

Department of Cannabis Control
Medicinal and Adult-Use Commercial Cannabis Regulations
California Code of Regulations Title 4
Division 19. Department of Cannabis Control

Chapter 1. All ~~DISTRIBUTOR, RETAILER, MICROBUSINESS, CANNABIS EVENT ORGANIZER, CANNABIS EVENT, AND TESTING LABORATORY~~ Licensees

Article 1. Division Definitions and General Requirements

§15000. Definitions.

For the purposes of chapters 1 through 8, the definitions in this section shall govern the construction of these chapters unless otherwise indicated.

(a) “Act” means the Medicinal and Adult-Use Cannabis Regulation and Safety Act, codified in Business and Professions Code section 26000, et seq.

(b) “Branded merchandise” means clothing, hats, pencils, pens, keychains, mugs, water bottles, beverage glasses, notepads, lanyards, cannabis accessories, or other types of merchandise approved by the Department with the name or logo of a commercial cannabis business licensed pursuant to the Act. Branded merchandise does not include items containing cannabis or any items that are considered food as defined by Health and Safety Code section 109935. “Adulterated” or “adulteration” has the meaning stated in section 26039.6(a) of the Act.

(c) ~~[Reserved.]~~ “Allergen” means a major food allergen as defined in 21 U.S.C § 321(qq).

(d) “Business day” is a day Monday through Friday from 8:00 a.m. to 5:00 p.m. Pacific Time, excluding state holidays, during which the Department is closed for business. “Appellation of Origin” means a designation to indicate that the cannabis meets the requirements developed by the program established pursuant to section 26063 of the Act.

(e) “Applicant” means an owner that is applying for a Department-issued license.

(f) “Batch” means a specific quantity of homogeneous cannabis or cannabis product that is one of the following types:

(1) “Harvest batch” means a specifically identified quantity of dried flower or trim, leaves, and other cannabis plant matter that is harvested at the same time, and, if applicable, cultivated using the same pesticides and other agricultural chemicals.

(2) “Manufactured cannabis batch” or “production batch” means either:

(A) An amount of cannabis concentrate or extract produced in one production cycle using the same extraction methods and standard operating procedures; or

(B) An amount of a type of cannabis product produced in one production cycle using the same formulation and standard operating procedures.

(eg) “Cannabis accessories” has the same meaning as stated in Health and Safety Code

section 11018.2.

(h) “Cannabis concentrate” means cannabis that has undergone a process to concentrate one or more active cannabinoids, thereby increasing the product’s potency. For purposes of this division, “cannabis concentrate” includes, but is not limited to, the separated resinous trichomes of cannabis, tinctures, capsules, suppositories, extracts, vape cartridges, inhaled products (e.g., dab, shatter, and wax), and tablets as defined in subsection (nnn).

~~(fi) “Cannabis goods” means cannabis, including dried flower, and products containing cannabis and cannabis products in final form. For the purposes of section 15311,~~
“cannabis goods” includes all cannabis and cannabis products in any form.

(i) “Cannabis product” means cannabis that has undergone a process whereby the plant material has been transformed into a concentrate, including, but not limited to, concentrated cannabis, or an edible or topical product containing cannabis or concentrated cannabis and other ingredients.

(k) “Cannabis product quality,” “quality cannabis product,” or “quality” means that the cannabis product consistently meets the established specifications for identity, cannabinoid concentration, homogeneity, composition, and testing standards pursuant to sections 15718 through 15724, and has been manufactured, packaged, labeled, and held under conditions to prevent adulteration and misbranding.

~~(gl) “Cannabis waste” means waste that contains cannabis and that has been made unusable and unrecognizable in the manner prescribed in section 15054 of this division—~~
any material intended for disposal that contains cannabis but is not otherwise considered a hazardous waste. Cannabis waste consisting solely of plant material shall be considered an organic waste as defined in Public Resources Code section 42649.8(d).

~~(hm)~~ “Canopy” means the designated area(s) at a licensed premises that will contain mature plants at any point in time.

(n) “CBD” means the compound cannabidiol, CAS number 13956-29-1. “Total CBD” is defined in section 15700(qqq).

(o) “Commercial cannabis activity” includes the cultivation, possession, manufacture, distribution, processing, storing, laboratory testing, packaging, labeling, transportation, delivery, or sale of cannabis or cannabis products as provided for in this division, or acting as a cannabis event organizer for temporary cannabis events.

(p) “Commercial-grade, non-residential door lock” means a lock manufactured for commercial use.

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

(r) “Cultivation site” means a location where commercial cannabis is planted, grown, harvested, dried, cured, graded, or trimmed, or a location where any combination of those activities occurs.

~~(i)(s)~~ “Delivery employee” means an individual employed by a licensed retailer or licensed microbusiness authorized to engage in retail sales who delivers cannabis goods

from the licensed retailer or licensed microbusiness premises to a customer at a physical address.

(t) "Designated responsible party" means the individual identified by the commercial cannabis business who has legal authority to bind the commercial cannabis business and who is the primary contact for the application and license-related issues.

(u) "Distribution" means the procurement, sale, and transport of cannabis and cannabis products between licensees.

(v) "Dried flower" means all dead cannabis that has been harvested, dried, cured, or otherwise processed, excluding leaves and stems.

(w) "Edible cannabis product" means a cannabis product intended to be used orally, in whole or in part, for human consumption. For purposes of this division, "edible cannabis product" includes cannabis products that dissolve or disintegrate in the mouth, but does not include any product otherwise defined as "cannabis concentrate."

(x) "Extraction" means a process by which cannabinoids are separated from cannabis plant material through chemical or physical means.

(y) "Final form" refers to cannabis and cannabis products that are packaged and labeled as they will be sold at retail to a consumer.

(z) "Flowering" means that a cannabis plant has formed a mass of pistils measuring greater than one-half inch wide at its widest point.

(jaa) "Free cannabis goods" means any amount of cannabis goods provided to any person without cost or payment or exchange of any other thing of value.

(kbb) "Immature cannabis plant" or "immature plant" means a cannabis plant that is nonflowering and is shorter and narrower than 18 inches that has a first true leaf measuring greater than one-half inch long from base to tip (if started from seed) or a mass of roots measuring greater than one-half inch wide at its widest point (if vegetatively propagated), but that is not flowering. For retail purposes, "immature plant" or "immature" means a cannabis plant that is nonflowering and shorter and narrower than 18 inches. For purposes of this division, this definition is applicable to retail activities.

(cc) "Indoor cultivation" means the cultivation of cannabis within a permanent structure using exclusively artificial light or within any type of structure using artificial light at a rate above twenty-five watts per square foot.

(dd) "Informational panel" means any part of the cannabis product label that is not the primary panel and that contains required labeling information.

(ee) "Infusion" means a process by which cannabis, cannabinoids, or cannabis concentrates are directly incorporated into a product formulation to produce a cannabis product.

(ff) "Infused pre-roll" means a pre-roll into which cannabis concentrate (other than kief) or other ingredients have been incorporated.

(gg) "Ingredient" means any substance that is used in the manufacture of a cannabis product and that is intended to be present in the finished cannabis product.

(hh) “Kief” means the resinous trichomes of cannabis that have been separated from the cannabis plant.

(ii) “Labeling” means any label or other written, printed, or graphic matter upon cannabis or a cannabis product, upon its container or wrapper, or that accompanies any cannabis or cannabis product.

(jj) “Licensee” means any person holding a license issued under the Act.

(kk) “Light deprivation” means the use of any technique to eliminate natural light in order to induce flowering.

(ll) “Limited-access area” means an area in which cannabis goods or cannabis products are stored or held and is only accessible to a licensee and its employees and authorized individuals ~~persons~~.

(mm) “Lot” means a batch, or specifically identified portion of a batch.

(nn) “Lot number” or “batch number” means a distinctive group of numbers, letters, or symbols or any combination of these that is unique to a group of cannabis goods or cannabis products.

(oo) “Manufacture” means to compound, blend, extract, infuse, or otherwise make or prepare a cannabis product.

(1) The term “manufacture” includes the following processes:

(A) Extraction;

(B) Infusion;

(C) Packaging or repackaging of cannabis products;

(D) Labeling or relabeling the packages of cannabis products;

(E) Post-processing refinement of cannabis extract (“post-processing”); and

(F) Remediation of failed harvest batches or cannabis product batches, other than relabeling to correct cannabinoid content.

(2) The term “manufacture” does not include the following:

(A) The repacking of cannabis products from a bulk shipping container by a distributor or retailer where the product’s original packaging and labeling is not otherwise altered;

(B) The preparation of pre-rolls by a licensed distributor in accordance with the requirements of section 15303;

(C) The collection of the resinous trichomes that are dislodged or sifted from the cannabis plant incidental to cultivation activities by a licensed cultivator;

(D) The processing of nonmanufactured cannabis products, as defined in subsection (eee) of this section; or

(E) The addition of cannabinoid content on the label of a package of cannabis or cannabis product by a distributor in accordance with section 17407.

(pp) “Manufacturing” or “manufacturing operation” means all aspects of the extraction

process, infusion process, post-processing, remediation, and packaging and labeling processes, including processing, preparing, holding, and storing of cannabis products. Manufacturing also includes any processing, preparing, holding, or storing of components and ingredients.

(qq) “Mature plant” or “mature” means a cannabis plant that is flowering.

(ørr) “Medicinal cannabis patient” includes both a qualified patient as defined in Health and Safety Code section 11362.7 and a person in possession of a valid identification card issued under Health and Safety Code section 11362.71.

(ss) “Mixed-light cultivation” means the cultivation of mature cannabis in a greenhouse, hoop-house, glasshouse, conservatory, hothouse, or other similar structure using a combination of:

(1) Natural light and light deprivation, and either of the models listed below:

(A) “Mixed-light Tier 1,” without the use of artificial light or the use of artificial light at a rate above zero, but no more than six watts per square foot;

(B) “Mixed-light Tier 2,” the use of artificial light at a rate above six and below or equal to twenty-five watts per square foot; or

(2) Natural light and either of the models listed below:

(A) “Mixed-light Tier 1,” the use of artificial light at a rate above zero, but no more than six watts per square foot;

(B) “Mixed-light Tier 2,” the use of artificial light at a rate above six and below or equal to twenty-five watts per square foot.

(tt) “Nonmanufactured cannabis goods” means final form items that contain only cannabis.

(uu) “Nonvolatile solvent” means any solvent used in the extraction process that is not a volatile solvent. “Nonvolatile solvent” includes carbon dioxide, ethanol, and nonhydrocarbon-based or other solvents such as water, vegetable glycerin, vegetable oil, animal fat, and glycerin.

(vv) “Nursery” means all activities associated with producing clones, immature plants, seeds, and other agricultural products used specifically for the propagation and cultivation of cannabis.

(ww) “Orally consumed concentrate” means a cannabis concentrate that is intended to be consumed by mouth and is not otherwise an edible cannabis product. “Orally consumed concentrate” includes tinctures, capsules, and tablets as defined in subsection (nnn).

(xx) “Outdoor cultivation” means the cultivation of mature cannabis without the use of artificial lighting or light deprivation in the canopy area at any point in time.

(pyy) “Package” and or “packaging” means any container or wrapper that may be used for enclosing or containing any cannabis goods for final retail sale or cannabis product. “Ppackage” and “packaging” does not include a shipping container or outer wrapping used solely for the transport of cannabis goods or cannabis products in bulk quantity to a

licensee licensed premises.

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

(aaa) "Pest" means an undesired insect, rodent, nematode, fungus, bird, vertebrate, invertebrate, weed, virus, bacteria, or other microorganism (except microorganisms on or in living humans or other living animals) that is, or is liable to become, injurious, dangerous, or detrimental to health, the environment, or the agricultural environment of the state.

(bbb) "Pre-roll" means any combination of the following rolled in paper: flower, shake, leaf, or kief that is obtained from accumulation in containers or sifted from loose, dry cannabis flower or leaf with a mesh screen or sieve.

(ccc) "Premises" means the designated structure(s) and land specified in the application that is owned, leased, or otherwise held under the control of the applicant or licensee where the commercial cannabis activity will be or is conducted. The premises shall be a contiguous area and shall only be occupied by one licensee.

(ddd) "Primary panel" means the part of a cannabis goods label that is most likely to be displayed, presented, shown, or examined under customary conditions of display for retail sale.

(eee) "Processing" means all activities associated with the drying, curing, grading, trimming, rolling, storing, packaging, and labeling of cannabis or nonmanufactured cannabis products.

(fff) "Product Identity" or "identity of the product" means the generic, common, or usual name of a product by which it is most commonly known.

(ggg) "Promotional materials" means any form, letter, circular, pamphlet, publication, or other written material directed to a customer or prospective customer to induce retail sales. Promotional material does not include permitted signs, displays, decorations, cannabis accessories, or cannabis goods or cannabis products furnished by a licensed cultivator, licensed manufacturer, licensed distributor, licensed microbusiness, or licensed cannabis event organizer to a retail licensee for advertising purposes. Promotional materials shall have no intrinsic or secondary value.

(hhh) "Publicly owned land" means any building or real property that is owned, leased, or occupied by a city, county, state, federal, or other government entity.

(iii) "Quarantine" means the storage or identification of cannabis or cannabis product to prevent use, movement or transfer of the cannabis or cannabis product.

(jjj) "Residential area" is an area that is within 600 feet of any single-family or multifamily residence, other than commercial hotels, motels, and similar establishments for temporary lodging.

(kkk) "Retail area" means a building, room, or other area that is open to the public, upon the licensed retailer or licensed microbusiness premises authorized to engage in retail sales in which cannabis goods are sold or displayed.

(lll) "Serving" means the designated amount of cannabis product established by the manufacturer to constitute a single unit.

(mmmm) "Sublet" means to lease or rent all or part of a leased or rented property.

(nnn) "Tablet" means a solid preparation containing a single serving of THC or other cannabinoid that is intended to be swallowed whole, not formulated to be chewable, dispersible, effervescent, orally disintegrating, used as a suspension, or consumed in a manner other than swallowed whole, and does not contain any added natural or artificial flavor or sweetener.

(ooo) "Tamper-evident" means that the cannabis goods packaging is sealed in a manner that prevents the packaging from being opened without obvious destruction of the seal.

(ppp) "THC" or "delta-9 THC" means the compound tetrahydrocannabinol, CAS number 1972-08-3. "Total THC" is defined in section 15700(rrr).

(qqq) "Tincture" means a solution of cannabis extract, derived either directly from the cannabis plant or from a manufactured cannabis extract, dissolved in alcohol, glycerin, or vegetable oils.

(rrr) "Topical cannabis product" means a cannabis product intended to be applied to the skin rather than ingested or inhaled.

(sss) "Track and trace system" means the program for reporting the movement of cannabis and cannabis products through the distribution chain established by the Department in accordance with section 26067 of the Act.

(ttt) "Transport" means the physical movement of cannabis goods or cannabis products from one licensed premises to another licensed premises.

(uuu) "Unique identifier" or "UID" means an alphanumeric code or designation used for reference to a specific plant and any cannabis or cannabis product derived or manufactured from that plant.

(vvv) "Universal symbol" means the symbol developed by the Department pursuant to section 26130(c)(7) of the Act to indicate that a product contains cannabinoids.

(www) "Vehicle alarm system" is a device or series of devices installed to discourage theft of the vehicle or its contents and is intended to summon general attention or to summon law enforcement as a result of an indication of an attempted breach of the vehicle.

(xxx) "Volatile solvent" means any solvent that is or produces a flammable gas or vapor that, when present in the air in sufficient quantities, will create explosive or ignitable mixtures. Examples of volatile solvents include, but are not limited to, butane, hexane, and propane.

(yyy) "Watts per square foot" means the sum of the maximum wattage of all lights identified in the designated canopy area(s) in the premises diagram divided by the sum of the dimensions in square feet of the same designated canopy area(s).

(zzz) "Wholesale cost" has the same meaning as stated in title 18, California Code of

Regulations, section 3700 adopted by the California Department of Tax and Fee Administration for cannabis taxes.

Authority: Section 26013, Business and Professions Code. Reference: Section 26013, Business and Professions Code.

§15000.1. General Requirements.

(a) Every person who conducts commercial cannabis activity shall obtain and maintain a valid license from the Department for each separate premises at which commercial cannabis activity is conducted.

(b) Commercial cannabis activity shall only be conducted between licensees. Licensed retailers and licensed microbusinesses authorized to engage in retail sales may conduct commercial cannabis activity with customers or nonprofits in accordance with this division.

(c) The licensee shall only conduct commercial cannabis activities authorized by the license and on the premises licensed for the activity.

(d) All transfers of cannabis and cannabis product shall be conducted by a licensed distributor.

(e) Licenses shall not be transferrable or assignable to another person or premises, except as provided in section 26050.2 of the Business and Professions Code. In the event of the sale or other transfer of the commercial cannabis business, changes in ownership shall be made in accordance with section 15023.

(f) Applicants and licensees shall use their legal business name on all documents related to commercial cannabis activity.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26012, 26053, 26057 and 26070, Business and Professions Code.

§15000.2. A- and M-Designations.

(a) Licensees may conduct business with other licensees irrespective of the A-designation or M-designation on their licenses.

(b) Licensees authorized to engage in distribution shall only transport and sell cannabis goods designated as "For Medical Use Only" to M-designated retailers or M-designated microbusinesses authorized to engage in retail sales.

(c) Licensees authorized to engage in retail sales shall only sell cannabis goods designated as "For Medical Use Only" to medicinal customers.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26001, 26013, 26050 and 26053, Business and Professions Code.

§15000.3. Premises Location.

(a) A licensed premises shall not be in a location that requires persons to pass through a business that sells alcohol or tobacco or a private residence to access the licensed premises.

(b) A licensed premises shall not be in a location that requires persons to pass through the licensed premises to access a business that sells alcohol or tobacco or a private residence.

(c) A licensed premises shall not be located within a private residence. This subsection does not apply to cultivation licensees.

(d) Licensees shall ensure that the Department has immediate access to their licensed premises. If the Department is denied access to a licensee's premises for any reason, the licensee shall be held responsible and subject to discipline. If the Department is denied access to one licensee's premises because of another licensee's refusal to grant access when the only access to one licensed premises is through another licensed premises, all licensees shall be held responsible and subject to discipline.

(e) Nothing in this section shall be interpreted to prohibit two or more licensed premises from occupying separate portions of the same parcel of land or sharing common use areas, such as a bathroom, breakroom, hallway, or building entrance.

(f) All structures included as part of the licensed premises shall be permanently affixed to the land by a method that would cause the structure to ordinarily remain affixed for an indefinite period of time. Structures that are not considered to be permanent structures include, but are not limited to, shipping containers that are not affixed to the land, modular buildings that are not affixed to the land, structures that rest on wheels, or any structure that can be readily moved. This provision is not applicable to licensees engaging in cultivation for cultivation related activities.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26012, 26050, 26051.5, 26054, 26055 and 26160, Business and Professions Code.

§15000.4. Subletting of Premises.

Except as allowed pursuant to article 2 of chapter 8, a licensee shall not sublet any area designated as the licensed premises for the licensee's commercial cannabis activity.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26012 and 26070, Business and Professions Code.

§15000.5. Licensee’s Responsibility for Acts of Employees and Agents.

In construing and enforcing the provisions of the Act and the regulations in this division, the act, omission, or failure of an agent, officer, representative, or other person acting for or employed by a licensee, within the scope of his or her employment or office, shall in every case be deemed the act, omission, or failure of the licensee.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26031 and 26110, Business and Professions Code.

§15000.6. Age Restriction.

Employees or persons retained by a licensee to work within or on a licensed premises or to handle cannabis or cannabis products shall be at least 21 years of age.

Authority: Section 26013, Business and Professions Code. Reference: Section 26140, Business and Professions Code.

§15000.7. Storage of Inventory.

(a) All inventory stored on the licensed premises shall be secured in a limited-access area.

(b) A licensee shall not store cannabis goods outdoors.

(c) Employee break rooms, changing facilities, and bathrooms shall be separated from all storage areas.

(d) All cannabis and cannabis products must be stored on the licensed premises.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26012, 26053 and 26070, Business and Professions Code.

Article 2. Applications

§15001. Temporary Licenses. Provisional Licenses.

~~(a) A temporary license is a conditional license that authorizes the licensee to engage in commercial cannabis activity as would be permitted under the privileges of a non-temporary license of the same type. A temporary licensee shall follow all applicable rules and regulations as would be required if the licensee held a non-temporary license of the same type. A provisional licensee shall comply with all laws applicable to a licensee holding an annual license of the same type.~~

~~(b) A temporary license does not obligate the Department to issue a non-temporary license nor does the temporary license create a vested right in the holder to either an extension of the temporary license or to the granting of a subsequent non-temporary license. A provisional license does not create a vested right in the holder to renewal of the provisional license or issuance of an annual license.~~

~~(c) A temporary license issued under this section shall be valid for 120 days from the effective date. No temporary license shall be effective prior to January 1, 2018. A~~

provisional license shall no longer be valid upon issuance of an annual license, denial of an annual license, abandonment of an application for licensure, withdrawal of an application for licensure, or surrender of the provisional license.

(d) A temporary license may be extended by the Department for additional 90-day periods if a complete application for an annual license has been submitted to the Department pursuant to section 15002 of this division prior to the initial expiration date of the temporary license. A provisional licensee must actively and diligently pursue requirements for an annual license to continue to hold a provisional license, which includes meeting all the following requirements:

(1) Paying the license fee within 60 calendar days of the date the Department sends a notification that the license fee is due.

(2) Providing all information requested by the Department or otherwise elaborating upon information previously provided to the Department, or providing a statement demonstrating that the information cannot be provided due to circumstances beyond the provisional licensee's control. The information or statement shall be provided by the response date specified by the Department, or within 30 calendar days of the date the Department sends the information request to the provisional licensee if the Department does not specify a response date.

(e) The Department shall not issue any temporary licenses or extensions after December 31, 2018. Any temporary license issued or extended with an expiration date after December 31, 2018, will be valid until it expires, but shall not be extended beyond the expiration date. Refusal by the Department to issue or renew a provisional license pursuant to section 15001.1 or section 15001.2 shall not entitle the applicant to a hearing or an appeal of the decision. Chapter 2 (commencing with section 480) of division 1.5, chapter 4 (commencing with section 26040), and sections 26031 and 26058 of the Business and Professions Code shall not apply to licenses issued pursuant to this section.

(f) No provisional license issued by the Department shall be effective after January 1, 2026.

Authority: Section 26013, Business and Professions Code. Reference: Section ~~26012~~, ~~26050.2~~, Business and Professions Code.

§15001.1. Issuance of Provisional License.

(a) Until June 30, 2022, the Department may, in its sole discretion, issue a provisional license to a commercial cannabis business if:

(1) The applicant submits a complete application, in accordance with section 15002, and the required application fee to the Department on or before March 31, 2022.

(2) For an application for a license that includes cultivation activities, the applicant provides any of the following documents:

(A) A final streambed alteration agreement;

(B) A draft streambed alteration agreement provided by the Department of Fish and

Wildlife and signed and returned to the Department of Fish and Wildlife;

(C) Written verification by the Department of Fish and Wildlife that a streambed alteration agreement is not needed; or

(D) Written verification by the Department of Fish and Wildlife that the applicant submitted a notification described in section 1602 of the Fish and Game Code, submitted payment of applicable fees pursuant to section 1609 of the Fish and Game Code, and is responsive to the Department of Fish and Wildlife as prescribed in section 26050.2 of the Business and Professions Code.

(3) Issuance of the license would not cause the commercial cannabis business to hold multiple cultivation licenses on contiguous premises to exceed one acre of total canopy for outdoor cultivation, or 22,000 square feet for mixed-light or indoor cultivation, if the application is received on or after January 1, 2022. For purposes of this subsection, premises will be considered contiguous if they are connected, touching, or adjoining.

(b) After June 30, 2022, and until September 30, 2022, the Department may, in its sole discretion, issue a provisional license for cultivation to a commercial cannabis business if:

(1) The applicant submits a complete application, in accordance with section 15002, and the required application fee to the Department on or before June 30, 2022.

(2) The commercial cannabis business is not applying for a cultivation license for a premises that exceeds 20,000 square feet of total canopy for outdoor cultivation.

(3) The commercial cannabis business provides any of the following documents:

(A) A final streambed alteration agreement;

(B) A draft streambed alteration agreement provided by the Department of Fish and Wildlife and signed and returned to the Department of Fish and Wildlife;

(C) Written verification by the Department of Fish and Wildlife that a streambed alteration agreement is not needed; or

(D) Written verification by the Department of Fish and Wildlife that the applicant has submitted a notification described in section 1602 of the Fish and Game Code, submitted payment of applicable fees pursuant to section 1609 of the Fish and Game Code, and is responsive to the Department of Fish and Wildlife as prescribed in section 26050.2 of the Business and Professions Code.

(4) Issuance of the license would not cause the commercial cannabis business to hold multiple cultivation licenses on contiguous premises to exceed one acre of total canopy for outdoor cultivation, or 22,000 square feet for mixed-light or indoor cultivation, if the application is received on or after January 1, 2022. For the purposes of this subsection, premises will be considered contiguous if they are connected, touching, or adjoining.

(c) After June 30, 2022, and until June 30, 2023, the Department may, in its sole discretion, issue a provisional license to a local equity license applicant, as defined in section 26240(c) of the Business and Professions Code, if:

(1) The applicant submits a complete application, in accordance with section 15002, and

the required application fee to the Department on or before March 31, 2023.

(2) For an application for a license that includes cultivation activities, the following conditions are met:

(A) The local equity license applicant provides any of the following documents:

(i) A final streambed alteration agreement;

(ii) A draft streambed alteration agreement provided by the Department of Fish and Wildlife and signed and returned to the Department of Fish and Wildlife;

(iii) Written verification by the Department of Fish and Wildlife that a streambed alteration agreement is not needed; or

(iv) Written verification by the Department of Fish and Wildlife that the applicant has submitted a notification described in section 1602 of the Fish and Game Code, submitted payment of applicable fees pursuant to section 1609 of the Fish and Game Code, and is responsive to the Department of Fish and Wildlife as prescribed in section 26050.2 of the Business and Professions Code.

(B) The local equity applicant is not applying for a cultivation license for a premises that exceeds one acre of total canopy for outdoor cultivation, or 22,000 square feet for mixed-light or indoor cultivation.

(C) Issuance of the license would not cause the local equity applicant to hold multiple cultivation licenses on contiguous premises to exceed one acre of total canopy for outdoor cultivation, or 22,000 square feet for mixed-light or indoor cultivation. For the purposes of this subsection, premises will be considered contiguous if they are connected, touching, or adjoining.

Authority: Section 26013, Business and Professions Code. Reference: Section 26050.2, Business and Professions Code.

§15001.2. Renewal of Provisional License.

(a) To timely renew a provisional license, the provisional licensee shall comply with the requirements of section 15020.

(b) For provisional license renewals from July 1, 2022, through June 30, 2023, in addition to the requirements of section 15020, a provisional licensee must also provide to the Department:

(1) Evidence that one of the following California Environmental Quality Act (CEQA) (Division 13 (commencing with section 21000) of the Public Resources Code) requirements has been met:

(A) Documentation, such as a letter, report, notice or other type of written communication from the local jurisdiction, demonstrating that the local jurisdiction is in the process of preparing a site-specific initial study, addendum, or checklist pursuant to title 14, California Code of Regulations, section 15063, 15164, 15168, or 15183 to demonstrate whether it is consistent with a previously circulated and adopted negative declaration, mitigated negative declaration, or environmental impact report;

(B) Documentation, such as a letter, report, notice or other type of written communication from the local jurisdiction, demonstrating that the local jurisdiction has made substantial progress during the previous 12-month licensure term toward completing project specific environmental review by drafting, preparing, or circulating for public review an environmental document pursuant to CEQA;

(C) Documentation requested by the Department of the provisional licensee that demonstrates the furtherance of environmental review during the previous 12-month licensure term;

(D) Other information requested by the Department from the provisional licensee that demonstrates evidence of substantial progress toward compliance with CEQA during the previous 12-month licensure term; or

(E) Documentation that demonstrates compliance with CEQA is complete.

(2) For cultivation licenses, a provisional licensee must also provide one of the following forms of documentation demonstrating progress with compliance with chapter 6 (commencing with section 1600) of division 2 of the Fish and Game Code:

(A) A final streambed alteration agreement issued by the Department of Fish and Wildlife;

(B) A draft streambed alteration agreement provided by the Department of Fish and Wildlife and signed and returned to the Department of Fish and Wildlife by the provisional licensee;

(C) Written verification by the Department of Fish and Wildlife that the provisional licensee has submitted a complete notification described in section 1602 of the Fish and Game Code; or

(D) Written verification by the Department of Fish and Wildlife that a streambed alteration agreement is not needed.

(c) For provisional license renewals on or after July 1, 2023, in addition to the information required in section 15020, a provisional licensee must also provide to the Department:

(1) Documentation, such as a full or partial copy of the administrative record, demonstrating that one of the following CEQA requirements has been met:

(A) The local jurisdiction has prepared and circulated for public review a negative declaration or a mitigated negative declaration;

(B) The local jurisdiction has determined that an environmental impact report is required pursuant to section 21157 of the Public Resources Code and has either made substantial progress in preparing that environmental impact report or has a contract or contracts with consultants in place for the preparation of that environmental impact report;

(C) The local jurisdiction has certified that it has conducted a reasonably comprehensive site-specific review and has reviewed, prepared, and deemed complete an initial study, addendum, or checklist pursuant to title 14, California Code of Regulations, section 15063, 15164, 15168, or 15183 demonstrating consistency with a previously circulated

and adopted negative declaration, mitigated negative declaration, or environmental impact report, in preparation for approval of an annual license; or

(D) The local jurisdiction has reviewed, prepared, and deemed complete a notice of exemption pursuant to section 21108 or 21152 of the Public Resources Code, except for ministerial projects not subject to the California Environmental Quality Act pursuant to section 21080(b)(1) of the Public Resources Code.

(E) Documentation submitted pursuant to subsection (c)(1) may include, but is not limited to:

(i) Any environmental documentation, including, but not limited to, an exemption, initial study, negative declaration, mitigated negative declaration, and/or environmental impact report;

(ii) Any staff reports and related documents prepared by the local jurisdiction;

(iii) Any written transcript or minutes of the proceedings of the local jurisdiction;

(iv) Any notice(s) issued by the local jurisdiction to comply with CEQA and the CEQA Guidelines;

(v) Any proposed decisions or findings considered by the local jurisdiction by its staff or the applicant; and

(vi) Any documentation of the local jurisdiction's final decision.

(2) For cultivation licensees, one of the following forms of documentation demonstrating progress with compliance with chapter 6 (commencing with section 1600) of division 2 of the Fish and Game Code:

(A) A final streambed alteration agreement issued by the Department of Fish and Wildlife;

(B) A draft streambed alteration agreement provided by the Department of Fish and Wildlife and signed and returned to the Department of Fish and Wildlife by the provisional licensee; or

(C) Written verification from the Department of Fish and Wildlife that a streambed alteration agreement is not needed.

(d) The Department will not renew a provisional license authorizing cultivation if:

(1) The State Water Resources Control Board has notified the Department that the provisional licensee is not in compliance with section 26060.1(a) or (b) of the Business and Professions Code or the principles, guidelines, and requirements established pursuant to section 13149 of the Water Code.

(2) The Department of Fish and Wildlife has notified the Department that the provisional licensee is not in compliance with any final streambed alteration agreement, any conditions set forth in a signed draft streambed alteration agreement, or a condition established pursuant to section 26060.1(a) or (b)(1) and (2) of the Business and Professions Code.

(3) After January 1, 2023, if renewing the license would cause a licensee to hold multiple

cultivation licenses on contiguous premises to exceed one acre of total canopy for outdoor cultivation or 22,000 square feet for mixed-light or indoor cultivation. For the purposes of this section, premises will be considered contiguous if they are connected, touching, or adjoining.

Authority: Section 26013, Business and Professions Code. Reference: Section 26050.2, Business and Professions Code.

§15001.3. Notice of Provisional License Review.

(a) When the Department is considering the suspension, revocation, or denial of renewal of a provisional license pursuant to Business and Professions Code section 26050.2, the Department shall issue a Notice of Provisional License Review to a provisional licensee for failure to comply with the Act or its implementing regulations.

(b) The Notice of Provisional License Review shall be in writing and state the following:

(1) The nature and facts of each violation, including a reference to the statutory and/or regulatory section(s) violated;

(2) The manner in which the provisional licensee must correct the violation(s) to achieve compliance;

(3) That the Department is considering suspending, revoking, or denying the renewal of the provisional license.

(4) That the provisional licensee may provide the Department with information related to the observed violation(s) and potential license action for the Department's consideration during its provisional license review. The information may include statements, including a statement that the Department should not take the action under consideration, and any relevant documentation, including evidence that the violation(s) did not occur, of correction of the violation(s), or of mitigation. The provisional licensee may also request an informal meeting with the Department to discuss the matter and may be accompanied by an attorney or other representative.

(c) The Department shall serve the Notice of Provisional License Review by mail or electronic mail to the provisional licensee's designated responsible party, or in person to the licensee or an employee or agent of the provisional licensee.

Authority: Section 26013, Business and Professions Code. Reference: Section 26050.2, Business and Professions Code.

§15001.4. Immediate Suspension of Provisional License.

(a) The Department may immediately suspend any provisional license, or immediately impose licensing restrictions or other conditions upon any provisional licensee, if necessary to protect public health, safety, or welfare.

(b) An order issued pursuant to subsection (a) shall be in writing and describe the following:

(1) The nature and facts of each violation, including a reference to the statutory and/or

regulatory section(s) violated; and

(2) Whether the provisional license is suspended or the provisional licensee may continue to operate subject to restrictions or other conditions.

(c) Following the issuance of an order pursuant to subsection (a), the Department shall serve the provisional licensee with a Notice of Provisional License Review pursuant to section 15001.3.

Authority: Section 26013, Business and Professions Code. Reference: Section 26050.2, Business and Professions Code.

§15002. Annual License Application Requirements.

(a) Applications may be completed and submitted online at www.becannabis.ca.gov or completed in hard copy and submitted by delivering a printed copy to the Department's office(s).

(b) Applicants who submit their applications online shall first register for a user account if required by the licensing system. To register for a user account, the applicant shall do all of the following as requested by the licensing system:

(1) Create a user-name, password, and security question and answer;

(2) Provide an email address; and

(3) Provide the owner's first and last name, primary phone number, Social Security number or individual taxpayer identification number, date of birth, and mailing address.

(c) An application must be completed by an owner as defined by section 15003 of this division. ~~An application must be submitted to the Department for each location and each license type.~~ An application for an annual cannabis license includes the following:

(1) The legal first and last name of the applicant. ~~For applicants who are individuals, the applicant shall provide both the first and last name of the individual. For applicants who are business entities, the applicant shall provide and~~ the legal business name of the applicant commercial cannabis business.

(2) ~~If applicable, the~~ Every business trade name, fictitious business name, and doing business as ("DBA") ~~of~~ under which the applicant commercial cannabis business will operate.

(3) The commercial cannabis license ~~that~~ for which the applicant is applying ~~for~~, and whether the applicant is requesting that the license be designated as medicinal, adult-use, or both, if applicable. ~~Testing laboratory applicants do not have to designate medicinal or adult use, as testing laboratory licenses allow the holder to test both medicinal and adult use cannabis.~~

(4) Payment of an application fee pursuant to section 15014 of this division.

~~(5) Whether the owner is serving or has previously served in the military. Disclosure of military service is voluntary. An applicant who has served as an active duty member of the Armed Forces of the United States and was honorably discharged and who can provide evidence of such honorable discharge shall have his or her application expedited~~

~~pursuant to Business and Professions Code section 115.4.~~

~~(6) A list of the license types and the license numbers issued from the Department and all other state cannabis licensing authorities that the applicant holds, including the date the license was issued and the licensing authority that issued the license.~~

~~(7) Whether the applicant has been denied a license or has had a license suspended or revoked by the Department or any other state cannabis licensing authority. The applicant shall provide the type of license applied for, the name of the licensing authority that denied the application, and the date of denial.~~

~~(8)~~(5) The physical address of the premises. If the Department is unable to confirm that the address provided is valid, then the applicant shall provide a document that confirms the physical address of the premises. Such a document may include a utility bill, printed information from the county assessor, deed, or title.

~~(9)~~(6) The mailing address for the applicant commercial cannabis business, if different from the premises address.

~~(10)~~(7) The telephone number for the premises-commercial cannabis business.

~~(11)~~(8) The website address and email address of the applicant's commercial cannabis business, if any.

~~(12)~~(9) The number under which the commercial cannabis business' files federal taxes, such as a federal employer identification number, federal taxpayer identification number, individual taxpayer identification number, Social Security number, or national identification number.

~~(13)~~(10) Contact information for the owner of the commercial cannabis business who will serve as the applicant's designated primary contact person or designated responsible party for the business, including the name, title, phone number, and email address of the individual.

~~(11)~~ The full legal name, mailing address, primary contact phone number, email address, and preferred method of written communication (e.g., standard mail or email) of each individual or entity serving as agent for service of process for the commercial cannabis business, if any.

~~(14)~~(12) A description of the business organizational structure of the applicant commercial cannabis business, such as partnership, joint venture, limited liability company, sole proprietorship, trust, or corporation.

~~(15)~~(13) All Upon request, business formation documents, which may include, but are not limited to, articles of incorporation, bylaws, operating agreements, partnership agreements, and fictitious business name statements. The applicant shall also provide all documents filed with the that are not available online through the California Secretary of State, which may include, but are not limited to operating agreements, bylaws, and other documents that establish ownership or control over the commercial cannabis business, articles of incorporation, certificates of stock, articles of organization, certificates of limited partnership, and statements of partnership authority. If the commercial cannabis business is held in trust, the applicant shall provide a copy of the certificate of trust

establishing trustee authority.

~~(16) A list of every fictitious business name the applicant is operating under including the address where the business is located.~~

~~(17)~~(14) A commercial cannabis business that is a foreign corporation or foreign limited liability company shall include in its application a certificate of qualification, certificate of registration, or certificate of status issued by the California Secretary of State.

~~(18) The applicant shall supply the following financial information:~~

~~(A) A list of funds belonging to the applicant held in savings, checking, or other accounts maintained by a financial institution. The applicant shall provide, for each account, the financial institution's name, the financial institution's address, account type, account number, and the amount of money in the account.~~

~~(B) A list of loans made to the applicant. For each loan, the applicant shall provide the amount of the loan, the date of the loan, term(s) of the loan, security provided for the loan, and the name, address, and phone number of the lender.~~

~~(C) A list of investments made into the applicant's commercial cannabis business. For each investment, the applicant shall provide the amount of the investment, the date of the investment, term(s) of the investment, and the name, address, and phone number of the investor.~~

~~(D) A list of all gifts of any kind given to the applicant for its use in conducting commercial cannabis activity. For each gift, the applicant shall provide the value of the gift or description of the gift, and the name, address, and phone number of the provider of the gift.~~

~~(19)~~(15) A complete list of every individual who has a financial interest holder of in the commercial cannabis business as defined in section 15004 of this division, who is not an owner as defined in section 15003 of this division. The list of financial interest holders shall include:

(A) For financial interest holders that are individuals, the first and last name of the individual, a contact phone number and email address, and the type and number of the individual's government-issued identification, such as a driver's license.

(B) For financial interest holders that are entities, the legal business name, the name and phone number and email address of the entity's primary contact, and federal taxpayer identification number of the entity.

~~(20)~~(16) A complete list of every owner of the applicant commercial cannabis business, as defined in section 15003 of this division. Each individual named on this list shall submit the following information:

(A) The full name of the owner.

(B) The owner's title within the applicant entity commercial cannabis business.

(C) The owner's date of birth and place of birth.

(D) The owner's Social Security number or individual taxpayer identification number.

(E) The owner's mailing address.

(F) The owner's telephone number. This may include a number for the owner's home, business, or mobile telephone.

(G) The owner's email address.

(H) The owner's current employer.

(I) The percentage of the ownership interest held in the applicant entity commercial cannabis business by the owner.

~~(J) Whether the owner has an ownership or a financial interest as defined in sections 15003 and 15004, respectively, of this division in any other commercial cannabis business licensed under the Act.~~

~~(K)~~ (J) A copy of The number of the owner's government-issued identification. Acceptable forms of identification are a document issued by a federal, state, county, or municipal government that includes the name, date of birth, height, gender, and photopicture of the person, such as a driver license.

(K) A copy of the owner's completed application for electronic fingerprint images submitted to the Department of Justice.

~~(L) A detailed description of the owner's convictions. A conviction within the meaning of this section means a plea or verdict of guilty or a conviction following a plea of nolo contendere. Convictions dismissed under Penal Code section 1203.4 or equivalent non-California law must be disclosed. Convictions dismissed under Health and Safety Code section 11361.8 or equivalent non-California law must be disclosed. Juvenile adjudications and traffic infractions under \$300 that did not involve alcohol, dangerous drugs, or controlled substances do not need to be included. For each conviction, the owner shall provide the following:~~

~~(i) The date of conviction.~~

~~(ii) Dates of incarceration, if applicable.~~

~~(iii) Dates of probation, if applicable.~~

~~(iv) Dates of parole, if applicable.~~

~~(v) A detailed description of the offense for which the owner was convicted.~~

~~(vi)~~(L) A statement of rehabilitation may be submitted by the owner for each conviction, but is not required. The statement of rehabilitation is to be written by the owner and may contain evidence that the owner would like the Department to consider that demonstrates the owner's fitness for licensure. Supporting evidence may be attached to the statement of rehabilitation and may include, but is not limited to, a certificate of rehabilitation under Penal Code section 4852.01, and dated letters of reference from employers, instructors, or professional counselors that contain valid contact information for the individual providing the reference.

(M) If applicable, a detailed description of any administrative orders or civil judgments for violations of labor standards, any suspension of a commercial cannabis license, revocation of a commercial cannabis license, or sanctions for unlicensed commercial

cannabis activity by a licensing authority, local agency, or state agency against the applicant-owner in their individual capacity or a business entity in which the owner applicant was an owner or officer within the three years immediately preceding the date of the application. The owner may provide mitigating information including, but not limited to, a statement of rehabilitation, to the Department for consideration if any prior discipline disclosed pursuant to this section may result in denial of the application.

(N) Attestation to the following statement: Under penalty of perjury, I hereby declare that the information contained within and submitted with theis application is complete, true, and accurate. I understand that a misrepresentation of fact is cause for rejection of this application, denial of the license, or revocation of a license issued.

~~(21)~~(17) Evidence that the applicant commercial cannabis business has the legal right to occupy and use the proposed location that complies with section 15007 of this division.

~~(22)~~(18) An attestation Evidence that the proposed premises is in compliance with Business and Professions Code section 26054(b) and, if requested, evidence of compliance, section 15026 of this division. For purposes of this section, evidence of compliance with Business and Professions Code section 26054(b) may be a copy of a valid license, permit, or other authorization issued by the applicable local jurisdiction or a notification from the applicable local jurisdiction stating that the commercial cannabis business is in compliance with local ordinances and regulations.

~~(23)~~(19) For an applicant commercial cannabis business with 20 or more employees, the applicant shall either attest provide a notarized statement that the commercial cannabis business will enter into, or demonstrate that it has already entered into, and abide by the terms of a labor peace agreement. For a commercial cannabis business with less than 20 employees that has not yet entered into a labor peace agreement, provide a notarized statement indicating that the applicant will enter into and abide by the terms of a labor peace agreement within 60 days of employing its 20th employee. that the applicant has already entered into a labor peace agreement and will abide by the terms of the agreement. The applicant shall submit a copy of the page of the labor peace agreement that contains the signatures of the union representative and the applicant. For applicants who have not yet entered into a labor peace agreement, the applicant shall provide a notarized statement indicating that the applicant will enter into and abide by the terms of a labor peace agreement as soon as reasonably practicable after licensure.

~~(24)~~(20) The applicant shall provide a valid seller's permit number issued by the California Department of Tax and Fee Administration, if applicable. If the applicant commercial cannabis business has not yet received a seller's permit, the applicant commercial cannabis business shall attest that the applicant commercial cannabis business is currently applying for a seller's permit.

~~(25)~~(21) A diagram of the premises as required by section 15006 of this division.

~~(26)~~(22) Proof of a bond as required by section 15008 of this division. surety bond of at least \$5,000 payable to the State of California for each licensed premises. All bonds required under this section shall be issued by a corporate surety licensed to transact surety business in the State of California. An aggregated bond may be used when multiple licenses are held by the same commercial cannabis business.

~~(27)(23)~~ For testing laboratory applications, the certificate(s) of accreditation as required by section 15702 of this division, or the information required for an interim license as required by section 15703 of this division. Additional information as required by section 15011.

~~(28)(24)~~ When an applicant provides a license, permit, or other authorization from the local jurisdiction where the licensed premises will be or is located, the Department will notify the applicable local jurisdiction to confirm the validity of the authorization. If the local jurisdiction does not respond within 10 calendar days, the Department shall consider the authorization valid.

~~(29)~~ All license applications shall include a detailed description of the applicant's operating procedures. Applicants shall use and submit to the Department the following forms, which are incorporated by reference:

~~(A)~~ Transportation Procedures, Form DCC-LIC-015 (Amended 7/21)

~~(B)~~ Inventory Procedures, Form DCC-LIC-016 (Amended 7/21)

~~(C)~~ Non-Laboratory Quality Control Procedures, Form DCC-LIC-017 (Amended 7/21)

~~(D)~~ Security Procedures, Form DCC-LIC-018 (Amended 7/21)

~~(E)~~ Delivery Procedures, Form DCC-LIC-020 (Amended 7/21)

~~(30)~~ For applicants applying for a microbusiness license, the application shall include a detailed description of the applicant's operating procedures required by this section for each cannabis activity the applicant intends to engage in.

~~(31)~~ For applicants applying for a testing laboratory license, in addition to the operating procedures required under subsection (c)(29) of this section, the standard application shall include the operating procedures required by Chapter 6 of this division.

~~(32)(25)~~ The limited waiver of sovereign immunity required by section 15009 of this division, if applicable.

~~(33)(26)~~ Evidence of exemption from, or compliance with, the California Environmental Quality Act as required by sections 15010-15040.3 of this division.

~~(34)(27)~~ The applicant's commercial cannabis business' State Employer Identification Number (SEIN) issued by the California Employment Development Department, if applicable.

~~(35)(28)~~ For an applicant commercial cannabis business with more than one employee, the applicant shall attest that the applicant commercial cannabis business employs, or will employ within one year of receiving a license, one supervisor and one employee who have successfully completed a Cal-OSHA 30-hour general industry outreach course offered by a training provider that is authorized by an OSHA Training Institute Education Center to provide the course.

~~(29)~~ An applicant shall disclose whether they have been denied a license or had a license suspended or revoked by the Department or any other state cannabis licensing authority. The applicant shall provide the type of license denied, suspended, or revoked, the name of the licensing authority, and the date of the denial, suspension, or revocation.

(d) An applicant for a cannabis event organizer license shall not be required to comply with subsections (c)(5), (c)(17), (c)(20), (c)(21), (c)(22), (c)(24), (c)(25), and (c)(26).

Authority: Sections 145.4 and 26013, Business and Professions Code. Reference: Sections 145.4, 144, 26012, 26050, 26051.5 and 26055, Business and Professions Code.

§15002.1. Temporary Cannabis Event Application.

(a) A temporary cannabis event license shall only be issued to a person who holds a cannabis event organizer license issued by the Department.

(b) An application for a temporary cannabis event license shall include the following:

(1) The name of the applicant. For applicants who are individuals, the applicant shall provide both the first and last name of the individual. For applicants who are business entities, the applicant shall provide the legal business name of the entity.

(2) The license number for each state cannabis license held by the applicant.

(3) The address of the location where the temporary cannabis event will be held.

(4) The name of the temporary cannabis event.

(5) A diagram of the physical layout of the temporary cannabis event. The diagram shall clearly indicate where the temporary cannabis event will be taking place on the location grounds, all entrances and exits that will be used by participants during the event, all cannabis goods consumption areas, and all retail areas where cannabis goods will be sold. The hours during which cannabis goods will be sold shall be noted on the diagram. The diagram shall also clearly indicate the area where cannabis waste will be stored, all areas where cannabis goods will be stored, and the specific location of each cannabis licensee who will be participating in the event. Each cannabis licensee participating in the event shall be identified with an assigned temporary cannabis event location number. The diagram shall not contain highlighting and the markings on the diagram shall be in black-and-white print.

(6) The dates and hours of operation for which the temporary cannabis event license is being sought. A temporary event license is required for any date in which the applicant engages in onsite cannabis goods sales or allows onsite cannabis goods consumption.

(7) Contact information for the applicant's designated primary contact person regarding the temporary event license, including the name, title, address, phone number, and email address of the individual.

(8) Contact information for a designated contact person(s) who shall be onsite at the event and reachable by telephone at all times during the event.

(9) Written approval from the local jurisdiction authorizing the applicant to engage in onsite cannabis goods sales to, and onsite consumption by, persons 21 years of age or older at the temporary cannabis event at the proposed location.

(10) A list of all licensees and employees who will be providing onsite sales of cannabis goods at the temporary cannabis event.

(11) Attestation to the following statement: Under penalty of perjury, I hereby declare that the information contained within and submitted with this application is complete, true, and accurate. I understand that a misrepresentation of fact is cause for rejection of this application, denial of the license, or revocation of a license issued.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26012 and 26200, Business and Professions Code.

§15003. Designation of Owners of Commercial Cannabis Businesses.

(a) An applicant for a commercial cannabis license or a licensee shall disclose all owners of the commercial cannabis business. An owner of the commercial cannabis business includes all. All applicants for a commercial cannabis license shall have at a minimum one individual who meets the definition of "owner" under Business and Professions Code section 26001(a) and who will submit the information required of owners under section 15002 of this division.

(b) "Owner" means any of the following:

(1) A person with an aggregate ownership interest of 20 percent or more in the person applying for a license or a licensee commercial cannabis business, unless the interest is solely a security, lien, or encumbrance. For purposes of this section, "aggregate" means the total ownership interest held by a single person through any combination of individually held ownership interests in a commercial cannabis business and ownership interests in an entity that has an ownership interest in the same commercial cannabis business. For example, a person who owns 10 percent of the stock in a commercial cannabis business as an individual shareholder and 100 percent of the stock in an entity that owns 10 percent of the stock in the same commercial cannabis business has a 20 percent aggregate ownership interest in the commercial cannabis business.

(2) The chief executive officer of a nonprofit or other entity.

(3) A member of the board of directors of a nonprofit.

(4) The trustee(s) and all persons who have control of the trust and/or the commercial cannabis business that is held in trust.

(5) An individual entitled to a share of at least 20 percent of the profits of the commercial cannabis business.

(6)(2) An individual who will be participating in the direction, control, or management of the person applying for a license. Such an individual includes any of the following manages, directs, or controls the operations of the commercial cannabis business, including but not limited to:

(A) A member of the board of directors of a nonprofit.

(A)(B) A general partner of a commercial cannabis business that is organized as a partnership.

(B)(C) A non-member manager or managing member of a commercial cannabis business that is organized as a limited liability company.

~~(C) An officer or director of a commercial cannabis business that is organized as a corporation.~~

(D) The trustee(s) and all persons who have control of the trust and/or the commercial cannabis business that is held in trust.

(E) The chief executive officer, president or their equivalent, or an officer, director, vice president, general manager or their equivalent.

~~(c) When an entity is an owner in a commercial cannabis business, all entities and individuals with a financial interest in the entity shall be disclosed to the Department and may be considered owners of the commercial cannabis business. For example, this includes all entities in a multi-layer business structure, as well as the chief executive officer, members of the board of directors, partners, trustees and all persons who have control of a trust, and managing members or non-member managers of the entity. Each entity disclosed as having a financial interest must disclose the identities of persons holding financial interests until only individuals remain.~~

(b) If the commercial cannabis business is owned in whole or in part by an entity and the entity includes individuals who manage, direct, or control the operations of the commercial cannabis business, as described in subsection (a)(2)(E), those individuals shall also be disclosed as owners.

(c) If available evidence indicates that an individual qualifies as an owner, the Department may notify the applicant or licensee that they must either disclose the individual as an owner and submit the information required by section 15002 or demonstrate that the individual does not qualify as an owner.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26001 and 26012, Business and Professions Code.

§15004. Financial Interest in a Commercial Cannabis Business.

(a) An applicant for a commercial cannabis license or a licensee shall disclose all financial interest holders. A financial interest holder of the commercial cannabis business includes all of the following, except as provided in subsection (b): A financial interest means an agreement to receive a portion of the profits of a commercial cannabis business, an investment into a commercial cannabis business, a loan provided to a commercial cannabis business, or any other equity interest in a commercial cannabis business except as provided in subsection (d). For the purpose of this division, an agreement to receive a portion of the profits includes, but is not limited to, the following individuals:

(1) A person with an aggregate ownership interest of less than 20 percent.

(2) A person providing a loan to the commercial cannabis business.

(3) A person entitled to receive 10 percent or more of the profits of the commercial cannabis business, including:

~~(4)(A)~~ An employee who has entered into a profit share plan with the commercial cannabis business.

~~(2)(B)~~ A landlord who has entered into a lease agreement with the commercial cannabis business for a share of the profits.

~~(3)(C)~~ A consultant who is providing services to the commercial cannabis business for a share of the profits.

~~(4)(D)~~ A person acting as an agent, such as an accountant or attorney, for the commercial cannabis business for a share of the profits.

~~(5)(E)~~ A broker who is engaging in activities for the commercial cannabis business for a share of the profits.

~~(6)(F)~~ A salesperson who earns a commission.

~~(b) Financial interest holders do not include any of the following: The license application shall include the name, birthdate, and government-issued identification type and number for all individuals who have a financial interest in a commercial cannabis business but are not owners as defined in section 15003(b) of this division. These individuals shall not be required to submit the information required of owners under section 15002(c)(20) of this division.~~

~~(c) When an entity has a financial interest in a commercial cannabis business, then all individuals who are owners of that entity shall be considered financial interest holders of the commercial cannabis business. For example, this includes all entities in a multi-layer business structure, as well as the chief executive officer, members of the board of directors, partners, trustees and all persons who have control of a trust, and managing members or non-member managers of the entity. Each entity disclosed as having a financial interest must disclose the identities of persons holding financial interests until only individuals remain.~~

~~(d) Notwithstanding subsection (b), the following persons are not required to be listed on an application for licensure under section 15002(c)(19) of this division:~~

~~(1) A bank or financial institution whose interest constitutes a loan;~~

~~(2) Persons whose only financial interest in the commercial cannabis business is through an interest in a diversified mutual fund, blind trust, or similar instrument;~~

~~(3) Persons whose only financial interest is a security interest, lien, or encumbrance on property that will be used by the commercial cannabis business; and~~

~~(4) Persons who hold a share of stock that is less than 5 10 percent of the total shares in a publicly traded or privately held company.~~

Authority: Section 26013, Business and Professions Code. Reference: Sections 26012 and 26051.5, Business and Professions Code.

§15005. Personnel Prohibited from Holding Licenses.

(a) A license authorized by the Act and issued by the Department may not be held by, or issued to, any person holding office in, or employed by, any agency of the State of California or any of its political subdivisions when the duties of such person have to do with the enforcement of the Act or any other penal provisions of law of this State

prohibiting or regulating the sale, use, possession, transportation, distribution, testing, manufacturing, or cultivation of cannabis ~~goods~~ cannabis products.

(b) This section applies to, but is not limited to, any person employed in the State of California Department of Justice as a peace officer, in any district attorney's office, in any city attorney's office, in any sheriff's office, or in any local police department.

(c) No person listed in subsection (a) or (b) of this section may have any ownership interest, directly or indirectly, in any business to be operated or conducted under a cannabis license.

(d) This section does not apply to any person who holds a license in the capacity of executor, administrator, or guardian.

Authority: Section 26013, Business and Professions Code. Reference: Section 26012, Business and Professions Code.

§15006. Premises Diagram.

(a) An applicant shall submit to the Department, with the application, a complete and detailed diagram of the proposed premises. The diagram shall be used by the Department to determine whether the premises meets the requirements under this division and the Act. The Department shall deny an application if the premises does not qualify for licensure pursuant to Business and Professions Code section 26057.

(b) The diagram shall show the boundaries of the property and the proposed premises to be licensed, showing all boundaries, dimensions, entrances and exits, interior partitions, walls, rooms, windows, and doorways, and shall include a brief statement or description of the principal activity to be conducted therein.

(c) The diagram shall show and identify commercial cannabis activities that will take place in each area of the premises, and identify limited-access areas. Commercial cannabis activities that shall be identified on the diagram include the following, if applicable to the business operations: storage, batch sampling, loading or unloading of shipments, packaging and labeling, customer sales, loading for deliveries, extraction, infusion, cultivation, and processing.

(d) The diagram shall show where all cameras are located and assign a number to each camera for identification purposes unless the premises is exempt from the video surveillance requirement pursuant to section 15315 or section 15044 of this division.

(e) The diagram shall be to scale.

(f) The diagram shall not contain any highlighting and the markings on the diagram shall be in black-and-white print.

(g) If the proposed premises consists of only a portion of a property, the diagram must be labeled indicating which part of the property is the proposed premises and for what purpose(s) ~~what~~ the remaining property is used ~~for~~.

(h) If the proposed premises consists of only a portion of a property that will contain two or more licensed premises, the diagram shall clearly show the designated entrances and

walls under the exclusive control of the ~~applicant~~ commercial cannabis business for the premises, as well as the designated entrances and walls for each additional premises. The diagram shall also show all proposed common or shared areas of the property. Such areas may include lobbies, bathrooms, hallways, and breakrooms.

~~(i) If the commercial cannabis business is seeking a license to conduct cultivation activities on the proposed premises, the following must be clearly identified on the premises diagram: will be a microbusiness that includes cultivation activities, in addition to the requirements of this section, the premises diagram shall also include all the required information for a premises diagram under section 15501(d) of this division.~~

(1) All roads and water crossings on the property.

(2) All water sources identified and labeled for beneficial use type, including but not limited to, irrigation, domestic, fire protection, power, fish and wildlife preservation and enhancement, and recreation.

(3) If the commercial cannabis business is proposing to use a diversion from a waterbody or an underground stream flowing in a known and definite channel, groundwater well, or rain catchment system as a water source for cultivation, include the following locations on the premises diagram with locations also provided as coordinates in either latitude and longitude or the California Coordinate System:

(A) Sources of water used, including the location of waterbody diversions(s), pump locations(s), and distribution system; and

(B) Location, type, and capacity of each water storage unit to be used for cultivation.

(4) The assessor's parcel number(s).

(5) For applicants for a Specialty Cottage, Specialty, Small, and Medium license:

(A) Canopy area(s), including aggregate square footage if the canopy areas are noncontiguous. All unique areas separated by identifiable boundaries pursuant to section 15000(m) shall be clearly described and labeled in the premises diagram. If mature plants are being cultivated using a shelving system, the surface area of each level shall be included in the total canopy calculation;

(B) Area(s) outside of the canopy where only immature plants shall be maintained, if applicable. This area may not be shared among multiple licenses held by one licensee;

(C) Designated pesticide and other agricultural chemical storage area(s);

(D) Designated processing area(s) if the licensee will process onsite. This area may not be shared among multiple licenses held by one licensee;

(E) Designated packaging area(s) if the licensee will package products onsite. This area may not be shared among multiple licenses held by one licensee;

(F) Designated composting area(s) if the licensee will compost cannabis waste onsite;

(G) Designated secured area(s) for cannabis waste if different from subsection (F) above;

(H) Designated area(s) for harvested cannabis storage;

(I) Designated area(s) for physically segregating cannabis or nonmanufactured cannabis products subject to an administrative hold pursuant to section 17815. This area may not be shared among multiple licenses held by one licensee;

(J) Designated area(s) that are shared between licenses held by one licensee. The shared area(s) must be contiguous, be indicated on the premises diagram for each application, and be one or more of the following designated area(s) shared between licenses held by one licensee: pesticide and other agricultural chemical storage area(s), composting area(s), and secured area(s) for cannabis waste; and

(K) Common use area(s), such as hallways, bathrooms, and breakrooms. This area may be shared by multiple licensees.

(6) For indoor and mixed-light license type applications, a lighting diagram with the following information must be included:

(A) Location of all lights in the canopy area(s); and

(B) Maximum wattage, or wattage equivalent, of each light.

(7) For applicants for a nursery license:

(A) Designated pesticide and other agricultural chemical storage area(s);

(B) Designated composting area(s) if the licensee will compost cannabis waste onsite;

(C) Designated secured area(s) for cannabis waste if different from subsection (B) above;

(D) At least one of the following areas:

(i) Area(s) that shall contain only immature plants; or

(ii) Designated seed production area(s) that may contain mature plants; and

(E) Designated research and development area(s) that may contain mature plants, if the licensee will be conducting research and development activities that require a plant to flower.

(8) For applicants for a processor license:

(A) Designated processing area(s);

(B) Designated packaging area(s), if the licensee will package and label products onsite;

(C) Designated composting area(s) if the licensee will compost cannabis waste onsite;

(D) Designated secured area(s) for cannabis waste if different from subsection (C) above; and

(E) Designated area(s) for harvested cannabis storage.

(j) If the commercial cannabis business is seeking a Type S license to manufacture cannabis products or registering as a manufacturing Shared-Use Facility, the premises diagram must also comply with all applicable requirements in sections 15011(b)(13)(D) and 17124-17128.

(jk) If a proposed premises is located on only a portion of a property that also includes a

residence, the diagram shall clearly show the designated buildings for the premises and the residence.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26012 and 26051.5, Business and Professions Code.

§15007. Landowner Approval.

(a) If the applicant commercial cannabis business is not the landowner of the real property upon which the premises is located, the applicant commercial cannabis business shall provide to the Department a document from the landowner or the landowner's agent that states that the applicant commercial cannabis business has the right to occupy the property and acknowledges that the applicant commercial cannabis business may use the property for the commercial cannabis activity for which the applicant commercial cannabis business is applying for licensure. An applicant shall also provide a copy of the rental agreement, as applicable.

(b) If the applicant commercial cannabis business is the landowner of the real property upon which the premises is located, the applicant commercial cannabis business shall provide to the Department a copy of the title or deed to the property.

(c) If the landowner is a trust, the landowner approval shall come from the person who holds equitable title in the real property.

Authority: Section 26013, Business and Professions Code. Reference: Section 26051.5, Business and Professions Code.

§15007.2. Use of Legal Business Name.

~~Applicants and licensees shall use their legal business name on all documents related to commercial cannabis activity.~~

~~Authority: Section 26013, Business and Professions Code. Reference: Section 26013, Business and Professions Code.~~

§15008. Bond.

~~An applicant shall provide proof of having obtained a surety bond of at least \$5,000 payable to the State of California to ensure payment of the cost incurred for the destruction of cannabis goods necessitated by a violation of the Act or the regulations adopted thereunder. All bonds required under this regulation must be issued by a corporate surety licensed to transact surety business in the State of California and shall be issued on the Commercial Cannabis Licensee Bond form under Title 11, California Code of Regulations, Article 56, section 118.1. A bond shall be required for each license.~~

~~Authority: Section 26013, Business and Professions Code. Reference: Section 26051.5, Business and Professions Code.~~

§15010. Compliance with the California Environmental Quality Act (CEQA).

(a) ~~For purposes of complying with the California Environmental Quality Act (CEQA):~~

~~(1) “Project” means the commercial cannabis activity or activities for which an annual license application is submitted to the Department and which requires the Department to engage in discretionary review.~~

~~(2) “CEQA Guidelines” means the Guidelines for Implementation of the California Environmental Quality Act codified at Title 14, California Code of Regulations, section 15000 et seq.~~

~~(3) “Environmental document” has the same meaning as section 15361 of the CEQA Guidelines. Environmental documents are prepared by the applicant or the local jurisdiction that analyze the commercial cannabis activity or activities and which assess whether the project has the potential to generate significant adverse environmental impacts.~~

(b) An applicant ~~may~~ shall provide evidence of compliance with, or exemption from, CEQA (division 13 (commencing with section 21000) of the Public Resources Code). The evidence provided may be any one of the following: CEQA by submitting a copy of an environmental document previously certified or adopted by the local jurisdiction that evaluated the project.

(1) A signed copy of a project-specific Notice of Determination or Notice of Exemption and a copy of the associated CEQA document, or reference to where it may be located electronically, a project description, and any accompanying permitting documentation from the local jurisdiction used for review in determining site-specific environmental compliance. Documentation may include a copy of the administrative record previously certified or adopted by the local jurisdiction that has already reviewed the commercial cannabis business’ proposed commercial cannabis activities. For purposes of this section, the administrative record may include, but is not limited to:

(A) Environmental documentation, including, but not limited to, exemptions, initial studies, negative declarations, mitigated negative declarations, and environmental impact reports;

(B) Staff reports and related documents prepared by the local jurisdiction;

(C) Transcripts or minutes of the proceedings of the local jurisdiction;

(D) Notice(s) issued by the local jurisdiction to comply with CEQA and the CEQA Guidelines;

(E) Proposed decisions or findings considered by the local jurisdiction by its staff or the commercial cannabis business; and

(F) Documentation of the local jurisdiction’s final decision.

(2) If the applicant does not have the evidence specified in subsection (b)(1), or if the Department determines that the evidence submitted is not sufficient to determine compliance or exemption from CEQA, then the applicant shall submit the information on a form to be prescribed by the Department. Such information shall include at least the following:

~~(c) If a previously certified or adopted environmental document is not available or does not exist, and if the Department does not determine that the project is exempt from CEQA as provided in section 15010.2 of this division, the applicant shall provide information to enable the Department to determine what type of environmental document should be prepared by submitting the CEQA Project Specific Information Form, DGC LIC 025 (Amended 7/21), incorporated herein by reference. Such information shall include at least the following:~~

~~(1)(A) The project location and surrounding land use, which shall:~~

~~(A)(i) Describe the project location, including street address, city, county, Assessor's Parcel Number, major cross streets, general plan designation, zoning designation, and any other physical description that clearly indicates the project site location.~~

~~(B)(ii) Describe the surrounding land uses and zoning designations within a one-half mile radius of the project and list all abutting land uses.~~

~~(C)(iii) Include a vicinity map and aerial image to show the project location.~~

~~(D)(iv) Include photographs, not larger than 8.5-1/2 by 11 inches, of existing visual conditions as observed from publicly accessible vantage point(s).~~

~~(2)(B) A project description, which shall:~~

~~(A)(i) Describe the activities included in the project application and identify any other commercial cannabis activity or activities occurring at the proposed premises.~~

~~(B)(ii) Quantify the project size (total floor area of the project), and the lot size on which the project is located, in square feet.~~

~~(C)(iii) List and describe any other related public agency permits and approvals, including any entitlements, required for this project, including those required by a planning commission, local air district, or regional water board.~~

~~(D)(iv) Identify whether the applicant commercial cannabis business is licensed by, or has applied for licensure from, the Department or one of the prior state cannabis licensing authorities (the Bureau of Cannabis Control, the California Department of Food and Agriculture, and the California Department of Public Health) to engage in commercial cannabis activity at the proposed premises.~~

~~(E)(v) Estimate the number of anticipated employees onsite, occupancy during operating hours, and frequency of deliveries or shipments originating from and/or arriving to the project site, and describe the anticipated transportation activity at the project site including the effects of the project related to public transit, bicycle, or pedestrian facilities.~~

(C) The environmental setting, which shall:

(i) Describe natural characteristics (e.g., topography, vegetation, drainage, soil stability, habitat, etc.) on the project site.

(ii) Identify whether there are any watercourses or riparian habitats (e.g., drainage swales, stream courses, springs, ponds, lakes, creeks, tributary of creeks, wetlands) within 150 feet of the proposed premises.

(iii) Identify the approximate number of vehicle trips per day to be generated by the

project and information regarding the days and times most trips are expected to occur.

(iv) Identify whether the property contains natural features of scenic value or rare or unique characteristics (e.g., rock outcroppings, mature trees).

(v) Identify whether the property has any historic designations or archeological remains onsite.

(vi) Identify whether the property contains habitat(s) for special status species.

~~(F)~~(vii) Identify the location, type, and quantity of hazardous materials, as defined by Health and Safety Code section 25260, that are stored, used, or disposed of at the project site and a copy of the Hazardous Material Business Plan (HMBP) prepared for the proposed premises, if any.

~~(G)~~(viii) Discuss whether the project will increase the quantity and type of solid waste, as defined by Public Resources Code section 40191, or hazardous waste, as defined by Health and Safety Code section 25117, that is generated or stored onsite.

~~(H)~~(ix) Describe the project's anticipated operational energy needs, identify the source of energy supplied for the project and the anticipated amount of energy per day, and explain whether the project will require an increase in energy demand and the need for additional energy resources.

~~(3) The Department shall consider, for purposes of evaluating compliance with CEQA, both the individual and cumulative impacts of all commercial cannabis activities occurring at the proposed premises.~~

(c) If the Department determines that a project does not qualify for an exemption and further environmental review is required pursuant to the CEQA Guidelines, the Department may charge the applicant for the costs of preparation of any supplemental environmental document as well as the Department's costs for procedures to comply with CEQA.

Authority: Section 26013, Business and Professions Code. Reference: Section 26055, Business and Professions Code.

~~§15010.1. Review of Previously Prepared Environmental Documents Pursuant to CEQA.~~

~~(a) When the project has been evaluated in a previously certified or adopted environmental document, the Department will evaluate the project as a responsible agency as provided in section 15096 of the CEQA Guidelines.~~

~~(b) The Department may require subsequent environmental review if one or more of the events outlined in Public Resources Code section 21166 or section 15162 of the CEQA Guidelines occurs.~~

~~Authority: Section 26013, Business and Professions Code. Reference: Section 26055, Business and Professions Code; and Section 21166, Public Resources Code.~~

~~§15010.2 CEQA Exempt Projects.~~

~~(a) An applicant may submit documentation to the Department demonstrating that the project is exempt from further environmental review pursuant to CEQA, because the project falls within a class of projects determined not to have significant effect on the environment, by submitting the CEQA Exemption Petition, DCC-LIC-026 (Amended 7/21), incorporated herein by reference.~~

~~(b) Documentation submitted to the Department in support of a determination that the project is exempt from further environmental review under CEQA shall, at minimum, include the following information:~~

~~(1) Project location and surrounding land use, as required in section 15010 of this division;~~

~~(2) Project description, as required in section 15010 of this division; and~~

~~(3) A written justification to support a determination that the project is categorically exempt. The written justification shall list the category and class the exemption falls under and shall explain how the project fits the specified exemption. The justification shall also demonstrate that none of the exceptions to categorical exemptions described in section 15300.2 of the CEQA Guidelines apply to the project.~~

~~(c) Upon review, if the Department determines that the project is exempt from further CEQA review, and approves an application for annual licensure, the Department will file a Notice of Exemption with the State Clearinghouse within 5 business days after approval of the project as required by section 15062(c) of the CEQA Guidelines.~~

~~Authority: Section 26013, Business and Professions Code. Reference: Section 26055, Business and Professions Code.~~

~~§15010.3 Preparation of CEQA Environmental Documents for Applicant.~~

~~If the Department determines that a project does not qualify for an exemption, or that the circumstances described in Public Resources Code section 21166 and section 15162 of the CEQA Guidelines require subsequent environmental review, the Department may charge the applicant for the costs of preparation for any supplemental environmental document as well as the Department's costs for procedures to comply with CEQA, unless the Department specifies otherwise.~~

~~Authority: Section 26013, Business and Professions Code. Reference: Section 26055, Business and Professions Code.~~

§15011. Additional Information.

(a) A commercial cannabis business applying for a license to cultivate cannabis shall provide the following information:

(1) The hours of operation for each day of the week the commercial cannabis business will have staff on the licensed premises. The applicant must provide a minimum of two

(2) hours of operation that are between 8:00am and 5:00pm (Pacific Time) on each day,

Monday through Friday.

(2) For commercial cannabis businesses that are a cannabis cooperative as defined by division 10, chapter 22 (commencing with section 26220) of the Business and Professions Code, identification of all members. Identifying information shall include each member's license number for commercial cannabis activity, the licensing authority that issued the license, and the name of the licensed business.

(3) For all cultivator license types except processor, evidence of enrollment in an order or waiver of waste discharge requirements with the State Water Resources Control Board or the appropriate Regional Water Quality Control Board. Acceptable documentation for evidence of enrollment may be a Notice of Applicability letter. Acceptable documentation that enrollment is not necessary may be a Notice of Non-Applicability.

(4) Evidence that the commercial cannabis business has conducted a hazardous materials record search of the EnviroStor database for the proposed premises. If hazardous sites were encountered, the applicant shall provide documentation of protocols implemented to protect employee health and safety.

(5) For indoor and mixed-light license types, identification of all power sources for cultivation activities, including, but not limited to, illumination, heating, cooling, and ventilation.

(6) A proposed cultivation plan that complies with the requirements in section 16309.

(7) Identification of all water sources used for cultivation activities as required in section 16311.

(8) A copy of any final lake or streambed alteration agreement issued by the California Department of Fish and Wildlife, pursuant to sections 1602 or 1617 of the Fish and Game Code, or written verification from the California Department of Fish and Wildlife that a lake and streambed alteration agreement is not required.

(9) An attestation that the applicant entity is an "agricultural employer" as defined by the Alatorre-Zenovich-Dunlap-Berman Agricultural Labor Relations Act of 1975; division 2, part 3.5 (commencing with section 1140) of the Labor Code.

(10) An attestation that the local fire department has been notified of the cultivation site if the application is for an indoor license type.

(11) If applicable, the applicant shall provide evidence that the proposed premises is not located in whole or in part in a watershed or other geographic area that the State Water Resources Control Board or the Department of Fish and Wildlife has determined to be significantly adversely impacted by cannabis cultivation pursuant to section 26060(a)(2) of the Business and Professions Code.

(12) For all cultivator license types except processor, a signed attestation that states the commercial cannabis business shall contact the appropriate County Agricultural Commissioner regarding requirements for legal use of pesticides on cannabis prior to using any of the active ingredients or products included in the pest management plan and shall comply with all pesticide laws.

(b) A commercial cannabis business applying for a license to manufacture cannabis

products shall provide the following information:

(1) The type(s) of activity that will be conducted at the proposed licensed premises (extraction, infusion, packaging, or labeling).

(2) The types of products that will be manufactured, packaged, or labeled at the premises, including a product list.

(3) The name, title, email address, and phone number of the onsite individual who manages the operation of the premises.

(4) The name, title, email address, and phone number of an alternate contact person for the premises, if applicable.

(5) The number of employees at the premises.

(6) Upon request by the Department, a description of inventory control procedures sufficient to demonstrate how the commercial cannabis business will comply with the requirements of section 17218, or a copy of the standard operating procedure addressing inventory control.

(7) Upon request by the Department, a description of quality control procedures sufficient to demonstrate how the commercial cannabis business will comply with all of the applicable requirements specified in sections 17208 through 17216, or a copy of the standard operating procedure addressing quality control.

(8) Upon request by the Department, a description of the transportation process describing how cannabis or cannabis products will be transported into and out of the premises, or a copy of the standard operating procedure addressing transportation.

(9) Upon request by the Department, a description of security procedures sufficient to demonstrate how the commercial cannabis business will comply with the applicable security requirements of sections 15042 through 15047, or a copy of the standard operating procedure addressing security procedures.

(10) Upon request by the Department, a description of the cannabis waste management procedures sufficient to demonstrate how the commercial cannabis business will comply with the requirements of section 17223, or a copy of the standard operating procedure addressing cannabis waste management.

(11) A copy of the signed closed-loop system certification and a document evidencing approval of the extraction operation by the local fire code official required pursuant to section 17205 or 17206, if applicable.

(12) Any manufacturer submitting operating procedures and protocols to the Department pursuant to the Act and this division may claim such information as a trade secret or confidential by clearly identifying such information as “confidential” on the document at the time of submission. Any claim of confidentiality by a manufacturer must be based on the manufacturer’s good faith belief that the information marked as confidential constitutes a trade secret as defined in Civil Code section 3426.1(d), or is otherwise exempt from public disclosure under the California Public Records Act, Government Code section 6250 et seq.

(13) Applications for a Type S manufacturing license shall:

(A) Be submitted in accordance with section 15002;

(B) Include the license number and address of the registered shared-use facility at which the commercial cannabis business will conduct manufacturing operations;

(C) Include a copy of the use agreement signed by both the Type S applicant and the primary licensee; and

(D) On the premises diagram submitted pursuant to section 15002(c)(21), indicate the designated area to be used by the Type S commercial cannabis business and detail where the commercial cannabis business will store its cannabis, cannabis concentrates, and cannabis products.

(E) A Type S license shall only be available to commercial cannabis businesses with a gross annual revenue of less than \$1,000,000 as calculated pursuant to section 15014.

(F) A Type S licensee may conduct the following operational activities:

(i) Infusions, as defined in section 15000(ee);

(ii) Packaging and labeling of cannabis products; and

(iii) Extractions with butter or food-grade oils, provided that the resulting extract or concentrate shall be used solely in the manufacture of the Type S licensee's infused product and shall not be sold to any other licensee.

(c) A commercial cannabis business applying for a license to distribute cannabis and cannabis products shall provide the following information, upon the request of the Department:

(1) The following standard operating procedures:

(A) Transportation Procedures, Form DCC-LIC-015 (Amended 9/21);

(B) Inventory Procedures, Form DCC-LIC-016 (Amended 9/21);

(C) Non-Laboratory Quality Control Procedures, Form DCC-LIC-017 (Amended 9/21); and

(D) Security Procedures, Form DCC-LIC-018 (Amended 9/21).

(2) Proof of compliance with the insurance requirements in section 15308.

(3) Transport vehicle information required by section 15312.

(d) A commercial cannabis business applying for a license to sell cannabis and cannabis products at retail shall provide the following information, upon request by the Department:

(1) The following standard operating procedures:

(A) Inventory Procedures, Form DCC-LIC-016 (Amended 9/21);

(B) Non-Laboratory Quality Control Procedures, Form DCC-LIC-017 (Amended 9/21);

(C) Security Procedures, Form DCC-LIC-018 (Amended 9/21); and

(D) Delivery Procedures, Form DCC-LIC-020 (Amended 9/21).

(2) Delivery employee information required by section 15415.

(3) Delivery vehicle information required by section 15417.

(e) A commercial cannabis business applying for a license to operate as a microbusiness shall provide the information required in subsections (a) through (d) as applicable for the activities they will be conducting under the license.

(f) Applicants for a cannabis event organizer license shall indicate whether the cannabis event organizer plans to hold 0-5 events, 6-10 events, 11-20 events, or more than 20 events during the license period.

(g) Applicants for a testing laboratory license shall provide the following information:

(1) The certificate(s) of accreditation required by sections 15701 and 15702, or the information required for an interim license required by section 15703.

(2) Upon the request by the Department, the following standard operating procedures:

(A) Transportation Procedures, Form DCC-LIC-015 (Amended 9/21);

(B) Inventory Procedures, Form DCC-LIC-016 (Amended 9/21);

(C) Non-Laboratory Quality Control Procedures, Form DCC-LIC-017 (Amended 9/21);
and

(D) Security Procedures, Form DCC-LIC-018 (Amended 9/21).

(3) The operating procedures required by chapter 6 of this division.

(h) The Department may request additional information and documents from the applicant. The Department will provide the applicant with a deadline for submittal of additional information. The Department will consider the complexity of the information requested and the ease with which the information can be obtained and transmitted to the Department by the applicant in determining the deadline.

(i) Items required by this section may also be requested by the Department at any time following the issuance of a license. Licensees shall maintain the information required by this section and provide it to the Department upon request.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26031, 26050, and 26051.5, and 26130, Business and Professions Code.

§15012. Incomplete and Abandoned Applications.

(a) If the Department determines that the application is incomplete, the Department may provide notice to the applicant in accordance with Business and Professions Code section 124. Incomplete applications will not be processed. Applications will only be considered complete if all of the information required under sections 15002 and 15011 is included. The Department shall issue a written notice to the applicant, by mail or through Department's licensing system, informing them that the application is incomplete and identifying the information missing from the application.

~~(b) If the Department issues a notice pursuant to Business and Professions Code section 124, an applicant has one year from the date of the notice in subsection (a) of this section to correct all deficiencies. If the applicant fails to correct the deficiencies within the one year period and has not responded to the Department's attempts to contact the applicant, the application shall be considered abandoned under Business and Professions Code section 142. If the applicant fails to submit all required information within 180 days from the date of the initial written notice, the application shall be deemed abandoned.~~

~~(c) An applicant may reapply at any time following an abandoned application. If the applicant fails to submit payment of the license fee within 60 calendar days from the date of the request for payment of the license fee, the application shall be deemed abandoned.~~

(d) The Department will not refund application fees for an incomplete or abandoned application.

(e) An applicant may reapply at any time following an abandoned application and will be required to submit a new application and application fee.

Authority: Section 26013 and 26130, Business and Professions Code. Reference: Sections ~~124, 142,~~ 26012, 26050 and 26051.5, Business and Professions Code.

§15013. Withdrawal of Application.

(a) An applicant may withdraw an application at any time prior to the Department issuance of a license or denial of a license.

(b) Requests to withdraw an application must be submitted to the Department by mail in writing, dated, and signed by the applicant, or in writing by electronic mail to licensing@cannabis.ca.gov.

(c) In accordance with Business and Professions Code section ~~418~~ 26057, withdrawal of an application shall not, unless the Department has consented in writing to such withdrawal, deprive the Department of its authority to institute or continue a proceeding against the ~~applicant~~ commercial cannabis business for the denial of the license upon any ground provided by law or to enter an order denying the license upon any such ground.

(d) The Department will not refund application fees for a withdrawn application.

(e) An applicant may reapply at any time following the withdrawal of an application and will be required to submit a new application and application fee.

Authority: Section 26013, Business and Professions Code. Reference: Sections ~~418 and 26050~~ and 26057, Business and Professions Code.

Article 3. Licensing

§15014. Fees.

(a) The application fee for an annual license under section 15002 of this division, a cannabis event organizer license under section 15600 of this division, a temporary cannabis event license under section 15601 of this division for each event, and physical modification of the premises under section 15027 of this division shall be paid by an applicant or licensee as provided by this division. Applicants and licensees shall pay the appropriate fee as outlined in this section.

Application Fee Schedule

License Type	Fee Per Application
<u>All Annual Licenses Testing Laboratory, Distributor, Retailer, Microbusiness Annual Licenses</u>	\$1,000
Cannabis Event Organizer License	\$1,000
Temporary Cannabis Event License	\$1,000
<u>Physical Modification of Premises for Testing Laboratory, Distributor, Retailer, Microbusiness, and Manufacturing Licenses</u>	\$500
<u>Type 6, 7, N, or P Annual Manufacturing Licenses</u>	\$1,000
<u>Type S Annual Manufacturing License</u>	\$500
<u>Cultivation Annual Licenses</u>	<u>See (f)</u>

(b) The annual licensing fee for each license shall be paid by an applicant ~~or licensee~~ after the Department has approved the application. The renewal license fee shall be paid by the licensee as required by section 15020. The Department shall not issue the license until the annual licensing fee has been paid.

(c) To determine the appropriate annual license fee due for testing laboratory, distributor, retailer, and microbusiness license types, the applicant or licensee shall first estimate the gross revenue for the 12-month license period ~~of the license~~. Based on the license type sought, the applicant or licensee shall identify the appropriate tier category in which their expected gross revenue belongs, as identified in the Annual License Fee Schedule charts found in this section. The license fee associated with the licensing tier category the applicant or licensee has identified using their expected gross revenue shall be the license fee due for the original license application or renewal. The following are the annual license fees due for these license types to be paid prior to issuance of a license or renewed license:

Annual License Fee Schedule for Testing Laboratory (Type 8)

Gross Revenue (\$ Max. Per License)	Fee Per License
Less than or equal to \$160,000	\$3,000
More than \$160,000 and less or equal to \$320,000	\$6,000
More than \$320,000 and less or equal to \$480,000	\$8,000
More than \$480,000 and less or equal to \$800,000	\$13,000
More than \$800,000 and less or equal to \$1.2 million	\$20,000
More than \$1.2 million and less or equal to \$2.0 million	\$32,000
More than \$2.0 million and less or equal to \$2.8 million	\$48,000
More than \$2.8 million and less or equal to \$4.4 million	\$72,000
More than \$4.4 million	\$112,000

Annual License Fee Schedule for Distributor (Type 11 or 13), unless only engaging in transport only self-distribution

Gross Revenue (\$ Max. Per License)	Fee Per License
Less than or equal to \$1.0 million	\$1,500
More than \$1.0 million and less or equal to \$2.5 million	\$6,000
More than \$2.5 million and less or equal to \$5.0 million	\$11,250
More than \$5.0 million and less or equal to \$10.0 million	\$22,500
More than \$10.0 million and less or equal to \$20.0 million	\$45,000
More than \$20.0 million and less or equal to \$30.0 million	\$75,000
More than \$30.0 million and less or equal to \$50.0 million	\$120,000
More than \$50.0 million and less or equal to \$70.0 million	\$180,000
More than \$70.0 million	\$240,000

Annual License Fee Schedule for Distributor Transport Only Self-Distribution (Type 13)

Gross Revenue (\$ Max. Per License)	Fee Per License
Less than or equal to \$1,000	\$200
More than \$1,000 and less or equal to \$3,000	\$500
More than \$3,000	\$1,000

Annual License Fee Schedule for Retailer (Type 9 or 10)

Gross Revenue (\$ Max. Per License)	Fee Per License
Less than or equal to \$500,000	\$2,500
More than \$500,000 and less or equal to \$750,000	\$5,500
More than \$750,000 and less or equal to \$1.0 million	\$7,500
More than \$1.0 million and less or equal to \$1.5 million	\$11,000
More than \$1.5 million and less or equal to \$2.0 million	\$14,500
More than \$2.0 million and less or equal to \$3.0 million	\$22,500
More than \$3.0 million and less or equal to \$4.0 million	\$30,500
More than \$4.0 million and less or equal to \$5.0 million	\$38,500
More than \$5.0 million and less or equal to \$6.0 million	\$46,500
More than \$6.0 million and less or equal to \$7.5 million	\$57,000
More than \$7.5 million	\$96,000

Annual License Fee Schedule for Microbusiness (Type 12)

Gross Revenue (\$ Max. Per License)	Fee Per License
Less than or equal to \$1.0 million	\$5,000
More than \$1.0 and less or equal to \$2.0 million	\$12,000
More than \$2.0 and less or equal to \$3.0 million	\$20,000
More than \$3.0 and less or equal to \$4.0 million	\$32,000
More than \$4.0 and less or equal to \$6.0 million	\$45,000
More than \$6.0 and less or equal to \$7.0 million	\$60,000
More than \$7.0 and less or equal to \$10.0 million	\$80,000
More than \$10.0 and less or equal to \$20.0 million	\$100,000
More than \$20.0 and less or equal to \$30.0 million	\$120,000
More than \$30.0 and less or equal to \$40.0 million	\$140,000
More than \$40.0 and less or equal to \$50.0 million	\$160,000
More than \$50.0 and less or equal to \$60.0 million	\$180,000
More than \$60.0 and less than or equal to \$80.0 million	\$220,000
More than \$80 million	\$300,000

(d) ~~Notwithstanding the fees identified above, cannabis event organizers shall pay the appropriate fee as outlined in this section.~~ The annual license fee for a cannabis event organizer license shall be based on the number of planned operations during the license period as indicated in the chart below.

Annual License Fee Schedule for Cannabis Event Organizers

Planned Operations (Number of Operations)	Fee Per License
0-5 events annually	\$3,000
6-10 events annually	\$5,000
11-20 events annually	\$9,000
Greater than 20 events annually	\$20,000

(e) The annual license fee for a manufacturer license shall be based on gross revenue as indicated in the chart below.

(1) The applicant shall calculate the gross annual revenue for the licensed premises based on the annual gross sales of cannabis products and, if applicable, the annual revenue received from manufacturing, packaging, labeling or otherwise handling cannabis or cannabis products for other licensees, in the 12 months preceding the date of application.

(2) For a new license applicant, the gross annual revenue shall be based on the gross sales and revenue expected during the first 12 months following licensure.

(3) For a manufacturer licensee that is also licensed as a distributor or retailer, and that sells or transfers cannabis products manufactured on the licensed premises in a non-arm's length transaction, the annual gross sales or revenue for such transactions shall be based on the product's fair market value if it were to be sold in an arm's length transaction at wholesale.

(4) For purposes of this section, an "arm's length transaction" means a sale entered into in good faith and for valuable consideration that reflects the fair market value in the open market between two informed and willing parties, neither under any compulsion to participate in the transaction.

Annual License Fee Schedule for Manufacturing (Type 6, 7, N, P, or S)

<u>Gross Revenue (\$ Max. Per License)</u>	<u>Fee Per License</u>
<u>Less than or equal to \$100,000</u>	<u>\$2,000</u>
<u>More than \$100,000 and less or equal to \$500,000</u>	<u>\$7,500</u>
<u>More than \$500,000 and less or equal to \$1.5 million</u>	<u>\$15,000</u>
<u>More than \$1.5 million and less or equal to \$3.0 million</u>	<u>\$25,000</u>
<u>More than \$3.0 million and less or equal to \$5.0 million</u>	<u>\$35,000</u>
<u>More than \$5.0 million and less or equal to \$10 million</u>	<u>\$50,000</u>
<u>More than \$10 million</u>	<u>\$75,000</u>

(f) The following are the application fees due for the specified annual cultivation license types to be paid at the time the complete application is submitted to the Department:

Application Fee Schedule for Cultivation

<u>License Type</u>	<u>Fee Per License</u>
<u>Specialty Cottage Outdoor</u>	<u>\$135</u>
<u>Specialty Cottage Indoor</u>	<u>\$205</u>
<u>Specialty Cottage Mixed-Light Tier 1</u>	<u>\$340</u>
<u>Specialty Cottage Mixed-Light Tier 2</u>	<u>\$580</u>
<u>Specialty Outdoor</u>	<u>\$270</u>
<u>Specialty Indoor</u>	<u>\$2,170</u>
<u>Specialty Mixed Light-Tier 1</u>	<u>\$655</u>
<u>Specialty Mixed Light-Tier 2</u>	<u>\$1,125</u>
<u>Small Outdoor</u>	<u>\$535</u>
<u>Small Indoor</u>	<u>\$3,935</u>
<u>Small Mixed-Light Tier 1</u>	<u>\$1,310</u>
<u>Small Mixed-Light Tier 2</u>	<u>\$2,250</u>
<u>Medium Outdoor</u>	<u>\$1,555</u>
<u>Medium Indoor</u>	<u>\$8,655</u>
<u>Medium Mixed-Light Tier 1</u>	<u>\$2,885</u>
<u>Medium Mixed-Light Tier 2</u>	<u>\$4,945</u>
<u>Nursery</u>	<u>\$520</u>
<u>Processor</u>	<u>\$1,040</u>

(g) The following are the annual license fees due for the specified annual cultivation license types to be paid prior to issuance of a license or renewal of a license:

Annual License Fee Schedule for Cultivation

<u>License Type</u>	<u>Fee Per License</u>
<u>Specialty Cottage Outdoor</u>	<u>\$1,205</u>
<u>Specialty Cottage Indoor</u>	<u>\$1,830</u>
<u>Specialty Cottage Mixed-Light Tier 1</u>	<u>\$3,035</u>
<u>Specialty Cottage Mixed-Light Tier 2</u>	<u>\$5,200</u>
<u>Specialty Outdoor</u>	<u>\$2,410</u>
<u>Specialty Indoor</u>	<u>\$19,540</u>
<u>Specialty Mixed-Light Tier 1</u>	<u>\$5,900</u>
<u>Specialty Mixed-Light Tier 2</u>	<u>\$10,120</u>
<u>Small Outdoor</u>	<u>\$4,820</u>

<u>Small Indoor</u>	<u>\$35,410</u>
<u>Small Mixed-Light Tier 1</u>	<u>\$11,800</u>
<u>Small Mixed-Light Tier 2</u>	<u>\$20,235</u>
<u>Medium Outdoor</u>	<u>\$13,990</u>
<u>Medium Indoor</u>	<u>\$77,905</u>
<u>Medium Mixed-Light Tier 1</u>	<u>\$25,970</u>
<u>Medium Mixed-Light Tier 2</u>	<u>\$44,517</u>
<u>Nursery</u>	<u>\$4,685</u>
<u>Processor</u>	<u>\$9,370</u>

(e) All fees are nonrefundable.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26012, 26051.5 and 26180, Business and Professions Code.

§15015. Payment of Fees.

(a) Any fee specified in this division shall be ~~made~~ paid to the Department of Cannabis Control by cash, check, money order, debit card, or credit card. Check and money order payments may be made out to the Department of Cannabis Control.

(b) If the fee is paid by debit or credit card:

(1) The payment shall be made through the Department’s online licensing system; and

(2) The applicant or licensee may be required to pay any associated processing or convenience fees to the third-party vendor processing the payment on behalf of the Department.

(c) Failure to pay the appropriate licensing fee is grounds for discipline. If the Department determines that the licensee paid an amount less than the appropriate licensing fee under section 15014 of this division, the licensee will be required to pay the balance of the appropriate fee and a penalty fee of 50 percent of the appropriate licensing fee. The Department in its discretion may waive the penalty fee.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26012, 26051.5 and 26180, Business and Professions Code.

§15017. Substantially Related Offenses and Criteria for Rehabilitation.

(a) When evaluating whether an applicant or licensee has been convicted of a criminal offense, act, or professional misconduct that is substantially related to the qualifications, functions, or duties of the business for which the application is made, the Department shall consider all of the following criteria:

(1) The nature and gravity of the offense;

(2) The number of years that have elapsed since the date of the offense; and

(3) The nature and duties of the particular license in which the applicant seeks licensure or in which the licensee is licensed.

(~~a~~b) For the purpose of ~~license denial, suspension, or revocation of a license~~, convictions that are substantially related to the qualifications, functions, or duties of the business for which the application is made include, but are not limited to:

(1) A violent felony conviction, as specified in Penal Code section 667.5(c).

(2) A serious felony conviction, as specified in Penal Code section 1192.7(c).

(3) A felony conviction involving fraud, deceit, or embezzlement.

(4) A felony conviction for hiring, employing, or using a minor in transporting, carrying, selling, giving away, preparing for sale, or peddling, any controlled substance to a minor; or selling, offering to sell, furnishing, offering to furnish, administering, or giving any controlled substance to a minor.

(5) A felony conviction for drug trafficking with enhancements pursuant to Health and Safety Code section 11370.4 or 11379.8.

(c) For the purpose of denial of a license to engage in commercial cannabis manufacturing, a conviction or violation from any jurisdiction that is substantially related to the qualifications, functions, or duties of the business for which the application is made include:

(1) A violation of section 110620, 110625, 110630, 110760, 110765, 110770, 110775, 111295, 111300, 111305, 111440, 111445, 111450, or 111455 of the Health and Safety Code that resulted in suspension or revocation of a license, administrative penalty, civil proceeding, or criminal conviction;

(2) A violation of Chapter 4 (sections 111950 through 112130) of Part 6 of Division 104 of the Health and Safety Code that resulted in suspension or revocation of a license, administrative penalty, civil proceeding, or criminal conviction;

(3) A conviction under section 382 or 383 of the Penal Code; and

(4) A violation identified in subsections (c)(1) or (c)(2) committed by a business entity in which an owner was an officer or had an ownership interest.

(~~b~~d) Except as provided in subsections (~~a~~b)(4) and (~~a~~b)(5) of this section and notwithstanding Chapter 2 (commencing with Section 480) of Division 1.5 of the Business and Professions Code, a prior conviction, where the sentence, including any term of probation, incarceration, or supervised release, is completed, for possession of, possession for sale, sale, manufacture, transportation, or cultivation of a controlled substance is not considered substantially related, and shall not be the sole ground for denial of a license. Conviction for any controlled substance felony, subsequent to licensure, shall be grounds for revocation of a license or denial of the renewal of a license.

