

**BUREAU OF MARIJUANA CONTROL  
PROPOSED TEXT OF REGULATIONS**

**CALIFORNIA CODE OF REGULATIONS  
TITLE 16  
DIVISION 42. BUREAU OF MARIJUANA CONTROL**

**CHAPTER 1. GENERAL PROVISIONS APPLICABLE TO  
ALL BUREAU OF MARIJUANA CONTROL  
APPLICANTS AND LICENSEES**

**Article 1. General Provisions**

**§ 5000. Definitions**

For the purposes of this division, the definitions in this section shall govern the construction of this division unless otherwise indicated.

(a) “Act” means the Medical Cannabis Regulation and Safety Act.

(b) “Address of record” means the permanent address of an individual or organization.

(c) “Bureau” means the Bureau of Marijuana Control, previously named Bureau of Medical Cannabis Regulation and Bureau of Medical Marijuana Regulation.

(d) “Cannabis waste” means waste that is not hazardous waste, as defined in Public Resources Code section 40191, that contains cannabis and that has been made unusable and unrecognizable in the manner prescribed in section 5080 of this division.

(e) “Commercial vehicle” means a vehicle as defined in Vehicle Code section 260.

(f) “Delivery employee” means an individual employed by a licensed dispensary who delivers medical cannabis goods from the licensed dispensary premises to a medical cannabis patient or primary caregiver at a physical address.

(g) “Display” means medical cannabis goods that are stored in the licensed dispensary’s retail area during the hours of operation.

(h) “Display case” means container in the licensed dispensary retail area where medical cannabis goods are stored and visible to customers.

(i) “Free sample” means any amount of medical cannabis goods provided to a medical cannabis patient or primary caregiver without cost or payment or exchange of any other thing of value.

(j) “Limited-access area” means an area in which medical cannabis goods are stored or held and is only accessible to a licensee and his or her employees and contractors.

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

(l) “Medical cannabis goods” means medical cannabis, including dried flower, and manufactured medical cannabis products.

(m) “Medical cannabis patient” is a person whose physician has recommended the use of cannabis to treat a serious illness, including cancer, anorexia, AIDS, chronic pain, spasticity, glaucoma, arthritis, migraine, or any other illness for which cannabis provides relief.

(n) “Nonvolatile solvent” means any solvent used in the extraction process that is not a volatile solvent. For purposes of this division, a nonvolatile solvent includes carbon dioxide used for extraction.

(o) “Operating hours” means the hours within a day during which a licensed dispensary may allow medical cannabis patients and primary caregivers to enter the dispensary premises and purchase medical cannabis goods.

(p) “Ownership interest” means an interest held by a person who is an owner as defined in section 5004 of this division.

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

(r) “Pest” means undesired insect, rodent, nematode, fungus, bird, vertebrate, invertebrate, weed, virus, bacteria, or other microorganism that is injurious to human health.

(s) “Pre-roll” means dried cannabis flower rolled in paper prior to retail sale.

(t) “Proprietary private security officer” has the same meaning as that term as defined in Business and Professions Code section 7574.01.

(u) “Publicly owned land” means any building or real property that is owned by a city, county, state, federal, or other government entity.

(v) “Purchase” means obtaining medical cannabis goods in exchange for consideration.

(w) “Purchaser” means a person who is engaged in a transaction with a licensee for purposes of obtaining medical cannabis goods.

(x) “Quarantine” means the storage or identification of medical cannabis goods, to prevent distribution or transfer of the medical cannabis goods, in a physically separate area clearly identified for such use.

(y) “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.

(z) “Retail area” means a building, room, or other area upon the licensed dispensary premises in which medical cannabis goods are sold or displayed.

(aa) “Security monitoring” means the continuous and uninterrupted attention to potential alarm signals that can be transmitted from a security alarm system for the purpose of summoning law enforcement.

(bb) “Sell,” “sale,” and “to sell” include any transaction whereby, for any consideration, title to medical cannabis is transferred from one person to another, and includes the delivery of medical cannabis goods pursuant to an order placed for the purchase of the same and soliciting or receiving an order for the same, but does not include the return of medical cannabis goods by a licensee to the licensee from whom such medical cannabis goods were purchased.

(cc) “Sublet” means to lease or rent all or part of a leased or rented property.

(dd) “Vehicle alarm system” is a device or series of devices installed to discourage theft of the commercial 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 commercial vehicle.

(ee) “Wholesale” means the sale of medical cannabis goods to a distributor for resale to one or more dispensaries.

Authority: Section 19302, 19302.1, 19304, and 19300.5(b), Business and Professions Code.

Reference: Section 19300.5(b), 19302, and 19304, Business and Professions Code.

#### **§ 5001. [RESERVED]**

#### **§ 5002. [RESERVED]**

### **Article 2. Applications**

#### **§ 5003. [RESERVED]**

#### **§ 5004. Owner**

(a) For publicly traded companies, “owner” means the chief executive officer or any person or entity with an aggregate ownership interest of 5 percent or more.

(b) For all businesses other than publicly traded companies, an owner is:

(1) An individual that has an aggregate ownership interest, other than a security interest, lien, or encumbrance, of 20 percent or more in the commercial cannabis business;

(2) The chief executive officer and all members of the board of directors of an entity when that entity has an aggregate ownership interest, other than a security interest, lien, or encumbrance, of 20 percent or more in the commercial cannabis business; or

(3) An individual that will be participating in the direction, control, or management of the licensed commercial cannabis business. For purposes of this section, participating in the

direction, control, or management of the licensed commercial cannabis business means that the individual has been delegated discretionary powers to organize, direct, carry on or control the operations of the licensed commercial cannabis business. Authority to control one or more of the following functions may be considered evidence that such an individual is participating in the direction, control, or management of the licensed commercial cannabis business:

(A) To hire or separate employees.

(B) To contract for the purchase or sale of medical cannabis goods.

(C) To make or participate in making policy decisions relative to operations of the licensed commercial cannabis business.

(c) Individuals that have a community property interest under Family Code section 760 in the commercial cannabis business but who will not be participating in the direction, control, or management of the commercial cannabis business as defined under subsection (b)(3) of this section are not required to submit the information required of owners in the application for licensure under section 5006, subsection (b)(22) of this division. However, information regarding an individual with a community property interest shall be disclosed by the owner in the application for licensure pursuant to 5006, subsection (b)(22)(P). If a license in which an individual has a community property interest is revoked, the individual shall be barred from holding an interest in the same license type as the license that was revoked for the same period of time as the owner is barred from obtaining a new license. If a license in which an individual has a community property interest in is denied, the individual shall be barred from holding an interest in the same license type as the license that was denied for the same period of time as an owner is barred from obtaining a new license under Business and Professions Code section 486.

(d) A bank or financial institution whose interest constitutes only a loan is not considered to be an owner.

(e) The following individuals are considered to have a noncontrolling interest in the commercial cannabis business and are not required to submit the information required of owners in the application for licensure under section 5006, subsection (b)(22) of this division:

(1) Individuals that own an interest in a commercial cannabis business that is less than 5 percent for publicly traded companies or less than 20 percent for all other businesses;

(2) Individuals that own an interest of an entity owner under subsection (b)(2) that are not the chief executive officer nor a member of the board of directors; and

(3) Individuals that own an interest in an entity that owns an interest in a commercial cannabis business that is less than 20 percent.

Authority: Section 19302, 19302.1, and 19304, Business and Professions Code. Reference: Section 19300.5(b), Business and Professions Code.

**§ 5005. [RESERVED]**

## **§ 5006. Application Requirements**

(a) Applications may be completed online at [www.bmcr.ca.gov](http://www.bmcr.ca.gov) or by delivering a printed copy to the bureau.

(b) An application for medical cannabis licensure 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) The license type the applicant is applying for.

(4) For applicants who are individuals, whether the owner is serving or has previously served in the military. Disclosure of military service is voluntary. An applicant that 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 bureau and all other medical 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 by the bureau or any other medical 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 physical address of the premises.

(8) The address of record for the applicant.

(9) The telephone number for the premises.

(10) The website address of the applicant’s business if applicable.

(11) The email address for the applicant’s business if applicable.

(12) Contact information for the applicant’s designated primary contact person including the name, title, address, phone number, and email address of the individual.

(13) Contact information for the designated agent for service of process including the name, title, address, phone number, and email address of this individual.

(14) The business organizational structure of the applicant, for example partnership or corporation.

(15) The business-formation documents, which may include but are not limited to articles of incorporation, 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.

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

(17) An applicant that is a foreign corporation shall include in its application the certificate of qualification issued by the California Secretary of State under Corporations Code section 2105.

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

(A) A list of funds belonging to the commercial cannabis 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 commercial cannabis business. 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 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) The date the applicant began operations pursuant to section 5022 of this division.

(20) The contact information for the local jurisdiction in which the applicant proposes to operate, including the name of the local licensing authority, the address, and phone number.

(21) A complete list of every individual that has a noncontrolling interest in the commercial cannabis business as defined in section 5004, subsection (e) of this division.

(22) A complete list of every owner of the applicant as defined in section 5004 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 home 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 date the owner acquired an ownership interest in the applicant entity.

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

(J) If applicable, the number of shares in the applicant entity that the owner holds.

(K) Whether the owner has a financial interest in any other licensee under the Act. For purposes of this section "financial interest" means 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.

(L) 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, physical description, and picture of the person, such as a driver license.

(M) 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. 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 shall contain all evidence that the owner would like the bureau 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.

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

(O) 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.

(P) The following information regarding an individual with a community property interest in the commercial cannabis business under Family Code section 760 shall be provided by the owner:

(i) The full name of the individual.

(ii) The individual's date of birth and place of birth.

(iii) The individual's social security number or individual taxpayer identification number.

(iv) The individual's mailing address.

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

(vi) Whether the individual has a financial interest in any other licensee under the Act. For purposes of this section "financial interest" means 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.

(23) Documentation issued by the local jurisdiction in which the applicant proposes to operate certifying that the applicant is in compliance with all local ordinances and regulations, or will be in compliance with all local ordinances and regulations by the time the bureau issues a license.

(24) Evidence that the applicant has the legal right to occupy and use the proposed location that complies with section 5014 of this division.

(25) For an applicant applying for a dispensary license, the applicant shall provide evidence that the proposed location is at least a 600-foot radius from a school, as required by section 11362.768 of the Health and Safety Code.

(26) For an applicant with 20 or more employees, the applicant shall attest that the applicant has entered into a labor peace agreement and provide a copy of the agreement.

(27) The applicant shall provide a valid seller's permit number issued by the California State Board of Equalization. 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.

(28) A diagram of the premises as required by section 5012 of this division.

(29) Proof of a bond as required by section 5016 of this division.

(30) For applicants applying for a license to distribute medical cannabis goods, the application shall include a detailed description of the applicant's operating procedures including the following:

(A) Inventory Practices



- (i) A description of the applicant's practice for receiving shipments of inventory.
- (ii) Where the applicant's inventory will be kept and how records of the inventory will be maintained.
- (iii) The applicant's practice for performing inventory reconciliation and for ensuring that inventory records are accurate.

(B) Quality-Assurance Practices

- (i) The applicant's practices for preventing the deterioration of any medical cannabis goods held by the applicant.
- (ii) The applicant's practices for ensuring that all medical cannabis goods are properly packaged and labeled prior to retail sale.
- (iii) The applicant's practices for ensuring a licensed testing laboratory samples and analyzes medical cannabis goods held by the applicant.

(C) Security Practices

- (i) The applicant's practices for allowing individuals access to the premises.
- (ii) A description of the applicant's video surveillance system including camera placement and practices for the maintenance of video surveillance equipment.
- (iii) How the applicant will ensure that all access points to the premises will be secured, including the use of security personnel.
- (iv) A description of the applicant's security alarm system.

