 (C) The statement "FOR MEDICAL USE ONLY."

20 (D) *The statement "THE INTOXICATING EFFECTS OF THIS*  
21 *PRODUCT MAY BE DELAYED BY UP TO TWO HOURS."*

22 ~~(D)~~

23 (E) Net weight of medical marijuana in package.

24 ~~(E)~~

25 (F) A warning if nuts or other known allergens are used and  
26 ~~shall include~~ the total weight, in ounces or grams, of medical  
27 marijuana in the package.

28 ~~(F)~~

29 (G) List of pharmacologically active ingredients, including, but  
30 not limited to, tetrahydrocannabinol (THC) and cannabidiol (CBD)  
31 content, ~~clear recommended dosage, and the size or volume of~~  
32 ~~recommended dose.~~ *the THC amount in milligrams per serving,*  
33 *servings per package, and the THC amount in milligrams for the*  
34 *package total.*

35 (H) *Clear indication, in bold type, that the product contains*  
36 *medical marijuana.*

37 (I) *Identification of the source and date of cultivation and*  
38 *manufacture.*

39 (J) *The name and location of the licensed dispensary providing*  
40 *the product.*

1 (K) *The date of sale.*

2 ~~(G)~~

3 (L) Any other requirement set by the bureau.

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

6 ~~(h)~~

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

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

10 *147.5. (a) By January 1, 2017, the Division of Occupational*  
11 *Safety and Health in the Department of Industrial Relations shall*  
12 *convene an advisory committee to evaluate whether there is a need*  
13 *to develop industry-specific regulations related to the activities of*  
14 *facilities issued a conditional license pursuant to Part 5*  
15 *(commencing with Section 18100) of Division 7 of the Business*  
16 *and Professions Code.*

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

21 ~~SEC. 8.~~

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

23 *1155.7. (a) Nothing in this chapter shall be construed to apply*  
24 *or be applicable to a labor organization in its representation of*  
25 *workers who are not agricultural employees. Any such labor*  
26 *organization shall continue to be governed in its intrastate activities*  
27 *for nonagricultural workers by Section 923 and applicable judicial*  
28 *precedents.*

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

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

34 ~~1158.5. (a) The Division of Occupational Safety and Health~~  
35 ~~in the Department of Industrial Relations shall develop~~  
36 ~~industry-specific regulations related to the activities of facilities~~  
37 ~~issued a conditional license pursuant to Part 5 (commencing with~~  
38 ~~Section 18100) of Division 7 of the Business and Professions Code,~~  
39 ~~including provisions for the establishment of labor peace~~

1 ~~agreements and an apprenticeship program to ensure professional~~  
2 ~~standards among industry employees.~~

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

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

13 3094. The Division of Apprenticeship Standards shall  
14 investigate, approve, or reject applications for apprenticeship  
15 programs for employees of a licensed cultivation site or a licensed  
16 dispensing facility, as defined in subdivisions (i) and (j) of Section  
17 18100 of the Business and Professions Code. The Division of  
18 Apprenticeship Standards shall have the authority to issue rules  
19 necessary to implement and regulate the establishment of the  
20 apprenticeship programs described in this section.

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

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

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

1     SEC. 13. No reimbursement is required by this act pursuant to  
2 Section 6 of Article XIII B of the California Constitution because  
3 the only costs that may be incurred by a local agency or school  
4 district will be incurred because this act creates a new crime or  
5 infraction, eliminates a crime or infraction, or changes the penalty  
6 for a crime or infraction, within the meaning of Section 17556 of  
7 the Government Code, or changes the definition of a crime within  
8 the meaning of Section 6 of Article XIII B of the California  
9 Constitution.

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