(~~e~~e) When evaluating whether an applicant who has been convicted of a criminal offense, act, or professional misconduct that is substantially related to the qualifications, functions, or duties of the business for which the application is made should be issued a

license, the Department shall consider the following criteria of rehabilitation:

- (1) The nature and ~~severity~~ gravity of the act, professional misconduct, or offense;
 - (2) Whether the person has a felony conviction based on possession or use of cannabis or cannabis products that would not be a felony if the person was convicted of the offense on the date of the person's application;
 - (3) The applicant's criminal record as a whole;
 - (4) Evidence of any act, professional misconduct, or offense committed subsequent to the act, professional misconduct, or offense under consideration that could be considered grounds for denial, suspension, or revocation of a commercial cannabis activity license;
 - (5) The time that has elapsed since commission of the act, professional misconduct, or offense;
 - (6) The extent to which the applicant has complied with any terms of parole, probation, restitution, or any other sanctions lawfully imposed against the applicant;
 - (7) If applicable, evidence of dismissal under Penal Code sections 1203.4, 1203.4a, 1203.41, 1203.42, or pursuant to another state's similar law;
 - (8) If applicable, evidence the applicant has been granted clemency or a pardon by a state or federal executive;
 - (89) If applicable, a certificate of rehabilitation obtained under Penal Code section 4852.01 or another state's similar law; and
 - (910) Other evidence of rehabilitation submitted by the applicant.
- (d) If an applicant has been denied a license based on a conviction, the applicant may request a hearing pursuant to Business and Professions Code section 26058 to determine if the applicant should be issued a license.
- (g) For the purpose of this section, conviction means a plea or verdict of guilty or a conviction following a plea of nolo contendere.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 480, 481, 482, 26012 and 26057, Business and Professions Code.

§15018. Additional Grounds for Denial of a License.

In addition to the reasons for denial in Business and Professions Code section 26057, a license may be denied for the following reasons:

- (a) The applicant's proposed premises does not fully comply with standards set in regulation.
- (b) The applicant's proposed or licensed premises is substantially different from the diagram of the proposed premises submitted by the applicant, in that the size, layout, location of common entryways, doorways, or passage ways means of public entry or exit, or identification of limited- access areas within the licensed premises is not the same.

- (c) The applicant denied the Department access to the licensed premises or the property identified in the application as the premises.
- (d) The applicant made a material misrepresentation on the application.
- (e) The applicant did not correct the deficiencies within the application in accordance with sections 15002 and 15012 of this division.
- (f) The applicant has been denied a license, permit, or other authorization to engage in commercial cannabis activity by a state or local licensing authority.
- (g) The applicant's proposed premises is not in compliance with Division 13 (commencing with Section 21000) of the Public Resources Code.
- (h) The applicant has failed to remit taxes as required under the Revenue and Taxation Code.
- (i) The applicant may be denied a license for any violations of law related to the operations of the commercial cannabis business or for any violations of law related to licensure.
- (j) The applicant has engaged in conduct that is grounds for disciplinary action specified in section 26030 of the Act.

Authority: Section 26013, Business and Professions Code. Reference: Sections 480, 490, 26012, 26030 and 26050, Business and Professions Code.

§15020. Renewal of License.

- (a) To timely renew a license, a completed license renewal form and annual license fee pursuant to section 15014 of this division shall be received by the Department from the licensee no earlier than 60 calendar days before the expiration of the license and no later than 5:00 p.m. Pacific Time on the last business day before the expiration of the license if the renewal form is submitted to the Department at its office(s), or no later than 11:59 p.m. on the last business day before the expiration of the license if the renewal form is submitted to the Department through its electronic licensing system. Failure to receive a notice for license renewal does not relieve a licensee of the obligation to renew all licenses as required.
- (b) In the event the license is not submitted for renewal prior to the expiration date, the licensee must not sell, transfer, transport, manufacture, test, or distribute any commercial cannabis ~~goods~~ cannabis products until the license is renewed.
- (c) A licensee may submit a license renewal form up to 30 calendar days after the license expires. Any late renewal form will be subject to a late fee equal to 50 percent of the applicable licensing fee required by subsection (a) of this section. A licensee who does not submit a complete license renewal application, including the late fee, to the Department within 30 calendar days after the expiration of the license shall forfeit their eligibility for a license renewal and be required to submit a new license application.
- (d) The license renewal form shall contain the following:

(1) The name of the licensee. For licensees who are individuals, the applicant shall provide both the first and last name of the individual. For licensees who are business entities, the licensee shall provide the legal business name of the ~~applicant~~ commercial cannabis business.

(2) The license number and expiration date.

(3) The licensee's address of record and licensed premises address.

(4) Documentation demonstrating the licensee's gross revenue for the current licensed period, such as a copy of the licensee's state tax return filed with the California Department of Tax and Fee Administration. This subsection does not apply to the renewal of cultivation licenses.

(5) Documentation of any change to any item listed in the original application under section 15002 of this division that has not been reported to the Department through another process pursuant to the Act or this division.

(6) An attestation that all information provided to the Department in the license renewal form and the original application under section 15002 of this division or subsequent notification under sections 15023 and 15024 of this division is accurate and current.

(7) If applicable, A limited waiver of sovereign immunity pursuant to section 15009 of this division.

(8) For a licensee with more than one employee, the licensee shall attest that it employs, or will employ within one year of renewing the license, one supervisor and one employee who has successfully completed a Cal-OSHA 30-hour general industry outreach course offered by a training provider that is authorized by an OSHA Training Institute Education Center to provide the course.

(e) A cultivation licensee may request a license designation change from an A-License to an M-License or an M-License to an A-License during the annual license renewal timeframes outlined in subsections (a)-(c) of this section for the annual license for which the license designation change is being requested. License designation changes will be considered only if the annual licensed cultivation premises for which the change is being requested contains only one A-License or only one M-License designation pursuant to section 15002(c)(3).

(f) Beginning January 1, 2022, an application for renewal of a license to engage in commercial cannabis cultivation shall include the following records, for each power source indicated on the application for licensure for the previous annual licensed period:

(1) Total electricity supplied by local utility provider, name of local utility provider, and greenhouse gas emission intensity per kilowatt hour reported by the utility provider under section 398.4(c) of the Public Utilities Code for the most recent calendar year available at time of submission;

(2) Total electricity supplied by a zero net energy renewable source, as set forth in section 398.4(h)(5) of the Public Utilities Code, that is not part of a net metering or other utility benefit;

(3) Total electricity supplied from other unspecified sources, as defined in section

398.2(e) of the Public Utilities Code, and other onsite sources of generation not reported to the local utility provider (e.g., generators, fuel cells) and the greenhouse gas emission intensity from these sources; and

(4) Average weighted greenhouse gas emission intensity considering all electricity use in subsections (f)(1)-(f)(3).

Authority: Section 26013, Business and Professions Code. Reference: Sections 26012 and 26050, Business and Professions Code.

§15021. Denial of License.

(a) The Department may deny an application for a new license or a renewal of a license for any reason specified in Business and Professions Code section 26057, and on any additional grounds including grounds for denial under section 15018 of this division, and grounds for discipline under the Act or this division.

(b) Upon denial of an application for a license or renewal of a license, the Department shall notify the applicant in writing of the reasons for denial, and the right to a hearing to contest the denial.

(c) The applicant may request a hearing to contest the denial by submitting a written request to the Department.

(1) The written request for a hearing must be postmarked within 30 calendar days of service of the notification of denial.

(2) If the written request for a hearing is not received within the required timeframe, the applicant's right to a hearing is waived.

(3) Upon timely receipt of the written request for hearing, the Department shall set a date for hearing to be conducted in accordance with ~~c~~Chapter 5 (commencing with ~~s~~Section 11500) of ~~p~~Part 1 of ~~d~~Division 3 of ~~t~~Title 2 of the Government Code.

(d) If a license application is denied due to an owner's conviction history, the Department shall notify the applicant of the process for the owner to request a copy of their complete conviction history and question the accuracy or completeness of the record pursuant to Penal Code sections 11122 through 11127.

Authority: Section 26013, Business and Professions Code; Reference: Sections 26012, 26057 and 26058, Business and Professions Code.

§15022. Cancellation of License.

~~(a) Every licensee who abandons, quits, or closes the licensed premises for a period exceeding 30 consecutive calendar days shall request in writing that the Department cancel the license, within 14 calendar days after closing, quitting, or abandoning the licensed premises, by submitting the Notification and Request Form, DCC LIC 027 (Amended 7/21), incorporated herein by reference. The Department may revoke the license of a licensee who fails to comply with the provisions of this section. Upon cancellation or revocation of the license, the licensee shall not display and shall destroy~~

the license certificate.

~~(b) The Department may cancel a license at any time upon request by the licensee if there are no outstanding fines or fees due to the Department and no disciplinary action is pending.~~

~~(c) If a licensee must close the licensed premises for a period exceeding 30 consecutive calendar days to make renovations or repairs, the Department may allow the licensee to retain the license if the licensee complies with section 15027 of this division.~~

~~(d) A person whose license has been cancelled or revoked pursuant to subsection (a) of this section may submit to the Department a written request for the license to be reinstated. Any request shall be submitted to the Department prior to the expiration date listed on the cancelled or revoked license. The written request shall specify the reason the licensee failed to comply with subsection (a) of this section and why the license should be reinstated. The Department in its discretion may reinstate the license.~~

~~Authority: Section 26013, Business and Professions Code. Reference: Sections 26012 and 26050, Business and Professions Code.~~

§15023. Business Modifications.

Business modifications to items contained in the application shall be made in accordance with the following:

(a) Changes to standard operating procedures may be made without providing notification to the Department, except at ~~renewal as required under section 15020 of as~~ required by the Act or this division. Licensees shall maintain a copy of all current and prior operating procedures as required by section 15037 of this division.

(b) If at the time of licensure, a licensee employed less than 20 employees and later employs 20 or more employees, within 60 days of employing 20 or more employees, the licensee shall provide to the Department a document attesting notarized statement that the licensee ~~has entered~~ will enter into a labor peace agreement and will abide by the terms of the agreement, ~~as soon as reasonably practicable once employing 20 or more employees. Once the licensee has entered into the labor peace agreement, the licensee shall provide the Department with a copy of the page of the labor peace agreement that contains the signatures of the union representative and the applicant.~~

(c) Licenses are not transferrable or assignable to another person or owner. In the event of the sale or other transfer of the business or operations covered by the licensee, changes in ownership shall be made in accordance with the following:

(1) If one or more of the owners change, the new owners shall submit the information required under section 15002(c)~~(20)~~(16) for each new owner to the Department within 14 calendar days of the effective date of the ownership change. The business may continue to operate under the active license while the Department reviews the qualifications of the new owner(s) in accordance with the Act and these regulations to determine whether the change would constitute grounds for denial of the license, if at least one existing owner is not transferring his or her ownership interest and will remain as an owner under the new ownership structure. If all owners will be transferring their ownership interest, the

business shall not operate under the new ownership structure until a new license application has been submitted to and approved by the Department, and all application and license fees for the new application have been paid.

(A) A change in ownership occurs when a new person meets the definition of owner in section 15003 of this division.

(B) A change in ownership does not occur when one or more owners leave the business by transferring their ownership interest to the other existing owner(s).

(2) In cases where one or more owners leave the business by transferring their ownership interest to the other existing owner(s), the owner or owners that are transferring their interest shall provide a signed statement to the Department confirming that they have transferred their interest within 14 calendar days of the change.

(d) When there is a change in ~~persons with~~ financial interest holder(s) in the commercial cannabis business ~~that~~who do not meet the requirements for a new license application under this section, the licensee shall submit the information required by sections 15002(c)(~~19~~)(15) and 15004 of this division to the Department within 14 calendar days of the change.

(e) When any of the following changes occur, the licensee shall notify the Department within 14 calendar days of the change:

(1) Any change to contact information from the information provided to the Department in the original application.

(2) Any change in name if the licensee is an individual, or any change in legal business name if the licensee is a business entity.

(3) Any change in business trade names, ~~(DBA)~~ or fictitious business names, or doing business as ("DBA").

~~(4) Any change to financial information including funds, loans, investments, and gifts required in the original application under section 15002(c)(18) of this division.~~

~~(5)~~(4) Any change in the bond required under section ~~15008~~ 15002(c)(22) of this division.

~~(6) Any change or lapse in insurance coverage required under section 15308 of this division.~~

(f) Licensees for all activities except cultivation may request to add an A-designation or M-designation to their license by sending a notification to the Department signed by at least one owner as defined in section 15003 of this division. A licensee shall not operate under the requested designation until they have received approval from the Department.

(g) Microbusiness licensees may add a commercial cannabis activity to their license or remove a commercial cannabis activity from their license if doing so is consistent with the requirement set forth in section 15500(a) of this division that licensees engage in at least three (3) commercial cannabis activities. Licensees shall request the modification by completing a request to modify the licensed premises pursuant to section 15027 of this division. A licensee shall not engage in a new commercial cannabis activity until they have paid for the modification and received approval from the Department.

(h) Except as permitted under Business and Professions Code section 26050.2(h), Licenses licensees may not be transferred from one premises to another. Licensees shall not operate out of a new premises until they have been issued a new license.

(i) For any business modification or notification under this section, licensees shall use and submit to the Department the Licensee Notification and Request Form, Notifications and Requests to Modify a License, DCC-LIC-027 (Amended 7/24 9/21), which is incorporated herein by reference, unless the change relates to contact information and can be made through the Department's online system.

Authority: Section 26013, Business and Professions Code. Reference: Sections ~~136~~ and 26012, Business and Professions Code.

§15024. Death, Incapacity, or Insolvency of a Licensee.

(a) In the event of the death, incapacity, receivership, assignment for the benefit of creditors or other event rendering one or more owners incapable of performing the duties associated with the license, the owner or owners' successor in interest (e.g., appointed guardian, executor, administrator, receiver, trustee, or assignee) shall notify the Department in writing, within 14 calendar days, by submitting the Licensee Notification and Request Form, Notifications and Requests to Modify a License, DCC-LIC-027 (Amended 7/24 9/21), which is incorporated herein by reference.

(b) To continue operations or ~~cancel~~ surrender the existing license, the successor in interest shall submit to the Department the following:

(1) The name of the successor in interest.

(2) The name of the owner(s) for which the successor in interest is succeeding and the license number;

(3) The phone number, mailing address, and email address of the successor in interest; and

(4) Documentation demonstrating that the owner(s) is incapable of performing the duties associated with the license such as a death certificate or a court order, and documentation demonstrating that the person making the request is the owner or owners' successor in interest such as a court order appointing guardianship, receivership, or a will or trust agreement.

(c) The Department may give the successor in interest written approval to continue operations on the licensed business premises for a period of time specified by the Department:

(1) If the successor in interest or another person has applied for a license from the Department for the licensed premises and that application is under review;

(2) If the successor in interest needs additional time to destroy or sell cannabis goods or cannabis products; or

(3) At the discretion of the Department.

(d) The successor in interest is held subject to all terms and conditions under which a

state cannabis license is held pursuant to the Act.

(e) The approval creates no vested right to the issuance of a state cannabis license.

Authority: Section 26013, Business and Professions Code. Reference: Section 26012, Business and Professions Code.

§15024.1. Cannabis Goods and Cannabis Products After Termination of License.

In the event a license is terminated for any reason while cannabis goods or cannabis products remain on the premises, the following actions may be taken:

(a) The cannabis goods or cannabis products may be destroyed by the former licensee; or

(b) A licensed distributor or licensed microbusiness authorized to engage in distribution may be authorized by the Department to ~~purchase~~ procure and distribute the former licensee's entire inventory stock in accordance with the following;

(1) A licensed distributor or licensed microbusiness authorized to engage in distribution shall, within 14 calendar days of the termination of the former licensee's license, submit a written request to the Department, on the Licensee Notification and Request Form, Notifications and Requests Regarding Regulatory Compliance, DCC-LIC-027028 (Amended 7/24 New 9/21), which is incorporated by reference, for authorization to ~~purchase~~ procure the cannabis goods or cannabis products from the former licensee; and

(2) Upon approval from the Department, the licensed distributor or licensed microbusiness authorized to engage in distribution shall transport the cannabis goods or cannabis products to their premises, as follows:

(A) Cannabis goods shall be transported to a licensed distribution premises where the distributor shall arrange for laboratory testing, and perform quality assurance in accordance with Chapter 2 of this division. If the cannabis goods have already been tested in accordance with Chapter 6 of this division and have a valid certificate of analysis for regulatory compliance testing that is less than 12 months old, the cannabis goods are not required to undergo additional testing.

(B) Cannabis that requires further processing as defined in section 15000(e), or further manufacturing as defined in section 15000(pp), shall be transported to a licensee licensed to conduct the additional processing or manufacturing.

(C) Cannabis or cannabis products that require packaging and labeling shall be transported to a licensee licensed to conduct packaging and labeling of the cannabis or cannabis products.

(D) Cannabis products that require further manufacturing as defined in section 15000(pp) shall be transported to a licensed manufacturer.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26011.5 and 26013, Business and Professions Code.

§15025. Premises Additional Premises Requirements for Retailers and Microbusinesses Authorized to Engage in Retail.

~~(a) Each license shall have a designated licensed premises, with a distinct street address and suite number if applicable, for the licensee's commercial cannabis activity. Each licensed premises shall be subject to inspection by the Department.~~

~~(b) The Department may allow a licensee to conduct both adult use and medicinal commercial cannabis activity on the same licensed premises if all of the following criteria are met:~~

~~(1) The licensee holds both an A designation and an M designation on the license for the identical type of commercial cannabis activity; and~~

~~(2) The licensee only conducts one type of commercial cannabis activity on the licensed premises.~~

~~(c)~~(a) Licensed retailers and licensed microbusinesses authorized to engage in retail sales shall only serve customers who are within the licensed premises, or at a delivery address that meets the requirements of this division.

(1) The sale and delivery of cannabis goods shall not occur through a pass-out window or a slide-out tray to the exterior of the licensed premises.

(2) Licensed retailers or licensed microbusinesses authorized to engage in retail sales shall not operate as or with a drive-in or drive-through at which cannabis goods are sold to persons within or about a motor vehicle.

(3) No cannabis goods shall be sold and/or delivered by any means or method to any person within a motor vehicle.

~~(d)~~(b) Alcoholic beverages as defined in Business and Professions Code section 23004 shall not be stored or consumed on a licensed premises.

~~(e)~~(c) Any licensed ~~premises~~ retailer or microbusiness authorized to conduct retail sales that is adjacent to another premises engaging in manufacturing, ~~or~~ cultivation, or distribution shall be separated from those premises by walls, and any doors leading to the cultivation, distribution, or manufacturing premises shall remain closed.

~~(f)~~ (d) Cannabis goods shall not be dispersed in the air throughout the premises or throughout a portion of the premises by an oil diffuser or any other vaporizing device that is intended to disperse the vapor throughout the premises or throughout a portion of the premises. This section shall not be interpreted to prohibit cannabis goods consumption on the premises of a licensed retailer or licensed microbusiness authorized to engage in retail sales that is conducted in accordance with Business and Professions Code section 26200(g).

~~(g)~~ (e) Notwithstanding subsection ~~(e)~~ of this section, an applicant or licensee commercial cannabis business may have a drive-in or drive-through window only if, prior to June 1, 2018:

(1) The ~~licensee or applicant~~ commercial cannabis business received a license or permit from the local jurisdiction for a premises including a drive-in or drive-through window which was disclosed on the local application; or

(2) The ~~licensee or applicant~~ commercial cannabis business has submitted an application to the local jurisdiction for a license or permit which, at the time of submission of the application, included information that a drive-in or drive-through window was already part of, or proposed to be part of, the premises, and after June 1, 2018, the local jurisdiction approves the premises with a drive-in or drive-through window.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26001, 26012 and 26053, Business and Professions Code.

~~§15026. Premises Location.~~

~~(a) A premises licensed under this division shall not be located within a 600-foot radius of a school providing instruction in kindergarten or any grades 1 through 12, day care center, or youth center that is in existence at the time the license is issued.~~

~~(b) Notwithstanding subsection (a) of this section, if a local jurisdiction has issued a license or permit to conduct commercial cannabis activity at a premises that is located within a 600-foot radius of a school providing instruction in kindergarten or any grades 1 through 12, day care center, or youth center, the Department may approve the premises for licensure if the following conditions are met:~~

~~(1) The applicant submits a copy of a valid license or permit from the local jurisdiction with the application for licensure; and~~

~~(2) The local jurisdiction notifies the Department that the applicant is in compliance with all applicable local ordinances and regulations pursuant to Business and Professions Code section 26055(g)(2)(C).~~

~~(c) A licensed premises shall not be in a location that requires persons to pass through a business that sells alcohol or tobacco or a private residence to access the licensed premises.~~

~~(d) A licensed premises shall not be in a location that requires persons to pass through the licensed premises to access a business that sells alcohol or tobacco or a private residence.~~

~~(e) A licensed premises shall not be located within a private residence.~~

~~(f) Licensees shall ensure that the Department has immediate access to their licensed premises. If the Department is denied access to a licensee's premises for any reason, the licensee shall be held responsible and subject to discipline. If the Department is denied access to one licensee's premises because of another licensee's refusal to grant access when the only access to one licensed premises is through another licensed premises, all licensees shall be held responsible and subject to discipline.~~

~~(g) Nothing in this section shall be interpreted to prohibit two or more licensed premises from occupying separate portions of the same parcel of land or sharing common use areas, such as a bathroom, breakroom, hallway, or building entrance.~~

~~(h) All structures included as part of the licensed premises shall be permanently affixed to the land by a method that would cause the structure to ordinarily remain affixed for an indefinite period of time. Structures that will not be considered to be permanent structures include, but are not limited to, shipping containers that are not affixed to the land, modular buildings that are not affixed to the land, structures that rest on wheels, or any structure that can be readily moved.~~

~~Authority: Section 26013, Business and Professions Code. Reference: Sections 26012, 26051.5, 26054 and 26055, Business and Professions Code.~~

§15027. Physical Modification of Premises.

(a) A licensee shall not, without the prior written approval of the Department, make a physical change, alteration, or modification of the licensed premises that materially or substantially alters the licensed premises or the use of the licensed premises from the premises diagram originally filed with the license application. A licensee whose licensed premises is to be materially or substantially changed, modified, or altered is responsible for filing a request for premises modification with the Department.

(b) Material or substantial changes, alterations, or modifications requiring approval include, but are not limited to:

(1) The removal, creation, or relocation of a common entryway, doorway, passage, or a means of public entry or exit, when such common entryway, doorway, or passage alters or changes limited-access areas within the licensed premises;

(2) The removal, creation, or relocation of a wall or barrier; and

(3) Changing the activities conducted in or the use of an area identified in the last premises diagram provided to the Department.

(c) Licensees who are engaging in the cultivation of cannabis must obtain approval under this section for the following modifications:

(1) Modification to any area described in the licensee's cultivation plan including, but not limited to, the removal, creation, or relocation of canopy, processing, packaging, composting, harvest storage, and chemical storage areas;

(2) Change in water or power source(s); and

(3) Modifications or upgrades to electrical systems at a licensed premises shall be performed by a licensed electrician. A copy of the electrician's license shall be submitted with any premises modification requests for electrical systems.

(d) Licensees who are engaging in commercial cannabis manufacturing must obtain approval under this section for the following modifications:

(1) The addition of any extraction method subject to the requirements of section 17206;

(2) The addition of any other extraction method that necessitates a substantial or material alteration of the premises;

(3) The addition of infusion operations if no infusion activity is listed in the current license application on file with the Department; and

(4) A substantial or material alteration of the licensed premises from the current premises diagram on file with the Department.

~~(c)~~ A licensee—Licensed cultivators shall request approval of a physical change, alteration, or modification through the online licensing system. All other licensees shall request approval of a physical change, alteration, or modification in writing, by submitting the Licensee Notification and Request Form, Notifications and Requests to Modify a License, DCC-LIC-027 (Amended 7/24 9/21), which is incorporated herein by reference, and the request shall include:

(1) A new premises diagram that conforms to requirements in section 15006 of this division; and

(2) A fee pursuant to section 15014 of this division for all licensees except licensed cultivators.

~~(d)~~ A licensee shall provide additional documentation requested by the Department to evaluate the licensee's request to modify the licensed premises.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26012 and 26055, Business and Professions Code.

~~§15028. Subletting of Premises.~~

~~A licensee shall not sublet any area designated as the licensed premises for the licensee's commercial cannabis activity.~~

~~Authority: Section 26013, Business and Professions Code. Reference: Sections 26012 and 26070, Business and Professions Code.~~

~~§15030. Licensee's Responsibility for Acts of Employees and Agents.~~

~~In construing and enforcing the provisions of the Act and the regulations in this division, the act, omission, or failure of an agent, officer, representative, or other person acting for or employed by a licensee, within the scope of his or her employment or office, shall in every case be deemed the act, omission, or failure of the licensee.~~

~~Authority: Section 26013, Business and Professions Code. Reference: Sections 26034 and 26110, Business and Professions Code.~~

~~§15031. Age Restriction.~~

~~Employees or persons retained by a licensee to work within or on a licensed premises or to handle cannabis goods shall be at least 21 years of age.~~

~~Authority: Section 26013, Business and Professions Code. Reference: Section 26140, Business and Professions Code.~~

~~§15032. Commercial Cannabis Activity.~~

~~(a) All commercial cannabis activity shall be conducted between licensees. Licensed retailers and licensed microbusinesses authorized to engage in retail sales may conduct commercial cannabis activity with customers in accordance with Chapter 3 of this division.~~

~~(b) Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person who is not licensed under the Act.~~

~~(c) Licensees may conduct business with other licensees irrespective of the M-designation or A-designation on their licenses.~~

~~(d) Licensed distributors or licensed microbusinesses authorized to engage in distribution shall only transport and sell cannabis goods designated as "For Medical Use Only," pursuant to the requirements prescribed by the Department in regulation, to M-designated retailers or M-designated microbusinesses authorized to engage in retail sales.;~~

~~(e) Products designated as "For Medical Use Only," pursuant to requirements prescribed by the Department in regulation, shall only be sold to medicinal customers by M-designated retailers or M-designated microbusinesses authorized to engage in retail sales.~~

~~Authority: Section 26013, Business and Professions Code. Reference: Sections 26001, 26013 and 26053, Business and Professions Code.~~

~~§15033. Storage of Inventory.~~

~~(a) All inventory stored on the licensed premises shall be secured in a limited-access area.~~

~~(b) A licensee shall not store cannabis goods outdoors.~~

~~(c) Employee break rooms, changing facilities, and bathrooms shall be separated from all storage areas.~~

~~(d) Each location where cannabis goods are stored must be separately licensed.~~

~~Authority: Section 26013, Business and Professions Code. Reference: Sections 26012 and 26070, Business and Professions Code.~~

~~§15034. Significant Discrepancy in Inventory.~~

~~A determination by a licensee licensed retailer, licensed distributor, or microbusiness authorized to engage in retail or distribution on whether a discrepancy in inventory is significant shall be made in accordance with the following:~~

~~(a) A significant discrepancy in inventory means a difference in actual inventory compared to records pertaining to inventory of at least 3 percent of the average monthly sales of the licensee.~~

~~(b) For the purposes of this section, average monthly sales shall be calculated by taking~~

a per month average of the total sales for the previous 6 months. If the licensee has not been in operation for at least 6 months, only the months in which the licensee was operating shall be used in determining average monthly sales.

(c) For the purposes of this section, the licensee's acquisition price shall be used to determine the value of cannabis ~~goods~~ cannabis products in a licensee's inventory.

Authority: Section 26013, Business and Professions Code. Reference: Section 26070, Business and Professions Code.

§15035. Notification of Criminal Acts, Civil Judgments, Violations of Labor Standards, and Revocation of a Local License, Permit, or Other Authorization After Licensure.

(a) A licensee shall ensure that the Department is notified in writing of a criminal conviction of any owner, either by mail or electronic mail, within 48 hours of the conviction. The written notification to the Department shall include the date of conviction, the court docket number, the name of the court in which the licensee was convicted, and the specific offense(s) for which the licensee was convicted.

(b) A licensee shall ensure that the Department is notified in writing of a civil penalty or judgment rendered against the licensee or any owner in their individual capacity, either by mail or electronic mail, within 48 hours of delivery of the verdict or entry of judgment, whichever is sooner. The written notification shall include the date of verdict or entry of judgment, the court docket number, the name of the court in which the matter was adjudicated, and a description of the civil penalty or judgment rendered against the licensee.

(c) A licensee shall ensure that the Department is notified in writing of an administrative order or civil judgment for violations of labor standards against the licensee or any owner in their individual capacity, either by mail or electronic mail, within 48 hours of delivery of the order. The written notification shall include the date of the order, the name of the agency issuing the order, and a description of the administrative penalty or judgment rendered against the licensee.

(d) A licensee shall ensure that the Department is notified in writing of the revocation of a local license, permit, or other authorization, either by mail or electronic mail, within 48 hours of receiving notice of the revocation. The written notification shall include the name of the local agency involved, a written explanation of the proceeding or enforcement action, and the specific violation(s) that led to revocation.

(e) For any notification required under this section, licensees shall use and submit to the Department the Licensee Notification and Request Form, Notifications and Requests to Modify a License, DCC-LIC-027 (Amended ~~7/24~~ 9/21), which is incorporated herein by reference.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26030 and 26031, Business and Professions Code.

§15036. Notification of Theft, Loss, and Criminal Activity.

(a) A licensee shall notify the Department and local law enforcement within 24 hours of discovery of any of the following situations:

- (1) The licensee discovers a significant discrepancy, as defined in section 15034 of this division, in its inventory.
- (2) The licensee discovers diversion, theft, loss, or any other criminal activity pertaining to the operations of the licensee.
- (3) The licensee discovers diversion, theft, loss, or any other criminal activity by an agent or employee of the licensee pertaining to the operations of the licensee.
- (4) The licensee discovers loss or unauthorized alteration of records related to cannabis goods or cannabis products, customers, or the licensee's employees or agents.
- (5) The licensee discovers any other breach of security.

(b) The notification to the Department pursuant to subsection (a) of this section shall be submitted on the Licensee Notification and Request Form, Notifications and Requests Regarding Regulatory Compliance, DCC-LIC-027028 (Amended 7/24 New 9/21), which is incorporated herein by reference, and shall include the date and time of occurrence of the theft, loss, or criminal activity, the name of the local law enforcement agency that was notified, and a description of the incident including, where applicable, the item(s) that were taken or lost.

Authority: Section 26013, Business and Professions Code. Reference: Section 26070, Business and Professions Code.

§15037. General Record Retention Requirements.

(a) ~~Each licensee shall~~ Licensees must keep and maintain the following records related to in connection with the licensed commercial cannabis activity business. Records must be kept for at least seven years from the date of creation, unless a shorter time is specified. Records include, but are not limited to:

- (1) Financial records including, but not limited to, bank statements, sales invoices, receipts, tax records, and all records required by the California Department of Tax and Fee Administration (formerly Board of Equalization) under title 18, California Code of Regulations, sections 1698 and 4901.
- (2) Personnel records, including each employee's full name, Social Security number or individual taxpayer identification number, date employment begins, and date of termination of employment, if applicable.
- (3) Training records including, but not limited to, the content of the training provided and the names of the employees ~~who~~that received the training.
- (4) Contracts ~~with other licensees~~ regarding commercial cannabis activity.
- (5) Permits, licenses, and other local authorizations to conduct the licensee's commercial cannabis activity.

~~(6) Security records, except for surveillance recordings required pursuant to section 15044 of this division.~~

~~(7) Records relating to the composting or destruction of cannabis goods.~~

~~(8) Documentation for data or information entered into the track and trace system.~~

~~(9)(6) All other documents prepared or executed by an owner or their employees or assignees in connection with the licensed commercial cannabis business.~~

(7) Records required by the Act or this division.

(b) Records must be kept in a manner that allows the records to be produced for the Department in either hard-copy or electronic form. All required records shall be prepared and retained in accordance with the following conditions:

(1) Records shall be legible; and

(2) Records shall be stored in a secured area where the records are protected from debris, moisture, contamination, hazardous waste, fire, and theft.

(c) Records must be legible and accurate. No person may intentionally misrepresent or falsify records. The Department may make any examination of the books and records of any licensee as it deems necessary to perform its duties under the Act.

(d) Records must be stored in a secured area where the records are protected from debris, moisture, contamination, hazardous waste, and theft. All records are subject to review by the Department any time the licensee is exercising the privileges of the license or at any other time as mutually agreed to by the Department and the licensee. Prior notice by the Department to review records is not necessary. The Bureau may review records outside of the licensee's standard daily business hours.

(e) Records shall be kept in a manner that allows records to be produced for the Department immediately upon request at the licensed premises in either hard copy or electronic form, whichever the Department requests.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26160 and 26161, Business and Professions Code.

§15038. Disaster Relief.

(a) If a licensee is unable to comply with any licensing requirements due to a disaster, the licensee may notify the Department of this inability to comply and request relief from the specific licensing requirement.

(b) The Department may exercise its discretion to provide temporary relief from specific regulatory requirements in this division and from other licensing requirements when allowed by law.

(c) Temporary relief from specific licensing requirements shall be issued for a reasonable amount of time in order to allow the licensee to recover from the disaster.

(d) The Department may require that certain conditions be followed in order for a licensee to receive temporary relief from specific licensing requirements.

(e) A licensee shall not be subject to an enforcement action for a violation of a licensing requirement in which the licensee has received temporary relief.

(f) For the purposes of this section, “disaster” means condition of extreme peril to the safety of persons and property within the state or a county, city and county, or city caused by such conditions as air pollution, fire, flood, storm, tidal wave, epidemic, riot, drought, terrorism, sudden and severe energy shortage, plant or animal infestation or disease, Governor’s warning of an earthquake or volcanic prediction, or an earthquake, or similar public calamity, other than conditions resulting from a labor controversy, for which the Governor has proclaimed a state of emergency in accordance with Government Code sections 8558 and 8625, or for which a local governing body has proclaimed a local emergency in accordance with Government Code sections 8558 and 8630.

(g) A licensed premises that has been vacated by a licensee due to a disaster shall not be deemed to have been abandoned ~~or quit under section 15022 of this division.~~

(h) Notwithstanding subsection (a) ~~of this section~~, if a licensee needs to move cannabis ~~goods~~ cannabis products stored on the licensed premises to another location immediately to prevent loss, theft, or degradation of the cannabis ~~goods~~ cannabis products from the disaster, the licensee may move the cannabis ~~goods~~ cannabis products without obtaining prior approval from the Department if the following conditions are met:

(1) The cannabis ~~goods~~ cannabis products are moved to a secure location where access to the cannabis ~~goods~~ cannabis products can be restricted to the licensee, its employees, and contractors;

(2) The licensee notifies the Department in writing, ~~by submitting the Notification and Request Form, DCC-LIC-027 (Amended 7/21), which is incorporated herein by reference,~~ that the cannabis ~~goods~~ cannabis products have been moved and that the licensee is requesting relief from complying with specific licensing requirements pursuant to subsection (a) ~~of this section~~ within 24 hours of moving the cannabis ~~goods~~ cannabis products;

(3) The licensee agrees to grant the Department access to the location where the cannabis ~~goods~~ cannabis products have been moved ~~to~~ for inspection; and

(4) The licensee submits a request for temporary relief as described in subsection (i) in writing ~~the Notification and Request Form, DCC-LIC-027 (Amended 7/21), incorporated herein by reference,~~ to the Department within 14 calendar days of moving the cannabis ~~goods~~ cannabis products ~~a request for temporary relief that clearly indicates what statutory and regulatory sections relief is requested from, the time period for which the relief is requested, and the reasons relief is needed for the specified amount of time.~~

(i) Requests for temporary disaster relief shall include the following:

(1) Name of the licensed commercial cannabis business requesting relief.

(2) License number issued by the Department.

(3) Premises address.

(4) Contact information for the owner submitting the request, including name, phone number, and email address.

(5) Date of request.

(6) Specific statutes and regulations from which relief is requested.

(7) Time period for which the relief is requested.

(8) Reason(s) for the request, including a clear explanation of how the relief requested is tied to the specific circumstances of the declared disaster.

Authority: Section 26013, Business and Professions Code. Reference: Section 26012, Business and Professions Code.

Article 4. Posting and Advertising

§15040. Advertising Placement.

(a) Any advertising or marketing, as defined in Business and Professions Code section 26150, that is placed in broadcast, cable, radio, print, and digital communications:

(1) Shall only be displayed after a licensee has obtained reliable up-to-date audience composition data demonstrating that at least 71.6 percent of the audience viewing the advertising or marketing is reasonably expected to be 21 years of age or older;

(2) Shall not use any depictions or images of minors or anyone under 21 years of age;

(3) Shall not ~~contain the use of~~ any images that are attractive to children, including, but not limited to: objects, such as toys, inflatables, movie characters, cartoon characters, or include any other display, depiction, or image designed in any manner likely to be appealing to minors or anyone under 21 years of age; and

(A) Cartoons;

(B) Any likeness to images, characters, or phrases that are popularly used to advertise to children;

(C) Any imitation of candy packaging or labeling; or

(D) The terms “candy” or “candies” or variants in spelling such as “kandy” or “kandeez.”

(4) Shall not advertise free cannabis goods or ~~giveaways of any type of products, including non-cannabis products~~ cannabis accessories. This includes promotions such as:

(A) Buy one product, get one product free;

(B) Free product with any donation; and

(C) Contests, sweepstakes, or raffles.

(b) In addition to the requirements for advertising and marketing in subsection (a) ~~of this section~~, all outdoor signs, including billboards, shall:

(1) Be affixed to a building or permanent structure; and

(2) Comply with the provisions of the Outdoor Advertising Act, commencing with section

5200 of the Business and Professions Code, if applicable.

(c) For the purposes of this section, “reliable up-to-date audience composition data” means data regarding the age and location demographics of the audience viewing a particular advertising or marketing medium. “Reliable up-to-date audience composition data” does not include data from the most recent United States decennial or special census, or the annual population estimate for California counties published by the Demographic Research Unit, State Department of Finance.

(d) Immediately upon request, a licensee shall provide to the Department audience composition data as required in subsection (a) ~~of this section~~ for advertising or marketing placed by the licensee.

(e) If the Department determines that audience composition data for advertising or marketing provided by a licensee does not comply with the requirements of subsection (a) of this section, or the licensee fails to provide audience composition data to the Department upon request, the licensee shall remove the advertising or marketing placement in question.

(f) In construing and enforcing the advertising provisions of the Act and this division, any action, omission, or failure of an advertising agent, representative, or contractor retained by the licensee shall in every case be deemed the act, omission, or failure of the licensee.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26151 and 26152, Business and Professions Code.

§15040.1. Marketing Cannabis Goods as Alcoholic Products.

Distributor and retailer licensees ~~Licensees~~ shall not sell or transport cannabis goods that are labeled as beer, wine, liquor, spirits, or any other term that may create a misleading impression that the product is an alcoholic beverage as defined in Division 9 ~~d~~ of the Business and Professions Code.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26054, 26151 and 26152, Business and Professions Code.

§15041.1. Branded Merchandise ~~Approval~~.

(a) “Branded merchandise” means non-consumable consumer goods utilized by a licensee for advertising and marketing purposes. Examples of branded merchandise include clothing, bags, pens, keychains, mugs, water bottles, lanyards, stickers, pins, and posters. “Branded merchandise” does not include items containing cannabis or any items that are considered food as defined by Health and Safety Code section 109935. If a licensed distributor, licensed retailer, or licensed microbusiness authorized to engage in distribution or retail sales wishes to sell branded merchandise that is not listed in section 15000, subsection (b), of this division, the licensee must receive written approval from the Department.

(b) After December 31, 2021, branded merchandise shall identify the licensee responsible for its content by displaying the licensee’s license number in a manner that is

permanently affixed to the merchandise, legible, and clearly visible from the outside of the merchandise. To obtain approval, a licensee must submit a written request to the Department for approval to sell a specific item of branded merchandise and provide a photograph of the branded merchandise. Requests may be submitted by mail to the Department office or by email to bcc@dca.ca.gov.

(c) Branded merchandise shall not be designed in any manner that is attractive to children as specified in section 15040(a)(3). The licensee shall not sell the merchandise until receiving written approval from the Department for the specific item of branded merchandise.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26013 and 26152, Business and Professions Code.

§15041.2. Trade Samples.

(a) For the purposes of this division, “trade sample” means a limited amount of cannabis goods that has been designated by a licensee to be provided to other licensees for the purposes of targeted advertising.

(b) Cannabis goods that have been designated as trade samples may be provided from one licensee to another licensee for the purpose of providing the recipient licensee with product information to aid in making purchasing decisions about new or existing cannabis goods.

(c) Live plants and seeds cannot be designated or provided to licensees as trade samples.

Authority: Sections 26013 and 26153.1, Business and Professions Code. Reference: Section 26153.1 Business and Professions Code.

§15041.3. Designating Trade Samples.

(a) Licensees shall designate cannabis goods as trade samples through the track and trace system.

(b) At the time of designation as a trade sample, cannabis goods must be in the possession of the licensee making the designation.

(c) Once cannabis goods have been designated as a trade sample, the designation cannot be changed.

(d) After laboratory testing, cannabis goods that have been designated as trade samples may be transferred to licensees in accordance with section 15041.4.

Authority: Sections 26013 and 26153.1, Business and Professions Code. Reference: Section 26153.1 Business and Professions Code.

§15041.4. Providing Trade Samples.

(a) Cannabis goods that have been designated as trade samples may be provided to any licensee except licensed cannabis event organizers, distributor transport only licensees, and testing laboratory licensees.

(b) The following licensees may designate and provide trade samples to other licensees:

(1) Cultivators;

(2) Manufacturers;

(3) Distributors; and

(4) Microbusinesses authorized to engage in cultivation, manufacturing, or distribution.

(c) The following licenses shall not designate or provide trade samples to other licensees:

(1) Retailers;

(2) Cannabis event organizers;

(3) Distributor transport only licensees; and

(4) Testing laboratories.

(d) Cannabis goods designated as trade samples may not be provided:

(1) For any payment or consideration;

(2) Without adhering to sales and excise tax requirements, if any;

(3) To employees as compensation;

(4) To an unlicensed person, including retail customers; or

(5) For a cost.

(e) The transfer from one licensee to another of cannabis goods designated as a trade sample must be recorded in the track and trace system.

(f) A licensee may provide cannabis goods that have been received from another licensee as a trade sample to an employee for that employee's inspection or consumption.

(g) Cannabis goods provided to employees as trade samples must be properly recorded in the track and trace system. The transaction shall be recorded as a package adjustment when provided to the employee. The adjustment note must include the name or licensee-assigned employee number of the employee and the date and time the cannabis goods were provided to the employee.

(h) Cannabis goods provided to employees as trade samples shall not be sold, given away, or otherwise transferred by the employee to any person.

Authority: Sections 26013 and 26153.1, Business and Professions Code. Reference: Section 26153.1 Business and Professions Code.

§15041.5. Requirements for Trade Samples.

(a) In addition to the requirements of section 15041.3(d), cannabis goods provided to another licensee as a trade sample must be packaged and labeled in accordance with the packaging and labeling requirements found in the Act and this division for cannabis goods sold at retail.

(b) Cannabis goods provided to another licensee as a trade sample must comply with all laboratory testing requirements applicable to cannabis goods sold at retail.

(c) Cannabis goods must be labeled with the following: “TRADE SAMPLE. NOT FOR RESALE OR DONATION.”

(d) After laboratory testing, cannabis goods designated as trade samples must remain in the packaging until provided to a licensee’s employee for inspection or consumption and must not be opened, resealed, or repackaged in any way.

(e) Transportation of cannabis goods designated as trade samples must be conducted in accordance with the transportation requirements in the Act and this division. Any licensee authorized to engage in distribution activities may transport trade samples.

(f) Notwithstanding subsection (e), an employee of a licensee authorized to engage in transportation may transport cannabis goods designated as trade samples in a vehicle that is not registered to the licensee and shall not be required to comply with the requirements of section 15311(g). Employees transporting cannabis goods under this subsection shall not transport an amount of cannabis goods that exceeds the possession limits established in section 11357 of the Health and Safety Code.

Authority: Sections 26013 and 26153.1, Business and Professions Code. Reference: Section 26153.1 Business and Professions Code.

§15041.6. Consumption of Trade Samples.

(a) All consumption of cannabis goods provided as a trade sample must comply with all laws regarding the consumption of cannabis goods.

(b) Cannabis goods provided to employees as trade samples shall not be consumed by employees who are engaging in the transportation of cannabis goods, delivery of cannabis goods, or any activity that requires the operation of a motor vehicle.

(c) Cannabis trade samples provided to licensee employees that are not consumed by the employee must be destroyed in accordance with the requirements of the Act and this division.

Authority: Sections 26013 and 26153.1, Business and Professions Code. Reference: Section 26153.1 Business and Professions Code.

§15041.7. Trade Sample Limits.

(a) A licensee is limited to designating the following aggregate amounts of cannabis goods as trade samples in a calendar month period:

(1) For cannabis in the form of dried flower, a total of two pounds; and

(2) For manufactured and nonmanufactured cannabis products, a total of 900 individual units.

(b) Licensees authorized to provide trade samples may provide trade samples to multiple recipient licensees.

(c) A licensee is limited to providing the following aggregate amounts of cannabis goods as trade samples to each recipient licensee in a calendar month period:

(1) For cannabis in the form of dried flower, five (5) grams per strain and no more than six (6) strains to each recipient licensee; and

(2) For manufactured and nonmanufactured cannabis products, five (5) individual units, as packaged for retail sale, per cannabis product line and no more than six (6) individual cannabis product lines to each recipient licensee.

(d) The limits provided in subsection (c) apply to the transfer of cannabis trade samples from one licensee to each recipient licensee and do not limit the total amount of cannabis trade samples that a licensed distributor may transport.

Authority: Sections 26013 and 26153.1, Business and Professions Code. Reference: Section 26153.1 Business and Professions Code.

Article 5. Security Measures

§15042. Limited-Access Areas. Premises Access Requirements.

(a) For a premises that is not open to the public, the licensee shall establish and implement an identification and sign-in/sign-out procedure for all persons accessing the premises, including authorized individuals, suppliers, and visitors.

~~(a)~~(b) Licensees shall ensure that only employees of the licensee and other authorized individuals access the limited-access areas of the licensed premises.

~~(b)~~(c) For the purpose of this section, authorized individuals include outside vendors, contractors, or other individuals conducting business that requires access to the limited-access areas.

~~(c)~~(d) An individual who enters the limited-access area and is not employed by the licensee shall be escorted by an employee of the licensee at all times while within the limited-access area.

~~(d)~~(e) A licensee shall maintain a record of all authorized individuals who are not employees of the licensee who enter the limited-access areas. The record shall include the name of the individual, the company the individual works for, the reason the individual entered the limited-access area, the date, and the times the individual entered and exited the limited-access area. These records shall be made available to the Department immediately upon request.

~~(e)~~(f) A licensee shall not receive consideration or compensation for permitting an individual to enter the limited-access areas.

~~(f) Entrances to all limited-access areas shall have a solid door and a lock meeting~~

~~the requirements of section 15046 of this division. The door shall remain closed when not in use during regular business hours.~~

Authority: Section 26013, Business and Professions Code. Reference: Sections 26070 and 26160, Business and Professions Code.

§15042.1. Security Plan for Licensed Manufacturers.

A licensed manufacturer shall develop and implement a written security plan. At a minimum, the security plan shall include a description of the security measures to:

(a) Prevent access to the manufacturing premises by unauthorized persons and protect the physical safety of employees. This includes, but is not limited to:

(1) Establishing physical barriers to secure perimeter access and all points of entry into a manufacturing premises (such as locking primary entrances with commercial-grade, non-residential door locks, providing fencing around the grounds and driveway, and securing any secondary entrances including windows, roofs, and ventilation systems);

(2) Installing a security alarm system to notify and record incident(s) where physical barriers have been breached;

(3) Establishing an identification and sign-in/sign-out procedure for authorized personnel, individuals, suppliers, and visitors;

(4) Maintaining the premises such that visibility and security monitoring of the premises is possible; and

(5) Establishing procedures for the investigation of suspicious activities.

(b) Deterring theft or loss of cannabis and cannabis products. This includes, but is not limited to:

(1) Establishing an inventory system to track cannabis and cannabis products and the personnel responsible for processing it throughout the manufacturing process;

(2) Limiting access of personnel within the premises to those areas necessary to complete job duties, and to those timeframes specifically scheduled for completion of job duties, including access by outside vendors, suppliers, contractors or other individuals conducting business with the licensee that requires access to the premises;

(3) Supervising tasks or processes with high potential for diversion, including the loading and unloading of cannabis and cannabis products from transportation vehicles; and

(4) Providing areas in which personnel may store and access personal items that are separate from the manufacturing areas.

(c) Securing and backing up electronic records in a manner that prevents unauthorized access and ensures that the integrity of the records is maintained.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5 and 26051.5, Business and Professions Code.

§15043. Licensee Employee Badge Requirement.

All agents, officers, or other persons acting for or employed by a licensee conducting retail sales or participating in a temporary cannabis event shall display a laminated or plastic-coated identification badge issued by the licensee at all times while engaging in commercial cannabis activity. The identification badge shall, at a minimum, include the licensee's "doing business as" name and license number, the employee's first name, an employee number exclusively assigned to that employee for identification purposes, and a color photograph of the employee that clearly shows the full front of the employee's face and that is at least 1 inch in width and 1.5 inches in height.

Authority: Section 26013, Business and Professions Code. Reference: Section 26070, Business and Professions Code.

§15044. Video Surveillance System.

(a) Each licensed premises shall have a digital video surveillance system with a minimum camera resolution of 1280 × 720 pixels on the licensed premises. This requirement does not apply to a licensed premises authorized exclusively for cultivation activities or the cultivation area of a licensed microbusiness premises.

(b) The video surveillance system shall at all times be able to effectively and clearly record images of the area under surveillance.

(c) Each camera shall be permanently mounted and in a fixed location. Each camera shall be placed in a location that allows the camera to clearly record activity occurring within 20 feet of all points of entry and exit on the licensed premises, and allows for the clear and certain identification of any person and activities in all areas required to be filmed under subsection (d) of this section.

(d) Areas that shall be recorded on the video surveillance system include the following:

(1) Areas where cannabis goods or cannabis products are weighed, packed, stored, loaded, and unloaded for transportation, prepared, or moved within the licensed premises;

(2) Limited-access areas;

(3) Security rooms;

(4) Areas storing a surveillance-system storage device with at least one camera recording the access points to the secured surveillance recording area; and

(5) Entrances and exits to the licensed premises, which shall be recorded from both indoor and outdoor vantage points.

(e) Licensed retailers and licensed microbusinesses authorized to engage in retail sales shall also record point-of-sale areas and areas where cannabis goods are displayed for sale on the video surveillance system. At each point-of-sale location, camera placement must allow for the recording of the facial features of any person purchasing or selling cannabis goods, or any person in the retail area, with sufficient clarity to determine identity.

(f) Cameras shall record continuously 24 hours per day and at a minimum of 15 frames per second (FPS).

(g) The physical media or storage device on which surveillance recordings are stored shall be secured in a manner to protect the recording from tampering or theft.

(h) Surveillance recordings shall be kept for a minimum of 90 calendar days.

(i) Surveillance recordings are subject to inspection by the Department and shall be kept in a manner that allows the Department to view and obtain copies of the recordings at the licensed premises immediately upon request. The licensee shall also send or otherwise provide copies of the recordings to the Department upon request within the time specified by the Department.

(j) Recorded images shall clearly and accurately display the time and date. Time is to be measured in accordance with the standards issued by the United States National Institute of Standards and Technology. The displayed date and time shall not significantly obstruct the view of recorded images.

(k) The video surveillance system shall be equipped with a failure notification system that provides notification to the licensee of any interruption or failure of the video surveillance system or video surveillance-system storage device.

(l) If multiple licensed premises are contained within the same building, a single video surveillance system covering the entire building may be used by all of the licensees under the following conditions:

~~(1) Each applicant or licensee shall disclose on their premises diagram where the surveillance recordings are stored.~~

~~(2) Each applicant or licensee shall include in their security operating procedures, submitted with the application pursuant to section 15002(c)(29)(D) of this division, an explanation of how the video surveillance system will be shared, including who is responsible for monitoring the video footage and storing any video recordings.~~

~~(3)(1) All licensees shall have immediate access to the surveillance recordings to produce them pursuant to subsection (i) of this section.~~

~~(4)(2) All licensees shall be held responsible and subject to discipline for any violations of the video surveillance requirements.~~

(m) Notwithstanding subsection (a), a licensed distributor transport only licensee engaged in self-distribution whose premises is on the same parcel of land as their licensed cultivation premises shall not be required to comply with the provisions of this section.

Authority: Section 26013, Business and Professions Code. Reference: Section 26070, Business and Professions Code.

§15045. Security Personnel.

(a) A licensed retailer or licensed microbusiness authorized to engage in retail sales shall hire or contract for security personnel who are at least 21 years of age to provide on-site security services for the licensed retail premises during the hours of operation. All security personnel hired or contracted for by the licensee shall be licensed by the Bureau of Security and Investigative Services and shall comply with ~~c~~Chapters 11.4 and 11.5 of ~~d~~Division 3 of the Business and Professions Code.

(b) Notwithstanding subsection (a) ~~of this section~~, a licensed non-storefront retailer or licensed microbusiness who is not engaged in storefront retail sale is not required to hire or contract for security personnel.

(c) If multiple licensed premises are contained within the same building, security personnel may be shared by all of the licensees to cover the entire building ~~under the following conditions:~~ However,

~~(1) Each licensee shall include in their security operating procedures, submitted with the application pursuant to section 15002(c)(29)(D) of this division, an explanation of how security personnel will be shared, including who is responsible for employing or contracting the security personnel.~~

~~(2) All~~ all licensees shall be held responsible and subject to discipline for any violations of the security personnel requirements.

Authority: Section 26013, Business and Professions Code. Reference: Section 26070, Business and Professions Code.

§15046. Locks.

~~(a) A licensee shall ensure that the all limited-access areas described in section 15042 of this division can be securely locked using commercial-grade, nonresidential door locks. A licensee shall also use commercial-grade, nonresidential door locks on all points of entry and exit to the licensed premises. This requirement does not apply to a licensed premises authorized exclusively for cultivation activities or the cultivation area of a licensed microbusiness premises.~~

Authority: Section 26013, Business and Professions Code. Reference: Section 26070, Business and Professions Code.

§15047. Alarm System.

(a) A licensee shall maintain an alarm system as defined in Business and Professions Code section 7590.1 ~~(a)~~ (c) at the licensed premises. This requirement does not apply to a licensed premises authorized exclusively for cultivation activities or the cultivation area of a licensed microbusiness premises.

(b) A licensee shall ensure a licensed alarm company operator or one or more of its registered alarm agents installs, maintains, monitors, and responds to the alarm system.

(c) Upon request, a licensee shall make available to the Department all information

related to the alarm system, monitoring, and alarm activity.

(d) If multiple licensed premises are contained within the same building, a single alarm system covering the entire building may be used by all of the licensees under the following conditions:

~~(1) Each licensee shall include in their security operating procedures, submitted with the application pursuant to section 15002(c)(29)(D) of this division, an explanation of how the alarm system will be shared, including who is responsible for contracting with the alarm company.~~

~~(2)(1) All licensees shall have access to and be able to provide the information under subsection (c) of this section.~~

~~(3) (2) All licensees shall be held responsible and subject to discipline for any violations of the alarm system requirements.~~

Authority: Section 26013, Business and Professions Code. Reference: Section 26070, Business and Professions Code.

Article 6. Track and Trace Requirements

§15047.1. Definitions.

(a) "Plant tag" means the RFID-enabled tag that is labeled with a UID number and provided by the Department or the Department's designee for attaching to a cannabis plant.

(b) "Package tag" means the RFID-enabled tag that is labeled with a UID number and provided by the Department or the Department's designee for attaching to batches of cannabis or cannabis products.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26067, 26070, 26160 and 26161, Business and Professions Code.

§15047.2. General Requirements.

(a) A licensee shall create and maintain an account within the track and trace system prior to engaging in any commercial cannabis activity.

(b) All commercial cannabis activity shall be accurately recorded in the track and trace system.

(c) A licensee is responsible for the accuracy and completeness of all data and information entered into the track and trace system. The licensee is responsible for all actions taken by the designated account manager or other account users while performing track and trace activities.

(d) A person shall not intentionally misrepresent or falsify information entered into the track and trace system.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26067, 26070, 26160, and 26161, Business and Professions Code.

§15048. Track and Trace System Training and Credentialing.

~~(a) A licensee shall create and maintain an active and functional account within the track and trace system prior to engaging in any commercial cannabis activity, including the purchase, sale, test, packaging, transfer, transport, return, destruction, or disposal, of any cannabis goods.~~

~~(b) A~~Each applicant or licensee shall designate one individual identify an owner of the commercial cannabis business as the track and trace system account manager. The account manager may authorize additional owners or employees as track and trace system users and shall ensure that each user is trained on the track and trace system prior to its access or use. A licensee may change the account manager by submitting a written request to the Department.

(b) No later than 10 calendar days after license issuance, the designated account manager shall:

(1) The account manager shall attend and successfully complete all required track and trace system training, including any orientation and continuing education. Complete new user system training provided by the Department.

(2) If the account manager did not complete the required track and trace system training prior to receiving their annual license, the account manager shall sign up for and complete state mandated training, as prescribed by the Department, within five calendar days of license issuance. Email support@metrc.com from the designated account manager's email address to request access to the track and trace system.

(3) Complete the credentialing process to establish a login.

~~(c) The account manager and each user shall be assigned~~utilize a unique log-on, consisting of a username and password. ~~The account manager or~~and each user accessing the track and trace system shall only do soonly access the track and trace system under their assigned login~~under his or her assigned log on, and shall not use or access a log on of any other individual. No account manager or user shall share or transfer his or her~~their log on login, username, or password, with~~to be used by any other individual for any reason.~~

~~(d)The account manager shall maintain a complete, accurate, and up-to-date list of all track and trace system users, consisting of their full names and usernames.~~

~~(e)A licensee shall monitor all compliance notifications from the track and trace system, and timely resolve the issues detailed in the compliance notification.~~

~~(1) A licensee shall keep a record, independent of the track and trace system, of all compliance notifications received from the track and trace system, and how and when compliance was achieved.~~

~~(2) If a licensee is unable to resolve a compliance notification within three business days of receiving the notification, the licensee shall notify the Department immediately, by submitting the Notification and Request Form, DCC-LIC-027 (Amended 7/21), which is incorporated herein by reference.~~

~~(f) A licensee is accountable for all actions its owners or employees take while logged into or using the track and trace system, or otherwise while conducting track and trace activities.~~

Authority: Section 26013, Business and Professions Code. Reference: Sections 26067, 26070, 26160 and 26161, Business and Professions Code.

§15048.1. Responsibilities of the Designated Account Manager.

(a) A licensee and their designated account manager(s) shall:

(1) Designate track and trace system users, as needed, and require the system users to be trained in the proper and lawful use of the track and trace system before the users are permitted to access the track and trace system;

(2) Maintain an accurate and complete list of all of the licensee's track and trace system users, including full names and usernames, and update the list immediately when changes occur;

(3) Remove a user from the licensee's track and trace system account when that individual is no longer authorized to represent the licensee;

(4) Correct any data entry errors within three (3) calendar days of discovery of the error;

(5) Tag and enter all inventory in the track and trace system as required by section 15049;

(6) Monitor all system notifications and resolve all issues identified. The notification shall not be dismissed by an account manager before resolution of the issue(s) identified in the notification;

(7) Notify the Department of any loss of access to the track and trace system that exceeds 72 hours; and

(8) Reconcile the inventory of cannabis and cannabis products on the licensed premises with the track and trace system database at least once every thirty (30) calendar days.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26067, 26070 and 26160, Business and Professions Code.

§15048.2. General Tag Requirements.

(a) A licensee shall only use plant and package tags provided and distributed by the Department or the Department's designee.

(b) A licensee shall only use plant and package tags assigned in the track and trace system to that licensee and shall not transfer unused tags to any other licensee.

(c) A licensee shall maintain a sufficient supply of tags to support tagging in accordance with this chapter.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26050.1, 26067, 26070, 26160 and 26161, Business and Professions Code.

§15048.3. Ordering Tags.

(a) For licensees conducting cultivation, manufacturing, distribution, or testing:

(1) A licensee's account manager shall place the initial order of plant or package tags within ten (10) calendar days of initial credentialing into the track and trace system and shall reorder plant or package tags as needed.

(2) The receipt of plant or package tags shall be recorded in the track and trace system within three (3) calendar days of receipt. If ordered plant or package tags are not received by the licensee, the licensee shall notify the Department.

(3) For cultivation licensees, if the Department approves a request for a license designation change pursuant to section 15020(e), the licensee is required to order, apply, and report applicable plant and package tags in accordance with this article.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26013, 26067, 26069 and 26160, Business and Professions Code.

§15048.4. Tagging of Cannabis Plants.

(a) Immature cannabis plants shall be tagged as follows:

(1) Each established lot of immature plants shall be assigned a plant tag. Each lot of immature plants under a single plant tag shall be uniform in strain or cultivar and contain no more than 100 individual immature plants at any one time. The lot plant tag shall be visible and within clear view of an individual standing next to the immature lot and kept free from dirt and debris. Each lot shall either:

(A) Have each immature plant in the lot labeled with the UID number and placed contiguous to one another to facilitate identification by the Department; or

(B) Be fully separated from other lots of immature or mature plants by a physical barrier. In such cases, each individual plant does not need to be labeled with the corresponding UID number.

(2) Immature plants transferred from a licensed nursery for retail sale shall each be labeled with the UID number that corresponds to the UID number of the immature lot. The receiving licensee shall remove the licensed nursery's package tag and assign a plant or package tag, as applicable, belonging to the receiving licensee within three (3) calendar days of receiving the immature plants.

(3) A plant tag shall be applied to each individual plant in accordance with subsection (b) at the time the plant is moved to the designated canopy area or begins flowering.

(b) Mature cannabis plants shall be tagged as follows:

(1) Each mature plant shall be tagged with a plant tag. A plant tag shall be attached to the main stem at the base of each plant, placed in a position so it is visible and within clear view of an individual standing next to the mature plant, and kept free from dirt and debris.

(2) Licensees are prohibited from removing the plant tag from the mature plant to which it was attached and assigned until the plant is harvested, destroyed, or disposed of.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26013, 26067 and 26069, Business and Professions Code.

§15048.5. Use of Harvest Batch Name and Package Tags.

(a) Harvested plants that are hanging, drying, or curing shall be assigned a unique harvest batch name, which shall be recorded in the track and trace system and placed within clear view of an individual standing next to the batch. The assigned harvest batch name shall match what is in the track and trace system and the harvest batch name next to the batch shall be the same.

(b) Each harvest batch and manufactured cannabis batch shall be assigned a package tag and recorded in the track and trace system. For batches held in containers, the package tag shall be affixed to the container holding the batch. If a batch of cannabis or cannabis products is held in multiple containers, the package tag shall be affixed to one of the containers and the other containers shall be labeled with the applicable UID number. Each unit within the container shall be labeled with the applicable UID number. All containers with the same UID number shall be placed contiguous to one another to facilitate identification by the Department.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26067, 26070, 26160 and 26161, Business and Professions Code.

§15049. Track and Trace Reporting.

(a) All cannabis and cannabis products on the licensed premises shall be assigned a plant or package tag, except for harvested plants that are being dried, cured, graded, or trimmed, as specified in this division, and recorded in the track and trace system.

(ab) ~~A licensee shall record~~ Each of the following activities shall be recorded in the track and trace system within 24 hours of occurrence~~all commercial cannabis activity,~~ including:

- (1) ~~Receipt~~ Packaging of cannabis or cannabis products goods.
- (2) ~~Rejection of Sale and transferred~~ of cannabis or cannabis products goods.
- (3) ~~Manufacturing~~ Transportation of cannabis or cannabis products goods to a licensee.
- (4) ~~Use Receipt~~ of cannabis or cannabis product goods for internal quality control testing or product research and development.
- (5) ~~Destruction or disposal~~ Return of cannabis or cannabis products goods.
- (6) Packaging or repackaging ~~Destruction and disposal~~ of cannabis or cannabis products

goods, except that cultivation licensees shall comply with section 15049.1(b)(5).

~~(7) Laboratory testing, including testing and results.~~

~~(8) Sale or donation of cannabis or cannabis products Any other activity as required pursuant to this division, or by any other licensing authority.~~

~~(b~~c~~) The following information shall be recorded for each activity entered in the track and trace system for each activity entered pursuant to subsection (b):~~

~~(1) Name and The type of the cannabis or cannabis products goods.~~

~~(2) The weight, volume, or count Unique identifier of the cannabis or cannabis products goods.~~

~~(3) The date of activity Amount of the cannabis goods, by weight or count, and total wholesale cost of the cannabis goods, as applicable.~~

~~(4) The UID assigned to the cannabis or cannabis products Date and time of the activity or transaction.~~

~~(5) Name and license number of other licensees involved in the activity or transaction.~~

~~(6) If the cannabis goods are being transported:~~

~~(A) The licensee shall transport pursuant to a shipping manifest generated through the track and trace system, that includes items (1) through (5) of this subsection, as well as:~~

~~(i) The name, license number, and licensed premises address of the originating licensee.~~

~~(ii) The name, license number, and licensed premises address of the licensee transporting the cannabis goods.~~

~~(iii) The name, license number, and licensed premises address of the destination licensee receiving the cannabis goods into inventory or storage.~~

~~(iv) The date and time of departure from the licensed premises and approximate date and time of departure from each subsequent licensed premises, if any.~~

~~(v) Arrival date and estimated time of arrival at each licensed premises.~~

~~(vi) Driver license number of the personnel transporting the cannabis goods, and the make, model, and license plate number of the vehicle used for transport.~~

~~(B) Upon pick up or receipt of cannabis goods for transport, storage, or inventory, a licensee shall ensure that the cannabis goods received are as described in the shipping manifest, and shall record acceptance or receipt, and acknowledgment of the cannabis goods in the track and trace system.~~

~~(C) If there are any discrepancies between the type or quantity of cannabis goods specified in the shipping manifest and the type or quantity received by the licensee, the licensee shall record and document the discrepancy in the track and trace system and in any relevant business record.~~

~~(75) If cannabis or cannabis products goods are being destroyed or disposed of, the licensee shall record the following in the track and trace system the following additional information in the notes section:~~

- (A) The name of the employee performing the destruction or disposal;
 - (B) The reason for destruction ~~and~~ disposal; ~~and~~
 - (C) The method of disposal ~~entity disposing of the cannabis waste.~~
- ~~(8) Description for any adjustments made in the track and trace system, including, but not limited to:~~
- ~~(A) Spoilage or fouling of the cannabis goods.~~
 - ~~(B) Any event resulting in damage, exposure, or compromise of the cannabis goods.~~
- ~~(9) Any other information as required pursuant to this division, or by any other applicable licensing authorities.~~
- ~~(c) Unless otherwise specified, all transactions must be entered into the track and trace system within 24 hours of occurrence.~~
- ~~(d) If a package adjustment is used to adjust the quantity of cannabis or cannabis products in Licensees shall only enter and record complete and accurate information into the track and trace system, the licensee shall include a description explaining the reason for adjustment and shall correct any known errors entered into the track and trace system immediately upon discovery.~~
- ~~(e) If a licensee rejects a partial shipment of cannabis goods pursuant to section 15052.1(b), the licensee shall record the partial rejection in the track and trace system.~~

Authority: Section 26013, Business and Professions Code. Reference: Sections 26013, 26067, 26070, 26160 and 261649, Business and Professions Code.

§15049.1. Additional Requirements for Recording Cultivation Activities.

- (a) The licensee shall record the following cultivation activities in the track and trace system within three (3) calendar days of occurrence:
- (1) Planting of an immature lot;
 - (2) Moving immature plants to a designated canopy area, flowering of an individual plant, or application of a plant tag to an immature plant, in accordance with section 15048.4;
 - (3) Destruction or disposal of an immature or mature plant; and
 - (4) Harvesting of a mature plant, or portion thereof.
- (b) The following information shall be reported in the track and trace system for each harvested plant or portion thereof, or harvest batch:
- (1) The wet weight of each harvested plant or portion thereof, which shall be obtained by the licensee immediately after harvest;
 - (2) The weight of cannabis waste associated with each harvest batch;
 - (3) The unique name of the harvest batch;
 - (4) The initiating date of the harvest. For purposes of this section, the initiating date of the harvest is the month, day, and year the first mature cannabis plants in the harvest batch

were cut, picked, or removed from the soil or other growing media; and

(5) Packaging and repackaging of cannabis or nonmanufactured cannabis.

(c) After the entire harvest batch has been dried, trimmed, cured, and packaged, the licensee shall indicate in the track and trace system that the harvest is finished.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26013, 26067 and 26069, Business and Professions Code.

§15049.2. Recording Transfers of Cannabis and Cannabis Products.

(a) A licensee shall prepare a shipping manifest through the track and trace system prior to transferring cannabis and cannabis products off of a licensed premises. The following information shall be recorded on the shipping manifest by the licensee initiating the transfer:

(1) The name, license number, and premises address of the originating licensee;

(2) The name and license number of the distributor transporting the cannabis and cannabis products;

(3) The name, license number, and premises address of the licensee receiving the cannabis or cannabis products into inventory or storage;

(4) The UID numbers for all items being transferred;

(5) The item name, item category and weight or count of cannabis or cannabis products associated with each package tag;

(6) The estimated date and time of departure from the licensed premises;

(7) The estimated date and time of arrival at each licensed premises; and

(8) The driver's license number of the personnel transporting the cannabis and cannabis products, and the make, model, and license plate number of the vehicle used for transport.

(b) The distributor who transports the cannabis or cannabis product shall record the following additional information on the shipping manifest:

(1) The actual date and time of departure from the licensed premises; and

(2) The actual date and time of arrival at each licensed premises.

(c) Upon pick-up or receipt of cannabis and cannabis products for transport, storage, or inventory, a licensee shall ensure that the cannabis or cannabis products received are as described in the shipping manifest. The licensee shall record acceptance or receipt, and acknowledgment of the cannabis or cannabis products in the track and trace system.

(d) If there are any discrepancies between type or quantity of cannabis or cannabis products specified in the shipping manifest and the type or quantity received by the licensee, the licensee shall reject the shipment.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26067, 26070, 26160 and 26161, Business and Professions Code.

§15050. Loss of ~~Connectivity~~ Access.

(a) If at any point a licensee loses ~~access connectivity~~ to the track and trace system for any reason, the licensee shall prepare and maintain comprehensive records detailing all commercial cannabis activities that were conducted during the loss of access connectivity.

~~(b) The licensee shall notify the Department immediately for any loss of connectivity, and shall not initiate transport for, receive, or deliver any cannabis or cannabis products goods until such time as access connectivity is restored. Licensees shall submit such notices on the Notification and Request Form, DCC-LIC-027 (Amended 7/21), which is incorporated by reference.~~

(c) Once access connectivity has been restored, the licensee shall:

(1) Within three calendar days, enter all commercial cannabis activity that occurred during the loss of access connectivity into the track and trace system.

(2) Document the cause for loss of access connectivity, and the dates and times for when access connectivity to the track and trace system was lost and when it was restored.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26067, 26070 and 26160, Business and Professions Code.

§15051. Track and Trace System Reconciliation.

~~(a) In addition to other inventory reconciliation requirements under this division, a licensee shall reconcile the physical inventory of cannabis goods at the licensed premises with the records. The license shall review the information recorded in the track and trace system database at least once every 30 calendar days, to ensure its accuracy, including, at a minimum:~~

(1) Reconciling on-hand inventory of cannabis and cannabis product with the records in the track and trace system; and

(2) Reviewing the licensee's authorized users and removing any users who are no longer authorized to enter information into the track and trace system.

(b) If a licensee finds a discrepancy between its ~~physical~~ the on-hand inventory and the track and trace system ~~database~~, the licensee shall conduct an audit, ~~and notify the Department of any reportable activity pursuant to section 15036 of this division.~~

Authority: Section 26013, Business and Professions Code. Reference: Sections 26067, 26070 and 26160, Business and Professions Code.

~~§15052. Temporary Licenses; Licensees in Operation at Time of Licensure.~~

~~(a) A licensee operating under a temporary license issued pursuant to section 15001 of this division is not required to record commercial cannabis activity in the track and trace system as otherwise required by this article.~~

~~(b) Temporary licensees shall track and record all commercial cannabis activities and information required pursuant to this division and any other provision of law, at a minimum, on paper receipts, invoices, or manifests.~~

~~(c) Any commercial cannabis activity conducted between annual license holders shall be recorded in the track and trace system.~~

~~(d) Any licensee in operation at the time the annual license is issued shall enter all inventory into the track and trace system no later than 30 calendar days after the track and trace system account manager attends the training required pursuant to section 15048 of this division.~~

Authority: Section 26013, Business and Professions Code. Reference: Sections 26050.1, 26067, 26070, 26160 and 26161, Business and Professions Code.

Article 7. Returns and DestructionAcceptance or Rejection of Shipments

§15052.1. Acceptance or Rejection of Shipments.

(a) Licensees shall accept or reject, in whole, shipments of cannabis ~~goods~~ cannabis products.

(b) Notwithstanding subsection (a) ~~of this section~~, partial shipments of cannabis ~~goods~~ cannabis products shall be rejected in the following circumstances:

(1) If a licensee receives a shipment containing cannabis ~~goods~~ cannabis products that differ from those listed on the sales invoice or receipt, the licensee shall reject the portion of the shipment that is not accurately reflected on the sales invoice or receipt.

(2) If a licensee receives a shipment containing any cannabis ~~goods~~ cannabis products that were damaged during transportation, the licensee shall reject that portion of the shipment that was damaged.

(3) If a licensee receives a shipment containing cannabis ~~goods~~ cannabis products that is non-compliant with labeling requirements or exceeds its provided expiration date, the licensee shall reject the portion of the shipment that is non-compliant with labeling requirements or expired.

(c) The licensee rejecting a shipment of cannabis ~~goods~~ cannabis products, whether in

whole or in part, shall record in the track and trace system, ~~as required by Chapter 1, Article 6 of this division,~~ and indicate on any relevant manifest, invoice, or sales receipt, the specific reason for rejection.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26013, 26067, 26070 and 26161, Business and Professions Code.

~~§15053. Returns Between Licensees.~~

~~(a) If a licensee discovers that a manufactured cannabis good that was purchased from another licensee is defective, the purchasing licensee may return the manufactured cannabis good to the selling licensee only in exchange for a non-defective version of the same type of manufactured cannabis good or in exchange for a manufactured cannabis good of equal value.~~

~~(b) Except as provided in subsection (a) of this section, a licensee shall not return cannabis goods purchased from another licensee.~~

Authority: Section 26013, Business and Professions Code. Reference: Sections 26013 and 26070, Business and Professions Code.

~~§15054. Destruction of Cannabis Goods Prior to Disposal.~~

~~(a) Licensees shall not dispose of cannabis goods, unless disposed of as cannabis waste, defined under section 15000(g) of this division.~~

~~(b) Cannabis waste shall be stored, managed, and disposed of in accordance with all applicable waste management laws, including, but not limited to, Division 30 of the Public Resources Code.~~

~~(c) Cannabis goods intended for disposal shall remain on the licensed premises until rendered into cannabis waste. The licensee shall ensure that:~~

~~(1) Access to the cannabis goods is restricted to the licensee, its employees or agents; and~~

~~(2) Storage of the cannabis goods allocated for disposal is separate and distinct from other cannabis goods.~~

~~(d) To be rendered as cannabis waste for proper disposal, including disposal as defined under Public Resources Code section 40192, cannabis goods shall first be destroyed on the licensed premises. This includes, at a minimum, removing or separating the cannabis goods from any packaging or container and rendering it unrecognizable and unusable. Nothing in this subsection shall be construed to require vape cartridges to be emptied of cannabis oil prior to disposal, provided that the vape cartridge itself is unusable at the time of disposal.~~

~~(e) Cannabis waste on the licensed premises shall be secured in a receptacle or area that is restricted to the licensee, its employees, or an authorized waste hauler.~~

~~(f) A licensee shall report all cannabis waste activities, up to and including disposal, into the track and trace system, as required under Chapter 1, Article 6 of this division.~~

~~Authority: Section 26013, Business and Professions Code. Reference: Sections 26013 and 26070, Business and Professions Code.~~

Chapter 2. Distributors

§15300. Distribution Activities.

A licensed distributor shall distribute only ~~cannabis goods~~ and cannabis products, cannabis accessories, and licensees' branded merchandise or promotional materials.

~~Authority: Sections 26013, Business and Professions Code. Reference: Section 26070, Business and Professions Code.~~

§15302. Storage of Batches for Testing.

(a) A licensed distributor shall ensure that all ~~cannabis goods batches~~ of cannabis or cannabis products are stored separately and distinctly from other ~~cannabis goods batches~~ of cannabis or cannabis products on the licensed distributor's premises.

(b) A licensed distributor shall ensure a label with the following information is physically attached to each container of each batch:

- (1) The name, license number, and licensed premises address of the ~~licensed manufacturer or licensed cultivator~~ licensee who provided the batch;
- (2) The date of entry into the licensed distributor's storage area;
- (3) The unique identifiers and batch number, if any, associated with the batch;
- (4) A description of the ~~cannabis goods~~ or cannabis products with enough detail to easily identify the batch;
- (5) The weight of or quantity of units in the batch; and
- (6) The best-by, sell-by, or expiration date of the batch, if any.

~~Authority: Section 26013, Business and Professions Code. Reference: Sections 26110 and 26120, Business and Professions Code.~~

§15303. Packaging, Labeling, and Rolling.

(a) A licensed distributor may package, re-package, label, and re-label cannabis in the form of dried flower, including pre-rolls, for retail sale. All packages of cannabis in the form of dried flower, including pre-rolls, shall comply with the requirements in chapter 11 of this division. ~~the following:~~

~~(1) Until January 1, 2020, all packages shall meet the following requirements:~~

~~(A) The package shall protect the cannabis, including pre-rolls, from contamination and shall not expose the cannabis or pre-rolls to any harmful substance.~~

~~(B) The package shall be tamper evident.~~

~~(C) If the package of cannabis or pre-rolls contains more than one serving, then the packaging shall be resealable.~~

~~(D) The package shall not imitate any package used for goods that are typically marketed to children.~~

~~(2) Beginning January 1, 2020, all packages shall meet the requirements of subsection (a)(1) of this section and shall also meet the following requirements:~~

~~(A) The package shall be child resistant until the package is first opened. For purposes of this division, the following packages are considered child resistant:~~

~~(i) Any package that has been certified as child resistant under the requirements of the Poison Prevention Packaging Act of 1970 Regulations (16 C.F.R. §1700.15(b)(1)) (Rev. July 1995), which is hereby incorporated by reference.~~

~~(ii) Plastic packaging that is at least 4 mills thick and heat sealed without an easy open tab, dimple, corner, or flap.~~

~~(B) The package shall be labeled with the statement "This package is not child resistant after opening."~~

~~(3) Notwithstanding subsections (a)(1)-(a)(2) of this section, immature plants and seeds shall not be required to be packaged in child resistant, tamper evident, and resealable packaging.~~

(b) A licensed distributor shall not process cannabis, but may roll pre-rolls that consist exclusively of any combination of flower, shake, leaf, or kief. Pre-rolls shall be rolled prior to regulatory compliance testing.

(c) Licensed distributors may label and re-label a package containing manufactured cannabis goods or cannabis products with the amount of cannabinoids and terpenoids based on regulatory compliance testing results.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26013 and 26120, Business and Professions Code.

§15304. Testing Arrangements.

After taking physical possession of a ~~cannabis goods~~ batch of cannabis or cannabis products, the licensed distributor shall contact a licensed testing laboratory and arrange for a laboratory employee to come to the licensed distributor's licensed premises to select a representative sample for laboratory testing.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26104 and 26110, Business and Professions Code.

§15305. Testing Sample.

- (a) The licensed distributor shall ensure that the batch size from which the sample is taken meets the requirements of this division.
- (b) A licensed distributor or an employee of the licensed distributor shall be physically present to observe the laboratory employee obtain the sample of cannabis goods or cannabis products for testing and shall ensure that the increments are taken from throughout the batch.
- (c) The sampling shall be video-recorded with the batch number stated verbally or in writing on the video at the beginning of the video and a visible time and date indication on the video recording footage. The video recordings shall be maintained for 90 calendar days by the licensed distributor.
- (d) After the sample has been selected, both the licensed distributor and the laboratory employee shall sign and date the chain of custody form pursuant to section 15706 ~~of this division~~, attesting to the sample selection having occurred.
- (e) A licensed distributor shall not assist the laboratory employee nor touch the cannabis goods or cannabis products or the sampling equipment while the laboratory employee is obtaining the sample.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26104 and 26110, Business and Professions Code.

§15306. Laboratory Testing Results.

- (a) A sample batch “passes” a laboratory test when the sample meets specifications in ~~C~~chapter 6 of this division.
- (b) When a batch from a manufactured or harvest batch passes, the cannabis goods or cannabis products may be transported to one or more licensed retailers, licensed distributors, or licensed microbusinesses. A printed copy of the certificate of analysis for regulatory compliance testing shall accompany the batch and be provided to the licensee receiving the cannabis goods or cannabis products.
- (c) A batch “fails” a laboratory test when the sample does not meet specifications in ~~C~~chapter 6 of this division.
- (d) If a failed batch may be remediated pursuant to section 15727 ~~of this division~~, a licensed distributor may transport or arrange for the transportation of the batch to a licensed manufacturer for remediation in accordance with the following:
 - (1) The licensed distributor shall ensure that a corrective action plan is submitted by a licensed manufacturer to the Department, or by a licensed microbusiness authorized to engage in manufacturing to the Department, within 30 calendar days of issuance of the certificate of analysis for regulatory compliance testing by the licensed testing laboratory.
 - (2) The licensed distributor shall ensure that the licensed manufacturer or licensed microbusiness authorized to engage in manufacturing begins remediating the cannabis goods or cannabis products within 30 calendar days of receiving approval from the

Department to remediate the cannabis ~~goods~~ or cannabis products.

(3) If the licensed distributor is unable to arrange for a licensed manufacturer or licensed microbusiness authorized to engage in manufacturing to remediate the cannabis ~~goods~~ or cannabis products within 30 calendar days of issuance of the certificate of analysis for regulatory compliance testing by the licensed testing laboratory, the licensed distributor shall destroy the cannabis ~~goods~~ or cannabis products immediately.

(e) A licensed distributor shall destroy a batch that failed laboratory testing and cannot be remediated pursuant to section 15727 ~~of this division~~ within 30 calendar days of issuance of the certificate of analysis for regulatory compliance testing by the licensed testing laboratory.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26070, 26100, 26104 and 26110, Business and Professions Code.

§15307. Quality-Assurance Review.

When a licensed distributor receives a certificate of analysis for regulatory compliance testing from the licensed testing laboratory or upon transfer from another licensed distributor stating that the batch meets specifications required by law, the licensed distributor shall ensure the following before transporting the cannabis goods, ~~packaged as they will be sold at retail~~, to one or more licensed retailers or licensed microbusinesses authorized to engage in retail sales:

(a) The certificate of analysis for regulatory compliance testing that the licensed distributor received from the licensed testing laboratory or another licensed distributor is the certificate of analysis that corresponds to the batch;

(b) The date on the certificate of analysis for the regulatory compliance testing is less than 12 months old;

(c) The label on the cannabis goods is consistent with the certificate of analysis for regulatory compliance testing regarding cannabinoid content ~~and contaminants~~ required to be listed by law as follows:

(1) If the cannabis goods are labeled with the content for cannabinoids, terpenoids, Total THC, and/or Total CBD prior to receiving the certificate of analysis for regulatory compliance testing, the licensed distributor shall ensure that the labeled amounts are accurate in accordance with section 15307.1 ~~of this division~~, and

(2) If the cannabis goods are not labeled with the content for cannabinoids, terpenoids, Total THC, and/or Total CBD prior to receiving the certificate of analysis for regulatory compliance testing, the licensed distributor shall label the cannabis goods with the amounts listed on the certificate of analysis pursuant to section 15303 ~~of this division~~;

(d) The packaging and labeling of the cannabis goods complies with Business and Professions Code ~~§Section 26120 and all applicable regulations within this division~~, except cannabis goods are not required to be labeled or otherwise identified as medicinal products prior to retail sale unless the cannabis goods must be labeled as such pursuant to this division ~~the requirements prescribed by the Department in regulation~~;

(e) The cannabis goods have not exceeded their expiration or sell-by date if one is provided;

(f) The weight or count of the ~~cannabis~~ batch comports with that in the track and trace system. A licensed distributor shall use scales as required by this division ~~the Business and Professions Code~~; and

(g) All events prior to receipt of the certificate of analysis for regulatory compliance testing have been entered into the track and trace system.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26070, 26110 and 26120, Business and Professions Code.

§15308. Insurance Requirements.

~~(a) An applicant for a distributor license shall provide the Department with a certificate of insurance that shows the types of insurance coverage and minimum amounts that have been secured as required by this section, and documentation establishing compliance with subsection (d) of this section.~~

~~(b)~~(a) A distributor licensee shall at all times carry and maintain commercial general liability insurance in the aggregate in an amount no less than \$2,000,000 and in an amount no less than \$1,000,000 for each loss.

~~(c)~~(b) A distributor licensee shall maintain the insurance required in subsection ~~(b)~~(a) of ~~this section~~ from an insurance company that is:

(1) A non-admitted insurer that meets the requirements of Insurance Code section 1765.1 or 1765.2, and the insurance is placed pursuant to Insurance Code section 1763 and through a surplus line broker licensed under Insurance Code section 1765;

(2) An insurer qualified to do business in California by the Secretary of State and authorized by the Insurance Commissioner to write the liability and property classes of insurance as defined by Insurance Code sections 102, 103, 107, 114, 108, 114, and 120; or

(3) A registered risk retention group compliant with the California Risk Retention Act of 1991. (See ~~California~~ Insurance Code sections 125-140.)

~~(d)~~(c) Admitted insurers and risk retention groups must show proof of capitalization in the amount of at least \$10,000,000.

~~(e) A distributor licensee shall notify the Department in writing, by submitting Notification and Request Form, DCC-LIC-027 (Amended 7/21), which is incorporated herein by reference, within 14 calendar days of a lapse in insurance in accordance with section 15023.~~

Authority: Section 26013, Business and Professions Code. Reference: Sections 26051.5 and 26070, Business and Professions Code.

§15309. Inventory Accounting.

(a) A licensed distributor shall be able to account for all inventory and provide that information to the Department upon request.

(b) To account for inventory, a licensed distributor shall ensure all batches of cannabis goods or cannabis products are stored in accordance with section 15302 of this division and shall be able to provide the Department with the status of the batch as follows:

- (1) The batch is being held in storage for another licensee;
- (2) The batch is awaiting sampling for regulatory compliance testing;
- (3) The batch has been sampled and is awaiting testing results;
- (4) The batch has passed testing;
- (5) The batch has failed testing and is awaiting approval for remediation;
- (6) The batch has failed testing and is awaiting destruction; and
- (7) The batch is being stored or held for any other lawful purpose under the Act or this division.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26070 and 26160, Business and Professions Code.

§15310. Records.

~~In addition to the records required by section 15037 of this division, a licensed distributor shall maintain the following records:~~

- ~~(a) Records relating to branding, packaging and labeling;~~
- ~~(b) Inventory logs and records;~~
- ~~(c) Transportation bills of lading and shipping manifests for completed transports and for cannabis goods in transit;~~
- ~~(d) Vehicle and trailer ownership records;~~
- ~~(e) Quality assurance records;~~
- ~~(f) Records relating to destruction and disposal of cannabis goods;~~
- ~~(g) Laboratory testing records;~~
- ~~(h) Warehouse receipts; and~~
- ~~(i) Records relating to tax payments collected and paid under Revenue and Taxation Code sections 34011 and 34012.~~

~~Authority: Section 26013, Business and Professions Code. Reference: Section 26160, Business and Professions Code.~~

§15312. Required Transport Vehicle Information.

~~(a) In addition to the information required in section 15314 of this division, any licensed~~

distributor who will be or is transporting cannabis goods shall provide the following information to the Department:

(1) Proof that the licensed distributor is the registered owner under the Vehicle Code for each vehicle and trailer used to transport cannabis goods;

(2) The year, make, model, license plate number, and numerical Vehicle Identification Number (VIN) for each vehicle and trailer used to transport cannabis goods; and

(3) Proof of insurance for each vehicle and trailer used to transport cannabis goods.

(b) (a) Upon request, the licensed distributor shall provide the Department with the information required by this section a copy of the certificate of ownership or registration card issued by the California Department of Motor Vehicles, the year, make, model, license plate number, and Vehicle Identification Number in writing, and proof of insurance for any new vehicle or trailer that will be used to transport cannabis goods or cannabis products prior to using the vehicle or trailer to transport cannabis goods.

(c) The licensed distributor shall provide the Department with any changes to the information required by this section in writing within 30 calendar days, submitted on the Notification and Request Form, DCC-LIC-027 (Amended 7/21), which is incorporated herein by reference.

Authority: Section 26013, Business and Professions Code. Reference: Section 26070, Business and Professions Code.

§15313. Transport Personnel Requirements.

(a) No person under the age of 21 years old shall be in a commercial vehicle or trailer transporting cannabis goods or cannabis products; and

(b) Only a licensee, an employee of the licensed distributor, or security personnel who meets the requirements of section 15045 of this division shall be in a vehicle while transporting cannabis goods or cannabis products.

Authority: Section 26013, Business and Professions Code. Reference: Section 26070, Business and Professions Code.

§15314. Shipping Manifest.

(a) Prior to transporting cannabis goods or cannabis products, a licensed distributor shall generate a shipping manifest through the track and trace system for the following activities:

(1) Testing and sampling;

(2) Sale of cannabis goods or cannabis products to a licensee;

(3) Destruction or disposal of cannabis goods or cannabis products; and

(4) Any other activity, as required pursuant to this division, or by any other licensing authority the Department.

(b) The licensed distributor shall transmit the shipping manifest to the Department and the licensee that will receive the cannabis goods or cannabis products prior to transporting the cannabis goods or cannabis products.

(c) The licensed distributor shall ensure and verify that the cannabis goods or cannabis products being taken into possession for transport at the originating licensed premises are as described and accurately reflected in the shipping manifest. For purposes of this section, the licensed distributor may verify that the cannabis goods or cannabis products are accurately reflected in the shipping manifest by confirming that the number of boxes of cannabis goods or cannabis products, type of cannabis goods or cannabis products, weight and/or units of cannabis goods or cannabis products matches the label on the boxes containing the cannabis goods or cannabis products.

(1) The licensed distributor shall not take into possession or transport:

(A) Any cannabis goods or cannabis products that are not on the shipping manifest; or

(B) Any cannabis goods or cannabis products that are less than or greater than the amount reflected on the shipping manifest.

(2) The licensed distributor is responsible for any discrepancies between the shipping manifest and the cannabis goods or cannabis products in its possession during transport, and subject to any enforcement or disciplinary action related to such discrepancy.

(3) A licensed distributor shall not void or change a shipping manifest after departing from the originating licensed premises.

(d) A shipping manifest shall accompany every transport of cannabis goods or cannabis products.

~~(e) Notwithstanding subsection (a) of this section, if a transporting licensed distributor has not obtained access to the track and trace system, the licensed distributor shall complete the shipping manifest outside of the track and trace system and transmit it to the Department and the licensee receiving the shipment by electronic mail.~~

~~(f) If the transporting licensed distributor has access to the track and trace system and the licensee receiving the shipment has not obtained access to the track and trace system, the licensed distributor shall complete the shipping manifest in the track and trace system and transmit it to the Department. However, the licensed distributor shall send a copy to the licensee receiving the shipment by electronic mail.~~

Authority: Section 26013, Business and Professions Code. Reference: Sections 26067 and 26070, Business and Professions Code.

§15315. Distributor Transport Only License.

(a) A licensed distributor transport only licensee may transport cannabis goods or cannabis products between licensees; however, they shall not transport any cannabis goods or cannabis products except for immature cannabis plants, and seeds, and trade samples to a licensed retailer or licensed microbusiness authorized to engage in retail sales.

(b) A complete application for a distributor transport only license shall include all the information required in an application for a distributor license.

(c) The licensing fee for a distributor transport only license will be based in part upon whether the licensee intends to transport only cannabis goods or cannabis products that the licensee has cultivated or manufactured (self-distribution), or whether the licensee intends to transport cannabis goods or cannabis products cultivated or manufactured by other licensees.

(d) A distributor transport only licensee shall comply with all of the requirements for a holder of a distributor license, except for those related to quality assurance and testing.

(e) A distributor transport only licensee shall not hold title to any cannabis goods or cannabis products unless the licensee also holds a ~~state~~Department-issued cultivation, manufacturing, retailer, or microbusiness license.

(f) Holding a distributor transport only license shall not authorize a licensee to:

(1) Engage in the delivery of cannabis goods or cannabis products as defined in Business and Professions Code section 26001~~(p)~~(o);

(2) Engage in the wholesale, destruction, packaging, labeling, or storing of cannabis goods or cannabis products; or

(3) Arrange for the testing of cannabis goods or cannabis products by a testing laboratory.

~~(g) Notwithstanding subsection (e) of this section, a~~A distributor transport only licensee who is licensed to engage in self-distribution and whose licensed premises will be on the same property as their licensed cultivation or licensed manufacturing premises shall ~~not be required to~~ comply with the security provisions contained in ~~C~~chapter 1, Article 5 of this division that are applicable to their licensed cultivation or licensed manufacturing premises.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26012 and 26070, Business and Professions Code.

Chapter 3. Retailers

§15402. Customer Access to the Retail Area.

(a) Individuals shall be granted access to the retail area to purchase cannabis goods only after the retailer or an employee of the retailer has confirmed the individual's age and identity pursuant to section 15404 of this division.

(b) The licensed retailer or at least one employee shall be physically present in the retail area at all times when individuals who are not employees of the licensed retailer are in the retail area.

(c) All sales of cannabis goods must take place within the retail area of the retailer's licensed premises, except for cannabis goods sold through delivery, or a drive-in or drive-through window as authorized by section 15025~~(g)~~(e) of this division.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26070 and 26140, Business and Professions Code.

§15405. Cannabis Goods Display.

- (a) Cannabis goods for inspection and sale shall only be displayed in the retail area.
- (b) Cannabis goods may be removed from their packaging and placed in containers to allow for customer inspection. The containers shall not be readily accessible to customers without assistance of retailer personnel. A container must be provided to the customer by the licensed retailer or its employees, who shall remain with the customer at all times that the container is being inspected by the customer.
- (c) Cannabis goods removed from their packaging for display shall not be sold or, shall not be consumed, and shall be destroyed pursuant to section 15054 of this division when the cannabis goods are no longer used for display.

Authority: Section 26013, Business and Professions Code. Reference: Section 26070, Business and Professions Code.

§15406. Cannabis Goods for Sale.

A licensed retailer shall not make any cannabis goods available for sale or delivery to a customer unless:

- (a) The cannabis goods were received by the ~~retail licensee~~ licensed retailer from a licensed distributor or licensed microbusiness authorized to engage in distribution;
- (b) The licensed retailer has verified that the cannabis goods have not exceeded their best-by, sell-by, or expiration date if one is provided;
- (c) In the case of manufactured cannabis products, the product complies with all requirements of Business and Professions Code section 26130;
- (d) The cannabis goods have undergone laboratory testing as required by the Act and ~~c~~Chapter 6 of this division;
- (e) The batch number, if any, is labeled on the package of cannabis goods and matches the batch number on the corresponding certificate of analysis for regulatory compliance testing;
- (f) The packaging and labeling of the cannabis goods complies with Business and Professions Code ~~s~~Section 26120 and ~~all applicable regulations within this division~~; and
- (g) The cannabis goods comply with all applicable requirements found in the Act and this division ~~applicable regulations~~.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26070 and 26120, Business and Professions Code.

§15407. Sale of Non-Cannabis Goods.

In addition to cannabis goods, a licensed retailer may sell only cannabis accessories and the licensee's branded merchandise of any licensee. Licensed retailers may provide customers with promotional materials.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26070, 26151 and 26152, Business and Professions Code.

§15408. Sale of Live Plants and Seeds.