(31) For applicants applying for a license to transport medical cannabis goods, the application shall include a detailed description of the applicant's operating procedures including the following:

- (A) The applicant's practices for taking possession of medical cannabis goods.
- (B) The applicant's practices for holding medical cannabis goods while not in transport.
- (C) The applicant's practices for preventing the deterioration of any medical cannabis goods held by the applicant.
- (D) The applicant's practices for transport of medical cannabis goods.

(E) Security Practices

- (i) The applicant's practices for allowing individuals access to the premises.
- (ii) A description of the applicant's video surveillance system, including camera placement and procedures for the maintenance of video surveillance equipment.

(iii) How the applicant will ensure that all access points to the premises will be secured, including the use of security personnel.

(iv) A description of the applicant's alarm system.

(32) For applicants applying for a license to dispense medical cannabis goods, the application shall include a detailed description of the applicant's operating procedures including the following:

(A) Inventory Practices

(i) A description of the applicant's practices for receiving shipments of inventory.

(ii) Where the applicant's inventory will be kept and how records of the inventory will be maintained.

(iii) The applicant's practices for performing inventory reconciliation and for ensuring that inventory records are accurate.

(B) Quality-Assurance Practices

(i) The applicant's practices for preventing the deterioration of any medical cannabis goods held by the applicant.

(ii) The applicant's practices for ensuring that all medical cannabis goods are properly packaged and labeled prior to sale.

(C) Security Practices

(i) The applicant's practices for allowing individuals access to the licensed premises.

(ii) A description of the applicant's video surveillance system including camera placement and practices for the maintenance of video surveillance equipment.

(iii) How the applicant will ensure that all access points to the premises will be secured, including the use of security personnel.

(iv) A description of the applicant's security alarm system.

(33) The waiver of sovereign immunity required by Section 5017 of this division, if applicable.

Authority: Sections 19302, 19302.1, 19304, and 19322(a)(8), Business and Professions Code.

Reference: Section 2105, Corporations Code and Section 19322, Business and Professions Code.

**§ 5007. [RESERVED]**

**§ 5008. Law Enforcement Personnel Not to Hold Licenses**

(a) No license authorized by the Act and issued by the bureau shall 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 medical cannabis goods.

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

(c) This section shall not prohibit the ownership of any licensed commercial cannabis business by any local law enforcement officer or local reserve law enforcement officer when the licensed premises are located in a county other than that in which he or she is employed as a law enforcement officer.

(d) This section applies to any person mentioned herein who has any ownership interest, directly or indirectly, in any business to be operated or conducted under a medical cannabis license.

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

Authority cited: 19302, 19302.1, and 19304, Business and Professions Code, and 19990, Government Code. Reference: Section 19302, 19302.1, and 19304, Business and Professions Code.

#### **§ 5009. [RESERVED]**

#### **§ 5010. Premises**

(a) Premises means the designated structures and land specified in the application that are in the possession of and used by the applicant or licensee to conduct the commercial cannabis activity.

(b) The premises must be a contiguous area and may only be occupied by one licensee.

Authority: Sections 19302, 19302.1, and 19304, Business and Professions Code. Reference: Sections 19320, and 19323, Business and Professions Code.

#### **§ 5011. [RESERVED]**

#### **§ 5012. Premises Diagram**

An applicant shall submit to the bureau with his or her application a complete and detailed diagram of the proposed premises.

(a) The diagram must 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, doorways, and common or shared entryways. The diagram must show the areas in which all commercial cannabis activities will take place, including but not limited to, limited-access areas.

(b) The diagram must be to scale.

(c) The diagram shall not contain any highlighting.

(d) 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 what the remaining property is used for.

Authority: Sections 19302, 19302.1, 19304, 19320(c), 19322(a)(8), and Business and Professions Code. Reference: Sections 19320(c), Business and Professions Code.

### **§ 5013. [RESERVED]**

### **§ 5014. Property-Owner Approval**

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

(b) If the applicant is the landowner of the property on which the premises is located, the applicant shall provide to the bureau a copy of the title or deed to the property.

Authority: Sections 19302, 19302.1, and 19304, Business and Professions Code. Reference: Section 19300.5(b), and 19321(b), Business and Professions Code.

### **§ 5015. [RESERVED]**

### **§ 5016. Bond**

An applicant shall provide proof of having obtained a surety bond in the amount of \$5,000 payable to the State of California to ensure payment of the cost incurred for the destruction of medical 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.

Authority: Sections 19302, 19302.1, 19304, 19322, and 19334, Business and Professions Code. Reference: Sections 19322 and 19334, Business and Professions Code.

### **§ 5017. 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 bureau 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 bureau 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; and

(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 Medical Cannabis Regulation and Safety Act and the Administrative Procedure Act.

(b) Any applicant or licensee must immediately notify the bureau of any changes that may materially affect the applicant or licensee's compliance with subdivision (a).

(c) Any failure by an applicant or licensee to comply with the requirements of subdivisions (a) or (b) shall be a basis for denial of an application or renewal or discipline of a licensee.

Authority: Sections 19302, 19302.1, 19304, Business and Professions Code. Reference: Sections 19303, 19304, 19311, 19312, 19322, 19323, and 19324, Business and Professions Code.

### **§ 5018. Requirements for Continued Operation While Application Pending**

All applicants that were in operation prior to January 2, 2018, may continue to operate while their application is pending if a completed application is received by the bureau no later than 5:00 p.m. Pacific Time on July 2, 2018, and the continuing operations are the same commercial cannabis activity as the license type for which the applicant is applying. If the application for

licensure is denied, the applicant shall cease all commercial cannabis business operations until a license is obtained.

Authority: Sections 19304 and 19321, 19322, Business and Professions Code. Reference: Sections 19321 and 19322, Business and Professions Code.

**§ 5019. [RESERVED]**

**§ 5020. Priority Review**

Priority review of the application shall be given to applicants that were in operation and in good standing with the local jurisdiction by January 1, 2016, and whose business ownership or premises are currently the same as they were on January 1, 2016. Priority applications shall be processed for review in the order in which they are received.

Authority: Section 19302, 19302.1, 19304, and 19321(b), Business and Professions Code. Reference: Section 19321(b), Business and Professions Code.

**§ 5021. [RESERVED]**

**§ 5022. Date Operation Began**

(a) For the purposes of sections 5018 and 5020 of this division, the date on which an applicant was in operation is the date an applicant began actively conducting the same commercial cannabis activity as the license type for which the applicant is applying.

(b) For purposes of this section, “actively conducting” means engaging in the transportation, distribution, testing, or sale of medical cannabis goods as authorized by the local jurisdiction.

(c) The date an applicant began actively conducting the commercial cannabis activity shall be provided by the applicant. The applicant shall attest to the date under the penalty of perjury and shall provide evidence of the date operations began by submitting a dated copy of any of the following:

(1) Articles of incorporation;

(2) Certificate of stock;

(3) Articles of organization;

(4) Certificate of limited partnership;

(5) Statement of partnership authority;

(6) Tax form;

(7) Local license, permit, or other written authorization;

(8) Receipts; or

(9) Any other business record.

Authority: Section 19304 and 19321(b), Business and Professions Code. Reference: Sections 19320(b) and 19321(b), Business and Professions Code.

**§ 5023. [RESERVED]**

**§ 5024. Good Standing**

For purposes of sections 5018 and 5020 of this division, good standing shall be evidenced by a document issued or signed by the local jurisdiction that contains the following:

(a) Name of the applicant;

(b) Address of the premises to be licensed;

(c) License type that the applicant is applying to the bureau for;

(d) Name of the local jurisdiction;

(e) Name of the local jurisdiction office that issued the license, permit, or other authorization for the applicant to conduct commercial cannabis activity in the jurisdiction as required by Business and Professions Code section 19320;

(f) Name and contact information for the person authorized by the local jurisdiction to sign on its behalf;

(g) Signature of the person authorized to sign on behalf of the local jurisdiction; and

(h) A statement to the effect of: “The above named party has been issued a license, permit, or other authorization from this jurisdiction to conduct commercial cannabis activity. The above named party began operation and was in good standing in this jurisdiction on or before January 1, 2016.”

Authority: Section 19304, 19320 and 19321(b), Business and Professions Code. Reference: Section 19321(b), Business and Professions Code.

**§ 5025. [RESERVED]**

**§ 5026. Additional Information**

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

Authority: Sections 19302, 19302.1, 19304, and 19322(a)(4), Business and Professions Code. Reference: Sections 19302 and 19322, Business and Professions Code.

**§ 5027. [RESERVED]**

### **§ 5028. Incomplete Applications**

(a) If the bureau determines that the application is incomplete, the bureau shall provide notice to the applicant in accordance with Business and Professions Code section 124.

(b) An applicant has one year from the date of the notice in subsection (a) to correct all deficiencies. If the applicant fails to correct the deficiencies within the one-year period, the application shall be considered abandoned under Business and Professions Code section 142.

(c) An applicant may reapply at any time following an abandoned application.

(d) The bureau will not refund application fees for an incomplete application.

Authority: Sections 19302, 19302.1, and 19304, Business and Professions Code. Reference: Sections 124, 142, and 19322 Business and Professions Code.

### **§ 5029. [RESERVED]**

### **§ 5030. Withdrawal of Application**

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

(b) Requests to withdraw an application must be submitted to the bureau in writing, dated, and signed by the applicant.

(c) In accordance with Business and Professions Code section 118, withdrawal of an application shall not, unless the bureau has consented in writing to such withdrawal, deprive the bureau 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 bureau will not refund application fees for a withdrawn application.

(e) An applicant may reapply at any time following the withdrawal of an application.

Authority: Sections 19302, 19302.1, 19304, and 19322, Business and Professions Code. Reference: Sections 118 and 19322, Business and Professions Code.

## **Article 3. General Licensing**

### **§ 5031. [RESERVED]**

### **§ 5032. Substantially Related Offenses**

(a) For the purpose of denial of a license, convictions that are substantially related to the qualifications, functions, or duties of the business for which the application is made include:

(1) A violent felony conviction, as specified in subdivision (c) of Section 667.5 of the Penal Code.



(2) A serious felony conviction, as specified in subdivision (c) of Section 1192.7 of the Penal Code.

(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 sections 11370.4 or 11379.8.

(b) Except as provided in subparagraphs (4) and (5) of paragraph (a) and notwithstanding Chapter 2 (commencing with Section 480) or Division 1.5, 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.

Authority: Sections 19302, 19302.1, 19304, and 19323(b)(4), Business and Professions Code.

Reference: Sections 19302.1 and 19323(b)(4), Business and Professions Code.

### **§ 5033. Criteria for Rehabilitation**

(a) When evaluating 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 bureau shall consider the following criteria of rehabilitation:

(1) The nature and severity of the act 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 committed subsequent to the act 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 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 section 1203.4 or another state's similar law;

(8) If applicable, a certificate of rehabilitation obtained under Penal Code section 4852.01 or another state’s similar law; and

(9) Other evidence of rehabilitation submitted by the applicant.

(b) 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 19324 to determine if the applicant should be issued a license.

Authority: Sections 19302, 19302.1, 19304, and 19323(b)(4), Business and Professions Code.  
Reference: Sections 19302.1 and 19323(b)(4), Business and Professions Code.

**§ 5034. [RESERVED]**

**§ 5035. [RESERVED]**

**§ 5036. Additional Grounds for Denial of a License**

In addition to the reasons for denial in Business and Professions Code section 19323, a license may be denied for the following reasons:

(a) The applicant’s premises does not fully comply with standards set in regulation.