(a) A licensed retailer shall only sell live, immature cannabis plants and cannabis seeds if all of the following requirements are met:

(1) The plant is not flowering and is shorter and narrower than 18 inches; and

(2) The plant or seed originated from a licensed nursery that holds a valid license from the Department or a licensed microbusiness authorized to engage in cultivation; and

~~(3) A label is affixed to the plant or package containing any seeds which states "This product has not been tested pursuant to the Medicinal and Adult Use Cannabis Regulation and Safety Act."~~

~~(b) A licensed retailer may not sell any other live plants.~~

~~(c)~~(b) A licensed retailer shall not apply nor use any pesticide, nor cause any pesticide to be applied nor used, on live plants. A licensed retailer shall not cause any pesticide to be applied or used on live plants.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26070 and 26100, Business and Professions Code.

§15410. Customer Return of Cannabis Goods.

(a) For the purposes of this section, "customer return" means a customer's return of cannabis goods that were purchased from a licensed retailer, back to the licensed retailer from whom the cannabis goods were purchased ~~from~~.

(b) A licensed retailer may accept customer returns of cannabis goods that were previously sold to a customer.

(c) A licensed retailer shall not resell cannabis goods that have been returned.

(d) A licensed retailer shall treat any cannabis goods abandoned on the licensed retailer premises as a customer return.

(e) Defective manufactured cannabis products returned by customers to a licensed retailer may be destroyed ~~pursuant to section 15054 of this division~~, or returned to the licensed distributor from whom the cannabis goods were obtained ~~in accordance with section 15053 of this division~~.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26011.5, 26012 and 26070, Business and Professions Code.

§15411. Free Cannabis Goods.

(a) A licensed retailer shall not provide free cannabis goods to any person. A licensed retailer shall not allow individuals who are not employed by the licensed retailer to provide free cannabis goods to any person on the licensed premises.

(b) Notwithstanding subsection (a) ~~of this section~~, in order to provide access to medicinal cannabis patients who have difficulty accessing medicinal cannabis goods, a licensee who holds an M-Retailer license, an M-Retailer Non-storefront license, or an M-Microbusiness license that is authorized for retail sales may provide free medicinal cannabis goods if the following criteria are met:

(1) Free cannabis goods are provided only to a medicinal cannabis patient or primary caregiver for the patient in possession of an identification card issued under section 11362.71 of the Health and Safety Code.

(2) The cannabis goods comply with all applicable laboratory testing requirements under this division.

(3) Prior to being provided to the patient or primary caregiver, the cannabis goods have been properly recorded in the track and trace system as belonging to the licensed retailer.

(4) The cannabis goods shall not leave the licensed premises unless placed in an resealable child-resistant opaque package as required for purchased cannabis goods under Business and Professions Code section 26070.1. The cannabis goods must comply with all packaging and labeling requirements in this division applicable to cannabis goods for sale by a licensed retailer.

(5) The cannabis goods shall be applied toward the daily purchase limit for a medicinal cannabis customer pursuant to section 15409 ~~of this division~~.

(6) The event shall be properly recorded in the licensed retailer's inventory records and the track and trace system.

(c) In addition to the provision of free cannabis goods in subsection (b) ~~of this section~~, a licensee may donate cannabis goods and the use of equipment in compliance with any compassionate use, equity, or other similar program administered by a local jurisdiction. The licensee shall ensure that all cannabis goods provided pursuant to this subsection comply with subsections (b)(2) and (b)(6) ~~of this section~~.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26013, 26153 and 26160, Business and Professions Code.

§15413. Cannabis Goods Packaging and Exit Packaging.

(a) All cannabis goods sold by a licensed retailer shall be in compliance with the packaging requirements in chapter 11 of this division.

(b) ~~Beginning January 1, 2020, a~~ package containing cannabis goods shall be ~~resealable, tamper-evident, and child-resistant.~~ If the package contains multiple servings, the package must also be resealable.

(c) All cannabis goods purchased by a customer shall not leave the licensed retailer's premises unless the goods are placed in an opaque exit package.

(d) ~~Notwithstanding subsections (a) — (c) of this section, i~~mmature plants and seeds sold by a licensed retailer are not required to be placed in resealable, tamper-evident, child-resistant packaging.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26070.1 and 26120, Business and Professions Code.

§15414. Non-Storefront Retailer.

(a) A non-storefront retailer licensee shall be authorized to conduct retail sales exclusively by delivery as defined in Business and Professions Code section 26001~~(p)~~(o).

(b) A complete application for a non-storefront retailer license shall include all the information required in an application for a retailer license.

(c) A non-storefront retailer licensee shall comply with all the requirements applicable to retailer licensees, except for those provisions related to public access to the licensed premises and the retail area.

(d) The licensed premises of a non-storefront retailer licensee shall be closed to the public.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26012 and 26070, Business and Professions Code.

§15418. Cannabis Goods Carried During Delivery.

(a) A licensed retailer's delivery employee shall not carry cannabis goods in the delivery vehicle with a value in excess of \$5,000 at any time. The value of cannabis goods carried in the delivery vehicle for which a delivery order was not received and processed by the licensed retailer prior to the delivery employee departing from the licensed premises may not exceed \$3,000.

(b) For the purposes of this section, the value of cannabis goods shall be determined using the current retail price of all cannabis goods carried by, or within the delivery vehicle of, the licensed retailer's delivery employee.

(c) A delivery employee may only carry cannabis goods, cannabis accessories, branded merchandise of any licensee, or promotional materials in the delivery vehicle and may only perform deliveries for one licensed retailer at a time. A delivery employee must depart and return to the same licensed premises before taking possession of any cannabis goods from another licensee to perform deliveries.

(d) A licensed retailer's delivery employee shall not leave the licensed premises with cannabis goods without at least one delivery order that has already been received and processed by the licensed retailer.

(e) Before leaving the licensed premises, the licensed retailer's delivery driver must have

a delivery inventory ledger of all cannabis goods provided to the licensed retailer's delivery driver. For each cannabis good, the delivery inventory ledger shall include the type of good, the brand, the retail value, the track and trace identifier, and the weight, volume or other accurate measure of the cannabis good. All cannabis goods prepared for an order that was received and processed by the licensed retailer prior to the delivery driver's departure from the licensed premises must be clearly identified on the inventory ledger. After each customer delivery, the delivery inventory ledger must be updated to reflect the current inventory in possession of the licensed retailer's delivery driver. Delivery inventory ledgers may be maintained electronically.

(f) The licensed retailer's delivery driver shall maintain a log that includes all stops from the time the licensed retailer's delivery driver leaves the licensed premises to the time that the licensed retailer's delivery driver returns to the licensed premises, and the reason for each stop. The log shall be turned in to the licensed retailer when the licensed retailer's delivery driver returns to the licensed premises. The licensed retailer must maintain the log as a commercial cannabis activity record as required by this division. The log may be maintained electronically.

(g) Prior to arrival at any delivery location, the licensed retailer must have received a delivery request from the customer and provided the delivery request receipt to the licensed retailer's delivery driver electronically or in hard copy. The delivery request receipt provided to the licensed retailer's delivery driver shall contain all of the information required in section 15420 of this division, except for the date and time the delivery was made, and the signature of the customer.

(h) Immediately upon request by the Department or any law enforcement officer, the licensed retailer's delivery driver shall provide:

- (1) All delivery inventory ledgers from the time the licensed retailer's delivery driver left the licensed premises up to the time of the request;
- (2) All delivery request receipts for cannabis goods carried by the driver, in the delivery vehicle, or any deliveries that have already been made to customers; and
- (3) The log of all stops from the time the licensed retailer's delivery driver left the licensed premises up to the time of the request.

(i) If a licensed retailer's delivery driver does not have any delivery requests to be performed for a 30-minute period, the licensed retailer's delivery driver shall not make any additional deliveries and shall return to the licensed premises. Required meal breaks shall not count toward the 30-minute period.

(j) Upon returning to the licensed premises, all undelivered cannabis goods shall be returned to inventory and all necessary inventory and ~~track-and-trace~~ track and trace records shall be updated as appropriate that same day.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26070, 26090 and 26160, Business and Professions Code.

§15420. Delivery Request Receipt.

A licensed retailer shall prepare a hard copy or electronic delivery request receipt for each delivery of cannabis goods.

(a) The delivery request receipt shall contain the following:

- (1) The legal business name and ~~address~~ license number of the licensed retailer;
- (2) The first name and employee number of the licensed retailer's delivery employee who delivered the order;
- (3) The first name and employee number of the licensed retailer's employee who prepared the order for delivery;
- (4) The first name of the customer and a licensed retailer-assigned customer number for the person who requested the delivery;
- (5) The date and time the delivery request was made;
- (6) The delivery address;
- (7) A detailed description of all cannabis goods requested for delivery. The description shall include the weight, volume, or any other accurate measure of the amount of all cannabis goods requested;
- (8) The total amount paid for the delivery, including any taxes or fees, the cost of the cannabis goods, and any other charges related to the delivery; and
- (9) Upon delivery, the date and time the delivery was made, and the handwritten or electronic signature of the customer who received the delivery.

(b) At the time of the delivery, the delivery employee of the retailer shall provide the customer who placed the order with a hard or electronic copy of the delivery request receipt. The delivery employee shall retain a hard or electronic copy of the signed delivery request receipt for the licensed retailer's records.

(c) For the purposes of this section, an employee number is a distinct number assigned by a licensed retailer to an employee that would allow the licensed retailer to identify the employee in documents or records using the employee number rather than the employee's full name. A licensed retailer shall be able to identify the employee associated with each employee number upon request from the Department.

(d) For the purposes of this section, a customer number is a distinct number assigned by a licensed retailer to a customer that would allow the licensed retailer to identify the customer in documents or records using the customer number rather than the customer's full name. A licensed retailer shall be able to identify the customer associated with each customer number upon request from the Department.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26070, 26090 and 26160, Business and Professions Code.

§15426. Records.

All licensed retailer-specific records in this chapter shall be maintained in accordance with section 15037 of this division.

Authority: Section 26013, Business and Professions Code. Reference: Section 26160, Business and Professions Code.

§15427. Retailer Premises-to-Retailer Premises Transfer.

(a) A licensee who holds multiple retail licenses may arrange for the transfer of cannabis goods from one licensed retail premises to another licensed retail premises if both retail licenses are held ~~under the same ownership~~ by the same sole proprietor or business entity.

(b) Cannabis goods transferred to a licensed retail premises under subsection (a) of this section may be sold by the licensed retailer receiving the cannabis goods only if the cannabis goods comply with all requirements found in the Act and this division.

(c) The transportation of cannabis goods under this section must comply with all requirements found within the Act and this division.

(d) Any movement of cannabis goods under this section shall be properly entered into the state-track and trace system.

Authority: Section 26013, Business and Professions Code. Reference: Section 26070, Business and Professions Code.

Chapter 4. Microbusiness

§15500. Microbusiness.

(a) In order to hold a microbusiness license, a licensee must engage in at least three (3) of the following commercial cannabis activities: cultivation, manufacturing, distribution, and retail sale. License types created by the Department in regulation shall not be considered qualifying commercial cannabis activities for purposes of obtaining a microbusiness license, except for the Type N manufacturing license and the distributor transport only license.

(b) An applicant for a microbusiness license shall indicate on the application for licensure ~~which~~ all commercial cannabis activities in which the applicant intends to engage ~~in~~.

~~(c) An application for a microbusiness license shall include:~~

~~(1) For an application indicating that the applicant intends to engage in cultivation under the microbusiness license, all the required information under sections 15002, 15501, 15502 and 15503 of this division.~~

~~(2) For an application indicating that the applicant intends to engage in manufacturing under the microbusiness license, all the required information under sections 15002 and 15506 of this division.~~

~~(3) For an application indicating that the applicant intends to engage in distribution under~~

~~the microbusiness license, all the required information for an application seeking a distributor license.~~

~~(4) For an application indicating that the applicant intends to engage in distribution, transport only under the microbusiness license, all the required information for an application seeking a distributor, transport-only license.~~

~~(5) For an application indicating that the applicant intends to engage in retail sale under the microbusiness license, all the required information for an application seeking a retailer license.~~

~~(6) For an application indicating that the applicant intends to engage in non-storefront retail sale under the microbusiness license, all the required information for an application seeking a non-storefront retailer license.~~

~~(d)(c)~~ All cultivation, manufacturing, distribution, and retail activities performed by a licensee under a microbusiness license shall occur on the same licensed premises.

~~(e)~~ A holder of a microbusiness license shall comply with the following:

~~(1d)~~ A holder of a microbusiness license engaged in cultivation shall comply with all the rules and requirements applicable to the cultivation license type suitable for the cultivation activities of the licensee.

~~(2e)~~ A holder of a microbusiness license engaged in manufacturing shall comply with all the rules and requirements applicable to a Manufacturer 1 license in this division.

~~(3f)~~ A holder of a microbusiness license engaged in distribution shall comply with all the rules and requirements applicable to a distributor license in this division.

~~(4g)~~ A holder of a microbusiness license engaged in retail sale shall comply with all the rules and requirements applicable to a retailer license, or a non-storefront retailer license if retail sales are conducted by delivery only, in this division.

~~(f)(h)~~ A holder of a microbusiness license may only engage in the commercial cannabis activity requested in the license application and approved by the Department at the time the license is issued. If the holder of a microbusiness license wants to engage in an additional commercial cannabis activity after the license is issued, the licensee shall submit a request for a modification of the licensed premises pursuant to section 15027-~~of this division.~~

~~(g)(i)~~ A holder of a microbusiness license shall comply with all the security rules and requirements applicable to the corresponding license type suitable for the activities of the licensee.

~~(h)(j)~~ Areas of the licensed premises for manufacturing, ~~and~~ cultivation, ~~and~~ distribution shall be separated from the ~~distribution and~~ retail areas by a wall and all doors between the areas shall remain closed when not in use.

~~(i)(k)~~ A suspension or revocation of a microbusiness licensee shall affect all commercial cannabis activities allowed pursuant to that license.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26012, 26050, 26051.5 and 26070, Business and Professions Code.

~~§ 15501. Microbusiness Applications Including Cultivation Activities.~~

~~In addition to the information required in section 15002 of this division, an application for a microbusiness license to engage in cultivation shall include the following:~~

~~(a) Evidence of enrollment with the applicable Regional Water Quality Control Board or State Water Resources Control Board for water quality protection programs or written verification from the appropriate Board that enrollment is not necessary.~~

~~(b) Evidence that the applicant has conducted a hazardous materials record search of the EnviroStor database for the proposed premises. If hazardous sites were encountered, the applicant shall provide documentation of protocols implemented to protect employee health and safety.~~

~~(c) For indoor and mixed light cultivation, identification of all power sources for cultivation activities, including, but not limited to: illumination, heating, cooling, and ventilation.~~

~~(d) A premises diagram pursuant to section 15006 of this division that shall also include:~~

~~(1) All roads and water crossings on the property.~~

~~(2) If the applicant is proposing to use a diversion from a waterbody, groundwater well, or rain catchment system as a water source for cultivation, the following locations on the property diagram with locations also provided as coordinates in either latitude and longitude or the California Coordinate System:~~

~~(A) Sources of water used, including the location of waterbody diversion(s), pump location(s), and distribution system; and~~

~~(B) Location, type, and capacity of each storage unit to be used for cultivation.~~

~~(e) A proposed cultivation plan pursuant to section 15502 of this division.~~

~~(f) Identification of all water sources used for cultivation activities and the applicable supplemental information for each source as required by section 15503 of this division:~~

~~(1) A retail water supplier;~~

~~(2) A groundwater well;~~

~~(3) A rainwater catchment system; or~~

~~(4) A diversion from a surface waterbody or an underground stream flowing in a known and definite channel.~~

~~(g) A copy of any final lake or streambed alteration agreement issued by the California Department of Fish and Wildlife, pursuant to Fish and Game Code sections 1602 and 1617, or written verification from the California Department of Fish and Wildlife that a lake and streambed alteration agreement is not required.~~

~~(h) An attestation that the applicant entity is an "agricultural employer" as defined by the Alatorre-Zenovich-Dunlap-Berman Agricultural Labor Relations Act of 1975; Division 2, Part 3.5 (commencing with Section 1140) of the Labor Code.~~

~~(i) An attestation that the local fire department has been notified of the cultivation site if the applicant entity is an indoor license type.~~

~~(j) An acknowledgement that the applicant understands that the information provided in the application that is relevant to the cultivation operation may be shared with the Department for purposes of evaluating the applicant's qualifications for licensure. If the Department corresponds directly with the applicant on matters related to the application, the applicant shall agree to cooperate. The applicant shall further agree that the Department may conduct inspections on the areas of the premises related to their respective oversight authority.~~

~~(k) If applicable, a detailed description of any fines or penalties for cultivation or production of a controlled substance on public or private land pursuant to Fish and Game Code section 12025 or 12025.1 against the applicant or a business entity in which the applicant was an owner or officer within 3 years preceding the date of application.~~

~~Authority: Section 26013, Business and Professions Code. Reference: Sections 26012, 26050, 26051.5 and 26070, Business and Professions Code.~~

~~§15502. Cultivation Plan Requirements.~~

~~A cultivation plan shall include all of the following:~~

~~(a) A detailed premises diagram showing all cultivation activity areas, boundaries, and dimensions in feet. The total area of the following cultivation activity areas shall be less than 10,000 square feet as provided in Business and Professions Code section 26070.~~

~~(1) Canopy area(s) (which shall contain mature plants, at any point in time), including aggregate square footage if the canopy areas are noncontiguous.~~

~~(2) Area(s) outside of the canopy where only immature plants shall be maintained, if applicable.~~

~~(3) Designated pesticide and other agricultural chemical storage area(s).~~

~~(4) Designated processing area(s) if the licensee will process on site.~~

~~(5) Designated packaging area(s) if the licensee will package products on site.~~

~~(6) Designated composting area(s) if the licensee will compost plant or cannabis waste on site.~~

~~(7) Designated secured area(s) for cannabis waste if different than subsection (a)(6) of this section.~~

~~(8) Designated area(s) for harvested cannabis storage.~~

~~(9) Designated research and development area(s) which may contain mature plants for nursery only.~~

~~(10) Designated seed production area(s) which may contain mature plants for nursery only.~~

~~(b) For purposes of subsection (a)(1) in this section, canopy shall be calculated in square feet and measured using clearly identifiable boundaries of all areas(s) that will contain mature plants at any point in time, including all of the space(s) within the boundaries. Canopy may be noncontiguous, but each unique area included in the total canopy~~

~~calculation shall be separated by an identifiable boundary which include, but are not limited to: interior walls, shelves, greenhouse walls, hoop house walls, garden benches, hedgerows, fencing, garden beds, or garden plots. If mature plants are being cultivated using a shelving system, the surface area of each level shall be included in the total canopy calculation. Immature plants for cultivation activities of a microbusiness shall have the same definition as defined by the Department in regulation.~~

~~(c) For indoor and mixed light cultivation, a lighting diagram with the following information shall be included:~~

~~(1) Location of all lights in the canopy area(s); and~~

~~(2) Maximum wattage, or wattage equivalent, of each light.~~

~~(d) A pest management plan which shall include, but not be limited to, the following:~~

~~(1) Product name and active ingredient(s) of all pesticides to be applied to cannabis during any stage of plant growth; and~~

~~(2) Integrated pest management protocols including chemical, biological, and cultural methods the applicant anticipates using to control or prevent the introduction of pests on the cultivation site.~~

~~Authority: Section 26013, Business and Professions Code. Reference: Sections 26050, 26051.5 and 26070, Business and Professions Code.~~

§15503. Supplemental Water Source Information.

The following information shall be provided for each water source identified by the applicant:

~~(a) Retail water supply sources:~~

~~(1) If the water source is a retail water supplier, as defined in Water Code section 13575, identify the retail water supplier.~~

~~(2) If the water source is a small retail water supplier, such as a delivery service, and is subject to Business and Professions Code section 26060.1(a)(1)(B):~~

~~(A) If the retail water supplier contract is for delivery or pickup of water from a surface water body or an underground stream flowing in a known and definite channel, provide all of the following:~~

~~(i) The name of the retail water supplier under the contract;~~

~~(ii) The geographic location coordinates in either latitude and longitude or the California Coordinate System of any point of diversion used by the retail water supplier to divert water delivered to the applicant under the contract;~~

~~(iii) The authorized place of use of any water right used by the retail water supplier to divert water delivered to the applicant under the contract; and~~

~~(iv) The maximum amount of water delivered to the applicant for cannabis cultivation in any year.~~

~~(B) If the retail water supplier contract is for delivery or pickup of water from a groundwater well, provide all of the following:~~

~~(i) The name of the retail water supplier;~~

~~(ii) The geographic location coordinates for any groundwater well used to supply water delivered to the applicant, in either latitude and longitude or the California Coordinate System;~~

~~(iii) The maximum amount of water delivered to the applicant for cannabis cultivation in any year; and~~

~~(iv) A copy of the well log filed with the Department of Water Resources pursuant to Water Code section 13751 for each percolating groundwater well used to divert water delivered to the applicant. If no well log is available, the applicant shall provide evidence from the Department of Water Resources indicating that the Department of Water Resources does not have a record of the well log. When no well log is available, the State Water Resources Control Board may request additional information about the well.~~

~~(b) If the water source is a groundwater well:~~

~~(1) The groundwater well's geographic location coordinates in either latitude and longitude or the California Coordinate System; and~~

~~(2) A copy of the well log filed with the Department of Water Resources pursuant to Water Code section 13751. If no well log is available, the applicant shall provide evidence from the Department of Water Resources indicating that the Department of Water Resources does not have a record of the well log. If no well log is available, the State Water Resources Control Board may request additional information about the well.~~

~~(c) If the water source is a rainwater catchment system:~~

~~(1) The total square footage of the catchment footprint area(s);~~

~~(2) The total storage capacity, in gallons, of the catchment system(s); and~~

~~(3) A detailed description of the type, nature, and location of each catchment surface. Examples of catchment surfaces include a rooftop and greenhouse.~~

~~(d) If the water source is a diversion from a waterbody, provide any applicable statement, application, permit, license, or small irrigation use registration identification number(s), and either:~~

~~(1) A copy of any applicable registrations, permits, or licenses or proof of a pending application, issued under Part 2 (commencing with Section 1200) of Division 2 of the Water Code as evidence of approval of a water diversion by the State Water Resources Control Board;~~

~~(2) A copy of any statements of diversion and use filed with the State Water Resources Control Board before October 31, 2017, detailing the water diversion and use; or~~

~~(3) A copy of documentation submitted to the State Water Resources Control Board before October 31, 2017, demonstrating that the diversion is authorized under a riparian right and that no diversion occurred in any calendar year between January 1, 2010, and January 1, 2017.~~

~~(4) If the applicant has claimed an exception from the requirement to file a statement of diversion and use pursuant to Water Code section 5101, the applicant shall provide a copy of the documentation submitted to the State Water Resources Control Board before January 1, 2019, demonstrating that the diversion is subject to Water Code section 5101, subdivision (a), (c), (d), or (e).~~

~~Authority: Section 26013, Business and Professions Code. Reference: Sections 26050, 26051.5 and 26070, Business and Professions Code; and Section 13149, Water Code.~~

~~§15504. License Issuance in an Impacted Watershed.~~

~~If the State Water Resources Control Board or the Department of Fish and Wildlife finds, based on substantial evidence, that a licensed microbusiness' cannabis cultivation is causing significant adverse impacts on the environment in a watershed or other geographic area, the Department shall not issue new microbusiness licenses that include cultivation activities or increase the total number of plant identifiers within that watershed or area.~~

~~Authority: Section 26013, Business and Professions Code. Reference: Sections 26011.5, 26055 and 26070, Business and Professions Code.~~

~~§15505. Cultivation Records for Licensees Engaging in Cultivation Activities.~~

~~In addition to the records required by section 15037 of this division, a licensed microbusiness engaging in cultivation activities shall maintain the following records:~~

- ~~(a) Cultivation plan(s);~~
- ~~(b) All records evidencing compliance with the environmental protection measures required in sections 15501, 15502, 15503 and 15504 of this division; and~~
- ~~(c) All unique identifiers (UID) assigned to product in inventory and all unassigned UIDs. UIDs associated with product that has been retired from the track and trace system must be retained for six (6) months after the date the tags were retired.~~

~~Authority: Section 26013, Business and Professions Code. Reference: Sections 26069, 26160 and 26161, Business and Professions Code.~~

~~§15506. Microbusiness Applications Including Manufacturing Activities.~~

~~In addition to the information required in section 15002 of this division, an application for a microbusiness license that engages or will engage in manufacturing, shall include the following:~~

- ~~(a) The type of activity conducted at the premises (extraction, infusion, packaging, and/or labeling).~~
- ~~(b) The types of products that will be manufactured, packaged, or labeled.~~
- ~~(c) The name, title, and phone number of the on-site individual who manages the operation of the premises.~~

- ~~(d) The name, title, and phone number of an alternate contact person for the premises.~~
- ~~(e) The number of employees at the premises.~~
- ~~(f) The following information:~~
 - ~~(1) A description of inventory control procedures sufficient to demonstrate how the applicant will comply with the requirements of section 17222 of this division, or a copy of the standard operating procedure addressing inventory control;~~
 - ~~(2) A copy of the product quality plan that meets the requirements of section 17214 of this division; and~~
 - ~~(3) A description of security procedures sufficient to demonstrate how the applicant will comply with the requirements of section 17200 of this division, or a copy of the standard operating procedure addressing security procedures.~~

~~Authority: Section 26013, Business and Professions Code. Reference: Sections 26012, 26050, 26051.5, 26055 and 26070, Business and Professions Code.~~

~~§15506.1. Microbusiness Failed Manufactured Cannabis Product Batches.~~

~~A microbusiness licensee that engages or will engage in manufacturing shall handle failed manufactured cannabis product batches in accordance with the following:~~

- ~~(a) A finished manufactured cannabis product batch that fails any laboratory testing requirement established by the Department pursuant to Business and Professions Code section 26100 shall be destroyed unless a corrective action plan for remediation or reprocessing is approved by the Department pursuant to subsection (d) of this section.~~
- ~~(b) Remediation or reprocessing of a failed manufactured cannabis product batch or the use of a harvest batch that has failed any laboratory test shall comply with the requirements and procedures established by the Department in section 15727 of this division.~~
- ~~(c) Edible cannabis products that fail laboratory testing requirements shall not be remediated or reprocessed and shall be destroyed. If any edible cannabis product that has failed laboratory testing is remediated, reprocessed, or otherwise mixed with another batch of cannabis product, such action shall render the final cannabis product adulterated, as defined in Business and Professions Code section 26131, regardless of the defect level of the final cannabis product.~~
- ~~(d) A manufactured cannabis product batch or a harvest batch that fails laboratory testing or quality assurance review shall not be remediated or reprocessed unless the Department has approved a corrective action plan submitted by the microbusiness licensee. The corrective action plan shall include, at minimum, a description of how the product or harvest batch will be remediated so that the product or harvest batch, or any product produced therefrom, will meet all laboratory testing and quality assurance requirements. Corrective action plans will be reviewed by the Department on a case-by-case basis.~~
- ~~(e) All remediation of harvest or manufactured cannabis product batches shall be~~

~~documented in the microbusiness' manufacturing records. Remediated products, harvest batches, or products produced therefrom shall be tested and undergo quality assurance review in accordance with the requirements established by the Department in Chapter 2 of this division.~~

~~(f) Notwithstanding subsection (c) of this section, if the edible cannabis products are orally dissolving products, as defined in section 15700 of this division, and fail laboratory testing because the per package limit of THC for adult-use products has been exceeded, the orally dissolving products may be remediated by repackaging the orally dissolving products as medicinal products in accordance with the following:~~

~~(1) A corrective action plan pursuant to subsection (d) of this section shall be submitted to and approved by the Department;~~

~~(2) The orally dissolving edible cannabis products batch is returned to the licensed microbusiness that packaged the products;~~

~~(3) The orally dissolving edible cannabis products are not altered in any way; and~~

~~(4) The orally dissolving edible cannabis product is labeled to accurately state the contents.~~

~~Authority: Section 26013, Business and Professions Code. Reference: Sections 26012, 26050 and 26070, Business and Professions Code.~~

§15507. Microbusiness Records for Licensees Engaging in Manufacturing Activities.

~~In addition to the records required by section 15037 of this division, a licensed microbusiness engaging in manufacturing activities shall maintain all records required to be maintained by manufacturers under Chapter 15 of this division.~~

~~Authority: Section 26013, Business and Professions Code. Reference: Section 26160, Business and Professions Code.~~

Chapter 5. Cannabis Events

§15600. Cannabis Event Organizer License.

(a) To obtain a temporary cannabis event license, the event organizer must first apply for and obtain a cannabis event organizer license.

(b) A cannabis event organizer licensed under this section shall comply with chapter 1 of this division except for sections ~~15001-15002, 15006, 15007-15008, 15010-15010.3, 15046, 15019, 15025, 15027-15028, 15032, 15034, 15038, 15042, 15044, and 15046-15054~~15052.1.

(c) A cannabis event organizer licensee is not authorized or licensed to cultivate, distribute, manufacture, or retail cannabis or cannabis products without first obtaining the appropriate licenses or authorizations to engage in such commercial cannabis activities.

~~(d) A cannabis event organizer licensee shall comply with the record retention provisions~~

~~of section 15037 of this division. Records shall be kept by the cannabis event organizer licensee in a manner that allows the records to be produced for the Department in either hard copy or electronic form, whichever the Department requests. Failure to produce records upon the Department's request may result in disciplinary action against the cannabis event organizer license and/or denial of a temporary cannabis event license.~~

~~(e) Cannabis event organizer applications may be completed online at www.bcc.ca.gov or by delivering a printed copy to the Department's office(s).~~

~~(f) Applicants who submit their applications online shall first register for a user account as provided by section 15002(b) of this division.~~

~~(g) An application must be completed by an owner as defined by section 15003 of this division. An application for a cannabis event organizer license includes the following:~~

~~(1) The name of the applicant. For applicants who are individuals, the applicant shall provide both the first and last name of the individual. For applicants who are business entities, the applicant shall provide the legal business name of the applicant.~~

~~(2) If applicable, the business trade name ("DBA") of the applicant.~~

~~(3) Payment of an application fee pursuant to section 15014 of this division.~~

~~(4) Whether the owner is serving or has previously served in the military. Disclosure of military service is voluntary. An applicant who has served as an active duty member of the Armed Forces of the United States and was honorably discharged and who can provide evidence of such honorable discharge shall have his or her application expedited pursuant to Business and Professions Code section 115.4.~~

~~(5) A list of the license types and the license numbers issued from the Department and all other state cannabis licensing authorities that the applicant holds, including the date the license was issued and the licensing authority that issued the license.~~

~~(6) Whether the applicant has been denied a license or has had a license suspended or revoked by the Department or any other state cannabis licensing authority. The applicant shall provide the type of license applied for, the name of the licensing authority that denied the application, and the date of denial.~~

~~(7) The mailing address for the applicant.~~

~~(8) The telephone number for the applicant.~~

~~(9) The website address of the applicant's business, if applicable.~~

~~(10) The email address for the applicant's business.~~

~~(11) Contact information for the applicant's designated primary contact person including the name, title, phone number, and email address of the individual.~~

~~(12) The federal employer identification number for the applicant's business.~~

~~(13) A description of the business organizational structure of the applicant, such as partnership or corporation.~~

~~(14) All business formation documents, which may include, but are not limited to, articles of incorporation, bylaws, operating agreements, partnership agreements, and fictitious~~

~~business name statements. The applicant shall also provide all documents filed with the California Secretary of State, which may include, but are not limited to, articles of incorporation, certificates of stock, articles of organization, certificates of limited partnership, and statements of partnership authority. If the commercial cannabis business is held in trust, the applicant shall provide a copy of the certificate of trust establishing trustee authority.~~

~~(15) A list of every fictitious business name the applicant is operating under including the address where the business is located.~~

~~(16) A commercial cannabis business that is a foreign corporation shall include in its application the certificate of qualification, certificate of registration, or certificate of status issued by the California Secretary of State.~~

~~(17) The applicant shall supply the following financial information:~~

~~(A) A list of funds belonging to the applicant's cannabis event organizing business held in savings, checking, or other accounts maintained by a financial institution. The applicant shall provide, for each account, the financial institution's name, the financial institution's address, account type, account number, and the amount of money in the account.~~

~~(B) A list of loans made to the applicant for its use in cannabis event organizing activities. For each loan, the applicant shall provide the amount of the loan, the date of the loan, term(s) of the loan, security provided for the loan, and the name, address, and phone number of the lender.~~

~~(C) A list of investments made into the applicant's cannabis event organizing activities. For each investment, the applicant shall provide the amount of the investment, the date of the investment, term(s) of the investment, and the name, address, and phone number of the investor.~~

~~(D) A list of all gifts of any kind given to the applicant for its use in cannabis event organizing activities. For each gift, the applicant shall provide the value of the gift or description of the gift, and the name, address, and phone number of the provider of the gift.~~

~~(18) A complete list of every individual that has a financial interest in the cannabis event organizing business as defined in section 15004 of this division, who is not an owner as defined in section 15003 of this division.~~

~~(19) A complete list of every owner of the applicant as defined in section 15003 of this division. Each individual named on this list shall submit the following information:~~

~~(A) The full name of the owner.~~

~~(B) The owner's title within the applicant entity.~~

~~(C) The owner's date of birth and place of birth.~~

~~(D) The owner's Social Security number or individual taxpayer identification number.~~

~~(E) The owner's mailing address.~~

~~(F) The owner's telephone number. This may include a number for the owner's home, business, or mobile telephone.~~

~~(G) The owner's email address.~~

~~(H) The owner's current employer.~~

~~(I) The percentage of the ownership interest held in the applicant entity by the owner.~~

~~(J) Whether the owner has an ownership or a financial interest as defined in sections 15003 and 15004, respectively, of this division in any other commercial cannabis business licensed under the Act.~~

~~(K) A copy of the owner's government-issued identification. Acceptable forms of identification are a document issued by a federal, state, county, or municipal government that includes the name, date of birth, height, gender, and picture of the person, such as a driver license.~~

~~(L) A detailed description of the owner's convictions. A conviction within the meaning of this section means a plea or verdict of guilty or a conviction following a plea of nolo contendere. Convictions dismissed under Penal Code section 1203.4 or equivalent non-California law must be disclosed. Convictions dismissed under Health and Safety Code section 11361.8 or equivalent non-California law must be disclosed. Juvenile adjudications and traffic infractions under \$300 that did not involve alcohol, dangerous drugs, or controlled substances do not need to be included. For each conviction, the owner shall provide the following:~~

~~(i) The date of conviction.~~

~~(ii) Dates of incarceration, if applicable.~~

~~(iii) Dates of probation, if applicable.~~

~~(iv) Dates of parole, if applicable.~~

~~(v) A detailed description of the offense for which the owner was convicted.~~

~~(vi) A statement of rehabilitation for each conviction. The statement of rehabilitation is to be written by the owner and may contain evidence that the owner would like the Department to consider that demonstrates the owner's fitness for licensure. Supporting evidence may be attached to the statement of rehabilitation and may include, but is not limited to, a certificate of rehabilitation under Penal Code section 4852.01, and dated letters of reference from employers, instructors, or professional counselors that contain valid contact information for the individual providing the reference.~~

~~(M) If applicable, a detailed description of any administrative orders or civil judgments for violations of labor standards, any suspension of a commercial cannabis license, revocation of a commercial cannabis license, or sanctions for unlicensed commercial cannabis activity by a licensing authority, local agency, or state agency against the applicant or a business entity in which the applicant was an owner or officer within the three years immediately preceding the date of the application.~~

~~(N) Attestation to the following statement: Under penalty of perjury, I hereby declare that the information contained within and submitted with the application is complete, true, and accurate. I understand that a misrepresentation of fact is cause for rejection of this application, denial of the license, or revocation of a license issued.~~

~~(20) For an applicant with 20 or more employees, the applicant shall attest that the applicant has entered into a labor peace agreement and will abide by the terms of the agreement. The applicant shall submit a copy of the page of the labor peace agreement that contains signatures of the union representative and the applicant. For applicants who have not yet entered into a labor peace agreement, the applicant shall provide a notarized statement indicating the applicant will enter into and abide by the terms of a labor peace agreement as soon as reasonably practicable after licensure.~~

~~(21) The limited waiver of sovereign immunity required by section 15009 of this division, if applicable.~~

~~(22) The applicant's State Employer Identification Number (SEIN) issued by the California Employment Development Department.~~

~~(23) For an applicant with more than one employee, the applicant shall attest that the applicant employs, or will employ within one year of receiving a license, one supervisor and one employee who have successfully completed a Cal OSHA 30-hour general industry outreach course offered by a training provider that is authorized by an OSHA Training Institute Education Center to provide the course.~~

Authority: Sections 115.4 and 26013, Business and Professions Code. Reference: Sections 115.4, 144, 26012 and 26200, Business and Professions Code.

§15601. Temporary Cannabis Event License Requirements.

(a) A temporary cannabis event license authorizes a licensed cannabis event organizer to hold a temporary cannabis event where the onsite sale and consumption of cannabis goods is authorized at the location indicated on the license during the dates indicated on the license.

~~(b) A temporary cannabis event license shall only be issued to a person who holds a cannabis event organizer license issued by the Department.~~

~~(c)~~(b) Violations of the requirements applicable to temporary cannabis events may result in disciplinary action against the cannabis event organizer license or any other licenses held by a licensee participating in the temporary cannabis event and responsible for a violation under this division or the Act.

~~(d)~~(c) A temporary cannabis event license shall only be issued for a single day or up to 4 consecutive days. No temporary cannabis event license will be issued for more than 4 days.

~~(e)~~(d) An application for a temporary cannabis event license shall be submitted to the Department no less than 60 calendar days before the first day of the temporary cannabis event.

~~(f)~~(e) A temporary cannabis event may only be held at a county fair event, district agricultural association event, or at another venue expressly approved by a local jurisdiction for the purpose of holding a temporary cannabis event.

~~(g)~~(f) A temporary cannabis event license shall not be issued for a premises that is licensed for the sale of alcohol or tobacco.

~~(h) An application for a temporary cannabis event license shall include the following:~~

~~(1) The name of the applicant. For applicants who are individuals, the applicant shall provide both the first and last name of the individual. For applicants who are business entities, the applicant shall provide the legal business name of the applicant.~~

~~(2) The license number for each state cannabis license held by the applicant.~~

~~(3) The address of the location where the temporary cannabis event will be held.~~

~~(4) The name of the temporary cannabis event.~~

~~(5) A diagram of the physical layout of the temporary cannabis event. The diagram shall clearly indicate where the temporary cannabis event will be taking place on the location grounds, all entrances and exits that will be used by participants during the event, all cannabis consumption areas, and all retail areas where cannabis goods will be sold. The hours during which cannabis goods will be sold shall be noted on the diagram. The diagram shall also clearly indicate the area where cannabis waste will be stored, all areas where cannabis goods will be stored, and the specific location of each cannabis licensee who will be participating in the event. Each cannabis licensee participating in the event shall be identified with an assigned temporary cannabis event location number. The diagram shall not contain highlighting and the markings on the diagram shall be in black and white print.~~

~~(6) The dates and hours of operation for which the temporary cannabis event license is being sought. A temporary event license is required for any date in which the applicant engages in onsite cannabis sales or allows onsite cannabis consumption.~~

~~(7) Contact information for the applicant's designated primary contact person regarding the temporary event license, including the name, title, address, phone number, and email address of the individual.~~

~~(8) Contact information for a designated contact person(s) who shall be onsite at the event and reachable by telephone at all times that the event is occurring.~~

~~(9) Written approval from the local jurisdiction authorizing the applicant to engage in onsite cannabis sales to, and onsite consumption by, persons 21 years of age or older at the temporary cannabis event at the proposed location.~~

~~(10) A list of all licensees and employees that will be providing onsite sales of cannabis goods at the temporary cannabis event.~~

~~(11) Attestation to the following statement: Under penalty of perjury, I hereby declare that the information contained within and submitted with the application is complete, true, and accurate. I understand that a misrepresentation of fact is cause for rejection of this application, denial of the license, or revocation of a license issued.~~

~~(i)(g) If the list of licensees and employees participating in the temporary cannabis event changes after the application is submitted or after the license is issued, the applicant shall submit with the Licensee Notification and Request Form, Notifications and Requests Regarding Regulatory Compliance, DCC-LIC-027028 (Amended 7/24 New 9/21), incorporated herein by reference, an updated list and an updated diagram, as required in subsection ~~(f)(5)~~ of this section 15002.1(b)(5), to the Department no less than~~

72 hours before the event. Licensees not on the list submitted to the Department shall not participate in the temporary cannabis event.

~~(j)~~(h) The licensed cannabis event organizer shall hire or contract for security personnel to provide security services at the licensed temporary cannabis event. All security personnel hired or contracted for by the licensee shall be at least 21 years of age, licensed by the Bureau of Security and Investigative Services, and comply with ~~c~~ Chapters 11.4 and 11.5 of ~~d~~ Division 3 of the Business and Professions Code. Security personnel shall be present on the licensed premises at all times cannabis goods are available for sale and/or cannabis goods consumption is allowed on the licensed premises.

~~(k)~~(i) A licensed cannabis event organizer shall maintain a clearly legible sign, not less than 7" inches by ~~x~~ 11" inches in size, reading, "No Persons Under 21 Allowed" at or near each public entrance to any area where the sale or consumption of cannabis goods is allowed. The lettering of the sign shall be no less than 1 inch in height.

~~(l)~~(j) All cannabis waste generated at a temporary cannabis event shall be collected and disposed of in accordance with the requirements of section ~~1722315054~~ this division. The licensed cannabis event organizer may contract or arrange for the collection and disposal of cannabis waste generated during the temporary cannabis event.

~~(m)~~(k) A licensed cannabis event organizer and all other licensees participating in a temporary cannabis event are required to comply with section 15037 ~~of this division~~ and all other applicable requirements in the Act and this division pertaining to record keeping.

~~(n)~~(l) The Department may require the event organizer and all participants to cease operations without delay if, in the opinion of the Department or local law enforcement, it is necessary to protect the immediate public health and safety of the people of the state. Upon notification from the Department that the event is to cease operations, the event organizer shall immediately stop the event and all participants shall be removed from the premises within the time frame provided by the Department.

~~(o)~~(m) Upon notification from the Department, the event organizer shall immediately expel from the event any person selling cannabis goods without a license from the Department that authorizes the participant to sell cannabis goods. The event organizer or their representative shall remain with the person being expelled from the premises at all times until he or she vacates the premises. If the person does not vacate the premises, the Department may inform the event organizer that the event must cease operations. Upon notification from the Department that the event is to cease operations, the event organizer shall immediately stop the event and all participants shall be removed from the premises within the time frame provided by the Department.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26012 and 26200, Business and Professions Code.

§15602. Temporary Cannabis Event Sales.

(a) Only persons age 21 or older may purchase and consume cannabis goods at a temporary cannabis event. Prior to selling cannabis goods to a customer, the licensee making the sale shall confirm, using valid identification as specified in section 15404 of this division, the age and identity of the customer.

(b) All sales of cannabis goods at a temporary cannabis event must occur in a retail area as designated in the premises diagram pursuant to section ~~15601(h)(5)~~ 15002.1(b)(5) of this division.

(c) Each sale at a temporary cannabis event shall be performed by a licensed retailer, a licensed non-storefront retailer, or licensed microbusiness that is authorized to engage in retail sales. The cannabis event organizer may also sell cannabis goods at the temporary cannabis event if the organizer separately holds a license authorizing the retail sale of cannabis goods.

(1) Licensed retailers or licensed microbusinesses shall only conduct sales activities within their specifically assigned area, identified in the diagram of the physical layout of the temporary cannabis event.

(2) Mobile sales activities via wagon, cart, or similar means are prohibited at the temporary cannabis event site.

(d) Licensed retailers or licensed microbusinesses must prominently display their temporary cannabis event location number and state license within plain sight of the public.

(e) All sales at a temporary cannabis event shall occur on the dates stated on the license and shall occur at the location stated on the license. All onsite sales of cannabis goods must comply with the hours of operation requirements of section 15403 of this division.

(f) Sale of alcohol or tobacco shall not be allowed on the licensed temporary cannabis event premises.

(g) The cannabis goods sold onsite at a temporary cannabis event shall be transported by a licensed distributor or licensed microbusiness in compliance with the Act and this division. All shipments of cannabis goods and non-cannabis goods intended for sale at a temporary cannabis event must be checked by the temporary cannabis event organizer staff to prevent prohibited items, such as alcohol and tobacco, from entering the licensed premises.

(h) Except small amounts of cannabis goods used for display, all cannabis goods for sale at a temporary cannabis event shall be stored in a secure, locked container that is not accessible to the public. Cannabis goods being stored by a licensee at a temporary cannabis event shall not be left unattended. Licensees may share the secure, locked container; however, each licensee using the container shall be held responsible for any violations of this section and subject to disciplinary action.

(i) All cannabis goods made available for sale at a cannabis event shall comply with all requirements for the retail sale of cannabis goods within the Act and section 15406 of this division.

- (j) All cannabis goods made available for sale at a temporary cannabis event shall comply with all track and trace requirements within the Act and this division.
- (k) All cannabis goods used for display at a temporary cannabis event shall comply with the requirements of section 15405 of this division.
- (l) All cannabis goods sold at a temporary cannabis event shall comply with section 15413 of this division.
- (m) All customer returns of cannabis goods at a temporary cannabis event shall comply with section 15410 of this division.
- (n) The daily sales limits under section 15409 of this division apply to all sales made at a temporary cannabis event.
- (o) A licensed retailer shall only provide free cannabis goods to a person at a temporary cannabis event if the licensed retailer complies with all requirements of section 15411 of this division.
- (p) The licensed cannabis event organizer shall be responsible for ensuring that all rules and requirements for the onsite sale of cannabis goods are followed.
- (q) Any compensation paid from a licensed retailer to a licensed cannabis event organizer for participation in a temporary cannabis event shall not be determined based on, or be contingent on, the sale of cannabis goods.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26070 and 26200, Business and Professions Code.

§15604. Informational or Educational Cannabis Events.

- (a) Informational or educational cannabis events where no sales of cannabis goods or consumption of cannabis goods is occurring are not required to be licensed by the Department.
- (b) A person may display cannabis goods or cannabis products for informational or educational purposes consistent with Health and Safety Code sections 11362.1 and 11362.77.

Authority: Section 26013, Business and Professions Code. Reference: Section 26013, Business and Professions Code; and Sections 11362.1 and 11362.77, Health and Safety Code.

Chapter 6. Testing Laboratories

Article 1. Chapter Definitions

§15700. Definitions.

In addition to the definitions in section 15000 of this division, the following definitions apply to this chapter.

- (a) “Acceptance criteria” means the specified limits placed on the characteristics of an

item or method that are used to determine data quality.

(b) “Accreditation body” means an impartial non-profit organization that operates in conformance with the International Organization for Standardization (ISO) / International Electrotechnical Commission (IEC) standard 17011 and is a signatory to the International Laboratory Accreditation Cooperation (ILAC) Mutual Recognition Arrangement (MRA) for Testing.

(c) “Accredited college or university” means a college or university accredited by a regional or national accrediting agency that is an accreditor recognized by the Secretary of the US Department of Education.

(d) “Action level” means the threshold value that provides the criterion for determining whether a sample passes or fails an analytical test.

(e) “Analyte” means a chemical, compound, element, bacteria, yeast, fungus, or toxin to be identified or measured.

(f) “Analytical batch” means a set of no more than 20 samples that is prepared together for the same analysis and are prepared with laboratory quality control (LQC) samples.

(g) “Analytical method” means a technique used qualitatively or quantitatively to determine the composition of a sample or a microbial contamination of a sample.

(h) “Analytical sequence” means a group of samples that are analyzed sequentially using the same instrument calibration curve.

(i) “Cannabinoid” means a class of diverse chemical compounds derived from a cannabis plant.

~~(j) “Cannabis concentrate” means cannabis that has undergone a process to concentrate one or more active cannabinoids, thereby increasing the product’s potency. For purposes of this chapter, “cannabis concentrate” includes, but is not limited to, the separated resinous trichomes of cannabis, tinctures, capsules, suppositories, extracts, vape cartridges, inhaled products (such as dab, shatter, and wax), and tablets as defined by the Department in regulation.~~

(~~k~~)(j) “CAS number” means the unique numerical identifier assigned to every chemical substance by Chemical Abstracts Service, a division of the American Chemical Society.

~~(l) “CBD” means cannabidiol, CAS number 13956-29-1.~~

~~(m)~~(k) “CBDA” means cannabidiolic acid, CAS number 1244-58-2.

~~(n)~~(l) “CBG” means cannabigerol, CAS number 25654-31-3.

~~(o)~~(m) “CBN” means cannabinol, CAS number 521-35-7.

~~(p)~~(n) “Certificate of accreditation” means a document issued by an accreditation body that attests to the laboratory’s competence to carry out specific testing analysis.

~~(q) “Certificate of analysis” (COA) means the report prepared by the laboratory about the analytical testing performed and results obtained by the laboratory.~~

~~(r)~~(o) “Certified reference material” means a reference material prepared by a certifying body or a party independent of the laboratory with ISO/IEC 17034 accreditation.

~~(s)~~(p) “Chain of Custody” (COC) means the chronological documentation that records the sequence of custody, control, transfer, analysis, and disposal of a sample.

~~(t)~~(q) “Coefficient of Determination” (commonly denoted as “ r^2 ”) means a statistical measure that determines how well the regression approximates the actual data points in the calibration curve, with a regression of 1 being a perfect fit.

~~(u)~~(r) “Continuing calibration verification” (CCV) means a type of quality control sample that includes each of the target method analytes that is a mid-range calibration standard which checks the continued validity of the initial calibration of the instrument.

~~(v)~~(s) “Corrective action” means an action taken by the laboratory to resolve, and prevent from recurrence, a problem with the technical operations of the laboratory.

~~(w)~~(t) “Exclusivity” means the specificity of the test method for validating microbial testing methods. It evaluates the ability of the method to distinguish the target organisms from similar but genetically distinct non-target organisms.

~~(x)~~(u) “Foreign material” means any filthy, putrid, or decomposed substance including hair, insects, excreta, or related adulterant that may be hazardous or cause illness or injury to the consumer.

~~(y)~~(v) “Frequency” means the number of items occurring in each category. Frequency may be determined by analytical method or laboratory specific requirements for accuracy, precision of the analysis, or statistical calculation.

~~(z)~~(w) “Good laboratory practice” (GLP) means a system of management controls for laboratories to ensure the uniformity, consistency, reliability, reproducibility, quality, and integrity of analyses performed by the testing laboratory.

~~(aa)~~(x) “Inclusivity” means, related to microbiological method validation, the sensitivity of the test method. It evaluates the ability of the test method to detect a wide range of target organisms by a defined relatedness.

~~(bb)~~(y) “Inhalable” means consumable ~~in gaseous or vapor form~~ through the lungs.

~~(cc)~~(z) “Initial Calibration Verification” (ICV) means a solution of each of the target method analytes of known concentration that is obtained from a source external to the laboratory and different from the source of calibration standards.

~~(dd)~~(aa) “ISO/IEC” means the joint technical committee of the International Organization for Standardization (ISO) and the International Electrotechnical Commission (IEC).

~~(ee)~~(bb) “ISO/IEC 17025” means the general requirements specified by the ISO/IEC for the competence of testing and calibration laboratories.

~~(ff)~~(cc) “ISO/IEC 17034” means the general requirements established by the ISO/IEC for the competence of reference material producers.

~~(gg)~~(dd) “ISO/IEC 17043” means the general requirements established by the ISO/IEC for proficiency testing.

~~(hh)~~(ee) “Laboratory” means “testing laboratory” as defined at Business and Professions Code section 26001(~~at~~ av).

~~(ii)~~(ff) “Laboratory Control Sample” (LCS) means a blank matrix to which known concentrations of each of the target method analytes are added. The spiked concentration must be at a mid-range concentration of the calibration curve for the target analytes. The LCS is analyzed in the same manner as the representative sample.

~~(jj)~~(gg) “Laboratory replicate sample” means a sub-sample taken of the representative sample used for laboratory quality control purposes to demonstrate reproducibility. It is prepared and analyzed in the identical manner as the representative sample. The results from replicate analyses are used to evaluate analytical precision.

~~(kk)~~(hh) “Laboratory employee” means any person directly employed by the laboratory for wages, salary, barter, or trade by the laboratory and who is not employed by any other licensee under the Act except for another testing laboratory. “Laboratory employee” does not mean an independent contractor, third party entity, or any other entity acting on behalf of the laboratory.

~~(H)~~(ii) “Laboratory quality assurance” means the set of operating principles that enable laboratories to produce defensible data of known accuracy and precision and includes employee training, equipment preventative maintenance procedures, calibration procedures, and quality control testing, among other things.

~~(mm)~~(jj) “Limit of detection” (LOD) means the lowest quantity of a substance or analyte that can be distinguished from the absence of that substance within a stated confidence limit.

~~(nn)~~(kk) “Limit of quantitation” (LOQ) means the minimum concentration of an analyte in a specific matrix that can be reliably quantified while also meeting predefined goals for bias and imprecision.

~~(oo)~~(ll) “Linear regression” means the determination, in analytical chemistry, of the best linear equation for calibration data to generate a calibration curve. The concentration of an analyte in a sample can then be determined by comparing a measurement of the unknown to the calibration curve. A linear regression uses the following equation:

$$y = mx + b; \text{ where } m = \text{slope, } b = \text{intercept}$$

~~(pp)~~(mm) “Matrix” means the substances that are present in a sample except for the analyte(s) of interest.

~~(qq)~~(nn) “Matrix spike sample” means a sample prepared by adding a known quantity of each of the target analyte to a sample matrix or to a matrix that is as closely representative of the matrix being analyzed as possible. The spiked concentration must be at a mid-range concentration of the calibration curve for the target analytes.

~~(rr)~~(oo) “Method Blank” means an analyte free matrix to which all reagents are added in the same volumes or proportions as used in the sample preparation and is processed in exactly the same manner as the samples.

~~(ss)~~(pp) “Moisture content” means the percentage of water in a sample, by weight.

~~(tt)~~(qq) “Non-target organism” means an organism that the test method or analytical procedure is not testing for and can be used in evaluating the specificity of a test method.

~~(uu)~~ “Orally consumed product containing alcohol” means a liquid solution that contains more than 0.5% alcohol by volume as an ingredient, is not otherwise an alcoholic beverage as defined in Business and Professions Code section 23004, is packaged in a container no larger than two (2) fluid ounces and includes a capped calibrated dropper capable of accurately measuring servings.

~~(vv)~~ “Orally dissolving product” means an edible cannabis product that is intended to dissolve and release cannabinoids directly into the mouth, which allows them to enter the bloodstream through the tissue, such as sublingual lozenges or mouth strips. Orally dissolving products are not intended to be eaten or swallowed to enter the digestive system.

~~(ww)~~(rr) “Percent recovery” means the percentage of a measured concentration relative to the added (spiked) concentration in a reference material or matrix spike sample. A laboratory shall calculate the percent recovery by dividing the sample result by the expected result then multiplying the quotient by 100.

~~(xx)~~(ss) “Practical experience” means experience performing scientific analytical tests in a laboratory setting using equipment, instruments, kits, and materials routinely found in a laboratory. “Practical experience” includes experience in any type of laboratory setting and is not limited to cannabis-specific laboratories.

~~(yy)~~ “Pre-roll” has the same meaning as in section 15000(q) of this division and also includes, for purposes of this chapter, pre-rolls infused with cannabis concentrate.

~~(zz)~~(tt) “Proficiency test” means an evaluation of a laboratory’s performance against pre-established criteria by means of interlaboratory comparisons of test measurements.

~~(aaa)~~(uu) “Proficiency test sample” means a sample that is prepared by a party independent of the testing laboratory with the ISO/IEC 17043 accreditation, where the concentration and identity of an analyte is known to the independent party, but is unknown to the testing laboratory and testing laboratory employees.

~~(bbb)~~(vv) “Quadratic regression” means the determination, in analytical chemistry, of the best parabola equation for calibration data to generate a calibration curve. The concentration of an analyte in a sample can then be determined by comparing a measurement of the unknown to the calibration curve. A quadratic regression uses the following equation:

$$y = ax^2 + bx + c; \text{ where } a, b, \text{ and } c \text{ are numerical coefficients}$$

~~(ccc)~~(ww) “Quality control” means the set of measures implemented within an analytical procedure to ensure that the measurement system is operating in a state of statistical control for which errors have been reduced to acceptable levels.

~~(ddd)~~(xx) “Quality control sample” means a sample that is produced and used by a laboratory for the purpose of assuring the quality of the data and results. Quality control samples include blank samples, matrix spike samples, laboratory control samples, replicate samples, and reference material samples.

~~(eee)~~(yy) “Reagent” means a compound or mixture added to a system to cause a chemical reaction or test if a reaction occurs. A reagent may be used to tell whether a

specific chemical substance is present by causing a reaction to occur with the chemical substance.

~~(fff)~~(zz) “Reference material” means material containing a known concentration of an analyte of interest that is in solution or in a homogeneous matrix.

~~(ggg)~~(aaa) “Reference method” means the method by which the performance of an alternate method is measured or evaluated.

~~(hhh)~~(bbb) “Relative percent difference” (RPD) means the comparative statistic that is used to calculate precision or random error. RPD is calculated using the following equation:

$$\text{RPD} = \left| \frac{\text{representative sample measurement} - \text{replicate sample measurement}}{([\text{representative sample measurement} + \text{replicate sample measurement}] / 2)} \right| \times 100\%$$

~~(iii)~~(ccc) “Relative standard deviation” (RSD) means the standard deviation expressed as a percentage of the means recovery. RSD is calculated using the following equation:

$$\text{RSD} = (s / x) \times 100\%; \text{ where } s = \text{standard deviation and } x = \text{mean}$$

~~(jjj)~~(ddd) “Representative” means a small quantity of the batch whose characteristics represent, as accurately as possible, the entire batch, thus allowing the results to be generalized.

~~(kkk)~~(eee) “Representative sample” means a sample that is comprised of several sample increments of cannabis or cannabis products~~goods~~ that are collected from a batch for testing.

~~(lll)~~(fff) “Requester” means the person who submits a request to the laboratory for testing of cannabis or cannabis products~~goods~~ from an entity licensed under the Act.

~~(mmm)~~(ggg) “Reserve sample” means any portion of a representative sample that was not used in the testing process.

~~(nnn)~~(hhh) “Sample” means a representative part of, or a single item from, a batch which is comprised of several sample increments.

~~(ooo)~~(jjj) “Sample increment” means a portion of a batch that, together with other increments, makes up the sample.

~~(ppp)~~(kkk) “Sampler” means the laboratory employee responsible for obtaining samples of cannabis or cannabis products~~goods~~ from a licensed distributor or licensed microbusiness authorized to engage in distribution.

~~(qqq)~~(lll) “Sanitize” means to sterilize, disinfect, or make hygienic.

~~(rrr)~~(mmm) “Scope of accreditation” means the tests or types of tests performed, materials or products tested, and the methods used for testing cannabis or cannabis products for which the accreditation has been granted.

~~(sss)~~(nnn) “Standard operating procedure” (SOP) means a written document that provides detailed instructions for the performance of all aspects of an analysis, operation, or action.

~~(ttt)(ooo)~~ “Target organism” means an organism that is being tested for in an analytical procedure or test method.

~~(uuu)~~ “THC” and “delta-9 THC” means tetrahydrocannabinol, CAS number 1972-08-3.

~~(vvv)(ppp)~~ “THCA” means tetrahydrocannabinolic acid, CAS number 23978-85-0.

~~(www)~~ “Topical cannabis goods” means cannabis products intended to be applied to the skin and not intended to be ingested or inhaled. Liquid solutions that contain more than 0.5% alcohol by volume as an ingredient and are not otherwise an alcoholic beverage as defined in Business and Professions Code section 23004 shall only be considered topical cannabis goods if they are packaged in a container no larger than two (2) fluid ounces.

~~(xxx)(qqq)~~ “Total CBD” means the sum of CBD and CBDA. Total CBD is calculated using the following equation:

$$\text{Total CBD concentration (mg/g)} = (\text{CBDA concentration (mg/g)} \times 0.877) + \text{CBD concentration (mg/g)}$$

~~(yyy)(rrr)~~ “Total THC” means the sum of THC and THCA. Total THC is calculated using the following equation:

$$\text{Total THC concentration (mg/g)} = (\text{THCA concentration (mg/g)} \times 0.877) + \text{THC concentration (mg/g)}$$

~~(zzz)(sss)~~ “Validation” means the confirmation by examination and objective evidence that the requirements for a specific intended use or analytical method are fulfilled.

~~(aaaa)(ttt)~~ “Water activity” means the measure of the quantity of water in a product that is available and therefore capable of supporting bacteria, yeasts, and fungi and which is reported in units Aw.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26013 and 26100, Business and Professions Code.

Article 2. Laboratory License

§15702. Laboratory License Application.

In addition to the information required in section 15002 of this division, an application for a testing laboratory license includes the following:

(a) A valid certificate of accreditation, issued by an accreditation body, that attests to the laboratory’s competence to perform testing, including all the required analytes for the following test methods:

- (1) Cannabinoids;
- (2) Heavy metals;
- (3) Microbial impurities;
- (4) Mycotoxins;
- (5) Residual pesticides;

- (6) Residual solvents and processing chemicals; and
- (7) If tested, terpenoids.
- (b) Standard operating procedures for the following testing methods:
 - (1) Cannabinoids;
 - (2) Foreign material;
 - (3) Heavy metals;
 - (4) Microbial impurities;
 - (5) Moisture content and water activity;
 - (6) Mycotoxins;
 - (7) Residual pesticides;
 - (8) Residual solvents and processing chemicals; and
 - (9) If tested, terpenoids.
- (c) Method validation reports for the following testing methods:
 - (1) Cannabinoids;
 - (2) Heavy metals;
 - (3) Microbial impurities;
 - (4) Water activity;
 - (5) Mycotoxins;
 - (6) Residual pesticides;
 - (7) Residual solvents; and processing chemicals; and
 - (8) If tested, terpenoids.
- (d) Standard operating procedures for the sampling of cannabis ~~goods~~ or cannabis products.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26012, 26050, 26055, 26102 and 26104, Business and Professions Code.

§15703. Interim Testing Laboratory License.

- (a) An applicant may apply for an interim license prior to receiving ISO/IEC 17025 accreditation provided that the commercial cannabis business applicant meets all other licensure requirements for a testing laboratory and submits to the Department an application in compliance with section 15002 of this division and an attestation that the commercial cannabis business applicant has or intends to seek ISO/IEC 17025 accreditation for all testing methods required by this division.
- (b) An interim testing laboratory license shall be valid for 12 months. The annual license fee for an interim license shall be determined pursuant to the requirements in section

15014 of this division for determining the annual license fee for a testing laboratory license.

(c) To timely renew an interim license, a completed license renewal form and the annual renewal license fee pursuant to section 15014 of this division shall be received by the Department from the licensee no earlier than 60 calendar days before the expiration of the license and no later than 5:00 p.m. Pacific Time on the last business day before the expiration of the license if the renewal form is submitted to the Department at its office(s), or no later than 11:59 p.m. on the last business day before the expiration of the license if the renewal form is submitted to the Department through its electronic licensing system. Failure to receive a notice for license renewal does not relieve a licensee of the obligation to renew an interim license as required.

(d) In the event the license is not renewed prior to the expiration date, the licensee must not test any commercial cannabis ~~goods~~ or cannabis products until the license is renewed.

(e) A licensee may submit a license renewal form up to 30 calendar days after the license expires. Any late renewal form will be subject to a late fee equal to 50 percent of the applicable licensing fees required by subsection (c) of this section.

(f) The license renewal application shall contain the following:

(1) The name of the licensee. For licensees who are individuals, the applicant shall provide both the first and last name of the individual. For licensees who are business entities, the licensee shall provide the legal business name of the ~~applicant~~ commercial cannabis business;

(2) The license number and expiration date;

(3) The licensee's address of record and licensed premises address; and

(4) An attestation that all information provided to the Department in the original application under section 15002 of this division or subsequent notification under sections 15023 and 15024 of this division is accurate and current.

(g) The Department may renew an interim license for an initial renewal period of 12 months.

(h) After one renewal, the Department may renew the interim license for additional 12-month periods if the licensee has submitted an application for the ISO/IEC 17025 accreditation. In addition to the information required for a renewal form pursuant to subsection (f) of this section, any renewal request pursuant to this section shall also include an attestation that the licensee's application for each ISO/IEC 17025 is pending with the accrediting body, the name of the accrediting body, and the date the application was submitted to the accrediting body.

(i) The licensee shall notify the Department if the application for each ISO/IEC 17025 accreditation is granted or denied within 1 business day of receiving the decision from the accrediting body. The ~~L~~licensee shall submit to the Department the information required, on the Licensee Notification and Request Form, Notifications and Requests Regarding Testing Laboratories, DCC-LIC-027029 (Amended 7/21 New 9/21), which is

incorporated herein by reference. If the accrediting body grants or denies the licensee's application for any ISO/IEC 17025 accreditation before the expiration of the interim license, the Department may terminate the interim license at that time.

(j) The Department may revoke an interim license at any time.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26012, 26031, 26050 and 26102, Business and Professions Code.

Article 3. Sampling Cannabis and Cannabis Products

§15704. Sampling Standard Operating Procedures.

(a) The licensed laboratory shall develop and implement a sampling standard operating procedure (SOP) that describes the laboratory's method for obtaining representative samples of ~~cannabis goods~~ or cannabis products. The licensed laboratory shall use and submit to the Department Sampling – Standard Operating Procedures, DCC-LIC-021 (Amended 7/9/21), which is incorporated herein by reference.

(b) The licensed laboratory shall retain a copy of the sampling SOP on the licensed laboratory premises and ensure that the sampling SOP is accessible to the sampler during sampling.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26100, 26102, 26104 and 26110, Business and Professions Code.

§15705. General Sampling Requirements.

(a) The licensed laboratory that obtains a representative sample from a licensed distributor or licensed microbusiness shall perform all the required testing at one licensed laboratory premises.

(b) The licensed laboratory may obtain and analyze samples only from cannabis products batches in final form as required by Business and Professions Code section 26100.

(c) The licensed laboratory sampler shall collect a representative sample from each batch following the procedures specified in the laboratory's sampling standard operating procedure(s).

(d) The licensed laboratory shall ensure that the sample is transported and subsequently stored at the licensed laboratory premises in a manner that prevents degradation, contamination, commingling, and tampering. If the cannabis or cannabis products ~~good~~ specifies on the label how the cannabis or cannabis products ~~good~~ shall be stored, the laboratory shall store the sample as indicated on the label.

(e) The licensed laboratory shall complete a chain of custody form for each sample that the laboratory collects and analyzes.

(f) Once a representative sample has been obtained for regulatory compliance testing, the ~~licensed testing~~ licensed laboratory that obtained the sample must complete the regulatory compliance testing.

(g) If a licensed laboratory is unable to competently complete the regulatory compliance testing after sampling and before a COA is issued, the licensed distributor or microbusiness authorized to engage in distribution who arranged for the testing of the batch(s) may request approval from the Department to have the impacted batch(s) re-sampled and tested by another licensed laboratory.

(1) The request shall be made in writing via email to ~~bcc.labs@dca.ca.gov~~ testinglabs@cannabis.ca.gov and shall include all of the following:

- (A) The name and license number of the distributor;
- (B) The batch numbers;
- (C) The type and quantity of ~~cannabis goods~~ cannabis products;
- (D) The name and license number of the laboratory that took the initial sample and is not able to competently complete the regulatory compliance testing;
- (E) The name and license number of the laboratory proposed to re-sample and complete the regulatory compliance testing for the batch(s); and
- (F) The reason why the laboratory that initially took the sample cannot competently complete the regulatory compliance testing.

(2) The Department will review the request and determine if the licensed laboratory that initially took the sample is unable to competently complete the regulatory compliance testing. If the Department determines that the licensed laboratory is unable to competently complete the regulatory compliance testing, the Department, in its discretion, may approve the request in whole or part and set conditions for the re-sampling and testing.

(3) No re-sampling of any batch shall occur prior to the licensed distributor or licensed microbusiness authorized to engaged in distribution receiving written approval from the Department.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26100, 26104 and 26110, Business and Professions Code.

§15706. Chain of Custody (COC).

(a) The licensed laboratory shall develop and implement a COC protocol to ensure accurate documentation is recorded for the transport, handling, storage, and destruction of samples.

(b) The COC protocol shall require the use of a COC form. The sampler shall use a COC to record the following information for each sampled batch:

- (1) Laboratory's name, licensed premises address, and license number;
- (2) Date and time sampling started and ended;
- (3) Licensed distributor or licensed microbusiness' name, licensed premises address, and license number;
- (4) Licensed cultivator's, licensed manufacturer's, or licensed microbusiness' name,

licensed premises address, and license number;

(5) Batch number of the batch from which the representative sample was obtained and assigned unique sample identifier;

(6) Sample matrix;

(7) Total batch size, by weight, or unit count;

(8) Total weight, or unit count of the representative sample;

(9) Sampling conditions or problems encountered during the sampling process, if any;

(10) Printed name and signature of the licensed distributor or licensed microbusiness' authorized to engage in distribution employee; and

(11) Printed name and signature of the sampler.

(c) Each time a sample changes custody between licensees, is transported, or is destroyed, the date, time, and the names and signatures of persons involved in these activities shall be recorded on the COC form.

(d) Once the custody of the sample changes between licensees, the COC form for that change of custody may not be altered.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26100, 26102, 26104 and 26110, Business and Professions Code.

§15709. Laboratory Transportation of Cannabis and Cannabis Products Goods Samples.

(a) The following requirements apply when a licensed testing laboratory transports cannabis ~~goods~~ or cannabis products samples:

(1) While transporting cannabis ~~goods~~ or cannabis products samples, a licensed testing laboratory employee shall ensure the cannabis ~~goods~~ or cannabis products are not visible to the public. Cannabis ~~goods~~ or cannabis products shall be locked in a fully enclosed box, container, or cage that is secured to the inside of the vehicle or trailer. No portion of the enclosed box, container, or cage shall be comprised of any part of the body of the vehicle or trailer. For the purposes of this section, the inside of the vehicle includes the trunk.

(2) While left unattended, vehicles and trailers shall be locked and secured.

(3) The licensed laboratory shall not leave a vehicle or trailer containing cannabis ~~goods~~ or cannabis products samples unattended in a residential area or parked overnight in a residential area.

(4) The licensed laboratory shall ensure that any vehicle or trailer transporting cannabis ~~goods~~ or cannabis products samples has an alarm system.

(5) The licensed laboratory shall ensure that packages or containers holding cannabis ~~goods~~ or cannabis products samples are neither tampered with, nor opened during transport.

(6) The licensed laboratory transporting cannabis ~~goods~~ or cannabis products samples shall only travel between licensees for whom the laboratory is conducting regulatory compliance testing or quality assurance testing. A laboratory shall not deviate from the travel requirements described in this section, except for necessary rest, fuel, or vehicle repair stops.

(7) The licensed laboratory may transport multiple cannabis ~~goods~~ or cannabis products samples obtained from multiple licensees at once.

(8) Vehicles or trailers transporting cannabis ~~goods~~ or cannabis products samples are subject to inspection by the Department at any licensed premises or during transport at any time.

(9) No person under the age of 21 years old shall be in a vehicle or trailer transporting cannabis ~~goods~~ or cannabis products samples.

(10) Only an employee of the licensed laboratory or security personnel who meets the requirement of section 15045 of this division shall be in a vehicle while transporting cannabis ~~goods~~ or cannabis products samples.

(b) ~~The~~ Upon request, the licensed laboratory shall provide the following required transport vehicle information to the Department:

(1) ~~Proof that the laboratory is the registered owner under the Vehicle Code for each~~ The certificate of ownership or registration card issued by the California Department of Motor Vehicles for each vehicle used to transport cannabis ~~goods~~ or cannabis products samples;

(2) The year, make, model, license plate number, and numerical Vehicle Identification Number (VIN) for each vehicle or trailer used to transport cannabis ~~goods~~ or cannabis products samples; and

(3) Proof of insurance for each vehicle used to transport cannabis or cannabis products ~~goods~~ samples.

(c) The laboratory shall provide the Department with the information required by this section in writing for any new vehicle or trailer that will be used to transport cannabis ~~goods~~ or cannabis products samples prior to using the vehicle or trailer.

~~(d) The laboratory shall provide the Department with the information required under subsection (c) of this section and with any changes to the information required by this section in writing within 30 calendar days, submitted on the Notification and Request Form, DCC-LIC-027 (Amended 7/21), which is incorporated herein by reference.~~

Authority: Section 26013, Business and Professions Code. Reference: Sections 26100, 26102, 26104 and 26110, Business and Professions Code.

§15710. Laboratory Receipt of Samples Obtained from a Distributor or Microbusiness.

(a) The licensed laboratory may accept and analyze a sample from a licensed distributor or licensed microbusiness authorized to engage in distribution for the required testing under section 15714 of this division only if there is an accompanying COC form for the sample.

(b) The licensed laboratory employee who receives the sample shall date, print, and sign their name on the accompanying sample COC.

(c) The licensed laboratory shall not analyze a sample obtained from a licensed distributor or licensed microbusiness authorized to engage in distribution, and the batch from which the sample was obtained may not be released for retail sale, if any of the following occur:

(1) The sample is received at the laboratory without the requisite COC form;

(2) The tamper-evident material is broken prior to the sample being received at the laboratory; or

(3) There is evidence of sample commingling, contamination, degradation, or a related occurrence rendering the sample unusable for analytical testing when the sample is received at the laboratory.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26100, 26104 and 26110, Business and Professions Code.

Article 4. Standard Operating Procedures

§15711. Laboratory Analyses Standard Operating Procedures.

(a) The licensed laboratory shall develop, implement, and maintain written standard operating procedures (SOP) for sample preparation and each required test method. The licensed laboratory shall use and submit to the Department the following forms which are incorporated by reference:

(1) Sample Preparation – Standard Operating Procedures, Form DCC-LIC-022 (Amended ~~7/24~~ 9/21), which is incorporated herein by reference; and

(2) Test Methods – Standard Operating Procedures, Form DCC-LIC-023 (Amended ~~7/24~~ 9/21), which is incorporated herein by reference.

(b) The licensed laboratory shall keep each SOP at the licensed laboratory premises and ensure that each SOP is accessible to laboratory employees during operating hours.

(c) The licensed laboratory shall make each SOP available for inspection by the Department upon request, as well as any other SOPs associated with the licensee's ISO/IEC 17025 certificate of accreditation.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26012, 26100, 26102, 26104 and 26110, Business and Professions Code.

§15713. Validation of Test Methods.

(a) The licensed laboratory may use a nonstandard, amplified, or modified test method or a method that is designed or developed by the licensed laboratory to validate the methods for analyses of samples.

(b) The licensed laboratory shall follow the guidelines set forth in the US Food and Drug Administration’s *Guidelines for the Validation of Analytical Methods for the Detection of Microbial Pathogens in Foods and Feeds*, 2nd Edition, April 2015, incorporated herein by reference, to validate test methods for the microbial analysis of samples. The licensed laboratory shall include and address the criteria listed in the following table when validating test methods for microbial analyses of samples.

Criteria	Requirement
Number of target organisms; inclusivity	5
Number of non-target organisms; exclusivity	5
Number of analyte levels per matrix: Qualitative methods	3 levels: high and low inoculum levels and 1 uninoculated level
Number of analyte levels per matrix: Quantitative methods	4 levels: low, medium and high inoculum levels and 1 uninoculated level
Replicates per food at each level tested	2 or more replicates per level

(c) The licensed laboratory shall follow the guidelines set forth in the US Food and Drug Administration’s *Guidelines for the Validation of Chemical Methods for the FDA FVM Program*, 2nd Edition, April 2015, incorporated herein by reference, to validate test methods for chemical analysis of samples.

(1) The licensed laboratory shall include and address the following criteria to validate test methods for chemical analyses of samples:

(A) Accuracy;

(B) Precision;

(C) Linearity and range;

(i) The Coefficient of Determination (r^2) for all calibration curves shall be greater than or equal to 0.99.

(ii) Linear regression or quadratic regression shall only be used for calibration curves. Curves shall not be weighted at all or only weighted at $1/x$.

(iii) LOQ for analytes tested shall be within the range of the calibration curve.

(D) Calibration standard;

(i) For calibration curves, there shall be a minimum of five calibration standards, not including zero; and

(ii) Each calibration curve must include an Initial Calibration Verification (ICV). The

percent recovery must be between 70% to 130%.

(E) Sensitivity and selectivity;

(F) Limit of detection and limit of quantitation;

(G) Recovery;

(H) Reproducibility; and

(I) Robustness.

(2) The licensed laboratory shall use certified reference materials to validate the following chemical analyses. The test method used for analysis is valid if the percent recovery of the certified reference material is between 80% to 120% for all required analytes.

(A) Cannabinoids, if available;

(B) Heavy metals;

(C) Microbial impurities;

(D) Mycotoxins;

(E) Residual pesticides;

(F) Residual solvents and processing chemicals; and

(G) Terpenoids, if available.

(d) The licensed laboratory shall generate a validation report for each test method. Each validation report shall include the following information:

(1) Instrument calibration data, if any;

(2) Raw data, including instrument raw data, for each test method, if any;

(3) Cannabis reference materials or certified reference material results;

(4) Data and calculations pertaining to LOD and LOQ determinations, if any;

(5) LQC report, as described in this chapter, for the validation of each method; and

(6) Worksheets, forms, pictures, or copies of laboratory notebook pages and any other documentation necessary to meet the requirements described in subsections (b) and (c) of this section.

(7) The supervisory or management laboratory employee shall review, approve, sign, and date the validation report for each test method.

(8) Upon new test methods or altered test methods being used in the laboratory, the new validation report shall be submitted to the Department within 5 business days, accompanied by the Licensee Notification and Request Form, Notifications and Requests Regarding Testing Laboratories, DCC-LIC-027029 (Amended 7/21 New 9/21), which is incorporated herein by reference.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26012, 26100, 26104 and 26110, Business and Professions Code.

Article 5. Laboratory Testing and Reporting

§15714. Required Testing.

(a) All sample increments collected must be homogenized prior to sample analyses, notwithstanding foreign material testing.

(b) The licensed laboratory shall test each representative sample for the following:

- (1) Cannabinoids;
- (2) Foreign material;
- (3) Heavy metals;
- (4) Microbial impurities;
- (5) Mycotoxins;
- (6) Moisture content and water activity;
- (7) Residual pesticides;
- (8) Residual solvents and processing chemicals; and
- (9) If applicable, terpenoids.

(c) The licensed laboratory shall report the results of each analysis performed by the laboratory on the certificate of analysis.

(d) The licensed laboratory that obtained the representative sample shall complete all required testing for each representative sample for regulatory compliance testing.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26100, 26104 and 26110, Business and Professions Code.

~~§15715. Phase In of Required Laboratory Testing.~~

~~(a) Cannabis goods shall not be sold or transferred to a licensed retailer or licensed microbusiness, or released for retail sale, unless a representative sample of the cannabis goods has undergone and passed all testing as required by this section.~~

~~(b) All cannabis harvested on or after January 1, 2018, and all cannabis products manufactured on or after January 1, 2018, shall be tested for the following analytes, if applicable:~~

- ~~(1) Cannabinoids as required in section 15724 of this division;~~
- ~~(2) Moisture content as required in section 15717 of this division;~~
- ~~(3) Category II Residual Solvents and Processing Chemicals as required in section 15718 of this division;~~
- ~~(4) Category I Residual Pesticides as required in section 15719 of this division; and~~
- ~~(5) Microbial Impurities as required in section 15720 of this division.~~

~~(c) In addition to the requirements of subsection (b) of this section, all cannabis harvested on or after July 1, 2018, and all cannabis products manufactured on or after~~

~~July 1, 2018, shall be tested for the following analytes, if applicable:~~

~~(1) Category I Residual Solvents and Processing Chemicals as required in section 15718 of this division;~~

~~(2) Category II Residual Pesticides as required in section 15719 of this division; and~~

~~(3) Foreign Material as required in section 15722 of this division.~~

~~(d) In addition to the requirements in subsections (b) and (c) of this section, all cannabis harvested on or after December 31, 2018, and all cannabis products manufactured on or after December 31, 2018, shall be tested for the following analytes, if applicable:~~

~~(1) Terpenoids as required in section 15725 of this division;~~

~~(2) Mycotoxins as required in section 15721 of this division;~~

~~(3) Heavy Metals as required in section 15723 of this division; and~~

~~(4) Water Activity as required in section 15717 of this division.~~

~~(e) Licensees may have a sample of cannabis goods tested for analytes that are not yet required to be tested. However, if the sample fails any additional test(s) not required pursuant to this section on the date of testing, the batch from which the sample was collected fails testing and shall not be released for retail sale.~~

~~Authority: Section 26013, Business and Professions Code. Reference: Sections 26100, 26104 and 26110, Business and Professions Code.~~

§15717. Moisture Content and Water Activity Testing.

(a) The licensed laboratory shall analyze at minimum 0.5 grams of the representative sample of dried flower to determine the level of water activity and the percentage of moisture content.

(1) The dried flower sample, including pre-rolls, shall be deemed to have passed water activity testing if the water activity does not exceed 0.65 Aw. The laboratory shall report the result of the water activity test on the certificate of analysis (COA) and indicate “pass” or “fail” on the COA.

(2) The licensed laboratory shall report the result of the moisture content test on the COA as a percentage.

(b) The licensed laboratory shall analyze at least 0.5 grams of the representative sample of solid edible cannabis products to determine the level of water activity. A solid edible cannabis product shall be deemed to have passed water activity testing if the water activity does not exceed 0.85 Aw. The laboratory shall report the result of the water activity test on the COA and indicate “pass” or “fail” on the COA.

(c) If the sample fails water activity testing, the batch from which the sample was collected fails water activity testing and shall not be released for retail sale.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26100, 26104 and 26110, Business and Professions Code.

§15718. Residual Solvents and Processing Chemicals Testing.

(a) The licensed laboratory shall analyze at minimum 0.25 grams of the representative sample of cannabis product or pre-rolls to determine whether residual solvents or processing chemicals are present.

(b) The licensed laboratory shall report the result of the residual solvents and processing chemicals testing in unit micrograms per gram (µg/g) on the COA and indicate “pass” or “fail” on the COA.

(c) The sample shall be deemed to have passed the residual solvents and processing chemicals testing if the presence of any residual solvent or processing chemical listed in the following tables in Category I and Category II does not exceed the indicated action levels.

(1) Notwithstanding subsection (c), the limit for ethanol does not apply to cannabis products~~goods~~ that are tinctures~~intended to be orally consumed products containing alcohol as defined in section 15700 of this division.~~

(2) Notwithstanding subsection (c), the limit for ethanol or isopropyl alcohol does not apply to cannabis products~~goods~~ that are ~~intended to be~~ topical cannabis products~~goods~~ as defined in section 15700 of this division.

Category I Residual Solvent or Processing Chemical	CAS No.	Cannabis Product or Pre-Roll Action Level (µg/g)
1,2-Dichloroethane	107-06-2	1.0
Benzene	71-43-2	1.0
Chloroform	67-66-3	1.0
Ethylene oxide	75-21-8	1.0
Methylene chloride	75-09-2	1.0
Trichloroethylene	79-01-6	1.0

Category II Residual Solvent or Processing Chemical	CAS No.	Cannabis Product or Pre-roll Action Level (µg/g)
Acetone	67-64-1	5000
Acetonitrile	75-05-8	410
Butane	106-97-8	5000
Ethanol	64-17-5	5000
Ethyl acetate	141-78-6	5000
Ethyl ether	60-29-7	5000
Heptane	142-82-5	5000
Hexane	110-54-3	290
Isopropyl alcohol	67-63-0	5000
Methanol	67-56-1	3000
Pentane	109-66-0	5000
Propane	74-98-6	5000
Toluene	108-88-3	890
Total xylenes (ortho-, meta-, para-)	1330-20-7	2170

(d) If the sample fails residual solvents and processing chemicals testing, the batch from which the sample was collected fails residual solvents and processing chemicals testing and shall not be released for retail sale.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26100, 26104 and 26110, Business and Professions Code.

§15719. Residual Pesticides Testing.

(a) The licensed laboratory shall analyze at minimum 0.5 grams of the representative sample of cannabis and cannabis products goods to determine whether residual pesticides are present.

(b) The licensed laboratory shall report whether any Category I Residual Pesticides are detected above the limit of detection (LOD) and shall report the result of the Category II Residual Pesticides testing in unit micrograms per gram (µg/g) on the COA. The laboratory shall indicate “pass” or “fail” on the COA.

(c) The licensed laboratory shall establish a limit of quantitation (LOQ) of 0.10 µg/g or lower for all Category I Residual Pesticides.

(d) The sample shall be deemed to have passed the residual pesticides testing if both of the following conditions are met:

(1) The presence of any residual pesticide listed in the following tables in Category I are not detected, and

(2) The presence of any residual pesticide listed in the following tables in Category II does not exceed the indicated action levels.

Category I Residual Pesticide	CAS No.
Aldicarb	116-06-3
Carbofuran	1563-66-2
Chlordane	57-74-9
Chlorfenapyr	122453-73-0
Chlorpyrifos	2921-88-2
Coumaphos	56-72-4
Daminozide	1596-84-5
DDVP (Dichlorvos)	62-73-7
Dimethoate	60-51-5
Ethoprop(hos)	13194-48-4
Etofenprox	80844-07-1
Fenoxycarb	72490-01-8
Fipronil	120068-37-3
Imazalil	35554-44-0
Methiocarb	2032-65-7
Methyl parathion	298-00-0
Mevinphos	7786-34-7
Paclobutrazol	76738-62-0
Propoxur	114-26-1
Spiroxamine	118134-30-8
Thiacloprid	111988-49-9

Category II Residual Pesticide	CAS No.	Action Level (µg/g) for Inhalable Cannabis and <u>Cannabis Products</u> Goods	Action Level (µg/g) for Other <u>Non-Inhalable</u> Cannabis <u>Products</u> Goods
Abamectin	71751-41-2	0.1	0.3
Acephate	30560-19-1	0.1	5
Acequinocyl	57960-19-7	0.1	4
Acetamiprid	135410-20-7	0.1	5
Azoxystrobin	131860-33-8	0.1	40
Bifenazate	149877-41-8	0.1	5
Bifenthrin	82657-04-3	3	0.5
Boscalid	188425-85-6	0.1	10
Captan	133-06-2	0.7	5
Carbaryl	63-25-2	0.5	0.5
Chlorantraniliprole	500008-45-7	10	40
Clofentezine	74115-24-5	0.1	0.5
Cyfluthrin	68359-37-5	2	1
Cypermethrin	52315-07-8	1	1
Diazinon	333-41-5	0.1	0.2
Dimethomorph	110488-70-5	2	20
Etoxazole	153233-91-1	0.1	1.5
Fenhexamid	126833-17-8	0.1	10
Fenpyroximate	111812-58-9	0.1	2
Flonicamid	158062-67-0	0.1	2
Fludioxonil	131341-86-1	0.1	30
Hexythiazox	78587-05-0	0.1	2
Imidacloprid	138261-41-3	5	3
Kresoxim-methyl	143390-89-0	0.1	1
Malathion	121-75-5	0.5	5
Metalaxyl	57837-19-1	2	15
Methomyl	16752-77-5	1	0.1
Myclobutanil	88671-89-0	0.1	9

Category II Residual Pesticide	CAS No.	Action Level (µg/g) for Inhalable Cannabis and <u>Cannabis Products</u> Goods	Action Level (µg/g) for Other <u>Non-Inhalable</u> Cannabis <u>Products</u> Goods
Naled	300-76-5	0.1	0.5
Oxamyl	23135-22-0	0.5	0.2
Pentachloronitrobenzene	82-68-8	0.1	0.2
Permethrin	52645-53-1	0.5	20
Phosmet	732-11-6	0.1	0.2
Piperonylbutoxide	51-03-6	3	8
Prallethrin	23031-36-9	0.1	0.4
Propiconazole	60207-90-1	0.1	20
Pyrethrins	8003-34-7	0.5	1
Pyridaben	96489-71-3	0.1	3
Spinetoram	187166-15-0, 187166-40-1	0.1	3
Spinosad	131929-60-7, 131929-63-0	0.1	3
Spiromesifen	283594-90-1	0.1	12
Spirotetramat	203313-25-1	0.1	13
Tebuconazole	107534-96-3	0.1	2
Thiamethoxam	153719-23-4	5	4.5
Trifloxystrobin	141517-21-7	0.1	30

(e) If the sample fails residual pesticides testing, the batch from which the sample was collected fails residual pesticides testing and shall not be released for retail sale.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26100, 26104 and 26110, Business and Professions Code.

§15720. Microbial Impurities Testing.

(a) The licensed laboratory shall analyze at minimum 1.0 grams of the representative sample of cannabis or cannabis products goods to determine whether microbial impurities are present.

(b) The licensed laboratory shall report the result of the microbial impurities testing by indicating “pass” or “fail” on the COA.

(c) The sample of inhalable cannabis goods and cannabis products shall be deemed to

have passed the microbial impurities testing if all of the following conditions are met:

- (1) Shiga toxin–producing *Escherichia coli* is not detected in 1 gram;
 - (2) *Salmonella* spp. is not detected in 1 gram; and
 - (3) Pathogenic *Aspergillus* species *A. fumigatus*, *A. flavus*, *A. niger*, and *A. terreus* are not detected in 1 gram.
- (d) The sample of non-inhalable cannabis ~~goods~~ and cannabis products shall be deemed to have passed the microbial impurities testing if both the following conditions are met:
- (1) Shiga toxin–producing *Escherichia coli* is not detected in 1 gram, and
 - (2) *Salmonella* spp. is not detected in 1 gram.
- (e) If the sample fails microbial impurities testing, the batch from which the sample was collected fails microbial impurities testing and shall not be released for retail sale.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26100, 26104 and 26110, Business and Professions Code.

§15721. Mycotoxin Testing.

- (a) The licensed laboratory shall analyze at minimum 0.5 grams of the representative sample of cannabis ~~goods~~ and cannabis products to determine whether mycotoxins are present.
- (b) The licensed laboratory shall report the result of the mycotoxins testing in unit micrograms per kilograms ($\mu\text{g}/\text{kg}$) on the COA and indicate “pass” or “fail” on the COA.
- (c) The sample shall be deemed to have passed mycotoxin testing if both the following conditions are met:
- (1) Total of aflatoxin B1, B2, G1, and G2 does not exceed 20 $\mu\text{g}/\text{kg}$ of substance, and
 - (2) Ochratoxin A does not exceed 20 $\mu\text{g}/\text{kg}$ of substance.
- (d) If the sample fails mycotoxin testing, the batch from which the sample was collected fails mycotoxin testing and shall not be released for retail sale.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26100, 26104 and 26110, Business and Professions Code.

§15722. Foreign Material Testing.

- (a) The licensed laboratory shall analyze the representative sample of cannabis ~~goods~~ and cannabis products to determine whether foreign material is present.
- (b) The licensed laboratory shall report the result of the foreign material test by indicating “pass” or “fail” on the COA.
- (c) The licensed laboratory shall perform foreign material testing on the total representative sample prior to sample homogenization.
- (d) When the licensed laboratory performs foreign material testing, at minimum, the

laboratory shall do all of the following:

- (1) Examine both the exterior and interior of the dried flower sample, and
 - (2) Examine the exterior of the cannabis product sample.
- (e) The sample shall be deemed to have passed the foreign material testing if the presence of foreign material does not exceed:
- (1) 1/4 of the total sample area covered by sand, soil, cinders, or dirt;
 - (2) 1/4 of the total sample area covered by mold;
 - (3) 1 insect fragment, 1 hair, or 1 count mammalian excreta per 3.0 grams; or
 - (4) 1/4 of the total sample area covered by an imbedded foreign material.
- (f) If the sample fails foreign material testing, the batch from which the sample was collected fails foreign material testing and shall not be released for retail sale.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26100, 26104 and 26110, Business and Professions Code.

§15723. Heavy Metals Testing.

- (a) The licensed laboratory shall analyze at minimum 0.5 grams of the representative sample of cannabis and cannabis products goods to determine whether heavy metals are present.
- (b) The licensed laboratory shall report the result of the heavy metals test in unit micrograms per gram ($\mu\text{g/g}$) on the COA and indicate “pass” or “fail” on the COA.
- (c) The sample shall be deemed to have passed the heavy metals testing if the presence of heavy metals does not exceed the action levels listed in the following table.

Heavy Metal	Action Level ($\mu\text{g/g}$) for Inhalable Cannabis <u>and Cannabis Products Goods</u>	Action Level ($\mu\text{g/g}$) for Other <u>Non-Inhalable Cannabis and Cannabis Products Goods</u>
Cadmium	0.2	0.5
Lead	0.5	0.5
Arsenic	0.2	1.5
Mercury	0.1	3.0

- (d) If the sample fails heavy metals testing, the batch from which the sample was collected fails heavy metals testing and shall not be released for retail sale.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26100, 26104 and 26110, Business and Professions Code.

§15724. Cannabinoid Testing.

(a) The licensed laboratory shall analyze at minimum 0.5 grams of the representative sample of cannabis and cannabis products ~~goods~~ to determine the cannabinoid profile such as THC; THCA; CBD; CBDA; CBG; and CBN.

(b) The licensed laboratory shall establish a limit of quantitation (LOQ) of 1.0 mg/g or lower for all cannabinoids analyzed and reported.

(c) The licensed laboratory shall report the result of the cannabinoid testing on the COA, including, at minimum:

(1) A percentage for THC, THCA, CBD, and CBDA;

(A) When the licensed laboratory reports the result of the cannabinoid testing for harvest batch representative samples on the COA in dry-weight percent, they shall use the following equation:

Dry-weight percent cannabinoid = wet-weight percent cannabinoid / (1 – percent moisture / 100)

(2) A percentage for Total THC and Total CBD, if applicable;

(3) Milligrams per gram (mg/g) if by dry-weight or milligrams per milliliter (mg/mL) if by volume for THC, THCA, CBD, and CBDA.

(4) Milligrams per gram (mg/g) if by dry-weight or milligrams per milliliter (mg/mL) if by volume for Total THC and Total CBD, if applicable;

(A) The licensed laboratory shall calculate the total cannabinoid concentration as follows:

(i) For concentration expressed in weight:

Total cannabinoid concentration (mg/g) = (cannabinoid acid form concentration (mg/g) x 0.877) + cannabinoid concentration (mg/g)

(ii) For concentration expressed in volume:

Total cannabinoid concentration (mg/mL) = (cannabinoid acid form concentration (mg/mL) x 0.877) + cannabinoid concentration (mg/mL)

(5) Milligrams per package for THC and CBD;

(6) Milligrams per package for Total THC and Total CBD, if applicable;

(7) Milligrams per serving for THC and CBD, if any;

(8) Milligrams per serving for Total THC and Total CBD, if any and if applicable; and

(9) The licensed laboratory shall report the results of all other cannabinoids analyzed on the COA both as a percentage and in either milligrams per gram (mg/g) if by weight or milligrams per milliliter (mg/mL) if by volume.

(d) The sample shall be deemed to have passed the cannabinoid testing if the amount of THC does not exceed the limits established in section 17304 of this division. ~~following conditions are met:~~

~~(1) For all edible cannabis products, the milligrams per serving for THC does not exceed~~

~~10 milligrams per serving.~~

~~(2) For edible cannabis products that are not orally-dissolving products labeled “FOR MEDICAL USE ONLY”, the milligrams per package for THC does not exceed 100 milligrams per package.~~

~~(3) For edible cannabis products that are orally-dissolving products labeled “FOR MEDICAL USE ONLY,” the milligrams per package for THC does not exceed 500 milligrams per package.~~

~~(4) For cannabis concentrates and topical cannabis goods not labeled “FOR MEDICAL USE ONLY,” the milligrams per package for THC does not exceed 1000 milligrams per package.~~

~~(5) For cannabis concentrates and topical cannabis goods labeled “FOR MEDICAL USE ONLY,” the milligrams per package for THC does not exceed 2000 milligrams per package.~~

(e) The licensed laboratory shall report the test results and indicate an overall “pass” or “fail” for the cannabinoid testing on the COA.