(b) The applicant’s premises is substantially different from the diagram of the premises submitted by the applicant, in that the size, layout, location of a common entryways, doorways, or passage ways, means of public entry or exit, or limited-access areas within the licensed premises are not the same.

(c) The applicant denied the bureau access to the premises.

(d) The applicant made a material misrepresentation on the application.

(e) The applicant failed to correct the deficiencies within the application in accordance with section 5028 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.

Authority: Sections 19302, 19302.1, 19304, and 19323, Business and Professions Code.  
Reference: Sections 19302.1, 19322, and 19323, Business and Professions Code.

**§ 5037. [RESERVED]**

**§ 5038. [RESERVED]**

**§ 5039. Notification of Change**

(a) Every licensee shall notify the bureau in writing within 10 calendar days of any change to any item listed in the application. The notification shall be signed by an owner as defined in section 5004 of this division.

(b) If at the time of licensure a licensee employed less than 20 employees and later employs 20 or more employees, the licensee shall provide to the bureau a document attesting that the licensee has entered into a labor peace agreement and a copy of the agreement within 180 days of employing 20 or more employees.

(c) Licenses are not transferable. A change to the business organizational structure or ownership requires a new application under section 5006 of this division and the initial license fees.

Authority: Section 19302, 19302.1, and 19304 Business and Professions Code. Reference: Section 136, 19300.5(b) and 19322, Business and Professions Code.

**§ 5040. [RESERVED]**

**§ 5041. [RESERVED]**

**§ 5042. Renewal of License**

(a) To renew a license, a completed license renewal form and renewal license fee shall be received by the bureau 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. 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 renewed prior to the expiration date, the licensee must cease all commercial medical cannabis operations.

(c) 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.

(2) The license number and expiration date.

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

(4) An attestation that all information provided to the bureau in the original application under section 5006 of this division or subsequent notification under section 5039 of this division, is accurate and current.

Authority: Section 19302, 19302.1, 19304, 19321, and 19322, Business and Professions Code. Reference: Sections 19321 and 19322, Business and Professions Code.

**§ 5043. [RESERVED]**

**§ 5044. [RESERVED]**

**§ 5045. Surrender of License**

(a) Every licensee who surrenders, abandons, or quits the licensed premises, or who closes the licensed premises for a period exceeding 30 consecutive calendar days, shall, within 30 calendar

days after closing, surrendering, quitting, or abandoning the licensed premises, surrender the license certificate or license certificates to the bureau. The bureau may seize the license certificate or certificates of a licensee who fails to comply with the surrender provisions of this section and may proceed to revoke the license or licenses.

(b) The bureau may cancel the license or licenses of a licensee upon request by the licensee.

Authority: Sections 19302, 19302.1, and 19304, Business and Professions Code. Reference: Sections 19302 and 19322, Business and Professions Code.

**§ 5046. [RESERVED]**

**§ 5047. [RESERVED]**

**§ 5048. Physical Modification of Premises**

(a) A licensee shall not 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 without the prior written approval of the bureau. A licensee whose premises is to be materially or substantially changed, modified, or altered is responsible for filing a request for premises modification with the bureau.

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

(c) A licensee shall request approval of a physical change, alteration, or modification in writing, and the request shall include:

(1) A new premises diagram that conforms to requirements in section 5012 of this division; and

(2) A nonrefundable fee.

(d) A licensee shall provide additional documentation requested by the bureau to evaluate the licensee's request.

Authority: Sections 19302, 19302.1, and 19304, Business and Professions Code. Reference: Sections 19302.1 and 19320, Business and Professions Code.

**§ 5049. [RESERVED]**

**§ 5050. Track and Trace Requirements**

(a) A licensee shall create and maintain an active account within the track and trace system prior to buying, selling, or transporting, any medical cannabis goods under a license issued by the bureau.

(b) A licensee shall designate one individual within the organization as the licensee's designated track and trace administrator.

- (1) The designated track and trace administrator may authorize additional licensee representatives to obtain track and trace system administrator accounts.
- (2) Each licensee representative who obtains access to the track and trace system on behalf of the licensee, shall obtain his or her own unique track and trace system administrator log-on and password.
- (3) Licensee representatives shall only log into the track and trace system and submit information to the track and trace system using a log-on that has been assigned to that licensee representative.
- (4) A licensee shall maintain a complete and accurate list of all track and trace system administrators for each licensed premises. This list shall be provided to the bureau upon request.
- (c) A licensee shall ensure that only authorized individuals are able to access the track and trace system on behalf of the licensee.
- (d) A licensee shall accurately record all transactions involving the physical movement or destruction of medical cannabis goods in the track and trace system.
- (1) A licensed transporter shall record transactions into the track and trace system pursuant to Chapter 3 of this division.
- (2) A licensed distributor shall record transactions into the track and trace system pursuant to Chapter 2 of this division.
- (3) A licensed dispensary shall record transactions into the track and trace system pursuant to Chapter 4 of this division.
- (4) A licensed testing laboratory shall record transactions into the track and trace system pursuant to Chapter 5 of this division.
- (e) All transactions must be entered into the track and trace system no later than the end of the day that the transaction occurred.
- (f) If, for any reason, a licensee is not able to access the track and trace system, the licensee shall create and maintain records detailing all transactions that would have been entered into the track and trace system. Upon the restoration of access to the track and trace system, all transactions that occurred while access to the track and trace system was not available shall be accurately entered into the track and trace system.
- (g) Licensees shall only enter accurate information into the track and trace system and shall correct any known errors in the information entered into the track and trace system by the licensee immediately upon discovery.

Authority: Sections 19302, 19302.1, 19304, and 19335, Business and Professions Code.

Reference: Section 19335, Business and Professions Code.

## **Article 4. Enforcement**

### **§ 5051. 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, 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: Sections 19302, 19302.1, 19304, 19311, and 19312, Business and Professions Code.  
Reference: Sections 19300, 19300.5, 19302.1, 19311, and 19312, Business and Professions Code.

### **§ 5052. [RESERVED]**

### **§ 5053. [RESERVED]**

### **§ 5054. Additional Grounds for Disciplinary Action**

In addition to the provisions of Business and Professions Code section 19311, grounds for disciplinary action include the following:

(a) The licensee's premises is substantially different from the premises diagram submitted to the bureau, or from any change, alteration, or modification approved by the bureau.

(b) The licensee denied the bureau access to the premises for inspection.

(c) The licensee impeded an investigation by the bureau, law enforcement, or any other licensing authority.

Authority: Sections 19302, 19302.1, 19304, and 19311, Business and Professions Code.  
Reference: Section 19307, 19311, 19302.1, 19322, 19327, and 19360, Business and Professions Code.

### **§ 5055. [RESERVED]**

## **Article 5. Records and Reporting**

### **§ 5056. Record Retention**

(a) Each licensee shall keep and maintain the following records for at least seven years:

(1) Financial records including, but not limited to, bank statements, sales invoices, receipts, tax records, and all records required by the California State Board of Equalization under Title 18 California Code of Regulations section 1968.

(2) Personnel records, including each employee's full name, social security, or individual tax payer identification number, date of beginning employment, 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 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.

(b) The bureau may make any examination of the books and records of any licensee as it deems necessary to perform its duties under the Act.

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

(d) A licensee may contract with a third party to provide custodial or management services of the records. Such a contract shall not relieve the licensee of his or her responsibilities under this section.

Authority: Sections 19302, 19302.1, 19304, and 19327, Business and Professions Code.

Reference: Section 19327, Business and Professions Code and Section 1968, California Code of Regulations, Title 18.

#### **§ 5057. [RESERVED]**

#### **§ 5058. Significant Discrepancy in Inventory**

A significant discrepancy in inventory of medical cannabis goods means a difference of at least \$1,000 of medical cannabis goods within a 7-day period or at least \$2,000 of medical cannabis goods in a 30-day period.

Authority: Sections 19302, 19302.1, 19304, and 19334, Business and Professions Code.

Reference: Section 19334, Business and Professions Code.

#### **§ 5059. [RESERVED]**

#### **§ 5060. Notification of Criminal Acts, Civil Judgments, and Revocation of a Local License, Permit, or Other Authorization After Licensure**

(a) A licensee shall ensure that the bureau is notified in writing of a criminal conviction, either by mail or electronic mail, within 48 hours of the conviction.

(b) A licensee shall ensure that the bureau is notified in writing of a civil penalty or judgment rendered against the licensee, either by mail or electronic mail, within 48 hours of delivery of the verdict or entry of judgment, whichever is sooner.

(c) A licensee shall ensure that the bureau 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.

Authority: Sections 19302, 19302.1, and 19304, Business and Professions Code. Reference: Sections 19320, 19323, and 19360, Business and Professions Code.

**§ 5061. [RESERVED]**

**§ 5062. Notification of Diversion, Theft, Loss, or Criminal Activity Pertaining to Medical cannabis goods**

Licenses shall notify the bureau and law enforcement authorities, within 24 hours, of theft or loss of medical cannabis goods.

Authority: Sections 19302, 19302.1, and 19304, Business and Professions Code. Reference: Sections 19334, Business and Professions Code.

**Article 6. Security**

**§ 5063. [RESERVED]**

**§ 5064. Access to Limited-Access Areas**

Licenses shall ensure that any person on the licensed premises, except for employees and contractors of the licensee, are escorted at all times by the licensee or at least one employee of the licensee when in the limited-access areas of the premises.

Authority: Section 19302, 19302.1, and 19304, Business and Professions Code. Reference: Section 19322, 19334, Business and Professions Code.

**§ 5065. [RESERVED]**

**§ 5066. Licensee Employee Badge Requirement**

All agents, officers, or other persons acting for or employed by a licensee shall display a laminated identification badge issued by the licensee. The identification badge shall, at a minimum, include the licensee’s “doing business as” name and license number, the employee’s first and last name, and a color photograph of the employee that shows the full front of the employee’s face and that is at least 2 inches by 2 inches in size.

Authority: Sections 19302, 19302.1, and 19304, Business and Professions Code. Reference: Section 19304, 19322, 19334 Business and Professions Code.

**§ 5067. [RESERVED]**

**§ 5068. Video Surveillance System**

(a) At a minimum, a licensed premises shall have a complete digital video surveillance system with a minimum camera resolution of 1280 × 1024 pixels.

(b) The surveillance-system storage device or the cameras shall be transmission control protocol/TCP/capable of being accessed through the internet.



(c) All areas recorded by the video surveillance system shall at all times have adequate lighting to allow the surveillance cameras to effectively record images.

(d) Cameras must be immobile and in a permanent location. Cameras 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 (e).

(e) Areas that shall be recorded on the video surveillance system include, but are not limited to, the following:

(1) Areas where medical cannabis goods are weighed, packed, stored, quarantined, loaded and unloaded for transportation, prepared, or moved within the premises;

(2) Areas where cannabis is destroyed;

(3) Limited-access areas;

(4) Security rooms;

(5) Areas storing a surveillance-system storage device with at least one camera recording the access points to the secured surveillance recording area; and

(6) Entrances and exits to the premises, which shall be recorded from both indoor and outdoor vantage points.

(f) Dispensaries shall also record on the video surveillance system point-of-sale areas and areas where medical cannabis goods are displayed for sale. At each point of sale location, camera placement must allow for the recording of the facial features of any person purchasing or selling medical cannabis goods, or any person in the retail area, with sufficient clarity to determine identity.

(g) Cameras shall record continuously 24 hours per day and at a minimum of 20 frames per second.

(h) The physical media or storage device on which surveillance recordings are stored must be secured in a manner to protect the recording from tampering or theft.

(i) Surveillance recordings shall be kept for a minimum of 30 days.