(f) Any cannabinoids found to be less than the LOQ shall be reported on the COA as “<1 mg/g” if by dry-weight or “<1 mg/mL” if by volume.

(g) If the sample fails cannabinoid testing, the batch from which the sample was collected fails cannabinoid testing and shall not be released for retail sale.

(h) For purposes of this division, any one cannabinoid, Total THC, and/or Total CBD claimed to be present on a label shall not be considered inaccurate if the difference in percentage on the certificate of analysis is plus or minus 10.0%.

(i) Notwithstanding subsection (h), until January 1, 2022, for edible cannabis products where milligrams per serving for THC does not exceed 10 milligrams per serving, as provided for under section 17304(a)(1), Total THC claimed to be present on a label shall not be considered inaccurate if the difference in percentage on the COA is plus or minus 12.0%.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26100, 26104 and 26110, Business and Professions Code.

§15725. Terpenoid Testing.

(a) If requested, the licensed laboratory shall analyze at minimum 0.5 grams of the representative sample of cannabis or cannabis products goods to determine the terpenoid profile of the sample.

(b) The licensed laboratory shall report the result of the terpenoid testing on the COA both as a percentage and in either milligrams per gram (mg/g) if by weight or milligrams per milliliter (mg/mL) if by volume.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26100, 26104 and 26110, Business and Professions Code.

§15726. Certificate of Analysis (COA).

(a) The licensed laboratory shall generate a COA for each representative sample that the laboratory analyzes.

(b) The licensed laboratory shall ensure that the COA contains the results of all required analyses performed for the representative sample.

(c) The licensed laboratory shall, within 1 business day of completing all analyses of a sample, both upload the COA into the track and trace system and simultaneously provide a copy of the COA to the Department via email at ~~bcc.labs@dca.ca.gov~~ testinglabs@cannabis.ca.gov.

(d) The licensed laboratory shall not release to any person any cumulative or individual test results prior to completing all analyses and providing the COA to the Department.

(e) The COA shall contain, at minimum, the following information:

(1) The term “Regulatory Compliance Testing” in font no smaller than 14-point, which shall appear in the upper-right corner of each page of the COA. No text or images shall appear above the term “Regulatory Compliance Testing” on any page of the COA.

(2) Laboratory’s name, licensed premises address, and license number;

(3) Licensed distributor’s or licensed microbusiness authorized to engage in distribution’s name, licensed premises address, and license number;

(4) Licensed cultivator’s, licensed manufacturer’s, or licensed microbusiness’ name, licensed premises address, and license number;

(5) Batch number of the batch from which the sample was obtained. For cannabis and cannabis products goods that are already packaged at the time of sampling, the labeled batch number on the packaged cannabis and cannabis products goods shall match the batch number on the COA;

(6) Sample identifying information, including matrix type and unique sample identifiers;

(7) Sample history, including the date collected, the date received by the laboratory, and the date(s) of sample analyses and corresponding testing results;

(8) A picture of the sample of cannabis and cannabis products goods. If the sample is pre-packaged, the picture must include an unobstructed image of the packaging;

(9) For dried flower samples, the total weight of the batch, in grams or pounds, and the total weight, of the representative sample in grams;

(10) For cannabis product or pre-rolls samples, the total unit count of both the representative sample and the total batch size;

(11) Measured density of the cannabis and cannabis products goods;

(12) The analytical methods, analytical instrumentation used, and corresponding Limits of Detection (LOD) and Limits of Quantitation (LOQ);

(13) An attestation on the COA from the laboratory supervisory or management employee that all LQC samples required by section 15730 of this division were

performed and met the acceptance criteria; and

(14) Analytes detected during the analyses of the sample that are unknown, unidentified, or injurious to human health if consumed, if any.

(f) The licensed laboratory shall report test results for each representative sample on the COA as follows:

(1) Indicate an overall “pass” or “fail” for the entire batch;

(2) When reporting qualitative results for each analyte, the licensed laboratory shall indicate “pass” or “fail”;

(3) When reporting quantitative results for each analyte, the licensed laboratory shall use the appropriate units of measurement as required under this chapter;

(4) When reporting results for each test method, the licensed laboratory shall indicate “pass” or “fail”;

(5) When reporting results for any analytes that were detected below the analytical method LOQ, indicate “<LOQ”, notwithstanding cannabinoid results;

(6) When reporting results for any analytes that were not detected or detected below the LOD, indicate “ND”; and

(7) Indicate “NT” for any test that the licensed laboratory did not perform.

(g) The licensed laboratory supervisory or management employee shall validate the accuracy of the information contained on the COA and sign and date the COA.

(h) The laboratory supervisory or management employee may request to amend a COA to correct minor errors. Requests must be emailed to the Department at testinglabs@cannabis.ca.gov for approval prior to making any corrections. Errors in results required to be reported pursuant to subsection (f) are not minor errors.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26100, 26104 and 26110, Business and Professions Code.

Article 6. Post Testing Procedures

§15727. Remediation and Retesting.

(a) A cannabis ~~goods~~ or cannabis product batch that has been additionally processed after failed testing must be retested and successfully pass all the analyses required under this chapter.

(b) The licensed distributor or licensed microbusiness authorized to engage in distribution shall arrange for remediation of a failed cannabis ~~goods~~ or cannabis product batch. If the batch cannot be remediated, the batch shall be destroyed by the licensed distributor or licensed microbusiness authorized to engage in distribution.

(c) If a failed batch is not remediated or reprocessed in any way it cannot be retested. Any subsequent COAs produced without remediation ~~or reprocessing~~ of the failed batch will not supersede the initial regulatory compliance testing COA.

(d) A cannabis ~~goods~~ or cannabis product batch may only be remediated twice. If the batch fails after the second remediation attempt and the second retesting, the entire batch shall be destroyed.

(e) Within one business day of completing the required analyses of a representative sample obtained from a remediated cannabis ~~goods~~ or cannabis product batch, the laboratory shall upload the COA information into the track and trace system, or if the licensee does not yet have access to the track and trace system, it shall be emailed to the Department.

(f) Nothing in this section shall be interpreted to prevent a cannabis ~~goods~~ or cannabis product batch from being retested when the COA is 12 or more months old.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26100, 26104 and 26110, Business and Professions Code.

§15728. Post Testing Sample Retention.

(a) The licensed laboratory shall retain the reserve sample, consisting of any portion of a sample that was not used in the testing process. The reserve sample shall be kept, at minimum, for 45 business days after the analyses, after which time it may be destroyed and denatured to the point the material is rendered unrecognizable and unusable.

(b) The licensed laboratory shall securely store the reserve sample in a manner that prohibits sample degradation, contamination, and tampering.

(c) The licensed laboratory shall provide the reserve sample to the Department upon request.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26100, 26104 and 26110, Business and Professions Code.

Article 7. Laboratory Quality Assurance and Quality Control

§15729. Laboratory Quality Assurance (LQA) Program.

(a) The licensed laboratory shall develop and implement a LQA program to assure the reliability and validity of the analytical data produced by the laboratory. The LQA program shall, at minimum, include a written LQA manual that addresses the following:

(1) Quality control procedures;

(2) Laboratory organization and employee training and responsibilities, including good laboratory practice (GLP);

(3) LQA objectives for measurement data;

(4) Traceability of data and analytical results;

(5) Instrument maintenance, calibration procedures, and frequency;

(6) Performance and system audits;

(7) Corrective action procedures;

- (8) Steps to change processes when necessary;
- (9) Record retention and document control;
- (10) Test procedure standardization; and
- (11) Method validation.

(b) The supervisory or management laboratory employee shall annually review, amend if necessary, and approve the LQA program and manual both when they are created and when there is a change in methods, laboratory equipment, or the supervisory or management laboratory employee.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26100, 26104 and 26110, Business and Professions Code.

§15730. Laboratory Quality Control (LQC) Samples.

The licensed laboratory shall use LQC samples and adhere to good laboratory practice (GLP) in the performance of each analysis according to the following specifications.

(a) The licensed laboratory shall analyze LQC samples in the same manner as the laboratory analyzes cannabis goods and cannabis products samples.

(b) The licensed laboratory shall use at least one negative control, one positive control, and one laboratory replicate sample in each analytical batch for each target organism during microbial testing. If one of the controls produces unexpected results, the samples shall be re-prepped and reanalyzed with a new set of controls.

(c) If the result of the microbial analyses is outside the specified acceptance criteria in the following table, the licensed laboratory shall determine the cause and take steps to remedy the problem until the result is within the specified acceptance criteria.

Laboratory Quality Control Sample	Acceptance Criteria	Corrective Action
Positive control	Produces expected result, positive result	Re-prepare and reanalyze the entire analytical batch, once. If problem persists, locate and remedy the source of unexpected result, then re-prepare samples and reanalyze with a new set of controls.
Negative control	Produces expected result, negative result	Re-prepare and reanalyze the entire analytical batch, once. If problem persists, locate and remedy the source of unexpected result, then re-prepare samples and reanalyze with a new set of controls.
Laboratory replicate sample	Sample results must concur	Reanalyze sample and associated replicate sample once. If problem persists, re-prepare samples and reanalyze.

(d) The licensed laboratory shall prepare and analyze at least one of each of the following LQC samples for each analytical batch:

(1) Method Blank;

(2) Laboratory control sample (LCS); and

(3) Laboratory replicate sample or matrix spike sample.

(e) The laboratory shall analyze, at minimum, a continuing calibration verification (CCV) sample at the beginning of each analytical sequence and every 10 samples thereafter.

(f) If the result of the chemical analyses is outside the specified acceptance criteria in the following table, the laboratory shall determine the cause and take steps to remedy the problem until the result is within the specified acceptance criteria.

Laboratory Quality Control Sample	Acceptance Criteria	Corrective Action
Method Blank sample	Not to exceed LOQ	Reanalyze entire analytical batch once. If method blank is still greater than the LOQ for any analyte, locate the source of contamination then re-prepare samples and reanalyze.
LCS	Percent recovery 70% to 130%	Reanalyze the entire analytical batch, once. If problem persists, re-prepare samples and reanalyze or re-run the initial calibration curve.
Laboratory replicate sample	RPD \leq 30%	Reanalyze sample and associated replicate sample once. If problem persists, re-prepare samples and reanalyze.
Matrix spike sample	Percent recovery between 70% to 130%	Reanalyze sample and associated matrix spike sample once. If problem persists, re-prepare samples and reanalyze.
CCV	Percent recovery between 70% to 130%	Reanalyze all samples that followed the last CCV that met the acceptance criteria. If CCV still fails, re-run the initial calibration curve and all samples in the analytical sequence.

(g) If any analyte is detected above any action level, as described in this chapter, the sample shall be re-prepped and reanalyzed in replicate within another analytical batch.

(1) For quantitative analyses, the re-prepped sample and its associated replicate must meet the acceptance criteria of RPD \leq 30%.

(2) For qualitative analyses, the re-prepped sample and its associated replicate results must concur.

(h) If any LQC sample produces a result outside of the acceptance criteria, the laboratory cannot report the result and the entire batch cannot be released for retail sale. The laboratory shall determine the cause and take steps to remedy the problem until the result is within the specified acceptance criteria.

(i) If the licensed laboratory determines that the result is a false-positive or a false-

negative, the Department may ask for the laboratory to re-sample or re-test.

(j) The licensed laboratory shall compile and generate one LQC sample report for each analytical batch that includes LQC acceptance criteria, measurements, analysis date, and matrix.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26100, 26104 and 26110, Business and Professions Code.

§15731. Limits of Detection (LOD) and Limits of Quantitation (LOQ) for Quantitative Analyses.

(a) The licensed laboratory shall calculate the LOD for chemical method analyses according to any of the following methods:

(1) Signal-to-noise ratio of between 3:1 and 2:1;

(2) Standard deviation of the response and the slope of calibration curve using a minimum of 7 spiked Blank samples calculated as follows;

LOD = (3.3 x standard deviation of the response) / slope of the calibration curve; or

(3) A method published by the United States Food and Drug Administration (USFDA) or the United States Environmental Protection Agency (USEPA).

(b) The licensed laboratory shall calculate the LOQ for chemical method analyses according to any of the following methods:

(1) Signal-to-noise ratio of 10:1, at minimum;

(2) Standard deviation of the response and the slope using a minimum of 7 spiked Blank samples calculated as follows:

LOQ = (10 × standard deviation of the response) / slope of the calibration curve; or

(3) A method published by the USFDA or the USEPA.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26100, 26104 and 26110, Business and Professions Code.

§15732. Data Package.

(a) The licensed laboratory shall compile and generate one data package for each representative sample that the laboratory analyzes.

(b) The licensed laboratory shall create a data package and use the Data Package Cover Page and Checklist Form, DCC-LIC-024 (Amended 7/9/21), which is incorporated herein by reference. The data package and form DCC-LIC-024 (Amended 7/9/21) shall be provided to the Department immediately upon request.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26100, 26104, 26110 and 26160, Business and Professions Code.

§15733. Required Proficiency Testing.

(a) The licensed laboratory shall participate in a proficiency testing program provided by an organization that operates in conformance with the requirements of ISO/IEC 17043, at least once every six months.

(b) The licensed laboratory shall annually, successfully participate in a proficiency testing program for each of the following test methods:

- (1) Cannabinoids;
- (2) Heavy metals;
- (3) Microbial impurities;
- (4) Mycotoxins;
- (5) Residual pesticides;
- (6) Residual solvents and processing chemicals; and
- (7) If tested, terpenoids.

(c) The licensed laboratory shall report all analytes available by the proficiency testing program provider and for which the licensee is required to test as required under this chapter.

(d) The licensed laboratory shall participate in the proficiency testing program by following the laboratory's existing SOPs for testing cannabis goods and cannabis products.

(e) The licensed laboratory shall rotate the proficiency testing program among the laboratory employees who perform the test methods.

(f) Laboratory employees who participate in a proficiency testing program shall sign the corresponding analytical reports or attestation statements to certify that the proficiency testing program was conducted in the same manner as the laboratory tests of cannabis goods and cannabis products.

(g) A supervisory or management laboratory employee shall review and verify the accuracy of results reported for all proficiency testing program samples analyzed.

(h) The licensed laboratory shall request the proficiency testing program provider to send results concurrently to the Department, if available, or the laboratory shall provide the proficiency testing program results to the Department within 3 business days after the laboratory receives notification of their test results from the proficiency testing program provider. Any results shall be reported by submitting the Licensee Notification and Request Form, Notifications and Requests Regarding Testing Laboratories, DCC-LIC-027029 (Amended 7/21 New 9/21), which is incorporated herein by reference.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26100 and 26110, Business and Professions Code.

§15734. Satisfactory and Unsatisfactory Proficiency Test Performance.

(a) The licensed laboratory shall be deemed to have successfully participated in a proficiency testing program for an analyte tested in a specific method if the test results demonstrate a “satisfactory” or otherwise proficient performance determination by the proficiency testing program provider.

(b) The licensed laboratory may not report test results for analytes that are deemed by the proficiency testing program provider as “unacceptable,” “questionable,” “unsatisfactory”, or otherwise deficient.

(c) The licensed laboratory may resume reporting test results for analytes that were deemed “unacceptable,” “questionable,” “unsatisfactory”, or otherwise deficient, only if both of the following conditions are met:

(1) The licensed laboratory satisfactorily remedies the cause of the failure for each analyte; and

(2) The licensed laboratory submits, to the Department, a written corrective action report demonstrating how the laboratory has fixed the cause of the failure.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26100 and 26110, Business and Professions Code.

§15735. Laboratory Audits.

(a) The licensed laboratory shall conduct an internal audit at least once per year or in accordance with the ISO/IEC 17025 accrediting body’s requirement, whichever is more frequent.

(b) The internal audit must include all of the components required by the ISO/IEC 17025 internal-audit standards.

(c) Within 3 business days of completing the internal audit, the licensed laboratory shall submit the results of the internal audit to the Department.

(d) Within 3 business days of receiving the accrediting body on-site audit findings, the licensed laboratory shall submit the results to the Department.

(e) The licensed laboratory shall submit any audit results to the Department, accompanied by the Licensee Notification and Request Form, Notifications and Requests Regarding Testing Laboratories, DCC-LIC-027029 (Amended 7/21 New 9/21), which is incorporated herein by reference.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26100 and 26104, Business and Professions Code.

Article 8. Laboratory Employee Qualifications

§15736. General Laboratory Employee Qualifications.

- (a) The licensed laboratory may only employ persons who are at least 21 years of age.
- (b) The licensed laboratory shall develop and implement an employee training program to ensure competency of laboratory employees for their assigned functions.
- (c) The licensed laboratory shall ensure and document that each laboratory employee meets the employee qualifications.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26102 and 26104, Business and Professions Code.

§15737. Supervisor or Management Responsibilities and Qualifications.

- (a) The licensed laboratory shall employ a supervisor or management employee who must be responsible for:
 - (1) Overseeing and directing the scientific methods of the licensed laboratory;
 - (2) Ensuring that the licensed laboratory achieves and maintains a laboratory quality assurance program as required by section 15729 of this division; and
 - (3) Providing ongoing and appropriate training to laboratory employees.
- (b) To be considered qualified, the supervisor or management employee must have at minimum:
 - (1) A doctoral degree in biological, chemical, agricultural, environmental, or related sciences from an accredited college or university;
 - (2) A master's degree in biological, chemical, agricultural, environmental, or related sciences from an accredited college or university, plus at least 2 years of full-time practical experience;
 - (3) A bachelor's degree in biological, chemical, agricultural, environmental, or related sciences from an accredited college or university, plus at least 4 years of full-time practical experience; or
 - (4) A bachelor's degree in any field from an accredited college or university, plus at least 8 years of full-time practical experience, 4 years of which must have been in a supervisory or management position.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26102 and 26104, Business and Professions Code.

§15738. Analyst and Sampler Qualifications.

- (a) The licensed laboratory shall employ an analyst who, at minimum, must have either:
 - (1) Earned a master's degree or a bachelor's degree in biological, chemical, agricultural, environmental, or related sciences from an accredited college or university; or

(2) Completed 2 years of college or university education that included coursework in biological, chemical, agricultural, environmental, or related sciences from an accredited college or university, plus at least 3 years of full-time practical experience.

(b) The licensed laboratory shall employ a sampler who, at minimum, must have either:

(1) Completed 2 years college or university education; or

(2) Earned a High School Diploma or passed a General Educational Development or High School Equivalency exam, plus at least 1 year of full-time practical experience.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26102 and 26104, Business and Professions Code.

Article 9. Record Retention

§15739. Records.

~~All laboratory records described in this chapter shall be maintained in accordance with section 15037 of this division.~~

~~Authority: Section 26013, Business and Professions Code. Reference: Section 26160, Business and Professions Code.~~

Chapter 7. Enforcement

§15800. Right of Access.

~~(a) The Department, and its authorized representatives, shall have full and immediate access to inspect and:~~

~~(1) Enter onto any premises licensed by the Department.~~

~~(2) Test any vehicle or equipment possessed by, in control of, or used by a licensee or their agents and employees for the purpose of conducting commercial cannabis activity.~~

~~(3) Test any cannabis goods or cannabis-related materials or products possessed by, in control of, or used by a licensee or their agents and employees for the purpose of conducting commercial cannabis activity.~~

~~(4) Copy any materials, books, or records of any licensee or their agents and employees.~~

~~(b) Failure to cooperate with and participate in any Department investigation pending against the licensee may result in a licensing violation subject to discipline. This subsection shall not be construed to deprive a licensee of any privilege guaranteed by the Fifth Amendment to the Constitution of the United States, or any other constitutional or statutory privileges. This subsection shall not be construed to require a licensee to cooperate with a request that would require the licensee to waive any constitutional or statutory privilege or to comply with a request for information or other matters within an unreasonable period of time in light of the time constraints of the licensee's business. Any constitutional or statutory privilege exercised by the licensee shall not be used against the licensee in a regulatory or disciplinary proceeding against the licensee.~~

~~(c) The Department, and its authorized representatives, shall have the rights of full and immediate access under subsection (a) of this section, during any inspection, investigation, review, or audit, or as otherwise allowed by law.~~

~~(d) Prior notice of an inspection, investigation, review, or audit is not required.~~

~~(e) Any inspection, investigation, review, or audit of a licensed premises shall be conducted anytime the licensee is exercising privileges under the license, or as otherwise agreed to by the Department and the licensee or its agents, employees, or representatives.~~

~~(f) If the licensed premises is not accessible because access is only available by going through another licensed premises and the licensee occupying the other licensed premises denies the Department access, the licensees shall both be held responsible and subject to discipline.~~

~~Authority: Section 26013, Business and Professions Code. Reference: Sections 26012, 26015 and 26160, Business and Professions Code; and Section 11181, Government Code.~~

~~§15801. Notice to Comply.~~

~~(a) The Department may issue a notice to comply to a licensee for violation(s) of the Act or regulations discovered during an investigation or observed during an inspection.~~

~~(b) The notice to comply shall be in writing and describe the nature and facts of each violation, including a reference to the statute or regulation violated, and may indicate the manner in which the licensee must correct the violation(s) to achieve compliance.~~

~~(c) The Department will serve the notice to comply prior to leaving the licensed premises after the inspection on any licensee, employee, agent, or person delegated by any of those listed, to facilitate the inspection or accept such notice, or will mail the notice to comply within 15 calendar days of the discovery of violation or the last date of inspection.~~

~~(d) The notice to comply shall inform the licensee that the licensee may, within 20 calendar days from the date of personal service or mailing of the notice to comply, sign and return the notice to comply declaring under penalty of perjury that each violation was corrected and describing how compliance was achieved.~~

~~(e) Failure to correct the violation(s) in the notice to comply may result in a disciplinary action.~~

~~Authority: Section 26013, Business and Professions Code; Reference: Sections 26012 and 26018, Business and Professions Code.~~

~~§15802. Citations; Orders of Abatement; Administrative Fines.~~

~~(a) The Department may issue citations containing orders of abatement and fines against a licensee, or an unlicensed person, for any acts or omissions which are in violation of any provision of the Act or any regulation adopted pursuant thereto, or for any violation of state law or regulations applicable to cannabis licensees, including, but not limited to,~~

~~state labor law.~~

~~(b) The Department may issue a citation under this section to a licensee for a violation of a term or condition contained in a decision placing that licensee on probation.~~

~~(c) Each citation may contain either order(s) of abatement, monetary fine(s), or both, and shall:~~

~~(1) Be in writing and describe with particularity the nature of the violation, including a reference to the law or regulation determined to have been violated;~~

~~(2) Fix a reasonable time for abatement of the violation if the citation contains an order of abatement, or assess an administrative fine of up to \$5,000 if the citation contains a fine;~~

~~(3) Be served personally or by certified mail; and~~

~~(4) Inform the licensee or person that they may request an informal conference, or contest the citation, or both, pursuant to section 15803 of this division.~~

~~(d) Failure to pay a fine within 30 calendar days of the date of assessment, unless the citation is being contested, may result in further action being taken by the Department including, but not limited to, suspension or revocation of a license. If a citation is not appealed and the fine is not paid, the full amount of the assessed fine shall be added to the fee for renewal of the license. A license shall not be renewed without the payment of the renewal fee and fine.~~

~~(e) The amount of any fine assessed by the Department under this section shall take into consideration the factors listed in Business and Professions Code section 125.9(b)(3).~~

~~(f) Nothing in this section shall be deemed to prevent the Department from filing an accusation to suspend or revoke a license where grounds for such suspension or revocation exist.~~

~~Authority: Sections 125.9 and 26013, Business and Professions Code. Reference: Sections 125.9, 148, 149 and 26012, Business and Professions Code.~~

~~§15803. Contesting Citations.~~

~~(a) A cited licensee or person may, within 30 calendar days of service of the citation, contest the citation by submitting to the Department a written request for a hearing, conducted in accordance with Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of the Government Code. If a hearing is not requested, it is waived and payment of a fine will not constitute an admission of the violation charged.~~

~~(b) In addition to requesting a hearing provided for in subsection (a) of this section, the cited licensee or person may, within 15 calendar days after service of the citation, submit a written request for an informal conference with the Department regarding the acts or omissions charged in the citation.~~

~~(c) The Department shall, within 15 calendar days from receipt of the written request, hold an informal conference with the licensee or person cited, and/or his or her legal counsel or authorized representative.~~

~~(d) At the conclusion of the informal conference, the Department may affirm, modify, or dismiss the citation, including any fines levied or orders of abatement issued. A written decision stating the reasons for the decision shall be mailed to the cited licensee or person and his or her legal counsel, if any, within 15 calendar days from the date of the informal conference. This decision shall be deemed to be a final order with regard to the citation issued, including the levied fine and the order of abatement, if any.~~

~~(e) If the citation is dismissed, any request for a hearing shall be deemed withdrawn. If the citation is affirmed or modified, the cited licensee or person may, in his or her discretion, withdraw the request for a hearing or proceed with the administrative hearing process.~~

~~(f) If the citation, including any fine levied or order of abatement, is modified, the citation originally issued shall be considered withdrawn and new citation issued. If a hearing is requested for the subsequent citation, it shall be requested within 30 calendar days in accordance with Business and Professions Code section 125.9(b)(4).~~

~~Authority: Section 26013, Business and Professions Code. Reference: Sections 125.9, 26012 and 26016, Business and Professions Code.~~

§15804. Citation Compliance.

~~(a) The time to abate or correct a violation as provided for in an order of abatement may be extended for good cause. If a cited licensee or person who has been issued an order of abatement is unable to complete the correction within the time set forth in the citation because of conditions beyond his or her control after the exercise of reasonable diligence, the licensee or person cited may request an extension of time from the Department in which to complete the correction. Such a request shall be in writing and shall be made within the time set forth for abatement.~~

~~(b) When a citation is not contested, or if it is appealed and the person cited does not prevail, failure to abate the violation within the time allowed or pay a fine that was imposed shall constitute a violation and a failure to comply with the citation or order of abatement.~~

~~(c) Failure to timely comply with an order of abatement or pay a fine that was imposed may result in further action being taken by the Department, including, but not limited to, suspension or revocation of a license, or further administrative or civil proceedings.~~

~~Authority: Section 26013, Business and Professions Code. Reference: Sections 125.9 and 26012, Business and Professions Code.~~

§15805. Minor Decoys.

~~(a) Peace officers may use a person under 21 years of age to attempt to purchase cannabis goods, for the purposes of enforcing the Act, and to apprehend licensees, employees, or agents of licensees who sell cannabis goods to minors. For purposes of this section, a "minor" is a person under 21 years of age.~~

~~(b) The following minimum standards shall apply to the use of a minor decoy:~~

- ~~(1) At the time of the operation, the decoy shall be less than 20 years of age.~~
- ~~(2) A decoy shall either carry his or her own identification showing the decoy's correct date of birth, or carry no identification. A decoy who carries identification shall present it upon request to any seller of cannabis goods.~~
- ~~(3) A decoy shall answer truthfully any questions about his or her age.~~
- ~~(4) Following any completed sale, but not later than the time a citation, if any, is issued, the peace officer directing the decoy shall make a reasonable attempt to enter the licensed premises or respond to the location where the licensee is located and have the minor decoy who purchased cannabis goods identify the alleged seller of the cannabis goods.~~

~~Authority: Sections 26013 and 26140, Business and Professions Code. Reference: Section 26140, Business and Professions Code.~~

~~§15806. Attire and Conduct.~~

~~No license shall allow the following:~~

- ~~(a) Employment or use of any person in the sale or service of cannabis goods in or upon the licensed premises while such person is unclothed or in such attire, costume, or clothing as to expose to view any portion of the male or female breast below the top of the areola or of any portion of the pubic hair, anus, cleft of the buttocks, vulva, or genitals.~~
- ~~(b) Employment or use of the services of any host or other person to mingle with the patrons while such hostess or other person is unclothed or in such attire, costume, or clothing as described in subsection (a) of this section.~~
- ~~(c) Encouraging or permitting any person on the licensed premises to touch, caress, or fondle the breasts, buttocks, anus, or genitals of any other person.~~
- ~~(d) Permitting any employee or person to wear or use any device or covering, exposed to view, which simulates the breast, genitals, anus, pubic hair, or any portion thereof.~~

~~Authority: Section 26013, Business and Professions Code. Reference: 26011.5, Business and Professions Code.~~

~~§15807. Entertainers and Conduct.~~

- ~~(a) Live entertainment is permitted on a licensed premises, except that no licensee shall permit any person to perform acts of or acts that simulate:
 - ~~(1) Sexual intercourse, masturbation, sodomy, bestiality, oral copulation, flagellation, or any sexual acts that are prohibited by law.~~
 - ~~(2) Touching, caressing, or fondling of the breast, buttocks, anus, or genitals.~~
 - ~~(3) Displaying of the buttocks, breasts, pubic hair, anus, vulva, or genitals.~~~~
- ~~(b) No licensee shall permit any person to use artificial devices or inanimate objects to depict any of the prohibited activities described in this section.~~

~~(c) No licensee shall permit any person to remain in or upon the licensed premises who exposes to public view any portion of his or her breast, buttocks, genitals, or anus.~~

~~Authority: Section 26013, Business and Professions Code. Reference: 26011.5, Business and Professions Code.~~

~~§15808. Additional Grounds for Discipline.~~

~~The following include, but are not limited to, additional grounds that constitute a basis for disciplinary action:~~

~~(a) Failure to pay a fine imposed by the Department or agreed to by the licensee.~~

~~(b) Failure to take reasonable steps to correct objectionable conditions on the licensed premises, including the immediately adjacent area that is owned, leased, or rented by the licensee, that constitute a nuisance, within a reasonable time after receipt of notice to make those corrections, under Penal Code section 373a.~~

~~(c) Failure to take reasonable steps to correct objectionable conditions that occur during operating hours on any public sidewalk abutting a licensed premises and constitute a nuisance, within a reasonable time after receipt of notice to correct those conditions from the Department. This subsection shall apply to a licensee only upon written notice to the licensee from the Department. The Department shall issue this written notice upon its own determination, or upon a request from the local law enforcement agency in whose jurisdiction the licensed premises is located, that is supported by substantial evidence that persistent objectionable conditions are occurring on the public sidewalk abutting the licensed premises. For purposes of this subsection:~~

~~(1) "Any public sidewalk abutting a licensed premises" means the publicly owned, pedestrian-traveled way, not more than 20 feet from the licensed premises, that is located between a licensed premises, including any immediately adjacent area that is owned, leased, or rented by the licensee, and a public street.~~

~~(2) "Objectionable conditions that constitute a nuisance" means disturbance of the peace, public intoxication, drinking alcoholic beverages in public, smoking or ingesting cannabis or cannabis products in public, harassment of passersby, gambling, prostitution, loitering, public urination, lewd conduct, drug trafficking, or excessive loud noise.~~

~~(3) "Reasonable steps" means all of the following:~~

~~(A) Calling the local law enforcement agency. Timely calls to the local law enforcement agency that are placed by the licensee, or his or her agents or employees, shall not be construed by the Department as evidence of objectionable conditions that constitute a nuisance.~~

~~(B) Requesting those persons engaging in activities causing objectionable conditions to cease those activities, unless the licensee, or his or her agents or employees, feel that their personal safety would be threatened in making that request.~~

~~(C) Making good faith efforts to remove items that facilitate loitering, such as furniture, except those structures approved or permitted by the local jurisdiction. The licensee shall not be liable for the removal of those items that facilitate loitering.~~

~~(4) When determining what constitutes “reasonable steps,” the Department shall consider site configuration constraints related to the unique circumstances of the nature of the business.~~

~~(d) Notwithstanding that the licensee corrects the objectionable conditions that constitute a nuisance, the licensee has a continuing obligation to meet the requirements of subsections (a) and (b) of this section, and failure to do so shall constitute grounds for disciplinary action.~~

~~(e) If a licensee has knowingly permitted the illegal sale, or negotiations for the sales, of controlled substances or dangerous drugs upon his or her licensed premises. Successive sales, or negotiations for sales, over any continuous period of time shall be deemed evidence of permission. As used in this section, “controlled substances” shall have the same meaning as is given that term in Article 1 (commencing with Section 11000) of Chapter 1 of Division 10 of the Health and Safety Code, and “dangerous drugs” shall have the same meaning as is given that term in Article 2 (commencing with Section 4015) of Chapter 9 of Division 2 of the Business and Professions Code.~~

~~(f) If the licensee has employed or permitted any persons to solicit or encourage others, directly or indirectly, to buy such persons cannabis goods in the licensed premises under any commission, percentage, salary, or other profit-sharing plan, scheme, or conspiracy.~~

~~Authority: Section 26013, Business and Professions Code. Reference: Sections 26011.5, 26012, 26030 and 26031, Business and Professions Code.~~

~~§15809. Disciplinary Actions.~~

~~(a) When an accusation recommending disciplinary action against a licensee has been filed pursuant to Business and Professions Code section 26031, the accusation shall be served on the licensee in accordance with Government Code section 11505.~~

~~(b) A hearing shall be conducted in accordance with the provisions of Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code to determine if cause exists to take action against the licensee. At such a hearing, the Department shall have all the powers granted therein and by the Business and Professions Code.~~

~~(c) If a hearing on an accusation against a licensee results in a finding that the licensee has committed any of the acts or omissions constituting grounds for disciplinary action, the Department may order the license revoked, suspended outright for a specified period of time, suspended on probationary restriction for a specified period of time on such terms and conditions of probation as in its judgment are supported by its findings, impose a fine, or any combination thereof. The Department may also issue such other lawful orders it considers to be appropriate on the basis of its findings.~~

~~(d) An accusation may be terminated by written stipulation at any time prior to the conclusion of the hearing on the accusation. If a licensee submits a proposed stipulation to the Department for its consideration and the Department subsequently declines to accept the proposed stipulation, the Department shall not thereafter be disqualified from hearing evidence on the accusation and taking action thereon as authorized in this section.~~

~~Authority: Section 26013, Business and Professions Code. Reference: Sections 26012, 26031 and 26034, Business and Professions Code.~~

~~§15810. Interim Suspension.~~

~~(a) Pursuant to Business and Professions Code section 494, the Department may petition for an interim order to suspend any license or impose licensing restrictions upon any licensee, if:~~

~~(1) The licensee has engaged in acts or omissions constituting a violation of the Business and Professions Code or this division, or been convicted of a crime substantially related to the licensed activity, and~~

~~(2) Permitting the licensee to continue to engage in the licensed activity would endanger the public health, safety, or welfare.~~

~~(b) An interim order for suspension or restrictions may be issued with notice, as follows:~~

~~(1) The Department shall provide the licensee with at least 15 days' notice of the hearing on the petition for an interim order.~~

~~(2) The notice shall include documents submitted in support of the petition.~~

~~(c) An interim order for suspension or restrictions may issue without notice to the licensee, as follows:~~

~~(1) If it appears from the Department's petition and supporting documents that serious injury would result to the public before the matter could be heard on notice.~~

~~(2) The Department shall provide the licensee with a hearing on the petition within 20 days after issuance of the initial interim order.~~

~~(3) Notice of the hearing shall be provided within two days after issuance of the initial interim order.~~

~~(d) The Department shall file an accusation, pursuant to Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code, within 15 calendar days of the issuance of the interim order.~~

~~Authority: Section 26013, Business and Professions Code; Reference: Sections 494, 26011.5, 26012 and 26031, Business and Professions Code.~~

~~§15811. Posting of Notice of Suspension.~~

~~(a) A licensee whose license has been suspended shall conspicuously and continuously display a notice on the exterior of the licensee's premises for the duration of the~~

suspension.

(b) ~~The notice shall be two feet in length and 14 inches in width. The notice shall read:~~

~~NOTICE OF SUSPENSION~~

~~The Department of Cannabis Control License(s) Issued For This Premises Has Been
Suspended For Violation of State Law~~

~~(c) Advertising or posting signs to the effect that the licensed premises has been closed or that business has been suspended for any reason other than the reason provided in the decision suspending the license, shall be deemed a violation of this section.~~

~~(d) Failure to display the notice as required in this section or removal of the notice prior to the expiration of the suspension shall be a violation of this section and may result in additional disciplinary action.~~

~~(e) A licensee shall notify the Department, by submitting the Notification and Request Form, DCC-LIC-027 (Amended 7/21), incorporated herein by reference, within 24 hours of discovering that the notice under subsection (b) of this section has been removed or damaged to an extent that makes the notice illegible.~~

~~Authority: Section 26013, Business and Professions Code. Reference: Sections 26011.5 and 26012, Business and Professions Code.~~

~~§15812. Posting of Notice of Revocation.~~

~~(a) A person whose license has been revoked shall conspicuously display a notice on the exterior of the premises indicating that the license has been revoked. The notice shall remain continuously on the premises for at least 15 calendar days.~~

~~(b) The notice shall be two feet in length and 14 inches in width. The notice shall read:~~

~~NOTICE OF REVOCATION~~

~~The Department of Cannabis Control License(s) Issued For This Premises Has Been
Revoked For Violation of State Law~~

~~(c) Advertising or posting signs to the effect that the premises has been closed or that business has been suspended for any reason other than the reason provided in the decision revoking the license shall be deemed a violation of this section.~~

~~(d) If the Department revokes a license at a licensed premises that has one or more licenses at the location that will remain active after the revocation, the revocation notice shall remain posted for a period of at least 15 calendar days.~~

~~(e) Failure to display the notice for the time required in this section shall be a violation of this section and may result in additional disciplinary action.~~

~~(f) A licensee shall notify the Department, by submitting the Notification and Request Form, DCC-LIC-027 (Amended 7/21), incorporated herein by reference, within 24 hours of discovering that the notice under subsection (b) of this section has been removed or damaged to an extent that makes the notice illegible.~~

~~Authority: Section 26013, Business and Professions Code. Reference: Sections 26011.5 and 26012, Business and Professions Code.~~

~~§15813. Enforcement Costs.~~

~~(a) In any order in resolution of a disciplinary proceeding for suspension or revocation of a license, the Department may request the administrative law judge to direct a licensee found to have committed a violation or violations of the Act, or any regulation adopted pursuant to the Act, to pay a sum not to exceed the reasonable costs of the investigation and enforcement of the case.~~

~~(b) A certified copy of the actual costs, or a good faith estimate of costs where actual costs are not available, signed by the Department's designated representative shall be prima facie evidence of reasonable costs of investigation and prosecution of the case. The costs shall include the amount of investigative and enforcement costs up to the date of the hearing, including, but not limited to, charges imposed by the Attorney General.~~

~~(c) The administrative law judge shall make a proposed finding of the amount of reasonable costs of investigation and prosecution of the case when requested pursuant to subsection (a). The Department may reduce or eliminate the cost award, or remand to the administrative law judge where the proposed decision fails to make a finding on costs requested pursuant to subsection (a).~~

~~(d) Where an order for recovery of costs is made and timely payment is not made as directed in the decision, the Department may enforce the order for repayment in any appropriate court. This right of enforcement shall be in addition to any other rights the Department may have as to any licensee to pay costs.~~

~~(e) In any action for recovery of costs, proof of the decision shall be conclusive proof of the validity of the order of payment and the terms for payment.~~

~~(f) Except as provided in subsection (g) of this section, the Department shall not renew or reinstate any license of any licensee who has failed to pay all of the costs ordered under this division.~~

~~(g) Notwithstanding subsection (f) of this section, the Department may, in its discretion, conditionally renew or reinstate for a maximum of one year the license of any licensee who demonstrates financial hardship and who enters into a formal agreement with the Department for reimbursement within that one-year period for the unpaid costs.~~

~~(h) Nothing in this section shall preclude the Department from including the recovery of the costs of investigation and enforcement of a case in any stipulated settlement.~~

~~Authority: Section 26013, Business and Professions Code; Reference: Sections 125.3, 26012 and 26031, Business and Professions Code.~~

~~§15814. Disciplinary Guidelines.~~

~~In reaching a decision on a disciplinary action under the Act and the Administrative Procedure Act (Govt. Code section 11400 et seq.), the Department shall consider the disciplinary guidelines entitled “Department of Cannabis Control Disciplinary Guidelines for all Distributor, Retailer, Microbusiness, Cannabis Event Organizer, Cannabis Event, and Testing Laboratory Licenses Amended July 2021,” which are hereby incorporated by reference. Deviation from these guidelines and orders, including the standard terms of probation, is appropriate where the Department in its sole discretion determines that the facts of the particular case warrant such a deviation, e.g., the presence of mitigating factors, the age of the case, or evidentiary problems.~~

~~Authority: Section 26013, Business and Professions Code; Reference: Sections 26012 and 26031, Business and Professions Code.~~

~~§15815. Emergency Decision and Order.~~

~~(a) The Department may issue an emergency decision and order for temporary, interim relief to prevent or avoid immediate danger to the public health, safety, or welfare. Such circumstances include, but are not limited to, the following:~~

~~(1) The Department has information that cannabis goods at a licensee’s premises have a reasonable probability of causing serious adverse health consequences or death.~~

~~(2) To prevent the sale, transfer, or transport of contaminated or illegal cannabis goods in possession of the licensee.~~

~~(3) The Department observes or has information that conditions at the licensee’s premises exist that present an immediate risk to worker or public health and safety.~~

~~(4) To prevent illegal diversion of cannabis goods, or other criminal activity at the licensee’s premises.~~

~~(5) To prevent the destruction of evidence related to illegal activity or violations of the Act.~~

~~(6) To prevent misrepresentation to the public, such as selling untested cannabis goods, providing inaccurate information about the cannabis goods, or cannabis goods that have been obtained from an unlicensed person.~~

~~(b) Temporary, interim relief may include a suspension or administrative hold by one or more of the following:~~

~~(1) The temporary suspension of a license.~~

~~(2) An order to segregate or isolate specific cannabis goods.~~

~~(3) An order prohibiting the movement of cannabis goods to or from the premises.~~

~~(4) (4) An order prohibiting the sale of specific cannabis goods.~~

~~(5) An order prohibiting the destruction of specific cannabis goods.~~

~~(c) The emergency decision and order issued by the Department shall include a brief explanation of the factual and legal basis of the emergency decision that justify the~~

~~Department's determination that emergency action is necessary, and the specific actions ordered. The emergency decision and order shall be effective when issued or as otherwise provided by the decision and order.~~

~~(d) To issue an administrative hold that prohibits activity related to specified cannabis goods, the Department shall comply with the following:~~

~~(1) The notice of the administrative hold shall include a description of the cannabis goods subject to the administrative hold.~~

~~(2) Following notice, the Department shall identify the cannabis goods subject to the administrative hold in the track and trace system.~~

~~(e) A licensee subject to an administrative hold shall comply with the following:~~

~~(1) Within 24 hours of receipt of the notice of administrative hold, physically segregate all designated cannabis goods in a limited access area of the licensed premises. The licensee shall ensure that all cannabis goods subject to the administrative hold are safeguarded and preserved in a manner that prevents tampering, degradation, or contamination.~~

~~(2) While the administrative hold is in effect, the licensee shall not sell, donate, transfer, transport, gift, or destroy the cannabis goods subject to the hold.~~

~~(3) A microbusiness licensee subject to an administrative hold may continue to cultivate any cannabis subject to an administrative hold. If the cannabis subject to the hold must be harvested, the licensee shall place the harvested cannabis into separate batches.~~

~~(4) A licensee may voluntarily surrender cannabis goods that are subject to an administrative hold. The licensee shall identify the cannabis goods being voluntarily surrendered in the track and trace system. Voluntary surrender shall not be construed to waive the right to a hearing or any associated rights.~~

~~(f) To issue a temporary suspension, the Department shall specify in the order that the licensee shall immediately cease conducting all commercial cannabis activities under its license, unless otherwise specified in the order.~~

~~(g) A microbusiness licensee subject to a temporary suspension may continue to cultivate cannabis at the licensed premises only as prescribed by the Department in the order. If the order permits the cannabis to be harvested, the licensee shall place the harvested cannabis into separate batches.~~

~~(h) The emergency decision and order for temporary, interim relief shall be issued in accordance with the following procedures:~~

~~(1) The Department shall give notice of the emergency decision and order and an opportunity to be heard to the licensee prior to the issuance, or effective date, of the emergency decision and order, if practicable.~~

~~(2) Notice and hearing under this section may be oral or written and may be provided by telephone, personal service, mail, facsimile transmission, electronic mail, or other electronic means, as the circumstances permit.~~

~~(3) Notice may be given to the licensee, any person meeting the definition of owner for~~

the license, or to the manager or other personnel at the licensed premises.

~~(4) Upon receipt of the notice, the licensee may request a hearing within three (3) business days by submitting a written request for hearing to the Department through electronic mail, facsimile transmission, or other written means. The hearing shall commence within five (5) business days of receipt of the written request for hearing, unless a later time is agreed upon by the Department and the licensee.~~

~~(5) The hearing may be conducted in the same manner as an informal conference under section 15803 of this division; however, the timeframes provided in section 15803 shall not apply to a hearing under this section. Pre-hearing discovery or cross-examination of witnesses is not required under this section.~~

~~(6) The emergency decision and order shall be affirmed, modified, or set aside as determined appropriate by the Department within five (5) business days of the hearing.~~

~~(i) Within ten (10) calendar days of the issuance or effective date of the emergency decision and order for temporary, interim relief, the Department shall commence adjudicative proceedings in accordance with Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code to resolve the underlying issues giving rise to the temporary, interim relief, notwithstanding the pendency of proceedings for judicial review of the emergency decision as provided in subsection (k).~~

~~(j) After formal proceedings pursuant to subsection (i) of this section are held, a licensee aggrieved by a final decision of the Department may appeal the decision to the Cannabis Control Appeals Panel pursuant to Section 26043 of the Act.~~

~~(k) Notwithstanding administrative proceedings commenced pursuant to subsection (i), the licensee may obtain judicial review of the emergency decision and order pursuant to section 1094.5 of the Code of Civil Procedure in the manner provided in Section 11460.80 of the Government Code without exhaustion of administrative remedies.~~

~~(l) The Department's authority provided by this section may be used in addition to any civil, criminal, or other administrative remedies available to the Department.~~

~~Authority: Section 26013, Business and Professions Code. Reference: Section 26012, Business and Professions Code; and Sections 11460.10, 11460.20, 11460.30, 11460.40, 11460.50, 11460.60, 11460.70 and 11460.80, Government Code.~~

Chapter 7. Cultivators

Article 1. General Cultivation Requirements

§16201. Cultivation License Types.

License types include:

(a) Specialty Cottage:

(1) "Specialty Cottage Outdoor" is an outdoor cultivation site with up to 25 mature plants or 2,500 square feet or less of total canopy.

(2) "Specialty Cottage Indoor" is an indoor cultivation site with 500 square feet or less of

total canopy.

(3) "Specialty Cottage Mixed-Light Tier 1 and 2" is a mixed-light cultivation site with 2,500 square feet or less of total canopy.

(b) Specialty:

(1) "Specialty Outdoor" is an outdoor cultivation site with less than or equal to 5,000 square feet of total canopy, or up to 50 mature plants on noncontiguous plots.

(2) "Specialty Indoor" is an indoor cultivation site with between 501 and 5,000 square feet of total canopy.

(3) "Specialty Mixed-Light Tier 1 and 2" is a mixed-light cultivation site with between 2,501 and 5,000 square feet of total canopy.

(c) Small:

(1) "Small Outdoor" is an outdoor cultivation site with between 5,001 and 10,000 square feet of total canopy.

(2) "Small Indoor" is an indoor cultivation site with between 5,001 and 10,000 square feet of total canopy.

(3) "Small Mixed-Light Tier 1 and 2" is a mixed-light cultivation site with between 5,001 and 10,000 square feet of total canopy.

(d) Medium:

(1) "Medium Outdoor" is an outdoor cultivation site with between 10,001 square feet and one acre of total canopy.

(2) "Medium Indoor" is an indoor cultivation site with between 10,001 and 22,000 square feet of total canopy.

(3) "Medium Mixed-Light Tier 1 and 2" is a mixed-light cultivation site with between 10,001 and 22,000 square feet of total canopy.

(e) "Nursery" is a cultivation site that conducts only cultivation of clones, immature plants, seeds, and other agricultural products used specifically for the propagation of cultivation of cannabis.

(f) "Processor" is a cultivation site that conducts only trimming, drying, curing, grading, packaging, and labeling of cannabis and nonmanufactured cannabis products.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26012, 26013, 26050 and 26061, Business and Professions Code.

§16202. General Cultivation Requirements.

(a) Licensees are prohibited from transferring any commercially cultivated cannabis or nonmanufactured cannabis products from their licensed premises. All transfers of cannabis and nonmanufactured cannabis product from a licensed cultivation premises must be conducted by a distributor licensed by the Department.

(b) Outdoor cultivation licensees are prohibited from using light deprivation. Artificial lighting is permissible only to maintain immature plants outside the canopy area.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26010, 26012, 26013, 26050 and 26053, Business and Professions Code.

§16209. Medium Cultivation License Limits.

A person or owner shall be limited to one (1) Medium Outdoor, or one (1) Medium Indoor, or one (1) Medium Mixed-Light A-License or M-License. This section shall remain in effect until January 1, 2023.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26012, 26013, 26050 and 26061, Business and Professions Code.

Article 2. Cultivation Site Requirements

§16300. Cultivation Requirements for Specialty Cottage, Specialty, Small, and Medium Licenses.

(a) Cannabis plants maintained outside of the designated canopy area(s) for specialty cottage, specialty, small, and medium licenses are prohibited from flowering. Should a plant outside of the canopy area(s) begin to flower, a plant tag shall be applied, the plant shall be moved to a designated canopy area and reported in the track and trace system without delay.

(b) All plants or portions of a plant used for seed production shall be tagged with a plant tag pursuant to section 15048.4.

(c) A licensee propagating immature plants for distribution or seed for distribution to another licensee shall obtain a nursery license.

(d) Licensees shall process their harvested cannabis only in area(s) designated for processing in their cultivation plan, or transfer their harvested cannabis to a licensed processor, manufacturer, or distributor via a licensed distributor.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26013, 26060 and 26120, Business and Professions Code.

§16301. Seed Production Requirements for Nursery Licensees.

Nursery licensees producing seed for distribution shall tag all mature plants with a plant tag pursuant to section 15048.4(b). All products, except seed, derived from these plants are prohibited from entering the commercial distribution chain.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26013, 26060 and 26067, Business and Professions Code.

§16302. Research and Development Requirements for Nursery Licensees.

Nursery licensees may maintain a research and development area, as identified in their cultivation plan, for the cultivation of mature plants. All mature plants shall be tagged with a plant tag pursuant to section 15048.4. All cannabis and cannabis products derived from these plants are prohibited from entering the commercial distribution chain or being transferred off the licensed premises.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26013, 26060 and 26067, Business and Professions Code.

§16303. Cultivation Requirements for Processor Licensees.

(a) Processor licensees shall comply with all of the following requirements:

(1) All aggregation of product shall adhere to track and trace requirements.

(2) Licensees may produce nonmanufactured cannabis products without a manufacturing license.

(3) Cultivation of cannabis plants is prohibited at a licensed processor premises.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26013, 26060, 26067, 26069 and 26120, Business and Professions Code.

§16304. General Environmental Protection Measures.

(a) All licensed cultivators shall comply with all of the following environmental protection measures:

(1) Principles, guidelines, and requirements adopted pursuant to section 13149 of the Water Code and implemented by the State Water Resources Control Board, Regional Water Quality Control Boards, or California Department of Fish and Wildlife;

(2) Any conditions of licensure included pursuant to section 26060.1(b)(1) of the Business and Professions Code;

(3) Requirements of section 7050.5(b) of the Health and Safety Code if human remains are discovered during cultivation activities;

(4) Requirements for generators pursuant to section 16306;

(5) Requirements for pesticides pursuant to section 16307;

(6) Outdoor lights used for safety or security purposes are shielded and downward facing; and

(7) Lights used for indoor or mixed-light cultivation are shielded from sunset to sunrise to reduce nighttime glare.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26013, 26060, 26066 and 26201, Business and Professions Code.

§16305. Renewable Energy Requirements.

(a) Beginning January 1, 2023, all holders of indoor, tier 2 mixed-light license types of any size, and all holders of nursery licenses using indoor or tier 2 mixed-light techniques shall ensure that electrical power used for commercial cannabis activity meets the average electricity greenhouse gas emissions intensity required by their local utility provider pursuant to the California Renewables Portfolio Standard Program in division 1, part 1, chapter 2.3, article 16 (commencing with section 399.11) of the Public Utilities Code.

(b) If a licensed cultivator's average weighted greenhouse gas emission intensity, as calculated and reported upon license renewal pursuant to section 15020, is greater than the local utility provider's greenhouse gas emission intensity, the licensee shall obtain carbon offsets to cover the excess in carbon emissions from the previous annual licensed period. The carbon offsets shall be purchased from one or more of the following recognized voluntary carbon registries:

- (1) American Carbon Registry;
- (2) Climate Action Reserve; or
- (3) Verified Carbon Standard.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26013, 26060, 26066 and 26201, Business and Professions Code.

§16306. Generator Requirements.

(a) For the purposes of this section, "generator" means a stationary or portable compression ignition engine as defined in title 17, California Code of Regulations, section 93115.4.

(b) Licensed cultivators using generators rated at fifty (50) horsepower and greater shall demonstrate compliance with the Airborne Toxic Control Measure for stationary or portable engines, as applicable, established in title 17, California Code of Regulations, sections 93115-93116.5. Compliance shall be demonstrated by providing a copy of one of the following to the Department upon request:

- (1) For portable engines, a Portable Equipment Registration Certificate provided by the California Air Resources Board; or
- (2) For portable or stationary engines, a Permit to Operate or other proof of engine registration, obtained from the Local Air District with jurisdiction over the licensed premises.

(c) Licensed cultivators using generators rated below fifty (50) horsepower shall comply with the following by 2023:

- (1) Either subsection (1)(A) or (1)(B):

(A) Meet the "emergency" definition for portable engines in title 17, California Code of Regulations, section 93116.2(a)(12), or the "emergency use" definition for stationary engines in title 17, California Code of Regulations, section 93115.4(a)(30); or

(B) Operate eighty (80) hours or less in a calendar year; and

(2) Either subsection (2)(A) or (2)(B):

(A) Meet Tier 3 with Level 3 diesel particulate filter requirements in title 13, California Code of Regulations, sections 2700-2711; or

(B) Meet Tier 4 requirements, or current engine requirements if more stringent, in title 40, Code of Federal Regulations, chapter I, subchapter U, part 1039, subpart B, section 1039.101.

(d) All generators used by licensed cultivators shall be equipped with non-resettable hour-meters. If a generator does not come equipped with a non-resettable hour-meter, an after-market non-resettable hour-meter shall be installed.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26013, 26060, 26066 and 26201, Business and Professions Code.

§16307. Pesticide Use Requirements.

(a) Licensed cultivators shall comply with all applicable pesticide statutes and regulations enforced by the Department of Pesticide Regulation.

(b) For all pesticides that are exempt from registration requirements, licensed cultivators shall comply with all applicable pesticide statutes and regulations enforced by the Department of Pesticide Regulation and the following pesticide application and storage protocols:

(1) Comply with all pesticide label directions;

(2) Store chemicals in a secure building or shed to prevent access by wildlife;

(3) Contain any chemical leaks and immediately clean up any spills;

(4) Apply the minimum amount of product necessary to control the target pest;

(5) Prevent offsite drift;

(6) Do not apply pesticides when pollinators are present;

(7) Do not allow drift to flowering plants attractive to pollinators;

(8) Do not spray directly to surface water or allow pesticide product to drift to surface water. Spray only when wind is blowing away from surface water bodies;

(9) Do not apply pesticides when they may reach surface water or groundwater; and

(10) Only use properly labeled pesticides. If no label is available, consult the Department of Pesticide Regulation.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26013, 26060, 26066 and 26201, Business and Professions Code.

§16308. Canopy Requirements.

(a) Licensed cultivators shall comply with the following requirements for canopy areas:

(1) Each canopy shall be marked with clearly identifiable physical boundaries around all areas that will contain mature plants. Physical boundaries include, but are not limited to, interior walls, shelves, greenhouse walls, hoop house walls, garden benches, hedgerows, fencing, garden beds, garden plots, or stakes delineating the perimeter.

(2) Each canopy shall be of sufficient size to contain the mature plants in their entirety at any point in time. No portion of the plant is permitted to hang over an established canopy boundary.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26013 and 26060, Business and Professions Code.

§16309. Cultivation Plan Requirements.

(a) Licensed cultivators shall establish and maintain a cultivation plan that includes all of the following:

(1) A premises diagram drafted in accordance with section 15006.

(2) A cannabis waste management plan developed in accordance with section 17223.

(3) A pest management plan developed in accordance with section 16310.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26013, 26051.5, and 26060, Business and Professions Code.

§16310. Pest Management Plan.

(a) The licensed cultivator shall develop a pest management plan that includes:

(1) The product name and active ingredient(s) of all pesticides to be applied to cannabis; and

(2) Any integrated pest management protocols, including chemical, biological, and cultural methods, that will be used to prevent and control pests on the cultivation site.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26013, 26051.5 and 26060, Business and Professions Code.

§16311. Supplemental Water Source Information.

The following information shall be provided for each water source identified by the applicant:

(a) Retail water supply sources:

(1) If the water source is a retail water supplier, as defined in section 13575 of the Water Code, such as a municipal provider, provide the following:

(A) Name of the retail water supplier; and

(B) A copy of the most recent water service bill.

(2) If the water source is a small retail water supplier, such as a delivery service, and is subject to section 26060.1(a)(1)(B) of the Business and Professions Code and the retail water supplier contract is for delivery or pickup of water from a surface water body or an underground stream flowing in a known and definite channel, provide all of the following:

(A) The name of the retail water supplier under the contract;

(B) The water source and geographic location coordinates, in either latitude and longitude or the California Coordinate System, of any point of diversion used by the retail water supplier to divert water delivered to the commercial cannabis business under the contract;

(C) The authorized place of use of any water right used by the retail water supplier to divert water delivered to the commercial cannabis business under the contract;

(D) The maximum amount of water delivered to the commercial cannabis business for cannabis cultivation in any year; and

(E) A copy of the most recent water service bill.

(3) If the water source is a small retail water supplier, such as a delivery service, and is subject to section 26060.1(a)(1)(B) of the Business and Professions Code and the retail water supplier contract is for delivery or pickup of water from a groundwater well, provide all of the following:

(A) The name of the retail water supplier under the contract;

(B) The geographic location coordinates for any groundwater well used to supply water delivered to the commercial cannabis business, in either latitude and longitude or the California Coordinate System;

(C) The maximum amount of water delivered to the commercial cannabis business for cannabis cultivation in any year;

(D) A copy of the well completion report filed with the Department of Water Resources pursuant to section 13751 of the Water Code for each percolating groundwater well used to divert water delivered to the commercial cannabis business. If no well completion report is available, the applicant shall provide evidence from the Department of Water Resources indicating that the Department of Water Resources does not have a record of the well completion report. When no well completion report is available, the State Water Resources Control Board may request additional information about the well; and

(E) A copy of the most recent water service bill.

(b) If the water source is a groundwater well, provide the following:

(1) The groundwater well's geographic location coordinates, in either latitude and longitude or the California Coordinate System; and

(2) A copy of the well completion report filed with the Department of Water Resources pursuant to section 13751 of the Water Code. If no well completion report is available, the applicant shall provide evidence from the Department of Water Resources indicating that the Department of Water Resources does not have a record of the well completion

report. If no well completion report is available, the State Water Resources Control Board may request additional information about the well.

(c) If the water source is a rainwater catchment system, provide the following:

(1) The total square footage of the catchment footprint area(s);

(2) The total storage capacity, in gallons, of the catchment system(s); and

(3) A detailed description and photographs of the rainwater catchment system infrastructure, including the location, size, and type of all surface areas that collect rainwater. Examples of rainwater collection surface areas include a rooftop and greenhouse.

(d) If the water source is a diversion from a waterbody (such as a river, stream, creek, pond, lake, etc.), provide any applicable water right statement, application, permit, license, or small irrigation use registration identification number(s), and either:

(1) A copy of any applicable statement, registration certificate, permit, license, or proof of a pending application issued under part 2 (commencing with section 1200) of division 2 of the California Water Code as evidence of approval of a water diversion by the State Water Resources Control Board; or

(2) If the commercial cannabis business has claimed an exception from the requirement to file a statement of diversion and use pursuant to section 5101 of the Water Code, provide a copy of the documentation submitted to the State Water Resources Control Board before January 1, 2019, demonstrating that the diversion is subject to subdivision (a), (c), (d), or (e) of section 5101 of the Water Code.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26013 and 26060.1, Business and Professions Code.

Article 3. Release of Information to Financial Institutions

§16410. Cultivation Licensee Authorization to Release Data to Financial Institutions.

(a) A cultivation licensee may authorize the Department to provide information to a financial institution for purposes of facilitating the provision of financial services. The authorization shall be made in writing, through a form prescribed by the Department, which shall include the following information:

(1) The name of the licensed business for which the licensee is authorizing the release of information;

(2) The business's license number(s);

(3) The financial institution authorized to receive information;

(4) The name, phone number, email address, and signature of the owner submitting the authorization;

(5) The categories of information specified in subsection (b) that are authorized for release; and

(6) An acknowledgement that the authorization to release information includes information that is otherwise protected from disclosure, that the licensee is waiving privilege and confidentiality, and that the scope of the release is strictly limited for the purposes of disclosure to the financial institution.

(b) After receipt of the authorization from a cultivation licensee, the Department shall release the following information, when requested by an authorized financial institution pursuant to section 16411 of this division:

(1) The license application(s), including renewal applications, excluding information required to be kept confidential pursuant to Penal Code section 11105 and confidential personal information of individual owners of the licensed business;

(2) Information captured in the track and trace system established pursuant to Business and Professions Code section 26067, including, but not limited to, aggregated sales or transfer information, as applicable;

(3) Documents issued to the licensee pursuant to disciplinary or enforcement proceedings;

(c) A cultivation licensee may withdraw the authorization to provide information to a financial institution at any time. The withdrawal shall be made in writing, through a form prescribed by the Department, and shall include the following information:

(1) The name of the licensed business for which the licensee is withdrawing the authorization of the release of information;

(2) The business's license number(s);

(3) The financial institution from which authorization to receive information is withdrawn;

(4) The name, phone number, email address, and signature of the owner submitting the withdrawal.

Authority: Section 26013, Business and Professions Code. Reference: Section 26260, Business and Professions Code.

§16411. Financial Institution Request for Cultivation Licensee Information.

A financial institution as defined in Business and Professions Code section 26260(c)(3) may request information related to a cultivation licensee for purposes of facilitating the provision of financial services for that licensee. The request shall be made in writing, through a form prescribed by the Department, which shall include the following information:

(a) The name of the financial institution;

(b) The name, phone number, email, and signature of the representative of the financial institution requesting information;

(c) The business name and license number of the licensee for which the financial institution is requesting information;

(d) The type of financial services for which the information is requested (including, but not limited to, establishment or maintenance of bank accounts, extending loans, and providing insurance) and whether the request is for consideration of a new service or maintenance of an existing service;

(e) The specific information requested as described in section 16410(b) if authorized by the licensee; and

(f) An acknowledgment that use of the information is limited to that which is necessary for the provision of financial services.

Authority: Section 26013, Business and Professions Code. Reference: Section 26260, Business and Professions Code.

Chapter 8. Other Provisions

Article 1. Research Funding

§15900. Eligibility.

~~(a) Only public universities in California shall be eligible to be selected to receive funds disbursed pursuant to Revenue and Taxation Code section 34019(b).~~

~~(b) Subject to available funding, the amounts to be disbursed to the university or universities will not exceed the sum of ten million dollars (\$10,000,000) for each fiscal year, ending with the 2028-2029 fiscal year.~~

~~Authority: Section 26013, Business and Professions Code. Reference: Section 34019, Revenue and Taxation Code.~~

§15901. Request for Proposals.

~~A Request for Proposal (RFP) is the document issued by the Department, which notifies all eligible fund recipients of the following, at a minimum:~~

~~(a) The funding available for research related to the Act or regulations adopted pursuant thereto;~~

~~(b) Disbursement of funds to eligible applicants through a review and selection process, including the criteria that will be used for review and selection;~~

~~(c) The specified timeframes for the proposal review and selection process, including the deadline for submission of proposals;~~

~~(d) Proposal requirements, including necessary documentation;~~

~~(e) Any priorities or restrictions imposed upon the use of the funds;~~

~~(f) The governing statutes and regulations; and~~

~~(g) The name, address, and telephone number of a contact person within the Department, who can provide further information regarding the process for submission of proposals.~~

Authority: ~~Section 26013, Business and Professions Code. Reference: Section 34019, Revenue and Taxation Code.~~

~~§15902. Selection Process and Criteria.~~

- ~~(a) The selection process shall involve eligible proposals timely received by the Department, in response to an applicable RFP, or similar notice.~~
- ~~(b) The Department will consider only one proposal per applicant for a given research project. Applicants may submit more than one proposal if the proposals are for separate and distinct research projects or activities.~~
- ~~(c) The Department will make a selection for funding, based on criteria including, but not limited to:
 - ~~(1) The extent to which the proposed project is designed to achieve objectives as specified in Revenue and Taxation Code section 34019(b).~~
 - ~~(2) The extent to which the proposed project is designed to achieve measurable outcomes, and the clarity of the measures for success, including, for research-based objectives, the scientific and technical merit of the proposed project as evaluated by relevant experts.~~
 - ~~(3) The extent to which the proposed project is feasible, demonstrated by:
 - ~~(A) A timeline for project completion, including readiness; and~~
 - ~~(B) Budget detail.~~~~
 - ~~(4) Qualifications of the staff who will be assigned or working on the proposed project.~~
 - ~~(5) Any other criteria to determine the proposed project's efficacy in evaluating the implementation and effect of the Act.~~~~
- ~~(d) Applicants selected for funding will be notified in writing, along with the amount of the proposed funding.~~
- ~~(e) The Department's selection decision is final and not subject to appeal.~~

Authority: ~~Section 26013, Business and Professions Code. Reference: Section 34019, Revenue and Taxation Code.~~

~~§ 15903. Release of Funds.~~

- ~~(a) The Department shall not cause funds to be disbursed until the Applicant has executed a Grant Agreement, and any other required documents.~~
- ~~(b) Selected recipients shall receive a single disbursement of funds for the duration of the research project.~~
- ~~(c) Funds released to the recipient that will be used for the purchase of any equipment related to the research project shall, at a minimum, meet the following conditions:
 - ~~(1) Prior to the purchase of any equipment, the recipient shall obtain written approval from the Department.~~~~

~~(2) Receipts or other documentation for the purchase of any equipment shall be provided to the Department immediately upon purchase and request and retained pursuant to section 15904 of this division.~~

~~(d) Any funds that are not used prior to the completion of the research project shall be forfeited.~~

~~Authority: Section 26013, Business and Professions Code. Reference: Section 34019, Revenue and Taxation Code.~~

~~§15904. Reports to the Department.~~

~~The recipient of funds shall provide regular performance reports to the Department.~~

~~(a) Unless otherwise specified in the Grant Agreement, performance reports shall be provided to the Department in the following manner:~~

~~(1) At monthly intervals for research projects with an estimated completion time not exceeding one year.~~

~~(2) At quarterly intervals for research projects with an estimated completion time exceeding one year.~~

~~(b) Performance reports shall include, at a minimum:~~

~~(1) A detailed, estimated time schedule of completion for the research project;~~

~~(2) Description of any measurable outcomes, results achieved, or other completed objectives of the research project;~~

~~(3) Description of remaining work to be completed;~~

~~(4) Summary of the expenditures of the funds, and whether the research project is meeting the proposed budget, and if not, the reasons for any discrepancies and what actions will be taken to ensure the research project will be completed; and~~

~~(5) Any changes to the information provided in the proposal, including, but not limited to, change in staff.~~

~~Authority: Section 26013, Business and Professions Code. Reference: Section 34019, Revenue and Taxation Code.~~

~~§15905. Research Records.~~

~~Recipients shall retain all research and financial data necessary to substantiate the purposes for which the funds were spent for the duration of the funding, and for a period of seven years after completion of the research project. Recipients shall provide such documentation to the Department upon request.~~

~~Authority: Section 26013, Business and Professions Code. Reference: Section 26160, Business and Professions Code; and Section 34019, Revenue and Taxation Code.~~

Chapter 8. Manufacturers

Article 1. Manufacturing Licenses

§17006. Manufacturing License Types.

The following manufacturing license types are available from the Department:

(a) "Type 7," for extractions using volatile solvents as defined by section 15000(xxx). A Type 7 licensee may also:

(1) Conduct extractions using nonvolatile solvents or mechanical methods on the licensed premises, provided that the extraction process is noted on the application and the relevant information pursuant to section 15011(b) is provided to the Department;

(2) Conduct infusion operations on the licensed premises, provided the infusion operations and product types are noted on the application and the relevant information pursuant to section 15011(b) is provided to the Department;

(3) Conduct packaging and labeling of cannabis products on the licensed premises; and

(4) Register and operate the licensed premises as a shared-use facility in accordance with article 2 (commencing with section 17124) of chapter 8.

(b) "Type 6," for extractions using mechanical methods or nonvolatile solvents as defined by section 15000(uu). A Type 6 licensee may also:

(1) Conduct infusion operations on the licensed premises, provided the infusion operations and product types are noted on the application and the relevant information pursuant to section 15011(b) is provided to the Department;

(2) Conduct packaging and labeling of cannabis products on the licensed premises; and

(3) Register and operate the licensed premises as a shared-use facility in accordance with article 2 (commencing with section 17124) of chapter 8.

(c) "Type N," for manufacturers that produce cannabis products other than extracts or concentrates that are produced through extraction. A Type N licensee may also:

(1) Conduct packaging and labeling of cannabis products on the licensed premises; and

(2) Register and operate the licensed premises as a shared-use facility in accordance with article 2 (commencing with section 17124) of chapter 8.

(d) "Type P," for manufacturers that only package or repackage cannabis products or label or relabel cannabis product containers or wrappers.

(e) "Type S," for manufacturers that conduct commercial cannabis manufacturing activities in accordance with article 2 (commencing with section 17124) of chapter 8 at a registered shared-use facility.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26012, 26050 and 26130, Business and Professions Code.

§17009. Additional Activities.

In addition to the activities specified in section 17006, a licensed manufacturer may also roll and package pre-rolls and package dried cannabis flower.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26012 and 26130, Business and Professions Code.

§17117. License Constraints.

(a) A manufacturer licensee shall not manufacture, prepare, package or label any products other than cannabis products at the licensed premises.

(b) No licensee shall employ or retain an individual under 21 years of age.

(c) A manufacturer licensee shall only use cannabinoid concentrates and extracts that are manufactured or processed from cannabis obtained from a licensed cannabis cultivator.

(d) A manufacturer licensee shall not manufacture, prepare, package, or label cannabis products in a location that is operating as a retail food establishment or as a processed food registrant.

(e) A manufacturer licensee shall not manufacture, prepare, package, or label cannabis products in a location that is licensed by the Department of Alcoholic Beverage Control pursuant to division 9 (commencing with section 23000) of the Business and Professions Code.

Authority: Section 26013 and 26130, Business and Professions Code. Reference: Sections 26050 and 26140, Business and Professions Code.

§17123.1. Manufacturing Licensee Authorization to Release Data to Financial Institutions.

(a) A manufacturing licensee may authorize the Department to provide information to a financial institution for purposes of facilitating the provision of financial services. The authorization shall be made in writing, through a form prescribed by the Department, which shall include the following information:

(1) The name of the licensed business for which the licensee is authorizing the release of information;

(2) The business's license number(s);

(3) The financial institution authorized to receive information;

(4) The name, phone number, email address, and signature of the owner submitting the authorization;

(5) The categories of information specified in subsection (b) that are authorized for release; and

(6) An acknowledgement that the authorization to release information includes information that is otherwise protected from disclosure, and waiving privilege and confidentiality is strictly for purposes of disclosure to the financial institution.

(b) After receipt of the authorization from a manufacturing licensee, the Department shall release the following information, as designated by the licensee, when requested by an authorized financial institution pursuant to section 17123.2 of this division:

(1) The license application(s), including renewal applications, excluding information required to be kept confidential pursuant to Penal Code section 11105 and confidential personal information of individual owners of the licensed business;

(2) Information captured in the track and trace system established pursuant to Business and Professions Code section 26067, including, but not limited to, aggregated sales or transfer information, as applicable; and

(3) Documents issued to the licensee pursuant to disciplinary or enforcement proceedings.

(c) A licensee may withdraw the authorization to provide information to a financial institution at any time. The withdrawal shall be made in writing, through a form prescribed by the Department, and shall include the following information:

(1) The name of the licensed business for which the licensee is withdrawing the authorization of the release of information;

(2) The business's license number(s);

(3) The financial institution from which authorization to receive information is withdrawn; and

(4) The name, phone number, email address, and signature of the owner submitting the withdrawal.

Authority: Section 26013, Business and Professions Code. Reference: Section 26260, Business and Professions Code.

§17123.2. Financial Institution Request for Manufacturing Licensee Information.

A financial institution as defined in Business and Professions Code section 26260(c)(3) may request information related to a manufacturing licensee for purposes of facilitating the provision of financial services for that licensee. The request shall be made in writing, through a form prescribed by the Department, which shall include the following information:

(a) The name of the financial institution;

(b) The name, phone number, email, and signature of the representative of the financial institution requesting information;

(c) The business name and license number of the licensee for which the financial institution is requesting information;

(ed) The type of financial services for which the information is requested (including, but not limited to, establishment or maintenance of bank accounts, extending loans, and providing insurance) and whether the request is for consideration of a new service or maintenance of an existing service;

(de) The specific information requested as described in section 17123.1(b) if authorized by the licensee; and

(ef) An acknowledgment that use of the information is limited to that which is necessary for the provision of financial services.

Authority: Section 26013, Business and Professions Code. Reference: Section 26260, Business and Professions Code.

Article 2. Shared-Use Facilities

§17124. Definitions.

For purposes of this article, the following definitions shall apply:

(a) “Common-use area” means any area of the manufacturer’s registered shared-use facility, including equipment that is available for use by more than one licensed manufacturer, provided that the use of a common-use area is limited to one licensee at a time.

(b) “Designated area” means the area of the manufacturer’s registered shared-use facility that is designated by the primary licensee for the sole and exclusive use of a Type S licensee, including storage of the Type S licensee’s cannabis, cannabis concentrates, and cannabis products.

(c) “Primary licensee” means the Type 7, Type 6, or Type N licensee that has registered and been approved to operate its licensed premises as a shared-use facility.

(d) “Shared-use facility” means a manufacturing premises operated by a Type 7, Type 6, or Type N licensee in which Type S licensees are authorized to conduct manufacturing operations.

(e) “Use agreement” means a written agreement between a primary licensee and a Type S commercial cannabis business or licensee that specifies the designated area of the Type S licensee, the days and hours in which the Type S licensee is assigned to use the common-use area, any allocation of responsibility for compliance pursuant to section 17128, and an acknowledgement that the Type S licensee has sole and exclusive use of the common-use area during the Type S licensee’s assigned time period.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26001, 26050, 26051.5 and 26130, Business and Professions Code.

§17126. Registration to Operate a Shared-Use Facility.

(a) No licensed manufacturer shall operate as a shared-use facility without prior approval by the Department.

(b) To register as a shared-use facility, a Type 7, Type 6, or Type N licensee shall submit the following to the Department through the online licensing system:

(1) A copy of the license, permit, or other authorization issued by the local jurisdiction that enables the licensee to operate as a shared-use facility. The Department shall contact the applicable local jurisdiction to confirm the validity of the authorization upon receipt of the application for registration. If the local jurisdiction does not respond within 10 calendar days, the Department shall consider the authorization valid.

(2) A registration form prescribed by the Department, which includes the following information:

(A) The proposed occupancy schedule that specifies the days and hours the common-use area will be available for use by Type S licensees and when the common-use area will be used by the primary licensee. The occupancy schedule shall allow for maintenance and sanitizing between uses by individual licensees.

(B) A diagram indicating:

(i) Each designated area for Type S licensee(s).

(ii) The common-use area, including identification of any shared equipment.

(c) The Department shall notify the Type 7, Type 6, or Type N licensee upon approval of the registration to operate as a shared-use facility. Notification shall be made through the online licensing system.

(d) At least one business day prior to a Type S licensee commencing manufacturing operations at a registered shared-use facility, the primary licensee shall provide written notification to the Department. The notification to the Department shall include the Type S licensee's business name, contact person, contact phone number, and license number. The primary licensee shall also provide an updated occupancy schedule that includes the Type S licensee and an updated diagram that specifies the Type S licensee's designated area. Notification shall be provided by email or through the online licensing system.

(e) A primary licensee that wishes to discontinue operation as a shared-use facility may cancel its registration by providing written notice to the Department and each Type S licensee authorized to use the shared-use facility at least 30 calendar days prior to the effective date of the cancellation.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26051.5, 26055 and 26130, Business and Professions Code.

§17127. Shared-Use Facility Conditions for Operation.

(a) A primary licensee shall operate the shared-use facility in accordance with the conditions of operation specified in this section.

(b) Each Type S licensee shall be assigned a “designated area” that, at minimum:

(1) Is for exclusive use by the Type S licensee; and

(2) Provides an area for storage that is secure, fixed in place, locked with a commercial-grade lock, and accessible only to the Type S licensee for storage of that Type S licensee’s cannabis, cannabis concentrates, and cannabis products.

(c) Any part of the premises used for manufacturing activities that is a common-use area shall be occupied by only one licensee at a time by restricting the time period that each licensee may use the common-use area. During the assigned time period, one licensee shall have sole and exclusive occupancy of the common-use area.

(d) The use of the shared-use facility shall be restricted to the primary licensee and the Type S licensees authorized by the Department to use the shared-use facility.

(e) Any cannabis product or other materials remaining after a Type S licensee ceases operation and discontinues use of its designated area shall be considered cannabis waste and disposed of by the primary licensee consistent with the requirements of the Act and this division.

(f) The shared-use facility shall meet all applicable requirements of the Act and this division.

(g) The occupancy schedule shall be prominently posted near the entrance to the shared-use facility.

(h) The primary licensee may conduct manufacturing activities as permitted under its Type 7, Type 6, or Type N license and may use the common-use area during its scheduled time period.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5 and 26130, Business and Professions Code.

§17128. Shared-Use Facility Compliance Requirements.

(a) As part of the use agreement, the primary licensee and the Type S licensee(s) may allocate responsibility for providing and maintaining commonly used equipment and services, including, but not limited to, security systems, fire monitoring and protection services, and waste disposal services. However, the Department may take enforcement action against either the primary licensee or Type S licensee(s) regardless of the allocation of responsibility in the use agreement.

(b) A primary licensee or a Type S licensee is liable for any violation found at the shared-use facility during that licensee’s scheduled occupancy or within that licensee’s designated area. However, a violation of any provision of the Act or this division may be deemed a violation for which each Type S licensee and the primary licensee are responsible. In the event of a recall or embargo of a cannabis product produced at a shared-use facility, the Department, in its sole discretion, may include any or all cannabis products produced at the shared-use facility.

(c) The occupancy schedule and designated area for a Type S licensee shall not be

altered without prior notification to the Department. Prior to making any changes to the occupancy schedule or the designated area, written notification that includes the intended changes shall be submitted by email or through the Department's online licensing system.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5, 26055 and 26130, Business and Professions Code.

Article 3. Solvent Use and Safety

§17202.1. General Requirements for Extraction and Post-Extraction Processing.

(a) A licensed manufacturer that uses a volatile solvent, a flammable liquid, or a solvent that creates an asphyxiant gas shall ensure that the solvent is used in accordance with the requirements of:

(1) Chapter 39 of the California Fire Code;

(2) Title 8, California Code of Regulations, sections 5416-5420, which includes ensuring adequate ventilation and controlling sources of ignition;

(3) All Division of Occupational Safety and Health (Cal/OSHA) regulations related to the processing, handling, and storage of the applicable solvent; and

(4) All fire, safety, and building code requirements related to the processing, handling, and storage of the applicable solvent or gas.

(b) No volatile solvent extraction or post-extraction processing operations or other closed-loop system operations shall occur in an area zoned as residential.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5, 26105 and 26130, Business and Professions Code.

§17203. Permissible Extractions.

(a) Except as provided in subsection (b), cannabis extraction shall only be conducted using the following methods:

(1) Mechanical extraction;

(2) Chemical extraction using a nonvolatile solvent, as defined in section 15000(uu).

(3) Chemical extraction using CO₂ gas in a professional closed-loop extraction system.

(4) Chemical extraction using a volatile solvent, as defined in section 15000(xxx), in a professional closed-loop extraction system; or

(5) Any other method authorized by the Department pursuant to subsection (b).

(b) To request authorization from the Department to conduct cannabis extraction using a method other than those specified in subsections (a)(1) through (4), the applicant or licensee shall submit a detailed description of the extraction method, including any documentation that validates the method and any safety procedures to be utilized to mitigate any risk to public or worker health and safety.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5 and 26130, Business and Professions Code.

§17204. Solvent Requirements.

(a) Any solvents used for extraction or post-extraction processing shall meet the following minimum purity requirements:

(1) Hydrocarbon-based solvents shall be at least 99 percent purity.

(2) Nonhydrocarbon-based solvents shall be food-grade.

(3) CO₂ gas used for extraction shall be food-grade.

(4) Ethanol shall be food-grade in accordance with 21 CFR, part 184, subpart B, section 184.1293. Ethanol that meets the requirements of food-grade may be combined with another food-grade solvent or a hydrocarbon that meets the requirements of subsection (a)(1) of this section, provided that the use of the solvent mixture is pre-approved by the Department.

(5) Water and ice shall be potable.

(6) Dry ice shall be food-grade.

(b) The licensed manufacturer shall maintain copies of the safety data sheets for any chemical solvents used and make these records readily available to employees and to the Department upon request.

(c) The licensed manufacturer shall maintain documentation evidencing the purity of any chemical solvents used and make these records readily available to employees and to the Department upon request.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5, 26105 and 26130, Business and Professions Code.

§17205. Additional Requirements for Ethanol Operations.

A licensed manufacturer that uses ethanol in manufacturing operations for extractions or post-extraction processing shall receive approval for the facility and equipment from the local fire code official prior to commencing operations, if required by local ordinance.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5 and 26130, Business and Professions Code.

§17206. Closed-Loop Extraction System Requirements.

(a) Chemical extractions using CO₂; a volatile solvent; or chlorofluorocarbon, hydrocarbon, or other fluorinated gas shall be conducted in a professional closed-loop extraction system designed to recover the solvents. The system shall be commercially manufactured and bear a permanently affixed and visible serial number. The system shall be certified after installation by a California-licensed engineer as commercially manufactured, safe for use with the intended solvent, and built to codes of recognized and generally accepted good engineering practices, such as:

(1) The American Society of Mechanical Engineers (ASME);

(2) American National Standards Institute (ANSI);

(3) Underwriters Laboratories (UL); or

(4) The American Society for Testing and Materials (ASTM).

(b) The licensed manufacturer shall establish and implement procedures to ensure that the closed-loop extraction system is maintained in accordance with the equipment manufacturer specifications. The licensee shall maintain logs documenting the date(s) of maintenance; description of the maintenance done, including any machine parts that were replaced; and the initials of the employee conducting the maintenance.

(c) The certification document required pursuant to subsection (a) shall contain the signature and stamp of a California-licensed professional engineer and the serial number of the extraction unit being certified.

(d) The licensed manufacturer shall establish and implement procedures to ensure routine verification that the system is operating in accordance with equipment manufacturer specifications and continues to comply with fire, safety, and building code requirements. The licensed manufacturer shall conduct any verification recommended by the equipment manufacturer. The licensed manufacturer shall maintain logs documenting the date(s) of verification, description of the verification method, and the initials of the employee conducting the verification.

(e) A licensed manufacturer shall establish and implement standard operating procedures, good manufacturing practices, and a training plan prior to using the closed-loop system. Any personnel using solvents or gases in a closed-loop system shall have direct access to applicable safety data sheets. Personnel shall be trained on how to use the system and handle and store solvents and gases safely prior to operating the system. The training shall be documented in accordance with section 17211.1.

(f) Professional closed-loop systems, other equipment used, the extraction operation, and facilities shall be approved for use by the local fire code official prior to commencing operation of the closed-loop system, if required by local ordinance.

(g) The facility shall have a gas detection system that meets the requirements of title 24, California Code of Regulations, sections 3905.1-3905.2.

(h) All procedures and logs described in this section shall be in writing and made available to the Department upon request.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5, 26105 and 26130, Business and Professions Code.

Article 4. Good Manufacturing Practices

§17207. Manufacturing Practices Definitions.

In addition to the definitions in section 26001 of the Act and section 15000 of this division, the following definitions shall govern the construction of this article:

(a) “Allergen cross-contact” means the unintentional incorporation of a food allergen into a cannabis product.

(b) “Component” means any substance or item intended for use in the manufacture of a cannabis product, including those substances or items that are not intended to appear in the finished cannabis product. “Component” includes cannabis, cannabis products used as ingredients, raw materials, other ingredients, and processing aids.

(c) “Contact surface” means any surface that contacts cannabis products and cannabis product components and those surfaces from which drainage, or other transfer, onto the cannabis product or cannabis product components, occurs during the normal course of operations. Examples of contact surfaces include containers, utensils, tables, and equipment.

(d) “Easily cleanable” means a characteristic of a surface that allows effective removal of soil, food residue, or other organic or inorganic materials by normal cleaning methods.

(e) “Environmental pathogen” means a pathogen capable of surviving and persisting within the manufacturing environment such that cannabis products may be contaminated and may result in illness if consumed or used without treatment to significantly minimize the environmental pathogen. Examples of environmental pathogens include *Listeria monocytogenes* and *Salmonella spp.* but do not include the spores of pathogenic spore-forming bacteria.

(f) “Hazard” means any biological, chemical, radiological, or physical agent that has the potential to cause illness or injury.

(g) “Holding” means storage of cannabis or cannabis products and includes activities performed incidental to storage of a cannabis product and activities performed as a practical necessity for the distribution of that cannabis product.

(h) “Microorganisms” means yeasts, molds, bacteria, viruses, protozoa, and microscopic parasites and includes species that are pathogens. The term “undesirable microorganisms” includes those microorganisms that are pathogens, that subject a cannabis product to decomposition, that indicate that a cannabis product is contaminated with filth, or that otherwise may cause a cannabis product to be adulterated.

(i) “Monitor” means to conduct a planned sequence of observations or measurements to assess whether preventive measures are operating as intended.

(j) "Pathogen" means a microorganism that can cause illness or injury.

(k) "Potable" means water that meets the requirements of Health and Safety Code section 113869.

(l) "Preventive measures" means those risk-based, reasonably appropriate procedures, practices, and processes that a person knowledgeable about the safe manufacturing, processing, packing, or holding of food would employ to significantly minimize or prevent the hazards identified pursuant to a product quality plan as specified in section 17214.

(m) "Processing aid" means any substance that is added to a cannabis product during manufacture but is removed in some manner from the cannabis product before it is packaged in its finished form. This includes substances that are converted into constituents normally present in the product, and do not significantly increase the amount of the constituent naturally found in the product. This also includes substances that are added to a product for their technical or functional effect in the processing but are present in the finished product at insignificant levels and do not have any technical or functional effect in that product.

(n) "Qualified individual" means a person who has the education, training, or experience (or a combination thereof) necessary to manufacture quality cannabis products as appropriate to the individual's assigned duties. A qualified individual may be, but is not required to be, an employee of the licensed manufacturer.

(o) "Quality control" means a planned and systematic operation or procedure for ensuring the quality of a cannabis product.

(p) "Quality control operation" means a planned and systematic procedure for taking all actions necessary to prevent cannabis product(s) from being adulterated or misbranded.

(q) "Quality control personnel" means any person, persons, or group designated by the licensed manufacturer to be responsible for quality control operations.

(r) "Raw material" means any unprocessed material in its raw or natural state that is intended to become part of the components of a cannabis product.

(s) "Sanitize" means to treat cleaned surfaces by a process that is effective in destroying vegetative cells of pathogens and substantially reducing numbers of other undesirable microorganisms, but without adversely affecting the product or its safety for the consumer.

(t) "Smooth" means any of the following:

(1) A contact surface that is free of pits, pinholes, cracks, crevices, inclusions, rough edges, and other surface imperfections detectable by visual or tactile inspection.

(2) A floor, wall, or ceiling having an even or level surface with no roughness or projections that render it difficult to clean.

(u) "Utensil" means an implement, tool, or container used in the storage, preparation, manufacture, or processing of cannabis and cannabis products. In addition to kitchenware, examples of utensils include, but are not limited to, gloves, screens, sieves, implements to create pre-rolls, buckets, and scissors.

(v) “Validate” means obtaining and evaluating scientific and technical evidence that a control measure, combination of control measures, or set of quality control procedures, when properly implemented, is capable of ensuring the quality of a cannabis product or effectively controlling an identified hazard.

(w) “Verification” means the application of methods, procedures, tests, or other evaluations, in addition to monitoring, to determine whether a control measure or combination of control measures is or has been operating as intended and to establish the validity of the quality control procedures.

(x) “Yield” means the quantity of a particular cannabis product expected to be produced at a given step of manufacture or packaging, as identified in the master manufacturing protocol. The expected yield is based upon the quantity of components or packaging to be used, in the absence of any loss or error in actual production. “Actual yield” means the quantity of a particular cannabis product that is actually produced at a given step of manufacture or packaging that is recorded in the batch production record.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26001 and 26130, Business and Professions Code.

§17208. Quality Control Program.

(a) A licensed manufacturer shall establish and implement a quality control program to ensure that cannabis products are not adulterated or misbranded. The quality control program shall describe how the licensee will comply with the following:

(1) Grounds, building, and manufacturing premises standards, as specified in section 17209;

(2) Equipment and utensil requirements, as specified in section 17210;

(3) Personnel procedures, as specified in section 17211;

(4) Cannabis product component procedures, as specified in section 17212; and

(5) Manufacturing processes and procedures, as specified in section 17213.

(b) The quality control program shall be under the supervision of one or more qualified individuals assigned responsibility for this function.

(c) For purposes of this article, for those requirements that are contained in the Health and Safety Code, use of the term “food” shall include cannabis, cannabis products, components, and contact surfaces.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5 and 26131, Business and Professions Code.

§17209. Grounds, Building, and Manufacturing Premises.

(a) Exterior facility and grounds. A licensed manufacturer shall ensure the facility exterior and grounds under the licensed manufacturer’s control meet the following minimum standards:

(1) Grounds shall be equipped with draining areas in order to prevent pooled or standing water;

(2) Weeds, grass, and vegetation shall be cut within the immediate vicinity of the cannabis manufacturing premises, litter and waste shall be removed, and equipment shall be stored in order to minimize the potential for the grounds to constitute an attractant, breeding place, or harborage for pests;

(3) Roads, yards, and parking lots shall be maintained so that these areas do not constitute a source of contamination in areas where cannabis products are handled or transported;

(4) Openings into the building (such as windows, exhaust fans, ventilation ducts, or plumbing vent pipes) shall be screened, sealed, or otherwise protected to minimize potential for pests to enter the building;

(5) Waste treatment and disposal systems shall be provided and maintained so as to prevent contamination in areas where cannabis products may be exposed to such a system's waste or waste by-products.

(6) A licensed manufacturer shall implement precautions within the premises, such as inspection or extermination, if the premises is bordered by grounds outside the licensed manufacturer's control that are not maintained in the manner described in subsections (1) through (5), in order to eliminate any pests, dirt, and filth that pose a source of cannabis product contamination. Any use of insecticide, rodenticide, or other pesticide within the premises shall meet the requirements of Health and Safety Code section 114254.

(b) Interior facility. A licensed manufacturer shall ensure construction, design, and maintenance of the interior of the manufacturing premises as follows:

(1) Walls, ceilings, and floors. Walls, ceilings, and floors shall be constructed of material that is smooth, nonporous, easily cleanable, corrosion-resistant, and suitable to the activity that will be conducted. Fixtures, ducts, and pipes shall not pose a source of drip or condensate that may contaminate cannabis, cannabis products, components, contact surfaces, or packaging material.

(2) Lighting. Interior facility lighting shall meet the requirements of the Health and Safety Code section 114252, subdivisions (a)(1) and (3), (b)(3) and (4), and (c). Interior facility lighting shall also meet the requirements for shatter-resistant lighting in Health and Safety Code section 114252.1. The requirements of Health and Safety Code section 114252.1(a), shall also apply to all areas where glass breakage may result in the contamination of exposed cannabis, cannabis products, components, contact surfaces, or packaging material.

(3) Plumbing system and fixtures.

(A) Water supply. Running water shall be supplied as required by Health and Safety Code section 114192 in all areas where required for the manufacturing of cannabis products; in all areas used for the cleaning of equipment, utensils, and packaging materials; and for employee sanitary facilities. Water that contacts cannabis, cannabis products, components, contact surfaces, or packaging materials shall be potable.

(B) Plumbing. Plumbing systems shall meet the requirements of Health and Safety Code section 114190.

(C) Sewage disposal. The sewage system shall be maintained and kept in good repair so that it does not pose a potential source of contamination of cannabis, cannabis products, components, contact surfaces, or packaging materials.

(D) Toilet facilities. A licensed manufacturer shall provide employees with access to toilet facilities that meet the requirements of Health and Safety Code section 114250. Toilet facilities shall be kept clean and shall not pose a potential source of contamination of cannabis, components, cannabis products, contact surfaces, or packaging materials.

(E) Hand-washing facilities. A licensed manufacturer shall provide hand-washing facilities that meet the requirements of Health and Safety Code sections 113953(a)-(d) and 113953.2.

(F) Waste disposal. A licensed manufacturer shall provide for waste disposal in accordance with Health and Safety Code sections 114244(a) and (c) and 114245.1. Cannabis waste shall be disposed of in accordance with section 17223.

(4) Ventilation. Ventilation systems shall meet the requirements of Health and Safety Code sections 114149 and 114149.3.

(5) Cleaning and maintenance. The premises, including any fixtures, and other physical facilities therein, shall be maintained in a clean and sanitary condition and kept in good repair so as to prevent cannabis products from becoming adulterated, and shall meet the requirements of Health and Safety Code section 114257.1.

(A) The premises shall have a janitorial facility that meets the requirements of Health and Safety Code section 114279(a).

(B) Cleaning equipment and supplies shall be stored in a manner that meets the requirements of Health and Safety Code section 114281.

(C) Poisonous or toxic materials such as cleaning compounds, sanitizing agents, and pesticide chemicals that are necessary for premises and equipment maintenance and operation shall be handled and stored in a manner that meets the requirements of Health and Safety Code sections 114254.1, 114254.2 and 114254.3.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5 and 26131, Business and Professions Code.

§17210. Equipment and Utensils.

(a) Design and construction. Equipment and utensils shall meet the requirements of Health and Safety Code sections 114130.1, 114130.2, 114130.3, and 114130.4 and shall be used in accordance with their operating instructions to avoid the adulteration of cannabis products with lubricants, fuel, metal fragments, contaminated water, or any other contaminants.

(b) Installation. Equipment shall be installed so as to allow cleaning and maintenance of the equipment and of adjacent spaces. Equipment that is not easily moveable shall meet the requirements of Health and Safety Code section 114169.

(c) Cleaning, sanitizing, and maintenance. Equipment and utensils shall be maintained in a clean and sanitary condition and kept in good repair. The quality control program for cleaning, sanitizing, and maintenance of equipment and utensils shall include the following elements, at minimum:

(1) A detailed, written procedure for cleaning, sanitizing, and maintaining (including calibrating) equipment and utensils;

(2) A schedule for cleaning, sanitizing, and maintaining equipment and utensils;

(3) A log for documentation of the date and time of maintenance, cleaning, and sanitizing of equipment and utensils; and

(4) A procedure for storing cleaned and sanitized equipment and utensils in a manner to protect the equipment and utensils from contamination.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5 and 26131, Business and Professions Code.

§17211. Manufacturing Personnel.

(a) Licensed manufacturers shall establish and implement procedures for personnel that include, at minimum:

(1) Disease control. Any individual who by medical examination or supervisory observation is shown to have, or appears to have, an illness specified in Health and Safety Code section 113949.2(a) or an open lesion (e.g., boil, sore, cut, rash, or infected wound), unless covered in accordance with the requirements of Health and Safety Code section 113949.2(b), shall be excluded from any manufacturing operations until their health condition is corrected. Personnel shall be instructed to report such health conditions to their supervisors.

(2) Cleanliness. All individuals working in direct contact with cannabis, cannabis products, components, contact surfaces, and packaging materials shall maintain personal cleanliness in order to protect against allergen cross-contact and contamination of cannabis products while on duty. The methods for maintaining personal cleanliness include:

(A) Wearing clean outer clothing to protect against allergen cross-contact and contamination of cannabis, cannabis products, components, contact surfaces, and packaging materials;

(B) Washing hands thoroughly in a hand-washing facility that meets the requirements of section 17209 before starting work, after each absence from a work station, at any time specified in Health and Safety Code section 113953.3, and at any time when the hands may have become soiled or contaminated;

(C) Removing all unsecured jewelry and other objects that might fall into cannabis, cannabis products, components, equipment, or containers. Hand jewelry that cannot be sanitized shall be removed during periods in which cannabis products are manipulated by hand. If such hand jewelry cannot be removed, it shall be covered by material that can be maintained in an intact, clean, and sanitary condition and that effectively protects against contamination by these objects of cannabis, cannabis products, components, contact surfaces, and packaging materials;

(D) Maintaining gloves used in cannabis product handling in an intact, clean, and sanitary condition;

(E) Wearing hair nets, caps, beard covers, or other hair restraints that are designed and worn to prevent hair contact with cannabis, cannabis products, components, contact surfaces, and packaging materials;

(F) Storing clothing and personal belongings in areas separate from those where cannabis products are exposed or where equipment or utensils are washed; and

(G) Confining the following activities to areas separate from those where cannabis products may be exposed or where equipment or utensils are washed: eating food, chewing gum, drinking beverages, and using tobacco.

(3) Nothing in this section prohibits a licensed manufacturer from establishing additional precautions to protect against allergen cross-contact and contamination of cannabis, cannabis products, components, contact surfaces, and packaging materials by microorganisms or foreign substances (e.g., perspiration, hair, cosmetics, tobacco, chemicals, and medicines applied to the skin).

(4) The procedures for manufacturing personnel shall be in writing and made available to the Department upon request.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5 and 26131, Business and Professions Code.

§17211.1. Training Program.

(a) A manufacturing licensee shall establish and implement a training program to ensure that all personnel present at the premises are provided information and training that, at minimum, covers the following topics:

(1) Within 30 days of the start of employment:

(A) Health and safety hazards;

(B) Hazards presented by all solvents or chemicals used at the licensed premises as described in the safety data sheet for each solvent or chemical;

(C) Emergency response procedures;

(D) Security procedures;

(E) Record keeping requirements; and

(F) Training requirements.

(2) Prior to independently engaging in any cannabis manufacturing process:

(A) An overview of the cannabis manufacturing process and standard operating procedure(s);

(B) Quality control procedures;

(C) Product quality plans developed in accordance with section 17214;

(D) Proper and safe usage of equipment or machinery;

(E) Safe work practices applicable to an employee's job tasks, including appropriate use of any necessary safety or sanitary equipment;

(F) Cleaning and maintenance requirements;

(G) Emergency operations, including shutdown; and

(H) Any additional information reasonably related to an employee's job duties.

(3) Additionally, a manufacturing licensee that produces edible cannabis products shall ensure that all personnel who prepare, handle, or package edible products successfully complete a California food handler certificate course from an entity accredited by the American National Standards Institute (ANSI) within 90 days of commencing employment at the premises and again every three years during employment. A manufacturing licensee shall obtain documentation evidencing the fulfillment of this requirement;

(b) A manufacturing licensee shall ensure that all personnel receive annual refresher training to cover, at minimum, the topics listed in subsection (a). This annual refresher training must be completed within 12 months of the previous training completion date.

(c) A manufacturing licensee shall maintain a record of training containing, at minimum:

(1) A list of all personnel at the premises including, at minimum, name and job duties of each individual;

(2) Documentation of training topics and dates of training completion, including refresher training, for all personnel;

(3) The signatures of each individual and the licensee verifying receipt and understanding of each training or refresher training completed by the individual; and

(4) Any official documentation attesting to the successful completion of required training by personnel.

(d) A manufacturing licensee may assign responsibility for the training of individual personnel to supervisory personnel. Assigned supervisory personnel must have the education, training, or experience (or a combination thereof) necessary to ensure the production of quality cannabis products by all personnel. The assigned training personnel shall sign and date a document on an annual basis attesting that they received and understands all information that will be provided to personnel in the training program. This documentation shall be maintained as part of the record requirements in subsection (c).

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5, 26130 and 26160, Business and Professions Code.

§17212. Cannabis Product Components.

(a) In order to prevent adulteration of cannabis products, licensed manufacturers shall establish and implement written policies and procedures to ensure and maintain the quality of product components.

(b) Components are subject to the following minimum requirements:

(1) Components that are food must be obtained from a source that complies with federal and state food laws.

(2) Raw materials and other components shall be inspected upon intake to ensure that they are clean and suitable for manufacturing into cannabis products, and shall be stored under conditions that protect against allergen cross-contact and contamination and minimize deterioration.

(3) Raw materials shall be washed or cleaned as necessary to remove soil and other visible contaminants. Water used for washing, rinsing, or conveying cannabis product ingredients shall be potable.

(4) Raw materials and other components shall not contain levels of microorganisms that render the cannabis product injurious to human health, or shall be pasteurized or otherwise treated during manufacturing so that they no longer contain levels of microorganisms that would cause the cannabis product to be adulterated.

(5) Raw materials and other components susceptible to contamination with aflatoxin or other natural toxins, pests, or extraneous material shall not exceed generally acceptable limits set by the U.S. Food and Drug Administration in the *Defect Levels Handbook* (Rev. February 2005), which is hereby incorporated by reference, before these raw materials or other ingredients are incorporated into cannabis products.

(6) Raw materials and other components shall be held in containers designed and constructed to protect against allergen cross-contact or contamination, and shall be held at a temperature and relative humidity and in a manner that prevents the cannabis products from becoming adulterated.

(7) Frozen raw materials and other components shall be kept frozen. If thawing is required prior to use, it shall be done in a manner that prevents the raw materials and other ingredients from becoming adulterated.

(8) Raw materials and other components that are food allergens shall be identified and held in a manner that prevents cross-contact with other raw materials or ingredients.

(c) Holding and storage of raw materials and other components shall meet the requirements of Health and Safety Code sections 114047(a) and (b), 114049, and 114051.

(d) The policies and procedures for components shall be in writing and made available to the Department upon request.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5 and 26131, Business and Professions Code.

§17213. Manufacturing Processes and Procedures.

(a) A licensed manufacturer shall implement and maintain the following manufacturing processes and procedures that ensure cannabis product quality:

(1) A product quality plan, as described in section 17214;

(2) Master manufacturing protocols, as described in section 17215, for each unique formulation of cannabis product manufactured to ensure only intended components are included and that the cannabis product is packaged and labeled in accordance with product specifications and this division; and

(3) Batch production records, as described in section 17216, to document the production process and, if needed, to verify that the established processes and procedures, including the preventive measures and master manufacturing protocol, were implemented correctly.

(b) All manufacturing records, processes, and procedures shall be in writing and are subject to inspection by the Department, its inspectors and agents.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5 and 26131, Business and Professions Code.

§17214. Product Quality Plan.

(a) A licensed manufacturer shall establish and implement a written product quality plan for each type of product manufactured at the premises. The product quality plan shall address the hazards associated with the premises or the manufacturing process that, if not properly mitigated, may cause the product to be adulterated or misbranded, or may cause the product to fail laboratory testing or quality assurance review.

(b) To create the product quality plan, the licensed manufacturer shall conduct a comprehensive assessment of the overall manufacturing process, as follows:

(1) Identify each step from component intake through transfer of product from the premises;

(2) Evaluate the potential risks associated with each step;

(3) Identify the preventive measures that shall be taken to mitigate the potential risks identified;

(4) Identify the methods to evaluate and monitor the effectiveness of the preventive measures; and

(5) Identify any action to take if a preventive measure was unsuccessful.

(c) The licensed manufacturer shall evaluate the following potential risks to cannabis product quality that could be introduced during manufacturing operations:

(1) Biological hazards, including microbiological hazards;

(2) Chemical hazards, including radiological hazards, pesticide contamination, solvent or other residue, natural toxins, decomposition, or allergens;

(3) Physical hazards, such as stone, glass, metal fragments, hair, or insects; and

(4) Process failures that may lead to product contamination, allergen cross-contact, packaging errors, labeling errors, or other errors affecting cannabis product quality.

(d) The licensed manufacturer shall identify and implement the preventive measure(s) necessary to mitigate each potential risk identified pursuant to subsection (c). Examples of preventive measures include, but are not limited to:

(1) Cleaning and sanitizing of equipment and utensils to mitigate against risk of microbiological hazards;

(2) Conducting in-house testing of raw cannabis to mitigate against the risk of pesticide contamination;

(3) Establishing an allergen control program to ensure that allergen cross-contact does not occur between product types; and

(4) Implementing procedures to ensure homogeneity of cannabinoids into a cannabis product to mitigate against the risk of a non-homogeneous product.

(e) The licensed manufacturer shall identify and implement methods to evaluate and monitor the effectiveness of the preventive measures in mitigating the potential risks identified in subsection (c). Methods for evaluation and monitoring of preventive measures include, but are not limited to, the following:

(1) Review of test results conducted to determine contamination such as pesticide residue;

(2) Maintaining and reviewing cleaning, sanitizing, or maintenance logs to verify such actions have been taken;

(3) Conducting environmental testing to determine if equipment or utensils are contaminated with pathogens; and

(4) Monitoring the temperature of raw materials that need to be held below 41 degrees Fahrenheit to prevent microbial contamination.

(f) The licensed manufacturer shall identify actions to be taken if the evaluation and monitoring of the preventive measure indicates that a risk was not properly mitigated. The corrective action shall be specific to the type of product under evaluation and the specific risk to be mitigated. Examples of corrective actions include, but are not limited to:

(1) Destruction of product components or finished manufactured cannabis product;

(2) Further manufacturing of cannabis extract to remove impurities; and

(3) Reworking the unfinished product to further homogenize the cannabinoids.

(g) The licensed manufacturer shall maintain the product quality plans and documentation of preventive measures, monitoring results, and corrective actions and make the records available to the Department upon the Department's request, including during the Department's onsite inspection of the premises. Nothing in this chapter requires the disclosure of product quality plans other than to the Department and its

inspectors and agents. The licensee may consider the product quality plan subject to trade secret protection.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5 and 26131, Business and Professions Code.

§17215. Master Manufacturing Protocol.

(a) A licensed manufacturer shall establish and follow a written master manufacturing protocol for each unique formulation of cannabis product manufactured, and for each batch size, in order to mitigate the potential for adulteration through incorporation of incorrect amounts of cannabinoids, unintended ingredients, or hazards identified in the product quality plan; the potential for misbranding through incorporation of ingredients not identified on the label or mislabeling of the product; and to ensure uniformity in finished batches and across all batches produced.

(b) The master manufacturing protocol shall include:

(1) The name and intended cannabinoid concentration(s) of the cannabis product to be manufactured;

(2) A complete list of components to be used;

(3) The weight or measure of each component to be used. The master manufacturing protocol for any given product may include the ability to adjust the weight or measure of cannabinoid-containing ingredients in order to account for the variability of cannabinoid content in harvest batches;

(4) The identity and weight or measure of each ingredient that will be declared on the ingredients list of the cannabis product;

(5) The expected yield of the finished manufactured cannabis product, based upon the quantity of components or packaging to be used in the absence of any loss or error in actual production, and the maximum and minimum percentages of expected yield beyond which a deviation investigation of a batch will be necessary, material review will be conducted, and a decision on the disposition of the product will be made;

(6) A description of packaging and a representative label, or a cross-reference to the physical location of the actual or representative label;

(7) The expected number of packages and labels to be used, if the cannabis product will leave the manufacturing premises in final form;

(8) Written instructions for each point, step, or stage in the manufacturing process; and

(9) Written instructions for any action to mitigate risk(s) identified in the product quality plan.

(c) Master manufacturing protocols shall be in writing and made available to the Department upon request.

(d) Nothing in this chapter requires disclosure of the master manufacturing protocol to any person other than the individuals conducting activities that utilize the protocol or to

the Department and its inspectors and agents. The licensee may consider the master manufacturing protocol subject to trade secret protection.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5 and 26131, Business and Professions Code.

§17216. Batch Production Record.

(a) A licensed manufacturer shall prepare a written batch production record every time a batch of a cannabis product is manufactured or a batch of cannabis or cannabis product is remediated. The batch production record shall accurately follow the appropriate master manufacturing protocol, and each step of the protocol shall be performed in the production of the batch.

(b) The batch production record shall document complete information relating to the production and control of each batch, including all of the following details:

(1) The UID and the batch or lot number of the finished batch of cannabis product and the UIDs of all cannabis or cannabis products used in the batch;

(2) The specific equipment and processing lines used in producing or remediating the batch;

(3) The identity and weight or measure of each component used;

(4) A statement of the actual yield and the percentage difference from expected yield at appropriate phases of manufacturing as identified in the master manufacturing protocol;

(5) The actual results obtained during any monitoring operation, if the product quality plan identifies any monitoring needed to ensure product safety;

(6) Documentation, at the time of performance, of the manufacture of the batch, including:

(A) The date on which each step of the master manufacturing protocol was performed; and

(B) The initials of the person(s) performing each step;

(7) An actual or representative label or other identification of the label to be used for the cannabis product;

(8) The actual quantity of the packaging and labels used, and the difference from the expected number to be used, if the cannabis product will leave the manufacturing premises as a final form cannabis good;

(9) Documentation, at the time of performance, that quality control personnel:

(A) Reviewed the batch production record;

(B) Reviewed all required monitoring operation(s);

(C) Reviewed the results of all tests and examinations, including tests and examinations conducted on components, finished batches of cannabis product, and packaged and labeled cannabis products; and

(D) Either approved and released, or rejected, the finished cannabis product, including any remediated, repackaged or relabeled cannabis product;

(10) Documentation, at the time of performance, of any investigation identified in the product quality plan or master manufacturing protocol, including investigations into deviations from the expected yield or package and label count.

(c) The batch production record shall:

(1) Contain the actual values and observations obtained during monitoring and, as appropriate, during verification activities;

(2) Be accurate, indelible, and legible;

(3) Be created concurrently with performance of the activity documented;

(4) Be as detailed as necessary to provide a history of work performed; and

(5) Include the following information:

(A) The license number or premises address of the facility at which the manufacturing occurred;

(B) The date each step was performed;

(C) The signature or initials of the person performing the activity; and

(D) The identity of the product, the UID, and the batch or lot number.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5 and 26131, Business and Professions Code.

§17217. Standard Operating Procedures.

(a) A licensed manufacturer shall establish and maintain written standard operating procedures that are easily accessible to onsite personnel. The standard operating procedures shall, at minimum, include the following:

(1) Policies or procedures developed in accordance with the security plan required by section 15042.1;

(2) Emergency response procedures, including safety data sheets for any chemicals onsite;

(3) Policies and procedures developed in accordance with section 17206;

(4) Policies and procedures developed in accordance with this article;

(5) Procedures for complying with the track and trace requirements established in article 6 of chapter 1; and

(6) Cannabis waste management procedures in compliance with section 17223.

(b) Procedures shall be written in English but may be made available in other languages, as necessary for the licensee's personnel.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5, 26130 and 26160, Business and Professions Code.

§17218. Inventory Control – Cannabis and Cannabis Products.

(a) A licensed manufacturer shall establish and implement a written inventory control plan capable of tracking the location and disposition of all cannabis and cannabis products at the licensed premises.

(b) A licensed manufacturer shall reconcile the on-hand inventory of cannabis and cannabis products at the licensed premises with the records in the track and trace system at least once every thirty (30) calendar days.

(c) If a licensed manufacturer finds a discrepancy between the on-hand inventory and the track and trace system, the licensee shall conduct an audit.

(d) If the inventory reconciliation conducted pursuant to subsection (b) or the audit conducted pursuant to subsection (c) reveals a discrepancy that is more than five percent of the documented inventory, the licensed manufacturer shall notify the Department within 24 hours of the discovery.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5 and 26130, Business and Professions Code.

Article 5. Special Requirements

§17219. Juice Manufacturing.

Manufacturers of cannabis juice or cannabis-infused juice or beverages shall prepare and implement a written juice hazard analysis and critical control plan in accordance with the requirements of title 21, Code of Federal Regulations, Part 120, subpart A, section 120.8 and subpart B, section 120.24, (Rev. January 2001), which are hereby incorporated by reference.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5 and 26131, Business and Professions Code.

§17220. Dried Meat Manufacturing.

Manufacturing of cannabis-infused dried meat products shall be conducted in accordance with the United States Department of Agriculture *FSIS Compliance Guideline for Meat and Poultry Jerky Produced by Small and Very Small Establishments: 2014 Compliance Guideline* (Rev. 2014), which is hereby incorporated by reference. Meat for manufacturing into dried meat products shall be acquired from a commercially-available source.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5 and 26131, Business and Professions Code.

Chapter 9. Cannabis Cultivation Program

Article 1. Definitions

§ 16000. Definitions.

~~The following definitions, in addition to those stated in section 26001 of the Business and Professions Code, apply to this chapter.~~

~~(a) “Act” means the Medicinal and Adult-Use Cannabis Regulation and Safety Act, division 10, chapter 1 (commencing with section 26000) of the Business and Professions Code.~~

~~(b) “Applicant” means an owner of the applicant entity or sole proprietor applying for a state license pursuant to this chapter.~~

~~(c) “Applicant entity” means the entity or sole proprietor applying for a state cannabis cultivation license.~~

~~(d) “Batch” or “harvest batch” means a specifically identified quantity of dried flower or trim, leaves, and other cannabis plant matter that is uniform in strain or cultivar, harvested in whole, or in part, at the same time, and, if applicable, cultivated using the same pesticides and other agricultural chemicals.~~

~~(e) [Reserved.]~~

~~(f) “Canopy” means the designated area(s) at a licensed premises, except nurseries and processors, that will contain mature plants at any point in time, as follows:~~

~~(1) Canopy shall be calculated in square feet and measured using clearly identifiable boundaries of all area(s) that will contain mature plants at any point in time, including all of the space(s) within the boundaries;~~

~~(2) Canopy may be noncontiguous but each unique area included in the total canopy calculation shall be separated by an identifiable boundary that includes, but is not limited to, interior walls, shelves, greenhouse walls, hoop house walls, garden benches, hedgerows, fencing, garden beds, or garden plots; and~~

~~(3) If mature plants are being cultivated using a shelving system, the surface area of each level shall be included in the total canopy calculation.~~

~~(g) “Commercial cannabis activity” includes the cultivation, possession, manufacture,~~

distribution, processing, storing, laboratory testing, packaging, labeling, transportation, delivery, or sale of cannabis and cannabis products as provided for in this chapter.

~~(h) "Cultivation" means any activity involving the planting, growing, harvesting, drying, curing, grading, or trimming of cannabis.~~

~~(i) "Cultivation site" means a location where commercial cannabis is planted, grown, harvested, dried, cured, graded, or trimmed, or a location where any combination of those activities occurs.~~

~~(j) "Department" means the Department of Cannabis Control.~~

~~(k) "Dried flower" means all dead cannabis that has been harvested, dried, cured, or otherwise processed, excluding leaves and stems.~~

~~(l) "Flowering" means that a cannabis plant has formed a mass of pistils measuring greater than one half inch wide at its widest point.~~

~~(m) "Immature plant" or "immature" means a cannabis plant that has a first true leaf measuring greater than one half inch long from base to tip (if started from seed) or a mass of roots measuring greater than one half inch wide at its widest point (if vegetatively propagated), but which is not flowering.~~

~~(n) "Indoor cultivation" means the cultivation of cannabis within a permanent structure using exclusively artificial light or within any type of structure using artificial light at a rate above twenty-five watts per square foot.~~

~~(o) "Kief" means the resinous trichomes of cannabis that have been separated from the cannabis plant.~~

~~(p) "Licensee" means any person holding a license pursuant to this chapter.~~

~~(q) "Light deprivation" means the use of any technique to eliminate natural light in order to induce flowering.~~

~~(r) "Lot" means a batch, or a specifically identified portion of a batch.~~

~~(s) "Mature plant" or "mature" means a cannabis plant that is flowering.~~

~~(t) "Mixed light cultivation" means the cultivation of mature cannabis in a greenhouse, hoop house, glasshouse, conservatory, hothouse, or other similar structure using a combination of:~~

~~(1) Natural light and light deprivation and one of the artificial lighting models listed below:~~

~~(A) "Mixed light Tier 1" without the use of artificial light or the use of artificial light at a rate above zero, but no more than six watts per square foot;~~

~~(B) "Mixed light Tier 2" the use of artificial light at a rate above six and below or equal to twenty five watts per square foot; or~~

~~(2) Natural light and one of the artificial lighting models listed below:~~

~~(A) "Mixed light Tier 1" the use of artificial light at a rate above zero, but no more than six watts per square foot;~~

~~(B) "Mixed light Tier 2" the use of artificial light at a rate above six and below or equal to~~

~~twenty five watts per square foot.~~

~~(u) “Net weight” means the weight of harvested cannabis and cannabis products, exclusive of all materials, substances, or items not part of the commodity itself, including but not limited to containers, conveyances, bags, wrappers, packaging materials, labels, and individual piece coverings, and that meet the requirements in section 16406(b).~~

~~(v) “Nonmanufactured cannabis product” means flower, shake, leaf, pre-rolls, and kief that is obtained from accumulation in containers or sifted from loose, dry cannabis flower or leaf with a mesh screen or sieve.~~

~~(w) “Nursery” means all activities associated with producing clones, immature plants, seeds, and other agricultural products used specifically for the propagation and cultivation of cannabis.~~

~~(x) “Outdoor cultivation” means the cultivation of mature cannabis without the use of artificial lighting or light deprivation in the canopy area at any point in time. Artificial lighting is permissible only to maintain immature plants outside the canopy area.~~

~~(y) “Pest” means any of the following that is, or is liable to become, dangerous or detrimental to the agricultural or nonagricultural environment of the state:~~

~~(1) Any insect, predatory animal, rodent, nematode, or weed; and~~

~~(2) Any form of terrestrial, aquatic, or aerial plant or animal virus, fungus, bacteria, or other microorganism (except viruses, fungi, bacteria, or other microorganisms on or in living man or other living animals).~~

~~(z) “Premises” means the designated structure or structures and land specified in the application that is owned, leased, or otherwise held under the control of the applicant or licensee where the commercial cannabis activity will be or is conducted. The premises shall be a contiguous area and shall only be occupied by one licensee.~~

~~(aa) “Pre-roll” means any combination of the following rolled in paper: flower, shake, leaf, or kief that is obtained from accumulation in containers or sifted from loose, dry cannabis flower or leaf with a mesh screen or sieve.~~

~~(ab) “Process,” “Processing,” and “Processes” mean all activities associated with the drying, curing, grading, trimming, rolling, storing, packaging, and labeling of cannabis or nonmanufactured cannabis products.~~

~~(ac) “Track and trace system” means the state-approved system used to track commercial cannabis activity and movement.~~

~~(ad) “Unique identifier” or “UID” means an alphanumeric code or designation used for reference to a specific plant on a licensed premises and any cannabis or cannabis product derived or manufactured from that plant.~~

~~(ae) “Watts per square foot” means the sum of the maximum wattage of all lights identified in the designated canopy area(s) in the cultivation plan divided by the sum of the dimensions in square feet of designated canopy area(s) identified in the cultivation plan.~~

~~(af) “Wet weight” means the weight of harvested, non-dried cannabis, on the licensed~~

~~premises or being transported between licensees that does not meet the net weight requirements in section 16406(b).~~

~~Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26001 and 26013, Business and Professions Code; and Section 12754.5, Food and Agricultural Code.~~

Article 2. Applications

§16100. Temporary Licenses.

~~(a) A temporary license is a conditional license that authorizes the licensee to engage in commercial cannabis activity as a licensee would be permitted to do under the privileges of an annual license of the same type. A temporary licensee shall follow all applicable statutes and regulations as a licensee would be required to do if the licensee held an annual license of the same type.~~

~~(b) A temporary license issued pursuant to this chapter shall be valid for one hundred twenty (120) calendar days from the effective date. No temporary license shall be effective prior to January 1, 2018.~~

~~(c) A temporary license may be extended for additional ninety (90) calendar day periods if a complete application for licensure has been submitted to the Department pursuant to section 16102 of this chapter.~~

~~(d) A temporary license does not obligate the Department to issue an annual license nor does the temporary license create a vested right in the holder to either an extension of the temporary license or to the granting of a subsequent annual license.~~

~~(e) The Department shall not issue any temporary licenses or extensions of temporary licenses after December 31, 2018. Any temporary licenses issued or extended with an expiration date after December 31, 2018 will be valid until it expires, but shall not be extended beyond the expiration date.~~

~~Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26013, 26050.1 and 26055, Business and Professions Code.~~

§ 16101. Annual License Application Fees.

~~The following are nonrefundable application fees for the specified annual license type and shall be paid by the applicant at the time the complete application is submitted to the Department:~~

- ~~(a) Specialty Cottage Outdoor \$135~~
- ~~(b) Specialty Cottage Indoor \$205~~
- ~~(c) Specialty Cottage Mixed Light Tier 1 \$340~~
- ~~(d) Specialty Cottage Mixed Light Tier 2 \$580~~
- ~~(e) Specialty Outdoor \$270~~

(f) Specialty Indoor	\$2,170
(g) Specialty Mixed-Light Tier 1	\$655
(h) Specialty Mixed-Light Tier 2	\$1,125
(i) Small Outdoor	\$535
(j) Small Indoor	\$3,935
(k) Small Mixed-Light Tier 1	\$1,310
(l) Small Mixed-Light Tier 2	\$2,250
(m) Medium Outdoor	\$1,555
(n) Medium Indoor	\$8,655
(o) Medium Mixed-Light Tier 1	\$2,885
(p) Medium Mixed-Light Tier 2	\$4,945
(q) Nursery	\$520
(r) Processor	\$1,040

Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26012, 26013, 26050, 26061 and 26180, Business and Professions Code.

§ 16102. Annual License Application Requirements.

Applications for a cultivation license shall be completed and submitted online at calcannabis.cdfa.ca.gov or by mailing a hard copy of the application to the Department at P.O. Box 942872, Sacramento, CA 94271-2872. Application fees, pursuant to section 16101 of this chapter, shall accompany the applications submitted online at calcannabis.cdfa.ca.gov or by mail to the Department at P.O. Box 942872, Sacramento, CA 94271-2872. Each application shall include the following, if applicable:

- (a) The legal business name of the applicant entity and the business entity structure, including but not limited to a corporation, general partnership, joint venture, limited liability company, limited liability partnership, limited partnership, sovereign entity, sole proprietorship, or trust;
- (b) The license type, pursuant to section 16201 of this chapter, for which the applicant is applying and whether the application is for an M-license or A-license;
- (c) A list of all valid commercial cannabis license types the applicant entity holds and the associated license numbers from the Department and other cannabis licensing authorities;
- (d) The physical address of the premises;
- (e) The mailing address of the applicant entity;
- (f) The hours of operation for each day of the week the applicant entity will have staff on the licensed premises. The applicant must provide a minimum of two (2) hours of

operation that are between 8:00am and 5:00pm (Pacific Time) on each day, Monday through Friday;

~~(g) A designated responsible party, who shall also be an owner, with legal authority to bind the applicant entity, and the primary contact for the application. The following information shall be provided for the designated responsible party: full legal name, title, mailing address, primary contact phone number, email address, preferred method of contact (either standard mail or email), and a copy of the owner's government-issued identification. Acceptable forms of identification are a document issued by a federal, state, county, or municipal government, including, but not limited to, a driver's license, that contains the name, date of birth, physical description, and picture of the individual;~~

~~(h) An individual or entity serving as agent for service of process for the applicant. The following information shall be provided for the agent for service of process: full legal name, mailing address, primary contact phone number, email address, and preferred method of contact (either standard mail or email);~~

~~(i) A complete list of every owner of the applicant entity pursuant to section 16103 of this chapter. Each individual owner named shall submit the following information:~~

~~(1) Full legal name;~~

~~(2) Title within the applicant entity;~~

~~(3) Date of birth;~~

~~(4) Social Security number or individual taxpayer identification number;~~

~~(5) Home address;~~

~~(6) Primary phone number;~~

~~(7) Email address;~~

~~(8) Preferred method of contact (either standard mail or email);~~

~~(9) Date ownership interest in the applicant entity was acquired;~~

~~(10) Percentage of the ownership interest held in the applicant entity by the owner;~~

~~(11) A list of all the valid licenses, including license type(s) and license number(s), from the Department and other cannabis licensing authorities that the owner is listed as either an owner or financial interest holder;~~

~~(12) A copy of the owner's government-issued identification. Acceptable forms of identification are a document issued by a federal, state, county, or municipal government, including but not limited to, a driver's license, that contains the name, date of birth, physical description, and picture of the individual;~~

~~(13) If applicable, a detailed description of any criminal conviction. A conviction within the meaning of this section means a plea or verdict of guilty or a conviction following a plea of nolo contendere. Convictions dismissed under sections 1203.4, 1203.4a and 1203.41 of the Penal Code or equivalent non-California law shall be disclosed. Juvenile adjudications and traffic infractions do not need to be included. For each conviction, all of the following shall be provided:~~

- ~~(A) The date of conviction;~~
- ~~(B) Date(s) of incarceration, if applicable;~~
- ~~(C) Date(s) of probation, if applicable;~~
- ~~(D) Date(s) of parole, if applicable;~~
- ~~(E) A detailed description of the offense for which the owner was convicted; and~~
- ~~(F) A statement of rehabilitation for each conviction. The statement of rehabilitation is to be written by the owner and may contain evidence that the owner would like the Department to consider that demonstrates the owner's fitness for licensure. Supporting evidence may be attached to the statement of rehabilitation and may include, but is not limited to, a certificate of rehabilitation under section 4852.01 of the Penal Code, and dated letters of reference from employers, instructors, or professional counselors that contain valid contact information for the individual providing the reference.~~
- ~~(14) A copy of the owner's completed application for electronic fingerprint images submitted to the Department of Justice;~~
- ~~(15) If applicable, a detailed description of any administrative orders or civil judgements for violations of labor standards, any suspension of a commercial cannabis license, revocation of a commercial cannabis license, or sanctions for unlicensed commercial cannabis activity by a licensing authority, local agency, or state agency against the applicant or a business entity in which the applicant was an owner or officer within three years immediately preceding the date of the application.~~
- ~~(j) A complete list of financial interest holders pursuant to section 16103 of this chapter, including the following information for:~~
 - ~~(1) Individuals: full legal name, tax identification number (Social Security number, individual taxpayer identification number, or national identification number), and government identification number, and type of government identification; and~~
 - ~~(2) Business entities: legal business name and employer identification number.~~
- ~~(k) Copies of all formation documents, which may include, but are not limited to, articles of incorporation, operating agreement, partnership agreement, and fictitious business name statement. The applicant shall also provide all documents filed with the California Secretary of State, which may include but are not limited to, articles of incorporation, certificate of stock, articles of organization, certificate of limited partnership, and statement of partnership authority. If an applicant is a foreign corporation, a certificate of qualification issued by the California Secretary of State;~~
- ~~(l) A valid seller's permit number issued by the California Department of Tax and Fee Administration or confirmation from the California Department of Tax and Fee Administration that a seller's permit is not needed. If the applicant entity has not yet received a seller's permit, the applicant entity shall attest that it is currently applying for a seller's permit;~~
- ~~(m) For applicants that are a cannabis cooperative as defined by division 10, chapter 22 (commencing with section 26220) of the Business and Professions Code, identification of~~

~~all members. Identifying information shall include each member's license number for commercial cannabis activity, the licensing authority that issued the license, and the name of the licensed business;~~

~~(n) Evidence that the applicant entity has the legal right to occupy and use the proposed location pursuant to section 16104 of this chapter;~~

~~(o) Evidence of having obtained a surety bond in the amount of not less than \$5,000, payable to the Department in a form prescribed by the Department pursuant to Title 11 of the California Code of Regulations section 26.20. The bond shall be issued by a corporate surety licensed to transact surety business in the State of California;~~

~~(p) For all cultivator license types except Processor, evidence of enrollment in an order or waiver of waste discharge requirements with the State Water Resources Control Board or the appropriate Regional Water Quality Control Board. Acceptable documentation for evidence of enrollment can be a Notice of Applicability letter. Acceptable documentation for a Processor that enrollment is not necessary can be a Notice of Non Applicability;~~

~~(q) Evidence that the applicant has conducted a hazardous materials record search of the EnviroStor database for the proposed premises. If hazardous sites were encountered, the applicant shall provide documentation of protocols implemented to protect employee health and safety;~~

~~(r) Evidence of exemption from, or compliance with, division 13 (commencing with section 21000) of the Public Resources Code, California Environmental Quality Act (CEQA). The evidence provided shall be one of the following:~~

~~(1) A signed copy of a project specific Notice of Determination or Notice of Exemption and a copy of the associated CEQA document, or reference to where it may be located electronically, a project description, and/or any accompanying permitting documentation from the local jurisdiction used for review in determining site specific environmental compliance;~~

~~(2) If an applicant does not have the evidence specified in subsection (1), or if the local jurisdiction did not prepare a CEQA document, the applicant will be responsible for the preparation of an environmental document in compliance with CEQA that can be approved or certified by the Department, unless the Department specifies otherwise.~~

~~(s) For indoor and mixed light license types, identification of all power sources for cultivation activities, including but not limited to, illumination, heating, cooling, and ventilation;~~

~~(t) A property diagram pursuant to section 16105 of this chapter;~~

~~(u) A proposed cultivation plan pursuant to section 16106 of this chapter;~~

~~(v) Identification of all of the following applicable water sources used for cultivation activities and the applicable supplemental information for each source pursuant to section 16107 of this chapter:~~

~~(1) A retail water supplier;~~

~~(2) A groundwater well;~~

~~(3) A rainwater catchment system;~~

~~(4) A diversion from a surface waterbody or an underground stream flowing in a known and definite channel.~~

~~(w) A copy of any final lake or streambed alteration agreement issued by the California Department of Fish and Wildlife, pursuant to sections 1602 or 1617 of the Fish and Game Code, or written verification from the California Department of Fish and Wildlife that a lake and streambed alteration agreement is not required;~~

~~(x) An attestation that the proposed location is at least a six-hundred (600) foot radius from a school providing instruction in kindergarten or any grades one (1) through twelve (12), or a day care center or youth center as defined in section 26001 of the Business and Professions Code, that is in existence at the time the application is submitted, or that the premises complies with a local ordinance specifying a different radius. The distance shall be measured in the same manner as provided in subdivision (c) of section 11362.768 of the Health and Safety Code unless otherwise provided by law;~~

~~(y) An attestation that the applicant entity will enter into, or has already entered into, and will abide by the terms of a labor peace agreement if the applicant entity will have twenty (20) or more employees on payroll at any time during the licensed period. The applicant shall submit a copy of the page of the labor peace agreement that contains the signatures of the union representative and the applicant. For applicants who have not yet entered into a labor peace agreement, the applicant shall provide a copy of the page of the labor peace agreement that contains the signatures of the union representative and the licensee as soon as reasonably practicable after licensure;~~

~~(z) An attestation that the applicant entity is an "agricultural employer" as defined by the Alatorre-Zenovich-Dunlap-Berman Agricultural Labor Relations Act of 1975; division 2, part 3.5 (commencing with section 1140) of the Labor Code;~~

~~(aa) An attestation that the local fire department has been notified of the cultivation site if the application is for an indoor license type;~~

~~(bb) For an applicant entity with more than one employee, the applicant entity shall attest that the applicant employs, or will employ within one year of receiving a license, one supervisor and one employee who have successfully completed a Cal-OSHA 30-hour general industry outreach course offered by a training provider that is authorized by an OSHA Training Institute Education Center to provide the course;~~

~~(cc) Any applicant that may fall within the scope of sovereign immunity that may be asserted by a federally recognizable tribe or other sovereign entity shall waive any sovereign immunity defense that the applicant may have, may be asserted on its behalf, or may otherwise be asserted in any state or local administrative or judicial enforcement actions against the applicant or licensee, regardless of the form of relief sought, whether monetary or otherwise, under the state laws and regulations governing commercial cannabis activity, and shall provide documentation as may be requested by the Department that establishes that the applicant has the lawful authority to enter into the waiver described above and has effectively done so. The limited waiver of sovereign immunity shall meet the requirements of the following:~~

~~(1) The written limited waiver shall include that the applicant or licensee has the lawful authority to enter into the waiver required by this section, the applicant or licensee hereby waives sovereign immunity, and the applicant or licensee agrees to do all of the following:~~

~~(A) Provide documentation to the Department that establishes that the applicant or licensee has the lawful authority to enter into the waiver required by this section;~~

~~(B) Conduct all commercial cannabis activity in full compliance with the state laws and regulations governing commercial cannabis activity, including submission to all enforcement provisions thereof;~~

~~(C) Allow access as required by statute or regulation by persons or entities charged with duties under the state laws and regulations governing commercial cannabis activity to any premises or property at which the applicant conducts any commercial cannabis activity, including premises or property where records of commercial cannabis activity are maintained by or for the applicant or licensee;~~

~~(D) Provide any and all records, reports, and other documents as may be required under the state laws and regulations governing commercial cannabis activity;~~

~~(E) Conduct commercial cannabis activity with other state commercial cannabis licensees only, unless otherwise specified by state law;~~

~~(F) Meet all of the requirements for licensure under state laws and regulations governing the conduct of commercial cannabis activity, and provide truthful and accurate documentation and other information of the applicant's qualifications and suitability for licensure as may be requested by the Department;~~

~~(G) Submit to the personal and subject matter jurisdiction of the California courts to address any matter related to the waiver or commercial cannabis application, license, or activity, and that all such matters and proceedings shall be governed, construed and enforced in accordance with California substantive and procedural law, including but not limited to the Act;~~

~~(2) Any applicant or licensee shall immediately notify the Department of any changes that may materially affect the applicant and licensee's compliance with subsection (1).~~

~~(3) Any failure by an applicant or licensee to comply with the requirements of subsections (1) and (2) shall be a basis for denial of an application or renewal or discipline of a licensee.~~

~~(dd) If applicable, the applicant shall provide evidence that the proposed premises is not located in whole or in part in a watershed or other geographic area that the State Water Resources Control Board or the Department of Fish and Wildlife has determined to be significantly adversely impacted by cannabis cultivation pursuant to section 16216.~~

~~(ee) The Department shall not approve an application for a state license if approval of the license would violate the provisions of any local ordinance or regulation adopted in accordance with section 26200 of the Business and Professions Code by a county or, if within a city, a city, within which the licensed premises is to be located.~~

~~Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26013, 26051.5, 26054, 26055, 26057, 26060, 26060.1, 26066 and 26069, Business and Professions Code.~~

~~§ 16103. Owner and Financial Interest Holders.~~

~~(a) "Owner" means any of the following:~~

- ~~(1) A person with an aggregate ownership interest of twenty (20) percent or more in the person applying for a license or a licensee, unless the interest is solely a security, lien, or encumbrance;~~
- ~~(2) The chief executive officer of a nonprofit or other entity;~~
- ~~(3) A member of the board of directors of a nonprofit;~~
- ~~(4) An individual who will be participating in the direction, control, or management of the person applying for a license.~~

~~(b) An owner who is an individual participating in the direction, control, or management of the commercial cannabis business includes any of the following:~~

- ~~(1) A partner of a commercial cannabis business that is organized as a partnership;~~
- ~~(2) A managing member of a commercial cannabis business that is organized as a limited liability company;~~
- ~~(3) An officer or director of a commercial cannabis business that is organized as a corporation.~~

~~(c) All individuals and business entities that have a financial interest in a commercial cannabis business but are not owners as defined in subsections (a) or (b) of this section shall be listed on an application for licensure under section 16102(j) of this chapter. "Financial interest" means an investment into a commercial cannabis business, a loan provided to a commercial cannabis business, or any other fully vested equity interest in a commercial cannabis business.~~

~~(d) Notwithstanding subsections (a), (b), or (c), the following are not considered to be owners or financial interest holders:~~

- ~~(1) A bank or financial institution whose interest constitutes a loan;~~
- ~~(2) Persons whose only financial interest in the commercial cannabis business is through an interest in a diversified mutual fund, blind trust, or similar instrument;~~
- ~~(3) Persons whose only financial interest is a security, lien, or encumbrance on property that will be used by the commercial cannabis business; and~~

~~(4) Persons who hold a share of stock that is less than five (5) percent of the total shares in a publicly traded company.~~

~~Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26001, 26013 and 26051.5, Business and Professions Code.~~

~~§ 16104. Legal Right to Occupy.~~

~~(a) If the applicant is the owner of the property on which the premises is located, the applicant shall provide to the Department a copy of the title or deed to the property.~~

~~(b) If the applicant is not the owner of the property upon which the premises is located, the applicant shall provide the following to the Department:~~

~~(1) A document from the property owner or property owner's agent where the commercial cannabis activity will occur that states the applicant has the right to occupy the property and acknowledges that the applicant may use the property for commercial cannabis cultivation;~~

~~(2) The property owner's mailing address and phone number; and~~

~~(3) A copy of the lease or rental agreement, or other contractual documentation.~~

~~Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26013 and 26051.5, Business and Professions Code.~~

~~§ 16105. Property Diagram.~~

~~A property diagram shall be submitted with each application and shall contain the following:~~

~~(a) Boundaries of the property and the proposed premises wherein the license privileges will be exercised with sufficient detail to enable ready determination of the bounds of the premises showing all perimeter dimensions, entrances, and exits to both the property and premises;~~

~~(b) If the proposed premises consists of only a portion of a property, the diagram shall be labeled indicating which part of the property is the proposed premises and for what purpose the remaining property is used, including any areas shared with other licenses;~~

~~(c) All roads and water crossings on the property;~~

~~(d) All water sources identified and labeled for beneficial use type, including but not limited to, irrigation, domestic, fire protection, power, fish and wildlife preservation and enhancement, and/or recreation;~~

~~(e) If the applicant is proposing to use a diversion from a waterbody or an underground stream flowing in a known and definite channel, groundwater well, or rain catchment system as a water source for cultivation, include the following locations on the property diagram with locations also provided as coordinates in either latitude and longitude or the California Coordinate System:~~

~~(1) Sources of water used, including the location of waterbody diversion(s), pump~~

location(s), and distribution system; and

~~(2) Location, type, and capacity of each storage unit to be used for cultivation.~~

~~(f) The assessor's parcel number(s);~~

~~(g) The diagram shall be to scale; and~~

~~(h) The diagram shall not contain any highlighting.~~

Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26012, 26013, 26051.5 and 26060.1, Business and Professions Code.

§ 16106. Cultivation Plan Requirements.

~~(a) The cultivation plan for each Specialty Cottage, Specialty, Small, and Medium licenses shall include all of the following:~~

~~(1) A detailed premises diagram showing all boundaries and dimensions in feet of the following proposed areas to scale:~~

~~(A) Canopy area(s), including aggregate square footage if the canopy areas are noncontiguous. All unique areas separated by identifiable boundaries pursuant to section 16000(f) shall be clearly described and labeled in the premises diagram;~~

~~(B) Area(s) outside of the canopy where only immature plants shall be maintained, if applicable. This area may not be shared among multiple licenses held by one licensee;~~

~~(C) Designated pesticide and other agricultural chemical storage area(s);~~

~~(D) Designated processing area(s) if the licensee will process on site. This area may not be shared among multiple licenses held by one licensee;~~

~~(E) Designated packaging area(s) if the licensee will package products on site. This area may not be shared among multiple licenses held by one licensee;~~

~~(F) Designated composting area(s) if the licensee will compost cannabis waste on site;~~

~~(G) Designated secured area(s) for cannabis waste if different from subsection (F) above;~~

~~(H) Designated area(s) for harvested cannabis storage;~~

~~(I) Designated area(s) for physically segregating cannabis or nonmanufactured cannabis products subject to an administrative hold pursuant to section 16604 of this chapter. This area may not be shared among multiple licenses held by one licensee;~~

~~(J) Designated area(s) that are shared between licenses held by one licensee. The shared area(s) must be contiguous, be indicated on the property diagram for each application, and be one or more of the following designated area(s) shared between licenses held by one licensee: pesticide and other agricultural chemical storage area(s), composting area(s), and secured area(s) for cannabis waste;~~

~~(K) Common use area(s), such as hallways, bathrooms, or break rooms. This area may be shared by multiple licensees.~~

~~(2) For indoor and mixed light license type applications, a lighting diagram with the following information shall be included:~~

~~(A) Location of all lights in the canopy area(s); and~~

~~(B) Maximum wattage, or wattage equivalent, of each light.~~

~~(3) A pest management plan which shall include, but not be limited to, the following:~~

~~(A) Product name and active ingredient(s) of all pesticides to be applied to cannabis during any stage of plant growth;~~

~~(B) Integrated pest management protocols, including chemical, biological, and cultural methods the applicant anticipates using to control or prevent the introduction of pests on the cultivation site; and~~

~~(C) A signed attestation that states the applicant shall contact the appropriate County Agricultural Commissioner regarding requirements for legal use of pesticides on cannabis prior to using any of the active ingredients or products included in the pest management plan and shall comply with all pesticide laws.~~

~~(4) A cannabis waste management plan meeting the requirements of section 16108 of this chapter.~~

~~(b) The cultivation plan for nursery licenses shall include the following information:~~

~~(1) A detailed premises diagram showing all boundaries and dimensions, in feet, of the following proposed areas to scale:~~

~~(A) Designated pesticide and other agricultural chemical storage area(s);~~

~~(B) Designated composting area(s) if the licensee will compost cannabis waste on site;~~

~~(C) Designated secured area(s) for cannabis waste if different from subsection (B) above;~~

~~(D) At least one of the following areas:~~

~~—— 1. Area(s) which shall contain only immature plants;~~

~~—— 2. Designated seed production area(s) that may contain mature plants.~~

~~(E) Designated research and development area(s) that may contain mature plants, if the licensee will be conducting research and development activities that require a plant to flower.~~

~~(2) A pest management plan that shall include, but not be limited to, the following:~~

~~(A) Product name and active ingredient(s) of all pesticides to be applied to cannabis at any time;~~

~~(B) Integrated pest management protocols, including chemical, biological, and cultural methods the applicant anticipates using to control or prevent the introduction of pests on the cultivation site; and~~

~~(C) A signed attestation that states the applicant shall contact the appropriate County Agricultural Commissioner regarding requirements for legal use of pesticides on cannabis prior to using any of the active ingredients or products included in the pest~~

~~management plan and shall comply with all pesticide laws.~~

~~(3) A cannabis waste management plan pursuant to section 16108 of this chapter.~~

~~(c) The cultivation plan for processor licenses shall include a detailed premises diagram showing all boundaries and dimensions, in feet, of the following proposed areas:~~

~~(1) Designated processing area(s);~~

~~(2) Designated packaging area(s), if the licensee will package and label products on site;~~

~~(3) Designated composting area(s) if the licensee will compost cannabis waste on site;~~

~~(4) Designated secured area(s) for cannabis waste if different from subsection (3) above;~~

~~(5) Designated area(s) for harvested cannabis storage;~~

~~(6) A cannabis waste management plan pursuant to section 16108 of this chapter.~~

~~Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26012, 26013, 26051.5, 26060 and 26060.1, Business and Professions Code.~~

§ 16107. Supplemental Water Source Information.

~~The following information shall be provided for each water source identified by the applicant:~~

~~(a) Retail water supply sources:~~

~~(1) If the water source is a retail water supplier, as defined in section 13575 of the Water Code, such as a municipal provider, provide the following:~~

~~(A) Name of the retail water supplier; and~~

~~(B) A copy of the most recent water service bill.~~

~~(2) If the water source is a small retail water supplier, such as a delivery service, and is subject to subsection (a)(1)(B) of section 26060.1 of the Business and Professions Code and either:~~

~~(A) The retail water supplier contract is for delivery or pickup of water from a surface water body or an underground stream flowing in a known and definite channel, provide all of the following:~~

~~1. The name of the retail water supplier under the contract;~~

~~2. The water source and geographic location coordinates in either latitude and longitude or the California Coordinate System of any point of diversion used by the retail water supplier to divert water delivered to the applicant under the contract;~~

~~3. The authorized place of use of any water right used by the retail water supplier to divert water delivered to the applicant under the contract;~~

~~4. The maximum amount of water delivered to the applicant for cannabis cultivation in any year; and~~

~~5. A copy of the most recent water service bill; or~~

~~(B) The retail water supplier contract is for delivery or pickup of water from a groundwater well, provide all of the following:~~

- ~~1. The name of the retail water supplier under the contract;~~
- ~~2. The geographic location coordinates for any groundwater well used to supply water delivered to the applicant, in either latitude and longitude or the California Coordinate System;~~
- ~~3. The maximum amount of water delivered to the applicant for cannabis cultivation in any year;~~
- ~~4. A copy of the well completion report filed with the Department of Water Resources pursuant to section 13751 of the Water Code for each percolating groundwater well used to divert water delivered to the applicant. If no well completion report is available, the applicant shall provide evidence from the Department of Water Resources indicating that the Department of Water Resources does not have a record of the well completion report. When no well completion report is available, the State Water Resources Control Board may request additional information about the well; and~~
- ~~5. A copy of the most recent water service bill.~~

~~(b) If the water source is a groundwater well:~~

- ~~(1) The groundwater well's geographic location coordinates in either latitude and longitude or the California Coordinate System; and~~
- ~~(2) A copy of the well completion report filed with the Department of Water Resources pursuant to section 13751 of the Water Code. If no well completion report is available, the applicant shall provide evidence from the Department of Water Resources indicating that the Department of Water Resources does not have a record of the well completion report. If no well completion report is available, the State Water Resources Control Board may request additional information about the well.~~

~~(c) If the water source is a rainwater catchment system:~~

- ~~(1) The total square footage of the catchment footprint area(s);~~
- ~~(2) The total storage capacity, in gallons, of the catchment system(s); and~~
- ~~(3) A detailed description and photographs of the rainwater catchment system infrastructure, including the location, size, and type of all surface areas that collect rainwater. Examples of rainwater collection surface areas include a rooftop and greenhouse.~~

~~(d) If the water source is a diversion from a waterbody (such as a river, stream, creek, pond, lake, etc.), provide any applicable water right statement, application, permit, license, or small irrigation use registration identification number(s), and either:~~

- ~~(1) A copy of any applicable statement, registration certificate, permits, licenses, or proof of a pending application issued under part 2 (commencing with section 1200) of division 2 of the California Water Code as evidence of approval of a water diversion by the State Water Resources Control Board;~~
- ~~(2) If the applicant has claimed an exception from the requirement to file a statement of~~

~~diversion and use pursuant to section 5101 of the Water Code, the applicant shall provide a copy of the documentation submitted to the State Water Resources Control Board before January 1, 2019 demonstrating that the diversion is subject to subdivision (a), (c), (d), or (e) of section 5101 of the Water Code.~~

~~Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26013 and 26060.1, Business and Professions Code.~~

~~§ 16108. Cannabis Waste Management Plan.~~

~~For the purposes of this section, “cannabis waste” is organic waste, as defined in section 42649.8(c) of the Public Resources Code. An applicant’s cannabis waste management plan shall identify one or more of the following methods for managing cannabis waste generated on its licensed premises:~~

- ~~(a) On-premises composting of cannabis waste;~~
- ~~(b) Collection and processing of cannabis waste by a local agency, a waste hauler franchised or contracted by a local agency, or a private waste hauler permitted by a local agency;~~
- ~~(c) Self-haul cannabis waste to one or more of the following:~~
 - ~~(1) A manned, fully permitted solid waste landfill or transformation facility;~~
 - ~~(2) A manned, fully permitted composting facility or manned composting operation;~~
 - ~~(3) A manned, fully permitted in-vessel digestion facility or manned in-vessel digestion operation;~~
 - ~~(4) A manned, fully permitted transfer/processing facility or manned transfer/processing operation; or~~
 - ~~(5) A manned, fully permitted chip and grind operation or facility.~~
 - ~~(6) A recycling center as defined in title 14, section 17402.5(d) of the California Code of Regulations and that meets the following:~~
 - ~~(A) The cannabis waste received shall contain at least ninety (90) percent inorganic material;~~
 - ~~(B) The inorganic portion of the cannabis waste is recycled into new, reused, or reconstituted products which meet the quality standards necessary to be used in the marketplace; and~~
 - ~~(C) The organic portion of the cannabis waste shall be sent to a facility or operation identified in subsections (c)(1) through (5).~~
 - ~~(d) Reintroduction of cannabis waste back into agricultural operation through on-premises organic waste recycling methods, including but not limited to tilling directly into agricultural land and no-till farming.~~

~~Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26013 and 26066, Business and Professions Code.~~

~~§ 16109. Applicant Track and Trace Training Requirement.~~

~~(a) For the purpose of this section, the applicant shall designate an owner to be the licensee's track and trace system account manager pursuant to section 16402(c) of this chapter. The designated account manager shall register for track and trace system training provided by the Department within ten (10) calendar days of receiving notice from the Department that its application for licensure has been received and is complete.~~

~~(b) Applicants approved for an annual license shall not have access to the track and trace system until the designated account manager has completed the track and trace training prescribed by the Department and proof of completion has been validated by the Department.~~

~~Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26013 and 26067, Business and Professions Code.~~

~~§ 16110. Proof of Local License, Permit, or Other Authorization.~~

~~When the applicant provides a license, permit, or other authorization from the local jurisdiction where the licensed premises will be or is located, pursuant to section 26055(e) of the Business and Professions Code, the Department will notify the local jurisdiction's contact person identified pursuant to section 26055(f) of the Business and Professions Code. If the local jurisdiction does not respond to the Department's notification within ten (10) calendar days, the Department may issue a license to the applicant.~~

~~Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26013 and 26055, Business and Professions Code.~~

~~§ 16112. Annual License Application Review for Completeness.~~

~~The Department shall notify the applicant in writing that the application is either:~~

~~(a) Complete and accepted for further review; or~~

~~(b) Incomplete and the reasons for the incompleteness.~~

~~(1) The Department shall receive the missing information or fee, payment, or penalty from the applicant no later than ninety (90) calendar days from the date of the notification from the Department. Failure to provide the designated missing information or any fees, payments, or penalties that are due and payable will result in disqualification of the application from further consideration.~~

~~(2) If disqualified, the applicant may reapply and pay a new application fee.~~

~~Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26012 and 26013, Business and Professions Code.~~

~~§ 16113. Substantially Related Offenses Review.~~

~~(a) The following convictions shall be considered substantially related to the qualifications, functions, or duties of the business for which the application is made and may be a basis for denying the license:~~

~~(1) A violent felony conviction, as specified in subsection (c) of section 667.5 of the Penal Code;~~

~~(2) A serious felony conviction, as specified in subsection (c) of section 1192.7 of the Penal Code;~~

~~(3) A felony conviction involving fraud, deceit, or embezzlement;~~

~~(4) Any felony conviction involving the hiring, employment, or use of children in transporting, carrying, selling, giving away, preparing for sale, or peddling any controlled substance to a minor, or offering, furnishing, or selling any controlled substance to a minor; and~~

~~(5) A felony conviction for drug trafficking with enhancements pursuant to sections 11370.4 or 11379.8 of the Health and Safety Code.~~

~~(b) Except as provided in subsections (a)(4) and (5) and notwithstanding chapter 2 (commencing with section 480) of division 1.5 of the Business and Professions Code, a prior conviction, where the sentence, including any term or probation, incarceration, or supervised release, is completed for possession of, possession for sale, sale, manufacture, transportation, or cultivation of a controlled substance is not considered substantially related, and shall not be the sole ground of denial for a license. Conviction for any controlled substance felony subsequent to licensure shall be grounds for revocation of a license or denial of the renewal of the license.~~

~~(c) To determine whether an applicant who has been convicted of a criminal offense that is substantially related to the qualifications, functions, or duties of the business for which the application is made should be issued a license, the Department shall conduct a review of the nature of the crime, conviction, circumstances, and evidence of rehabilitation. Evidence of rehabilitation includes:~~

~~(1) The nature and severity of the criminal offense;~~

~~(2) Whether the person has a felony conviction based on possession or use of cannabis or cannabis products that would not be a felony if the person were convicted of the offense on the date of the person's application;~~

~~(3) The applicant's criminal record as a whole;~~

~~(4) Evidence of any conviction of a criminal offense committed subsequent to the criminal offense under consideration that could be considered grounds for denial, suspension, or revocation of a commercial cannabis activity license;~~

~~(5) The time that has elapsed since commission of the act or offense;~~

~~(6) The extent to which the applicant has complied with any terms of parole, probation, restitution, or any other sanctions lawfully imposed against the applicant;~~

~~(7) If applicable, evidence of dismissal under sections 1203.4, 1203.4a, and 1203.41 of~~

~~the Penal Code or another state's similar law;~~

~~(8) If applicable, a certificate of rehabilitation obtained under section 4852.01 of the Penal Code or another state's similar law; and~~

~~(9) Other evidence of rehabilitation submitted by the applicant.~~

~~(d) If an applicant has been denied a license based on a substantially related conviction, the applicant may request a hearing pursuant to section 26058 of the Business and Professions Code to determine if the applicant should be issued a license.~~

~~Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26013, 26057 and 26058, Business and Professions Code.~~

~~§ 16114. Withdrawal of Application.~~

~~An applicant may withdraw an application at any time prior to the Department's issuance of a license or denial of a license.~~

~~(a) Requests to withdraw an application shall be submitted to the Department in writing, dated, and signed by the designated responsible party.~~

~~(b) The Department will not refund application fees for a withdrawn application.~~

~~(c) An applicant may reapply and pay a new application fee at any time following the withdrawal of an application.~~

~~Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Section 26013, Business and Professions Code.~~

~~§ 16115. Notification and Grounds for Denial of License; Petition for Reconsideration.~~

~~(a) The Department shall notify the applicant in writing if the application is denied with the reasons for denial.~~

~~(b) In addition to the reasons for denial in section 26057 of the Business and Professions Code, a license may be denied for the following reasons:~~

~~(1) The applicant's premises does not fully comply with standards pursuant to this chapter;~~

~~(2) The applicant denied the Department access to the premises to verify compliance with this chapter;~~

~~(3) The applicant made a material misrepresentation on the application; or~~

~~(4) The licensee had a license, permit, or other authorization to engage in commercial cannabis activity denied, suspended, or revoked by a state licensing authority or local agency.~~

~~(c) Within thirty (30) calendar days upon service of the denial of an application, the applicant may file a written petition for reconsideration. Upon receipt of a timely filed petition for reconsideration, the Department shall set a date for a hearing to be~~

~~conducted pursuant to chapter 5 (commencing with section 11500) of part 1 of division 3 of title 2 of the Government Code.~~

~~Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26012, 26013, 26057 and 26058, Business and Professions Code.~~

~~Article 3. Cultivation License Fees and Requirements~~

~~§ 16200. Annual License Fees.~~

~~An annual license fee shall be paid to the Department prior to issuance of a license or renewal license. The fee schedule is as follows:~~

(a) Specialty Cottage Outdoor	_____	\$1,205
(b) Specialty Cottage Indoor	_____	\$1,830
(c) Specialty Cottage Mixed-Light Tier 1	_____	\$3,035
(d) Specialty Cottage Mixed-Light Tier 2	_____	\$5,200
(e) Specialty Outdoor	_____	\$2,410
(f) Specialty Indoor	_____	\$19,540
(g) Specialty Mixed-Light Tier 1	_____	\$5,900
(h) Specialty Mixed-Light Tier 2	_____	\$10,120
(i) Small Outdoor	_____	\$4,820
(j) Small Indoor	_____	\$35,410
(k) Small Mixed-Light Tier 1	_____	\$11,800
(l) Small Mixed-Light Tier 2	_____	\$20,235
(m) Medium Outdoor	_____	\$13,990
(n) Medium Indoor	_____	\$77,905
(o) Medium Mixed-Light Tier 1	_____	\$25,970
(p) Medium Mixed-Light Tier 2	_____	\$44,517
(q) Nursery	_____	\$4,685
(r) Processor	_____	\$9,370

~~Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26012, 26013, 26050, 26051 and 26180, Business and Professions Code.~~

~~§ 16201. Cultivation License Types.~~

~~License types include:~~

~~(a) Specialty Cottage:~~

~~(1) "Specialty Cottage Outdoor" is an outdoor cultivation site with up to 25 mature plants.~~

~~(2) "Specialty Cottage Indoor" is an indoor cultivation site with 500 square feet or less of total canopy.~~

~~(3) "Specialty Cottage Mixed Light Tier 1 and 2" is a mixed light cultivation site with 2,500 square feet or less of total canopy.~~

~~(b) Specialty:~~

~~(1) "Specialty Outdoor" is an outdoor cultivation site with less than or equal to 5,000 square feet of total canopy, or up to 50 mature plants on noncontiguous plots.~~

~~(2) "Specialty Indoor" is an indoor cultivation site between 501 and 5,000 square feet of total canopy.~~

~~(3) "Specialty Mixed Light Tier 1 and 2" is a mixed light cultivation site between 2,501 and 5,000 square feet of total canopy.~~

~~(c) Small:~~

~~(1) "Small Outdoor" is an outdoor cultivation site between 5,001 and 10,000 square feet of total canopy.~~

~~(2) "Small Indoor" is an indoor cultivation site between 5,001 and 10,000 square feet of total canopy.~~

~~(3) "Small Mixed Light Tier 1 and 2" is a mixed light cultivation site between 5,001 and 10,000 square feet of total canopy.~~

~~(d) Medium:~~

~~(1) "Medium Outdoor" is an outdoor cultivation site between 10,001 square feet and one acre of total canopy.~~

~~(2) "Medium Indoor" is an indoor cultivation site between 10,001 and 22,000 square feet of total canopy.~~

~~(3) "Medium Mixed Light Tier 1 and 2" is a mixed light cultivation site between 10,001 and 22,000 square feet of total canopy.~~

~~(e) "Nursery" is a cultivation site that conducts only cultivation of clones, immature plants, seeds, and other agricultural products used specifically for the propagation of cultivation of cannabis.~~

~~(f) "Processor" is a cultivation site that conducts only trimming, drying, curing, grading, packaging, or labeling of cannabis and nonmanufactured cannabis products.~~

~~Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26012, 26013, 26050 and 26061, Business and Professions Code.~~

~~§ 16202. General License Cultivation Requirements.~~

~~(a) Cultivation licenses shall be valid for twelve (12) months from the date of issuance.~~

~~(b) Every person shall obtain a separate license for each premises where the person engages in commercial cannabis cultivation.~~

~~(c) Cultivation licenses are not transferrable or assignable to any other person or property.~~

~~(d) Licensees are prohibited from transferring any commercially cultivated cannabis or nonmanufactured cannabis products from their licensed premises. All transfers of cannabis and nonmanufactured cannabis product from a licensed cultivation premises must be conducted by a distributor licensed by the Department.~~

~~(e) The license shall be prominently displayed on the licensed premises where it can be viewed by state or local agencies.~~

~~(f) A licensee shall not sublet any portion of the licensed premises.~~

~~(g) Outdoor cultivation licensees are prohibited from using light deprivation.~~

~~Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26010, 26012, 26013, 26050 and 26053, Business and Professions Code.~~

~~§ 16203. Renewal of License.~~

~~(a) An application for renewal of a cultivation license shall be submitted to the Department no earlier than sixty (60) calendar days before the expiration of the license and no later than 5:00 p.m. Pacific Time on the last business day before the expiration of the license if the renewal form is submitted to the Department at its office(s), or no later than 11:59 p.m. on the last business day before the expiration of the license if the renewal form is submitted to the Department through its electronic licensing system. Failure to receive a notice for license renewal does not relieve a licensee of the obligation to renew all licenses as required.~~

~~(b) In the event an application for renewal is not submitted prior to the expiration of the license, the licensee must not sell any commercial cannabis until the license is renewed.~~

~~(c) A licensee may submit a license renewal form up to thirty (30) calendar days after the license expires. Any late renewal form will be subject to a fee of fifty (50) percent of the application fee to be paid in addition to the required annual renewal fee.~~

~~(d) A licensee that does not submit a complete license renewal application to the Department within thirty (30) calendar days after the expiration of the current license shall forfeit its eligibility to apply for a license renewal and, instead, shall be required to submit a new license application.~~

~~(e) The license renewal application shall be submitted to the Department and contain the following:~~

~~(1) The legal name of the licensed entity;~~

~~(2) The license number and expiration date;~~

~~(3) The licensee's mailing address and premises address;~~

~~(4) The annual license fee pursuant to section 16200 of this chapter;~~

~~(5) If applicable, documentation regarding any changes that have occurred to the information originally submitted to the Department pursuant to section 16102 of this~~

chapter;

~~(6) If applicable, a request for a license designation change from an A-License to an M-License or an M-License to an A-License pursuant to subsection (f) below;~~

~~(7) An attestation that all information provided to the Department is accurate and current; and~~

~~(8) If applicable, a limited waiver of sovereign immunity pursuant to section 16102 of this chapter.~~

~~(f) License Designation Change Request.~~

~~(1) A licensee may request a license designation change from an A-License to an M-License or an M-License to an A-License during the annual license renewal timeframes outlined in subsections (a) - (c) above for the annual license for which the license designation change is being requested.~~

~~(2) License designation changes will be considered only if the annual licensed premises for which the change is being requested contains only one A-License or only one M-License designation pursuant to section 16102(b) of this chapter.~~

~~(3) If the Department approves a request for a license designation change, the licensee is required to order, apply, and report applicable plant and package UIDs in accordance with the applicable process and procedures developed by the Department pursuant to Article 5 of this chapter.~~

~~(g) Beginning January 1, 2022, an application for renewal of a license shall include the following records, for each power source indicated on the application for licensure for the previous annual licensed period:~~

~~(1) Total electricity supplied by local utility provider, name of local utility provider, and greenhouse gas emission intensity per kilowatt hour reported by the utility provider under section 398.4(c) of the Public Utilities Code for the most recent calendar year available at time of submission;~~

~~(2) Total electricity supplied by a zero net energy renewable source, as set forth in section 398.4(h)(5) of the Public Utilities Code, that is not part of a net metering or other utility benefit;~~

~~(3) Total electricity supplied from other unspecified sources, as defined in section 398.2(e) of the Public Utilities Code, and other on-site sources of generation not reported to the local utility provider (e.g., generators, fuel cells) and the greenhouse gas emission intensity from these sources;~~

~~(4) Average weighted greenhouse gas emission intensity considering all electricity use in subsections (1), (2), and (3).~~

~~Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26013, 26050, 26051.5 and 26055, Business and Professions Code.~~

~~§ 16204. Notification of License Information Change.~~

~~(a) Licensees shall notify the Department in writing within ten (10) calendar days of any change to any item listed in the application and any of the following events:~~

- ~~(1) Disciplinary proceeding initiated by any state or local government agency;~~
- ~~(2) Bankruptcy filing, including any proceeding for the assignment for the benefit of creditors, by the licensee or any owner listed on the application for licensure;~~
- ~~(3) Temporary closure longer than thirty (30) calendar days. Include in the notification the reason for temporary closure and expected duration of closure;~~
- ~~(4) Modifications to the cultivation plan pursuant to section 16106 of this chapter that do not require preapproval pursuant to section 16205 of this chapter; and~~
- ~~(5) Any change in ownership that does not affect the business entity type. New owners shall submit all information pursuant to section 16102(i) of this chapter.~~

~~(b) Any change to the business entity type that includes any change of ownership requires a new application and application fee.~~

~~(c) Licensees shall notify the Department in writing of the following within forty-eight (48) hours of:~~

- ~~(1) Receiving a criminal conviction or civil judgment rendered against the licensee or any owner;~~
- ~~(2) Receiving notification of the revocation of a local license, permit, or other authorization;~~
- ~~(3) Receiving an administrative order for violations of labor standards against the licensee or any owner in his or her individual capacity. The written notification shall include the date of the order, the name of the agency issuing the order, and a description of the administrative penalty or judgement rendered against the licensee; and~~
- ~~(4) Any change in the licensee's designated track-and-trace system account manager identified pursuant to section 16109 of this chapter.~~

~~(d) For purposes of this section, "in writing" shall mean notification to the Department in the form of a letter or document, email, fax, or any other written form. Notification by mail shall be addressed to the Department of Cannabis Control, P.O. Box 942872, Sacramento, CA 94271-2872. Mailed notifications must be postmarked within the specified timeframe provided in subsections (a) and (c) and electronic notifications must be transmitted within the specified timeframe provided in subsections (a) and (c).~~

~~Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26012 and 26013, Business and Professions Code.~~

~~§ 16205. Physical Modification of Premises.~~

~~A licensee shall not make a physical modification of the licensed premises that materially or substantially alters the licensed premises or the use of the licensed premises as specified in the premises diagram originally filed with the license application without the~~

prior written approval of the Department.

~~(a) The following premises modifications require approval in writing from the Department prior to modification:~~

~~(1) Modification to any area described in the licensee's cultivation plan including, but not limited to, the removal, creation, or relocation of canopy, processing, packaging, composting, harvest storage, and chemical storage areas;~~

~~(2) Change in water or power source(s); and~~

~~(3) Modifications or upgrades to electrical systems at a licensed premises shall be performed by a licensed electrician. A copy of the electrician's license shall be submitted with any premises modification requests for electrical systems.~~

~~(b) A licensee shall request approval of a physical change, alteration, or modification in writing to the Department, and the request shall include a new premises diagram and/or cultivation plan pursuant to section 16106 of this chapter.~~

~~(c) A licensee shall provide any additional documentation requested by the Department to evaluate the licensee's request.~~

~~(d) For purposes of this section, "in writing" shall mean notification to the Department in the form of a letter or document, email, fax, or any other written form. Notification by mail shall be addressed to the Department of Cannabis Control, P.O. Box 942872, Sacramento, CA 94271-2872.~~

~~(e) The Department shall review the licensee's written request and respond in accordance with section 16112 and notify the licensee if the premises modification is approved.~~

~~Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26012, 26013 and 26055, Business and Professions Code.~~

~~§ 16206. Death or Incapacity of an Owner.~~

~~(a) In the event of the death, incapacity, receivership, assignment for the benefit of creditors of an owner, or other event rendering an owner incapable of performing the duties associated with the license, the owner's successor in interest (e.g., appointed guardian, executor, administrator, receiver, trustee, or assignee) shall notify the Department within ten (10) calendar days.~~

~~(b) To continue operations or surrender the existing license, the successor in interest shall submit to the Department the following:~~

~~(1) The name of the successor in interest;~~

~~(2) The name of the owner for which the successor in interest is succeeding and the license number;~~

~~(3) The phone number, mailing address, and email address of the successor in interest; and~~

~~(4) Documentation demonstrating that the owner is incapable of performing the duties~~

~~associated with the license, such as a death certificate or a court order finding the owner lacks capacity, and documentation demonstrating that the individual making the request is the owner's successor in interest, such as a court order appointing guardianship, or a will or trust agreement.~~

~~(c) The Department may give the successor in interest written approval to continue operations on the licensed business premises for a period of time specified by the Department if:~~

~~(1) The successor in interest or another person has applied for a license from the Department for the license location and that application is under review; or~~

~~(2) The successor in interest needs additional time to destroy or sell cannabis or nonmanufactured cannabis products; or~~

~~(3) At the discretion of the Department.~~

~~(d) The owner's successor in interest is held subject to all terms and conditions under which a state cannabis license is held pursuant to the Act and the regulations of this chapter.~~

~~(e) The approval creates no vested right to the issuance of a state cannabis license.~~

~~Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26012 and 26013, Business and Professions Code.~~

§ 16207. Disaster Relief.

~~(a) If a licensee is unable to comply with any licensing requirement(s) due to a disaster, the licensee may notify the Department of this inability to comply and request relief from the specific licensing requirement(s).~~

~~(b) The Department may exercise its discretion to provide temporary relief from specific licensing requirements for licensees whose operations have been impacted by a disaster.~~

~~(c) Temporary relief from specific licensing requirements shall be issued for a reasonable amount of time as determined by the Department in order to allow the licensee to recover from the disaster.~~

~~(d) The Department may require that certain conditions be followed in order for a licensee to receive temporary relief from specific licensing requirements.~~

~~(e) A licensee shall not be subject to enforcement action for a violation of a licensing requirement from which the licensee has received temporary relief.~~

~~(f) For the purposes of this section, "disaster" means condition of extreme peril to the safety of persons and property within the state or a county, city and county, or city caused by such conditions such as air pollution, fire, flood, storm, tidal wave, epidemic, riot, drought, terrorism, sudden and severe energy shortage, plant or animal infestation or disease, Governor's warning of an earthquake or volcanic prediction, or an earthquake, or similar public calamity, other than conditions resulting from a labor controversy, for which the Governor has proclaimed a state of emergency in accordance~~

with Government Code sections 8558 and 8625, or for which a local governing body has proclaimed a local emergency in accordance with Government Code sections 8558 and 8630.

~~(g) A licensed premises that has been vacated by a licensee due to a disaster shall not be deemed to have been surrendered, abandoned, or quit pursuant to section 16208 of this chapter.~~

~~(h) Notwithstanding subsection (a) of this section, if a licensee needs to move cannabis and nonmanufactured cannabis products stored on the premises to another location immediately to prevent loss, theft, or degradation of the cannabis and nonmanufactured cannabis products from the disaster, the licensee may move the cannabis without obtaining prior approval from the Department if the following conditions are met:~~

~~(1) The cannabis and nonmanufactured cannabis products are moved to a secure location where access to the cannabis is restricted to the licensee, its employees, and contractors;~~

~~(2) The licensee notifies the Department in writing that the cannabis and nonmanufactured cannabis products have been moved and that the licensee is requesting relief from complying with specific licensing requirements pursuant to subsection (a) of this section within twenty-four (24) hours of moving the cannabis;~~

~~(3) The licensee provides the Department access to the location where the cannabis and nonmanufactured cannabis products have been moved to for inspection; and~~

~~(4) The licensee submits in writing to the Department within ten (10) calendar days of moving the cannabis and nonmanufactured cannabis products a request for temporary relief that clearly indicates the statutory and regulatory sections from which relief is requested, the time period for which the relief is requested, and the reasons relief is needed for the specified amount of time.~~

~~Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26012 and 26013, Business and Professions Code.~~

~~§16208. Surrender, Revocation, or Suspension of License.~~

~~(a) Any licensee may apply to surrender any license by delivering to the Department written notice that the licensee surrenders that license.~~

~~(b) The surrender of a license becomes effective thirty (30) days after receipt of an application to surrender the license or within a shorter period of time that the Department may determine, unless a revocation or suspension proceeding, including but not limited to, investigation or examination, is pending when the application is filed, or a proceeding to revoke or suspend or to impose conditions upon the surrender is instituted within thirty (30) days after the application is filed. If a proceeding is pending or instituted, the surrender of a license becomes effective at the time and upon the conditions that the Department determines.~~

~~(c) A licensee that abandons or quits the licensed premises, or that closes the licensed premises for a period exceeding thirty (30) consecutive calendar days without notifying~~

~~the Department pursuant to section 16204 of this chapter, shall be deemed to have surrendered its license at the time and upon the conditions that the Department determines.~~

~~(d) The surrender of a license does not affect the licensee's civil or criminal liability for acts committed prior to the surrender of the license.~~

~~(e) The power of investigation and examination by the Department is not terminated by the surrender, suspension, or revocation of any license issued by the Department and the Department shall have continuous authority to exercise the powers set forth in the Act and the rules and regulations promulgated thereunder.~~

~~Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26012 and 26013, Business and Professions Code.~~

~~§16209. Medium Cultivation License Limits.~~

~~A person shall be limited to one (1) Medium Outdoor, or one (1) Medium Indoor, or one (1) Medium Mixed Light A License or M License. This section shall remain in effect until January 1, 2023.~~

~~Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26012, 26013, 26050 and 26061, Business and Professions Code.~~

~~§16210. Sample Collection by the Department.~~

~~When a licensee transfers possession, but not title, of cannabis to a licensed distributor, the licensee shall allow the Department to collect samples for the Department's own laboratory analysis.~~

~~Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26013 and 26110, Business and Professions Code.~~

~~§16211. Prohibition of Product Returns.~~

~~Licensees are prohibited from accepting returns of cannabis plants or nonmanufactured cannabis products after transferring possession of cannabis plants or nonmanufactured cannabis products to another licensee after testing is performed pursuant to section 26110 of the Business and Professions Code.~~

~~Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26013, 26060 and 26110, Business and Professions Code.~~

~~§16212. Packaging and Labeling of Cannabis and Nonmanufactured Cannabis Products.~~

~~(a) All cannabis and nonmanufactured cannabis products packaged and/or labeled by a licensed cultivator shall meet all of the following:~~

~~(1) All applicable requirements including implementing regulations pursuant to sections~~

~~26120 and 26121 of the Business and Professions Code;~~

~~(2) Any other requirements for cannabis and nonmanufactured cannabis product specified by the Department;~~

~~(3) Packaging and labeling requirements pursuant to chapter 6 (commencing with section 12601), division 5 of the Business and Professions Code.~~

~~(4) Beginning January 1, 2020, a package for retail sale, excluding those containing immature plants and seeds, shall be child-resistant.~~

~~(b) A label may specify the county of origin only if one hundred (100) percent of the cannabis or nonmanufactured cannabis product contained in the package was produced within the designated county, as defined by finite political boundaries.~~

~~Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26013 and 26063, Business and Professions Code.~~

~~§16213. Requirements for Weighing Devices and Weighmasters.~~

~~(a) Weighing devices used by a licensee shall be approved, registered, tested, and sealed pursuant to chapter 5 (commencing with section 12500) of division 5 of the Business and Professions Code and its implementing regulations and registered with the county sealer consistent with chapter 2 (commencing with section 12240) of division 5 of the Business and Professions Code and its implementing regulations. Approved, registered, tested, and sealed devices shall be used whenever any one or more of the following apply:~~

~~(1) Cannabis and nonmanufactured cannabis products are bought or sold by weight or count;~~

~~(2) Cannabis and nonmanufactured cannabis products are packaged for sale by weight or count;~~

~~(3) Cannabis and nonmanufactured cannabis products are weighed or counted for entry into the track and trace system; or~~

~~(4) The weighing device is used for commercial purposes as defined in section 12500 of the Business and Professions Code.~~

~~(b) In any county in which a sealer is unable or not required to approve, register, test, and seal weighing devices used by a licensee, the Department may perform the duties of the county sealer in the same manner, to the same extent, and with the same authority as if it had been the duly appointed sealer in such county. In those instances, the Department shall charge a licensee for its services using the schedule of fees established in Business and Professions Code section 12240.~~

~~(c) For the purposes of this chapter a licensee must use wet weight or net weight. Wet weight and net weight shall be measured, recorded, and reported in U.S. customary units (e.g., ounce or pound); or International System of Units (e.g., kilograms, grams, or milligrams).~~

~~(d) For the purposes of this chapter, "count" means the numerical count of the individual~~

~~cannabis plants, seeds, or nonmanufactured cannabis product units.~~

~~(e) Any licensee weighing or measuring cannabis or nonmanufactured cannabis product in accordance with subsection (a) shall be licensed as a weighmaster.~~

~~(f) A licensed weighmaster shall issue a weighmaster certificate whenever payment for the commodity or any charge for service or processing of the commodity is dependent upon the quantity determined by the weighmaster in accordance with section 12711 of the Business and Professions Code and shall be consistent with the requirements in chapter 7 (commencing with section 12700) of division 5 of the Business and Professions Code.~~

~~Authority: Sections 12027, 26012 and 26013, Business and Professions Code.~~

~~Reference: Sections 12210, 12212, 26013 and 26060, Business and Professions Code.~~

~~§16214. Commercial Cannabis Activity Between Licensees.~~

~~Cultivation licensees may conduct commercial cannabis activities with any other licensee, regardless of the licensee's A or M designation of its license.~~

~~Authority: Sections 26012 and 26013, Business and Professions Code. Reference:~~

~~Sections 26001, 26013 and 26053, Business and Professions Code.~~

~~§16215. Personnel Prohibited from Holding Licenses.~~

~~(a) A license authorized by the Act and issued by the Department may not be held by, or issued to, any person holding office in, or employed by, any agency of the State of California or any of its political subdivisions when the duties of such person have to do with the enforcement of the Act or any other penal provisions of law of this State prohibiting or regulating the sale, use, possession, transportation, distribution, testing, manufacturing, or cultivation of cannabis.~~

~~(b) This section applies to, but is not limited to, any persons employed in the State of California Department of Justice as a peace officer, in any district attorney's office, in any city attorney's office, in any sheriff's office, or in any local police department.~~

~~(c) All persons listed in subsections (a) and (b) may not have any ownership interest, directly or indirectly, in any business to be operated or conducted under a cannabis license.~~

~~(d) This section does not apply to any person who holds a license in the capacity of executor, administrator, or guardian.~~

~~Authority: Sections 26012 and 26013, Business and Professions Code. Reference:~~

~~Sections 26012 and 26013, Business and Professions Code.~~

~~§16216. License Issuance in an Impacted Watershed.~~

~~If the State Water Resources Control Board or the Department of Fish and Wildlife notifies the Department in writing that cannabis cultivation is causing significant adverse~~

~~impacts on the environment in a watershed or other geographic area pursuant to section 26069, subdivision (c)(1), of the Business and Professions Code, the Department shall not issue new licenses or increase the total number of plant identifiers within that watershed or area while the moratorium is in effect.~~

~~Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26013 and 26069, Business and Professions Code.~~

~~Article 4. Cultivation Site Requirements~~

~~§16300. Cultivation Requirements for Specialty Cottage, Specialty, Small, and Medium Licenses.~~

~~(a) Cannabis plants maintained outside of the designated canopy area(s) for specialty cottage, specialty, small, and medium licenses are prohibited from flowering. Should plants outside of the canopy area(s) begin to flower, a UID shall be applied, the plant(s) shall be moved to the designated canopy area without delay, and reported in the track-and-trace system.~~

~~(b) All plants or portions of a plant used for seed production shall be tagged with a UID pursuant to section 16403 of this chapter.~~

~~(c) Licensees propagating immature plants for distribution or seed for distribution to another licensee shall obtain a nursery license.~~

~~(d) Licensees shall process their harvested cannabis only in area(s) designated for processing in their cultivation plan provided they are compliant with packaging and labeling requirements pursuant to section 16212 of this chapter, or transfer their harvested cannabis to a licensed processor, manufacturer, or distributor via a licensed distributor.~~

~~Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26013, 26060 and 26120, Business and Professions Code.~~

~~§16301. Seed Production Requirements for Nursery Licensees.~~

~~Nursery licensees producing seed for distribution shall tag all mature plants with a UID pursuant to section 16403(b)(4) of this chapter. All products, except seed, derived from these plants are prohibited from entering the commercial distribution chain.~~

~~Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26013, 26060 and 26067, Business and Professions Code.~~

~~§16302. Research and Development Requirements for Nursery Licensees.~~

~~Nursery licensees may maintain a research and development area, as identified in their cultivation plan, for the cultivation of mature plants. All mature plants shall be tagged with a UID pursuant to section 16403 of this chapter. All products derived from these plants are prohibited from entering the commercial distribution chain.~~

~~Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26013, 26060 and 26067, Business and Professions Code.~~

~~§16303. Cultivation Requirements for Processor Licensees.~~

~~Processor licensees shall comply with all of the following requirements:~~

~~(a) All aggregation of product shall adhere to track and trace requirements pursuant to sections 16405 and 16406 of this chapter;~~

~~(b) Licensees may produce nonmanufactured cannabis products without a manufacturing license, provided packaging and labeling requirements are met pursuant to section 16212 of this chapter; and~~

~~(c) Cultivation of cannabis plants is prohibited at a licensed processor premises.~~

~~Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26013, 26060, 26067, 26069 and 26120, Business and Professions Code.~~

~~§16304. General Environmental Protection Measures.~~

~~All licensees shall comply with all of the following environmental protection measures:~~

~~(a) Compliance with section 13149 of the Water Code as implemented by the State Water Resources Control Board, Regional Water Quality Control Boards, or California Department of Fish and Wildlife;~~

~~(b) Compliance with any conditions requested by the California Department of Fish and Wildlife or the State Water Resources Control Board under section 26060.1(b)(1) of the Business and Professions Code;~~

~~(c) All outdoor lighting used for security purposes shall be shielded and downward facing;~~

~~(d) Immediately halt cultivation activities and implement section 7050.5 of the Health and Safety Code if human remains are discovered;~~

~~(e) Requirements for generators pursuant to section 16306 of this chapter;~~

~~(f) Compliance with pesticide laws and regulations pursuant to section 16307 of this chapter;~~

~~(g) Mixed light license types of all tiers and sizes shall ensure that lights used for cultivation are shielded from sunset to sunrise to avoid nighttime glare.~~

~~Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26013, 26060, 26066 and 26201, Business and Professions Code.~~

~~§16305. Renewable Energy Requirements.~~

~~Beginning January 1, 2023, all indoor, tier 2 mixed-light license types of all sizes, and nurseries using indoor or tier 2 mixed-light techniques, shall ensure that electrical power used for commercial cannabis activity meets the average electricity greenhouse gas emissions intensity required by their local utility provider pursuant to the California Renewables Portfolio Standard Program, division 1, part 1, chapter 2.3, article 16 (commencing with section 399.11) of the Public Utilities Code. As evidence of meeting the standard, licensees shall comply with the following:~~

~~(a) If a licensee's average weighted greenhouse gas emission intensity as provided in section 16203(g)(4) is greater than the local utility provider's greenhouse gas emission intensity, the licensee shall provide evidence of carbon offsets from any of the following sources to cover the excess in carbon emissions from the previous annual licensed period:~~

~~(1) Voluntary greenhouse gas offset credits purchased from any of the following recognized and reputable voluntary carbon registries:~~

~~(A) American Carbon Registry;~~

~~(B) Climate Action Reserve; or~~

~~(C) Verified Carbon Standard.~~

~~(2) Offsets purchased from any other source are subject to verification and approval by the Department.~~

~~(b) New licensees, without a record of weighted greenhouse gas emissions intensity from the previous calendar year, shall report the average weighted greenhouse gas emissions intensity, as provided in section 16203(g)(4), used during their licensed period at the time of license renewal. If a licensee's average weighted greenhouse gas emissions intensity is greater than the local utility provider's greenhouse gas emissions intensity for the most recent calendar year, the licensee shall provide evidence of carbon offsets or allowances to cover the excess in carbon emissions from any of the sources provided in subsection (a).~~

~~Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26013, 26060, 26066 and 26201, Business and Professions Code.~~

~~§16306. Generator Requirements.~~

~~(a) For the purposes of this section, "generator" is defined as a stationary or portable compression ignition engine pursuant to title 17, division 3, chapter 1, subchapter 7.5, section 93115.4 of the California Code of Regulations.~~

~~(b) Licensees using generators rated at fifty (50) horsepower and greater shall demonstrate compliance with either, as applicable, the Airborne Toxic Control Measure for stationary engines pursuant to title 17, division 3, chapter 1, subchapter 7.5, sections 93115 through 93115.15 of the California Code of Regulations, or the Airborne Toxic Control Measure for portable engines pursuant to title 17, division 3, chapter 1, subchapter 7.5, sections 93116 through 93116.5 of the California Code of Regulations.~~

~~Compliance shall be demonstrated by providing a copy of one of the following to the Department upon request:~~

~~(1) For portable engines, a Portable Equipment Registration Certificate provided by the California Air Resources Board; or~~

~~(2) For portable or stationary engines, a Permit to Operate, or other proof of engine registration, obtained from the Local Air District with jurisdiction over the licensed premises.~~

~~(c) Licensees using generators rated below fifty (50) horsepower shall comply with the following by 2023:~~

~~(1) Either (A) or (B):~~

~~(A) Meet the “emergency” definition for portable engines in title 17, division 3, chapter 1, subchapter 7.5, section 93116.2(a)(12) of the California Code of Regulations, or the “emergency use” definition for stationary engines in title 17, division 3, chapter 1, subchapter 7.5, section 93115.4(a)(30); or~~

~~(B) Operate eighty (80) hours or less in a calendar year; and~~

~~(2) Either (A) or (B):~~

~~(A) Meet Tier 3 with Level 3 diesel particulate filter requirements pursuant to title 13, division 3, chapter 14, sections 2700 through 2711 of the California Code of Regulations;~~

~~(B) Meet Tier 4, or current engine requirements if more stringent, pursuant to title 40, chapter I, subchapter U, part 1039, subpart B, section 1039.101 of the Code of Federal Regulations.~~

~~(d) All generators shall be equipped with non-resettable hour meters. If a generator does not come equipped with a non-resettable hour meter an after-market non-resettable hour meter shall be installed.~~

~~Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26013, 26060, 26066 and 26201, Business and Professions Code.~~

~~§ 16307. Pesticide Use Requirements.~~

~~(a) Licensees shall comply with all pesticide laws and regulations enforced by the Department of Pesticide Regulation.~~

~~(b) For all pesticides that are exempt from registration requirements, licensees shall comply with all pesticide laws and regulations enforced by the Department of Pesticide Regulation and with the following pesticide application and storage protocols:~~

~~(1) Comply with all pesticide label directions;~~

~~(2) Store chemicals in a secure building or shed to prevent access by wildlife;~~

~~(3) Contain any chemical leaks and immediately clean up any spills;~~

~~(4) Apply the minimum amount of product necessary to control the target pest;~~

~~(5) Prevent offsite drift;~~

- ~~(6) Do not apply pesticides when pollinators are present;~~
- ~~(7) Do not allow drift to flowering plants attractive to pollinators;~~
- ~~(8) Do not spray directly to surface water or allow pesticide product to drift to surface water. Spray only when wind is blowing away from surface water bodies;~~
- ~~(9) Do not apply pesticides when they may reach surface water or groundwater; and~~
- ~~(10) Only use properly labeled pesticides. If no label is available consult the Department of Pesticide Regulation.~~

~~Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26013, 26060, 26066 and 26201, Business and Professions Code.~~

~~§ 16308. Cannabis Waste Management.~~

~~(a) For the purposes of this section, “cannabis waste” is organic waste, as defined in section 42649.8(c) of the Public Resources Code.~~

~~(b) A licensee shall manage all hazardous waste, as defined in section 40141 of the Public Resources Code, in compliance with all applicable hazardous waste statutes and regulations.~~

~~(c) A licensee shall manage all cannabis waste in compliance with division 30, part 3, chapters 12.8, 12.9, and 13.1 of the Public Resources Code. In addition, licensees are obligated to obtain all required permits, licenses, or other clearances and comply with all orders, laws, regulations, or other requirements of other regulatory agencies, including, but not limited to, local health agencies, regional water quality control boards, air quality management districts, or air pollution control districts, local land use authorities, and fire authorities.~~

~~(d) A licensee shall dispose of cannabis waste in a secured waste receptacle or in a secured area on the licensed premises designated on the licensee’s premises diagram and as identified in the licensee’s cultivation plan. For the purposes of this section, “secure waste receptacle” or “secured area” means physical access to the receptacle or area is restricted to only the licensee, employees of the licensee, the local agency, a waste hauler franchised or contracted by a local agency, or a private waste hauler permitted by the local agency. Public access to the designated receptacle or area shall be strictly prohibited.~~

~~(e) A licensee shall comply with the method(s) for managing cannabis waste identified on its cannabis waste management plan in accordance with section 16108.~~

~~(f) If composting cannabis waste on the licensed premises, a licensee shall do so in compliance with title 14 of the California Code of Regulations, division 7, chapter 3.1 (commencing with section 17850).~~

~~(g) If a local agency, a waste hauler franchised or contracted by a local agency, or a private waste hauler permitted by a local agency is being used to collect and process cannabis waste, a licensee shall do all the following:~~

~~(1) Obtain and retain the following information from the local agency, waste hauler franchised or contracted by the local agency, or private waste hauler permitted by the~~

~~local agency that will collect and process the licensee's cannabis waste:~~

~~(A) Name of local agency providing waste hauling services, if applicable;~~

~~(B) Company name of the waste hauler franchised or contracted by a local agency or private waste hauler permitted by the local agency, if applicable;~~

~~(C) Local agency or company business address; and~~

~~(D) Name of the primary contact person at the local agency or company and contact person's phone number.~~

~~(2) Obtain and retain a copy of a receipt from the local agency, waste hauler franchised or contracted by the local agency, or private waste hauler permitted by the local agency evidencing subscription to a waste collection service; and~~

~~(3) Cannabis waste may be collected from a licensee in conjunction with a regular organic waste collection route used by the local agency, the waste hauler franchised or contracted by a local agency, or private waste hauler permitted by the local agency.~~

~~(h) If self-hauling cannabis waste to one or more of the solid waste facilities in section 16108(c) of this chapter, a licensee shall obtain and retain, for each delivery of cannabis waste by the licensee, a copy of a certified weight ticket or receipt documenting delivery prepared by a representative(s) of the solid waste facility receiving the self-hauled cannabis waste. Transportation of self-hauled cannabis waste shall only be performed by the licensee or employees of the licensee.~~

~~(i) If cannabis waste is hauled to a recycling center that meets the requirements of section 16108(c)(6), in addition to the tracking requirement set forth in sections 16405 and 16406 of this chapter, a licensee shall use the track and trace system and documentation required pursuant to this section to ensure the cannabis waste is identified, weighed, and tracked while on the licensed premises.~~

~~(j) In addition to all other tracking requirements set forth in sections 16405 and 16406 of this chapter, a licensee shall use the track and trace system and documentation required pursuant to this section to ensure the cannabis waste is identified, weighed, and tracked while on the licensed premises and when disposed of in accordance with subsections (f), (g), (h), and (i) above.~~

~~(k) A licensee shall maintain accurate and comprehensive records regarding cannabis waste that account for, reconcile, and evidence all activity related to the generation or disposition of cannabis waste. All records required by this section are records subject to inspection by the Department and shall be kept pursuant to section 16400 of this chapter.~~

~~Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26013 and 26060, Business and Professions Code.~~

~~Article 5. Records and Reporting~~

~~§ 16400. Record Retention.~~

~~For the purposes of this chapter, "record" includes all records, applications, reports, or other supporting documents required by the Department.~~

~~(a) Each licensee shall keep and maintain the records listed in section 16400(d) of this chapter for at least seven (7) years from the date the document was created.~~

~~(b) Licensees shall keep records, either electronically or otherwise, identified in section 16400(d) of this chapter on the premises of the location licensed. All required records shall be kept in a manner that allows the records to be examined at the licensed premises or delivered to the Department, upon request.~~

~~(c) All records are subject to review by the Department during standard business hours or at any other reasonable time as mutually agreed to by the Department and the licensee. For the purposes of this section, standard business hours are deemed to be 8:00am—5:00pm (Pacific Time). Prior notice by the Department to review records is not required.~~

~~(d) Each licensee shall maintain all the following records on the licensed premises, including but not limited to:~~

~~(1) Department issued cultivation license(s);~~

~~(2) Cultivation plan;~~

~~(3) All records evidencing compliance with the environmental protection measures pursuant to sections 16304, 16305, 16306, and 16307 of this chapter;~~

~~(4) All supporting documentation for data or information entered into the track and trace system;~~

~~(5) All UIDs assigned to product in inventory and all unassigned UIDs. UIDs associated with product that has been retired from the track and trace system must be retained for six (6) months after the date the tags were retired;~~

~~(6) Financial records related to the licensed commercial cannabis activity, including but not limited to, bank statements, tax records, contracts, purchase orders, sales invoices, and sales receipts;~~

~~(7) Personnel records, including each employee's full name, Social Security number or individual tax payer identification number, date of beginning employment, and, if applicable, date of termination of employment;~~

~~(8) Records related to employee training for the track and trace system or other requirements of this chapter. Records shall include, but are not limited to, the date(s) training occurred, description of the training provided, and the names of the employees that received the training;~~

~~(9) Contracts with other state licensed cannabis businesses;~~

~~(10) All permits, licenses, and other authorizations to conduct the licensee's commercial cannabis activity;~~

~~(11) Records associated with composting or disposal of cannabis waste;~~

~~(12) Documentation associated with loss of access to the track and trace system prepared pursuant to section 16402(d) of this chapter.~~

~~(e) All required records shall be prepared and retained in accordance with the following~~

conditions:

- (1) Records shall be legible; and
- (2) Records shall be stored in a secured area where the records are protected from debris, moisture, contamination, hazardous waste, fire, and theft.

Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26013, 26055, 26060, 26060.1, 26067, 26069, 26160 and 26161, Business and Professions Code.

~~§ 16401. Sales Invoice or Receipt Requirements.~~

The licensee shall prepare a sales invoice or receipt for every sale or transfer of cannabis or nonmanufactured cannabis product to another licensee. Sales invoices and receipts may be retained electronically but must be readily accessible for examination by the Department, other state licensing authorities, any state or local law enforcement authority, and the California Department of Tax and Fee Administration. Each sales invoice or receipt shall include all of the following:

- (a) Name, business address, and Department or other licensing authority issued license number of the seller;
- (b) Name, business address, and Department or other licensing authority issued license number of the purchaser;
- (c) Date of sale or transfer (month, day, and year). The date of any sale or transfer of cannabis and nonmanufactured cannabis products shall be the date of transfer to the licensee receiving it;
- (d) Invoice or receipt number;
- (e) Weight or quantity of cannabis and nonmanufactured cannabis products sold or transferred;
 - (1) Weight. For the purposes of this section a licensee must use wet weight or net weight. Wet weight and net weight shall be determined following weighing device requirements pursuant to section 16213 of this chapter and measured, recorded, and reported in U.S. customary units (e.g., ounce or pound) or International System of Units (e.g., kilograms, grams, or milligrams).
 - (2) Count. For the purposes of this section, “count” means the numerical count of the individual plants or units.
- (f) Cost to the purchaser, including any discount applied to the total price, shall be recorded on the invoice;
- (g) Description for each item, including strain or cultivar, and all the applicable information below:
 - (1) Plant;
 - (2) Flower;
 - (3) Leaf;

~~(4) Shake;~~

~~(5) Kief; and~~

~~(6) Pre-rolls.~~

~~(h) Signature of the seller, or designated representative of the seller, acknowledging accuracy of the cannabis and nonmanufactured cannabis products being shipped;~~

~~(i) Signature of the purchaser, or designated representative of the purchaser, acknowledging receipt or rejection of the cannabis or nonmanufactured cannabis products.~~

~~Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26013 and 26161, Business and Professions Code.~~

~~§ 16402. Track and Trace System.~~

~~Except as provided in section 16405(e) of this chapter, each licensee shall report in the Department's track and trace system the disposition of immature and mature plants, nonmanufactured cannabis products on the licensed premises, any transfers associated with commercial cannabis activity between licensees, and any cannabis waste pursuant to this chapter.~~

~~(a) The licensee is responsible for the accuracy and completeness of all data and information entered into the track and trace system. Data entered into the track and trace system is assumed to be accurate and can be used to take enforcement action against the licensee if not corrected.~~

~~(b) Each licensee shall use the track and trace system for recording all applicable commercial cannabis activities.~~

~~(c) Pursuant to section 16109 of this chapter, each licensee shall identify an owner in the licensee's organization to be the licensee's track and trace system account manager. The licensee's designated track and trace system account manager shall be responsible for all the following:~~

~~(1) Complete track and trace system training provided by the Department. If the designated account manager did not complete the track and trace system training prior to the licensee receiving his or her annual license, the designated account manager will be required to register for the track and trace system training provided by the Department within five (5) calendar days of license issuance;~~

~~(2) Designate track and trace system users, as needed, and require the users to be trained in the proper and lawful use of the track and trace system before the users are permitted to access the track and trace system;~~

~~(3) Maintain an accurate and complete list of all track and trace system users and update the list immediately when changes occur;~~

~~(4) Within three (3) calendar days, cancel the access rights of any track and trace user from the licensee's track and trace system account if that individual is no longer authorized to use the licensee's track and trace system account;~~

~~(5) Correct any data that is entered into the track and trace system in error within three (3) calendar days of discovery of the error; and~~

~~(6) Notify the Department immediately for any loss of access that exceeds three (3) calendar days.~~

~~(d) The licensee is responsible for all access and use of the licensee's track and trace system account.~~

~~(e) If a licensee loses access to the track and trace system for any reason, the licensee shall prepare and maintain comprehensive records detailing all required inventory tracking activities conducted during the loss of access.~~

~~(1) Once access to the track and trace system is restored, all inventory tracking activities that occurred during the loss of access shall be entered into the track and trace system within three (3) calendar days.~~

~~(2) A licensee shall document the date and time when access to the track and trace system was lost, when it was restored, and the cause for each loss of access.~~

~~(3) A licensee shall not transfer cannabis or nonmanufactured cannabis products to a distributor until such time as access to the system is restored and all information is recorded into the track and trace system.~~

~~Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26013, 26067, 26069 and 26160, Business and Professions Code.~~

~~§ 16403. Track and Trace System Unique Identifiers (UID).~~

~~(a) Within five (5) calendar days of the date the licensee's designated account manager(s) was credentialed by the Department to use the track and trace system, the designated account manager shall request UIDs using the track and trace system as prescribed by the Department in Article 5 of this chapter.~~

~~(1) The licensee shall only use UIDs provisioned and distributed by the Department or the Department's designee.~~

~~(2) The licensee shall maintain a sufficient supply of UIDs in inventory to support tagging in accordance with this section.~~

~~(3) The licensee shall use the track and trace system to document receipt of provisioned and distributed UIDs within three (3) calendar days of physical receipt of the UIDs by the licensee.~~

~~(4) Except as provided in section 16407 of this chapter, all cannabis shall be entered into the track and trace system by the licensee starting with seed, cannabis which has been propagated onsite or purchased from a licensed nursery, or seedling purchased from a licensed nursery pursuant to this chapter.~~

~~(b) The UID shall accompany the cannabis products through all phases of the growing cycle, as follows:~~

~~(1) Licensees with immature plants shall assign a UID to each established lot~~

~~respectively. The lot UID shall be placed in a position so it is visible and within clear view of an individual standing next to the immature lot to which the UID was assigned, and all UIDs shall be kept free from dirt and debris. For the purposes of this subsection, each lot of immature plants shall be uniform in strain or cultivar and shall not have more than one hundred (100) immature plants at any one time. All immature plants in a lot shall be labeled with the corresponding UID number assigned to the lot and shall be contiguous to one another to facilitate identification by the Department.~~

~~(2) Immature plants transferred from a licensed nursery, via a distributor, to a licensed cultivator shall meet requirements of subsection (b)(1) above. Each immature plant intended for retail sale shall have a UID affixed, or be labeled with the corresponding UID number of the lot, and be recorded in the track and trace system prior to transfer from the licensed nursery.~~

~~(3) The licensee shall apply a UID to all individual plants at the time any plant is moved to the designated canopy area or when an individual plant begins flowering, as defined in section 16000(l) of this chapter. The licensee may tag individual immature plants prior to movement to the designated canopy area or prior to flowering.~~

~~(4) UIDs are required for each mature plant. UIDs shall be attached to the main stem, at the base of each plant. The UID shall be attached to the plant using a tamper evident strap or zip tie and placed in a position so it is visible and within clear view of an individual standing next to the mature plant to which the UID was assigned and UIDs shall be kept free from dirt and debris. Licensees are prohibited from removing the UID from the mature plant to which it was attached and assigned until the plant is harvested, destroyed, or disposed.~~

~~(c) Each harvest batch shall be assigned a unique harvest batch name which will be associated with all UIDs for each individual plant, or portion thereof, contained in the harvest batch.~~

~~(d) UIDs are required for all cannabis and nonmanufactured cannabis products and shall be associated with the corresponding harvest batch name from which the cannabis and nonmanufactured cannabis products were derived.~~

~~(e) Upon destruction or disposal of any cannabis or nonmanufactured cannabis products, the applicable UIDs shall be retired in the track and trace system by the licensee within three (3) calendar days of the destruction or disposal and be performed in accordance with the licensee's approved cannabis waste management plan.~~

~~Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26013, 26067, 26069 and 26160 Business and Professions Code.~~

~~§ 16404. Track and Trace System User Requirements.~~

~~(a) All track and trace account managers or users, as identified pursuant to section 16402 of this chapter, shall enter all commercial cannabis activities in the track and trace system.~~

~~(b) Each track and trace account manager and user shall have a unique log on,~~

~~consisting of a username and password, which shall not be used by or shared with any other person.~~

~~(c) No track and trace account manager, user, or other licensee, employee, or agent shall intentionally misrepresent or falsify information entered into the track and trace system.~~

~~(d) The account manager shall monitor all notifications from the track and trace system and resolve all issues included in the notification in the timeframe specified in the notification. An account manager shall not dismiss a notification from the track and trace system until the issue(s) included in the notification has been resolved.~~

~~Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26012, 26013, 26067 and 26069, Business and Professions Code.~~

~~§ 16405. Track and Trace System Reporting Requirements.~~

~~(a) Except as provided in subsection (e) below, the track and trace account manager or users shall report in the track and trace system any and all transfers of cannabis or nonmanufactured cannabis products to another licensee prior to the movement of the cannabis or nonmanufactured cannabis products off the licensed premises.~~

~~(b) The track and trace account manager or users shall report in the track and trace system any and all cannabis or nonmanufactured cannabis products physically received or rejected from another licensee within twenty-four (24) hours of receipt or rejection of the products.~~

~~(c) The track and trace account manager or users shall report in the track and trace system information related to the disposition of cannabis and nonmanufactured cannabis products, as applicable, on the licensed premises. All applicable information for each event listed below shall be reported in the track and trace system within three (3) calendar days of the applicable event.~~

~~(1) Creating a planting of an immature plant lot;~~

~~(2) Moving immature plants to a designated canopy area, or when an individual plant begins flowering, or when applying a UID to an immature plant, in accordance with section 16403(b)(3) of this chapter;~~

~~(3) Destruction or disposal of an immature or mature plant;~~

~~(4) Harvest of a mature plant, or portion thereof. The following information must be reported into the track and trace system for each harvested plant, or portion thereof, or harvest batch:~~

~~(A) The wet weight of each harvested plant, or portion thereof, which must be obtained by the licensee immediately after harvest of the plant, or portion thereof;~~

~~(B) The net weight of each harvest batch, obtained pursuant to section 16406(b) of this chapter;~~

~~(C) The weight of cannabis waste associated with each harvest batch;~~

~~(D) The unique name of the harvest batch and the initiating date of the harvest. For the purposes of this section, the initiating date of the harvest is the month, day, and year the first mature cannabis plant(s) in the harvest batch were cut, picked, or removed from the soil or other growing media. The initiating date of the harvest shall be recorded using the MM/DD/YYYY format. For example, January 1, 2018 would be recorded as 01/01/2018.~~

~~(5) Packaging.~~

~~(d) The account manager or user shall report information in the track and trace system for each transfer of cannabis or nonmanufactured cannabis products to, or cannabis or nonmanufactured cannabis products received from, another licensee. Required information to be entered includes, but is not limited to:~~

~~(1) Name, business address, and Department or other licensing authority issued license number of the seller;~~

~~(2) Name, business address, and Department or other licensing authority issued license number of the purchaser;~~

~~(3) Name and Department issued license number of the distributor;~~

~~(4) Date of sale, transfer, or receipt (month, day, and year) of cannabis or nonmanufactured cannabis products;~~

~~(5) Weight or count of individual units of cannabis or nonmanufactured cannabis products sold, transferred, or received;~~

~~(A) Weight. For the purposes of this section a licensee must use wet weight or net weight. Wet weight and net weight shall be determined following weighing device requirements pursuant to section 16213 of this chapter and measured, recorded, and reported in U.S. customary units (e.g., ounce or pound) or International System of Units (e.g., kilograms, grams, or milligrams).~~

~~(B) Count. For the purposes of this section, "count" means the numerical count of the individual plants or units.~~

~~(6) Estimated departure and arrival time;~~

~~(7) Actual departure time;~~

~~(8) Description for each item, including strain or cultivar, and all of the applicable information below:~~

~~(A) Plant;~~

~~(B) Flower;~~

~~(C) Leaf;~~

~~(D) Shake;~~

~~(E) Kief; and~~

~~(F) Pre-rolls.~~

~~(9) UID(s).~~

~~(e) Temporary Licensees. A licensee operating under a temporary license, issued by the~~

~~Department pursuant to section 16100 of this chapter, is not required to record commercial cannabis activity in the track and trace system as otherwise required by this chapter. Temporary licensees shall record all commercial cannabis activity in accordance with section 16401 of this chapter.~~

~~(f) Any commercial cannabis activity conducted between a temporary licensee and an annual licensee shall be reported in the track and trace system by the annual licensee based upon the documentation prepared pursuant to section 16401 of this chapter.~~

~~Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26013, 26067 and 26160, Business and Professions Code.~~

~~§ 16406. Track and Trace System Inventory Requirements.~~

~~Licensees shall use the track and trace system for all inventory tracking activities at a licensed premises, including, but not limited to, all of the following:~~

~~(a) Reconciling all on-premises and in-transit cannabis or nonmanufactured cannabis products inventories at least once every thirty (30) calendar days; and~~

~~(b) Recording the net weight of all harvested cannabis once the majority of drying, trimming, and curing activities have been completed, or within sixty (60) calendar days from the initial harvest date, whichever is sooner;~~

~~(c) Licensees shall close out their physical inventory of all cannabis and nonmanufactured cannabis product and UIDs, if applicable, prior to the effective date of any of the following changes to their license:~~

~~(1) Voluntary surrender of a temporary license or annual license;~~

~~(2) Expiration of an annual license;~~

~~(3) Revocation of a license.~~

~~(d) Close out of physical inventory includes, but is not limited to, all of the following items:~~

~~(1) Immature plants and their corresponding lot UID(s);~~

~~(2) Mature plants and their corresponding plant UID(s);~~

~~(3) Harvest batches and their corresponding UID(s);~~

~~(4) Nonmanufactured cannabis products and their corresponding UID(s); and~~

~~(5) UIDs in the licensee's possession which have not been assigned in the track and trace system.~~

~~(e) All transfers and sales shall be documented pursuant to sections 16401 and 16405 of this chapter.~~

~~Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26013 and 26067, Business and Professions Code.~~

~~§ 16408. Inventory Audits.~~

~~The Department may perform an audit of the physical inventory and inventory as reported in the track and trace system of any licensee at the Department's discretion. Inventory audits of the licensee shall be conducted during standard business hours or at other reasonable times as mutually agreed to by the Department and the licensee. For the purposes of this section, standard business hours are 8:00am—5:00pm (Pacific Time). Prior notice of an inventory audit is not required.~~

~~Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26013, 26015 and 26067, Business and Professions Code.~~

~~§ 16409. Notification of Diversion, Theft, Loss, or Criminal Activity.~~

~~Licensees shall notify the Department and law enforcement authorities within three (3) calendar days of discovery of any diversion, theft, loss of, or criminal activity related to licensee's cannabis or nonmanufactured cannabis products.~~

~~Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26013 and 26015, Business and Professions Code.~~

~~§ 16410. Cultivation Licensee Authorization to Release Data to Financial Institutions.~~

~~(a) A cultivation licensee may authorize the Department to provide information to a financial institution for purposes of facilitating the provision of financial services. The authorization shall be made in writing, through a form prescribed by the Department, which shall include the following information:~~

- ~~(1) The name of the licensed business for which the licensee is authorizing the release of information;~~
- ~~(2) The business's license number(s);~~
- ~~(3) The financial institution authorized to receive information;~~
- ~~(4) The name, phone number, email address, and signature of the owner submitting the authorization;~~
- ~~(5) The categories of information specified in subsection (b) that are authorized for release; and~~
- ~~(6) An acknowledgement that the authorization to release information includes information that is otherwise protected from disclosure, that the licensee is waiving privilege and confidentiality, and that the scope of the release is strictly limited for the purposes of disclosure to the financial institution.~~

~~(b) After receipt of the authorization from the cultivation licensee, the Department shall release the following information, as designated by the licensee, when requested by an authorized financial institution pursuant to section 16411 of this division:~~

- ~~(1) The license application(s), including renewal applications, excluding information~~

~~required to be kept confidential pursuant to Penal Code section 11105 and confidential personal information of individual owners of the licensed business;~~

~~(2) Information captured in the track and trace system established pursuant to Business and Professions Code section 26067, including, but not limited to, aggregated sales or transfer information, as applicable;~~

~~(3) Documents issued to the licensee pursuant to disciplinary or enforcement proceedings;~~

~~(c) A cultivation licensee may withdraw the authorization to provide information to a financial institution at any time. The withdrawal shall be made in writing, through a form prescribed by the Department, and shall include the following information:~~

~~(1) The name of the licensed business for which the licensee is withdrawing the authorization of the release of information;~~

~~(2) The business's license number(s);~~

~~(3) The financial institution from which authorization to receive information is withdrawn;~~

~~(4) The name, phone number, email address, and signature of the owner submitting the withdrawal.~~

~~Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Section 26260, Business and Professions Code.~~

§ 16411. Financial Institution Request for Cultivation Licensee Information.

~~A financial institution as defined in Business and Professions Code section 26260(c)(3) may request information related to a cultivation licensee for purposes of facilitating the provision of financial services for that licensee. The request shall be made in writing, through a form prescribed by the Department, which shall include the following information:~~

~~(a) The name of the financial institution;~~

~~(b) The name, phone number, email, and signature of the representative of the financial institution requesting information;~~

~~(c) The business name and license number of the licensee for which the financial institution is requesting information;~~

~~(d) The type of financial services for which the information is requested (including, but not limited to, establishment or maintenance of bank accounts, extending loans, and providing insurance) and whether the request is for consideration of a new service or maintenance of an existing service;~~

~~(e) The specific information requested as described in section 16410(a) if authorized by the licensee; and~~

~~(f) An acknowledgment that use of the information is limited to that which is necessary for the provision of financial services.~~

~~Authority: Sections 26012 and 26013, Business and Professions Code. Reference:~~

~~Article 6. Inspections, Investigations, and Audits~~

~~§ 16500. Inspections, Investigations, and Audits Applicability.~~

~~(a) All licensees and applicants shall be subject to inspection, investigation, or audit of their licensed premises and records by the Department to determine compliance with applicable laws and regulations.~~

~~(b) Inspections, investigations, and audits may be conducted by the Department in coordination with the California Department of Fish and Wildlife and the State Water Resources Control Board consistent with section 12029, subdivision (c) of the Fish and Game Code.~~

~~Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26013 and 26015, Business and Professions Code.~~

~~§ 16501. Inspections, Investigations, Examinations, and Audits.~~

~~The Department shall conduct inspections, investigations, examinations, and audits of licensees including, but not limited to, a review of any books, records, accounts, inventory, or onsite operations specific to the license.~~

~~(a) The Department may conduct an inspection, investigation, examination, or audit for any of the following purposes:~~

- ~~(1) To determine accuracy and completeness of the application prior to issuing a license;~~
- ~~(2) To determine compliance with license requirements including, but not limited to, the cultivation plan;~~
- ~~(3) To audit or inspect any records outlined in section 16400 of this chapter;~~
- ~~(4) To respond to a complaint(s) received by the Department regarding the licensee;~~
- ~~(5) To inspect incoming or outgoing shipments of cannabis and nonmanufactured cannabis products; and~~
- ~~(6) As deemed necessary by the Department.~~

~~(b) Inspections, investigations, examinations, and audits of a licensed premises shall be conducted at any time, or as otherwise agreed to by the Department and the licensee or its agents, employees, or representatives. Prior notice of inspection, investigation, or examination is not required.~~

~~(c) No applicant, licensee, or any agent or employee shall interfere with, obstruct, or impede the Department's inspection, investigation, or audit. This includes, but is not limited to, the following actions:~~

- ~~(1) Denying the Department access to the licensed premises;~~
- ~~(2) Providing false or misleading statements;~~
- ~~(3) Providing false, falsified, fraudulent, or misleading documents and records; and~~

~~(4) Failing to provide records, reports, and other supporting documents.~~

~~(d) Upon completion of an inspection, investigation, examination, or audit, the Department shall notify the licensee of any violation(s) and/or action(s) the Department is taking.~~

~~Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26013, 26015 and 26160, Business and Professions Code.~~

~~Article 7. Enforcement~~

~~§ 16600. Enforcement Applicability.~~

~~Notwithstanding any other provision of law, the Department may take an administrative action at any time within five (5) years after the Department discovers, or with reasonable diligence should have discovered, any violation of state law or local ordinances.~~

~~Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26013, 26031, and 26034, Business and Professions Code.~~

~~§ 16601. Administrative Actions-Operations.~~

~~The Department shall use the violation classes and applicable fine amounts as follows:~~

~~(a) For the purpose of this section, violation classes are designated as “Minor,” “Moderate,” and “Serious.”~~

~~(1) “Serious.” Violations which preclude or significantly interfere with enforcement of any state law, or those that cause significant false, misleading, or deceptive business practices, potential for significant level of public or environmental harm, or for any violation that is a repeat of a Moderate violation that occurred within a two-year period and that resulted in an administrative civil penalty. All Serious violations are subject to license suspension or revocation.~~

~~(2) “Moderate.” Violations that undermine enforcement of any state law, are likely to cause public or environmental harm, or are a repeat of a Minor violation that occurred within a two-year period and resulted in an administrative civil penalty.~~

~~(3) “Minor.” Violations that are not likely to have an adverse effect on public safety or environmental health.~~

~~(b) Repeat violations may result in an escalation of violation class.~~

~~(c) Table A below shall be used to establish the initial level of severity of the referenced violations of division 10 of the Business and Professions Code and referenced regulations and the corresponding penalty range for “Serious,” “Moderate,” and “Minor” violation classes. For violations of other state law, including state labor laws and related regulations, the Department shall utilize the definitions of violation classes in subsection (a).~~

TABLE A

Authority and Description of Violation	Minor \$100– \$500	Moderate \$501– \$1,000	Serious \$1,001– \$5,000
BPC 26053(a) Licensee engaged in commercial cannabis activity with an unlicensed person.			X
BPC 26055(b) Licensee continued to operate after revocation of state license.			X
BPC 26060.1(a) Licensee used a water source that was not identified or permitted on his or her application.			X
BPC 26050.1(a) 4 CCR 16100(b) After January 1, 2018, licensee engaged in commercial cannabis activity prior to obtaining a temporary license.			X
BPC 26060 4 CCR 16106(a)(1)(B) Licensee shared area(s) outside the canopy where only immature plants shall be maintained, as designated on the licensee's premises diagram, with another cultivation license held by the licensee.	X		
BPC 26060 4 CCR 16106(a)(1)(D) Licensee shared processing area(s), as designated on the licensee's premises diagram, with another cultivation license held by the licensee.		X	
BPC 26060 4 CCR 16106(a)(1)(E) Licensee shared packaging area(s), as designated on the licensee's premises diagram, with another cultivation license held by the licensee.		X	

Authority and Description of Violation	Minor \$100– \$500	Moderate \$501– \$1,000	Serious \$1,001– \$5,000
<p>BPC 26060 4 CCR 16106(a)(1)(I) Licensee shared area(s) for physically segregating cannabis or nonmanufactured cannabis products subject to administrative hold pursuant to section 16604 of this chapter, as designated on the licensee’s premises diagram, with another cultivation license held by the licensee.</p>		X	
<p>BPC 26031 4 CCR 16108 Failure to dispose of cannabis waste as identified in the licensee’s approved waste management plan.</p>		X	
<p>BPC 26031 4 CCR 16108 Failure to deposit cannabis waste at a manned, fully permitted solid waste landfill or transformation facility; manned, fully permitted composting facility or manned composting operation; manned, fully permitted in-vessel digestion facility; manned, fully permitted in-vessel digestion operation; or manned, fully permitted chip and grind operation or facility.</p>		X	
<p>BPC 26031 4 CCR 16201 Licensee total canopy size on licensed premises exceeded the total allowable canopy size for the license type.</p>			X
<p>BPC 26031 4 CCR 16202(b) Failure to obtain a separate license for each premises where the person engaged in commercial cannabis cultivation.</p>			X

Authority and Description of Violation	Minor \$100– \$500	Moderate \$501– \$1,000	Serious \$1,001– \$5,000
<p>BPC 26031 4 CCR 16202(c) Licensee transferred or assigned his or her cultivation license to another person or property.</p>			X
<p>BPC 26031 4 CCR 16202(d) Licensee transferred cannabis and nonmanufactured cannabis products from his or her licensed premises to another licensee without using a licensed distributor.</p>			X
<p>BPC 26031 4 CCR 16202(e) Failure to prominently display license on licensed premises where it can be viewed by state and local agencies.</p>	X		
<p>BPC 26031 4 CCR 16202(f) Licensee sublet a portion of the licensed premises.</p>	X		
<p>BPC 26031 4 CCR 16202(g) Licensee used light deprivation at a licensed outdoor cultivation site.</p>		X	
<p>BPC 26031 4 CCR 16204(a) Failure to notify the Department in writing within ten (10) calendar days of any changes to any item listed in the application or any of the events pursuant to section 16204(a)(1)-(5) of this chapter.</p>	X		
<p>BPC 26031 4 CCR 16204(b) Failure to submit a new application for a change in business entity type that includes any change of ownership.</p>		X	

Authority and Description of Violation	Minor \$100– \$500	Moderate \$501– \$1,000	Serious \$1,001– \$5,000
<p>BPC 26031 4 CCR 16204(c)(1) Failure to notify the Department in writing of a penalty or judgment of a criminal conviction or civil judgment rendered against the licensee or any owner within forty-eight (48) hours of receiving a penalty or judgement of a criminal penalty or civil judgement.</p>	X		
<p>BPC 26031 4 CCR 16204(c)(2) Failure to notify the Department in writing of a revocation of a local license, permit, or other authorization within forty-eight (48) hours of the revocation.</p>	X		
<p>BPC 26031 4 CCR 16204(c)(3) Failure to notify the Department in writing within 48 hours of receiving an administrative order for violations of labor standards against the licensee or any owner in his or her individual capacity.</p>	X		
<p>BPC 26031 4 CCR 16204(c)(4) Failure to notify the Department in writing within 48 hours of a change in the licensee's designated track and trace system account manager.</p>		X	
<p>BPC 26031 4 CCR 16205(first paragraph) Licensee made physical modifications to the licensed premises that materially or substantially altered the licensed premises or use of the licensed premises from the premises diagram originally filed with the license application without receiving prior written approval from the Department.</p>		X	

Authority and Description of Violation	Minor \$100– \$500	Moderate \$501– \$1,000	Serious \$1,001– \$5,000
<p>BPC 26031 4 CCR 16205(b) Failure to file a request for approval of a premises modification with the Department associated with a physical modification of the licensed premises.</p>	X		
<p>BPC 26031 4 CCR 16205(c) Failure to provide additional documentation requested by the Department to evaluate the request for approval of a premises modification.</p>	X		
<p>BPC 26031 4 CCR 16206(a) Failure of an owner's successor in interest as specified in section 16206(a) to notify the Department within ten (10) calendar days of the death, incapacity, receivership, assignment for the benefit of creditors of an owner, or other event rendering a licensee incapable of performing the duties associated with the license.</p>		X	
<p>BPC 26031 4 CCR 16207(h)(1) Failure to move cannabis and nonmanufactured cannabis products to a secure location where access to the cannabis is restricted to the licensee, its employees, and contractors.</p>	X		
<p>BPC 26031 4 CCR 16207(h)(2) Failure to notify the Department, in writing, within twenty-four (24) hours of moving cannabis and nonmanufactured cannabis products and requesting relief pursuant to section 16207 of this chapter.</p>	X		

Authority and Description of Violation	Minor \$100– \$500	Moderate \$501– \$1,000	Serious \$1,001– \$5,000
<p>BPC 26031 4 CCR 16207(h)(3) Failure to provide the Department access to the location where cannabis and nonmanufactured cannabis products were moved pursuant to section 16207 of this chapter.</p>	X		
<p>BPC 26031 4 CCR 16207(h)(4) Failure to submit, in writing, a request for temporary relief that clearly indicates the statutory and regulatory sections from which relief is being requested, the time period for which the relief is requested, and the reason relief is needed, within ten (10) calendar days of moving cannabis and nonmanufactured cannabis products pursuant to section 16207 of this chapter.</p>	X		
<p>BPC 26031 4 CCR 16210 Failure to allow the Department to collect samples for the Department's own laboratory analysis from cannabis transferred to a licensed distributor.</p>		X	
<p>BPC 26031 4 CCR 16211 Licensee accepted returns of cannabis plants or nonmanufactured products transferred to another licensee after testing performed pursuant to section 26110 of the Business and Professions Code.</p>	X		
<p>BPC 26031 4 CCR 16212 Failure to comply with packaging requirements.</p>	X		
<p>BPC 26031 4 CCR 16212 Failure to comply with labeling requirements.</p>	X		

Authority and Description of Violation	Minor \$100– \$500	Moderate \$501– \$1,000	Serious \$1,001– \$5,000
<p>BPC 26031 4 CCR 16213(a) Failure to use weighing devices approved, tested, and sealed pursuant to chapter 5 (commencing with section 12500) of division 5 of the Business and Professions Code, and registered with the county sealer pursuant to chapter 2 (commencing with section 12240) of division 5 of the Business and Professions Code.</p>	X		
<p>BPC 26031 4 CCR 16213(e) Failure to become licensed as a weighmaster for determining any weight or measurement of cannabis and nonmanufactured cannabis products in accordance with section 16213(e) of this chapter.</p>	X		
<p>BPC 26031 4 CCR 16213(e) Failure to issue weighmaster certificate pursuant to chapter 7 (commencing with section 12700) of division 5 of the Business and Profession Code.</p>	X		
<p>BPC 26031 4 CCR 16300(a) Failure to prohibit cannabis plants maintained outside the designated canopy area from flowering.</p>			X
<p>BPC 26031 4 CCR 16300(a) Failure to move flowering cannabis plants located outside the designated canopy area(s) to the designated canopy area(s) without delay and report the movement and UID tagging in the track and trace system.</p>			X

Authority and Description of Violation	Minor \$100– \$500	Moderate \$501– \$1,000	Serious \$1,001– \$5,000
<p>BPC 26031 4 CCR 16300(b) Failure to properly apply UIDs to cannabis plants used for seed production pursuant to section 16403 of this chapter.</p>	✗		
<p>BPC 26031 4 CCR 16300(c) Licensee propagating immature plants for distribution or seed for distribution without a nursery license.</p>			✗
<p>BPC 26031 4 CCR 16300(d) Licensee processed cannabis on the licensed premises in an area(s) not designated for processing as identified on his or her approved cultivation plan.</p>		✗	
<p>BPC 26031 4 CCR 16300(d) Processing cannabis on licensee's premises without compliance to packaging or labeling requirements pursuant to section 16212 of this chapter.</p>		✗	
<p>BPC 26031 4 CCR 16301 Failure to properly apply UIDs to mature cannabis plants used for seed production pursuant to section 16403 of this chapter.</p>			✗
<p>BPC 26031 4 CCR 16301 Licensee allowed cannabis products to enter the commercial distribution chain other than seed.</p>			✗

Authority and Description of Violation	Minor \$100– \$500	Moderate \$501– \$1,000	Serious \$1,001– \$5,000
<p>BPC 26031 4 CCR 16302 Licensee conducted research and development in areas that were not identified in his or her approved cultivation plan.</p>			X
<p>BPC 26031 4 CCR 16302 Failure to properly tag with a UID mature plants maintained in the area on the licensed premises designated for research and development.</p>		X	
<p>BPC 26031 4 CCR 16302 Licensee allowed cannabis and nonmanufactured cannabis products from the research and development area to enter the commercial distribution chain.</p>			X
<p>BPC 26031 4 CCR 16303(a) Failure to adhere to track and trace requirements for aggregation of cannabis products pursuant to sections 16405 and 16406 of this chapter.</p>		X	
<p>BPC 26031 4 CCR 16303(b) Failure to adhere to product packaging and labeling requirements, pursuant to section 16212 of this chapter, for nonmanufactured cannabis products.</p>	X		
<p>BPC 26031 4 CCR 16303(c) Processor licensee cultivated cannabis plants on his or her licensed premises.</p>			X

Authority and Description of Violation	Minor \$100– \$500	Moderate \$501– \$1,000	Serious \$1,001– \$5,000
<p>BPC 26031 CCR 16304(a)-(g) Failure to comply with specified general environmental protection measures.</p>			✗
<p>BPC 26031 4 CCR 16305(a) & (b) Failure to comply with specified renewable energy requirements.</p>			✗
<p>BPC 26031 4 CCR 16306(a)-(d) Failure to comply with specified generator requirements.</p>			✗
<p>BPC 26031 4 CCR 16307(a) & (b) Failure to comply with specified pesticide use requirements.</p>			✗
<p>BPC 26031 4 CCR 16308(d) Failure to dispose of cannabis waste in a secure waste receptacle or in a secured area on the licensed premises.</p>		✗	
<p>BPC 26031 4 CCR 16308(g)(1)(A-D) Failure to obtain and retain required information from the local agency, waste hauler franchised or contracted by the local agency, or private waste hauler permitted by the local agency that collects and processes the licensee’s cannabis waste.</p>	✗		

Authority and Description of Violation	Minor \$100– \$500	Moderate \$501– \$1,000	Serious \$1,001– \$5,000
<p>BPC 26031 4 CCR 16308(g)(2) Failure to obtain and retain a copy of a receipt from the local agency, waste hauler franchised or contracted by the local agency, or private waste hauler permitted by the local agency evidencing subscription to a waste collection service.</p>	X		
<p>BPC 26031 4 CCR 16308(h) Failure to obtain and retain, for each delivery of cannabis waste by the licensee, a copy of a certified weight ticket, or receipt documenting delivery, prepared by a representative(s) of a solid waste facility receiving self-hauled cannabis waste.</p>	X		
<p>BPC 26031 4 CCR 16308(j) Failure to use track-and-trace system and documentation required pursuant to sections 16405 and 16406 of this chapter to ensure the cannabis waste materials are identified, weighed, and tracked while on the licensed premises and when disposed of pursuant to subsections (f), (g), (h), and (i) of section 16308.</p>		X	
<p>BPC 26031 4 CCR 16401 Failure to prepare a sales invoice or receipt for every sale or transport of cannabis or nonmanufactured cannabis product to another licensee.</p>		X	
<p>BPC 26031 4 CCR 16402(a) Failure to accurately and completely enter data and information into the track and trace system.</p>	X		

Authority and Description of Violation	Minor \$100– \$500	Moderate \$501– \$1,000	Serious \$1,001– \$5,000
<p>BPC 26031 4 CCR 16402(c) Failure to identify an owner in the licensee's organization to be the licensee's track and trace system account manager.</p>		X	
<p>BPC 26031 4 CCR 16402(c)(1) Failure of the licensee's designated track and trace system account manager to complete track and trace system training as required by the Department.</p>		X	
<p>BPC 26031 4 CCR 16402(c)(2) Failure to properly train all track and trace system users before the users were permitted to access the track and trace system.</p>		X	
<p>BPC 26031 4 CCR 16402(c)(3) Failure to maintain an accurate and complete list of all track and trace system users and to update the list immediately when changes occurred.</p>		X	
<p>BPC 26031 4 CCR 16402(c)(4) Failure to cancel a track and trace system user account within three (3) calendar days when that individual is no longer a representative of the licensee.</p>		X	
<p>BPC 26031 4 CCR 16402(c)(5) Failure to correct data entered into the track and trace system in error within three (3) calendar days of discovery of the error.</p>		X	

Authority and Description of Violation	Minor \$100– \$500	Moderate \$501– \$1,000	Serious \$1,001– \$5,000
<p>BPC 26031 4 CCR 16402(c)(6) Failure to notify the Department immediately for any loss of access that exceeds three (3) calendar days.</p>		✗	
<p>BPC 26031 4 CCR 16402(e) Failure to prepare and maintain comprehensive records detailing all tracking inventory activities which occurred during a loss of access to the track and trace system for any reason.</p>		✗	
<p>BPC 26031 4 CCR 16402(e)(1) Failure to enter all inventory tracking activities that occurred during a loss of access to the track and trace system within three (3) calendar days of the loss of access.</p>		✗	
<p>BPC 26031 4 CCR 16402(e)(2) Failure to document the date and time when licensee lost access to the track and trace system, the cause of the loss, and when access was restored.</p>		✗	
<p>BPC 26031 4 CCR 16402(e)(3) Licensee transferred cannabis or nonmanufactured products to a distributor without having access to the track and trace system.</p>		✗	
<p>BPC 26031 4 CCR 16403(a) Failure of the licensee’s designated account manager to request UIDs as prescribed by the Department pursuant to Article 5 of this chapter.</p>		✗	

Authority and Description of Violation	Minor \$100– \$500	Moderate \$501– \$1,000	Serious \$1,001– \$5,000
<p>BPC 26031 4 CCR 16403(a)(1) Failure to use only UIDs provisioned and distributed by the Department or the Department's designee.</p>		✗	
<p>BPC 26031 4 CCR 16403(a)(2) Failure to maintain a sufficient supply of UIDs to support tagging requirements.</p>		✗	
<p>BPC 26031 4 CCR 16403(a)(3) Failure to use track and trace system to document receipt of provisioned and distributed UIDs within three (3) calendar days of physical receipt of the UIDs by the licensee.</p>		✗	
<p>BPC 26031 4 CCR 16403(b)(1) Failure to properly assign a UID to each lot of immature plants.</p>		✗	
<p>BPC 26031 4 CCR 16403(b)(1) Licensee had more than one hundred (100) immature plants in a lot.</p>		✗	
<p>BPC 26031 4 CCR 16403(b)(1) Failure to keep immature plants contiguous to one another to facilitate identification of the immature lot by the Department.</p>		✗	
<p>BPC 26031 4 CCR 16403(b)(1) Failure to label each plant in an immature lot with a label containing the UID number assigned to the immature lot by the licensee.</p>		✗	

Authority and Description of Violation	Minor \$100– \$500	Moderate \$501– \$1,000	Serious \$1,001– \$5,000
<p>BPC 26031 4 CCR 16403(b)(2) Licensee failed to properly apply UID to immature plants transported from a licensed nursery, via a licensed distributor, to a licensed cultivation site.</p>		✗	
<p>BPC 26031 4 CCR 16403(b)(2) Licensee failed to properly apply UID to immature plants intended for retail sale.</p>		✗	
<p>BPC 26031 4 CCR 16403(b)(3) Failure to apply UID to all individual plants at the time the plants were moved to the designated canopy area identified in the licensee’s approved cultivation plan or when individual plants began flowering, as defined in section 16000(l) of this chapter.</p>		✗	
<p>BPC 26031 4 CCR 16403(b)(3) Licensee applied UID to an individual plant that was not associated with the UID for the lot of immature plants from which it was derived.</p>		✗	
<p>BPC 26031 4 CCR 16403(b)(4) Licensee failed to properly place and maintain the required UID on each mature plant.</p>		✗	
<p>BPC 26031 4 CCR 16403(b)(4) Licensee removed UID from the mature plant to which it was attached and assigned prior to the plant being harvested, destroyed, or disposed.</p>		✗	

Authority and Description of Violation	Minor \$100– \$500	Moderate \$501– \$1,000	Serious \$1,001– \$5,000
<p>BPC 26031 4 CCR 16403(c) Failure to assign a unique harvest batch name that is associated with all UIDs for each individual plant, or portion thereof, contained in the harvest batch.</p>			X
<p>BPC 26031 4 CCR 16403(d) Failure to assign a UID to cannabis and nonmanufactured cannabis products corresponding to the unique harvest batch name from which the cannabis and nonmanufactured cannabis products were derived.</p>			X
<p>BPC 26031 4 CCR 16403(e) Failure to retire UIDs in the track and trace system associated with the destruction or disposal of cannabis or nonmanufactured cannabis products within three (3) calendar days of the destruction or disposal.</p>			X
<p>BPC 26031 4 CCR 16404(b) Failure to obtain a unique track and trace system user log on for each user entering information into the track and trace system.</p>	X		
<p>BPC 26031 4 CCR 16404(b) Licensee, designated account manager, or track and trace system user used or shared his or her unique log on with another person.</p>	X		
<p>BPC 26031 4 CCR 16404(c) Licensee, account manager, user, employee, or agent misrepresented or falsified data and information entered into the track and trace system.</p>			X

Authority and Description of Violation	Minor \$100– \$500	Moderate \$501– \$1,000	Serious \$1,001– \$5,000
<p>BPC 26031 4 CCR 16404(d) Failure to monitor notifications and/or resolve issues included in the notification in the time frame specified in the notification.</p>	X		
<p>BPC 26031 4 CCR 16405(a) Failure to report through the track and trace system any and all transfers of cannabis or nonmanufactured cannabis products to another licensee prior to movement of the cannabis or nonmanufactured cannabis products off the licensed premises.</p>			X
<p>BPC 26031 4 CCR 16405(b) Failure to report through the track and trace system any and all receipt or rejection of cannabis or nonmanufactured cannabis products received or rejected by the licensee on his or her licensed premises from another licensee within twenty-four (24) hours of receipt or rejection of the products.</p>			X
<p>BPC 26031 4 CCR 16405(c)(1)-(5) Failure to report in the track and trace system information related to the disposition of cannabis and nonmanufactured cannabis products on the licensed premises within three (3) calendar days of the change in disposition.</p>		X	
<p>BPC 26031 4 CCR 16405(d)(1)-(9) Licensee failed to record all required information for each transfer of cannabis or nonmanufactured cannabis products to, or cannabis or nonmanufactured cannabis products received from, other licensed premises.</p>		X	

Authority and Description of Violation	Minor \$100– \$500	Moderate \$501– \$1,000	Serious \$1,001– \$5,000
<p>BPC 26031 4 CCR 16405(f) Annual licensee failed to report all commercial cannabis activity the annual licensee conducted with temporary licensees in the track and trace system pursuant to section 16401 of this chapter.</p>		X	
<p>BPC 26031 4 CCR 16406(a) Failure to reconcile all on-premises and in-transit cannabis or nonmanufactured cannabis product inventories at least once every thirty (30) calendar days.</p>		X	
<p>BPC 26031 4 CCR 16406(b) Failure to record the net weight of all harvested cannabis once all drying and curing activities have been completed, or within sixty (60) calendar days from the initial harvest date, whichever is sooner.</p>		X	
<p>BPC 26031 4 CCR 16406(c) & (d) Failure to close out physical inventory of all cannabis, nonmanufactured cannabis products, and UIDs in the track and trace system.</p>		X	
<p>BPC 26031 4 CCR 16406(e) Failure to record all transfers and sales pursuant to sections 16401 and 16405 of this chapter.</p>		X	

Authority and Description of Violation	Minor \$100- \$500	Moderate \$501- \$1,000	Serious \$1,001- \$5,000
<p>BPC 26031 4 CCR 16409 Failure to notify the Department and law enforcement authorities within three (3) calendar days of discovery of any diversion, theft, loss of, or criminal activity related to licensee's cannabis or nonmanufactured cannabis products.</p>			X
<p>BPC 26031 4 CCR 16501(c)(1) Applicant, licensee, its agent, or employees denied the Department access to the licensed premises.</p>			X
<p>BPC 26031 4 CCR 16501(c)(2) Licensee provided false or misleading statements.</p>			X
<p>BPC 26031 4 CCR 16501(c)(3) Licensee provided false, falsified, fraudulent, or misleading documents and records.</p>			X
<p>BPC 26031 4 CCR 16501(c)(4) Failure to provide records, reports, and other supporting documents.</p>			X
<p>BPC 26031 4 CCR 16604(d)(3) Failure to physically segregate all designated cannabis or nonmanufactured cannabis products subject to hold within twenty-four (24) hours of receipt of the notice of administrative hold.</p>			X

Authority and Description of Violation	Minor \$100– \$500	Moderate \$501– \$1,000	Serious \$1,001– \$5,000
BPC 26031 4 CCR 16604(d)(4) Licensee sold, donated, transferred, transported, or destroyed cannabis or nonmanufactured cannabis products subject to hold.			X
BPC 26031 4 CCR 16604(d)(5) Failure to put all cannabis and nonmanufactured cannabis products on hold into separate batches.			X
BPC 26031 4 CCR 16604(d)(6) Failure to identify in the track and trace system cannabis or nonmanufactured cannabis products subject to an administrative hold which were voluntarily surrendered by the licensee.			X

Authority: Sections 26012, 26013 and 26031, Business and Professions Code.
Reference: Sections 26013 and 26031, Business and Professions Code.

§ 16602. Administrative Actions – Recordkeeping.

Pursuant to section 26160(f) of the Business and Professions Code, if a licensee, or an agent or employee of the licensee, fails to maintain or provide required records, the licensee shall be subject to a citation and a fine, which may be issued as a Notice of Violation, of up to thirty thousand dollars (\$30,000) per individual violation. The Department shall use the violation classes and applicable fine amounts as follows:

(a) For the purpose of this section, violation classes are designated as “Minor,” “Moderate,” and “Serious.”

(1) “Serious.” A Moderate class violation in which a licensee, or its agent or employees, willfully or knowingly refuses, impedes, obstructs, or interferes with an examination of records of the licensee, or willfully or knowingly prepares records that are falsified, misleading, deceptive, or omits any material information, or for any violation that is a repeat of a Moderate violation that occurred within a two-year period and that resulted in an administrative civil penalty. All Serious violations are also subject to license suspension or revocation.

(2) “Moderate.” Violations that are likely to undermine an examination of records of the

licensee, or are a repeat of a Minor violation that occurred within a two-year period and resulted in an administrative civil penalty.

(3) “Minor.” Violations that are not likely to undermine an inspection of records of the licensee, or are an initial violation.

(b) For the purposes of this section, “willful” means a purpose or willingness to commit the act or omission referred to and does not require any intent to violate the law, injure another, or to acquire any advantage.

(c) Repeat violations may result in an escalation of violation class.

(d) Table B below shall be used to establish the initial level of severity of violations of section 26160 of division 10 of the Business and Professions Code and the referenced regulations, and the corresponding penalty range for “Serious,” “Moderate,” and “Minor” violation classes.

TABLE B

Authority and Description of Violation	Minor \$100– \$1,000	Moderate \$1,001– \$10,000	Serious \$10,001– \$30,000
BPC 26160 4 CCR 16308(k) Failure to maintain accurate and comprehensive records regarding cannabis waste material that account for, reconcile, and evidence all activity related to the generation or disposition of cannabis waste.	X		
BPC 26160 4 CCR 16400(a) Failure to keep and maintain records listed in section 16400(d) for at least seven (7) years from the date the document was created.		X	
BPC 26160 4 CCR 16400(b) Failure to provide or deliver required records, upon request.		X	

Authority and Description of Violation	Minor \$100– \$1,000	Moderate \$1,001– \$10,000	Serious \$10,001– \$30,000
<p>BPC 26160 4 CCR 16400(e) Failure to provide the Department with ability to review all records subject to review by the Department during standard business hours or at any other reasonable time as mutually agreed to by the Department and the licensee.</p>		X	
<p>BPC 26160 4 CCR 16400(d)(1) Failure to maintain on the licensed premises the Department issued cultivation license.</p>	X		
<p>BPC 26160 4 CCR 16400(d)(2) Failure to maintain on the licensed premises the licensee's cultivation plan.</p>	X		
<p>BPC 26160 4 CCR 16400(d)(3) Failure to maintain on the licensed premises all records evidencing compliance with environmental protection measures pursuant to sections 16304, 16305, 16306 and 16307.</p>	X		
<p>BPC 26160 4 CCR 16400(d)(4) Failure to maintain on the licensed premises all supporting documentation for data or information entered into the track and trace system.</p>		X	
<p>BPC 26160 4 CCR 16400(d)(5) Failure to maintain on the licensed premises all UIDs assigned to product in inventory and all unassigned UIDs.</p>		X	
<p>BPC 26160 4 CCR 16400(d)(5) Failure to retain UIDs for six (6) months after the date the tags were retired.</p>	X		

Authority and Description of Violation	Minor \$100– \$1,000	Moderate \$1,001– \$10,000	Serious \$10,001– \$30,000
<p>BPC 26160 4 CCR 16400(d)(6)</p> <p>Failure to maintain on the licensed premises all financial records related to the licensed commercial cannabis activity, including but not limited to, bank statements, tax records, contracts, purchase orders, sales invoices, and sales receipts.</p>	X		
<p>BPC 26160 4 CCR 16400(d)(7)</p> <p>Failure to maintain on the licensed premises personnel records, including each employee's full name, Social Security number or individual tax payer identification number, date of employment, and, if applicable, date of termination of employment.</p>	X		
<p>BPC 26160 4 CCR 16400(d)(8)</p> <p>Failure to maintain on the licensed premises records related to employee training for the track and trace system or other requirements of this chapter. Records shall include, but are not limited to, the date(s) training occurred, description of the training provided, and the names of the employees that received the training.</p>	X		
<p>BPC 26160 4 CCR 16400(d)(9)</p> <p>Failure to maintain on the licensed premises contracts with other state licensed cannabis businesses.</p>	X		
<p>BPC 26160 4 CCR 16400(d)(10)</p> <p>Failure to maintain on the licensed premises all permits, licenses, and other authorizations to conduct the licensee's commercial cannabis activity.</p>	X		

Authority and Description of Violation	Minor \$100– \$1,000	Moderate \$1,001– \$10,000	Serious \$10,001– \$30,000
BPC 26160 4 CCR 16400(d)(11) Failure to maintain on the licensed premises records associated with composting or disposal of cannabis waste.	X		
BPC 26160 4 CCR 16400(d)(12) Failure to maintain on the licensed premises documentation associated with loss of access to the track and trace system prepared pursuant to section 16402(d) of this chapter.	X		

Authority: Sections 26012, 26013 and 26031, Business and Professions Code.
Reference: Sections 26013 and 26031, Business and Professions Code.

§ 16603. Notice of Violation.

(a) The Department may issue a Notice of Violation to a licensee that is in violation of applicable statutes and regulations. A Notice of Violation shall be served upon the licensee and the legal owner of the property. The Notice of Violation shall contain all of the following:

- (1) A brief statement of the violation(s) alleged;
- (2) The proposed penalty;
- (3) A statement of whether the violation is correctable and a time frame in which the violation shall be corrected; and
- (4) Notice of an administrative hold of property, if applicable.

(b) The right to a hearing will be deemed waived if respondent fails to respond in writing within thirty (30) calendar days from the date the Notice of Violation was received by the respondent.

Authority: Sections 26012, 26013 and 26031, Business and Professions Code.
Reference: Sections 26013 and 26031, Business and Professions Code.

§ 16604. Emergency Decisions.

(a) Pursuant to Government Code sections 11460.10 through 11460.80, the Department may issue an emergency decision and order for temporary, interim relief to prevent or avoid an immediate danger to the public health, safety, or welfare. Such circumstances include but are not limited to the following:

~~(1) To prevent the sale, transfer, or transport of illegal cannabis, nonmanufactured cannabis product, or cannabis products in the possession of the licensee.~~

~~(2) The Department has information that conditions at the licensee's premises exist that present an immediate risk to worker or public health and safety.~~

~~(3) To prevent illegal diversion of cannabis, nonmanufactured cannabis product, or cannabis product or other criminal activity at the licensee's premises.~~

~~(4) To prevent the destruction of evidence related to illegal activity or violations of the Act.~~

~~(5) To prevent immediate threats to the environment.~~

~~(6) To prevent the offer, sale or transfer of any cannabis, nonmanufactured cannabis product, or cannabis product to anyone by means of any written or oral communication that is false or misleading.~~

~~(b) Temporary, interim relief, may include one or more of the following:~~

~~(1) An order for the temporary suspension of a license.~~

~~(2) An order for the administrative hold of cannabis, nonmanufactured cannabis product, or cannabis product.~~

~~(c) The emergency decision and order issued by the Department shall include a brief explanation of the factual and legal basis and reasons for the emergency decision to justify the determination of an immediate danger and the Department's emergency decision to take the specific action. The emergency decision and order shall be effective when issued or as otherwise provided by the decision and order.~~

~~(d) If the Department determines it is in the public interest to issue an order for the administrative hold of cannabis, nonmanufactured cannabis product, or cannabis product:~~

~~(1) The order shall provide a description of the cannabis, nonmanufactured cannabis product, or cannabis product to be subject to the administrative hold.~~

~~(2) Following the issuance of an order for administrative hold, the Department shall identify the cannabis, nonmanufactured cannabis product, or cannabis product subject to the administrative hold in the track-and-trace system.~~

~~(3) Within twenty four (24) hours of receipt of the order for administrative hold, the licensee shall physically segregate, safeguard and preserve all designated cannabis, nonmanufactured cannabis product, or cannabis product subject to the hold in the area designated on the licensee's premises diagram.~~

~~(4) While the administrative hold is in effect, the licensee is restricted from selling, donating, transferring, transporting, gifting, giving away, or destroying the cannabis, nonmanufactured cannabis, or cannabis product that is subject to the hold.~~

~~(5) Nothing herein shall prevent a licensee from continued possession, cultivation, or harvesting of the cannabis subject to the administrative hold. While the administrative hold is in effect, all cannabis or nonmanufactured cannabis product subject to the hold shall be put into separate batches.~~

~~(6) Nothing herein shall prevent a licensee from voluntarily surrendering cannabis, nonmanufactured cannabis product, or cannabis product that are subject to an administrative hold. The licensee shall identify the cannabis, nonmanufactured cannabis product, or cannabis product being voluntarily surrendered in the track and trace system. Voluntary surrender does not waive the right to a hearing and any associated rights.~~

~~(e) If the Department determines it is in the public interest to issue an order for the temporary suspension of a license:~~

~~(1) The emergency decision and order shall specify that the licensee shall immediately cease conducting all commercial cannabis activity under its license, unless otherwise specified in the decision and order.~~

~~(2) A licensee may continue to possess, cultivate, or harvest cannabis at the licensed premises during the temporary suspension of its license only as prescribed by the Department in the emergency decision and order, in which case the cannabis or nonmanufactured cannabis product shall be put into separate batches.~~

~~(f) The emergency decision and order for temporary, interim relief shall be issued in accordance with the following procedure:~~

~~(1) The Department shall give notice of the emergency decision and order and an opportunity to be heard to the licensee prior to the issuance, or effective date, of the emergency decision and order, if practicable.~~

~~(2) Notice and hearing under this section may be oral or written and may be provided by telephone, personal service, mail, facsimile transmission, electronic mail, or other electronic means, as the circumstances permit.~~

~~(3) Notice may be given to the licensee, any person meeting the definition of owner of the licensee, an agent for service of process, or other personnel at the premises.~~

~~(4) Upon receipt of the notice, the licensee may request a hearing within three (3) business days by submitting a written request pursuant to section 16605 of this chapter. The hearing shall commence within five (5) business days of receipt of the written request for hearing.~~

~~(5) The hearing may be conducted in the same manner as an informal hearing under sections 16605 through 16607 of this chapter, however, the timeframes provided in sections 16605 through 16607 shall not apply to a hearing under this section. Discovery or cross-examination of witnesses is not required under this section.~~

~~(6) Following the hearing, the emergency decision and order shall be affirmed, modified, or set aside as determined appropriate by the Department within five (5) business days of the hearing.~~

~~(g) Within ten (10) days of the issuance or effective date of the emergency decision and order for temporary, interim relief, the Department shall commence an adjudicative proceeding in accordance with chapter 5 (commencing with section 11500) of part 1 of division 3 of title 2 of the Government Code to resolve the underlying issues giving rise to the temporary, interim relief, notwithstanding the pendency of proceedings for judicial review of the emergency decision and order as provided in subsection (i).~~

~~(h) After formal proceedings pursuant to subsection (g) are held, a licensee aggrieved by a final decision of the Department may appeal the decision to the Cannabis Control Appeals Panel pursuant to section 26043 of the Act.~~

~~(i) Notwithstanding administrative proceedings pursuant to subsection (g), the licensee may obtain judicial review of the emergency decision and order under section 1094.5 of the Code of Civil Procedure in the manner provided in section 11460.80 of the Government Code without exhaustion of administrative remedies.~~

~~Authority: Sections 26012, 26013 and 26031, Business and Professions Code; and Sections 11460.10, 11460.20, 11460.30, 11460.40, 11460.50, 11460.60, 11460.70 and 11460.80, Government Code. Reference: Sections 26013 and 26031, Business and Professions Code; and Sections 11460.10, 11460.20, 11460.30, 11460.40, 11460.50, 11460.60, 11460.70 and 11460.80, Government Code.~~

~~§ 16605. Informal Administrative Hearings.~~

~~(a) The respondent may appeal a Notice of Violation by submitting a written request for an informal hearing to the Department of Cannabis Control, Legal Office of Hearings and Appeals, 1220 "N" Street, Suite 315, Sacramento, California 95814 or via email to appeals@cannabis.ca.gov. The request shall be received within thirty (30) calendar days from the date the Notice of Violation was received by the respondent. The request shall include the following:~~

- ~~(1) The respondent's name, mailing address, and daytime phone number;~~
- ~~(2) The license number issued by the Department;~~
- ~~(3) Copy of the Notice of Violation; and~~
- ~~(4) A clear and concise statement for the basis of the appeal or counts within the Notice of Violation.~~

~~(b) If the respondent fails to submit a timely request for hearing pursuant to subsection (a) above, the Notice of Violation is not appealable and the Department may proceed upon the violations noticed without a hearing.~~

~~Authority: Sections 26012, 26013 and 26031, Business and Professions Code.
Reference: Sections 26013 and 26031, Business and Professions Code.~~

~~§ 16606. Informal Hearing Schedule and Notification.~~

~~(a) The Department shall schedule an informal hearing within forty five (45) calendar days from receipt of the request for an informal hearing.~~

~~(b) The Department shall provide notice of the informal hearing to the respondent containing the following information:~~

- ~~(1) Date, location, and time of the informal hearing;~~
- ~~(2) A statement to the respondent that the respondent may, but need not, be represented by counsel at any or all stages of the proceedings;~~

- ~~(3) Summary of the violations;~~
- ~~(4) Any other information or documentation necessary for the hearing;~~
- ~~(5) A copy of California Code of Regulations, title 4, section 16607.~~

~~Authority: Sections 26012, 26013 and 26031, Business and Professions Code.~~

~~Reference: Sections 26013 and 26031, Business and Professions Code.~~

~~§ 16607. Conduct of Informal Hearings.~~

~~Informal hearings shall be conducted as follows:~~

- ~~(a) The standard of proof to be applied by the hearing officer shall be a preponderance of the evidence;~~
- ~~(b) Hearings may be conducted by phone at the request of the respondent. The request for a hearing to be conducted by phone must be submitted with the licensee's request for an informal hearing;~~
- ~~(c) The decision of the hearing officer shall be in writing and shall include a statement of the factual legal basis of the decision;~~
- ~~(d) The written decision shall be issued within thirty (30) calendar days after the conclusion of the hearing;~~
- ~~(e) The decision shall be served on the respondent either by personal service, mail, email, or via facsimile based upon the method the appeal was received; and~~
- ~~(f) The respondent may appeal the Department's decision to the Cannabis Control Appeals Panel in accordance with Business and Professions Code section 26043.~~

~~Authority: Sections 26012, 26013 and 26031, Business and Professions Code.~~

~~Reference: Sections 26013 and 26031, Business and Professions Code.~~

~~§ 16608. Licensing Actions.~~

- ~~(a) The Department may take any action listed in subsection (b) below against a license for any violation of this chapter.~~
- ~~(b) If the licensee holds multiple cultivation licenses, the Department may take any one of, or combination of, the following actions on any of the licensee's cultivation licenses:
 - ~~(1) Revocation of the license;~~
 - ~~(2) Suspension of the license for a specified period of time;~~
 - ~~(3) Issuance of a probationary license with terms and conditions determined by the Department; and~~
 - ~~(4) Order an administrative hold of cannabis or nonmanufactured cannabis products.~~~~

~~Authority: Sections 26012, 26013 and 26031, Business and Professions Code.~~

~~Reference: Sections 26013 and 26031, Business and Professions Code.~~

§ 16609. Formal Administrative Hearings.

~~(a) Hearings concerning the following proceedings shall be held pursuant to chapter 5 (commencing with section 11500) of part 1 of division 3 of title 2 of the Government Code:~~

- ~~(1) Denial of an application for a license;~~
- ~~(2) Denial of a license renewal;~~
- ~~(3) Revocation of a license; and~~
- ~~(4) Suspension of a license for a period of time exceeding thirty (30) calendar days.~~

~~Authority: Sections 26012, 26013 and 26031, Business and Professions Code.~~

~~Reference: Sections 26013 and 26031, Business and Professions Code.~~

Chapter 9. Other Responsibilities

§17221. Weighing Devices and Weighmasters.

(a) A licensee shall use weighing devices approved, tested, and sealed in accordance with the requirements in Business and Professions Code, division 5, chapter 5 (commencing with section 12500) and its implementing regulations, and registered with the county sealer consistent with Business and Professions Code, division 5, chapter 2 (commencing with section 12240) and its implementing regulations whenever:

- (1) Cannabis or cannabis product is bought or sold by weight or count;
- (2) Cannabis or cannabis product is packaged for sale by weight or count;
- (3) Cannabis or cannabis product is weighed or counted for entry into the track and trace system; and
- (4) The weighing device is used for commercial purposes as defined in Business and Professions Code section 12500.

(b) Whenever the licensee is determining the weight, measure, or count of cannabis and cannabis products for the purposes specified in subsection (a), the weight, measure, or count shall be determined by a licensed weighmaster in compliance with the requirements of Business and Professions Code, division 5, chapter 7 (commencing with section 12700).

(c) A licensee shall obtain a weighmaster certificate that complies with the requirements of Business and Professions Code, division 5, chapter 7 (commencing with section 12700) whenever:

- (1) Payment for the cannabis or cannabis product is dependent upon the quantity determined by the weighmaster; or
- (2) Payment for service or processing of the cannabis or cannabis product is dependent upon the quantity determined by the weighmaster.

(d) The weighmaster certificate shall not be required when cannabis or cannabis products are weighed or counted for entry into the track and trace system.

(e) In any county in which a county sealer refuses or is not required to approve, register, test, and seal weighing devices used by a licensee, the licensee may have a service agency registered pursuant to Business and Professions Code, division 5, chapter 5.5 perform testing of a weighing device consistent with the requirements in title 4, California Code of Regulations, section 4070. The licensee shall keep a copy of the registered service agency's written inspection report attesting to the accuracy of the device for each device operated by the licensee.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5 and 26060, Business and Professions Code.

§17223. Waste Management.

(a) A licensee shall dispose of all waste in accordance with the Public Resources Code and any other applicable state and local laws. It is the responsibility of the licensee to properly evaluate waste to determine if it should be designated and handled as a hazardous waste, as defined in Public Resources Code section 40141.

(b) A licensee shall establish and implement a written cannabis waste management plan that describes the method or methods by which the licensee will dispose of cannabis waste, as applicable to the licensee's activities. A licensee shall dispose of cannabis waste using only the following methods:

(1) On-premises composting of cannabis waste.

(2) Collection and processing of cannabis waste by a local agency, a waste hauler franchised or contracted by a local agency, or a private waste hauler permitted by a local agency in conjunction with a regular organic waste collection route.

(3) Self-haul cannabis waste to one or more of the following:

(A) A manned, fully permitted solid waste landfill or transformation facility;

(B) A manned, fully permitted composting facility or manned composting operation;

(C) A manned, fully permitted in-vessel digestion facility or manned in-vessel digestion operation;

(D) A manned, fully permitted transfer/processing facility or manned transfer/processing operation;

(E) A manned, fully permitted chip and grind operation or facility; or

(F) A recycling center as defined in title 14, California Code of Regulations, section 17402.5(d) that meets the following:

(i) The cannabis waste received shall contain at least ninety (90) percent inorganic material;

(ii) The inorganic portion of the cannabis waste is recycled into new, reused, or reconstituted products that meet the quality standards necessary to be used in the marketplace; and

(iii) The organic portion of the cannabis waste shall be sent to a facility or operation

identified in subsections (b)(3)(A)-(E).

(4) Reintroduction of cannabis waste back into agricultural operation through on-premises organic waste recycling methods including, but not limited to, tilling directly into agricultural land and no-till farming.

(c) The licensee shall maintain any cannabis waste in a secured waste receptacle or secured area on the licensed premises until the time of disposal. Physical access to the receptacle or area shall be restricted to the licensee, employees of the licensee, the local agency, waste hauler franchised or contracted by the local agency, or private waste hauler permitted by the local agency only. Nothing in this subsection prohibits licensees from using a shared waste receptacle or area with other licensees, provided that the shared waste receptacle or area is secured and access is limited as required by this subsection.

(d) A licensee that disposes of waste through an entity described in subsection (b)(2) shall do all of the following:

(1) Maintain and make available to the Department upon request the business name, address, contact person, and contact phone number of the entity hauling the waste; and

(2) Obtain documentation from the entity hauling the waste that evidences subscription to a waste collection service.

(e) If a licensee is self-hauling cannabis waste as allowed by the local jurisdiction, the licensee shall be subject to all of the following requirements:

(1) Self-hauled cannabis waste shall only be transported by the licensee or its employees;

(2) Self-hauled cannabis waste shall only be transported to a facility specified in subsection (b)(3); and

(3) The licensee or its employee who transports the waste shall obtain for each delivery of cannabis waste a copy of a certified weight ticket or receipt from the solid waste facility.

(f) A batch of cannabis or cannabis products that is being disposed of because the batch has failed internal quality testing, quality assurance review by a distributor, or regulatory compliance testing shall comply with the following additional requirements:

(1) All cannabis or cannabis products in the batch shall be rendered unusable prior to disposal;

(2) Rendering of the cannabis or cannabis products shall be done under video surveillance, unless the rendering is performed by a licensee engaging in cultivation activities on a licensed premises authorized exclusively for cultivation activities or the cultivation area of a licensed microbusiness premises; and

(3) The reason for disposal and the disposition of the batch shall be noted in the track and trace system.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5 and 26130, Business and Professions Code.

§17225. Product Complaints.

(a) A licensee shall review all product complaints made to the licensee to determine whether the complaints involve possible misbranding or adulteration of a cannabis good, and shall investigate the complaints to the extent practicable based on the information received and the records the licensee is required to maintain.

(b) For purposes of this section, “product complaint” means any written, electronic, or oral communication received by a licensee that contains any allegation expressing concern, for any reason, with the quality of a cannabis good. Examples of product complaints may include, but are not limited to: foul odor, caused illness or injury, foreign material in a cannabis product container, improper packaging, mislabeling, cannabis products that contain an incorrect concentration of cannabinoids, and cannabis products that contain an unidentified ingredient, or any form of contaminant.

(c) The licensee shall maintain written records for every product complaint received and any subsequent investigation. The records shall include:

- (1) The name and description of the cannabis good;
- (2) The batch number or UID of the cannabis good, if available;
- (3) The date the complaint was received and the name, address, and telephone number of the complainant, if available;
- (4) The nature of the complaint including, if known, how the product was used;
- (5) The reply to the complainant, if any;
- (6) The findings of the investigation or follow-up action taken when an investigation is performed;
- (7) The basis for any determination not to conduct an investigation, if applicable; and
- (8) The notification to the licensee that made the cannabis good, if applicable.

(d) The licensee shall conduct a recall, as specified in section 17226, when the investigation evidences adulteration or misbranding.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5 and 26131, Business and Professions Code.

§17226. Voluntary Recalls.

(a) Licensees shall establish and implement written procedures for recalling cannabis goods that are determined to be misbranded or adulterated. These procedures shall include:

- (1) Factors that necessitate a recall;
- (2) Personnel responsible for implementing the recall procedures; and
- (3) Notification protocols, including:
 - (A) A mechanism to notify all customers that have, or could have, obtained the cannabis

goods, including communication and outreach via media, as necessary and appropriate;

(B) A mechanism to notify any licensees that supplied or received the recalled cannabis goods; and

(C) Instructions to the general public and other licensees for the return or destruction of the recalled cannabis goods; and

(4) Procedures for the collection and destruction of any recalled cannabis goods. These procedures shall meet the following requirements:

(A) All recalled cannabis goods that are intended to be destroyed shall be quarantined for a minimum of 72 hours, unless a longer holding time is requested by the Department. The licensee shall affix to the recalled cannabis goods any bills of lading, shipping manifests, or other similar documents with the cannabis goods information and weight. The cannabis goods held in quarantine shall be subject to auditing by the Department.

(B) Following the quarantine period, the licensee shall render the recalled cannabis goods unusable and dispose of them in accordance with section 17223.

(b) In addition to the tracking requirements set forth in section 15049, a licensee shall use the track and trace system and onsite documentation to ensure that recalled cannabis goods intended for destruction are identified, weighed, and tracked while on the licensed premises and when disposed of in accordance with this section. For recalled cannabis goods, the licensee shall enter the following details into the track and trace system: the weight and count of the cannabis goods, reason for destruction, and date the quarantine period will begin.

(c) The licensee shall notify the Department of any recall within 24 hours of initiating the recall.

(d) A licensed manufacturer may submit a remediation plan to the Department in accordance with the section 17305. If the remediation plan is not approved by the Department, the cannabis goods shall be destroyed pursuant to the procedures required by subsection (a)(4).

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26039.1 and 26039.6, Business and Professions Code.

§17227. Mandatory Recalls.

(a) The Department may require licensees to conduct a recall of a cannabis good that is adulterated or misbranded in accordance with Business and Professions Code section 26039.1.

(b) The licensee shall conduct the mandatory recall in the same manner as a voluntary recall as provided in section 17226.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26039.1 and 26039.6, Business and Professions Code.

Chapter 10. Manufactured Cannabis Safety

Article 1. Definitions

§17000. Definitions.

In addition to the definitions in Business and Professions Code section 26001, the following definitions shall govern the construction of chapters 10 to 15:

(a) “A license” means a license issued for commercial cannabis activities involving cannabis and cannabis products that are intended for individuals 21 years of age and older and who do not possess a physician’s recommendation.

(b) “Act” means the Medicinal and Adult-Use Cannabis Regulation and Safety Act, codified at Business and Professions Code section 26000, et seq.

(c) “Adult-use Market” means the products intended for sale at a retailer or microbusiness to individuals 21 years of age and older and who do not possess a physician’s recommendation.

(d) “Adulterated” or “adulteration” has the meaning stated in section 26131 of the Act.

(e) “Allergen” means a major food allergen including any of the following: (1) Milk, eggs, fish (e.g., bass, flounder, or cod), crustacean shellfish (e.g., crab, lobster, or shrimp), tree nuts (e.g., almonds, pecans, or walnuts), wheat, peanuts, and soybeans. (2) A food ingredient that contains protein derived from a food specified in (1). “Allergen” does not include the following: Any highly refined oil derived from a food specified in (1) and any ingredient derived from such highly refined oil.

(f) “Applicant” means the owner that is applying on behalf of the commercial cannabis business for a license to manufacture cannabis products.

(g) “Batch” or “production batch” means either:

(1) An amount of cannabis concentrate or extract produced in one production cycle using the same extraction methods and standard operating procedures; or

(2) An amount of a type of cannabis product produced in one production cycle using the same formulation and standard operating procedures.

(h) [Reserved.]

(i) “Cannabis concentrate” means cannabis that has undergone a process to concentrate one or more active cannabinoids, thereby increasing the product’s potency. “Cannabis concentrate” includes, but is not limited to, the separated resinous trichomes of cannabis, tinctures, capsules, suppositories, extracts, vape cartridges, inhaled products (e.g., dab, shatter, and wax), and tablets as defined in subsection (rr).

(j) “Cannabis product” means cannabis that has undergone a process whereby the plant material has been transformed into a concentrate, including, but not limited to, concentrated cannabis, or an edible or topical product containing cannabis or concentrated cannabis and other ingredients.

(k) “Cannabis product quality,” “quality cannabis product,” or “quality” means that the cannabis product consistently meets the established specifications for identity,

cannabinoid concentration (as specified in Section 15724 of this division), homogeneity, composition, and testing standards established by the Department in Sections 15718 to 15723, inclusive, of this division, and has been manufactured, packaged, labeled, and held under conditions to prevent adulteration and misbranding.

~~(l) “Cannabis waste” means waste that contains cannabis or cannabis products but is not otherwise a hazardous waste as defined in Public Resources Code section 40141.~~

~~(m) “CBD” means the compound cannabidiol.~~

~~(n) “Commercial-grade, non-residential door lock” means a lock manufactured for commercial use.~~

~~(o) “Department” means the Department of Cannabis Control.~~

~~(p) “Distribution” means the procurement, sale, and transport of cannabis and cannabis products between licensees.~~

~~(q) “Edible cannabis product” means a cannabis product intended to be used orally, in whole or in part, for human consumption. “Edible cannabis product” includes cannabis products that dissolve or disintegrate in the mouth, but does not include any product otherwise defined as “cannabis concentrate.”~~

~~(r) “Extraction” means a process by which cannabinoids are separated from cannabis plant material through chemical or physical means.~~

~~(s) “Finished product” means a cannabis product in its final form to be sold at a retail premises.~~

~~(t) “Harvest batch” means a specifically identified quantity of dried flower or trim, leaves, and other cannabis plant matter that is uniform in strain, harvested at the same time, and, if applicable, cultivated using the same pesticides and other agricultural chemicals, and harvested at the same time.~~

~~(u) “Informational panel” means any part of the cannabis product label that is not the primary panel and that contains required labeling information.~~

~~(v) “Infusion” means a process by which cannabis, cannabinoids, or cannabis concentrates are directly incorporated into a product formulation to produce a cannabis product.~~

~~(w) “Infused pre-roll” means a pre-roll into which cannabis concentrate (other than kief) or other ingredients have been incorporated.~~

~~(x) “Ingredient” means any substance that is used in the manufacture of a cannabis product and that is intended to be present in the product’s final form.~~

~~(y) “Kief” means the resinous trichomes of cannabis that have been separated from the cannabis plant.~~

~~(z) “Labeling” means any label or other written, printed, or graphic matter upon a cannabis product, upon its container or wrapper, or that accompanies any cannabis product.~~

~~(aa) “Limited-access area” means an area in which cannabis or cannabis products are~~

~~stored or held and is only accessible to a licensee and authorized personnel.~~

~~(bb) "M-license" means a license issued for commercial cannabis activity involving medicinal cannabis.~~

~~(cc) "Manufacturer licensee" or "licensee" means the holder of a manufacturer license issued pursuant to the Act.~~

~~(dd) "Manufacture" means to compound, blend, extract, infuse, or otherwise make or prepare a cannabis product.~~

~~(1) The term "manufacture" includes the following processes:~~

~~(A) Extraction;~~

~~(B) Infusion;~~

~~(C) Packaging or repackaging of cannabis products; and~~

~~(D) Labeling or relabeling the packages of cannabis products.~~

~~(2) The term "manufacture" does not include the following:~~

~~(A) The repacking of cannabis products from a bulk shipping container by a distributor or retailer where the product's original packaging and labeling is not otherwise altered;~~

~~(B) The preparation of pre-rolls by a licensed distributor in accordance with the requirements of the Department specified in Section 15303 of this division;~~

~~(C) The collection of the resinous trichomes that are dislodged or sifted from the cannabis plant incident to cultivation activities by a licensed cultivator in accordance with the requirements of the Department specified in Article 4 of Chapter 9 of this division;~~

~~(D) The processing of non-manufactured cannabis products, as defined in Section 16000 of this division, by a licensed cultivator in accordance with the requirements of the Department specified in Article 4 of Chapter 9 of this division; or~~

~~(E) The addition of cannabinoid content on the label of a package of cannabis or cannabis product by a distributor in accordance with Section 17407.~~

~~(ee) "Manufacturing" or "manufacturing operation" means all aspects of the extraction process, infusion process, and packaging and labeling processes, including processing, preparing, holding, and storing of cannabis products. Manufacturing also includes any processing, preparing, holding, or storing of components and ingredients.~~

~~(ff) "MCLS" means the Manufacturing Cannabis Licensing System, which is the online license application system available on the Department's website (www.cannabis.ca.gov).~~

~~(gg) "Nonvolatile solvent" means any solvent used in the extraction process that is not a volatile solvent. "Nonvolatile solvents" includes carbon dioxide and ethanol.~~

~~(hh) "Orally consumed concentrate" means a cannabis concentrate that is intended to be consumed by mouth and is not otherwise an edible cannabis product. "Orally consumed concentrate" includes tinctures, capsules, and tablets that meet the definition of subsection (rr).~~

~~(ii) “Package” or “packaging” means any container or wrapper that may be used for enclosing or containing any cannabis product. The term “package” does not include any shipping container or outer wrapping used solely for the transportation of cannabis products in bulk quantity to another licensee or licensed premises.~~

~~(jj) “Personnel” means any worker engaged in the performance or supervision of operations at a manufacturing premises and includes full-time employees, part-time employees, temporary employees, contractors, and volunteers. For purposes of training requirements, “personnel” also includes owner operators.~~

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

~~(ll) “Pre-roll” means any combination of the following rolled in paper: flower, shake, leaf, or kief.~~

~~(mm) “Premises” means the designated structure(s) and land specified in the application that is owned, leased, or otherwise held under the control of the applicant or licensee where the commercial cannabis activity (as defined in section 26001(k) of the Act) will be or is conducted. The premises shall be a contiguous area and shall only be occupied by one licensee.~~

~~(nn) “Primary panel” means the part of a cannabis product label that is most likely to be displayed, presented, shown, or examined under customary conditions of display for retail sale.~~

~~(oo) “Product Identity” or “identity of the product” means the generic, common, or usual name of the product by which it is most commonly known~~

~~(pp) “Quarantine” means the storage or identification of a product to prevent distribution or transfer of the product.~~

~~(qq) “Serving” means the designated amount of cannabis product established by the manufacturer to constitute a single unit.~~

~~(rr) “Tablet” means a solid preparation containing a single serving of THC or other cannabinoid that is intended to be swallowed whole, and that is not formulated to be chewable, dispersible, effervescent, orally disintegrating, used as a suspension, or consumed in a manner other than swallowed whole, and that does not contain any added natural or artificial flavor or sweetener.~~

~~(ss) “THC” means the compound tetrahydrocannabinol. “THC” refers specifically to delta 9-tetrahydrocannabinol.~~

~~(tt) “Topical cannabis product” means a cannabis product intended to be applied to the skin rather than ingested or inhaled.~~

~~(uu) “Track and trace system” means the program for reporting the movement of cannabis and cannabis products through the distribution chain established by the Department in accordance with section 26067 of the Act.~~

~~(vv) “UID” means the unique identifier for use in the track and trace system established~~

~~by the Department in accordance with section 26069 of the Act.~~

~~(ww) "Universal symbol" means the symbol developed by the Department pursuant to section 26130(c)(7) of the Act to indicate a product contains cannabinoids.~~

~~(xx) "Volatile solvent" means any solvent that is or produces a flammable gas or vapor that, when present in the air in sufficient quantities, will create explosive or ignitable mixtures. Examples of volatile solvents include, but are not limited to, butane, hexane, and propane.~~

~~Authority: Sections 26012, 26013 and 26130, Business and Professions Code.~~

~~Reference: Sections 26001, 26120 and 26130, Business and Professions Code; and Section 11018.1, Health and Safety Code.~~

~~§17001. Applicability.~~

~~(a) Unless otherwise specified, the requirements of chapters 10 to 15 apply to all licensed manufacturers and to the manufacture of cannabis products for both the medicinal use market and the adult use market.~~

~~(b) The requirements for the production, packaging, and labeling of cannabis products in chapters 12, 13, and 14 shall apply to licensed microbusinesses conducting manufacturing operations.~~

~~Authority: Sections 26012, 26013 and 26130, Business and Professions Code.~~

~~Reference: Sections 26050 and 26106, Business and Professions Code.~~

~~§17002. Owners and Financial Interest Holders.~~

~~(a) An owner shall mean any of the following:~~

~~(1) Any person that has an aggregate ownership interest, other than a security interest, lien, or encumbrance, in a commercial cannabis business of 20 percent or more;~~

~~(A) If the owner identified in subsection (a)(1) is an entity, then the chief executive officer and members of the board of directors of the entity shall be considered owners.~~

~~(2) The chief executive officer of a commercial cannabis business;~~

~~(3) If a non-profit entity, each member of the board of directors;~~

~~(4) Any individual that will be participating in the direction, control, or management of the licensed commercial cannabis business. An owner who is an individual participating in the direction, control, or management of the commercial cannabis business includes any of the following:~~

~~(A) Each general partner of a commercial cannabis business that is organized as a partnership;~~

~~(B) Each non-member manager or managing member of a limited liability company for a commercial cannabis business that is organized as a limited liability company;~~

~~(C) Each officer or director of a commercial cannabis business that is organized as a~~

corporation.

~~(5) The trustee(s) and all persons that have control of the trust and/or the commercial cannabis business that is held in trust.~~

~~(b) Financial interest holders, for purposes of section 26051.5(d) of the Act, are persons that hold an ownership interest of less than 20 percent in a commercial cannabis business, and are not otherwise specified as owners pursuant to subsection (a). Financial interest holders shall be disclosed on the application for licensure. A financial interest means an agreement to receive a portion of the profits of a commercial cannabis business, an investment into a commercial cannabis business, a loan provided to a commercial cannabis business, or any other equity interest in a commercial cannabis business.~~

~~(c) The following persons are not considered to be owners or financial interest holders:~~

~~(1) A bank or financial institution whose interest constitutes a loan;~~

~~(2) Persons whose only ownership interest in the commercial cannabis business is through an interest in a diversified mutual fund, blind trust, or similar instrument;~~

~~(3) Persons whose only financial interest is a security interest, lien, or encumbrance on the property that will be used by the commercial cannabis business; and~~

~~(4) Persons who hold a share of stock that is less than 5 percent of the total shares in a publicly traded company.~~

~~Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26001 and 26051.5, Business and Professions Code.~~

§17003. Premises Diagram.

~~(a) The premises diagram required pursuant to section 26051.5(c) of the Act shall meet the following requirements:~~

~~(1) The diagram shall be specific enough to enable ready determination of the bounds of the property and the proposed premises to be licensed;~~

~~(2) The diagram shall be to scale;~~

~~(3) If the proposed premises consists of only a portion of a property, the diagram shall be labeled to indicate which part of the property is the proposed premises and identify what the remaining property is used for.~~

~~(b) The premises diagram shall include:~~

~~(1) All boundaries, dimensions, entrances and exits, interior partitions, walls, rooms, windows, and doorways.~~

~~(2) The areas in which all commercial cannabis activities will be conducted. Commercial cannabis activities that shall be identified on the diagram include the following, as applicable to the business operations: infusion activities, extraction activities, packaging activities, labeling activities, and transportation activities such as loading and unloading of cannabis and cannabis products.~~

~~(3) The limited access areas, areas used for video surveillance monitoring and surveillance system storage devices, and all security camera locations.~~

~~(4) Cannabis waste disposal areas.~~

~~(c) If the proposed premises consists of only a portion of a property that will contain two or more licensed premises, the diagram shall clearly show any entrances and walls under the exclusive control of the applicant or licensee. The diagram shall also show all proposed common or shared areas of the property, including entryways, lobbies, bathrooms, hallways, and breakrooms.~~

~~(d) The diagram shall be used by the Department to determine whether the premises meets the requirements of the Act and chapters 10 to 15.~~

~~Authority: Section 26013, Business and Professions Code. Reference: Section 26051.5, Business and Professions Code.~~

Article 2. General Provisions

§17004. License Required.

~~(a) Every person who manufactures cannabis products shall obtain and maintain a valid manufacturer license from the Department for each separate premises at which manufacturing operations will be conducted.~~

~~(b) No person shall manufacture cannabis products without a valid license from the Department.~~

~~(c) Licenses shall not be transferrable.~~

~~Authority: Sections 26012, 26013 and 26130, Business and Professions Code.
Reference: Section 26053, Business and Professions Code.~~

§17005. Personnel Prohibited from Holding Licenses.

~~(a) A license authorized by the Act and issued by the Department may not be held by, or issued to, any person holding office in, or employed by, any agency of the State of California or any of its political subdivisions when the duties of such person have to do with the enforcement of the Act or the penal provisions of law of this State prohibiting or regulating the sale, use, possession, transportation, distribution, testing, manufacturing, or cultivation of cannabis or cannabis products.~~

~~(b) This section applies to, but is not limited to, any person employed in the State of California Department of Justice as a peace officer, in any district attorney's office, in any city or county attorney's office, in any sheriff's office, or in any local police department.~~

~~(c) All persons listed in subsection (a) or (b) may not have any ownership interest, directly or indirectly, in any business to be operated or conducted under a cannabis license.~~

~~(d) This section does not apply to any person who holds a license in the capacity of executor, administrator, or guardian.~~

~~Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Section 26012, Business and Professions Code.~~

~~§17006. Manufacturing License Types.~~

~~The following license types are available from the Department:~~

~~(a) "Type 7," for extractions using volatile solvents as defined by Section 17000(xx). A Type 7 licensee may also:~~

~~(1) Conduct extractions using nonvolatile solvents or mechanical methods on the licensed premises, provided that the extraction process is noted on the application and the relevant information pursuant to Section 17104 is provided to the Department;~~

~~(2) Conduct infusion operations on the licensed premises, provided the infusion operations and product types are noted on the application and the relevant information pursuant to Section 17104 is provided to the Department;~~

~~(3) Conduct packaging and labeling of cannabis products on the licensed premises; and~~

~~(4) Register and operate the licensed premises as a shared-use facility in accordance with Article 6 (commencing with Section 17124) of Chapter 11.~~

~~(b) "Type 6," for extractions using mechanical methods or nonvolatile solvents as defined by Section 17000(gg). A Type 6 licensee may also:~~

~~(1) Conduct infusion operations on the licensed premises, provided the infusion operations and product types are noted on the application and the relevant information pursuant to Section 17104 is provided to the Department;~~

~~(2) Conduct packaging and labeling of cannabis products on the licensed premises; and~~

~~(3) Register and operate the licensed premises as a shared-use facility in accordance with Article 6 (commencing with Section 17124) of Chapter 11.~~

~~(c) "Type N," for manufacturers that produce cannabis products other than extracts or concentrates that are produced through extraction. A Type N licensee may also:~~

~~(1) Conduct packaging and labeling of cannabis products on the licensed premises; and~~

~~(2) Register and operate the licensed premises as a shared-use facility in accordance with Article 6 (commencing with Section 17124) of Chapter 11.~~

~~(d) "Type P," for manufacturers that only package or repackage cannabis products or label or relabel cannabis product containers or wrappers.~~

~~(e) "Type S," for manufacturers that conduct commercial cannabis manufacturing activities in accordance with Article 6 (commencing with Section 17124) of Chapter 11 at a registered shared-use facility.~~

~~Authority: Sections 26012, 26013 and 26130, Business and Professions Code. Reference: Sections 26012, 26050 and 26130, Business and Professions Code.~~

§17009. Additional Activities.

~~In addition to the activities specified in Section 17006, a licensee may also roll and package pre-rolls and package dried cannabis flower.~~

~~Authority: Sections 26012, 26013 and 26130, Business and Professions Code.~~

~~Reference: Sections 26012 and 26130, Business and Professions Code.~~

Chapter 10. Cannabis and Cannabis Products

Article 1. Standards for Manufactured Cannabis Products

§17300. Prohibited Products.

The following types of products shall not be sold as cannabis products:

(a) Alcoholic beverages, as defined in Business and Professions Code section 23004. This prohibition does not apply to tinctures that meet the requirements of section 17303;

(b) Any product containing any non-cannabinoid additive that would increase potency, toxicity, or addictive potential, or that would create an unsafe combination with other psychoactive substances. Prohibited additives include, but are not limited to, nicotine and caffeine. This prohibition shall not apply to products containing naturally-occurring caffeine, such as coffee, tea, or chocolate;

(c) Any cannabis product that must be held at or below 41 degrees Fahrenheit to keep it safe for human consumption, including, but not limited to, cream- or custard-filled pies; pies or pastries consisting in whole or in part of milk or milk products, or eggs; and meat-filled pies or pastries. This prohibition shall not apply to juices or beverages that need to be held below 41 degrees Fahrenheit if the juice or beverage was processed in accordance with section 17219, or to infused butter manufactured as permitted by subsection (g);

(d) Any thermally-processed low-acid cannabis product packed in a hermetically sealed container that, if it did not contain cannabis, would be subject to the manufacturing requirements of title 21, Code of Federal Regulations, part 113;

(e) Any acidified cannabis product that, if it did not contain cannabis, would be subject to the manufacturing requirements of title 21, Code of Federal Regulations, part 114;

(f) Any juice that is not shelf-stable or that is not processed in accordance with section 17219;

(g) Dairy products of any kind, as prohibited by Business and Professions Code section 26001(u), except butter purchased from a licensed milk products plant or retail location that is subsequently infused or mixed with cannabis may be sold as a cannabis product;

(h) Meat products other than dried meat products prepared in accordance with section 17220;

(i) Seafood products of any kind;

(j) Any product that is manufactured by application of cannabinoid concentrate or extract to commercially available candy or snack food items without further processing of the

product. Commercially available candy or snack food items may be used as ingredients in a cannabis product, provided that they are used in a way that renders them unrecognizable as the commercially available items, and the label, including the ingredient list, does not note that the final cannabis product contains the commercially available item;

(k) Any cannabis product that the Department determines, on a case-by-case basis, is attractive to children, as specified in section 17408;

(l) Any cannabis product that the Department determines, on a case-by-case basis, is easily confused with commercially available foods that do not contain cannabis; or

(m) Any cannabis product in the shape of, or imprinted with the shape, either realistic or caricature, of a human being, animal, insect, or fruit.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5 and 26130, Business and Professions Code.

§17301. Requirements for Edible Cannabis Products.

(a) Except for cannabis, cannabis products, or terpenes, no ingredient or component shall be used in the manufacture of an edible cannabis product unless that ingredient or component is permitted by the United States Food and Drug Administration for use in food or food manufacturing, as specified in *Substances Added to Food in the United States*, available at

<https://www.accessdata.fda.gov/scripts/fdcc/index.cfm?set=FoodSubstances> or is Generally Recognized as Safe (GRAS) under sections 201(s) and 409 of the Federal Food, Drug, and Cosmetic Act (codified in 21 U.S.C. 321(s) and 21 U.S.C. 348).

(b) Edible cannabis products that consist of more than a single serving shall be either:

(1) Scored or delineated to indicate one serving, if the edible cannabis product is in solid form. For purposes of this section, “delineated” includes directly marking the product to indicate one serving or providing a means by which a consumer can accurately identify one serving; or

(2) If the edible cannabis product is not in solid form, packaged in a manner such that a single serving is readily identifiable or easily measurable.

(c) An edible cannabis product consisting of multiple servings shall be homogenized so that each serving contains the same concentration of THC.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5 and 26130, Business and Professions Code.

§17302. Additional Requirements for Topical Cannabis Products.

(a) Except for cannabis, cannabis concentrate, or terpenes, topical cannabis products shall only contain ingredients permitted for cosmetic manufacturing in accordance with title 21, Code of Federal Regulations, part 700, subpart B (section 700.11 et seq.) (Rev. April 2020), which is hereby incorporated by reference.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Section 26011.5, Business and Professions Code.

§17303. Orally Consumed Products Containing Alcohol.

(a) Any orally consumed product that contains more than 0.5% alcohol by volume as an ingredient, and is not otherwise an alcoholic beverage as defined in Business and Professions Code section 23004, shall be packaged in a container no larger than two (2) fluid ounces and shall include a calibrated dropper or other similar device capable of accurately measuring servings.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Section 26011.5, Business and Professions Code.

Article 2. Cannabinoid Concentration Limits

§17304. THC Concentration Limits.

(a) An edible cannabis product shall not contain more than:

- (1) 10 milligrams THC per serving; and
- (2) 100 milligrams THC per package.

(b) Notwithstanding subsection (a), a package containing an edible product that is an orally dissolving product, such as sublingual lozenges or mouth strips, may contain up to 500 milligrams THC per package, if:

- (1) The cannabis product consists of discrete servings of no more than 10 milligrams THC per piece;
- (2) The cannabis product is labeled "FOR MEDICAL USE ONLY;" and
- (3) The cannabis product is only available for sale to a medicinal-use patient.

(c) A topical cannabis product or a cannabis concentrate shall not contain more than 1,000 milligrams THC per package.

(d) Notwithstanding subsection (c), a topical cannabis product or a cannabis concentrate may contain more than 1,000 milligrams THC per package, but not more than 2,000 milligrams THC per package, if the product is labeled "FOR MEDICAL USE ONLY" and is only available for sale to a medicinal-use patient.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5, 26120 and 26130, Business and Professions Code.

Article 3. Failed Product Batches

§17305. Failed Product Batches.

(a) A finished cannabis product batch that fails any regulatory compliance laboratory testing requirement established in this division shall be destroyed unless:

(1) The cannabis product batch may be remediated by relabeling pursuant to subsection (d); or

(2) A corrective action plan for remediation is approved by the Department pursuant to subsection (e).

(b) Remediation of a failed product batch or the use of a harvest batch that has failed any regulatory compliance laboratory test shall comply with the requirements and procedures established by the Department in section 15727, in addition to the requirements of this article.

(c) Except as provided in subsections (d) and (f), edible cannabis products that fail regulatory compliance laboratory testing shall not be remediated and shall be destroyed. If any edible cannabis product that has failed regulatory compliance laboratory testing is remediated or otherwise mixed with another batch of cannabis product in violation of this section, such action shall render the final cannabis product adulterated, regardless of the defect level of the final cannabis product.

(d) A cannabis product batch that fails regulatory compliance laboratory testing for cannabinoid or terpenoid content may be remediated by relabeling the product with the correct information from the laboratory certificate of analysis, provided that the THC limits in section 17304 are met. In addition, the following conditions apply:

(1) The manufacturer licensee shall notify the Department within 3 business days of notification by a distributor that the product failed cannabinoid content testing and is required to be relabeled.

(2) Notification shall be given to the Department by email and shall include a copy of the certificate of analysis for the batch and the name and license number of the licensee relabeling the product.

(e) Except as provided in subsection (d), a cannabis product batch or a harvest batch that fails regulatory compliance laboratory testing or quality assurance review shall not be remediated unless the Department has approved a corrective action plan submitted by the manufacturer licensee. The corrective action plan shall include, at minimum, a description of how the product or harvest batch will be remediated so that the product or harvest batch, or any product produced therefrom, will meet all regulatory compliance laboratory testing and quality assurance requirements. Edible cannabis products may only be remediated by relabeling or repackaging as provided in subsection (f). Corrective action plans will be reviewed by the Department on a case-by-case basis.

(f) Edible cannabis products that fail regulatory compliance laboratory testing because the per-package limit of THC has been exceeded may be remediated by repackaging under the following conditions:

(1) The Department has approved a corrective action plan for repackaging the product;

(2) The product batch is returned to the manufacturer that packaged the product;

(3) The product itself is not altered in any way; and

(4) The product is labeled to accurately state the contents.

(g) All remediation of harvest or product batches shall be documented in the batch production records. Remediated products, harvest batches, or products produced therefrom shall be tested and undergo quality assurance review in accordance with the requirements established by the Department in chapter 2 of this division prior to retail sale.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Section 26131, Business and Professions Code.