(j) Videos are subject to inspection by a bureau employee and shall be copied and sent to or otherwise provided to the bureau, upon request.

(k) Recorded images shall clearly and accurately display the time and date. Time is to be measured in accordance with the United States National Institute Standards and Technology standards.

Authority: Section 19302, 19302.1, and 19304, Business and Professions Code. Reference: Sections 19332 and 19334, Business and Professions Code.

**§ 5069. [RESERVED]**

## **§ 5070. Security Personnel**

A licensee shall hire or contract for security personnel to provide security services for the licensed premises. All security personnel hired or contracted for by the licensee shall comply with Chapters 11.4 and 11.5 of Division 3 of the Business and Professions Code.

Authority: Sections 19302, 19302.1, 19304, 19322(b)(6), and 19334, Business and Professions Code. Reference: Sections 19322(b)(6) and 19334, Business and Professions Code.

## **§ 5071. [RESERVED]**

## **§ 5072. Locks**

A licensee shall ensure that the limited-access areas described in section 5151 of this division can be securely locked using commercial-grade, nonresidential door locks. A licensee shall also use commercial-grade, nonresidential locks on all points of entry and exit to the premises.

Authority: Sections 19302, 19302.1, 19304, 19322, and 19334, Business and Professions Code. Reference: Section 19302, 19322, and 19334, Business and Professions Code.

## **§ 5073. [RESERVED]**

## **§ 5074. Alarm System**

(a) A licensee shall maintain an alarm system as defined in Business and Professions Code section 7590.1(n).

(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 bureau all information related to the alarm system, monitoring, and alarm activity.

Authority: Sections 19302, 19302.1, 19304, and 19322(b)(6), Business and Professions Code. Reference: Sections 19322(b)(6), and 19334, Business and Professions Code.

## **§ 5075. [RESERVED]**

## **Article 7. Returns and Destruction of Product**

### **§ 5076. Returns Between Licensees**

(a) If a licensee discovers that a manufactured medical cannabis good that was purchased from another licensee is defective, the purchasing licensee may return the medical cannabis good to the selling licensee only in exchange for a non-defective version of the same medical cannabis good.

(b) Except as provided in subsection (a) of this section, a licensee may not return medical cannabis goods purchased from another licensee.

Authority: Sections 19304 and 19334, Business and Professions Code. Reference: Section 19334, Business and Professions Code.

**§ 5077. [RESERVED]**

**§ 5078. [RESERVED]**

**§ 5079. [RESERVED]**

**§ 5080. Cannabis-Waste Management**

(a) A licensee may not sell cannabis waste.

(b) A licensee shall manage all waste that is hazardous waste, as defined in Public Resources code section 40141, in compliance with all applicable hazardous-waste statutes and regulations.

(c) A licensee shall not dispose of medical cannabis goods or cannabis waste in an unsecured waste receptacle, whether in the control of the licensee or not.

(d) Medical cannabis goods that a licensee intends to render into cannabis waste shall be held in quarantine for a minimum of 72 hours. A licensee shall affix to each batch one or more documents with batch information and weight. At no time during the quarantine period may the medical cannabis goods be handled, moved, or rendered into cannabis waste. The medical cannabis goods are subject to inspection by the bureau.

(e) A licensee shall make medical cannabis goods into cannabis waste by rendering the medical cannabis goods unusable and unrecognizable. The licensee shall render the medical cannabis goods into cannabis waste before removing the cannabis waste from the licensed premises. A licensee shall render the medical cannabis goods into cannabis waste by grinding and incorporating the medical cannabis goods with other ground material so that the resulting mixture is at least 50% non-cannabis material by volume. A licensee shall render medical cannabis goods into cannabis waste and track that cannabis waste one batch at a time and shall not comingle different batches into cannabis waste.

(f) The licensee shall render the medical cannabis goods into cannabis waste on camera in the manner required by section 5068 of this division.

(g) Medical cannabis goods that a licensee deposits at a compostable materials handling operation or facility or at an in-vessel digestion operation or facility may be rendered cannabis waste by incorporating any nonhazardous compostable material, as defined in Title 14 of the California Code of Regulations at section 17852(a)(11), that a compostable materials handling operation or facility or in-vessel digestion operation or facility may lawfully accept.

(h) After a licensee renders the medical cannabis goods into cannabis waste, a licensee shall do one of the following with the cannabis waste:

- (1) Dispose of the cannabis waste at a manned and fully permitted solid waste landfill;
- (2) Deposit the cannabis waste at a manned compostable materials handling operation or a manned and fully permitted compostable materials handling facility; or
- (3) Deposit the cannabis waste at a manned in-vessel digestion operation or and a manned and fully permitted in-vessel digestion facility.
- (i) In addition to all other tracking requirements set forth in section 5050 (General) of this division, a licensee shall use the track and trace system and on-site documents to ensure the cannabis-waste materials are identified, weighed, and tracked while on the licensed premises and when disposed of or deposited in accordance with subsection (h).
- (j) A licensee shall enter the date and time that the medical cannabis goods were rendered into cannabis waste and the weight of the resulting cannabis waste into the track and trace system.
- (k) A licensee shall maintain accurate and comprehensive records regarding cannabis waste material that account for, reconcile, and evidence all activity related to the generation and disposal or deposition of cannabis waste. A licensee shall obtain a record from the solid waste facility or operation evidencing the acceptance of the cannabis waste material at the facility or operation. The record must contain the name and address of the operation or facility, the date, the volume or weight of the cannabis waste accepted, and the name and signature of the person manning the facility or operation who accepts the cannabis waste. These documents are records subject to inspection by the bureau and shall be kept in compliance with section 5114 of this division.
- (l) A licensee shall enter the date and time of the disposal or deposition of the cannabis waste at a solid waste facility into the track and trace system.

Authority: Sections 19302.1, 19304, and 19345, Business and Professions Code. Reference: Sections 19345, Business and Professions Code.

## **§ 5081. [RESERVED]**

## **CHAPTER 2. DISTRIBUTORS**

### **Article 1. Activities**

#### **§ 5082. Distributor Taking Title Before Manufacturing**

A distributor may take title to and possession of medical cannabis after harvest but prior to manufacturing. A distributor may sell the medical cannabis to a manufacturer or enter into a contract with a manufacturer for manufacturing the medical cannabis into medical cannabis products.

Authority: 19302, 19302.1, 19304, and 19326, Business and Professions Code. Reference: Section 19300.5(p) and (q) and 19326, Business and Professions Code.

**§ 5083. [RESERVED]**

**§ 5084. No Consignment**

Once medical cannabis goods are received by a dispensary, a distributor shall not maintain title after transfer of the medical cannabis goods to the dispensary.

Authority: Sections 19302, 19302.1, and 19304, Business and Professions Code. Reference: Sections 19300.5(p), 19300.5(q), and 19326, Business and Professions Code.

**§ 5085. [RESERVED]**

**§ 5086. Distributor-to-Distributor Sales**

A distributor licensee may sell medical cannabis goods to another distributor licensee.

Authority: Sections 19302, 19302.1 and 19304, Business and Professions Code. Reference: Sections 19300.5(p), 19300.5(q), and 19326, Business and Professions Code.

**§ 5087. [RESERVED]**

**§ 5088. Distributor as Destroyer**

A distributor may destroy medical cannabis goods on the distributor's licensed premises, in the manner required by section 5080 of this division, for another licensee. The distributor shall enter the destruction occurrence into the track and trace system.

Authority: Sections 19302, 19302.1 and 19304, Business and Professions Code. Reference: Sections 19300.5(p), 19300.5(q), and 19326, Business and Professions Code.

**§ 5089. [RESERVED]**

**§ 5090. Storage**

(a) A distributor shall ensure that all medical cannabis goods batches are stored separately and distinctly from other medical cannabis goods batches on the distributor's premises.

(b) A distributor shall ensure a label with the following information is physically attached to each container of each batch:

(1) The manufacturer or cultivator's name and license number;

(2) The date of entry into the distributor's storage area;

(3) The unique identifiers and batch number associated with the batch;

(4) A description of the medical cannabis goods with enough detail to easily identify the batch; and

(5) The weight of or quantity of units in the batch.

(c) A distributor shall store medical cannabis goods in a building designed to permit control of temperature and humidity and shall prevent the entry of environmental contaminants such as smoke and dust. The area in which medical cannabis goods are stored shall not be exposed to direct sunlight. A distributor may not store medical cannabis goods outdoors.

(d) Employee breakrooms, eating areas, changing facilities, and bathrooms shall be completely separated from the storage areas.

(e) A distributor shall store harvest batches and edible cannabis products that require refrigeration at 35 to 42 degrees Fahrenheit. In addition, a distributor shall store harvest batches in a darkened area with no more than 60% humidity.

Authority: Sections 19302, 19302.1, 19304, and 19334, Business and Professions Code.

Reference: Sections 19300.5, and 19334, Business and Professions Code.

#### **§ 5091. [RESERVED]**

#### **§ 5092. Storage Only**

A distributor may provide medical cannabis goods storage only services to a cultivator, manufacturer, transporter, or other distributor, unrelated to the quality assurance and laboratory testing processes.

Authority: Sections 19302, 19302.1, and 19304, Business and Professions Code. Reference:

Sections 19326 and 19334, Business and Professions Code.

#### **§ 5093. [RESERVED]**

#### **§ 5094. Packaging and Labeling**

(a) A distributor may package and label medical cannabis in the form of dried flower on behalf of a cultivator or another distributor or while holding title.

(b) A distributor may re-package and re-label medical cannabis in the form of dried flower on behalf of a cultivator or another distributor or while holding title.

(c) A distributor may have another licensee or nonlicensee package and label on the distributor's premises. The distributor is responsible for compliance with applicable medical cannabis packaging and labeling laws including but not limited to Business and Professions Code section 19347 and Division 8 of Title 3 of the California Code of Regulations.

(d) A distributor shall not package, re-package, label, or re-label manufactured medical cannabis goods.

Authority: Sections 19300.5(j), 19302, 19302.1, 19304, 19326, and 19334, Business and Professions Code. Reference: Sections 19326 and 19334, Business and Professions Code.

#### **§ 5095. [RESERVED]**

## **§ 5096. Non-Medical-Cannabis Distribution Activities**

A distributor may not store or distribute non-medical-cannabis goods on or from the premises licensed for distribution of medical cannabis goods.

Authority: Sections 19302, 19302.1, 19304, and 19334, Business and Professions Code.

Reference: Section 19300.5(p) and 19334, Business and Professions Code.

## **Article 2. Testing and Quality Assurance**

### **§ 5097. [RESERVED]**

### **§ 5098. Laboratory-Testing Logistics**

(a) After taking physical possession of a medical cannabis batch, the distributor shall contact a licensed testing laboratory and arrange for one of the following to occur:

(1) A laboratory agent to come to the distributor's licensed premises to select a random sample for laboratory testing; or

(2) The distributor to transport the entire batch to the laboratory, and a laboratory agent to select a random sample at the laboratory.

(b) The distributor shall observe the laboratory agent select the random samples as defined in Chapter 5 of this division. For harvest batches, the distributor shall ensure that samples be taken from batches that do not exceed 10 pounds. The sampling shall occur on video with the batch number stated at the beginning of the video and a visible time and date indication on the video recording footage.

(c) After the sample has been selected, both the distributor and the laboratory agent shall sign and date a document, attesting to the sample selection having occurred, as required by Chapter 5 of this division.

Authority: Sections 19302, 19302.1, 19304, 19326, and 19342, Business and Professions Code.

Reference: Sections 19326 and 19342, Business and Professions Code.

### **§ 5099. [RESERVED]**

### **§ 5100. Testing Sample**

A distributor shall be physically present to observe the laboratory agent obtain samples of medical cannabis goods for testing. A distributor shall not assist the laboratory agent nor touch the medical cannabis goods or the sampling equipment while the laboratory agent is obtaining the samples.

Authority: Sections 19302, 19302.1, 19304, 19326, 19334, and 19342, Business and Professions Code. Reference: Sections 19326, 19334, and 19342, Business and Professions Code.

### **§ 5101. [RESERVED]**

## **§ 5102. Laboratory Testing Results**

(a) A sample “passes” a laboratory test when the sample meets specifications in Chapter 5 of this division.

(b) When a batch from a manufactured or harvest batch passes, the medical cannabis goods may be transported to one or more dispensaries.

(c) A sample “fails” a laboratory test when it does not meet specifications of Chapter 5 of this division.

(d) If a failed sample was collected from a manufactured cannabis batch, the distributor storing the batch shall destroy the batch. A distributor shall destroy the batch in accordance with section 5080 of this division and shall do so on camera as required by section 5068 of this division.

(e) If a failed sample was collected from a harvest batch and the harvest batch could be processed by a manufacturer without the resulting production batch causing harm to medical cannabis patients, as determined under Chapter 5 of this division, a distributor may, under his or her transporter license, transport the harvest batch or arrange for transportation of the harvest batch to a manufacturer.

(f) If a failed sample was collected from a harvest batch and the harvest batch cannot be processed into a production batch that is safe for medical cannabis patients, the distributor or another licensee shall destroy the batch. A distributor shall destroy the batch in accordance with section 5080 of this division and shall do so on camera as required by section 5068 of this division.

(g) A distributor shall not transport nor arrange for the transportation of a batch that failed a laboratory testing to a cultivator, manufacturer, or other licensee unless authorized to do so by this section.

Authority: Sections 19302, 19302.1, 19304, 19342, 19343, 19344, and 19345, Business and Professions Code. Reference: Sections 19342, 19343, 19344, and 19345, Business and Professions Code.

## **§ 5103. [RESERVED]**

## **§ 5104. Quality-Assurance Review**

When a distributor receives a certification of analysis stating that the sample meets specifications required by law, the distributor shall ensure the following before transport to one or more dispensaries:

(a) The certificate of analysis the distributor received from the testing laboratory is the certificate of analysis that corresponds to the batch;

(b) The label on the medical cannabis goods is consistent with the certificate of analysis regarding cannabinoid content and contaminants required to be listed by law;



(c) The packaging complies with applicable packaging laws including, but not limited to, Business and Professions Code section 19347;

(d) The packaging is tamper evident. “Tamper evident” means a one-time-use seal is affixed to the opening of the package, allowing a person to recognize whether or not the package has been opened;

(e) The weight or count of the medical cannabis batch comports with that in the track and trace system. A distributor shall use scales as required by the Act; and

(f) All events up to this point have been entered into the track and trace system.

Authority: Sections 19302, 19302.1, 19304, 19326, and 19334, Business and Professions Code. Reference: Sections 19326 and 19334, Business and Professions Code.

### **Article 3. Other Requirements**

#### **§ 5105. [RESERVED]**

#### **§ 5106. Grace Period for Testing and Labeling**

A licensee is not required to have his or her medical cannabis goods tested or to follow the labeling requirements in these regulations until 180 days after licensure, or December 31, 2018, whichever is sooner.

Authority: Sections 19302, 19302.1, and 19304, Business and Professions Code. Reference: Section 19334, Business and Professions Code.

#### **§ 5107. [RESERVED]**

#### **§ 5108. Insurance Requirements**

(a) A distributor shall provide evidence of insurance coverage required under this section. An applicant for a distributor license shall provide the bureau with a certificate of insurance that shows the kinds of insurance and minimum amounts have been secured as required by this section. Failure to provide proof of insurance, as required, will result in denial of a license.

(b) A distributor licensee shall at all times carry and maintain commercial general liability insurance and commercial umbrella insurance for bodily injury and property damage arising out of licensed activities. This insurance shall cover such claims as may be caused by any act, omission, or negligence of the licensee or its officers, agents, representatives, assigns, or servants. The insurance shall also cover bodily injury, including disease, illness, and death; property damage associated with the licensee’s premises or operations; and personal injury. The limits of liability insurance shall not be less than one million dollars.

(c) A distributor licensee shall maintain the insurance required in subsection (b) from an insurance company authorized to do business in California by the Secretary of State.

(d) A distributor licensee shall notify the bureau in writing within 10 calendar days of a lapse in insurance.

Authority: Sections 19302, 19302.1, 19304, and 19322, Business and Professions Code.

Reference: Section 19322 and 19334, Business and Professions Code.

**§ 5109. [RESERVED]**

**§ 5110. Employee Requirements**

(a) A distributor shall not hire an employee or volunteer if the person works or volunteers for another licensee unless the other licensee is a distributor or transporter.

(b) A distributor licensee shall ensure his or her employees do not have a financial interest as defined in section 5006 subsection (b)(22)(K) of this division in another medical cannabis license. A distributor licensee shall have a document for each employee in which the employee signs and attests to not having a financial interest in another medical cannabis license unless allowed under subsection (a).

Authority: Sections 19302, 19302.1, 19304, 19322, and 19334, Business and Professions Code.

Reference: Sections 19322 and 19334, Business and Professions Code.

**§ 5111. [RESERVED]**

**§ 5112. Inventory Reconciliation**

(a) A distributor shall reconcile all inventories of medical cannabis goods a minimum of once per week.

(b) A distributor shall keep an inventory log, containing the following information for each batch:

(1) Where the batch originated and license number of the cultivator or the manufacturer;

(2) The date of physical transfer to the distributor;

(3) The time the batch arrived at the premises;

(4) The unique identifiers for the batch;

(5) The total weight or amount of the batch;

(6) Where on the premises the batch is kept;

(7) The storage conditions the batch is held in;

(8) The best-by, sell-by, or expiration date of the batch, if any;

(9) Shipping manifests and bills of lading;

(10) A copy of the service or sale contract pertaining to the batch; and

(11) Warehouse receipts.

(c) If a distributor finds a discrepancy between the inventory of stock and the inventory log or track and trace system that is outside of normal weight loss caused by moisture loss, the distributor shall commence a full audit of the batch in which the discrepancy was found. The distributor shall notify the bureau within 24 hours if, after the audit, there is a significant discrepancy in inventory.

(d) If a distributor finds evidence of theft or diversion, the licensee shall immediately report the theft or diversion to the bureau.

Authority: Sections 19302, 19302.1, 19304, and 19334, Business and Professions Code.

Reference: Sections 19327, and 19334, Business and Professions Code.

### **§ 5113. [RESERVED]**

### **§ 5114. Records**

(a) In addition to those records required by section 5056 of this division, a distributor shall maintain the following records:

(1) Records relating to branding and packaging and labeling;

(2) Current inventory log;

(3) Transportation bills of lading and shipping manifests;

(4) Quality-assurance records;

(5) Records relating to destruction of medical cannabis goods;

(6) Video that is required under section 5068 of this division;

(7) Laboratory-testing records;

(8) Inventory records; and

(9) Warehouse receipts.

Authority: Sections 19302, 19304, and 19327, Business and Professions Code. Reference:

Section 19327, Business and Professions Code.

### **§ 5115. [RESERVED]**

### **§ 5116. Track and Trace Requirements**

A distributor shall enter the following events into the track and trace system:

(a) Receipt of medical cannabis goods from cultivator, manufacturer, or distributor.

(1) Enter the following information:

(A) Cultivator's, manufacturer's, or distributor's name and license number;

(B) Name of licensee who transported the medical cannabis goods and license number;

(C) Type of medical cannabis goods received;

(D) Amount received, by weight or count;

(E) Best-by, sell-by, or expiration date of the batch;

(F) Party who holds title to the medical cannabis goods;

(G) The date of receipt of the medical cannabis goods;

(H) The unique identifiers associated with the medical cannabis goods; and

(I) Other information required elsewhere by law.

(b) Sample taken by testing laboratory.

(1) Enter the following information:

(A) The testing laboratory's name and license number;

(B) The name of the laboratory agent or agents who obtained the samples;

(C) The weights of the samples obtained;

(D) The date the samples were obtained; and

(E) Other information required elsewhere by law.

(c) Sale to dispensary.

(1) If a distributor purchases medical cannabis goods, the distributor shall enter the following information:

(A) Name of dispensary licensee with whom the distributor contracted for sale and the dispensary's license number;

(B) The date of the contract for sale;

(C) The type of medical cannabis goods contracted for sale;

(D) The amount of medical cannabis goods contracted for sale, by weight or count;

(E) The date title passed to the dispensary; and

(F) Other information required elsewhere by law.

(d) Transportation to dispensary.

(1) If the distributor uses his or her transporter license to transport the medical cannabis to a dispensary, the distributor shall enter the following information:

- (A) Transporter name and license number;
  - (B) Driver’s name and driver’s license number;
  - (C) Amount of medical cannabis goods transported, by weight or count;
  - (D) Vehicle license plate number used for transportation;
  - (E) Date of transport; and
  - (F) Other information required elsewhere by law, including for transporters.
- (e) Destruction.
- (f) Laboratory-test results.

Authority: Sections 19302, 19302.1, 19304, and 19335, Business and Professions Code.  
Reference: Section 19335, Business and Professions Code.

**§ 5117. [RESERVED]**

**CHAPTER 3. TRANSPORTERS**

**§ 5118. Medical Cannabis Transporter**

Only a person licensed by the bureau as a transporter may transport medical cannabis goods between licensees, unless that person is exempt from holding a transporter license pursuant to Business and Professions Code section 19319.

Authority: Section 19302, 19302.1, and 19304, Business and Professions Code. Reference: Sections 19300.5(j), 19326(a), and 19334(b), Business and Professions Code.

**§ 5119. [RESERVED]**

**§ 5120. [RESERVED]**

**§ 5121. [RESERVED]**

**§ 5122. Transporter May Not Hold Title to Medical Cannabis Goods**

A transporter shall not hold title under its transporter license to medical cannabis goods it is transporting. However, a licensed transporter may hold legal title to medical cannabis goods if the transporter holds title to the medical cannabis goods under another medical cannabis license.

Authority: Section 19302, 19302.1, and 19304, Business and Professions Code. Reference: Sections 19300.5 and 19328, Business and Professions Code.

**§ 5123. [RESERVED]**

## **§ 5124. Transport Requirements**

The following requirements apply when transporting medical cannabis goods:

- (a) Transportation by means of aircraft, watercraft, drones, rail, human powered vehicles, and unmanned vehicles is prohibited.
- (b) Medical cannabis goods may only be transported inside of a commercial vehicle or trailer and may not be visible or identifiable from outside of the commercial vehicle or trailer.
- (c) Medical cannabis goods shall be locked in a box that is secured to the inside of the commercial vehicle or trailer.
- (d) While left unattended, the commercial vehicle and trailer shall be locked and secured.
- (e) A transporter shall not leave a commercial vehicle containing medical cannabis goods unattended or parked overnight in a residential area.
- (f) At a minimum, a transporter shall have a vehicle alarm system on all transport vehicles. Motion detectors, pressure switches, duress, panic, and hold-up alarms may also be used.
- (g) Packages or containers containing medical cannabis goods may not be tampered with during transport.
- (h) A transporter shall only travel between licensees shipping or receiving medical cannabis goods and its own licensed premises when engaged in the transportation of medical cannabis goods. The transporter may transport multiple shipments of medical cannabis goods at once in accordance with applicable laws. A transporter may not transport non-medical cannabis goods with medical cannabis goods.
- (i) Transport vehicles and all licensed premises are subject to inspection by the bureau. Commercial vehicles used to transport medical cannabis goods may be inspected by the bureau at any licensed premises or during transport.