Chapter 11. Manufacturing Licenses

Article 1. Applications for Licensure

~~§17100. Temporary Licenses.~~

~~(a) A temporary license shall be valid for 120 days from the effective date. No temporary license shall be issued on or after January 1, 2019.~~

~~(c) Any temporary license issued or extended that has an expiration date after December 31, 2018, will be valid until it expires, but shall not be extended beyond the expiration date.~~

~~(e) Refusal by the Department to issue or extend a temporary license shall not entitle the applicant to a hearing or appeal of the decision.~~

~~(f) A temporary license does not obligate the Department to issue an annual license to the temporary license holder, nor does the temporary license create a vested right in the holder to either an extension of the temporary license or to the granting of a subsequent annual license.~~

~~Authority: Sections 26012, 26013 and 26130, Business and Professions Code.~~

~~Reference: Section 26012, Business and Professions Code.~~

~~§17101. Annual License Application Requirements.~~

~~(a) To apply for a manufacturer license from the Department, the applicant shall submit the following on behalf of the commercial cannabis business:~~

~~(1) A completed application form as prescribed by the Department, or through MCLS, which includes all of the following information:~~

~~(A) Business information as specified in Section 17102;~~

~~(B) Owner information as specified in Section 17103; and~~

~~(C) Manufacturing premises and operations information as specified in Section 17104;~~

~~(2) For new applications, the nonrefundable application fee as specified in Section 17109(a). The annual license fee shall be paid upon approval of the application, as~~

~~prescribed in Section 17111. For license renewal applications, the nonrefundable annual license fee as specified in Section 17109(b) shall be submitted with the license renewal application. The application fee described in Section 17109(a) is not required for license renewal applications;~~

~~(3) Evidence of compliance with or exemption from the California Environmental Quality Act (CEQA) as specified in Section 17105; and~~

~~(4) The limited waiver of sovereign immunity as specified in Section 17106, if applicable.~~

~~(b) The application shall be signed by the applicant under penalty of perjury that the information provided in and submitted with the application is complete, true, and accurate, and shall include the following attestations:~~

~~(1) The applicant is authorized to act on behalf of the commercial cannabis business;~~

~~(2) The applicant entity, when it has 20 or more employees, has entered, or will enter as soon as reasonably practicable, into a labor peace agreement and will abide by the terms of the agreement as required by section 26051.5 (a)(5)(A) of the Act. The applicant shall provide the Department a copy of the page of the labor peace agreement that contains the signatures of the union representative and the applicant;~~

~~(3) The commercial cannabis business is operating in compliance with all local ordinances;~~

~~(4) The proposed premises is not within a 600-foot radius of the perimeter of a school providing instruction in kindergarten or any grades 1 through 12, or a day care center, or youth center, or that the premises complies with the local ordinance specifying a different radius, as specified in section 26054(b) of the Act; and~~

~~(5) For an applicant entity with more than one employee, the applicant employs, or will employ within one year of receiving a license, one supervisor and one employee who have successfully completed a Cal/OSHA 30-hour general industry outreach course offered by a training provider that is authorized by an OSHA Training Institute Education Center to provide the course.~~

~~(c) The Department may request additional information and documents from the applicant as necessary to determine whether the applicant or the commercial cannabis business meets the requirements and qualifications for licensure.~~

~~Authority: Sections 26012, 26013 and 26130, Business and Professions Code.~~

~~Reference: Sections 26050, 26051.5 and 26054, Business and Professions Code.~~

~~§17102. Annual License Application Requirements – Business Information.~~

~~(a) The applicant shall submit the following information for the commercial cannabis business:~~

~~(1) The legal business name;~~

~~(2) The federal tax identification number. If the commercial cannabis business is a sole proprietorship, the applicant shall submit the social security number or individual taxpayer identification number of the sole proprietor;~~

~~(3) The registered name(s) under which the business will operate (Fictitious Business Name, Trade Name, "Doing Business As"), if applicable;~~

~~(4) The business's mailing address which will serve as the address of record;~~

~~(5) The name, title, phone number and email address of the primary contact person for the commercial cannabis business;~~

~~(6) The seller's permit number issued by the California Department of Tax and Fee Administration or notification issued by the California Department of Tax and Fee Administration that the business is not required to have a seller's permit. If the applicant has not yet received a seller's permit, the applicant shall attest that the applicant is currently applying for a seller's permit;~~

~~(7) The business structure of the commercial cannabis business as filed with the California Secretary of State (e.g., limited liability company, partnership, corporation) or operation as a sole proprietor. A commercial cannabis business that is a foreign corporation or foreign limited liability company under the California Corporations Code shall include with its application the certificate of status issued by the California Secretary of State;~~

~~(8) A list of all owners, as defined in Section 17002;~~

~~(9) A list of all financial interest holders, as defined in Section 17002, which shall include:~~

~~(A) For financial interest holders that are individuals, the first and last name of the individual, and the type and number of the individual's government issued identification (e.g., driver's license); or~~

~~(B) For financial interest holders that are entities, the legal business name and federal taxpayer identification number of the entity.~~

~~(10) Proof of having obtained a surety bond in the amount of \$5,000, payable to the State of California as obligee, to ensure payment of the cost incurred for the destruction of cannabis or cannabis products necessitated by a violation of the Act or the regulations adopted thereunder. The bond shall be issued by a corporate surety licensed to transact surety business in the State of California;~~

~~(11) The license type applied for and whether the application is for medicinal cannabis product manufacturing, adult-use cannabis product manufacturing, or both;~~

~~(12) The business formation documents, which may include, but are not limited to, articles of incorporation, bylaws, operating agreements, partnership agreements, and fictitious business name statements. If the commercial cannabis business is held in trust, the applicant shall provide a copy of the certificate of trust establishing trustee authority;~~

~~(13) All documents filed with the California Secretary of State, which may include, but are not limited to, articles of incorporation, articles of organization, certificates of limited partnership, and statements of partnership authority.~~

~~(b) Pursuant to section 26055(e) of the Act, an applicant may voluntarily submit a copy of a license, permit, or other authorization to conduct commercial cannabis manufacturing activities issued by the local jurisdiction. When an applicant submits a local~~

~~authorization, upon receipt of the application, the Department shall contact the applicable local jurisdiction to confirm the validity of the authorization. If the local jurisdiction does not respond within 10 calendar days, the Department shall consider the authorization valid.~~

~~Authority: Sections 26012, 26013 and 26130, Business and Professions Code.~~

~~Reference: Sections 26050 and 26051.5, Business and Professions Code.~~

~~§17103. Annual License Application Requirements – Owners.~~

~~(a) Each owner shall submit all of the following information:~~

~~(1) Name;~~

~~(2) Title or position held;~~

~~(3) Social security number or individual taxpayer identification number;~~

~~(4) Date of birth;~~

~~(5) Mailing address;~~

~~(6) Contact phone number and email address;~~

~~(7) A copy of Department of Justice form BCIA 8016, provided to the applicant by the Department and signed by the live scan operator;~~

~~(8) Disclosure of all of the following, including any actions against the owner as an individual and against a business entity in which the owner was an officer or an owner. The information provided shall include dates and a description of the circumstances:~~

~~(A) Any criminal conviction from any jurisdiction. Adjudications by a juvenile court and infractions do not need to be disclosed. Convictions dismissed under Penal Code section 1203.4 or equivalent non-California law must be disclosed;~~

~~(B) Any civil proceeding or administrative penalty or license sanction that is substantially related to the qualifications of a manufacturer as identified in Section 17114;~~

~~(C) Any fines, penalties, or other sanctions for cultivation or production of a controlled substance on public or private lands pursuant to Fish and Game Code section 12025 or 12025.1;~~

~~(D) Any sanctions by a licensing authority, city, or county for unauthorized commercial cannabis activity within 3 years preceding the date of the application;~~

~~(E) Any suspension or revocation of a cannabis license by a licensing authority or local jurisdiction within 3 years preceding the date of the application; and~~

~~(F) Any administrative orders or civil judgements for violations of labor standards within the 3 years immediately preceding the date of the application.~~

~~(9) Disclosure of any ownership interest or financial interest in any other cannabis business licensed under the Act.~~

~~(b) The owner shall sign under penalty of perjury that the information provided in and submitted with the application is complete, true, and accurate.~~

~~(c) An owner disclosing a criminal conviction or other penalty or sanction pursuant to subsection (a), paragraphs (8)(A) and (B), shall submit any evidence of rehabilitation with the application for consideration by the Department. A statement of rehabilitation shall be written by the owner and contain all the evidence that the owner would like the Department to consider that demonstrates the owner's fitness for licensure. Supporting evidence may be attached to the statement of rehabilitation and may include, but is not limited to, evidence specified in Section 17115, and dated letters of reference from employers, instructors, or counselors that contain valid contact information for the individual providing the reference.~~

~~Authority: Sections 26012, 26013 and 26130, Business and Professions Code.~~

~~Reference: Sections 26012, 26013, 26050, 26055 and 26130, Business and Professions Code.~~

~~§17104. Annual License Application Requirements – Manufacturing Premises and Operations Information.~~

~~The applicant shall submit all of the following information regarding the manufacturing premises and operation:~~

- ~~(a) The physical address of the manufacturing premises;~~
- ~~(b) Whether medicinal-use cannabis products, adult-use cannabis products, or both, are manufactured at the premises;~~
- ~~(c) The type(s) of activity conducted at the premises (extraction, infusion, packaging, or labeling);~~
- ~~(d) The types of products that will be manufactured, packaged, or labeled at the premises, including a product list;~~
- ~~(e) The name, title, email address, and phone number of the on-site individual who manages the operation of the premises;~~
- ~~(f) The name, title, email address, and phone number of an alternate contact person for the premises, if applicable;~~
- ~~(g) The number of employees at the premises;~~
- ~~(h) The anticipated gross annual revenue from products manufactured at the premises as specified in Section 17110;~~
- ~~(i) A premises diagram as specified in Section 17003;~~
- ~~(j) The following information:~~
 - ~~(1) A description of inventory control procedures sufficient to demonstrate how the applicant will comply with the requirements of Section 17222, or a copy of the standard operating procedure addressing inventory control;~~
 - ~~(2) A description of quality control procedures sufficient to demonstrate how the applicant will comply with all of the applicable requirements specified in Sections 17208-17216 or a copy of the standard operating procedure addressing quality control;~~

~~(3) A description of the transportation process describing how cannabis or cannabis products will be transported into and out of the premises, or a copy of the standard operating procedure addressing transportation;~~

~~(4) A description of security procedures sufficient to demonstrate how the applicant will comply with the requirements of Section 17200, or a copy of the standard operating procedure addressing security procedures;~~

~~(5) A description of the cannabis waste management procedures sufficient to demonstrate how the applicant will comply with the requirements of Section 17223, or a copy of the standard operating procedure addressing cannabis waste management.~~

~~(k) A written statement signed by the owner of the property, or the owner's agent, identifying the physical location of the property and acknowledging and consenting to the manufacture of cannabis products on the property. The name, address and contact phone number for the owner or owner's agent shall be included;~~

~~(l) A copy of the signed closed loop system certification and a document evidencing approval of the extraction operation by the local fire code official required pursuant to Section 17205 or 17206, if applicable;~~

~~(m) Any manufacturer submitting operating procedures and protocols to the Department pursuant to the Act and chapters 10 to 15 may claim such information as a trade secret or confidential by clearly identifying such information as "confidential" on the document at the time of submission. Any claim of confidentiality by a manufacturer must be based on the manufacturer's good faith belief that the information marked as confidential constitutes a trade secret as defined in Civil Code section 3426.1(d), or is otherwise exempt from public disclosure under the California Public Records Act in Government Code section 6250 et seq.~~

~~Authority: Sections 26012, 26013 and 26130, Business and Professions Code.~~

~~Reference: Sections 26050, 26050.1, 26055 and 26130, Business and Professions Code.~~

~~§17105. Annual License Application Requirements – Compliance with CEQA.~~

~~(a) An applicant for a new license shall provide evidence of exemption from or compliance with the California Environmental Quality Act (CEQA), Division 13 (commencing with section 21000) of the Public Resources Code.~~

~~(b) The evidence provided pursuant to subsection (a) shall be one of the following:~~

~~(1) If the premises is located in a local jurisdiction that has adopted an ordinance, rule, or regulation pursuant to Business and Professions Code section 26055(h), a copy of the local license, permit, or other authorization shall be sufficient to demonstrate compliance.~~

~~(2) If the applicant does not provide a copy of the local license, permit, or other authorization pursuant to subsection (b)(1), or if the premises is located in a local jurisdiction that has not adopted an ordinance, rule, or regulation pursuant to Business and Professions Code section 26055(h), a copy of the Notice of Exemption or Notice of Determination and a copy of the CEQA document from the local jurisdiction, or a~~

~~reference to where it can be found electronically to demonstrate compliance.~~

~~(3) Any other permit or local authorization issued by the local jurisdiction in compliance with CEQA may be submitted to demonstrate compliance.~~

~~(c) If an applicant does not have the evidence specified in subsection (b), or if the local jurisdiction did not prepare a CEQA document, the applicant shall be responsible for the preparation of an environmental document in compliance with CEQA that can be approved or certified by the Department, if applicable.~~

~~Authority: Sections 26012, 26013 and 26130, Business and Professions Code.~~

~~Reference: Section 26055, Business and Professions Code.~~

~~§17106. Limited Waiver of Sovereign Immunity.~~

~~(a) Any applicant or licensee that may fall within the scope of sovereign immunity that may be asserted by a federally recognized tribe or other sovereign entity must waive any sovereign immunity defense that the applicant or licensee may have, may be asserted on its behalf, or may otherwise be asserted in any state administrative or judicial enforcement actions against the applicant or licensee, regardless of the form of relief sought, whether monetary or otherwise, under the state laws and regulations governing commercial cannabis activity. The applicant or licensee must submit a written waiver of sovereign immunity to the Department with any license application or renewal, which is valid for the period of the license. The written waiver shall include that the applicant or licensee has the lawful authority to enter into the waiver required by this section, the applicant or licensee hereby waives sovereign immunity, and the applicant or licensee agrees to do all of the following:~~

~~(1) Provide documentation to the Department that establishes that the applicant or licensee has the lawful authority to enter into the waiver required by this section;~~

~~(2) Conduct all commercial cannabis activity in full compliance with the state laws and regulations governing commercial cannabis activity, including submission to all enforcement provisions thereof;~~

~~(3) Allow access as required by state statute or regulation by persons or entities charged with duties under the state laws and regulations governing commercial cannabis activity to any premises or property at which the applicant conducts any commercial cannabis activity, including premises or property where records of commercial cannabis activity are maintained by or for the applicant or licensee;~~

~~(4) Provide any and all records, reports, and other documents as may be required under the state laws and regulations governing commercial cannabis activity;~~

~~(5) Conduct commercial cannabis activity with other state commercial cannabis licensees only, unless otherwise specified by state law;~~

~~(6) Meet all of the requirements for licensure under the state laws and regulations governing the conduct of commercial cannabis activity, and provide truthful and accurate documentation and other information of the applicant's qualifications and suitability for licensure as may be requested;~~

~~(7) Submit to the personal and subject matter jurisdiction of the California courts to address any matter related to the waiver or the commercial cannabis application, license, or activity, and that all such matters and proceedings shall be governed, construed, and enforced in accordance with California substantive and procedural law, including but not limited to the Medicinal and Adult-Use Cannabis Regulation and Safety Act and the Administrative Procedure Act.~~

~~(b) The Department shall not approve an application for a state license if approval of the license would violate the provisions of any local ordinance or regulation adopted in accordance with section 26200 of the Act that is issued by the county or, if within a city, the city, within which the licensed premises is to be located.~~

~~(c) Any applicant or licensee must immediately notify the Department of any changes that may materially affect the applicant and licensee's compliance with subsection (a).~~

~~(d) Any failure by an applicant or licensee to comply with the requirements of subsections (a) or (c) shall be a basis for denial of an application or renewal or discipline of a licensee.~~

~~Authority: Sections 26012, 26013 and 26130, Business and Professions Code.~~

~~Reference: Sections 26011.5, 26012, 26050 and 26051.5, Business and Professions Code.~~

~~§17107. Incomplete and Abandoned Applications.~~

~~(a) Incomplete applications will not be processed. Applications will only be considered complete if all of the information requested under Sections 17101 to 17104 is included. The Department shall issue a written notice to the applicant, by mail or through MCLS, informing them of any information missing from the application.~~

~~(b) If the applicant fails to submit the required information within 180 days from the date of notice, the application shall be deemed abandoned. Application fees for abandoned applications shall not be refunded.~~

~~(c) An applicant may reapply at any time following an abandoned application. However, a new application and application fee are required.~~

~~Authority: Sections 26012, 26013 and 26130, Business and Professions Code.~~

~~Reference: Sections 26012 and 26050, Business and Professions Code.~~

~~§17108. Application Withdrawal.~~

~~(a) An applicant may withdraw an application for annual licensure at any time prior to the issuance or denial of the license. Requests to withdraw an application shall be submitted in writing to the Department or through MCLS.~~

~~(b) An applicant may reapply for annual licensure at any time subsequent to the withdrawal of an application. However, a new application and application fee are required.~~

~~(c) Withdrawal of an application shall not deprive the Department of its authority to~~

~~institute or continue a proceeding against the applicant for the denial of the license upon any ground provided by law or to enter an order denying the license upon any such ground.~~

~~(d) The application fee paid for a new application and the annual license fee paid for a renewal application shall not be refunded if an application is withdrawn.~~

~~Authority: Sections 26012, 26013 and 26130, Business and Professions Code.~~

~~Reference: Sections 26012 and 26050, Business and Professions Code.~~

Article 3. Fees

§17109. Application and License Fees.

~~(a) Manufacturer application fees for new applications shall be as follows:~~

~~(1) For a Type 7, Type 6, Type N, or Type P license application, the nonrefundable application fee is \$1,000 for each new application submitted;~~

~~(2) For a Type S license application, a nonrefundable application fee of \$500 for each new application submitted.~~

~~(b) The annual license fee shall be as follows:~~

~~(1) For a licensed premises with gross annual revenue of up to \$100,000 (Tier I), the fee shall be \$2,000;~~

~~(2) For a licensed premises with gross annual revenue of \$100,001 to \$500,000 (Tier II), the fee shall be \$7,500;~~

~~(3) For a licensed premises with gross annual revenue of \$500,001 to \$1,500,000 (Tier III), the fee shall be \$15,000;~~

~~(4) For a licensed premises with gross annual revenue of \$1,500,001 to \$3,000,000 (Tier IV), the fee shall be \$25,000;~~

~~(5) For a licensed premises with gross annual revenue of \$3,000,001 to \$5,000,000 (Tier V), the fee shall be \$35,000;~~

~~(6) For a licensed premises with gross annual revenue of \$5,000,001 to \$10,000,000 (Tier VI), the fee shall be \$50,000;~~

~~(7) For a licensed premises with an annual gross revenue of over \$10,000,000 (Tier VII), the fee shall be \$75,000.~~

~~(c) All fees are nonrefundable.~~

~~Authority: Sections 26012, 26013 and 26130, Business and Professions Code.~~

~~Reference: Sections 26012 and 26180, Business and Professions Code.~~

§17110. Gross Annual Revenue Calculation.

~~(a) The applicant shall calculate the gross annual revenue for the licensed premises based on the annual gross sales of cannabis products and, if applicable, the annual revenue received from manufacturing, packaging, labeling or otherwise handling~~

~~cannabis or cannabis products for other licensees, in the twelve months preceding the date of application.~~

~~(b) For a new license applicant, the gross annual revenue shall be based on the gross sales and revenue expected during the first 12 months following licensure.~~

~~(c) For a manufacturer licensee that is also licensed as a distributor or retailer, and that sells or transfers cannabis products manufactured on the licensed premises in a non-arm's length transaction, the annual gross sales or revenue for such transactions shall be based on the product's fair market value if it were to be sold in an arm's length transaction at wholesale.~~

~~(d) For purposes of this section, an "arm's length transaction" means a sale entered into in good faith and for valuable consideration that reflects the fair market value in the open market between two informed and willing parties, neither under any compulsion to participate in the transaction.~~

~~Authority: Sections 26012, 26013 and 26130, Business and Professions Code.~~

~~Reference: Sections 26012 and 26180, Business and Professions Code.~~

~~Article 4. Approval or Denial of Application for Licensure~~

~~§17111. New License Approval.~~

~~(a) The Department shall notify the applicant upon approval of a new license application by email or through MCLS.~~

~~(b) The applicant shall pay the applicable license fee specified in Section 17109(b) within 30 calendar days of notification. The license fee for the first year of licensure shall be based on the estimated gross annual revenue as calculated pursuant to Section 17110 and submitted in the license application.~~

~~(c) No license shall be issued before the license fee is paid to the Department in full.~~

~~Authority: Sections 26012, 26013 and 26130, Business and Professions Code.~~

~~Reference: Sections 26012 and 26130, Business and Professions Code.~~

~~§17113. Denial of License.~~

~~(a) The Department may deny an application for a new or renewal license for any reason specified in section 26057(b) of the Act. Further, the Department may deny a new or renewal license application for any of the following additional reasons:~~

~~(1) The applicant, an owner, or licensee made a material misrepresentation in the application for the license;~~

~~(2) An owner of the commercial cannabis business has been convicted of a crime or has committed a violation of law substantially related to the qualifications, functions, or duties of a manufacturer as identified in Section 17114;~~

~~(3) The applicant, an owner, or licensee has been denied a license to engage in commercial cannabis activity by a state licensing authority;~~

~~(4) The applicant, an owner, or licensee has denied the Department access to the premises; or~~

~~(5) The licensee has engaged in conduct that is grounds for disciplinary action specified in section 26030 of the Act.~~

~~(b) The Department shall deny an application for a new or renewal license if the proposed manufacturing operation or premises would violate the applicable local ordinance.~~

~~(c) A conviction within the meaning of this section means a plea or verdict of guilty or a conviction following a plea of nolo contendere.~~

~~(d) Prior to denial of a license based upon paragraph (2) of subsection (a) of this section, the Department shall consider any evidence of rehabilitation as provided in Section 17115.~~

Authority: Sections 26012, 26013 and 26130, Business and Professions Code.

Reference: Sections 26030 and 26057, Business and Professions Code.

~~§17114. Substantially Related Acts.~~

~~For the purpose of denial of a license, a conviction or violation from any jurisdiction that is substantially related to the qualifications, functions, and duties of the business for which the application is made include:~~

~~(a) A violent felony conviction, as specified in subdivision (c) of Section 667.5 of the Penal Code;~~

~~(b) A serious felony conviction, as specified in subdivision (c) of Section 1192.7 of the Penal Code;~~

~~(c) A felony conviction involving fraud, deceit, or embezzlement;~~

~~(d) A felony conviction for hiring, employing, or using a minor in transporting, carrying, selling, giving away, preparing for sale, or peddling, any controlled substance to a minor; or selling, offering to sell, furnishing, offering to furnish, administering or giving any controlled substance to a minor;~~

~~(e) A felony conviction for drug trafficking with enhancements pursuant to Health and Safety Code sections 11370.4 or 11379.8;~~

~~(f) A violation of section 110620, 110625, 110630, 110760, 110765, 110770, 110775, 111295, 111300, 111305, 111440, 111445, 111450, or 111455 of the Health and Safety Code (Sherman Food, Drug, and Cosmetic Law) that resulted in suspension or revocation of a license, administrative penalty, civil proceeding or criminal conviction;~~

~~(g) A violation of Chapter 4 (sections 111950 through 112130) of Part 6 of Division 104 of the Health and Safety Code that resulted in suspension or revocation of a license, administrative penalty, civil proceeding or criminal conviction;~~

~~(h) A conviction under section 382 or 383 of the Penal Code; and~~

~~(i) A violation of law identified in subsections (f) or (g) committed by a business entity in~~

~~which an owner was an officer or had an ownership interest is considered a violation that is substantially related to the owner's qualifications for licensure.~~

~~Authority: Sections 26012, 26013 and 26130, Business and Professions Code.~~

~~Reference: Sections 26011.5 and 26057, Business and Professions Code.~~

~~§17115. Criteria for Evidence of Rehabilitation.~~

~~When evaluating whether a license should be issued or denied when an owner has been convicted of a criminal offense or committed a violation of law that is substantially related to the qualifications, functions, or duties of the business for which the application is made, the Department shall consider the following criteria in its evaluation of evidence of rehabilitation:~~

- ~~(a) The nature and severity of the act or offense, including the actual or potential harm to the public;~~
- ~~(b) The owner's criminal record as a whole;~~
- ~~(c) Evidence of any act committed subsequent to the act or offense under consideration that could be considered grounds for denial, suspension, or revocation of a manufacturing license;~~
- ~~(d) The time elapsed since commission of the act or offense listed in Section 17114, or in section 26057(b)(4) of the Act;~~
- ~~(e) The extent to which the owner has complied with any terms of parole, probation, restitution, or any other sanctions lawfully imposed against the owner or licensee;~~
- ~~(f) If applicable, evidence of dismissal under Penal Code section 1203.4, 1203.4a, 1203.41, or a similar law in another state;~~
- ~~(g) If applicable, a certificate of rehabilitation obtained under Penal Code section 4852.01 or a similar law in another state; and~~
- ~~(h) Other evidence of rehabilitation submitted by the owner.~~

~~Authority: Sections 26012, 26013 and 26130, Business and Professions Code.~~

~~Reference: Sections 26011.5, 26055 and 26057, Business and Professions Code.~~

~~§17116. Appeal of License Denial.~~

- ~~(a) Upon denial of an application for a license, the Department shall notify the applicant in writing of the reasons for the denial and the right to a hearing to contest the denial.~~
- ~~(b) The applicant may request a hearing by filing a written petition for a license with the Department within 30 calendar days of service of the notice of denial. The written request for hearing must be postmarked within the 30-day period. If a request is not filed within the 30-day period, the applicant's right to a hearing is waived.~~
- ~~(c) Upon receipt of a timely filed petition, the Department shall set the petition for hearing. The hearing shall be conducted in accordance with Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.~~

Authority: Sections 26012, 26013 and 26130, Business and Professions Code.

Reference: Section 26058, Business and Professions Code.

Article 5. Licensing

§17117. License Constraints.

~~(a) A manufacturer licensee shall not manufacture, prepare, package or label any products other than cannabis products at the licensed premises. For purposes of this section, the term “cannabis products” also includes packaged cannabis, pre-rolls, and products that do not contain cannabis, but are otherwise identical to the cannabis-containing product, and are intended for use as samples.~~

~~(b) No licensee shall employ or retain an individual under 21 years of age.~~

~~(c) A manufacturer licensee shall only use cannabinoid concentrates and extracts that are manufactured or processed from cannabis obtained from a licensed cannabis cultivator.~~

~~(d) A manufacturer licensee shall not manufacture, prepare, package, or label cannabis products in a location that is operating as a retail food establishment or as a processed food registrant.~~

~~(e) A manufacturer licensee shall not manufacture, prepare, package, or label cannabis products in a location that is licensed by the Department of Alcoholic Beverage Control pursuant to Division 9 (commencing with section 23000) of the Business and Professions Code.~~

Authority: Sections 26012, 26013 and 26130, Business and Professions Code.

Reference: Sections 26050 and 26140, Business and Professions Code.

§17118. Change in Licensed Operations.

~~(a) At any time during the license period, a licensee may request to change the manufacturing activities conducted at the licensed premises. The following changes require pre-approval from the Department:~~

~~(1) The addition of any extraction method subject to the requirements of Section 17206;~~

~~(2) The addition of any other extraction method that necessitates a substantial or material alteration of the premises;~~

~~(3) The addition of infusion operations if no infusion activity is listed in the current license application on file with the Department;~~

~~(4) A substantial or material alteration of the licensed premises from the current premises diagram on file with the Department.~~

~~(b) For purposes of this section, a “substantial or material alteration” includes: the removal, creation, or relocation of an entryway, doorway, wall, or interior partition; a change in the type of activity conducted in, or the use of, an area identified in the premises diagram; or remodeling of the premises or portion of the premises in which manufacturing activities are conducted.~~

~~(c) To request approval for a change listed in subsection (a), the licensee shall submit the following:~~

~~(1) Any changes to the information and documents required under Section 17104 by email or through MCLS; and~~

~~(2) A non-refundable \$700 change request processing fee for review of all documents.~~

~~(d) The request shall be evaluated on a case-by-case basis by the Department, and upon approval of the request by the Department, the licensee may begin conducting the additional manufacturing operation or make the requested change to the premises. The existing license shall be amended to reflect the change in operations, if applicable, but the date of expiration shall not change.~~

~~(e) Licensees that choose to cease operation of any activity identified in the current license application on file with the Department shall notify the Department within 10 days of cessation of the activity. License fees shall not be pro-rated or refunded upon cessation of any activity.~~

~~(f) A licensee shall notify the Department through MCLS of any changes to the product list on file with the Department and provide a new product list within 10 business days of making any change.~~

~~Authority: Sections 26012, 26013 and 26130, Business and Professions Code.~~

~~Reference: Sections 26050 and 26055, Business and Professions Code.~~

~~§17119. Add or Remove Owner(s) and Financial Interest Holders.~~

~~(a) The licensee shall notify the Department of the addition or removal of an owner through MCLS within 10 calendar days of the change.~~

~~(b) Any new owner shall submit the information required under Section 17103 to the Department through MCLS or on a form prescribed by the Department. The Department shall review the qualifications of the new owner in accordance with the Act and these regulations to determine whether the change would constitute grounds for denial of the license. The Department may approve the addition of the owner, deny the addition of the owner, or condition the license as appropriate, to be determined on a case-by-case basis.~~

~~(c) An owner shall notify the Department through MCLS of any change in their owner information submitted pursuant to Section 17103 within 10 calendar days of the change.~~

~~(d) A licensee shall notify the Department through MCLS of any change in the list of financial interest holders, as specified in to Section 17102(a)(9) within 10 calendar days of the change.~~

~~Authority: Sections 26012, 26013 and 26130, Business and Professions Code.~~

~~Reference: Sections 26050 and 26057, Business and Professions Code.~~

~~§17120. Death, Incapacity, or Insolvency of a Licensee.~~

~~(a) In the event of the death, incapacity, receivership, assignment for the benefit of creditors or other event rendering one or more owners' incapable of performing the duties associated with the license, the owner or owners' successor in interest (e.g., appointed guardian, executor, administrator, receiver, trustee, or assignee) shall notify the Department in writing within 10 business days.~~

~~(b) To continue operations or cancel the existing license, the successor in interest shall submit to the Department the following:~~

~~(1) The name of the successor in interest;~~

~~(2) The name of the owner(s) for which the successor in interest is succeeding and the license number;~~

~~(3) The phone number, mailing address, and email address of the successor in interest; and~~

~~(4) Documentation demonstrating that the owner(s) is incapable of performing the duties associated with the license such as a death certificate or a court order, and documentation demonstrating that the person making the request is the owner or owners' successor in interest such as a court order appointing guardianship, receivership, or a will or trust agreement.~~

~~(c) The Department may give the successor in interest written approval to continue operations on the licensed manufacturing premises for a period of time specified by the Department:~~

~~(1) If the successor in interest or another person has applied for a license from the Department for the licensed premises and that application is under review;~~

~~(2) If the successor in interest needs additional time to destroy or sell cannabis or cannabis products; or~~

~~(3) At the discretion of the Department.~~

~~(d) The successor in interest is held subject to all terms and conditions under which a state cannabis license is held pursuant to the Act.~~

~~(e) The approval pursuant to subsection (c) creates no vested right to the issuance of a state cannabis license.~~

~~Authority: Sections 26012, 26013 and 26130, Business and Professions Code.~~

~~Reference: Section 26012, Business and Professions Code.~~

~~§17121. License Renewal.~~

~~(a) To apply for a license renewal, the licensee shall submit any changes to their current license application information (as required by Section 17101) on a form prescribed by the Department or through MCLS; submit a document demonstrating the gross annual revenue for the licensed premises calculated pursuant to Section 17110, such as a copy of the licensee's state tax return filed with the California Department of Tax and Fee~~

~~Administration; sign the license renewal application under penalty of perjury; and submit the annual license fee as specified in Section 17109(b).~~

~~(b) To timely renew a license, a completed license renewal application and annual license fee pursuant to Section 17109(b) shall be received by the Department from the licensee no earlier than 60 calendar days before the expiration of the license and no later than 5:00 p.m. Pacific Time on the last business day before the expiration of the license if the renewal form is submitted to the Department at its office(s), or no later than 11:59 p.m. on the last business day before the expiration of the license if the renewal form is submitted through MCLS. Failure to receive a notice for license renewal does not relieve a licensee of the obligation to renew all licenses as required.~~

~~(c) In the event the license renewal application is not submitted by the deadline established in subsection (b), the licensee shall not conduct commercial cannabis activity until the license is renewed.~~

~~(d) A licensee may submit an application for license renewal up to 30 calendar days after the license expires. A late license renewal application shall be subject to a late fee of \$500. A licensee that does not submit a complete license renewal application, including the late fee, to the Department within 30 calendar days after the expiration of the license shall forfeit their eligibility to apply for a license renewal and, instead, shall be required to submit a new license application.~~

~~(e) Any changes to owner and financial interest holder information shall be made in accordance with Section 17119.~~

~~(f) The Department shall notify the licensee upon approval of the license renewal application through email or MCLS. The Department shall notify a licensee of the denial of an application in accordance with Section 17116.~~

~~Authority: Sections 26012, 26013 and 26130, Business and Professions Code.~~

~~Reference: Sections 26050, 26051.5 and 26180, Business and Professions Code.~~

§17122. Disaster Relief.

~~(a) If a licensee is unable to comply with any licensing requirement due to a disaster, the licensee may notify the Department of this inability to comply and request relief from the specific licensing requirement.~~

~~(b) The Department may exercise its discretion to provide temporary relief from specific regulatory requirements in chapters 10 to 15 and from other licensing requirements when allowed by law.~~

~~(c) Temporary relief from specific licensing requirements shall be issued for a reasonable amount of time in order to allow the licensee to recover from the disaster.~~

~~(d) The Department may require that certain conditions be followed in order for a licensee to receive temporary relief from specific licensing requirements.~~

~~(e) A licensee shall not be subject to an enforcement action for a violation of a licensing requirement in which the licensee has received temporary relief.~~

~~(f) For purposes of this section, “disaster” means condition of extreme peril to the safety of persons and property within the state or a county, city and county, or city caused by such conditions such as air pollution, fire, flood, storm, tidal wave, epidemic, riot, drought, terrorism, sudden and severe energy shortage, plant or animal infestation or disease, Governor’s warning of an earthquake or volcanic prediction, or an earthquake, or similar public calamity, other than conditions resulting from a labor controversy, for which the Governor has proclaimed a state of emergency in accordance with Government Code sections 8558 and 8625, or for which a local governing body has proclaimed a local emergency in accordance with Government Code sections 8558 and 8630.~~

~~(g) Notwithstanding subsection (a) of this section, if a licensee needs to move cannabis or cannabis products stored on the premises to another location immediately to prevent loss, theft, or degradation of the cannabis or cannabis products from the disaster, the licensee may move the cannabis or cannabis products without obtaining prior approval from the Department if the following conditions are met:~~

~~(1) The cannabis or cannabis products are moved to a secure location where access to the cannabis or cannabis products can be restricted to the licensee, its employees, and its contractors;~~

~~(2) The licensee notifies the Department in writing that the cannabis or cannabis products have been moved and that the licensee is requesting relief from complying with the specific licensing requirements pursuant to subsection (a) of this section within 24 hours of moving the cannabis or cannabis products;~~

~~(3) The licensee agrees to grant the Department access to the location where the cannabis or cannabis products have been moved;~~

~~(4) The licensee submits in writing to the Department within 10 days of moving the cannabis or cannabis products, a request for temporary relief that clearly indicates what regulatory sections relief is requested from, the time period for which the relief is requested, and the reasons relief is needed for the specified amount of time.~~

~~Authority: Sections 26012, 26013 and 26130, Business and Professions Code.~~

~~Reference: Section 26012, Business and Professions Code.~~

~~§17123. Notification of Criminal Acts, Civil Judgments, and Revocation of a Local License, Permit, or Other Authorization after Licensure.~~

~~(a) A licensee shall notify the Department in writing of a criminal conviction of any owner, either by mail or electronic mail, within 48 hours of the conviction. The written notification to the Department shall include the date of conviction, the court case number, the name of the court in which the owner was convicted, and the specific offense(s) for which the owner was convicted.~~

~~(b) A licensee shall notify the Department in writing of a civil penalty or judgment rendered against the licensee or any owner in their individual capacity, either by mail or electronic mail, within 48 hours of delivery of the verdict or entry of judgment, whichever is sooner. The written notification to the Department shall include the date of verdict or entry of judgment, the court case number, the name of the court in which the matter was~~

adjudicated, and a description of the civil penalty or judgement rendered against the licensee or owner.

~~(c) A licensee shall notify the Department in writing of the revocation of a local license, permit, or other authorization, either by mail or electronic mail, within 48 hours of receiving notice of the revocation. The written notification shall include the name of the local agency involved, a written explanation of the proceeding or enforcement action, and the specific violation(s) that led to revocation.~~

~~(d) A licensee shall notify the Department in writing of an administrative order for violations of labor standards against the licensee or any owner in their individual capacity, either by mail or electronic mail, within 48 hours of delivery of the order. The written notification shall include the date of the order, the name of the agency issuing the order, and a description of the administrative penalty or judgment against the licensee.~~

Authority: Sections 26012, 26013 and 26130, Business and Professions Code.

Reference: Section 26031, Business and Professions Code.

~~§17123.1. Manufacturing Licensee Authorization to Release Data to Financial Institutions.~~

~~(a) A manufacturing licensee may authorize the Department to provide information to a financial institution for purposes of facilitating the provision of financial services. The authorization shall be made in writing, through a form prescribed by the Department, which shall include the following information:~~

~~(1) The name of the licensed business for which the licensee is authorizing the release of information;~~

~~(2) The business's license number(s);~~

~~(3) The financial institution authorized to receive information;~~

~~(4) The name, phone number, email address, and signature of the owner submitting the authorization;~~

~~(5) The categories of information specified in subsection (b) that are authorized for release; and~~

~~(6) An acknowledgement that the authorization to release information includes information that is otherwise protected from disclosure, and waiving privilege and confidentiality is strictly for purposes of disclosure to the financial institution.~~

~~(b) After receipt of the authorization from a manufacturing licensee, the Department shall release the following information, as designated by the licensee, when requested by an authorized financial institution pursuant to section 17123.2 of this division:~~

~~(1) The license application(s), including renewal applications, excluding information required to be kept confidential pursuant to Penal Code section 11105 and confidential personal information of individual owners of the licensed business;~~

~~(2) Information captured in the track and trace system established pursuant to Business and Professions Code section 26067, including, but not limited to, aggregated sales or transfer information, as applicable; and~~

~~(3) Documents issued to the licensee pursuant to disciplinary or enforcement proceedings.~~

~~(c) A licensee may withdraw the authorization to provide information to a financial institution at any time. The withdrawal shall be made in writing, through a form prescribed by the Department, and shall include the following information:~~

~~(1) The name of the licensed business for which the licensee is withdrawing the authorization of the release of information;~~

~~(2) The business's license number(s);~~

~~(3) The financial institution from which authorization to receive information is withdrawn; and~~

~~(4) The name, phone number, email address, and signature of the owner submitting the withdrawal.~~

~~Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Section 26260, Business and Professions Code.~~

~~§17123.2. Financial Institution Request for Manufacturing Licensee Information.~~

~~A financial institution as defined in Business and Professions Code section 26260(c)(3) may request information related to a manufacturing licensee for purposes of facilitating the provision of financial services for that licensee. The request shall be made in writing, through a form prescribed by the Department, which shall include the following information:~~

~~(a) The name of the financial institution;~~

~~(b) The name, phone number, email, and signature of the representative of the financial institution requesting information;~~

~~(c) The business name and license number of the licensee for which the financial institution is requesting information;~~

~~(d) The type of financial services for which the information is requested (including, but not limited to, establishment or maintenance of bank accounts, extending loans, and providing insurance) and whether the request is for consideration of a new service or maintenance of an existing service;~~

~~(e) The specific information requested as described in section 17123.1(b) if authorized by the licensee; and~~

~~(f) An acknowledgment that use of the information is limited to that which is necessary for the provision of financial services.~~

~~Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Section 26260, Business and Professions Code.~~

Article 6. Shared-Use Facilities

§17124. Definitions.

For purposes of this Article, the following definitions shall apply:

(a) “Common use area” means any area of the manufacturer’s registered shared use facility, including equipment that is available for use by more than one licensee, provided that the use of a common use area is limited to one licensee at a time.

(b) “Designated area” means the area of the manufacturer’s registered shared use facility that is designated by the primary licensee for the sole and exclusive use of a Type S licensee, including storage of the Type S licensee’s cannabis, cannabis concentrates, and cannabis products.

(c) “Primary licensee” means the Type 7, Type 6, or Type N licensee that has registered and been approved to operate its licensed premises as a shared use facility.

(d) “Shared use facility” means a manufacturing premises operated by a Type 7, Type 6, or Type N licensee in which Type S licensees are authorized to conduct manufacturing operations.

(e) “Use agreement” means a written agreement between a primary licensee and a Type S applicant or licensee that specifies the designated area of the Type S licensee, the days and hours in which the Type S licensee is assigned to use the common use area, any allocation of responsibility for compliance pursuant to Section 17128, and an acknowledgement that the Type S licensee has sole and exclusive use of the common use area during the Type S licensee’s assigned time period.

Authority: Sections 26012, 26013 and 26130, Business and Professions Code.

Reference: Sections 26001, 26050, 26051.5 and 26130, Business and Professions Code.

§17125. Type S License.

(a) Applications for a Type S license shall:

(1) Be submitted in accordance with Section 17101;

(2) Include the license number and address of the registered shared use facility at which the applicant will conduct manufacturing operations;

(3) Include a copy of the use agreement signed by both the Type S applicant and the primary licensee; and

(4) On the premises diagram submitted pursuant to Section 17104(i), indicate the designated area to be used by the Type S applicant and detail where the applicant will store its cannabis, cannabis concentrates, and cannabis products.

(b) A Type S license shall only be available to applicants with a gross annual revenue of less than \$1,000,000 as calculated pursuant to Section 17110.

(c) A Type S licensee may conduct the following operational activities:

(1) Infusions, as defined in Section 17000(v);

~~(2) Packaging and labeling of cannabis products; and~~

~~(3) Extractions with butter or food-grade oils, provided that the resulting extract or concentrate shall be used solely in the manufacture of the Type S licensee's infused product, and shall not be sold to any other licensee.~~

~~Authority: Sections 26012, 26013 and 26130, Business and Professions Code.~~

~~Reference: Sections 26050, 26051.5 and 26130, Business and Professions Code.~~

~~§17126. Registration to Operate a Shared-Use Facility.~~

~~(a) No licensee shall operate as a shared-use facility without prior approval by the Department.~~

~~(b) To register as a shared-use facility, a Type 7, Type 6, or Type N licensee shall submit the following to the Department through MCLS:~~

~~(1) A copy of the license, permit, or other authorization issued by the local jurisdiction that enables the licensee to operate as a shared-use facility. The Department shall contact the applicable local jurisdiction to confirm the validity of the authorization upon receipt of the application for registration. If the local jurisdiction does not respond within 10 calendar days, the Department shall consider the authorization valid.~~

~~(2) A registration form prescribed by the Department, which includes the following information:~~

~~(A) The proposed occupancy schedule that specifies the days and hours the common-use area will be available for use by Type S licensees and when the common-use area will be used by the primary licensee. The occupancy schedule shall allow for maintenance and sanitizing between uses by individual licensees.~~

~~(B) A diagram indicating:~~

~~(i) Each designated area for Type S licensee(s).~~

~~(ii) The common-use area, including identification of any shared equipment.~~

~~(c) The Department shall notify the Type 7, Type 6, or Type N licensee upon approval of the registration to operate as a shared-use facility. Notification shall be made through MCLS.~~

~~(d) At least one business day prior to a Type S licensee commencing manufacturing operations at a registered shared-use facility, the primary licensee shall provide written notification to the Department. The notification to the Department shall include the Type S licensee's business name, contact person, contact phone number, and license number. The primary licensee shall also provide an updated occupancy schedule that includes the Type S licensee and an updated diagram that specifies the Type S licensee's designated area. Notification shall be provided by email or through MCLS.~~

~~(e) A primary licensee that wishes to discontinue operation as a shared-use facility may cancel its registration by providing written notice to the Department and each Type S licensee authorized to use the shared-use facility at least 30 calendar days prior to the effective date of the cancellation.~~

Authority: Sections 26012, 26013 and 26130, Business and Professions Code.
Reference: Sections 26051.5, 26055 and 26130, Business and Professions Code.

~~§17127. Shared-Use Facility Conditions for Operation.~~

- ~~(a) A primary licensee shall operate the shared use facility in accordance with the conditions of operation specified in this section.~~
- ~~(b) Each Type S licensee shall be assigned a “designated area” that, at minimum:
 - ~~(1) Is for exclusive use by the Type S licensee;~~
 - ~~(2) Provides an area for storage that is secure, fixed in place, locked with a commercial-grade lock, and accessible only to the Type S licensee for storage of that Type S licensee’s cannabis, cannabis concentrates, and cannabis products.~~~~
- ~~(c) Any part of the premises used for manufacturing activities that is a common-use area shall be occupied by only one licensee at a time by restricting the time period that each licensee may use the common-use area. During the assigned time period, one licensee shall have sole and exclusive occupancy of the common-use area.~~
- ~~(d) The use of the shared-use facility shall be restricted to the primary licensee and the Type S licensees authorized by the Department to use the shared-use facility.~~
- ~~(e) Any cannabis product or other materials remaining after a Type S licensee ceases operation and discontinues use of its designated area shall be considered cannabis waste and disposed of by the primary licensee consistent with the requirements of the Act and regulations.~~
- ~~(f) The shared-use facility shall meet all applicable requirements of the Act and regulations.~~
- ~~(g) The occupancy schedule shall be prominently posted near the entrance to the shared-use facility.~~
- ~~(h) The primary licensee may conduct manufacturing activities as permitted under its Type 7, Type 6, or Type N license and may use the common-use area during its scheduled time period.~~

Authority: Sections 26012, 26013 and 26130, Business and Professions Code.
Reference: Sections 26011.5 and 26130, Business and Professions Code.

~~§17128. Shared-Use Facility Compliance Requirements.~~

- ~~(a) As part of the use agreement, the primary licensee and the Type S licensee(s) may allocate responsibility for providing and maintaining commonly used equipment and services, including, but not limited to, security systems, fire monitoring and protection services, and waste disposal services. However, such agreement is not binding on the Department and the Department may take enforcement action against either the primary licensee or Type S licensee(s), regardless of the allocation of responsibility in the use agreement.~~
- ~~(b) A primary licensee or a Type S licensee is liable for any violation found at the shared-~~

~~use facility during that licensee's scheduled occupancy or within that licensee's designated area. However, a violation of any provision of the Act or regulations may be deemed a violation for which each Type S licensee and the primary licensee are responsible. In the event of a recall or embargo of a cannabis product produced at a shared-use facility, the Department, in its sole discretion, may include any or all cannabis products produced at the shared-use facility.~~

~~(c) The occupancy schedule and designated area for a Type S licensee shall not be altered without prior notification to the Department. Prior to making any changes to the occupancy schedule or the designated area, written notification shall be submitted to the Department that includes the intended changes. Notification shall be submitted by email or through MCLS.~~

~~Authority: Sections 26012, 26013 and 26130, Business and Professions Code.~~

~~Reference: Sections 26011.5, 26055 and 26130, Business and Professions Code.~~

Chapter 11. Labeling and Packaging Requirements

Article 1. Bulk Cannabis or Cannabis Products, Immature Plants, and Seeds

§17398. Bulk Cannabis or Cannabis Products.

(a) For purposes of this section, "bulk cannabis or cannabis products" means cannabis or cannabis products transferred between licensees for the purpose of further processing and/or packaging.

(b) The packaging used to transport bulk cannabis or cannabis products shall protect the cannabis or cannabis products from contamination and shall not expose the cannabis or cannabis products to any toxic or harmful substance.

(c) Packages of bulk cannabis or cannabis products shall be labeled with the following:

(1) The type or common name of the cannabis or cannabis products contained therein;

(2) The UID assigned to the cannabis or cannabis products;

(3) The ingredients of the cannabis products, including a list of any allergens present as described in section 17406(a)(6); and

(4) The net weight or count of the cannabis or cannabis products.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Section 26120, Business and Professions Code.

§17399. Immature Plants.

(a) Immature plants to be sold at retail are not required to be placed in child-resistant or tamper-evident packaging prior to sale.

(b) Immature plants shall be labeled with the following:

(1) The legal business name, or any name listed on the license certificate, of the licensed nursery that cultivated the immature plant, and its contact number or website address;

(2) The strain name; and

(3) The statement: "This plant has not been tested in accordance with the Medicinal and Adult-Use Cannabis Regulation and Safety Act."

Authority: Section 26013, Business and Professions Code. Reference: Sections 26070, 26100 and 26120, Business and Professions Code.

§17400. Seeds.

(a) Packages of seeds are not required to be placed in child-resistant packaging prior to sale.

(b) Packages of seeds to be sold at retail shall be labeled with the following:

(1) The legal business name, or any name listed on the license certificate, of the licensed nursery that cultivated the seeds, and its contact number or website address;

(2) The strain name(s);

(3) Either the weight or count of seeds in the package;

(4) The universal symbol described in section 17410; and

(5) The statement: "These seeds have not been tested in accordance with the Medicinal and Adult-Use Cannabis Regulation and Safety Act."

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Section 26130, Business and Professions Code.

Article 2. Cannabis Products Released from Manufacturing

§17401. Release to Distributor as Finished Product.

(a) Prior to release of a manufactured cannabis product to a distributor for purposes of compliance testing and retail sale, a licensed manufacturer shall ensure that the product is labeled and packaged in its final form for retail sale.

(b) Notwithstanding subsection (a), a product label may exclude labeling of cannabinoid content if the cannabinoid content is to be added to the label at the distribution premises after issuance of a Certificate of Analysis in accordance with section 17407.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5 and 26130, Business and Professions Code.

Article 3. Labeling Requirements

§17402. General Provisions.

(a) Any information required to be listed on a label shall be written in English.

(b) A label shall be unobstructed and conspicuous so that it can be read by the consumer.

(c) All required label information shall be located on the outside container or wrapper of the finished product to be sold at a retailer, or be easily legible through the outermost container or wrapper. If the immediate container holding the cannabis goods is separable from the outermost packaging, such as a container placed inside of a box, the immediate container shall be labeled with the universal symbol as described in section 17410.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Section 26120, Business and Professions Code.

§17403. Primary Panel Labeling Requirements: Nonmanufactured Cannabis Goods.

(a) The label for a package of nonmanufactured cannabis goods shall include a primary panel that includes the following information in a type size no smaller than 6 point and proportional to the size of the primary panel and container:

(1) The identity of the product;

(2) The net weight of cannabis in the package, listed in both metric and U.S. customary units; and

(3) The universal symbol described in section 17410.

(b) The label for a package of pre-rolls or packaged flower shall include an informational label that includes the following information in a type size no smaller than 6 point and proportional to the size of the informational panel and container:

(1) The UID;

(2) The name of the licensed cultivator or licensee packaging the product (either the legal business name or the registered name under which the business will operate listed on the license certificate) and that licensee's contact number or website address;

(3) The date of packaging for retail sale; and

(4) The following statement in bold print: "GOVERNMENT WARNING: THIS PACKAGE CONTAINS CANNABIS, A SCHEDULE I CONTROLLED SUBSTANCE. KEEP OUT OF REACH OF CHILDREN AND ANIMALS. CANNABIS MAY ONLY BE POSSESSED OR CONSUMED BY PERSONS 21 YEARS OF AGE OR OLDER UNLESS THE PERSON IS A QUALIFIED PATIENT. CANNABIS USE WHILE PREGNANT OR BREASTFEEDING MAY BE HARMFUL. CONSUMPTION OF CANNABIS IMPAIRS YOUR ABILITY TO DRIVE AND OPERATE MACHINERY. PLEASE USE EXTREME CAUTION."

(c) Nothing in this section prohibits the inclusion of additional information on the primary panel, provided that the label does not violate the requirements of section 17408.

(d) The cannabinoid content for a package of pre-rolls or packaged flower shall be labeled as specified in section 17407.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Section 26120, Business and Professions Code.

§17404. Primary Panel Labeling Requirements: Manufactured Cannabis Products.

(a) The label for a manufactured cannabis product shall include a primary panel that includes the following information in a type size no smaller than 6 point and proportional to the size of the primary panel and container:

(1) The identity of the product in a text size reasonably proportional to the most prominent printed matter on the panel;

(2) The universal symbol as described in section 17410; and

(3) The net weight or volume of the contents of the package, listed in both metric and U.S. customary units.

(b) Nothing in this section prohibits the inclusion of additional information on the primary panel, provided that the label does not violate the requirements of section 17408.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Section 26120, Business and Professions Code.

§17405. Additional Primary Panel Labeling Requirements: Edible Products.

(a) In addition to the requirements of section 17404, the primary panel of an edible cannabis product shall include the words “cannabis-infused” or “cannabis infused” immediately above the identity of the product in bold type and a text size larger than the text size used for the identity of the product.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Section 26120, Business and Professions Code.

§17406. Informational Panel Labeling Requirements.

(a) The label for a manufactured cannabis product shall include an informational panel that includes the following:

(1) The name of the licensed manufacturer (either the legal business name or the registered name under which the business will operate listed on the license certificate) that manufactured the cannabis product and the manufacturer’s contact number or website address;

(2) The date the cannabis product was packaged for retail sale;

(3) The following statement in bold print: “GOVERNMENT WARNING: THIS PRODUCT CONTAINS CANNABIS, A SCHEDULE I CONTROLLED SUBSTANCE. KEEP OUT OF REACH OF CHILDREN AND ANIMALS. CANNABIS PRODUCTS MAY ONLY BE POSSESSED OR CONSUMED BY PERSONS 21 YEARS OF AGE OR OLDER

UNLESS THE PERSON IS A QUALIFIED PATIENT. THE INTOXICATING EFFECTS OF CANNABIS PRODUCTS MAY BE DELAYED UP TO TWO HOURS. CANNABIS USE WHILE PREGNANT OR BREASTFEEDING MAY BE HARMFUL. CONSUMPTION OF CANNABIS PRODUCTS IMPAIRS YOUR ABILITY TO DRIVE AND OPERATE MACHINERY. PLEASE USE EXTREME CAUTION;”

(4) The statement: “FOR MEDICAL USE ONLY” if the package contains an amount of THC that exceeds the level allowed for adult-use cannabis goods, as specified in section 17304;

(5) A list of all product ingredients in descending order of predominance by weight or volume. If any product ingredient contains subingredients, the list shall either:

(A) Include the common name of the ingredient followed by a parenthetical listing of all ingredients in descending order by weight or volume; or

(B) List all subingredients as individual ingredients in descending order of predominance; however,

(C) This subsection shall not apply to flavoring, which shall instead comply with title 21, Code of Federal Regulations, Part 101.22 (Rev. April 2020), hereby incorporated by reference;

(6) For cannabis products containing an ingredient, flavoring, coloring, or an incidental additive that bears or contains a major food allergen, the word “contains,” followed by a list of the applicable major food allergens. The list shall conform with the requirements for food allergen labeling set forth in 21 U.S.C. §343(w), paragraph (1)(A) or (1)(B);

(7) The names of any artificial colorings contained in the product;

(8) For edible cannabis products, the amount, in grams or milligrams, of sodium, sugar, carbohydrates, and total fat per serving;

(9) Instructions for use, such as the method of consumption or application, and any preparation necessary prior to use;

(10) The UID;

(11) The batch or lot number; and

(12) The statement: “KEEP REFRIGERATED” or “REFRIGERATE AFTER OPENING,” as applicable, if the cannabis product is perishable or perishable after opening.

(b) The informational panel text shall be in a type size no smaller than 6 point and proportional to the size of the primary panel and container.

(c) Except for the information required by subsections (a)(10) and (a)(11), the requirements of subsection (a) may be fulfilled through the use of supplemental labeling, which may include, but is not limited to, a package insert, fold-out or booklet label, or a hanging tag. After December 31, 2021, supplemental labeling may not be used to fulfill the labeling requirement in subsection (a)(1).

(d) Cannabinoid content may be included on the informational panel. Cannabinoid content for manufactured cannabis products shall be labeled as specified in section 17407.

(e) Nothing in this section prohibits the inclusion of additional information on the informational panel provided that the label does not violate the requirements of section 17408.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Section 26120, Business and Professions Code.

§17407. Cannabinoid Content Labeling.

(a) Each package for retail sale of cannabis goods shall be labeled with the cannabinoid content on either the primary panel or an informational panel. For manufactured products, cannabinoid content may be included on the label prior to release to a distributor or it may be added to the label at the distribution premises after issuance of a regulatory compliance testing Certificate of Analysis for the batch as described in subsection (d).

(b) Cannabinoid content labeling shall include the following:

(1) For an edible product or a cannabis concentrate for which the manufacturer has established serving designations, THC and CBD content expressed in milligrams per serving and milligrams per package.

(2) For a topical cannabis product or a cannabis concentrate without serving designations, THC and CBD content expressed in milligrams per package.

(3) For nonmanufactured cannabis goods, Total THC content expressed as a percentage.

(4) Packages of infused pre-rolls shall be labeled with either:

(A) The cannabinoid content in milligrams; or

(B) The cannabinoid content of the dried flower expressed as a percentage and the added cannabinoid content in milligrams.

(c) Cannabis goods labeled prior to testing must include the items specified in subsection (b), as appropriate to the product. For THC or CBD concentration that is less than two (2) milligrams per serving or per package, the THC or CBD concentration may be stated as "<2 mg per serving" or "<2 mg per package."

(d) Cannabis goods labeled at the distribution premises after issuance of the Certificate of Analysis shall comply with the following:

(1) Each package of cannabis goods shall be labeled with the cannabinoid content as specified in subsection (b) that is indicated on the Certificate of Analysis, as well as any other cannabinoid that is five (5) percent or greater of the total cannabinoid content;

(2) Labeled cannabinoid content shall reflect the amount indicated on the Certificate of Analysis. The amount may be rounded to the nearest whole number, except that packages shall not be labeled with an amount greater than the allowable THC limits. If the THC or CBD content of a manufactured cannabis product is indicated on the Certificate of Analysis as "Not Detected" or "<LOQ," the cannabinoid content shall be labeled as "0 mg" or "<2 mg;"

(3) The cannabinoid content label shall be affixed to the outermost packaging of the cannabis goods and shall not obscure any other label information.

(e) Nothing in this section precludes the labeling of terpenes or additional cannabinoid content on the cannabis goods, provided that the information is verified by the Certificate of Analysis.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Section 26120, Business and Professions Code.

§17408. Labeling Restrictions.

(a) Cannabis goods labeling shall not contain any of the following:

(1) The name of a California city, county, or city and county, including any similar name that is likely to mislead consumers as to the origin of the product, unless one hundred percent of the cannabis contained in the product was grown in that city, county, or city and county. For purposes of this subsection, a cannabis plant is considered to have been grown within a city, county, or city and county of origin if the plant was cultivated within that boundary starting from the time the plant was no taller or wider than 18 inches.

(2) Content that is, or is designed to be, attractive to individuals under the age of 21, as specified in section 15040(a)(2) and (3).

(3) Any health-related statement that is untrue or misleading. Any health-related statement must be supported by the totality of publicly available scientific evidence (including evidence from well-designed studies conducted in a manner which is consistent with generally recognized scientific procedures and principles), and for which there is significant scientific agreement among experts qualified by scientific training and experience to evaluate such claims.

(4) If the product is an edible cannabis product, a picture of the product contained therein.

(5) Any information that is false or misleading. For purposes of this section, false and misleading information includes, but is not limited to:

(A) Any statement or indication that the cannabis or cannabis product is organic, unless the National Organic Program (section 6517 of the federal Organic Foods Production Act of 1990 (7 U.S.C. section 6501 et seq.)) authorizes organic designation and certification for cannabis and the cannabis or cannabis product meets the requirements for that designation and certification. This includes use of the word “organic” or variants in spelling such as “organix” on the labeling, except for use of the term “organic” in the ingredient statement on the informational panel of a cannabis product in compliance with the requirements of the programs established pursuant to Business and Professions Code section 26062.

(B) Any statement or indication that the cannabis or cannabis product is “OCal,” “OCal certified,” or made with “OCal cannabis,” if the cannabis or cannabis product has not been cultivated, handled, processed, or manufactured in compliance with the requirements of the programs established pursuant to Business and Professions Code

section 26062.

(6) Any statement or indication of an appellation of origin if the cannabis or cannabis product does not meet the requirements of the program established pursuant to Business and Professions Code section 26063.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26062.5, 26063, 26120, 26121 and 26154, Business and Professions Code.

§17409. Statement of Characteristic Anticipated Effects.

(a) A cannabis good may include information on the characteristic anticipated effects of the cannabis good if the licensee has substantiation that the information is truthful and not misleading. Such information may be located on the informational panel of the label or the supplemental labeling with the package. For purposes of this section, “characteristic anticipated effect” includes any physiological effect (a temporary effect on the body related to the consumption of cannabis goods) that is common to or expected from the particular cannabis strain, but excludes any claim of health benefits (i.e. claims of therapeutic action as a result of the consumption of cannabis goods).

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26120 and 26130, Business and Professions Code.

§17410. Universal Symbol.

(a) The symbol established pursuant to Business and Professions Code section 26130 shall replicate the following in form:



(b) The symbol shall be black in color. For packaging that is dark in color, the symbol shall be made conspicuous by printing the symbol on, or outlining the symbol with, a contrasting color.

(c) The symbol shall be no smaller in height than one-half (0.5) inch except as allowed under subsection (d).

(d) For a cannabis vape cartridge or integrated cannabis vaporizer, the symbol shall be engraved, printed, or affixed with a sticker in a size no smaller than one-quarter (0.25) inch wide by one-quarter (0.25) inch high.

(e) The symbol shall not be altered or cropped in any way other than to adjust the sizing for placement on the primary panel.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26120, 26121 and 26130, Business and Professions Code.

Article 4. Packaging

§17411. Packaging.

(a) A package used to contain a cannabis good shall comply with the following requirements:

(1) The package shall protect the cannabis good from contamination and shall not expose the good to any toxic or harmful substance.

(2) The package shall be tamper-evident, which means that the packaging is sealed so that the contents cannot be accessed without obvious destruction of the seal upon initial opening.

(3) If the cannabis good has more than one serving, the package shall be resealable.

(4) The package shall not imitate any package used for products typically marketed to children.

(5) If the cannabis good is an edible product, the package shall be opaque. Colored bottles that obscure the color of the liquid inside shall be considered opaque for purposes of this section.

(6) Notwithstanding subsection (e), opaque bottles used to contain a cannabis beverage product may utilize a single, vertical, clear strip no wider than one-quarter (0.25) inch for the purpose of determining serving amounts.

(7) The package shall be child-resistant, as described in section 17412.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26120 and 26121, Business and Professions Code.

§17412. Child-Resistant Packaging Requirements.

(a) A package containing cannabis or cannabis products transferred to a distributor for retail sale shall be child-resistant, as follows:

(1) The package for an edible product, an orally consumed concentrate, or a suppository shall be child-resistant for the life of the product. A package that contains more than a single serving is not required to be child-resistant if each individual serving is packaged in child-resistant packaging.

(2) Cannabis or a cannabis product intended to be inhaled or a cannabis product that is applied topically may utilize packaging that is child-resistant only until first opened, if the package is labeled with the statement: "This package is not child-resistant after opening."

(b) The following packages are considered child-resistant for purposes of this article:

(1) Any package that has been certified as child-resistant under the requirements of the Poison Prevention Packaging Act of 1970 Regulations (16 C.F.R. §1700.15(b)(1)) (Rev. July 1995), which is hereby incorporated by reference.

(2) A bottle sealed with a pry-off, metal crown, cork-style bottle cap, provided that the bottle contains only a single serving.

(3) Plastic packaging that is at least four (4) mils thick and heat-sealed without an easy-open tab, dimple, corner, or flap, provided that the package contains a cannabis product described in subsection (a)(2) or a cannabis product that is only a single serving.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5, 26120 and 26121, Business and Professions Code.

Chapter 12. Requirements of Operation for Manufacturer Licenses

Article 1. Safety and Security

§17200. Security Plan.

Every licensee shall develop and implement a written security plan. At a minimum, the security plan shall include a description of the security measures to:

(a) Prevent access to the manufacturing premises by unauthorized persons and protect the physical safety of employees. This includes, but is not limited to:

(1) Establishing physical barriers to secure perimeter access and all points of entry into a manufacturing premises (such as locking primary entrances with commercial-grade, non-residential door locks, or providing fencing around the grounds and driveway, and securing any secondary entrances including windows, roofs, or ventilation systems);

(2) Installing a security alarm system to notify and record incident(s) where physical barriers have been breached;

(3) Establishing an identification and sign-in/sign-out procedure for authorized personnel, suppliers, and visitors;

(4) Maintaining the premises such that visibility and security monitoring of the premises is possible; and

(5) Establishing procedures for the investigation of suspicious activities.

(b) Prevent against theft or loss of cannabis and cannabis products. This includes but is not limited to:

(1) Establishing an inventory system to track cannabis and cannabis products and the personnel responsible for processing it throughout the manufacturing process;

(2) Limiting access of personnel within the premises to those areas necessary to complete job duties, and to those time frames specifically scheduled for completion of job duties, including access by outside vendors, suppliers, contractors or other individuals conducting business with the licensee that requires access to the premises;

(3) Supervising tasks or processes with high potential for diversion, including the loading and unloading of cannabis transportation vehicles; and

(4) Providing areas in which personnel may store and access personal items that are separate from the manufacturing areas.

~~(c) Secure and back up electronic records in a manner that prevents unauthorized access and that ensures the integrity of the records is maintained.~~

~~Authority: Sections 26012, 26013 and 26130, Business and Professions Code.~~

~~Reference: Sections 26011.5 and 26051.5, Business and Professions Code.~~

~~§17201. Video Surveillance.~~

~~(a) At minimum, a licensed premises shall have a digital video surveillance system with a minimum camera resolution of 1280 x 720 pixels. The video surveillance system shall be able to effectively and clearly record images of the area under surveillance.~~

~~(b) To the extent reasonably possible, all video surveillance cameras shall be installed in a manner that prevents intentional obstruction, tampering with, or disabling.~~

~~(c) Areas that shall be recorded on the video surveillance system include the following:~~

~~(1) Areas where cannabis or cannabis products are weighed, packed, stored, quarantined, loaded and unloaded for transportation, prepared, or moved within the premises;~~

~~(2) Limited access areas;~~

~~(3) Security rooms;~~

~~(4) Areas containing surveillance system storage devices, which shall contain at least one camera to record the access points to such an area; and~~

~~(5) The interior and exterior of all entrances and exits to the premises.~~

~~(d) The surveillance system shall record continuously 24 hours per day and at a minimum speed of 15 frames per second.~~

~~(e) Any on-site surveillance system storage devices shall be located in secure rooms or areas of the premises in an access-controlled environment.~~

~~(f) The licensee shall ensure that all surveillance recordings are kept for a minimum of 90 days.~~

~~(g) All video surveillance recordings shall be available on the licensed premises and are subject to inspection by the Department and shall also be copied and sent, or otherwise provided, to the Department upon request.~~

~~(h) The video recordings shall display the current date and time of recorded events. Time is to be measured in accordance with the U.S. National Institute of Standards and Technology standards. The displayed date and time shall not significantly obstruct the view of recorded images.~~

~~(i) If multiple licensed premises are contained within the same building, a single video surveillance system covering the entire building may be used by all of the licensees under the following conditions:~~

~~(1) Each applicant or licensee shall disclose on their premises diagram where the surveillance recordings are stored;~~

~~(2) Each applicant or licensee shall include in their security operating procedures an explanation of how the video surveillance system will be shared, including who is responsible for monitoring the video footage and storing any video recordings;~~

~~(3) All licensees shall have immediate access to the surveillance recordings to produce them pursuant to the requirements of this section;~~

~~(4) All licensees shall be held responsible and subject to discipline for any violations of the video surveillance requirements.~~

~~Authority: Sections 26012, 26013 and 26130, Business and Professions Code.~~

~~Reference: Sections 26011.5 and 26070, Business and Professions Code~~

~~§17202. Notification of Theft, Loss, or Diversion.~~

~~If a licensee finds evidence of theft or diversion of cannabis or cannabis products, the licensee shall report the theft or diversion to the Department and local law enforcement within 24 hours of the discovery. The notice to the Department shall be in writing and shall include the date and time of the incident; a description of the incident, including items that were taken or missing; and the name of the local law enforcement agency that was notified of the incident.~~

~~Authority: Sections 26012, 26013 and 26130, Business and Professions Code.~~

~~Reference: Sections 26011.5 and 26070, Business and Professions Code.~~

~~Article 2. Extractions~~

~~§17203. Permissible Extractions.~~

~~(a) Except as provided in subsection (b), cannabis extraction shall only be conducted using the following methods:~~

~~(1) Mechanical extraction;~~

~~(2) Chemical extraction using a nonvolatile solvent such as a nonhydrocarbon-based or other solvent such as water, vegetable glycerin, vegetable oils, animal fats, or glycerin. Nonhydrocarbon-based solvents shall be food grade;~~

~~(3) Chemical extraction using a professional closed loop CO₂ gas extraction system. CO₂ gas used for extraction shall be food grade;~~

~~(4) Chemical extraction using a volatile solvent, as defined in Section 17000(xx), using a professional closed loop extraction system; or~~

~~(5) Any other method authorized by the Department pursuant to subsection (b).~~

~~(b) To request authorization from the Department to conduct cannabis extraction using a method other than those specified in paragraphs (1) through (4) of subsection (a), the applicant or licensee shall submit a detailed description of the extraction method, including any documentation that validates the method and any safety procedures to be utilized to mitigate any risk to public or worker health and safety.~~

~~Authority: Sections 26012, 26013 and 26130, Business and Professions Code.~~

~~Reference: Sections 26011.5 and 26130, Business and Professions Code.~~

~~§17204. Volatile Solvent Extractions.~~

~~Chemical extractions using volatile solvents shall be subject to the following requirements:~~

- ~~(a) Hydrocarbon-based solvents shall be at least 99 percent purity;~~
- ~~(b) All extractions shall be performed in a closed loop extraction system as described in Section 17206; and~~
- ~~(c) No volatile solvent extraction operations shall occur in an area zoned as residential.~~

~~Authority: Sections 26012, 26013 and 26130, Business and Professions Code.~~

~~Reference: Sections 26011.5, 26105 and 26130, Business and Professions Code.~~

~~§17205. Ethanol Extractions.~~

- ~~(a) Ethanol used for extractions or for post-extraction processing shall be food-grade.~~
- ~~(b) Ethanol extraction operations shall be approved by the local fire code official and shall be operated in accordance with applicable Division of Occupational Safety and Health (Cal/OSHA) regulations and any other state and local requirements.~~

~~Authority: Sections 26012, 26013 and 26130, Business and Professions Code.~~

~~Reference: Sections 26011.5 and 26130, Business and Professions Code.~~

~~§17206. Closed-Loop Extraction System Requirements.~~

~~(a) Chemical extractions using CO₂; a volatile solvent; or chlorofluorocarbon, hydrocarbon, or other fluorinated gas shall be conducted in a professional closed loop extraction system designed to recover the solvents. The system shall be commercially manufactured and bear a permanently affixed and visible serial number. The system shall be certified by a California-licensed engineer that the system was commercially manufactured, safe for use with the intended solvent, and built to codes of recognized and generally accepted good engineering practices, such as:~~

- ~~(1) The American Society of Mechanical Engineers (ASME);~~
- ~~(2) American National Standards Institute (ANSI);~~
- ~~(3) Underwriters Laboratories (UL); or~~
- ~~(4) The American Society for Testing and Materials (ASTM).~~

~~(b) Professional closed loop systems, other equipment used, the extraction operation, and facilities must be approved for use by the local fire code official and comply with any required fire, safety, and building code requirements related to the processing, handling, and storage of the applicable solvent or gas.~~

~~(c) The certification document required pursuant to subsection (a) shall contain the signature and stamp of a California licensed professional engineer and the serial number of the extraction unit being certified.~~

~~(d) The licensee shall establish and implement written procedures to document that the closed loop extraction system is maintained in accordance with the equipment manufacturer specifications and to ensure routine verification that the system is operating in accordance with specifications and continues to comply with fire, safety, and building code requirements.~~

~~(e) A licensee shall develop standard operating procedures, good manufacturing practices, and a training plan prior to producing extracts. Any personnel using solvents or gases in a closed loop system to create extracts must be trained on how to use the system, have direct access to applicable safety data sheets, and handle and store solvents and gases safely.~~

~~(f) The extraction operation shall be operated in an environment with proper ventilation, controlling all sources of ignition where a flammable atmosphere is or may be present, and shall be operated in accordance with applicable Division of Occupational Safety and Health (Cal/OSHA) regulations and any other state and local requirements.~~

~~(g) No closed loop extraction system operation shall occur in an area zoned as residential.~~

~~Authority: Sections 26012, 26013 and 26130, Business and Professions Code.~~

~~Reference: Sections 26011.5, 26105 and 26130, Business and Professions Code.~~

~~Article 3. Good Manufacturing Practices~~

~~§17207. Manufacturing Practices Definitions.~~

~~In addition to the definitions in section 26001 of the Act and Section 17000 of these regulations, the following definitions shall govern the construction of this article:~~

~~(a) "Allergen cross contact" means the unintentional incorporation of a food allergen into a cannabis product.~~

~~(b) "Component" means any substance or item intended for use in the manufacture of a cannabis product, including those substances or items that are not intended to appear in the final form of the product. "Component" includes cannabis, cannabis products used as ingredients, raw materials, other ingredients, and processing aids.~~

~~(c) "Contact surface" means any surface that contacts cannabis products and cannabis product components and those surfaces from which drainage, or other transfer, onto the cannabis product or cannabis product components, occurs during the normal course of operations. Examples of contact surfaces include containers, utensils, tables, and equipment.~~

- (d) ~~“Easily cleanable” means a characteristic of a surface that allows effective removal of soil, food residue, or other organic or inorganic materials by normal cleaning methods.~~
- (e) ~~“Environmental pathogen” means a pathogen capable of surviving and persisting within the manufacturing environment such that cannabis products may be contaminated and may result in illness if consumed or used without treatment to significantly minimize the environmental pathogen. Examples of environmental pathogens include *Listeria monocytogenes* and *Salmonella spp.* but do not include the spores of pathogenic spore-forming bacteria.~~
- (f) ~~“Hazard” means any biological, chemical, radiological, or physical agent that has the potential to cause illness or injury.~~
- (g) ~~“Holding” means storage of cannabis or cannabis products and includes activities performed incidental to storage of a cannabis product and activities performed as a practical necessity for the distribution of that cannabis product.~~
- (h) ~~“Microorganisms” means yeasts, molds, bacteria, viruses, protozoa, and microscopic parasites and includes species that are pathogens. The term “undesirable microorganisms” includes those microorganisms that are pathogens, that subject a cannabis product to decomposition, that indicate that a cannabis product is contaminated with filth, or that otherwise may cause a cannabis product to be adulterated.~~
- (i) ~~“Monitor” means to conduct a planned sequence of observations or measurements to assess whether preventive measures are operating as intended.~~
- (j) ~~“Pathogen” means a microorganism that can cause illness or injury.~~
- (k) ~~“Pest” means an undesired insect, rodent, nematode (small worm), fungus, bird, vertebrate, invertebrate, weed, virus, bacteria, or other microorganism (except microorganisms on or in humans or animals) injurious to health or the environment.~~
- (l) ~~“Potable” means water that meets the requirements of Health and Safety Code section 113869.~~
- (m) ~~“Preventive measures” means those risk-based, reasonably appropriate procedures, practices, and processes that a person knowledgeable about the safe manufacturing, processing, packing, or holding of food would employ to significantly minimize or prevent the hazards identified pursuant to a product quality plan as specified in Section 17214.~~
- (n) ~~“Processing aid” means any substance that is added to a cannabis product during manufacture but is removed in some manner from the cannabis product before it is packaged in its finished form. This includes substances that are converted into constituents normally present in the product, and do not significantly increase the amount of the constituent naturally found in the product. This also includes substances that are added to a product for their technical or functional effect in the processing but are present in the finished product at insignificant levels and do not have any technical or functional effect in that product.~~
- (o) ~~“Qualified individual” means a person who has the education, training, or experience (or a combination thereof) necessary to manufacture quality cannabis products as appropriate to the individual's assigned duties. A qualified individual may be, but is not~~

~~required to be, an employee of the licensee.~~

~~(p) “Quality control” means a planned and systematic operation or procedure for ensuring the quality of a cannabis product.~~

~~(q) “Quality control operation” means a planned and systematic procedure for taking all actions necessary to prevent cannabis product(s) from being adulterated or misbranded.~~

~~(r) “Quality control personnel” means any person, persons, or group, designated by the licensee to be responsible for quality control operations.~~

~~(s) “Raw material” means any unprocessed material in its raw or natural state that is intended to become part of the components of a cannabis product.~~

~~(t) “Sanitize” means to treat cleaned surfaces by a process that is effective in destroying vegetative cells of pathogens, and in substantially reducing numbers of other undesirable microorganisms, but without adversely affecting the product or its safety for the consumer.~~

~~(u) “Smooth” means any of the following:~~

~~(1) A contact surface that is free of pits, pinholes, cracks, crevices, inclusions, rough edges, and other surface imperfections detectable by visual or tactile inspection.~~

~~(2) A floor, wall, or ceiling having an even or level surface with no roughness or projections that render it difficult to clean.~~

~~(v) “Utensil” means an implement, tool, or container used in the storage, preparation, manufacture, or processing of cannabis and cannabis products. In addition to kitchenware, examples of utensils include, but are not limited to, gloves, screens, sieves, implements to create pre-rolls, buckets, and scissors.~~

~~(w) “Validate” means obtaining and evaluating scientific and technical evidence that a control measure, combination of control measures, or quality control procedures as a whole, when properly implemented, is capable of ensuring the quality of a cannabis product or effectively controlling an identified hazard.~~

~~(x) “Verification” means the application of methods, procedures, tests, or other evaluations, in addition to monitoring, to determine whether a control measure or combination of control measures is or has been operating as intended and to establish the validity of the quality control procedures.~~

~~(y) “Yield” means the quantity of a particular cannabis product expected to be produced at a given step of manufacture or packaging, as identified in the master manufacturing protocol. The expected yield is based upon the quantity of components or packaging to be used, in the absence of any loss or error in actual production. “Actual yield” means the quantity of a particular cannabis product that is actually produced at a given step of manufacture or packaging that is recorded in the batch production record.~~

~~Authority: Sections 26012, 26013 and 26130, Business and Professions Code.~~

~~Reference: Sections 26001 and 26130, Business and Professions Code.~~

~~§17208. Quality Control Program.~~

~~(a) Each licensee is responsible for implementing a quality control program to ensure that cannabis products are not adulterated or misbranded. The quality control program shall include quality control operations for all of the following:~~

- ~~(1) The grounds, building, and manufacturing premises, as specified in Section 17209;~~
- ~~(2) Equipment and utensils, as specified in Section 17210;~~
- ~~(3) Personnel, as specified in Section 17211;~~
- ~~(4) Cannabis product components, as specified in Section 17212; and~~
- ~~(5) Manufacturing processes and procedures, as specified in Section 17213.~~

~~(b) Quality control shall be under the supervision of one or more qualified individuals assigned responsibility for this function.~~

~~(c) For purposes of this article, for those requirements that are contained in the Health and Safety Code, use of the term “food” shall include cannabis, cannabis products, components, and contact surfaces.~~

~~Authority: Sections 26012, 26013 and 26130, Business and Professions Code.~~

~~Reference: Sections 26011.5 and 26131, Business and Professions Code.~~

~~§17209. Grounds, Building, and Manufacturing Premises.~~

~~(a) Exterior facility and grounds. The licensee shall ensure the facility exterior and grounds under the licensee’s control meet the following minimum standards:~~

- ~~(1) Grounds shall be equipped with draining areas in order to prevent pooled or standing water;~~
- ~~(2) Weeds, grass, and vegetation shall be cut within the immediate vicinity of the cannabis manufacturing premises, litter and waste shall be removed, and equipment shall be stored in order to minimize the potential for the grounds to constitute an attractant, breeding place, or harborage for pests;~~
- ~~(3) Roads, yards, and parking lots shall be maintained so that these areas do not constitute a source of contamination in areas where cannabis products are handled or transported;~~
- ~~(4) Openings into the building (such as windows, exhaust fans, ventilation ducts, or plumbing vent pipes) shall be screened, sealed, or otherwise protected to minimize potential for pests to enter the building;~~
- ~~(5) Waste treatment and disposal systems shall be provided and maintained so as to prevent contamination in areas where cannabis products may be exposed to such a system’s waste or waste by products.~~
- ~~(6) The licensee shall implement precautions within the premises such as inspection or extermination if the premises is bordered by grounds outside the licensee’s control that are not maintained in the manner described in paragraphs (1) through (5) of this subsection, in order to eliminate any pests, dirt, and filth that pose a source of cannabis~~

~~product contamination. Any use of insecticide, rodenticide, or other pesticide within the premises shall meet the requirements of Health and Safety Code section 114254.~~

~~(b) Interior facility. The licensee shall ensure construction, design, and maintenance of the interior of the manufacturing premises as follows:~~

~~(1) Walls, ceilings, and floors. Walls, ceilings, and floors shall be constructed of material that is smooth, nonporous, easily cleanable, corrosion-resistant, and suitable to the activity that will be conducted. Fixtures, ducts, and pipes shall not pose a source of drip or condensate that may contaminate cannabis products, contact surfaces or packaging material.~~

~~(2) Lighting. Interior facility lighting shall meet the requirements of subdivisions (a)(1) and (3), (b)(3) and (4), and (c) of section 114252 of the Health and Safety Code. Interior facility lighting shall also meet the requirements for shatter-resistant lighting in section 114252.1 of the Health and Safety Code. The requirements of Health and Safety Code section 114252.1, subdivision (a), shall also apply to all areas where glass breakage may result in the contamination of exposed cannabis, components or cannabis products at any step of preparation.~~

~~(3) Plumbing system and fixtures.~~

~~(A) Water supply. Running water shall be supplied as required by Health and Safety Code section 114192 in all areas where required for the processing of cannabis products; in all areas used for the cleaning of equipment, utensils, and packaging materials; and for employee sanitary facilities. Any water that contacts cannabis, components, cannabis products, contact surfaces, or packaging materials shall be potable.~~

~~(B) Plumbing. Plumbing systems shall meet the requirements of Health and Safety Code section 114190.~~

~~(C) Sewage disposal. The sewage system shall be maintained and kept in good repair so that it does not pose a potential source of contamination to cannabis products, contact surfaces, or packaging materials.~~

~~(D) Toilet facilities. Each manufacturing premises shall provide employees with access to toilet facilities that meet the requirements of Health and Safety Code section 114250. Toilet facilities shall be kept clean and shall not pose a potential source of contamination of cannabis, components, cannabis products, contact surfaces, or packaging materials.~~

~~(E) Hand-washing facilities. Each manufacturing premises shall provide hand-washing facilities that meet the requirements of Health and Safety Code section 113953, subdivision (a) through (d).~~

~~(F) Waste disposal. The premises shall provide waste disposal in accordance with Health and Safety Code sections 114244(a), 114244(c), and 114245.1. Cannabis waste shall be disposed of in accordance with Section 17223 of these regulations.~~

~~(4) Ventilation. Ventilation systems shall meet the requirements of Health and Safety Code sections 114149 and 114149.3.~~

~~(5) Cleaning and maintenance. The premises, including any fixtures, and other physical~~

~~facilities therein, shall be maintained in a clean and sanitary condition and kept in good repair so as to prevent cannabis products from becoming adulterated, and shall meet the requirements of Health and Safety Code section 114257.1.~~

~~(A) The premises shall have a janitorial facility that meets the requirements of Health and Safety Code section 114279(a).~~

~~(B) Cleaning equipment and supplies shall be stored in a manner that meets the requirements of Health and Safety Code section 114281.~~

~~(C) Poisonous or toxic materials such as cleaning compounds, sanitizing agents, and pesticide chemicals that are necessary for premises and equipment maintenance and operation shall be handled and stored in a manner that meets the requirements of Health and Safety Code sections 114254.1, 114254.2 and 114254.3.~~

~~Authority: Sections 26012, 26013 and 26130, Business and Professions Code.~~

~~Reference: Sections 26011.5 and 26131, Business and Professions Code.~~

§17210. Equipment and Utensils.

~~Licensees shall utilize equipment and utensils that meet the following minimum requirements:~~

~~(a) Design. Equipment and utensils shall meet the requirements of Health and Safety Code sections 114130.1, 114130.2, 114130.3, and 114130.4 and shall be used in accordance with their operating instructions to avoid the adulteration of cannabis products with lubricants, fuel, metal fragments, contaminated water, or any other contaminants.~~

~~(b) Installation. Equipment shall be installed so as to allow the cleaning and maintenance of the equipment and of adjacent spaces. Equipment that is not easily moveable shall meet the requirements of Health and Safety Code section 114169.~~

~~(c) Cleaning, sanitizing, and maintenance. The quality control program for cleaning, sanitizing, and maintenance of equipment and utensils shall include the following elements, at minimum:~~

~~(1) A detailed, written procedure for cleaning, sanitizing, and maintaining (including calibrating) equipment and utensils;~~

~~(2) A schedule for cleaning, sanitizing, and maintaining equipment and utensils;~~

~~(3) A procedure, including a log, for documentation of the date and time of maintenance, cleaning, and sanitizing of equipment and utensils; and~~

~~(4) A detailed, written procedure for storing cleaned and sanitized equipment and utensils in a manner to protect the equipment and utensils from contamination.~~

~~Authority: Sections 26012, 26013 and 26130, Business and Professions Code.~~

~~Reference: Sections 26011.5 and 26131, Business and Professions Code.~~

§17211. Personnel.

Licensees shall implement written procedures for personnel that include, at minimum:

~~(a) Disease control. Any individual who by medical examination or supervisory observation is shown to have, or appears to have, an illness specified in Health and Safety Code section 113949.2(a), or an open lesion (such as boils, sores, cut, rash, or infected wounds) unless covered in accordance with the requirements of Health and Safety Code section 113949.2(b), shall be excluded from any manufacturing operations until their health condition is corrected. Personnel shall be instructed to report such health conditions to their supervisors.~~

~~(b) Cleanliness. All individuals working in direct contact with cannabis products, contact surfaces, and packaging materials shall maintain personal cleanliness in order to protect against allergen cross-contact and contamination of cannabis products while on duty. The methods for maintaining personal cleanliness include:~~

~~(1) Wearing clean outer clothing to protect against allergen cross-contact and contamination of cannabis products, contact surfaces, and packaging materials;~~

~~(2) Washing hands thoroughly in a hand-washing facility that meets the requirements of Section 17209 before starting work, after each absence from the work station, and at any time when the hands may have become soiled or contaminated;~~

~~(3) Removing all unsecured jewelry and other objects that might fall into cannabis products, equipment, or containers. Hand jewelry that cannot be sanitized shall be removed during periods in which cannabis products are manipulated by hand. If such hand jewelry cannot be removed, it shall be covered by material which can be maintained in an intact, clean, and sanitary condition and which effectively protects against the contamination by these objects of the cannabis products, contact surfaces, or packaging materials;~~

~~(4) Maintaining any gloves, if they are used in cannabis product handling, in an intact, clean, and sanitary condition;~~

~~(5) Wearing hair nets, caps, beard covers, or other hair restraints that are designed and worn to prevent hair contact with cannabis, cannabis products, contact surfaces, or packaging materials;~~

~~(6) Storing clothing and personal belongings in areas separate from those where cannabis products are exposed or where equipment or utensils are washed;~~

~~(7) Confining the following activities to areas separate from those where cannabis products may be exposed or where equipment or utensils are washed: eating food, chewing gum, drinking beverages, and using tobacco;~~

~~(c) Nothing in this section prohibits a licensee from establishing any other precautions to protect against allergen cross-contact and against contamination of cannabis products, contact surfaces, or packaging materials by microorganisms or foreign substances (including perspiration, hair, cosmetics, tobacco, chemicals, and medicines applied to the skin).~~

~~Authority: Sections 26012, 26013 and 26130, Business and Professions Code.~~

~~Reference: Sections 26011.5 and 26131, Business and Professions Code.~~

~~§17212. Cannabis Product Components.~~

~~(a) In order to prevent adulteration of cannabis products, licensees shall establish and implement written policies and procedures to ensure and maintain the quality of product components.~~

~~(b) Components are subject to the following minimum requirements:~~

~~(1) Raw materials and other components shall be inspected upon intake to ensure that they are clean and suitable for processing into cannabis products, and shall be stored under conditions that protect against allergen cross-contact and contamination, and in such a way as to minimize deterioration.~~

~~(2) Raw materials shall be washed or cleaned as necessary to remove soil and other visible contaminants. Water used for washing, rinsing, or conveying cannabis product ingredients shall be potable.~~

~~(3) Raw materials and other components shall not contain levels of microorganisms that render the cannabis product injurious to human health, or shall be pasteurized or otherwise treated during manufacturing so that they no longer contain levels of microorganisms that would cause the cannabis product to be adulterated.~~

~~(4) Raw materials and other components susceptible to contamination with aflatoxin or other natural toxins, pests, or extraneous material shall not exceed generally acceptable limits set by the U.S. Food and Drug Administration in the *Defect Levels Handbook* (Rev. February 2005), which is hereby incorporated by reference, before these raw materials or other ingredients are incorporated into finished cannabis products.~~

~~(5) Raw materials and other components shall be held in containers designed and constructed so as to protect against allergen cross-contact or contamination, and shall be held at such temperature and relative humidity and in such a manner as to prevent the cannabis products from becoming adulterated.~~

~~(6) Frozen raw materials and other components shall be kept frozen. If thawing is required prior to use, it shall be done in a manner that prevents the raw materials and other ingredients from becoming adulterated.~~

~~(7) Raw materials and other components that are food allergens shall be identified and held in a manner that prevents cross-contact with other raw materials or ingredients.~~

~~(c) Holding and storage of raw materials and other components shall meet the requirements of section 114047, subdivisions (a) and (b), section 114049, and section 114051 of the Health and Safety Code.~~

~~Authority: Sections 26012, 26013 and 26130, Business and Professions Code.~~

~~Reference: Sections 26011.5 and 26131, Business and Professions Code.~~

~~§17213. Manufacturing Processes and Procedures.~~

~~(a) The licensee shall implement and maintain manufacturing processes and procedures that ensure cannabis product quality. Manufacturing processes and procedures shall be identified through a product quality plan, as described in Section 17214.~~

~~(b) The licensee shall maintain written master manufacturing protocols, as described in Section 17215, for each unique formulation of cannabis product manufactured to ensure only intended components are included and that the cannabis product is packaged and labeled in accordance with product specifications and these regulations.~~

~~(c) The licensee shall maintain written batch production records, as described in Section 17216, to document the production process and, if needed, to verify that the established processes and procedures, including the preventive measures and master manufacturing protocol, were implemented correctly.~~

~~(d) All manufacturing records are subject to inspection by the Department, its inspectors and agents.~~

~~Authority: Sections 26012, 26013 and 26130, Business and Professions Code.~~

~~Reference: Sections 26011.5 and 26131, Business and Professions Code.~~

~~§17214. Product Quality Plan.~~

~~(a) Licensees shall create and implement a written product quality plan for each type of product manufactured at the premises. The product quality plan shall address the hazards associated with the premises or the manufacturing process that, if not properly mitigated, may cause the product to be adulterated or misbranded, or may cause the product to fail laboratory testing or quality assurance review.~~

~~(b) To create the product quality plan, licensees shall conduct a comprehensive assessment of the overall manufacturing process, identifying each step from component intake through transfer of product from the premises, to determine the potential risks associated with each step, the preventive measures to mitigate the potential risks identified, the methods to evaluate and monitor the effectiveness of the preventive measures, and action to take if a preventive measure was unsuccessful.~~

~~(c) The product quality plan shall evaluate the following potential risks to cannabis product quality:~~

~~(1) Biological hazards, including microbiological hazards;~~

~~(2) Chemical hazards, including radiological hazards, pesticide contamination, solvent or other residue, natural toxins, decomposition, or allergens;~~

- ~~(3) Physical hazards, such as stone, glass, metal fragments, hair, or insects;~~
- ~~(4) Process failures that may lead to product contamination, allergen cross-contact, packaging errors, labeling errors, or other errors affecting cannabis product quality.~~
- ~~(d) The product quality plan shall identify the preventive measure that will be implemented to mitigate each potential risk identified pursuant to subsection (c). Examples of preventive measures include, but are not limited to:~~
- ~~(1) Cleaning and sanitizing of equipment and utensils to mitigate against risk of microbiological hazards;~~
- ~~(2) Conducting in-house testing of raw cannabis to mitigate against the risk of pesticide contamination;~~
- ~~(3) Establishing an allergen control program to ensure that allergen cross-contact does not occur between product types;~~
- ~~(4) Implementing procedures to ensure homogeneity of cannabinoids into a cannabis product to mitigate against the risk of a non-homogeneous product.~~
- ~~(e) The product quality plan shall identify methods to evaluate and monitor the effectiveness of the preventive measures in mitigating the potential risks identified in subsection (c). Methods for evaluation and monitoring of preventive measures include, but are not limited to, the following:~~
- ~~(1) Review of test results conducted to determine contamination such as pesticide residue;~~
- ~~(2) Maintaining and reviewing cleaning, sanitizing, or maintenance logs to verify such actions have been taken;~~
- ~~(3) Conducting environmental testing to determine if equipment or utensils are contaminated with pathogens;~~
- ~~(4) Monitoring the temperature of raw materials that need to be held below 41 degrees Fahrenheit to prevent microbial contamination.~~
- ~~(f) The product quality plan shall identify actions to be taken if the evaluation and monitoring of the preventive measure indicates that the risk was not properly mitigated. The corrective action shall be specific to the type of product under evaluation and the specific risk to be mitigated. Examples of corrective actions that may be taken include, but are not limited to:~~
- ~~(1) Destruction of product components or finished product;~~
- ~~(2) Further processing of cannabis extract to remove impurities;~~
- ~~(3) Reworking the unfinished product to further homogenize the cannabinoids.~~

~~(g) The licensee shall maintain the product quality plans and documentation of preventive measures, monitoring results, and corrective actions and make the records available to the Department upon the Department's request, including during the Department's onsite inspection of the premises. Nothing in chapters 10 to 15 requires the disclosure of product quality plans other than to the Department and its inspectors and agents. The licensee may consider the product quality plan subject to trade secret protection.~~

~~Authority: Sections 26012, 26013 and 26130, Business and Professions Code.~~

~~Reference: Sections 26011.5 and 26131, Business and Professions Code.~~

~~§17215. Master Manufacturing Protocol.~~

~~(a) The licensee shall establish and follow a written master manufacturing protocol for each unique formulation of cannabis product manufactured, and for each batch size, in order to mitigate against the potential for adulteration through incorporation of incorrect amounts of cannabinoids, unintended ingredients, or hazards identified in the product quality plan; against the potential for misbranding through incorporation of ingredients not identified on the label or the mislabeling of product; and to ensure uniformity in finished batches and across all batches produced.~~

~~(b) The master manufacturing protocol shall include:~~

~~(1) The name and intended cannabinoid(s) concentration of the cannabis product to be manufactured;~~

~~(2) A complete list of components to be used;~~

~~(3) The weight or measure of each component to be used. The master manufacturing protocol for any given product may include the ability to adjust the weight or measure of cannabinoid-containing ingredients in order to account for the variability of cannabinoid content in harvest batches;~~

~~(4) The identity and weight or measure of each ingredient that will be declared on the ingredients list of the cannabis product;~~

~~(5) The expected yield of the finished product, based upon the quantity of components or packaging to be used in the absence of any loss or error in actual production, and the maximum and minimum percentages of expected yield beyond which a deviation investigation of a batch is necessary and material review is conducted and a decision on the disposition of the product is made;~~

~~(6) A description of packaging and a representative label, or a cross-reference to the physical location of the actual or representative label;~~

~~(7) Written instructions for each point, step, or stage in the manufacturing process; and~~

~~(8) Written instructions for any action to mitigate an identified risk established in the product quality plan.~~

~~(c) Nothing in chapters 10 to 15 requires disclosure of the master manufacturing protocol to any person other than the individuals conducting activities that utilize the protocol or to the Department and its inspectors and agents. The licensee may consider the master manufacturing protocol subject to trade secret protection.~~

~~Authority: Sections 26012, 26013 and 26130, Business and Professions Code.~~

~~Reference: Sections 26011.5 and 26131, Business and Professions Code.~~

~~§17216. Batch Production Record.~~

~~(a) The licensee shall prepare a written batch production record every time a batch of a cannabis product is manufactured. The batch production record shall accurately follow the appropriate master manufacturing protocol, and each step of the protocol shall be performed in the production of the batch.~~

~~(b) The batch production record shall document complete information relating to the production and control of each batch, including all of the following details:~~

~~(1) The UID and the batch or lot number of the finished batch of cannabis product and the UIDs of all cannabis or cannabis products used in the batch.~~

~~(2) The equipment and processing lines used in producing the batch;~~

~~(3) The date and time of the maintenance, cleaning, and sanitizing of the equipment and processing lines used in producing the batch, or a cross-reference to records, such as individual equipment logs, where this information is retained;~~

~~(4) The identification number assigned to each component, packaging, and label used, and, if applicable, to a cannabis product received from another licensee for packaging or labeling as a cannabis product;~~

~~(5) The identity and weight or measure of each component used;~~

~~(6) A statement of the actual yield and a statement of the percentage of expected yield at appropriate phases of processing;~~

~~(7) The actual results obtained during any monitoring operation;~~

~~(8) The results of any testing or examination performed during the batch production, or a cross-reference to such results; and~~

~~(9) Documentation, at the time of performance, of the manufacture of the batch, including:~~

~~(A) The date on which each step of the master manufacturing protocol was performed; and~~

~~(B) The initials of the persons performing each step, including:~~

~~(i) The initials of the person responsible for weighing or measuring each component used in the batch;~~

~~(ii) The initials of the person responsible for verifying the weight or measure of each component used in the batch;~~

- ~~(iii) The initials of the person responsible for adding the component to the batch; and~~
- ~~(iv) The initials of the person responsible for verifying the addition of components to the batch.~~

~~(10) Documentation, at the time of performance, of packaging and labeling operations, including:~~

~~(A) An actual or representative label, or a cross-reference to the physical location of the actual or representative label specified in the master manufacturing record;~~

~~(B) The expected number of packaging and labels to be used, the actual quantity of the packaging and labels used, and, when label reconciliation is required, reconciliation of any discrepancies between issuance and use of labels; and~~

~~(C) The results of any tests or examinations conducted on packaged and labeled cannabis products (including repackaged or relabeled cannabis products), or a cross-reference to the physical location of such results.~~

~~(11) Documentation, at the time of performance, that quality control personnel:~~

~~(A) Reviewed the batch production record;~~

~~(B) Reviewed all required monitoring operation(s);~~

~~(C) Reviewed the results of all tests and examinations, including tests and examinations conducted on components, finished batches of cannabis product, and packaged and labeled cannabis products;~~

~~(D) Either approved and released, or rejected, the batch for distribution; and~~

~~(E) Either approved and released, or rejected, the finished cannabis product, including any repackaged or relabeled cannabis product.~~

~~(12) Documentation, at the time of performance, of any required material review and disposition decision; and~~

~~(13) The Certificate of Analysis issued for the batch by the licensed testing laboratory, which shall be added to the record after regulatory compliance testing has been completed.~~

~~(c) The batch production record shall:~~

~~(1) Contain the actual values and observations obtained during monitoring and, as appropriate, during verification activities;~~

~~(2) Be accurate, indelible, and legible;~~

~~(3) Be created concurrently with performance of the activity documented; and~~

~~(4) Be as detailed as necessary to provide a history of work performed; including:~~

~~(A) Information to identify any associated manufacturing premises (e.g., the name, license number, and the location of the premises);~~

~~(B) The date and the time of the activity documented;~~

~~(C) The signature or initials of the person performing the activity; and~~

~~(D) The identity of the product, the UID, and the batch or lot number.~~

~~Authority: Sections 26012, 26013 and 26130, Business and Professions Code.~~

~~Reference: Sections 26011.5 and 26131, Business and Professions Code.~~

Article 5. Special Processing Requirements

§17217. Juice Processing.