Authority: Section 19302, 19302.1, and 19304, Business and Professions Code. Reference: Section 19334, Business and Professions Code.

## **§ 5125. [RESERVED]**

## **§ 5126. Additional Transport Vehicle Application Requirements**

- (a) With the general licensing application, an applicant for a transporter license shall provide the following information to the bureau:
  - (1) Proof of ownership or a valid lease for any and all commercial vehicles that will be used to transport medical cannabis goods;
  - (2) The year, make, model, license plate number, and numerical Vehicle Identification Number (VIN) for any and all commercial vehicles that will be used to transport medical cannabis goods; and

(3) Proof of insurance in the amount of \$1,000,000 for any and all commercial vehicles being used to transport medical cannabis goods.

(b) The licensee shall provide the bureau with the information required by this section in writing for any new commercial vehicle that will be used to transport medical cannabis goods prior to using the commercial vehicle to transport medical cannabis goods.

(c) The licensee shall provide the bureau with any changes to the information required by this section in writing within 30 calendar days.

Authority: Sections 19302, 19302.1, 19304, and 19334(b), Business and Professions Code.

Reference: Section 19334(b), Business and Professions Code.

### **§ 5127. [RESERVED]**

### **§ 5128. Transport Personnel Requirements**

(a) No person under the age of 21 years old shall be in a commercial vehicle transporting medical cannabis goods; and

(b) Only a licensed transporter or an employee of the licensee shall be in a vehicle while transporting medical cannabis goods.

Authority: Section 19302, 19302.1, and 19304, Business and Professions Code. Reference: Sections 19334 and 19337, Business and Professions Code.

### **§ 5129. [RESERVED]**

### **§ 5130. Transporter Storage of Medical Cannabis Goods**

A transporter may store medical cannabis goods on his or her licensed premises for no longer than 72 hours.

Authority: Section 19302, 19302.1, and 19304, Business and Professions Code. Reference: Sections 19300.5(am) and 19300.5(an), Business and Professions Code.

### **§ 5131. [RESERVED]**

### **§ 5132. Storage**

(a) A transporter shall ensure all medical cannabis batches are stored separately and distinctly from other medical cannabis batches on the transporter's premises.

(b) A transporter shall ensure a label with the following information is physically attached to each container of each batch:

(1) The manufacturer or transporter's name and license number;

(2) The date of entry into the transporter's storage area;

(3) The unique identifiers and batch number associated with the batch;

(4) Description of product with enough detail to easily identify the batch; and

(5) Weight of or quantity of units in the batch.

(c) A transporter shall store medical cannabis goods in a building designed to permit control of temperature and humidity and shall prevent the entry of environmental contaminants such as smoke and dust. The area in which medical cannabis goods are stored shall not be exposed to direct sunlight. A transporter may not store medical cannabis goods outdoors.

(d) Employee break rooms, changing facilities, and bathrooms shall be completely separated from the storage areas.

(e) A transporter shall store harvest batches and edible cannabis products that require refrigeration at 35 to 42 degrees Fahrenheit. In addition, a transporter shall store harvest batches in a darkened area with no more than 60% humidity.

Authority: Sections 19302, 19302.1, 19304, and 19334, Business and Professions Code.

Reference: Sections 19300.5, and 19334, Business and Professions Code.

**§ 5133. [RESERVED]**

**§ 5134. [RESERVED]**

**§ 5135. [RESERVED]**

**§ 5136. Notification of Shipment**

Before transporting any medical cannabis goods, the transporting licensee shall complete an electronic shipping manifest and transmit it to the bureau and the licensee receiving the shipment.

Authority: Section 19302, 19302.1, and 19304, Business and Professions Code. Reference: Sections 19335, and 19337, Business and Professions Code.

**§ 5137. [RESERVED]**

**§ 5138. Shipping Manifest**

The shipping manifest shall contain the following information:

(a) The name of the licensee;

(b) The names of authorized drivers;

(c) The type and quantity or amount of medical cannabis goods being transported;

(d) The unique identifiers issued by the Department of Food and Agriculture pursuant to Health and Safety Code section 11362.777;

(e) The quantity and weight or amount of medical cannabis goods being transported;

(f) The time and location of departure;



(g) The time and location of expected arrival; and

(h) The make, model, and license plate number of the commercial vehicle.

Authority: Section 19302, 19302.1, and 19304, Business and Professions Code. Reference: Sections 19327, and 19337, Business and Professions Code.

**§ 5139. [RESERVED]**

**§ 5140. Records**

In addition to those records required by section 5056 of this division, a transporter shall maintain the following records:

(a) Commercial vehicle maintenance and ownership records; and

(b) All shipping manifests for completed transports and for medical cannabis goods in transit.

Authority: Section 19302, 19302.1, and 19304, Business and Professions Code. Reference: Sections 19327, and 19337, Business and Professions Code.

**§ 5141. [RESERVED]**

**§ 5142. Transporter Track and Trace Requirements**

A transporter shall enter the following information into the track and trace system:

(a) Name and license number of the transporter;

(b) Date the transporter receives the medical cannabis goods from licensee for transport;

(c) Amount transported, by weight or count;

(d) Date the transporter delivers the medical cannabis goods to the licensee;

(e) The unique identifiers associated with the medical cannabis goods transferred;

(f) Spoilage or fouling of the medical cannabis goods;

(g) Any event resulting in exposure or compromise of the medical cannabis goods; and

(h) Other information required elsewhere by law.

Authority: Sections 19302, 19302.1, 19304, 19335, and 19337, Business and Professions Code. Reference: Sections 19335 and 19337, Business and Professions Code.

**§ 5143. [RESERVED]**

**§ 5144. [RESERVED]**

## **CHAPTER 4. DISPENSARIES**

### **Article 1. Premises**

#### **§ 5145. Subletting of Premises**

A licensed dispensary shall not sublet any portion of the licensed premises of the dispensary.

Authority: Sections 19302, 19302.1, 19303, and 19304, Business and Professions Code.

Reference: Section 19302, Business and Professions Code.

#### **§ 5146. [RESERVED]**

#### **§ 5147. [RESERVED]**

#### **§ 5148. Access to Dispensary Premises**

(a) Except as stated in subsection (b), access to the licensed premises shall be limited to individuals who are at least 18 years old and have a bona fide business reason for entering the premises.

(b) An individual younger than 18 years of age may enter the premises to purchase medical cannabis goods only if the individual is a medical cannabis patient. Any medical cannabis patient younger than 18 years old shall be accompanied by his or her parent, legal guardian, or primary caregiver.

Authority: Sections 19302, 19302.1, 19303, 19304, and 19332, Business and Professions Code.

Reference: Sections 19332, and 19334, Business and Professions Code.

#### **§ 5149. [RESERVED]**

#### **§ 5150. [RESERVED]**

#### **§ 5151. Limited-Access Areas**

(a) A licensed dispensary shall only permit authorized individuals to enter the dispensary limited-access areas.

(b) Authorized individuals include individuals employed by the licensed dispensary as well as any outside vendors, contractors, or other individuals who have a bona fide business reason for entering the dispensary limited-access area.

(c) An individual who is not an authorized individual for purposes of entering the dispensary limited-access areas shall not enter the dispensary limited-access area at any time for any reason.

(d) An individual in the dispensary limited-access area who is not employed by the licensed dispensary shall be escorted by individuals employed by the licensee at all times within the dispensary limited-access area.

(e) An individual who enters the dispensary limited-access areas shall be at least 21 years of age.

(f) The licensed dispensary shall maintain a log of all authorized individuals who are not employees of the dispensary that enter the dispensary limited-access area. These logs shall be made available to the bureau upon request.

(g) A licensed dispensary shall not receive consideration or compensation for permitting an individual to enter the dispensary limited-access area.

Authority: Sections 19302, 19302.1, 19303, 19304, and 19334, Business and Professions Code.  
Reference: Section 19334 Business and Professions Code.

**§ 5152. [RESERVED]**

**§ 5153. [RESERVED]**

**Article 2. Retail Sales**

**§ 5154. Retail Area**

(a) Individuals shall only be granted access to the area to purchase medical cannabis goods after the licensee has identified the individual as a medical cannabis patient or a primary caregiver. Prior to identifying an individual as a medical cannabis patient or a primary caregiver, a licensed dispensary shall verify that the individual has the following:

(1) A valid physician recommendation for medical cannabis in compliance with Health and Safety Code sections 11362.5 et seq.

(2) A valid proof of identification. Acceptable forms of identification include the following:

(A) A document issued by a federal, state, county, or municipal government, or a political subdivision or agency thereof, including, but not limited to, a valid motor vehicle operator's license, that contains the name, date of birth, physical description, and picture of the person; or

(B) A valid identification card issued to a member of the Armed Forces that includes a date of birth and a picture of the person; or

(C) A valid passport issued by the United States or by a foreign government.

(3) In the case of a primary caregiver, valid written documentation containing the signature and the printed name of the medical cannabis patient designating the individual as a primary caregiver for a medical cannabis patient.

(b) The licensee or its employees shall be physically present in the retail area at all times when there are individuals who are not employees of the licensed dispensary in the retail area.

Authority: Sections 19302, 19302.1, 19303, and 19304, Business and Professions Code.  
Reference: Sections 19302.1, 19303, and 19304, 19323, and 19324, Business and Professions Code.

**§ 5155. [RESERVED]**

**§ 5156. [RESERVED]**

**§ 5157. Hours of Operation**

(a) A licensed dispensary may only sell medical cannabis goods during the hours of 6:00 a.m. Pacific Time to 9:00 p.m. Pacific Time.

(b) At any time the licensed dispensary is not open for retail sales, the licensee shall ensure the following:

(1) The premises shall be securely locked with commercial-grade, non-residential door locks;

(2) The premises shall be equipped with an active alarm system;

(3) When closed for retail business, all medical cannabis goods shall be stored in a locked safe or vault on the licensed premises; and

(4) Only authorized employees and contractors of the licensee shall be allowed to enter the premises after hours.

Authority: Sections 19302, 19302.1, 19303, and 19304, Business and Professions Code.

Reference: Sections 19332, 19303, and 19334, Business and Professions Code

**§ 5158. [RESERVED]**

**§ 5159. [RESERVED]**

**§ 5160. Dispensary Customers**

(a) A licensed dispensary shall only sell medical cannabis goods to medical cannabis patients or the primary caregivers of medical cannabis patients.

(b) A licensed dispensary shall verify the identity of a medical cannabis patient or primary caregiver as required by section 5154 of this division.

Authority: Sections 19302, 19302.1, and 19304, Business and Professions Code. Reference:

Section 19302.1, 19323, 19324, Business and Professions Code.

**§ 5161. [RESERVED]**

**§ 5162. [RESERVED]**

**§ 5163. Medical Cannabis Goods Display**

(a) The display of medical cannabis goods for sale shall only occur in the retail area during the operating hours of the licensed dispensary.

(b) The licensee shall not display any medical cannabis goods in areas outside of the retail area. The licensed dispensary shall not display medical cannabis goods in a place where it is visible from outside the licensed premises.

(c) Medical cannabis goods on display shall not be readily accessible to the customers.

(d) The amount of medical cannabis goods that are displayed shall not exceed the average amount of medical cannabis goods the licensed dispensary sells during an average one day period. The remainder of the licensee’s inventory of medical cannabis goods shall be stored in accordance with section 5214 of this division.

(e) Medical 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 dispensary personnel. A container must be provided to the customer by the licensee or employee, who shall remain with the customer at all times that the container is being inspected by the customer.

(f) Medical cannabis goods removed from their packaging for display shall not be sold, shall not be consumed, and shall be destroyed pursuant to section 5080 of this division when the medical cannabis goods are no longer used for display.

Authority: Sections 19302, 19302.1, 19303, 19304, and 19334, Business and Professions Code. Reference: Sections 19303, and 19334, Business and Professions Code.

**§ 5164. [RESERVED]**

**§ 5165. [RESERVED]**

**§ 5166. Medical Cannabis Goods for Sale**

(a) A licensed dispensary shall not make any medical cannabis goods available for sale or delivery to a medical cannabis patient or primary caregiver unless:

(1) The medical cannabis goods were received from a licensed distributor and delivered to the dispensary by a licensed transporter; and

(2) The licensed dispensary has verified that the medical cannabis goods have not exceeded their expiration or sell-by date if one is provided.

Authority: Sections 19302, 19302.1, and 19304, Business and Professions Code. Reference: Sections 19326, 19347.5, 19347.6, and 19347, Business and Professions Code.

**§ 5167. [RESERVED]**

**§ 5168. [RESERVED]**

**§ 5169. [RESERVED]**

**§ 5170. [RESERVED]**

**§ 5171. [RESERVED]**

**§ 5172. Daily Limits**

(a) A licensee shall not sell more than eight ounces of medical cannabis in a single day to a single medical cannabis patient.

(b) A licensee shall not sell more than eight ounces of medical cannabis in a single day to a primary caregiver for each medical cannabis patient that the primary caregiver is authorized to purchase for.

(c) If a medical cannabis patient or primary caregiver has a physician's recommendation that eight ounces of medical cannabis in a single day does not meet the medical cannabis patient's medical needs, the medical cannabis patient or primary caregiver may purchase an amount of medical cannabis consistent with the patient's needs as recommended by a physician.

Authority: Sections 19302, 19302.1, and 19304, Business and Professions Code. Reference: Sections 19302.1, and 19303, Business and Professions Code; Section 11362.77, Health and Safety Code.

**§ 5173. [RESERVED]**

**§ 5174. [RESERVED]**

**§ 5175. Medical Cannabis Goods Returned by Medical Cannabis Patients or Primary Caregivers**

(a) For the purposes of this section, a medical cannabis patient or primary caregiver return means a return of medical cannabis goods that were purchased from a dispensary back to the dispensary the medical cannabis goods were purchased from.

(b) A licensed dispensary may accept patient or primary caregiver returns of medical cannabis goods that were previously sold to the medical cannabis patient or primary caregiver returning the medical cannabis goods. A primary caregiver may return medical cannabis goods sold to a patient for whom he or she provides care.

(c) A licensed dispensary shall not resell medical cannabis goods that have been returned.

(d) A licensed dispensary shall treat any medical cannabis goods abandoned on the dispensary premises as a patient return.

(e) A licensed dispensary shall destroy all medical cannabis goods that have been returned to a dispensary by a medical cannabis patient or primary caregiver, in accordance with section 5080 of this division.

Authority: Sections 19302, 19302.1, 19304, and 19347.6, Business and Professions Code. Reference: Section 19302.1, Business and Professions Code.

**§ 5176. [RESERVED]**

**§ 5177. [RESERVED]**

**§ 5178. Customer Samples**

(a) A licensed dispensary shall not provide free samples of medical cannabis goods to any person.

(b) A licensed dispensary shall not allow representatives of other companies or organizations to provide free samples of medical cannabis goods to individuals on the licensed dispensary premises.

Authority: Sections 19302, 19302.1, and 19304, Business and Professions Code. Reference: Section 19303, Business and Professions Code.

**§ 5179. [RESERVED]**

**§ 5180. [RESERVED]**

**§ 5181. Packaging and Labeling**

(a) A dispensary shall not accept from a distributor medical cannabis goods that are not packaged as they will be sold at final sale, in compliance with this division.

(b) A dispensary shall not purchase dried flower that is not already packaged for final sale, in compliance with this division.

(c) A dispensary shall not package or label medical cannabis goods.

Authority: Sections 19300.5(j), 19302, 19304, and 19326, Business and Professions Code. Reference: Sections 19302 and 19326, Business and Professions Code.

**§ 5182. [RESERVED]**

**§ 5183. [RESERVED]**

**§ 5184. Exit Packaging**

(a) Medical cannabis goods purchased by a customer shall not leave the licensed dispensary premises unless they are placed in an exit package.

(b) An exit package shall meet all of the following requirements:

(1) The package shall be designed or constructed to be significantly difficult for children under five years of age to open and not difficult for adults to use properly, as defined by 16 C.F.R. 1700.20.

(2) The package shall be opaque so that the medical cannabis goods cannot be seen from outside the packaging.

(3) For any medical cannabis goods that are intended for more than a single use, the package shall have the ability to be resealed.

(4) The package shall be labeled properly pursuant to the Act and this division.

(c) This section does not apply to medical cannabis goods that are sold in packages that are child-resistant pursuant to the Act and this division.

Authority: Sections 19302, 19302.1, and 19304, Business and Professions Code. Reference: Section 19303, Business and Professions Code.

**§ 5185. [RESERVED]**

**Article 3. Delivery**

**§ 5186. [RESERVED]**

**§ 5187. Delivery**

(a) All deliveries of medical cannabis goods must be performed by a delivery employee of a licensed dispensary.

(b) Each delivery employee of a licensed dispensary shall be at least 21 years of age.

(c) A licensed dispensary shall not use the services of an independent contractor or courier service to deliver medical cannabis goods.

(d) All deliveries of medical cannabis goods shall be made in person. A delivery of medical cannabis goods shall not be made through the use of an unmanned vehicle.

(e) A delivery employee begins the process of delivering when the delivery employee leaves the dispensary premises with the medical cannabis goods for delivery. The process of delivering ends when the delivery employee returns to the licensed dispensary premises after delivering the medical cannabis goods to the medical cannabis patients or primary caregivers.

(f) A delivery employee of a licensed dispensary shall, during deliveries, carry a copy of the dispensary's current license, the employee's government-issued identification, and an employer provided badge containing a picture and the name of the delivery employee.

(g) A licensed dispensary shall maintain an accurate list of the dispensary's delivery employees.

Authority: Sections 19302, 19302.1, and 19304, Business and Professions Code. Reference: Sections 19302.1, 19303, 19334, and 19340, Business and Professions Code.

**§ 5188. [RESERVED]**

**§ 5189. [RESERVED]**

**§ 5190. Delivery to Physical Address**

(a) A licensed dispensary may only deliver medical cannabis goods to a physical address in California.

(b) A licensed dispensary delivery employee shall not leave the state of California while possessing medical cannabis goods.

(c) A licensed dispensary shall not deliver medical cannabis goods to an address located on publicly owned land or any address on land or in a building leased by a public agency.

Authority: Sections 19302, 19302.1, and 19304, Business and Professions Code. Reference: Sections 19302.1, 19303, 19334, and 19340, Business and Professions Code.



**§ 5191. [RESERVED]**

**§ 5192. [RESERVED]**

**§ 5193. Methods of Delivery**

(a) A delivery employee of a licensed dispensary, carrying medical cannabis goods for delivery, shall only travel in an enclosed motor vehicle operated by the delivery employee or another delivery employee of the licensee.

(b) While carrying medical cannabis goods for delivery, a delivery employee of a licensed dispensary shall ensure the medical cannabis goods are not visible to the public.

(c) A delivery employee of a licensed dispensary shall not leave medical cannabis goods in an unattended motor vehicle unless the motor vehicle is equipped with an active vehicle alarm system.

(d) A vehicle used for the delivery of medical cannabis goods shall be outfitted with a dedicated Global Positioning System (GPS) device for identifying the geographic location of the delivery vehicle. A dedicated GPS device does not include a phone or tablet. The device shall be either permanently or temporarily affixed to the delivery vehicle and shall remain active and inside of the delivery vehicle at all times during delivery. At all times, the licensed dispensary shall be able to identify the geographic location of all delivery vehicles that are making deliveries for the dispensary and shall provide that information to bureau upon request.

(e) Upon request, a licensed dispensary shall provide the bureau with information regarding any motor vehicles used for the delivery of medical cannabis goods, including the vehicle's make, model, color, Vehicle Identification Number, and license plate number.

(f) Any motor vehicle used by a licensed dispensary to deliver medical cannabis goods is subject to inspection by the bureau. Vehicles used to deliver medical cannabis goods may be stopped and inspected by the bureau at any licensed premises or during delivery.

Authority: Sections 19302, 19302.1, and 19304, Business and Professions Code. Reference: Sections 19302.1, 19303, 19334, and 19340, Business and Professions Code.

**§ 5194. [RESERVED]**

**§ 5195. [RESERVED]**

**§ 5196. Delivery Hours of Operation**

A licensed dispensary shall only deliver medical cannabis goods to medical cannabis patients and primary caregivers during the hours of 6:00 a.m. and 9:00 p.m. Pacific Time.

Authority: Sections 19302, 19302.1(d), and 19304, Business and Professions Code. Reference: Sections 19302.1(d), 19303, 19334(a)(1), 19340, Business and Professions Code.

**§ 5197. [RESERVED]**

**§ 5198. [RESERVED]**

**§5199. Medical Cannabis Goods Carried During Delivery**

While making deliveries, a delivery employee of a licensed dispensary shall not carry medical cannabis goods in excess of \$3,000 at any time. This value shall be determined using the retail price of all medical cannabis goods carried by the delivery employee.

Authority: Sections 19302, and 19304, Business and Professions Code. Reference: Sections 19302.1, 19303, 19334, and 19340, Business and Professions Code.

**§ 5200. [RESERVED]**

**§ 5201. [RESERVED]**

**§ 5202. Medical Cannabis Consumption During Delivery**

Delivery employees of a licensed dispensary shall not consume medical cannabis goods while delivering medical cannabis goods to medical cannabis patients or primary caregivers.

Authority: Sections 19302, 19302.1, and 19304, Business and Professions Code. Reference: Sections 19302.1, 19303, 19334, and 19340, Business and Professions Code.

**§ 5203. [RESERVED]**

**§ 5204. [RESERVED]**

**§ 5205. Delivery Request Receipt**

A licensed dispensary shall prepare a delivery request receipt for each delivery of medical cannabis goods.

(a) The delivery request receipt shall contain the following:

(1) The name and address of the licensed dispensary.

(2) The name of the delivery employee of the licensed dispensary who delivered the order.

(3) The name of the licensed dispensary employee who prepared the order for delivery.

(4) A patient identification number for the medical cannabis patient who is requesting the delivery. Upon request from the bureau, a licensed dispensary shall provide the name of the medical cannabis patient associated with the patient identification number listed on the delivery request receipt.

(5) The date and time the delivery request was made.

(6) The delivery address.

(7) A detailed description of all medical cannabis goods requested for delivery. The description shall include the weight, volume, or any other accurate measure of the amount of any medical cannabis goods requested.

(8) The total amount paid for the delivery, including any taxes and fees.

(9) Upon delivery, the date and time the delivery was made, and the signature of the medical cannabis patient or primary caregiver who received the delivery.

(b) At the time of the delivery, the delivery employee of the licensed dispensary shall provide the medical cannabis patient, or primary caregiver, who placed the order a copy of the delivery request receipt. The delivery employee shall retain a signed copy of the delivery request receipt for the dispensary's records.

(c) The delivery request receipt shall comply with state and federal law regarding the protection of confidential medical information.

Authority: Sections 19302, 19302.1, and 19304, Business and Professions Code. Reference: Sections 19302.1, 19303, 19327, 19334, and 19340, Business and Professions Code.