~~(a) Requirements of this section shall apply to manufacturers of cannabis juice, and cannabis-infused juice or beverages.~~

~~(b) Manufacturers of cannabis juice or cannabis-infused juice or beverages shall prepare and implement a written juice hazard analysis and critical control plan in accordance with the requirements of 21 CFR, Part 120, subpart A, section 120.8, and subpart B, section 120.24, (Rev. January 2001), which is hereby incorporated by reference.~~

~~Authority: Sections 26012, 26013 and 26130, Business and Professions Code.~~

~~Reference: Sections 26011.5 and 26131, Business and Professions Code.~~

§17218. Dried Meat Processing.

~~Manufacturing of cannabis-infused dried meat products shall be conducted in accordance with the United States Department of Agriculture *FSIS Compliance Guideline for Meat and Poultry Jerky Produced by Small and Very Small Establishments: 2014 Compliance Guideline* (Rev. 2014), which is hereby incorporated by reference. Meat for processing into dried meat products shall be acquired from a commercially-available source.~~

~~Authority: Sections 26012, 26013 and 26130, Business and Professions Code.~~

~~Reference: Sections 26011.5 and 26131, Business and Professions Code.~~

Article 6. Other Responsibilities

§17219. Standard Operating Procedures.

~~(a) A licensee shall establish and maintain written standard operating procedures that are easily accessible to onsite personnel. The standard operating procedures shall, at minimum, include the following:~~

~~(1) Policies or procedures developed in accordance with the security plan required by Section 17200;~~

~~(2) Emergency response procedures, including safety data sheets for any chemicals on-site;~~

~~(3) Policies and procedures developed in accordance with Section 17206;~~

~~(4) Policies and procedures developed in accordance with Article 3 of this chapter (Good Manufacturing Practices);~~

~~(5) Procedures for complying with the track and trace requirements established in Article~~

~~2 of chapter 15;~~

~~(6) Inventory control procedures in compliance with Section 17222; and~~

~~(7) Cannabis waste management procedures in compliance with Section 17223.~~

~~(b) Procedures shall be written in English but may be made available in other languages, as necessary for the licensee's personnel.~~

~~Authority: Sections 26012, 26013 and 26130, Business and Professions Code.~~

~~Reference: Sections 26011.5, 26130 and 26160, Business and Professions Code.~~

~~§17220. Weights and Measures.~~

~~(a) Weighing devices used by a licensee shall be approved, tested, and sealed in accordance with the requirements in Chapter 5 (commencing with section 12500) of Division 5 of the Business and Professions Code, and registered with the county sealer consistent with Chapter 2 (commencing with section 12240) of Division 5 of the Business and Professions Code. Approved and registered devices shall be used whenever:~~

~~(1) Cannabis or cannabis product is bought or sold by weight or count;~~

~~(2) Cannabis or cannabis product is packaged for sale by weight or count;~~

~~(3) Cannabis or cannabis product is weighed or counted for entry into the track-and-trace system; and~~

~~(4) The weighing device is used for commercial purposes as defined in section 12500 of the Business and Professions Code.~~

~~(b) For the purposes of chapters 10 to 15, "count" means the numerical count of the individual cannabis product units.~~

~~(c) Whenever the licensee is determining the weight, measure, or count of cannabis and cannabis products for the purposes specified in subsection (a), the weight, measure, or count shall be determined by a licensed weighmaster as required by Chapter 7 (commencing with section 12700) of Division 5 of the Business and Professions Code. The weighmaster certificate required under section 12711 of the Business and Professions Code shall not be required when cannabis or cannabis products are weighed for entry into the track and trace system.~~

~~Authority: Sections 26012, 26013 and 26130, Business and Professions Code.~~

~~Reference: Sections 26011.5 and 26060, Business and Professions Code.~~

~~§17221. Training Program.~~

~~(a) The licensee shall implement a training program to ensure that all personnel present at the premises are provided information and training that, at minimum, covers the following topics:~~

~~(1) Within 30 days of the start of employment:~~

~~(A) Health and safety hazards;~~

~~(B) Hazards presented by all solvents or chemicals used at the licensed premises as described in the safety data sheet for each solvent or chemical;~~

~~(C) Emergency response procedures;~~

~~(D) Security procedures;~~

~~(E) Record keeping requirements; and~~

~~(F) Training requirements.~~

~~(2) Manufacturing and production personnel, prior to independently engaging in any cannabis manufacturing process:~~

~~(A) An overview of the cannabis manufacturing process and standard operating procedure(s);~~

~~(B) Quality control procedures;~~

~~(C) The product quality plans developed in accordance with Section 17214;~~

~~(D) Proper and safe usage of equipment or machinery;~~

~~(E) Safe work practices applicable to an employee's job tasks, including appropriate use of any necessary safety or sanitary equipment;~~

~~(F) Cleaning and maintenance requirements;~~

~~(G) Emergency operations, including shutdown; and~~

~~(H) Any additional information reasonably related to an employee's job duties.~~

~~(3) Additionally, a licensee that produces edible cannabis products shall ensure that all personnel who prepare, handle, or package edible products successfully complete a California food handler certificate course from an entity accredited by the American National Standards Institute (ANSI) within 90 days of commencing employment at the premises and again every three years during employment. The licensee shall obtain documentation evidencing the fulfillment of this requirement;~~

~~(4) The licensee shall ensure that all personnel receive annual refresher training to cover, at minimum, the topics listed in this subsection. This annual refresher training must be completed within 12 months of the previous training completion date.~~

~~(b) The licensee shall maintain a record of training which contains at minimum:~~

~~(1) A list of all personnel at the premises, including at minimum, name and job duties of each individual;~~

~~(2) Documentation of training topics and dates of training completion, including refresher training, for all personnel;~~

~~(3) The signature of each individual personnel and the licensee verifying receipt and understanding of each training or refresher training completed by the individual; and~~

~~(4) Any official documentation attesting to the successful completion of required training by personnel.~~

~~(c) The licensee may assign responsibility for the training of individual personnel to~~

~~supervisory personnel. Assigned supervisory personnel must have the education, training, or experience (or a combination thereof) necessary to ensure the production of quality cannabis products by all personnel. The assigned training personnel shall sign and date a document on an annual basis attesting that he or she has received and understands all information that will be provided to individual personnel in the training program. This documentation shall be maintained as part of the record requirements.~~

~~(d) For licensees in operation pursuant to Section 17100, applicable personnel shall receive required training no later than 90 days after the effective date of the annual license.~~

~~Authority: Sections 26012, 26013 and 26130, Business and Professions Code.~~

~~Reference: Sections 26011.5, 26130 and 26160, Business and Professions Code.~~

~~§17222. Inventory Control – Cannabis and Cannabis Products.~~

~~(a) A licensee shall establish and implement a written inventory control plan capable of tracking the location and disposition of all cannabis and cannabis products at the licensed premises.~~

~~(b) A licensee shall reconcile the on-hand inventory of cannabis and cannabis products at the licensed premises with the records in the track and trace database at least once every thirty (30) calendar days.~~

~~(c) If a licensee finds a discrepancy between the on-hand inventory and the track and trace database, the licensee shall conduct an audit.~~

~~(d) If the inventory reconciliation conducted pursuant to subsection (b) or the audit conducted pursuant to subsection (c) reveals a discrepancy that is more than five percent of the documented inventory, the licensee shall notify the Department within 24 hours of the discovery.~~

~~Authority: Sections 26012, 26013 and 26130, Business and Professions Code.~~

~~Reference: Sections 26011.5 and 26130, Business and Professions Code.~~

~~§17223. Waste Management.~~

~~(a) A licensee shall have a written cannabis waste management plan and shall dispose of all waste, including cannabis waste, in accordance with the Public Resources Code and any other applicable state and local laws, including laws regulating “organic waste” as defined in Public Resources Code section 42649.8(c). It is the responsibility of the licensee to properly evaluate waste to determine if it should be designated and handled as a hazardous waste, as defined in section 40141 of the Public Resources Code.~~

~~(b) A licensee shall dispose of any cannabis waste in a secured waste receptacle or secured area on the licensed premises. For the purposes of this section, “secured waste receptacle” or “secured area” means that physical access to the receptacle or area is restricted to the licensee, employees of the licensee, the local agency, waste hauler franchised or contracted by the local agency, or private waste hauler permitted by the local agency only. Public access to the designated receptacle or area shall be~~

prohibited.

~~(c) No cannabis product shall be disposed of in its packaging, and all cannabis waste shall be unrecognizable and unusable as cannabis or a cannabis product at the time of disposal. Nothing in this subsection shall be construed to require waste vape cartridges to be emptied of cannabis oil prior to disposal, provided that the vape cartridge is itself unrecognizable and unusable at the time of disposal.~~

~~(d) Cannabis waste shall be entered into the track and trace system as required under Section 17503.~~

~~(e) Cannabis waste may be collected from a licensee in conjunction with a regular organic waste collection route used by the local agency, a waste hauler franchised or contracted by the local agency, or a private waste hauler permitted by the local agency. If a local agency, a waste hauler franchised or contracted by the local agency, or a private waste hauler permitted by the local agency is being used to collect and process cannabis waste, a licensee shall do all of the following:~~

~~(1) Maintain and make available to the Department upon request the business name, address, contact person, and contact phone number of the entity hauling the waste; and~~

~~(2) Obtain documentation from the entity hauling the waste that evidences subscription to a waste collection service.~~

~~(f) If a licensee is self-hauling cannabis waste as allowed by the local jurisdiction, the licensee shall be subject to all of the following requirements:~~

~~(1) Self-hauled cannabis waste shall only be transported by the licensee or its employees;~~

~~(2) Self-hauled cannabis waste shall only be transported to one or more of the following:~~

~~(A) A manned fully permitted solid waste landfill or transformation facility;~~

~~(B) A manned fully permitted composting facility or manned composting operation;~~

~~(C) A manned fully permitted in-vessel digestion facility or manned in-vessel digestion operation; or~~

~~(D) A manned fully permitted transfer/processing facility or manned transfer/processing operation.~~

~~(3) The licensee or its employee who transports the waste shall obtain for each delivery of cannabis waste a copy of a certified weight ticket or receipt from the solid waste facility.~~

~~Authority: Sections 26012, 26013 and 26130, Business and Professions Code.~~

~~Reference: Sections 26011.5, 26013 and 26130, Business and Professions Code.~~

~~§17224. Consent to Sample Collection.~~

~~A manufacturer licensee that transfers possession but not title of cannabis products to a licensed distributor shall allow the Department, upon the Department's request, to collect samples for purposes of conducting oversight of licensed testing laboratories.~~

~~Authority: Sections 26012, 26013 and 26130, Business and Professions Code.~~

~~Reference: Sections 26011.5, 26013 and 26130, Business and Professions Code.~~

~~§17225. Product Complaints.~~

~~(a) The licensee shall establish and implement written procedures to ensure that:~~

~~(1) A qualified individual shall review and investigate all product complaints to determine whether such complaints involve a possible failure of a cannabis product to meet any of its specifications;~~

~~(2) Quality control personnel shall review and approve decisions determining whether to investigate a product complaint and shall review and approve the findings and follow up action(s) of any investigation performed;~~

~~(3) Pursuant to subsections (a) and (b) in this section, any review or investigative activities by qualified individuals and quality control personnel shall extend to all relevant batches and records.~~

~~(4) Quality control personnel shall maintain written records for every product complaint and subsequent investigation, if any. The records shall include:~~

~~(A) The name and description of the cannabis product;~~

~~(B) The batch number or UID of the cannabis product, if available;~~

~~(C) The date the complaint was received and the name, address, and telephone number of the complainant, if available;~~

~~(D) The nature of the complaint including, if known, how the product was used;~~

~~(E) The reply to the complainant, if any;~~

~~(F) The findings of the investigation or follow-up action taken when an investigation is performed; and~~

~~(G) The basis for any determination not to conduct an investigation.~~

~~(b) For purposes of this section, “product complaint” means any written, electronic, or oral communication that contains any allegation expressing concern, for any reason, with the quality of a cannabis product that could be related to the manufacturing practices. Examples of product complaints may include but are not limited to: foul odor, off taste, illness or injury, disintegration time, color variation, foreign material in a cannabis product container, improper packaging, mislabeling, cannabis products that contain an incorrect concentration of cannabinoids, or cannabis products that contain an unidentified ingredient, or any form of contaminant.~~

~~Authority: Sections 26012, 26013 and 26130, Business and Professions Code.~~

~~Reference: Sections 26011.5 and 26131, Business and Professions Code.~~

~~§17226. Recalls.~~

~~(a) Licensees shall establish and implement written procedures for recalling cannabis products manufactured by the licensee that are determined to be misbranded or adulterated. These procedures shall include:~~

~~(1) Factors which necessitate a recall;~~

~~(2) Personnel responsible for implementing the recall procedures; and~~

~~(3) Notification protocols, including:~~

~~(A) A mechanism to notify all customers that have, or could have, obtained the product, including communication and outreach via media, as necessary and appropriate;~~

~~(B) A mechanism to notify any licensees that supplied or received the recalled product;~~

~~(C) Instructions to the general public and other licensees for the return or destruction of the recalled product.~~

~~(4) Procedures for the collection and destruction of any recalled product. Such procedures shall meet the following requirements:~~

~~(A) All recalled products that are intended to be destroyed shall be quarantined for a minimum of 72 hours. The licensee shall affix to the recalled products any bills of lading, shipping manifests, or other similar documents with product information and weight. The product held in quarantine shall be subject to auditing by the Department.~~

~~(B) Following the quarantine period, the licensee shall render the recalled cannabis product unusable and unrecognizable and dispose of it in accordance with Section 17223, and do so on video surveillance in accordance with Section 17201.~~

~~(b) In addition to the tracking requirements set forth in Section 17503, a licensee shall use the track-and-trace database and on-site documentation to ensure that recalled cannabis products intended for destruction are identified, weighed, and tracked while on the licensed premises and when disposed of in accordance with this section. For recalled cannabis products, the licensee shall enter the following details into the track-and-trace database: the weight and count of the product, reason for destruction, and the date the quarantine period will begin.~~

~~(c) The licensee shall notify the Department of any recall within 24 hours of initiating the recall.~~

~~Authority: Sections 26012, 26013 and 26130, Business and Professions Code.~~

~~Reference: Sections 26011.5 and 26131, Business and Professions Code.~~

Chapter 12. Enforcement

Article 1. Authority

§17800. Right of Access.

(a) The Department and its authorized representatives, for purposes of inspection, investigation, review, or audit, shall have full and immediate access to:

(1) Enter any premises licensed by the Department.

(2) Inspect and test any vehicle or equipment possessed by, in control of, or used by a licensee or their agents and employees for the purpose of conducting commercial cannabis activity.

(3) Test any cannabis goods or cannabis-related materials or products possessed by, in control of, or used by a licensee or their agents and employees for the purpose of conducting commercial cannabis activity.

(4) Copy any materials, books, or records of any licensee or their agents and employees.

(b) Failure to cooperate with and participate in any Department investigation pending against the licensee may result in a licensing violation subject to discipline. This subsection shall not be construed to deprive a licensee of any privilege guaranteed by the Fifth Amendment to the Constitution of the United States, or any other constitutional or statutory privileges. This subsection shall not be construed to require a licensee to cooperate with a request that would require the licensee to waive any constitutional or statutory privilege or to comply with a request for information or other matters within an unreasonable period of time in light of the time constraints of the licensee's business. Any constitutional or statutory privilege exercised by the licensee shall not be used against the licensee in a regulatory or disciplinary proceeding against the licensee.

(c) Prior notice of an inspection, investigation, review, or audit is not required.

(d) Any inspection, investigation, review, or audit of a licensed premises shall be conducted anytime the licensee is exercising privileges under the license, or as otherwise agreed to by the Department and the licensee or its agents, employees, or representatives.

(e) If the licensed premises is not accessible because access is only available by going through another licensed premises and the licensee occupying the other licensed premises denies the Department access, the licensees shall both be held responsible and subject to discipline.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26013, 26015 and 26160, Business and Professions Code; and Section 11181, Government Code.

Article 2. Compliance and Enforcement Actions

§17801. Notice to Comply.

(a) The Department may issue a Notice to Comply to a licensee for violation(s) of the Act or this division discovered during an investigation or observed during an inspection.

(b) The Notice to Comply shall be in writing and describe the nature and facts of each violation, including a reference to the statute or regulation violated, and may indicate the manner in which the licensee must correct the violation(s) to achieve compliance.

(c) The Department may serve the Notice to Comply personally or by mail to the licensee, employee, agent, or person delegated by the licensee to accept notice.

(d) The licensee shall sign and return the Notice to Comply and, if required, a written plan to address the violations or describe how compliance was achieved within 30 calendar days after the date of personal service or mailing of the notice, or a different date specified by the Department. The Department may also require the licensee to provide a plan for review and approval by the Department on a case-by-case basis.

(e) Failure to correct the violation(s) in the Notice to Comply may result in disciplinary action.

Authority: Section 26013, Business and Professions Code; Reference: Sections 26012 and 26018, Business and Professions Code.

§17801.1 Notice of Violation.

(a) Until October 1, 2021, the Department may issue a Notice of Violation to a licensee for violation(s) of the Act of this division that shall inform the licensee of:

(1) The violation(s) alleged;

(2) The proposed fine amount; and

(3) The licensee's right to request a hearing pursuant to subsection (b).

(b) Within 30 calendar days after issuance by the Department, a licensee may appeal a Notice of Violation by submitting a written request for an informal hearing by mail to the Department of Cannabis Control, Legal Affairs Division, 2920 Kilgore Road, Rancho Cordova, CA 95670, or by email to appeals@cannabis.ca.gov. The request shall include the following:

(1) The licensee's name, mailing address, and daytime phone number;

(2) The license number issued by the Department;

(3) A copy of the Notice of Violation; and

(4) A clear and concise statement of the basis of the appeal.

(c) If the licensee fails to submit a timely request for hearing pursuant to subsection (b), the Notice of Violation is not appealable and the Department may proceed upon the noticed violation(s) without a hearing.

(d) A hearing requested to appeal a Notice of Violation will be scheduled and conducted

in accordance with chapter 5 (commencing with section 11500) of part 1 of division 3 of the Government Code.

(e) For all written requests for a hearing submitted by licensees and received by the Department prior to October 1, 2021, with hearings scheduled to take place on or after October 1, 2021, the following will occur:

(1) Informal hearing proceedings noticed prior to October 1, 2021, shall be converted to adjudicative proceedings under chapter 5 (commencing with section 11500) of part 1 of division 3 of the Government Code.

(2) Any scheduled informal hearings will be vacated, and a new hearing date, location and time will be noticed by the Department.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26012, 26031 and 26031.5, Business and Professions Code.

§17801.5. Embargo of Cannabis or Cannabis Products.

(a) The Department may embargo cannabis or cannabis products to prevent their sale, disposal, or removal from the location when the Department has probable cause to believe the cannabis or cannabis products are adulterated or misbranded or the sale would otherwise be in violation of the Act or this division.

(b) To embargo cannabis or cannabis products, the Department shall:

(1) Provide initial notice to the licensee or product owner that the cannabis or cannabis products are subject to embargo and the reason for the embargo. Initial notice may be oral or written and may be provided in person or by telephone, mail, facsimile transmission, email, or other electronic means;

(2) Affix a tag or marking to the cannabis or cannabis products, or component thereof, subject to embargo; and

(3) Provide an inventory of the embargoed items to the licensee or product owner.

(c) The Department shall further provide written notice to the licensee or product owner of the embargoed items that includes the following:

(1) The factual and legal bases for the embargo;

(2) A description of the cannabis or cannabis products under embargo;

(3) A request for a written plan to address the issues(s) that resulted in the embargo;

(4) A summary of the proceedings for condemnation in accordance with chapter 5 (commencing with section 11500) of part 1 of division 3 of title 2 of the Government Code;

(5) Notification that the embargoed items cannot be removed, sold, or disposed of without authorization of the Department or a court; and

(6) The penalty for violation of the embargo.

(d) The licensee or product owner may submit a written plan to the Department that

describes how the licensee or product owner will address the issue(s) that resulted in the embargo.

(1) If the Department determines that the plan will resolve the issue(s) that resulted in the embargo, and that all of the provisions of the Act and this division can be complied with, the Department will approve the plan and supervise the completion of the plan.

(2) If the Department cannot approve the plan, or the Department does not receive a response from the licensee within seven (7) calendar days after providing the notice described in subsection (c), the Department may initiate condemnation proceedings in accordance with Business and Professions Code section 26039.3(f).

(e) A licensee or product owner or their authorized representative may provide written consent for the voluntary condemnation and destruction of the cannabis and cannabis products under embargo. Destruction and disposal of embargoed items shall be at the licensee or product owner's expense and shall be conducted under the supervision of the Department.

(f) A licensee or product owner shall not remove the tag or marking from cannabis or cannabis products subject to embargo.

(g) A licensee or product owner shall not remove, sell, or dispose of any cannabis or cannabis products under embargo without written permission of the Department or a court. Each item removed, sold, or disposed of without written permission of the Department or a court constitutes a separate violation of the Act.

(h) A licensed cultivator or a microbusiness authorized to engage in cultivation may request permission to continue cultivation or harvesting of cannabis under embargo. The request shall be made to the Department in writing at compliance@cannabis.ca.gov and shall specify the cultivation or harvesting activities in which the licensee requests to engage. The Department may, in its sole discretion, authorize and impose conditions on the continued cultivation or harvesting of the cannabis under embargo.

Authority: Section 26013, Business and Professions Code. Reference: Section 26039.3, Business and Professions Code.

§17802. Citations; Orders of Abatement; Administrative Fines.

(a) The Department may issue citations containing orders of abatement and fines against a licensee, or an unlicensed person, for any acts or omissions that are in violation of any provision of the Act or this division, or any another California laws applicable to cannabis licensees including, but not limited to, state labor law.

(b) The Department may issue a citation under this section to a licensee for a violation of a term or condition contained in a decision placing that licensee on probation.

(c) Each citation may contain either order(s) of abatement, monetary fine(s), or both, and shall:

(1) Be in writing and describe with particularity the nature of the violation, including a reference to the statute or regulation determined to have been violated;

(2) Fix a reasonable time for abatement of the violation if the citation contains an order of abatement;

(3) Assess an administrative fine of up to \$5,000 per violation, per day, by a licensee and up to \$30,000 per violation, per day, by an unlicensed person if the citation contains a fine;

(4) Be served personally or by certified mail; and

(5) Inform the licensee or person that they may request an informal conference, or contest the citation, or both, pursuant to section 17803 of this division.

(d) Fines issued with a citation must be paid within 30 calendar days after service of the citation, unless the fine is contested. If a citation is not appealed and the fine is not paid, the full amount of the assessed fine shall be added to the fee for renewal of the license. A license shall not be renewed without payment of the renewal fee and fine.

(e) The amount of any fine assessed by the Department under this section shall take into consideration the factors listed in Business and Professions Code section 26031.5(a)(1)-(3).

(f) Nothing in this section shall be deemed to prevent the Department from filing an accusation to suspend or revoke a license where grounds for such suspension or revocation exist.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26012, 26030 and 26031.5, Business and Professions Code.

§17803. Contesting Citations.

(a) A cited licensee or person may, within 30 calendar days after service of the citation, contest the citation by submitting to the Department a written request for a hearing, conducted in accordance with chapter 5 (commencing with section 11500) of part 1 of division 3 of the Government Code. If a hearing is not requested, it is waived and payment of a fine will not constitute an admission of the violation charged.

(b) In addition to requesting a hearing provided for in subsection (a), the cited licensee or person may, within 15 calendar days after service of the citation, submit a written request for an informal conference with the Department regarding the acts or omissions charged in the citation.

(c) The Department shall, within 15 calendar days after receipt of the written request, hold an informal conference with the cited licensee or person and/or their legal counsel or authorized representative.

(d) At the conclusion of the informal conference, the Department may affirm, modify, or dismiss the citation, including any fines levied or orders of abatement issued. A written decision stating the reasons for the decision shall be mailed to the cited licensee or person and their legal counsel, if any, within 15 calendar days after the date of the informal conference. This decision shall be deemed to be a final order with regard to the citation issued, including the levied fine and the order of abatement, if any.

(e) If the citation is dismissed, any request for a hearing shall be deemed withdrawn. If the citation is affirmed or modified, the cited licensee or person may either withdraw the request for a hearing or proceed with the administrative hearing process.

(f) If the citation, including any fines levied or orders of abatement issued, is modified, the citation originally issued shall be considered withdrawn and new citation issued. If a hearing is requested for the subsequent citation, it shall be requested within 30 calendar days after issuance of the citation.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26012, 26016 and 26031.5, Business and Professions Code.

§17804. Citation Compliance.

(a) If a citation with an order of abatement is issued, the time to abate or correct a violation as provided for in the order of abatement may be extended for good cause. If a cited licensee or person who has been issued an order of abatement is unable to complete the correction within the time set forth in the citation because of conditions beyond their control after the exercise of reasonable diligence, the cited licensee or person may request an extension of time from the Department in which to complete the correction. The request must be in writing and made within the time set forth for abatement.

(b) When a citation is not contested, or if it is contested and the cited licensee or person does not prevail, failure to abate the violation within the time allowed or pay a fine that was imposed shall constitute a separate violation.

(c) Failure to timely comply with an order of abatement or pay a fine that was imposed may result in further action being taken by the Department, including, but not limited to, suspension or revocation of a license, or further administrative or civil proceedings.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26012 and 26031.5, Business and Professions Code.

§17805. Minor Decoys.

(a) Peace officers may use a person under 21 years of age to attempt to purchase cannabis goods, for the purposes of enforcing the Act and to apprehend licensees, employees, or agents of licensees who sell cannabis goods to minors. For purposes of this section, a "minor" is a person under 21 years of age.

(b) The following minimum standards shall apply to the use of a minor decoy:

(1) At the time of the operation, the decoy shall be less than 20 years of age.

(2) A decoy shall either carry identification showing the decoy's correct date of birth or carry no identification. A decoy who carries identification shall present it upon request to any seller of cannabis goods.

(3) A decoy shall truthfully answer any questions about their age.

(4) Following any completed sale, but not later than the time a citation, if any, is issued,

the peace officer directing the decoy shall make a reasonable attempt to enter the licensed premises or respond to the location where the licensee is located and have the minor decoy who purchased cannabis goods identify the alleged seller of the cannabis goods.

Authority: Sections 26013 and 26140, Business and Professions Code. Reference: Section 26140, Business and Professions Code.

§17806. Attire and Conduct.

(a) No licensee shall allow the following:

(b) Employment or use of any person in the sale or service of cannabis goods in or upon the licensed premises while such person is unclothed or in such attire, costume, or clothing as to expose to view any portion of the breast below the top of the areola or of any portion of the pubic hair, anus, cleft of the buttocks, vulva, or genitals.

(c) Employment or use of the services of any host or other person to mingle with the patrons while such host or other person is unclothed or in such attire, costume, or clothing as described in subsection (a).

(d) Encouraging or permitting any person on the licensed premises to touch, caress, or fondle the breasts, buttocks, anus, or genitals of any other person.

(e) Permitting any employee or person to wear or use any device or covering, exposed to view, which simulates the breast, genitals, anus, pubic hair, or any portion thereof.

Authority: Section 26013, Business and Professions Code. Reference: Section 26011.5, Business and Professions Code.

§17807. Entertainers and Conduct.

(a) Live entertainment is permitted on a licensed premises, except that no licensee shall permit any person to perform acts of or acts that simulate:

(1) Sexual intercourse, masturbation, sodomy, bestiality, oral copulation, flagellation, or any sexual acts that are prohibited by law.

(2) Touching, caressing, or fondling of the breast, buttocks, anus, or genitals.

(3) Displaying of the buttocks, breasts, pubic hair, anus, vulva, or genitals.

(b) No licensee shall permit any person to use artificial devices or inanimate objects to depict any of the prohibited activities described in this section.

(c) No licensee shall permit any person to remain in or upon the licensed premises who exposes to public view any portion of their breast, buttocks, genitals, or anus.

Authority: Section 26013, Business and Professions Code. Reference: Section 26011.5, Business and Professions Code.

Article 3. Disciplinary Actions

§17808. Additional Grounds for Discipline.

The following include, but are not limited to, additional grounds that constitute a basis for disciplinary action:

(a) Failure to pay a fine imposed by the Department or agreed to by the licensee.

(b) Failure to take reasonable steps to correct objectionable conditions on the licensed premises, including the immediately adjacent area that is owned, leased, or rented by the licensee, that constitute a nuisance, within a reasonable time after receipt of notice to make those corrections, under Penal Code section 373a.

(c) Failure to take reasonable steps to correct objectionable conditions that occur during operating hours on any public sidewalk abutting a licensed premises and constitute a nuisance, within a reasonable time after receipt of notice to correct those conditions from the Department. This subsection shall apply to a licensee only upon written notice to the licensee from the Department. The Department shall issue this written notice upon its own determination, or upon a request from the local law enforcement agency in whose jurisdiction the licensed premises is located, that is supported by substantial evidence that persistent objectionable conditions are occurring on the public sidewalk abutting the licensed premises. For purposes of this subsection:

(1) "Any public sidewalk abutting a licensed premises" means the publicly owned, pedestrian-traveled way, not more than 20 feet from the licensed premises, that is located between a licensed premises, including any immediately adjacent area that is owned, leased, or rented by the licensee, and a public street.

(2) "Objectionable conditions that constitute a nuisance" means disturbance of the peace, public intoxication, drinking alcoholic beverages in public, smoking or ingesting cannabis or cannabis products in public, harassment of passersby, gambling, prostitution, loitering, public urination, lewd conduct, drug trafficking, or excessive loud noise.

(3) "Reasonable steps" means all of the following:

(A) Calling the local law enforcement agency. Timely calls to the local law enforcement agency that are placed by the licensee or their agents or employees shall not be construed by the Department as evidence of objectionable conditions that constitute a nuisance.

(B) Requesting that those persons engaging in activities causing objectionable conditions to cease those activities, unless the licensee or their agents or employees feel that their personal safety would be threatened in making that request.

(C) Making good faith efforts to remove items that facilitate loitering, such as furniture, except those structures approved or permitted by the local jurisdiction. The licensee shall not be liable for the removal of those items that facilitate loitering.

(4) When determining what constitutes "reasonable steps," the Department shall consider site configuration constraints related to the unique circumstances of the nature of the business.

(5) Even after correcting the objectionable conditions that constitute a nuisance, the licensee has a continuing obligation to meet the requirements of subsections (b) and (c), and failure to do so shall constitute grounds for disciplinary action.

(d) Knowingly permitting the illegal sale, or negotiations for the illegal sale, of controlled substances or dangerous drugs upon the licensed premises. Successive sales, or negotiations for sales, over any continuous period of time shall be deemed evidence of permission. As used in this section, "controlled substances" has the same meaning as in Health and Safety Code section 11007, and "dangerous drugs" has the same meaning as in Business and Professions Code section 4022.

(e) If the licensee has employed or permitted any person to solicit or encourage others, directly or indirectly, to buy that person's cannabis goods in the licensed premises under any commission, percentage, salary, or other profit-sharing plan, scheme, or conspiracy.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26011.5, 26012, 26030 and 26031, Business and Professions Code.

§17809. Disciplinary Actions.

(a) When an accusation recommending disciplinary action against a licensee has been filed pursuant to Business and Professions Code section 26031, the accusation shall be served on the licensee in accordance with Government Code section 11505.

(b) A hearing shall be conducted in accordance with the provisions of chapter 5 (commencing with section 11500) of part 1 of division 3 of title 2 of the Government Code to determine if cause exists to take action against the licensee. At the hearing, the Department shall have all of the powers granted by the statutes cited above and by the Business and Professions Code.

(c) If a hearing on an accusation against a licensee results in a finding that the licensee has committed any of the acts or omissions constituting grounds for disciplinary action, the Department may order the license revoked, suspended outright for a specified period of time, or suspended on probationary restriction for a specified period of time, including terms and conditions of probation the Department considers appropriate on the basis of its findings, impose a fine, or any combination thereof. The Department may also issue other lawful orders it considers appropriate on the basis of its findings.

(d) An accusation may be terminated by written stipulation at any time prior to the conclusion of the hearing on the accusation. If a licensee submits a proposed stipulation to the Department for its consideration and the Department subsequently declines to accept the proposed stipulation, the Department shall not thereafter be disqualified from hearing evidence on the accusation and taking action thereon as authorized in this section.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26012, 26031 and 26034, Business and Professions Code.

§17810. Interim Suspension.

(a) Pursuant to Business and Professions Code section 494, the Department may petition for an interim order to suspend any license or impose licensing restrictions upon any licensee if:

(1) The licensee has engaged in acts or omissions constituting a violation of the Business and Professions Code or this division, or been convicted of a crime substantially related to the licensed activity, and

(2) Permitting the licensee to continue to engage in the licensed activity would endanger the public health, safety, or welfare.

(b) An interim order for suspension or restrictions may be issued with notice, as follows:

(1) The Department shall provide the licensee with at least 15 days' notice of the hearing on the petition for an interim order.

(2) The notice shall include all documents submitted in support of the petition.

(c) An interim order for suspension or restrictions may be issued without notice to the licensee if it appears from the Department's petition and supporting documents that serious injury would result to the public before the matter could be heard on notice.

(2) The licensee shall be entitled to a hearing on the petition within 20 days after issuance of the initial interim order.

(3) Notice of the hearing shall be provided to the licensee by the Department within two days after issuance of the initial interim order.

(4) The licensee shall receive all documents in support of the petition.

(d) The Department shall file an accusation, pursuant to chapter 5 (commencing with section 11500) of part 1 of division 3 of title 2 of the Government Code, within 15 calendar days after issuance of the interim order.

Authority: Section 26013, Business and Professions Code; Reference: Sections 494, 26011.5, 26012 and 26031, Business and Professions Code.

§17813. Enforcement Costs.

(a) In any order in resolution of a disciplinary proceeding for suspension or revocation of a license, the Department may request the administrative law judge to direct a licensee found to have committed a violation or violations of the Act or this division to pay a sum not to exceed the reasonable costs of the investigation and enforcement of the case.

(b) A certified copy of the actual costs, or a good faith estimate of costs where actual costs are not available, signed by the Department's designated representative shall be prima facie evidence of reasonable costs of investigation and prosecution of the case. The costs shall include the amount of investigative and enforcement costs up to the date of the hearing, including, but not limited to, charges imposed by the Attorney General.

(c) The administrative law judge shall make a proposed finding of the amount of reasonable costs of investigation and prosecution of the case when requested pursuant

to subsection (a). The Department may reduce or eliminate the cost award, or remand to the administrative law judge where the proposed decision fails to make a finding on costs requested pursuant to subsection (a).

(d) Where an order for recovery of costs is made and timely payment is not made as directed in the decision, the Department may enforce the order for repayment in any appropriate court. This right of enforcement shall be in addition to any other rights the Department may have to recover costs.

(e) In any action for recovery of costs, proof of the decision shall be conclusive proof of the validity of the order of payment and the terms for payment.

(f) Except as provided in subsection (g), the Department shall not renew or reinstate any license of a licensee who has failed to pay all of the costs ordered under this division.

(g) Notwithstanding subsection (f), the Department may, in its discretion, conditionally renew or reinstate for a maximum of one year the license of any licensee who demonstrates financial hardship and enters into a formal agreement with the Department for reimbursement within that one-year period for the unpaid costs.

(h) Nothing in this section shall preclude the Department from including recovery of the costs of investigation and enforcement of a case in any stipulated settlement.

Authority: Section 26013, Business and Professions Code; Reference: Sections 125.3, 26012 and 26031, Business and Professions Code.

§17814. Disciplinary Guidelines.

In reaching a decision on a disciplinary action under the Act and the Administrative Procedure Act (Govt. Code section 11400 et seq.), the Department shall consider the disciplinary guidelines entitled “Department of Cannabis Control Disciplinary Guidelines for All Commercial Cannabis Licenses Amended September 2021,” which are hereby incorporated by reference. Deviation from these guidelines and orders, including the standard terms of probation, is appropriate where the Department in its sole discretion determines that the facts of the particular case warrant such a deviation (e.g., the presence of mitigating factors, the age of the case, or evidentiary problems).

Authority: Section 26013, Business and Professions Code; Reference: Sections 26012 and 26031, Business and Professions Code.

Article 4. Emergency Decision and Orders

§17815. Emergency Decision and Order.

(a) The Department may issue an emergency decision and order for temporary, interim relief to prevent or avoid immediate danger to the public health, safety, or welfare. Such circumstances include, but are not limited to, the following:

(1) The Department has information that cannabis goods at a licensee’s premises have a reasonable probability of causing serious adverse health consequences or death.

(2) To prevent the sale, transfer, or transport of contaminated or illegal cannabis goods in

possession of a licensee.

(3) The Department observes or has information that conditions at a licensee's premises exist that present an immediate risk to worker or public health and safety.

(4) To prevent illegal diversion of cannabis goods, or other criminal activity at a licensee's premises.

(5) To prevent the destruction of evidence related to illegal activity or violations of the Act.

(6) To prevent misrepresentation to the public, such as selling untested cannabis goods, providing inaccurate information about the cannabis goods or cannabis goods that have been obtained from an unlicensed person.

(b) Temporary, interim relief may include a suspension or administrative hold by one or more of the following:

(1) An order temporarily suspending a license.

(2) An order to segregate or isolate specific cannabis goods.

(3) An order prohibiting the movement of cannabis goods to or from the premises.

(4) An order prohibiting the sale of specific cannabis goods.

(5) An order prohibiting the destruction of specific cannabis goods.

(c) The emergency decision and order issued by the Department shall include a brief explanation of the factual and legal bases of the emergency decision that justify the Department's determination that emergency action is necessary, and the specific actions ordered. The emergency decision and order shall be effective when issued or as otherwise provided by the decision and order.

(d) To issue an administrative hold that prohibits activity related to specified cannabis goods, the Department shall comply with the following:

(1) Provide notice of the administrative hold that includes a description of the cannabis goods subject to the administrative hold.

(2) Following notice, the Department shall identify the cannabis goods subject to the administrative hold in the track and trace system.

(e) A licensee subject to an administrative hold shall comply with the following:

(1) Within 24 hours after receipt of notice of the administrative hold, physically segregate all designated cannabis goods in a limited-access area of the licensed premises. The licensee shall ensure that all cannabis goods subject to the administrative hold are safeguarded and preserved in a manner that prevents tampering, degradation, or contamination.

(2) While the administrative hold is in effect, the licensee shall not sell, donate, transfer, transport, gift, or destroy the cannabis goods subject to the hold.

(3) A microbusiness licensee subject to an administrative hold may continue to cultivate any cannabis subject to an administrative hold. If the cannabis subject to the hold must

be harvested, the licensee shall place the harvested cannabis into separate batches.

(4) A licensee may voluntarily surrender cannabis goods that are subject to an administrative hold. The licensee shall identify the cannabis goods being voluntarily surrendered in the track and trace system. Voluntary surrender shall not be construed to waive the right to a hearing or any associated rights.

(f) To issue a temporary suspension, the Department shall specify in the order that the licensee shall immediately cease conducting all commercial cannabis activities under its license, unless otherwise specified in the order.

(g) A microbusiness licensee subject to a temporary suspension may continue to cultivate cannabis at the licensed premises only as prescribed by the Department in the order. If the order permits the cannabis to be harvested, the licensee shall place the harvested cannabis into separate batches.

(h) The emergency decision and order for temporary, interim relief shall be issued in accordance with the following procedures:

(1) The Department shall give notice of the emergency decision and order and an opportunity to be heard to the licensee prior to the issuance, or effective date, of the emergency decision and order, if practicable.

(2) Notice and hearing under this section may be oral or written and may be provided by telephone, personal service, mail, facsimile transmission, electronic mail, or other electronic means, as the circumstances permit.

(3) Notice may be given to the licensee, any person meeting the definition of owner for the license, or to a manager or other personnel at the licensed premises.

(4) Upon receipt of the notice, the licensee may request a hearing within three (3) business days by submitting a written request for hearing to the Department through electronic mail, facsimile transmission, or other means. The hearing shall commence within five (5) business days after receipt of the written request for hearing, unless a later time is agreed upon by the Department and the licensee.

(5) The hearing may be conducted in the same manner as an informal conference under section 17803; however, the timeframes provided in section 17803 shall not apply to a hearing under this section. Pre-hearing discovery or cross-examination of witnesses is not required under this section.

(6) The emergency decision and order shall be affirmed, modified, or set aside as determined appropriate by the Department within five (5) business days after the hearing.

(i) Within ten (10) calendar days after the issuance or effective date of the emergency decision and order for temporary, interim relief, the Department shall commence adjudicative proceedings in accordance with chapter 5 (commencing with section 11500) of part 1 of division 3 of title 2 of the Government Code to resolve the underlying issues giving rise to the temporary, interim relief.

(j) After formal proceedings are held pursuant to subsection (i), a licensee aggrieved by a final decision of the Department may appeal the decision to the Cannabis Control Appeals Panel pursuant to section 26043 of the Act.

(k) Notwithstanding administrative proceedings commenced pursuant to subsection (i), the licensee may obtain judicial review of the emergency decision and order pursuant to section 1094.5 of the Code of Civil Procedure in the manner provided in section 11460.80 of the Government Code without exhaustion of administrative remedies.

(l) The Department's authority provided by this section may be used in addition to any civil, criminal, or other administrative remedies available to the Department.

Authority: Section 26013, Business and Professions Code. Reference: Section 26012, Business and Professions Code; and Sections 11460.10, 11460.20, 11460.30, 11460.40, 11460.50, 11460.60, 11460.70 and 11460.80, Government Code.

Article 5. Posting Notices of Suspension and Revocation

§17816. Posting of Notice of Suspension.

(a) A licensee whose license has been suspended shall conspicuously and continuously display a notice on the exterior of the licensee's premises for the duration of the suspension.

(b) The notice shall be 11 inches in length and 8.5 inches in width. The notice shall read:

NOTICE OF SUSPENSION

The Department of Cannabis Control License(s) Issued For This Premises Has Been Suspended For Violation of State Law

(c) Advertising or posting signs to the effect that the licensed premises has been closed or that business has been suspended for any reason other than the reason provided in the decision suspending the license, shall be deemed a violation of this section.

(d) Failure to display the notice as required in this section or removal of the notice prior to the expiration of the suspension shall be a violation of this section and may result in additional disciplinary action.

(e) A licensee shall notify the Department by submitting the Licensee Notification and Request Form, Notifications and Requests Regarding Regulatory Compliance, DCC-LIC-028 (New 9/21), incorporated herein by reference, within 24 hours of discovering that the notice under subsection (b) of this section has been removed or damaged to an extent that makes the notice illegible.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26011.5 and 26012, Business and Professions Code.

§17817. Posting of Notice of Revocation.

(a) A person whose license has been revoked shall conspicuously display a notice on the exterior of the premises indicating that the license has been revoked. The notice shall remain continuously on the premises for at least 15 calendar days.

(b) The notice shall be 11 inches in length and 8.5 inches in width. The notice shall read:

NOTICE OF REVOCATION

The Department of Cannabis Control License(s) Issued For This Premises Has Been Revoked For Violation of State Law

(c) Advertising or posting signs to the effect that the premises has been closed, or that business has been suspended for any reason other than the reason provided in the decision revoking the license, shall be deemed a violation of this section.

(d) If the Department revokes a license at a licensed premises that has one or more licenses at the location that will remain active after the revocation, the revocation notice shall remain posted for a period of at least 15 calendar days.

(e) Failure to display the notice for the time required in this section shall be a violation of this section and may result in additional disciplinary action.

(f) A person whose license has been revoked shall notify the Department by submitting the Licensee Notification and Request Form, Notifications and Requests Regarding Regulatory Compliance, DCC-LIC-028 (New 9/21), incorporated herein by reference, within 24 hours of discovering that the notice under subsection (b) has been removed or damaged to an extent that makes the notice illegible.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26011.5 and 26012, Business and Professions Code.

Chapter 13. Products

Article 1. Cannabis Product Standards

§17300. Prohibited Products.

The following types of products shall not be sold as cannabis products:

~~(a) Alcoholic beverages, as defined in section 23004 of the Business and Professions Code. This prohibition does not apply to tinctures that meet the requirements of Section 17303;~~

~~(b) Any product containing any non-cannabinoid additive that would increase potency, toxicity, or addictive potential, or that would create an unsafe combination with other psychoactive substances. Prohibited additives include, but are not limited to, nicotine and caffeine. This prohibition shall not apply to products containing naturally occurring caffeine, such as coffee, tea, or chocolate;~~

~~(c) Any cannabis product that must be held at or below 41 degrees Fahrenheit to keep it safe for human consumption, including, but not limited to, cream or custard-filled pies; pies or pastries which consist in whole or in part of milk or milk products, or eggs; and meat-filled pies or pastries. This prohibition shall not apply to juices or beverages that need to be held below 41 degrees Fahrenheit if the juice or beverage was processed in accordance with Section 17217, or to infused butter manufactured as permitted by subsection (g);~~

- ~~(d) Any thermally processed low acid cannabis product packed in a hermetically sealed container that, if it did not contain cannabis, would be subject to the manufacturing requirements of Title 21, Code of Federal Regulations, Part 113;~~
- ~~(e) Any acidified cannabis product that, if it did not contain cannabis, would be subject to the manufacturing requirements of Title 21, Code of Federal Regulations, Part 114;~~
- ~~(f) Any juice that is not shelf stable or that is not processed in accordance with Section 17217;~~
- ~~(g) Dairy products of any kind, as prohibited by section 26001(t) of the Act, except that butter purchased from a licensed milk products plant or retail location that is subsequently infused or mixed with cannabis may be sold as a cannabis product;~~
- ~~(h) Meat products other than dried meat products prepared in accordance with Section 17218;~~
- ~~(i) Seafood products of any kind;~~
- ~~(j) Any product that is manufactured by application of cannabinoid concentrate or extract to commercially available candy or snack food items without further processing of the product. Commercially available candy or snack food items may be used as ingredients in a cannabis product, provided that they are used in a way that renders them unrecognizable as the commercially available items and the label, including the ingredient list, does not note that the final cannabis product contains the commercially available item;~~
- ~~(k) Any cannabis product that the Department determines, on a case-by-case basis, is attractive to children, as specified in Section 17408;~~
- ~~(l) Any cannabis product that the Department determines, on a case-by-case basis, is easily confused with commercially available foods that do not contain cannabis;~~
- ~~(m) Any cannabis product in the shape of, or imprinted with the shape, either realistic or caricature, of a human being, animal, insect, or fruit.~~

~~Authority: Sections 26012, 26013 and 26130, Business and Professions Code.~~

~~Reference: Sections 26011.5 and 26130, Business and Professions Code; and Section 37104, Food and Agricultural Code.~~

~~§17301. Requirements for Edible Cannabis Products.~~

- ~~(a) Except for cannabis, cannabis concentrate, or terpenes, no product ingredient or component shall be used in the manufacture of an edible cannabis product unless that ingredient or component is permitted by the United States Food and Drug Administration for use in food or food manufacturing, as specified in *Substances Added to Food in the United States*, available at <https://www.fda.gov/Food/IngredientsPackagingLabeling/FoodAdditivesIngredients/ucm145326.htm> or is Generally Recognized as Safe (GRAS) under sections 201(s) and 409 of the Federal Food, Drug, and Cosmetic Act (codified in 21 U.S.C 321(s) and 348).~~
- ~~(b) Edible cannabis products that consist of more than a single serving shall be either:~~

~~(1) Scored or delineated to indicate one serving, if the edible cannabis product is in solid form. For purposes of this section, "delineated" includes directly marking the product to indicate one serving or providing a means by which a consumer can accurately identify one serving; or~~

~~(2) If the edible cannabis product is not in solid form, packaged in a manner such that a single serving is readily identifiable or easily measurable.~~

~~(c) An edible cannabis product consisting of multiple servings shall be homogenized so that each serving contains the same concentration of THC.~~

~~Authority: Sections 26012, 26013 and 26130, Business and Professions Code.~~

~~Reference: Sections 26011.5 and 26130, Business and Professions Code.~~

~~§17302. Requirements for Topical Cannabis Products, Concentrates, and Other Cannabis Products.~~

~~Except for cannabis, cannabis concentrate, or terpenes, topical cannabis products shall only contain ingredients permitted for cosmetic manufacturing in accordance with Title 21, Code of Federal Regulations, Part 700, subpart B (section 700.11 et seq.) (Rev. March 2016), which is hereby incorporated by reference.~~

~~Authority: Sections 26012, 26013 and 26130, Business and Professions Code.~~

~~Reference: Section 26011.5, Business and Professions Code.~~

~~§17303. Orally-Consumed Products Containing Alcohol.~~

~~Any orally consumed product that contains more than 0.5% alcohol by volume as an ingredient, and is not otherwise an alcoholic beverage as defined in Business and Professions Code section 23004, shall be packaged in a container no larger than two (2) fluid ounces and shall include a calibrated dropper or other similar device capable of accurately measuring servings.~~

~~Authority: Sections 26012, 26013 and 26130, Business and Professions Code.~~

~~Reference: Section 26011.5, Business and Professions Code.~~

~~Article 2. Cannabinoid Concentration Limits~~

~~§17304. THC Concentration Limits.~~

~~(a) An edible cannabis product shall not contain more than:~~

~~(1) 10 milligrams THC per serving; and~~

~~(2) 100 milligrams THC per package.~~

~~(b) Notwithstanding subsection (a), a package containing an edible product that is an orally dissolving product, such as sublingual lozenges or mouth strips, may contain up to 500 milligrams THC per package, if:~~

~~(1) The cannabis product consists of discrete servings of no more than 10 milligrams THC per piece;~~

- ~~(2) The cannabis product is labeled “FOR MEDICAL USE ONLY;” and~~
- ~~(3) The cannabis product is only available for sale to a medicinal-use customer.~~
- ~~(c) A topical cannabis product or a cannabis concentrate shall not contain more than 1,000 milligrams THC per package.~~
- ~~(d) Notwithstanding subsection (c), a topical cannabis product or a cannabis concentrate may contain more than 1,000 milligrams THC per package, but not more than 2,000 milligrams THC per package, if the product is labeled “FOR MEDICAL USE ONLY” and is only available for sale to a medicinal-use customer.~~

~~Authority: Sections 26012, 26013 and 26130, Business and Professions Code.~~

~~Reference: Section 26011.5, 26120 and 26130, Business and Professions Code.~~

~~Article 3. Failed Product Batches~~

~~§17305. Failed Product Batches.~~

~~(a) A finished cannabis product batch that fails any regulatory compliance laboratory testing requirement established by the Department pursuant to section 26100 of the Act shall be destroyed unless:~~

~~(1) The cannabis product batch may be remediated by relabeling pursuant to subsection (d); or~~

~~(2) A corrective action plan for remediation or reprocessing is approved by the Department pursuant to subsection (e).~~

~~(b) Remediation or reprocessing of a failed product batch or the use of a harvest batch that has failed any regulatory compliance laboratory test shall comply with the requirements and procedures established by the Department in Section 15727 of this division, in addition to the requirements of this article.~~

~~(c) Except as provided in subsections (d) and (f), edible cannabis products that fail regulatory compliance laboratory testing shall not be remediated or reprocessed and shall be destroyed. If any edible cannabis product that has failed regulatory compliance laboratory testing is remediated, reprocessed, or otherwise mixed with another batch of cannabis product in violation of this section, such action shall render the final cannabis product adulterated, regardless of the defect level of the final cannabis product.~~

~~(d) A cannabis product batch that fails regulatory compliance laboratory testing for cannabinoid or terpenoid content may be remediated by relabeling the product with the correct information from the laboratory certificate of analysis, provided that the THC limits in Section 17304 are met. In addition, the following conditions apply:~~

~~(1) The manufacturer licensee shall notify the Department within 3 business days of notification by a distributor that the product failed cannabinoid content testing and is required to be relabeled.~~

~~(2) Notification shall be given to the Department by email and shall include a copy of the certificate of analysis for the batch and the name and license number of the licensee relabeling the product.~~

~~(e) Except as provided in subsection (d), a cannabis product batch or a harvest batch that fails regulatory compliance laboratory testing or quality assurance review shall not be remediated or reprocessed unless the Department has approved a corrective action plan submitted by the manufacturer licensee. The corrective action plan shall include, at minimum, a description of how the product or harvest batch will be remediated so that the product or harvest batch, or any product produced therefrom, will meet all regulatory compliance laboratory testing and quality assurance requirements. Edible cannabis products may only be remediated by relabeling or repackaging as provided in subsection (f). Corrective action plans will be reviewed by the Department on a case-by-case basis.~~

~~(f) Edible cannabis products that fail regulatory compliance laboratory testing because the per package limit of THC has been exceeded may be remediated by repackaging under the following conditions:~~

- ~~(1) The Department has approved a corrective action plan for repackaging the product;~~
- ~~(2) The product batch is returned to the manufacturer that packaged the product;~~
- ~~(3) The product itself is not altered in any way; and~~
- ~~(4) The product is labeled to accurately state the contents.~~

~~(g) All remediation of harvest or product batches shall be documented in the batch production records. Remediated products, harvest batches, or products produced therefrom, shall be tested and undergo quality assurance review in accordance with the requirements established by the Department in Chapter 2 of this division prior to retail sale.~~

Authority: Sections 26012, 26013 and 26130, Business and Professions Code.

Reference: Section 26131, Business and Professions Code.

Chapter 13. Other Provisions

Article 1. Research Funding

§17900. Eligibility.

(a) Only public universities in California shall be eligible to be selected to receive funds disbursed pursuant to Revenue and Taxation Code section 34019(b).

(b) Subject to available funding, the amounts to be disbursed to the university or universities will not exceed the sum of ten million dollars (\$10,000,000) for each fiscal year, ending with the 2028-2029 fiscal year.

Authority: Section 26013, Business and Professions Code. Reference: Section 34019, Revenue and Taxation Code.

§17901. Request for Proposals.

(a) A Request for Proposal (RFP) is the document issued by the Department to notify all eligible fund recipients of the following, at a minimum:

- (1) The funding available for research related to the Act or this division;

(2) Disbursement of funds to eligible applicants through a review and selection process, including the criteria that will be used for review and selection;

(3) The specified timeframes for the proposal review and selection process, including the deadline for submission of proposals;

(4) Proposal requirements, including necessary documentation;

(5) Any priorities or restrictions imposed upon the use of the funds;

(6) The governing statutes and regulations; and

(7) The name, address, and telephone number of a contact person within the Department who can provide further information regarding the process for submission of proposals.

Authority: Section 26013, Business and Professions Code. Reference: Section 34019, Revenue and Taxation Code.

§17902. Selection Process and Criteria.

(a) The selection process shall involve eligible proposals timely received by the Department, in response to an applicable RFP, or similar notice.

(b) The Department will consider only one proposal per applicant for a given research project. Applicants may submit more than one proposal if the proposals are for separate and distinct research projects or activities.

(c) The Department will make a selection for funding based on criteria including, but not limited to:

(1) The extent to which the proposed project is designed to achieve objectives specified in Revenue and Taxation Code section 34019(b).

(2) The extent to which the proposed project is designed to achieve measurable outcomes, and the clarity of the measures for success, including, for research-based objectives, the scientific and technical merit of the proposed project as evaluated by relevant experts.

(3) The extent to which the proposed project is feasible, demonstrated by:

(A) A timeline for project completion, including readiness; and

(B) Budget detail.

(4) Qualifications of the staff who will be assigned to or working on the proposed project.

(5) Any other criteria to determine the proposed project's efficacy in evaluating the implementation and effect of the Act.

(d) Applicants selected for funding will be notified of the selection and amount of funding in writing.

(e) The Department's selection decision is final and not subject to appeal.

Authority: Section 26013, Business and Professions Code. Reference: Section 34019, Revenue and Taxation Code.

§17903. Release of Funds.

(a) The Department shall not cause funds to be disbursed until the recipient has executed a Grant Agreement and any other required documents.

(b) Selected recipients shall receive a single disbursement of funds for the duration of the research project.

(c) Funds released to the recipient that will be used for the purchase of any equipment related to the research project shall, at a minimum, meet the following conditions:

(1) Prior to the purchase of any equipment, the recipient shall obtain written approval from the Department.

(2) Receipts or other documentation for the purchase of any equipment shall be provided to the Department immediately upon purchase and request and retained pursuant to section 17904.

(d) Any funds that are not used prior to the completion of the research project shall be forfeited.

Authority: Section 26013, Business and Professions Code. Reference: Section 34019, Revenue and Taxation Code.

§17904. Reports to the Department.

(a) The recipient of funds shall provide regular performance reports to the Department in the following manner, unless otherwise specified in the Grant Agreement:

(1) At monthly intervals for research projects with an estimated completion time not exceeding one year.

(2) At quarterly intervals for research projects with an estimated completion time exceeding one year.

(b) Performance reports shall include, at a minimum:

(1) A detailed, estimated time schedule of completion for the research project;

(2) A description of any measurable outcomes, results achieved, or other completed objectives of the research project;

(3) A description of remaining work to be completed;

(4) A summary of expenditures of the funds and statement of whether the research project is meeting the proposed budget. If not, the reasons for any discrepancies and a list of actions that will be taken to ensure completion of the research project; and

(5) Any changes to the information provided in the proposal, including, but not limited to, change in staff.

Authority: Section 26013, Business and Professions Code. Reference: Section 34019, Revenue and Taxation Code.

§17905. Research Records.

Recipients shall retain all research and financial data necessary to substantiate the purposes for which the funds were spent for the duration of the funding, and for a period of seven years after completion of the research project. Recipients shall provide this documentation to the Department upon request.

Authority: Section 26013, Business and Professions Code. Reference: Section 26160, Business and Professions Code; and Section 34019, Revenue and Taxation Code.

Chapter 14. Labeling and Packaging Requirements

Article 1. General Provisions

§17400. Applicability.

~~The requirements in this chapter shall apply to finished cannabis products or dried flower and pre-rolls packaged for retail sale and shall not apply to cannabis or cannabis products that are transferred between licensees for the purpose of further processing or packaging.~~

~~Authority: Section 26012, 26013 and 26130, Business and Professions Code. Reference: Section 26130, Business and Professions Code.~~

§17401. Release to Distributor as Finished Product.

~~(a) Prior to release of a cannabis product to a distributor, a licensee shall ensure that the product is in finished form and is labeled and packaged in its final form for sale.~~

~~(b) For purposes of this section, "final form" does not include:~~

~~(1) Labeling of cannabinoid content if the cannabinoid content is to be added to the label at the distribution premises after issuance of the Certificate of Analysis in accordance with Section 17407; or~~

~~(2) Placing the cannabis or cannabis product into child-resistant packaging as prescribed in Section 17412. This provision shall expire on December 31, 2019.~~

~~Authority: Section 26012, 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5 and 26130, Business and Professions Code.~~

Article 2. Labeling Requirements

§17402. General Provisions.

~~(a) Any information required to be listed on a label shall be written in English.~~

~~(b) A label shall be unobstructed and conspicuous so that it can be read by the consumer.~~

~~(c) All required label information shall be located on the outside container or wrapper of the finished product to be sold at a retailer. If the product container is separable from the~~

~~outer most packaging (e.g., a container placed inside of a box), the product container shall also include the following:~~

~~(1) For edible cannabis products, topical cannabis products, suppositories, or orally-consumed concentrates, all of the information specified in Sections 17404 and 17405, except for cannabinoid content.~~

~~(2) For inhaled products (e.g., dab, shatter, and wax), the universal symbol as prescribed in Section 17410.~~

~~Authority: Sections 26012, 26013 and 26130, Business and Professions Code.~~

~~Reference: Section 26120, Business and Professions Code.~~

~~§17403. Labeling Requirements: Pre-Rolls and Packaged Flower.~~

~~(a) The label for a package of pre-rolls or packaged flower shall include a primary panel that includes the following information in a type size no less than 6 point font and in relation to the size of the primary panel and container:~~

~~(1) Identity of the product;~~

~~(2) The net weight of cannabis in the package, listed in both metric and U.S. customary units; and~~

~~(3) Universal symbol, as prescribed in Section 17410.~~

~~(b) The label for a package of pre-rolls or packaged flower shall include an informational label that includes the following information in a type size no less than 6 point font and in relation to the size of the informational panel and container:~~

~~(1) The UID;~~

~~(2) The licensed cultivator or licensee packaging the product (either the legal business name or the registered name under which the business will operate listed on the license certificate), and its contact number or website address;~~

~~(3) The date of packaging for retail sale;~~

~~(4) The following statement in bold print: "GOVERNMENT WARNING: THIS PACKAGE CONTAINS CANNABIS, A SCHEDULE I CONTROLLED SUBSTANCE. KEEP OUT OF REACH OF CHILDREN AND ANIMALS. CANNABIS MAY ONLY BE POSSESSED OR CONSUMED BY PERSONS 21 YEARS OF AGE OR OLDER UNLESS THE PERSON IS A QUALIFIED PATIENT. CANNABIS USE WHILE PREGNANT OR BREASTFEEDING MAY BE HARMFUL. CONSUMPTION OF CANNABIS IMPAIRS YOUR ABILITY TO DRIVE AND OPERATE MACHINERY. PLEASE USE EXTREME CAUTION."~~

~~(c) Nothing in this section prohibits the inclusion of additional information on the label, provided that the label does not violate the requirements of Section 17408.~~

~~(d) The cannabinoid content for a package of pre-rolls or packaged flower shall be labeled as specified in Section 17407.~~

~~Authority: Sections 26012, 26013 and 26130, Business and Professions Code.~~

~~Reference: Section 26120, Business and Professions Code.~~

~~§17404. Primary Panel Labeling Requirements: Manufactured Products.~~

~~(a) The label for a manufactured cannabis product shall include a primary panel that includes the following information in a type size no less than 6 point font and in relation to the size of the primary panel and container:~~

~~(1) The identity of the product in a text size reasonably related to the most prominent printed matter on the panel;~~

~~(2) The universal symbol as prescribed in Section 17410; and~~

~~(3) The net weight or volume of the contents of the package, listed in both metric and U.S. customary units.~~

~~(b) Cannabinoid content may be included on the primary panel. Cannabinoid content for manufactured cannabis products shall be labeled as specified in Section 17407.~~

~~(c) Nothing in this section prohibits the inclusion of additional information on the primary panel, provided that the label does not violate the requirements of Section 17408.~~

~~Authority: Sections 26012, 26013 and 26130, Business and Professions Code.~~

~~Reference: Section 26120, Business and Professions Code.~~

~~§17405. Additional Primary Panel Labeling Requirements: Edible Products.~~

~~In addition to the requirements of Section 17404, the primary panel of an edible cannabis product shall include the words “cannabis-infused” immediately above the identity of the product in bold type and a text size larger than the text size used for the identity of the product.~~

~~Authority: Sections 26012, 26013, 26120 and 26130, Business and Professions Code.~~

~~Reference: Section 26120, Business and Professions Code.~~

~~§17406. Informational Panel Labeling Requirements.~~

~~(a) The label for a manufactured cannabis product shall include an informational panel that includes the following:~~

~~(1) The name of the licensed manufacturer (either the legal business name or the registered name under which the business will operate listed on the license certificate) that manufactured the cannabis product and its contact number or website address;~~

~~(2) The date of the cannabis product’s manufacture and packaging;~~

~~(3) The following statement in bold print: “GOVERNMENT WARNING: THIS PRODUCT CONTAINS CANNABIS, A SCHEDULE I CONTROLLED SUBSTANCE. KEEP OUT OF~~

~~REACH OF CHILDREN AND ANIMALS. CANNABIS PRODUCTS MAY ONLY BE POSSESSED OR CONSUMED BY PERSONS 21 YEARS OF AGE OR OLDER UNLESS THE PERSON IS A QUALIFIED PATIENT. THE INTOXICATING EFFECTS OF CANNABIS PRODUCTS MAY BE DELAYED UP TO TWO HOURS. CANNABIS USE WHILE PREGNANT OR BREASTFEEDING MAY BE HARMFUL. CONSUMPTION OF CANNABIS PRODUCTS IMPAIRS YOUR ABILITY TO DRIVE AND OPERATE MACHINERY. PLEASE USE EXTREME CAUTION."~~

~~(4) The statement "FOR MEDICAL USE ONLY," if:~~

~~(A) The cannabis product is intended by the manufacturer only for sale to medicinal-use customers;~~

~~(B) The product is an orally dissolving edible product containing more than 100 milligrams THC per package, as specified in Section 17304(b); or~~

~~(C) The product is a topical cannabis product or concentrate containing more than 1,000 milligrams THC per package, as specified in Section 17304(d).~~

~~(5) A list of all product ingredients in descending order of predominance by weight or volume. If any product ingredient contains subingredients, the list shall either:~~

~~(A) Include the common name of the ingredient followed by a parenthetical listing of all ingredients in descending order by weight or volume; or~~

~~(B) List all subingredients as individual ingredients in descending order of predominance.~~

~~(C) This paragraph shall not apply to flavoring, which shall instead be compliant with the requirement of 21 C.F.R. 101.22 (Rev. Jan 2009), hereby incorporated by reference.~~

~~(6) If the cannabis product contains an ingredient, flavoring, coloring, or an incidental additive that bears or contains a major food allergen, the word "contains," followed by a list of the applicable major food allergens;~~

~~(7) The names of any artificial colorings contained in the product;~~

~~(8) If an edible cannabis product, the amount, in grams or milligrams, of sodium, sugar, carbohydrates, and total fat per serving;~~

~~(9) Instructions for use, such as the method of consumption or application, and any preparation necessary prior to use;~~

~~(10) The product expiration date, "use by" date, or "best by" date, if any;~~

~~(11) The UID and the batch or lot number; and~~

~~(12) If the cannabis product is perishable or is perishable after opening, the statement, "KEEP REFRIGERATED" or "REFRIGERATE AFTER OPENING," as applicable.~~

~~(b) The informational panel text shall be in a text size of no less than 6 point font and in relation to the size of the primary panel and container.~~

~~(c) Except for the information required by paragraph (a)(11), the requirements of subsection (a) may be fulfilled through the use of supplemental labeling, which may include, but is not limited to, a package insert, fold-out or booklet label, or a hanging tag.~~

~~(d) Cannabinoid content may be included on the informational panel. Cannabinoid content for manufactured cannabis products shall be labeled as specified in Section 17407.~~

~~(e) Nothing in this section prohibits the inclusion of additional information on the informational panel provided that the label does not violate the requirements of Section 17408.~~

~~Authority: Sections 26012, 26013 and 26130, Business and Professions Code.~~

~~Reference: Sections 26120 and 26121, Business and Professions Code.~~

~~§17407. Cannabinoid Content Labeling.~~

~~(a) Each package for retail sale of cannabis product, cannabis flower, or pre-rolls shall be labeled with the cannabinoid content on either the primary panel or an informational panel. Cannabinoid content may be included on the product label at the manufacturing premises prior to release to a distributor as described in subsection (b) or it may be added to the product at the distribution premises after issuance of the regulatory compliance testing Certificate of Analysis for the batch as described in subsection (c). Cannabinoid content labeling shall include the following:~~

~~(1) For an edible product or a cannabis concentrate for which the manufacturer has established serving designations, THC and CBD content, expressed in milligrams per serving and milligrams per package.~~

~~(2) For a topical cannabis product or a cannabis concentrate without serving designations, THC and CBD content, expressed in milligrams per package.~~

~~(3) Packages of pre-rolls or cannabis flower that do not include cannabinoids other than that naturally occurring in the plant material are not required to list cannabinoid content in milligrams. Instead, such packages shall be labeled with the cannabinoid content expressed as a percentage.~~

~~(4) Packages of infused pre-rolls shall be labeled with either:~~

~~(A) The cannabinoid content in milligrams; or~~

~~(B) The cannabinoid content of the dried flower expressed as a percentage and the added cannabinoid content in milligrams.~~

~~(b) A manufacturer that includes the cannabinoid content on the product label prior to release to a distributor shall label products as specified in paragraphs (1) through (4) of subsection (a), as appropriate to the product. For THC or CBD concentration that is less than two (2) milligrams per serving or per package, the THC or CBD may be labeled as "<2.0 mg per serving" or "<2.0 mg per package."~~

~~(c) A manufacturer may arrange for cannabinoid content labeling at the distribution premises after issuance of the Certificate of Analysis in accordance with the following:~~

~~(1) Each package of cannabis product in the batch shall be labeled with the cannabinoid content as specified in subsection (a) that is indicated on the Certificate of Analysis, as well as any other cannabinoid that is 5 percent or greater of the total cannabinoid~~

content;

~~(2) The manufacturer shall identify a location for the cannabinoid content label on the outer packaging of the product. The location shall be sufficient in size for the required cannabinoid content to be printed in at least 6 point font;~~

~~(3) The cannabinoid content label shall be affixed to the identified location on the outer packaging of the product and shall not obscure any other label information.~~

~~(d) Nothing in this section precludes the labeling of terpenes or additional cannabinoid content on the product, provided that such information is verified by the Certificate of Analysis.~~

Authority: Sections 26012, 26013 and 26130, Business and Professions Code.

Reference: Section 26120, Business and Professions Code.

~~§17408. Labeling Restrictions.~~

~~Cannabis product labeling shall not contain any of the following:~~

~~(a) The name of a California county, including any similar name that is likely to mislead consumers as to the origin of the product, unless one hundred percent of the cannabis contained in the product was grown in that county.~~

~~(b) Content that is, or is designed to be, attractive to individuals under the age of 21, including but not limited to:~~

~~(1) Cartoons;~~

~~(2) Any likeness to images, characters, or phrases that are popularly used to advertise to children;~~

~~(3) Any imitation of candy packaging or labeling; or~~

~~(4) The terms “candy” or “candies” or variants in spelling such as “kandy” or “kandeez.”~~

~~(c) Any information that is false or misleading.~~

~~(d) Any health-related statement that is untrue or misleading. Any health-related statement must be supported by the totality of publicly available scientific evidence (including evidence from well-designed studies conducted in a manner which is consistent with generally recognized scientific procedures and principles), and for which there is significant scientific agreement among experts qualified by scientific training and experience to evaluate such claims.~~

~~(e) If the product is an edible cannabis product, a picture of the product contained therein.~~

~~(f) For purposes of this section, false or misleading information includes any indication that the cannabis or cannabis product is organic, unless the National Organic Program (Section 6517 of the federal Organic Foods Production Act of 1990 (7 U.S.C. Section 6501 et seq.)) authorizes organic designation and certification for cannabis and the cannabis or cannabis product meets the requirements for such designation and certification. This includes use of the word “organic” on the labeling or variants in spelling~~

such as “organix.”

~~(g) Any labeling in violation of Section 15040.1 of this division.~~

~~Authority: Sections 26012, 26013 and 26130, Business and Professions Code.~~

~~Reference: Sections 26062.5, 26063, 26120, 26121 and 26154, Business and Professions Code.~~

~~§17409. Statement of Characteristic Anticipated Effects.~~

~~A cannabis product may include information on the characteristic anticipated effects of the cannabis product if the manufacturer has substantiation that the information is truthful and not misleading. Such information may be located on the informational panel of the label or as an insert included in the cannabis product package. For purposes of this section, “characteristic anticipated effect” includes any physiological effect (a temporary effect on the body related to the consumption of cannabis) that is common to or expected from the particular cannabis strain, but excludes any claim of health benefits (i.e. claims of therapeutic action as a result of the consumption of cannabis).~~

~~Authority: Sections 26012, 26013 and 26130, Business and Professions Code.~~

~~Reference: Sections 26120 and 26130, Business and Professions Code.~~

~~§17410. Universal Symbol.~~

~~(a) The primary panel of a cannabis product shall be marked, stamped, or otherwise imprinted with the universal symbol.~~

~~(b) The symbol shall replicate the following in form:~~



~~(c) The symbol shall be black in color. For packaging that is dark in color, the symbol may be made conspicuous by printing the symbol on, or outlining the symbol with, a contrasting color.~~

~~(d) The symbol shall be no smaller in size than one half (.5) inch by one half (.5) inch and shall be printed legibly and conspicuously.~~

~~(e) The symbol shall not be altered or cropped in any way other than to adjust the sizing for placement on the primary panel.~~

~~Authority: Sections 26012, 26013 and 26130, Business and Professions Code.~~

~~Reference: Sections 26120, 26121 and 26130, Business and Professions Code.~~

Article 3. Packaging

~~§17411. Packaging.~~

~~A package used to contain cannabis or a cannabis product shall comply with the~~

following requirements:

- (a) The package shall protect the product from contamination and shall not expose the product to any toxic or harmful substance.
- (b) The package shall be tamper evident, which means that the product packaging is sealed so that the contents cannot be opened without obvious destruction of the seal.
- (c) If the product has multiple uses, the package shall be resealable.
- (d) The package shall not imitate any package used for products typically marketed to children.
- (e) If the product is an edible product, the package shall be opaque. Amber bottles shall be considered opaque for purposes of this section.
- (f) Notwithstanding subsection (e), opaque bottles used to contain a cannabis beverage product may utilize a single, vertical, clear strip of no wider than 0.25 inches for the purpose of determining serving amounts.
- (g) The package shall be child resistant, as described in Section 17412.

Authority: Sections 26012, 26013 and 26130, Business and Professions Code.

Reference: Sections 26120 and 26121, Business and Professions Code.

§17412. Child-Resistant Packaging Requirements.

- (a) Beginning January 1, 2020, a package containing cannabis or cannabis products transferred to a distributor for retail sale shall be child-resistant, as follows:
 - (1) An edible product, an orally consumed concentrate, or a suppository shall be child-resistant for the life of the product. A package that contains more than a single serving is not required to be child-resistant if each individual serving is packaged in child-resistant packaging.
 - (2) Cannabis or a cannabis product intended to be inhaled or a cannabis product that is applied topically may utilize packaging that is child-resistant only until first opened, if the package is labeled with the statement "This package is not child-resistant after opening."
- (b) The following packages are considered child-resistant for purposes of this Article:
 - (1) Any package that has been certified as child-resistant under the requirements of the Poison Prevention Packaging Act of 1970 Regulations (16 C.F.R. §1700.15(b)(1)) (Rev. July 1995), which is hereby incorporated by reference.
 - (2) A bottle sealed with a pry-off metal crown cork style bottle cap, provided that the bottle contains only a single serving.
 - (3) Plastic packaging that is at least 4 mils thick and heat-sealed without an easy-open tab, dimple, corner, or flap, provided that the package contains a cannabis product described in subsection (a)(2) or is a cannabis product that is only a single serving.

~~(c) Until the date specified in subsection (a), the child-resistant package requirement specified in section 26120 of the Act may be met through the use of a child-resistant exit package at retail sale.~~

~~Authority: Sections 26012, 26013 and 26130, Business and Professions Code.~~

~~Reference: Sections 26011.5, 26120 and 26121, Business and Professions Code.~~

~~Chapter 15. Compliance Applicable to Manufacturing Licensees~~

~~Article 1. Records~~

~~§17500. Record Keeping Requirements.~~

~~(a) The licensee shall maintain the following documents on the premises at all times and shall make the documents available to the Department upon request:~~

~~(1) The valid state license issued by the Department, which shall be prominently displayed;~~

~~(2) Any other valid license issued by a state cannabis licensing agency;~~

~~(3) The valid license, permit, or other approval issued by the local jurisdiction;~~

~~(4) The premises diagram, as specified in Section 17003;~~

~~(5) The current standard operating procedures as defined in Section 17219;~~

~~(6) Shipping manifests;~~

~~(7) Personnel records, including evidence of personnel qualifications and training procedures and records, as specified in Section 17221;~~

~~(8) Contracts with other licensees regarding commercial cannabis activity;~~

~~(9) Financial records related to the commercial cannabis activity including, but not limited to, bank statements, and tax records;~~

~~(10) Sales invoices and receipts as described in section 26161 of the Act and Section 17501 of these regulations; and~~

~~(11) Any other record or documentation required to be kept pursuant to chapters 10 to 15 or the Act.~~

~~(b) The records shall be maintained for a period of seven (7) years. Outdated standard operating procedures shall be maintained such that onsite employees cannot mistakenly access outdated information.~~

~~(c) All documentation shall be maintained in English. However, nothing in this subsection prohibits the maintenance of documents in languages in addition to English as needed by the licensee.~~

~~Authority: Sections 26012, 26013 and 26130, Business and Professions Code.~~

~~Reference: Sections 26011.5 and 26160, Business and Professions Code.~~

~~§17501. Sales Invoices and Receipts.~~

~~(a) The licensee shall prepare a sales invoice or sales receipt for every sale, transport, or transfer of cannabis products to another licensee. Sales invoices and receipts may be maintained electronically, but shall be readily accessible for examination by the Department and its inspectors and agents.~~

~~(b) Each sales invoice or receipt shall include the following information:~~

~~(1) Name, address, and license number of the seller;~~

~~(2) Name, address, and license number of the purchaser;~~

~~(3) Date of sale, transport, or transfer;~~

~~(4) Invoice or receipt number;~~

~~(5) Kind, quantity, size, and capacity of packages of cannabis or cannabis product sold, transported, or transferred; and~~

~~(6) Cost to the purchaser for the cannabis or cannabis product, including any discount or trade allowance applied to the price, which shall be recorded on the invoice.~~

~~(c) For purposes of this section, “discount or trade allowance” means any price reduction or allowance of any kind, whether stated or unstated, and includes, without limitation, any price reduction applied to a licensee’s price list. The discounts may be for prompt payment, payment in cash, bulk purchases, related-party transaction, or “preferred-customer” status.~~

~~(d) Invoices and receipts for the sale, transport, or transfer of cannabis or cannabis products shall not be comingled with invoices covering other commodities.~~

Authority: Sections 26012, 26013 and 26130, Business and Professions Code.

Reference: Section 26161, Business and Professions Code.

~~Article 2. Track and Trace System~~

~~§17502. Track and Trace System General Requirements.~~

~~(a) Each applicant or licensee shall identify an owner of the commercial cannabis business to be the track and trace system account manager. The account manager shall register for track and trace system training provided by the Department or its designee within ten (10) calendar days of receiving notice from the Department that their application for licensure has been received.~~

~~(b) Applicants approved for an annual license shall not have access to the track and trace system until the account manager has completed the track and trace system training prescribed by the Department or its designee and proof of completion has been validated by Department or its designee.~~

~~(c) The licensee’s track and trace system account manager shall be responsible for all the following:~~

~~(1) Complete track and trace system training provided by the Department or its~~

~~designee. If the account manager did not complete the track and trace system training prior to the licensee receiving their annual license, the account manager will be required to register for the track and trace system training provided by the Department or its designee within five (5) calendar days of license issuance;~~

~~(2) Designate track and trace system users, as needed, and require the designated users to be trained in the proper and lawful use of the track and trace system before the users are permitted to access the track and trace system;~~

~~(3) Maintain an accurate and complete list of all track and trace system designated users and update the list immediately when changes occur;~~

~~(4) Cancel any track and trace designated users from the licensee's track and trace system account if that individual is no longer authorized to represent the licensee;~~

~~(5) Correct any data that is entered into the track and trace system in error within three (3) calendar days of discovery of the error;~~

~~(6) Obtain UID tags from the Department, or its designee, and ensure that a sufficient supply of UIDs is available at all times;~~

~~(7) Ensure that all inventory is tagged and entered in the track and trace system as required by Section 17503 and 17506;~~

~~(8) Monitor all notifications from the track and trace system and resolve all issues identified in the notification. The notification shall not be dismissed by an account manager until the issue(s) identified in the notification has been resolved; and~~

~~(9) Notify the Department of any loss of access to the track and trace system that exceeds 72 hours.~~

~~(d) The applicant or licensee is responsible for notifying the Department in writing of any change to the designated track and trace system account manager within 48 hours.~~

~~(e) The licensee is responsible for all actions its owners or employees take while logged into the track and trace system, or are otherwise performing track and trace activities.~~

~~(f) No person shall intentionally misrepresent or falsify information entered into the track and trace system. The track and trace system shall be the system of record. The licensee is responsible for the accuracy and completeness of all data and information entered into the track and trace system. Information entered into the track and trace system shall be assumed to be accurate and may be used to take enforcement action against the licensee if incorrect information is not corrected.~~

~~Authority: Sections 26012, 26013 and 26130, Business and Professions Code.~~

~~Reference: Sections 26067 and 26160, Business and Professions Code~~

~~§17503. Track and Trace System Reporting Requirements.~~

~~(a) A system account manager or designated user shall record all of the following activities in the track and trace system within 24 hours of the activity:~~

~~(1) Receipt of cannabis material;~~

~~(2) The transfer to or receipt of cannabis products for further manufacturing from another licensed manufacturer; and~~

~~(3) All changes in the disposition of cannabis or cannabis products. A change in disposition includes, but is not limited to:~~

~~(A) Processing of the cannabis or further processing of the cannabis product; and~~

~~(B) Packaging and labeling of the cannabis or cannabis products or repackaging or relabeling of the cannabis or cannabis products.~~

~~(4) Use of cannabis or cannabis product for internal quality control testing or product research and development.~~

~~(5) Transfer of cannabis products to a distributor.~~

~~(b) The following information shall be recorded for each activity entered into the track-and-trace system:~~

~~(1) The licensed entity from which the cannabis material or cannabis product is received, including that entity's license number, and the licensed entity to which the cannabis product is transferred, including that entity's license number;~~

~~(2) The name and license number of the distributor that transported the cannabis material or cannabis product;~~

~~(3) The type of cannabis material or cannabis product received, processed, manufactured, packaged, or transferred;~~

~~(4) The weight or count of the cannabis material or cannabis product received, processed, manufactured, packaged, or transferred;~~

~~(5) The date and time of receipt, processing, manufacturing, packaging, or transfer;~~

~~(6) The UID assigned to the cannabis material or cannabis product;~~

~~(7) Any other information required by other relevant licensing authorities.~~

~~Authority: Sections 26012, 26013 and 26130, Business and Professions Code.~~

~~Reference: Sections 26067 and 26160, Business and Professions Code~~

~~§17504. Track and Trace System – Loss of Access.~~

~~(a) If a licensee loses access to the track and trace system for any reason, the licensee shall prepare and maintain comprehensive records detailing all required inventory tracking activities conducted during the loss of access.~~

~~(b) Upon restoration of access to the track and trace system, all inventory tracking activities that occurred during the loss of access shall be entered into the track and trace system within three (3) business days.~~

~~(c) A licensee shall document the date and time when access to the track and trace system was lost, when it was restored, and the cause for each loss of access.~~

~~(d) A licensee shall not transfer cannabis products to another licensee or receive cannabis or cannabis products from another licensee until such time as access to the~~

~~track and trace system is restored and all information is recorded into the track and trace system.~~

~~Authority: Sections 26012, 26013 and 26130, Business and Professions Code.~~

~~Reference: Sections 26067 and 26160, Business and Professions Code.~~

§17505. Track and Trace System – Temporary Licenses.

~~(a) A licensee operating under a temporary license issued pursuant to Section 17100 is not required to record commercial cannabis activity in the track and trace system as otherwise required by this article. Temporary licensees shall track all commercial cannabis activities on a paper sales receipt or invoice that includes the following information:~~

- ~~(1) Name, address, and license number of the seller;~~
- ~~(2) Name, address, and license number of the purchaser;~~
- ~~(3) Date of sale or transfer and invoice number;~~
- ~~(4) Description or type of cannabis or cannabis product;~~
- ~~(5) Weight or count of the cannabis or cannabis product sold or transferred;~~
- ~~(6) Cost to the purchaser of the cannabis or cannabis product.~~

~~(b) After issuance of an annual license, the licensee may continue to conduct commercial cannabis activities with temporary licensees in accordance with subsection (a). Any commercial cannabis activity conducted between annual license holders shall be recorded in the track and trace system.~~

~~(c) The provisions of this section shall expire on July 1, 2019.~~

~~Authority: Sections 26012, 26013 and 26130, Business and Professions Code.~~

~~Reference: Sections 26067, 26160 and 26161, Business and Professions Code.~~

§17506. Track and Trace System – UID Tag Order.

~~(a) A licensee shall order UID tags within five (5) calendar days of receiving access to the track and trace system. The receipt of the UID tags by the licensee shall be recorded in the track and trace system within three (3) calendar days of receipt.~~

~~(b) Any licensee in operation at the time access to the track and trace system is granted shall input all inventory into the track and trace system no later than 30 calendar days after receipt of the UID tags. After UID tags have been received, all commercial cannabis activity shall be recorded in the track and trace system by the licensee as required by this Article.~~

~~Authority: Sections 26012, 26013 and 26130, Business and Professions Code.~~

~~Reference: Sections 26067, 26160 and 26161, Business and Professions Code.~~

Article 3. Advertising and Marketing

§17507. Advertising and Marketing.

~~(a) A licensee shall ensure that all advertising and marketing of its cannabis products meet the requirements of Chapter 15 (commencing with section 26150) of the Act. Any health-related statement shall also meet the requirements of Section 17408.~~

~~(b) A licensee shall accurately and legibly include its name and license number on all advertising and marketing for its products.~~

~~(c) A licensee shall maintain records and documentation to establish that its advertising and marketing meet the requirements of Chapter 15 (commencing with section 26150) of the Act. The records shall be maintained in accordance with section 26160 of the Act and Section 17500.~~

~~(d) A licensee shall remove or discontinue advertising or marketing if the Department determines the advertising or marketing violates the provisions of the Act or these regulations or if the licensee fails to provide records to the Department upon request that establishes the advertising and marketing meets the requirements of the Act and regulations.~~

Authority: Sections 26012, 26013 and 26130, Business and Professions Code.

Reference: Section 26150, Business and Professions Code.

Article 4. Inspections

§17508. Inspections.

~~(a) The Department and its inspectors or agents may conduct an on-site inspection prior to issuing a new or renewal license.~~

~~(b) The Department and its inspectors or agents shall have access at reasonable times to the manufacturing premises, any area in which the licensee is conducting manufacturing activities, storage areas, records, production processes, labeling and packaging processes, and conveyances used in the manufacture, storage or transportation of cannabis products so that it may determine compliance with the provisions of the Act and these regulations.~~

~~(c) The Department may inspect any record or document that has a bearing on whether the labeling, advertising or marketing of a cannabis product complies with the requirements of Chapter 15 (commencing with section 26150) of the Act.~~

~~(d) To the extent necessary for the enforcement of the Act and chapters 10 to 15, the Department may secure any sample or specimen of any cannabis product or ingredient used therein by the manufacturing operation. The Department's inspector or agent shall leave a receipt for the licensee describing any sample obtained prior to leaving the premises.~~

~~(e) The Department may analyze or examine any sample obtained. If an analysis is made of a sample, a copy of the results of the analysis shall be furnished to the licensee by the Department.~~

~~(f) The Department may conduct investigations concerning the adulteration, misbranding, false or misleading advertising or marketing, or unlicensed production of any cannabis product, and may enter and inspect any place where any cannabis product is suspected of being manufactured or held in violation of the Act or these regulations.~~

~~(g) The Department may collect evidence related to any alleged violation of the Act or the regulations for the purpose of preserving such evidence during the course of investigation and any subsequent enforcement proceedings.~~

~~(h) The Department may copy any materials, books, or records of any licensee or their agents pertaining to the commercial cannabis business.~~

~~Authority: Sections 26012, 26013 and 26130, Business and Professions Code.~~

~~Reference: Sections 26011.5, 26130, 26132, 26133, 26134, 26135 and 26160, Business and Professions Code.~~

~~§17509. Notice to Comply.~~

~~(a) The Department may issue a notice to comply to a licensee for violation(s) of the Act or regulations observed during an inspection.~~

~~(b) The notice to comply shall be in writing and describe the nature and facts of each violation, including a reference to the statute or regulation violated.~~

~~(c) The Department may serve the notice to comply prior to leaving the licensed premises on an owner, manager or other individual on the premises designated by the licensee to accept the notice, or may mail the notice to comply to the licensee within 15 business days of the last date of inspection.~~

~~(d) The Department shall specify a reasonable timeframe in the notice to comply for the licensee to correct the violation(s). Within the specified timeframe, the licensee shall notify the Department of the corrective action(s) taken for each violation and describe how compliance was achieved. The Department may require the licensee to provide a corrective action plan for review and approval by the Department on a case by case basis.~~

~~(e) Failure to correct the violation(s) in the notice to comply may result in a disciplinary action or additional enforcement action by the Department.~~

~~Authority: Sections 26012 and 26013, Business and Professions Code. Reference:~~

~~Sections 26011.5 and 26018, Business and Professions Code.~~

~~Article 5. Suspensions and Revocations of a License~~

~~§17510. Emergency Decision and Order.~~

~~(a) The Department may issue an emergency decision and order for temporary, interim relief to prevent or avoid immediate danger to the public health, safety, or welfare. Such circumstances include, but are not limited to, the following:~~

~~(1) The Department determines that a cannabis product manufactured, processed, packed, or held at the licensee's premises has a reasonable probability of causing~~

~~serious adverse health consequences or death;~~

~~(2) The Department determines that insanitary or other conditions at the licensee's premises exist that could lead to the adulteration of finished cannabis products, and has a reasonable probability of affecting the safety of finished cannabis products;~~

~~(3) The Department observes or has information that conditions at the licensee's premises exist that present an immediate risk to worker or public health and safety;~~

~~(4) To prevent illegal diversion of cannabis or cannabis products, or other criminal activity at the licensee's premises; or~~

~~(5) To prevent the destruction of evidence related to illegal activity or violations of the Act.~~

~~(b) Temporary, interim relief may include one or more of the following:~~

~~(1) The temporary suspension of a license;~~

~~(2) An order to segregate or isolate specified cannabis products;~~

~~(3) An order prohibiting the movement of cannabis products from the premises or the receipt of cannabis or cannabis products at the premises;~~

~~(4) An order to cease some or all manufacturing operations at the premises;~~

~~(5) An order prohibiting the sale of specified cannabis products; or~~

~~(6) An order for the recall of cannabis products.~~

~~(c) The emergency decision and order issued by the Department shall include a brief explanation of the factual and legal basis for the emergency decision that justify the Department's determination that emergency action is necessary and the specific actions ordered. The emergency decision and order shall be effective when issued or as otherwise provided by the decision and order.~~

~~(d) The emergency decision and order for temporary, interim relief shall be issued in accordance with the following procedures:~~

~~(1) The Department shall give notice of the emergency decision and order and an opportunity to be heard to the licensee prior to the issuance, or effective date, of the emergency decision and order, if practicable;~~

~~(2) Notice and hearing under this section may be oral or written and may be provided by telephone, personal service, mail, facsimile transmission, electronic mail, or other electronic means, as the circumstances permit;~~

~~(3) Notice may be given to the licensee, any person meeting the definition of owner for the licensee, or to the manager or other personnel at the licensee's premises;~~

~~(4) Upon receipt of the notice, the licensee may request a hearing within three (3) business days by submitting a written request for hearing to the Department through electronic mail, facsimile transmission, or other written means. The hearing shall commence within five (5) business days of the Department's receipt of the written request for hearing, unless a later time is agreed upon by the Department and the licensee;~~

~~(5) The hearing shall be in the nature of an informal conference before the Department's Director or his or her designee, and shall permit the licensee and Department personnel to offer written or oral evidence and comments on the issues. The hearing does not require the opportunity for pre-hearing discovery or cross-examination of witnesses; and~~

~~(6) Following the hearing, the emergency decision and order shall be affirmed, modified, or set aside as determined appropriate by the Department within five (5) business days of the hearing.~~

~~(e) Within ten (10) days of the issuance or effective date of the emergency decision and order for temporary, interim relief, the Department shall commence adjudicative proceedings in accordance with Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code to resolve the underlying issues giving rise to the temporary, interim relief, notwithstanding the pendency of proceedings for judicial review of the emergency decision as provided in subsection (g).~~

~~(f) After formal proceedings pursuant to subsection (e) of this section are held, a licensee aggrieved by a final decision of the Department may appeal the decision to the Cannabis Control Appeals Panel pursuant to section 26043 of the Act.~~

~~(g) Notwithstanding administrative proceedings commenced pursuant to subsection (e), the licensee may obtain judicial review of the emergency decision and order pursuant to section 1094.5 of the Code of Civil Procedure in the manner provided in section 11460.80 of the Government Code without exhaustion of administrative remedies.~~

~~(h) The Department's authority in this section is in addition to, and does not preclude the exercise of, the Department's authority governing the recall of cannabis products in section 26132 of the Act and its authority to embargo cannabis products in section 26133 of the Act. The authority provided by this section may be used in addition to any civil, criminal, or other administrative remedies available to the Department.~~

~~Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26011.5 and 26013, Business and Professions Code; and Sections 11460.10, 11460.20, 11460.30, 11460.40, 11460.50, 11460.60, 11460.70 and 11460.80, Government Code.~~