**§ 5206. [RESERVED]**

**§ 5207. [RESERVED]**

**§ 5208. Delivery Route**

While making deliveries of medical cannabis goods, a delivery employee of a licensed dispensary shall only travel from the licensed dispensary premises to the delivery address; from one delivery address to another delivery address; or from a delivery address back to the licensed dispensary premises. A delivery employee of a licensed dispensary shall not deviate from the delivery path described in this section, except for necessary rest, fuel, or vehicle repair stops, or because road conditions make continued use of the route unsafe, impossible, or impracticable.

Authority: Sections 19302, 19302.1, and 19304, Business and Professions Code. Reference: Sections 19302.1, 19303, 19334, and 19340, Business and Professions Code.

**§ 5209. [RESERVED]**

**Article 4. Producing Dispensary**

**§ 5210. [RESERVED]**

**§ 5211. Producing Dispensary License**

(a) To obtain a Type-10A producing dispensary license, a licensee shall either:

(1) Hold at least one Type-10 dispensary license; or

(2) Concurrently apply for at least one Type-10 dispensary license.

(b) A licensee holding a Type-10A producing dispensary license shall designate a licensed Type-10 dispensary facility held by the licensee to concurrently hold both a Type-10 dispensary license and the Type-10A producing dispensary license.

(c) A licensee shall hold a separate Type-10 dispensary license for each dispensary facility he or she operates.

(d) A licensee who holds a Type-10A producing dispensary license shall not hold licenses for more than three Type-10 dispensary facilities.

(e) A licensee who holds a Type-10A producing dispensary license may apply for licenses in other license categories as allowed under Business and Professions Code section 19328(a).

Authority: Sections 19302, 19302.1, and 19304, Business and Professions Code. Reference: Sections 19328 and 19334, Business and Professions Code.

**§ 5212. [RESERVED]**

**Article 5. Inventory and Records**

**§ 5213. [RESERVED]**

**§ 5214. Storage of Inventory**

(a) A dispensary shall store medical cannabis goods in a building designed to permit control of temperature and humidity and shall prevent the entry of environmental contaminants such as smoke and dust. The area in which medical cannabis goods are stored shall not be exposed to direct sunlight. A dispensary may not store medical cannabis goods outdoors.

(b) Employee break rooms, changing facilities, and bathrooms shall be completely separated from the storage areas.

(c) A dispensary shall store harvest batches and edible cannabis products that require refrigeration at 35 to 42 degrees Fahrenheit. In addition, a dispensary shall store harvest batches in a darkened area with no more than 60% humidity.

Authority: Sections 19302, 19302.1, 19304, and 19334, Business and Professions Code. Reference: Sections 19300.5, and 19334, Business and Professions Code.

**§ 5215. [RESERVED]**

**§ 5216. [RESERVED]**

**§ 5217. Receiving Shipments of Inventory**

(a) A licensed dispensary shall only receive a shipment of medical cannabis goods from a licensed transporter.

(b) A licensed dispensary shall only accept shipments of medical cannabis goods between the hours of 6:00 a.m. Pacific Time to 9:00 p.m. Pacific Time.

(c) During business hours, any shipment of medical cannabis goods accepted by the licensed dispensary shall not enter the premises through an entrance that is available for use by the public to enter or exit the premises.

(d) Upon accepting a shipment of medical cannabis goods from a licensed transporter, the licensed dispensary shall immediately place the products in a secured and locked room, safe, or vault in a manner as to prevent diversion, theft, and loss.

Authority: Sections 19302, 19302.1, and 19304, Business and Professions Code. Reference: Sections 19302.1, 19303, 19326, 19327, and 19334, Business and Professions Code.

**§ 5218. [RESERVED]**

**§ 5219. [RESERVED]**

**§ 5220. Inventory Documentation**

A licensed dispensary shall maintain an accurate record of its inventory. A licensed dispensary shall provide the bureau with a record of its current inventory upon request. The licensed dispensary shall keep a record of the following information for all medical cannabis goods the licensed dispensary has in its inventory:

(a) A description of each item in the licensed dispensary's inventory. This description will be such that the medical cannabis goods can easily be identified;

(b) An accurate measurement of the quantity of the item;

(c) The date and time the product was received by the licensed dispensary;

(d) The sell-by or expiration date on any medical cannabis goods, if any;

(e) The name and license number of the licensed transporter that delivered the medical cannabis goods;

(f) The name and license number of the licensed distributor that provided the medical cannabis goods to the licensed dispensary; and

(g) The price the licensed dispensary paid for the medical cannabis goods, including taxes, delivery costs, or any other costs.

Authority: Sections 19302, 19302.1, and 19304, Business and Professions Code. Reference: Sections 19302.1, and 19327, Business and Professions Code.

**§ 5221. [RESERVED]**

**§ 5222. [RESERVED]**

**§ 5223. Inventory Reconciliation**

(a) A licensed dispensary shall perform a reconciliation of its inventory at least once every seven days.

(b) A licensed dispensary shall verify that the dispensary's physical inventory matches the licensed dispensary's records pertaining to inventory.

(c) The result of inventory reconciliation shall be retained in the dispensary's records and shall be made available to the bureau upon request.

(d) If a licensed dispensary identifies any evidence of theft, diversion, or loss, the licensed dispensary shall notify the bureau and law enforcement pursuant to section 5235 of this division.

(e) If a significant discrepancy is discovered between a licensed dispensary's physical inventory and the licensed dispensary's inventory records, the licensed dispensary shall notify the bureau and law enforcement pursuant to section 5235 of this division.

(f) For the purpose of this section, a significant discrepancy in inventory means a difference of at least \$1,000 of product within a seven day period or at least \$2,000 of product in a 30-day period. The price paid by the dispensary to acquire the product is the value to be used in this assessment.

Authority: Sections 19302, 19302.1, and 19304, Business and Professions Code. Reference: Sections 19302.1(d), and 19327, Business and Professions Code.

**§ 5224. [RESERVED]**

**§ 5225. [RESERVED]**

**§ 5226. Record of Sales**

(a) A licensed dispensary shall maintain an accurate record of every sale made to a medical cannabis patient or primary caregiver.

(b) A record of a sale shall contain the following information:

(1) The name of the licensed dispensary employee who processed the sale;

(2) The name of the medical cannabis patient or primary caregiver who made the purchase;

(3) The date and time of the transaction;

(4) A list of all of the medical cannabis goods purchased, including the quantity purchased; and

(5) The total amount paid for the sale including the individual prices paid for each medical cannabis good purchased and any amounts paid for taxes.

Authority: Sections 19302, 19302.1, and 19304, Business and Professions Code. Reference: Section 19327, Business and Professions Code.

**§ 5227. [RESERVED]**

## **Article 6. Other Requirements**

### **§ 5228. [RESERVED]**

### **§ 5229. Grace Period for Compliance**

Up to 180 days after the date of licensure or December 31, 2018, whichever is sooner, a dispensary may sell its inventory of untested medical cannabis goods if the dispensary places a label on each package it sells with the date of purchase and the following statement: “This product has not been tested under the Medical Cannabis Regulation and Safety Act.” During the time period allowed by this section, a dispensary may package and sell medical cannabis goods that have not been packaged by a cultivator or distributor before it is transported to the dispensary as required by this division.

Authority: Sections 19302, 19302.1, and 19304, Business and Professions Code. Reference: Section 19334 Business and Professions Code.

### **§ 5230. [RESERVED]**

### **§ 5231. [RESERVED]**

### **§ 5232. Dispensary Track and Trace Requirements**

A dispensary shall enter the following events into the track and trace system:

(a) Receipt of medical cannabis goods from a distributor or transporter;

(1) Enter the following information:

(A) Distributor’s name and license number;

(B) Name of licensee who transported the medical cannabis goods and license number;

(C) Type of medical cannabis goods received;

(D) Amount received, by weight or count;

(E) Best-by, sell-by, or expiration date, if any, of each product received;

(F) The date of receipt of medical cannabis goods;

(G) The unique identifiers associated with the medical cannabis goods received; and

(H) Other information required elsewhere by law.

(b) Sale of medical cannabis goods to a medical cannabis patient or primary caregiver;

(1) Enter the following information:

(A) The name of the licensed dispensary employee who processed the sale;

(B) The name or a patient identification number of the medical cannabis patient or primary caregiver who made the purchase;

(C) The date and time of the transaction;

(D) A list of all of the medical cannabis goods purchased, including a description of the quantity purchased;

(E) The unique identifiers associated with the medical cannabis goods sold; and

(F) Other information required elsewhere by law.

(c) Return of medical cannabis goods from a medical cannabis patient or primary caregiver:

(1) If a dispensary accepts a return of medical cannabis goods from a medical cannabis patient or a primary caregiver, the dispensary shall enter the following information:

(A) The name of the licensed dispensary employee who processed the return;

(B) The name or a patient identification number of the medical cannabis patient or primary caregiver who made the purchase;

(C) The date and time of the transaction;

(D) A list of all of the medical cannabis goods returned, including a description of the quantity purchased;

(E) The unique identifiers associated with the medical cannabis goods; and

(F) Other information required elsewhere by law.

(d) Return of medical cannabis goods to a distributor;

(1) Enter the following information:

(A) Distributor's name and license number;

(B) Name of licensee who transported the medical cannabis goods and license number;

(C) Type of medical cannabis goods returned;

(D) Amount received, by weight or count;

(E) Best-by, sell-by, or expiration date, if any, of each medical cannabis good returned;

(F) The date of the return of medical cannabis goods;

(G) The unique identifiers associated with the medical cannabis goods returned; and

(H) Other information required elsewhere by law.

(e) Destruction of medical cannabis goods;

(1) Enter the following information:

(A) The name of the licensed dispensary employee who performed the destruction;



(B) The date and time of the destruction;

(C) A list of all of medical cannabis goods destroyed, including a description of the quantity destroyed;

(D) The unique identifiers associated with the medical cannabis goods destroyed; and

(E) Other information required elsewhere by law.

(f) Transfer of medical cannabis goods to a distributor for destruction;

(1) Enter the following information:

(A) Distributor's name and license number;

(B) Name of licensee who transported the medical cannabis goods and license number;

(C) Type of medical cannabis goods transferred;

(D) Amount transferred, by weight or count;

(E) The date of the transfer of medical cannabis goods;

(F) The unique identifiers associated with the medical cannabis goods transferred; and

(G) Other information required elsewhere by law.

Authority: Sections 19302, 19302.1, 19304, 19335, 19337, Business and Professions Code.

Reference: Sections 19335 and 19337, Business and Professions Code.

**§ 5233. [RESERVED]**

**§ 5234. [RESERVED]**

**§ 5235. Law Enforcement Notification**

(a) A licensed dispensary shall notify law enforcement and the bureau within 24 hours of discovery of any of the following situations:

(1) The licensed dispensary discovers a significant discrepancy as defined in section 5223 of this division in its inventory.

(2) The licensed dispensary becomes aware of or has reason to suspect diversion, theft, loss, or any other criminal activity pertaining to the operation of the dispensary.

(3) The licensed dispensary becomes aware of or has reason to suspect diversion, theft, loss, or any other criminal activity by an agent or employee of the dispensary pertaining to the operation of the dispensary.

(4) The licensed dispensary becomes aware of or has reason to suspect the loss or unauthorized alteration of records related to medical cannabis goods, registered medical cannabis patients or primary caregivers, or dispensary employees or agents.

(5) The licensed dispensary becomes aware of or has reason to suspect any other breach of security.

Authority: Sections 19302, 19302.1, 19303, 19304, and 19334, Business and Professions Code.

Reference: Sections 19302.1, 19303, and 19334(b), Business and Professions Code.

**§ 5236. [RESERVED]**