



County Priorities in Medical Marijuana Regulation & Safety Act – Administration Version

Priority 1 – Protecting Local Control

Revising B&P Code Section 104 (c) – need to include the term “all local ordinances” to capture the wide variety of local control aspects., local authority cannot just be limited to ‘zoning requirements’ or ‘enforcement of local licensing requirement’

Inserting B&P Code Section 109 (c) – ensuring that those exempt from state licensure (personal grows/patient caregiver) remain subject to local regulation

Priority 2 – Deliveries/Mobile Deliveries/Technology Platforms

Revising B&P Code Section 100 (l) – deliveries must be better defined to include third party entities, primarily technology platforms., otherwise we compromise the integrity of the licensing process

Insertion of B&P Code Section 133 (k) – specifically prohibits a technology platform in arranging medical marijuana between unlicensed entities and qualified patients

Priority 3 – Patient Privacy

Revise Section 9 – delete the existing second clause and replace with language found in the last version of AB 266. Providing reference to HIPAA and related state laws will lead to unscrupulous actors claiming privacy protection beyond those provided in existing law to avoid disclosing relevant information to state and local regulators. The AB 266 language achieves the objective of patient privacy without potentially providing a loophole in the integrity of the licensing process.

Priority 4 – Vertical Integration/Prohibition on Cross Ownership of Licenses

Revising B&P Code Section 117 – provide more flexibility for those who want to vertically integrate, provided the vertical integration is limited. The expanded option for vertical integration contains a sunset. Section 117 (d) – the one acre limit of cultivation - must be deleted as this is a land-use aspect that should remain with a locality.

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

Article 25. Recommending Medical Cannabis

2525. (a) It is unlawful for a physician and surgeon who recommends cannabis to a patient for a medical purpose to accept, solicit, or offer any form of remuneration from or to a facility issued a state license pursuant to Chapter 3.5 (commencing with Section 19300) of Division 8, if the physician and surgeon or his or her immediate family have a financial interest in that facility.

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

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

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

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

2525.3. Recommending medical cannabis to a patient for a medical purpose without an appropriate prior examination and a medical indication constitutes unprofessional conduct.

2525.4. Employment by, or other agreement with, a licensee acting pursuant to the Medical Cannabis Regulation and Control Act (Chapter 3.5 (commencing with Section 19300) of Division 8) or a dispensary to provide recommendation for medical cannabis constitutes unprofessional conduct.

2525.5 (a) A person shall not distribute any form of advertising for physician recommendations for medical cannabis in California unless the advertisement bears the following notice to consumers:

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

(j) "Commercial cannabis activity" means cultivation, possession, manufacture, processing, storing, laboratory testing, labeling, transporting, distribution, provision, donation or sale of medical cannabis or a medical cannabis product, ~~except as set forth in Section 109.~~

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

(l) "Delivery" means the commercial transfer of medical cannabis or medical cannabis products from a dispensary, up to an amount determined by the bureau to a primary caregiver or qualified patient, as defined in Section 11362.7 of the Health and Safety Code, or a testing laboratory, or to an event or location where it will be used solely for promotional purposes. Delivery also includes the use by a dispensary ~~of a third party or any technology platform owned and controlled by the dispensary, or independently licensed under this chapter,~~ that enables qualified patients or primary caregivers to arrange for or facilitate the commercial transfer by a licensed dispensary of medical cannabis or medical cannabis products.

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

(n) "Dispensing" means any activity involving the retail provision, donation or sale of medical cannabis or medical cannabis products from a dispensary.

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

(p) "Licensed Distributor" means a person who is engaged in the business of purchasing medical cannabis from a licensed cultivator or medical cannabis products from a licensed manufacturer in order to distribute to other licensees.

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

(r) "Edible cannabis product" means manufactured cannabis that is intended to be used, in whole or in part, for human consumption, including, but not limited to, chewing gum. An edible medical cannabis product is not considered food as defined under Health and Safety Code Sections 109935 nor a drug under Health and Safety Code Section 109925.

(s) "Fund" means the Medical Marijuana Regulation Fund established pursuant to Section 146.

(t) "Identification program" means the universal identification certificate program for licensees.

(u) "Labor peace agreement" means an agreement between a licensee and a bona fide labor organization that, at a minimum, protects the state's proprietary interests by prohibiting labor organizations and members from engaging in picketing, work stoppages, boycotts, and any other economic interference with the applicant's business. This agreement means that the applicant has

(ad) "Lot" means a batch, or a specifically identified portion of a batch, having uniform character and quality within specified limits. In the case of medical cannabis or a medical cannabis product produced by a continuous process, "lot" means a specifically identified amount produced in a unit of time or a quantity in a manner that ensures its having uniform character and quality within specified limits.

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

(af) "Manufacturing site" means a location that produces, prepares, propagates, or compounds medical cannabis or medical cannabis products, directly or indirectly, by extraction methods, independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis, and is owned and operated by a licensee for these activities.

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

(ah) "Nursery" means a licensee that produces only clones, immature plants, seeds, and other agricultural products used specifically for the planting, propagation, and cultivation of medical cannabis.

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

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

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

(al) "State license" or "license" means a state license issued pursuant to this chapter.

(am) "Topical cannabis" means a product intended for external use. A topical cannabis product is not considered a drug as defined under Health and Safety Code Section 109925.

(an) "Transport" means the transfer of medical cannabis or medical cannabis products from the permitted business location of one licensee to the permitted business location of another licensee, for the purposes of conducting commercial cannabis activity authorized pursuant to this chapter.

Article 2. Administration

103. (a) The bureau may convene an advisory committee to advise the bureau on the development of standards and regulations pursuant to this chapter, including best practices and guidelines to ensure qualified patients have adequate access to medical cannabis and medical cannabis products. The advisory committee members shall be determined by the chief.

(b) The advisory committee members may include, but not limited to, representatives of the medical marijuana industry, representatives of medical marijuana cultivators, appropriate local and state agencies, appropriate local and state law enforcement, physicians, environmental and public health experts, and medical marijuana patient advocates.

Article 3. Enforcement

104. (a) The bureau may enforce all of the requirements of this part, including any regulations adopted pursuant to this part.

(b) (1) The bureau ~~may~~ shall delegate the authority to enforce the requirements of this part, including any regulations, to a city, county, or city and county, upon request of that entity.

(2) Notwithstanding the delegation of enforcement authority to a local agency required in paragraph (1), the bureau shall retain the authority to take any enforcement action it deems necessary to ensure compliance with the requirements of this part and any implementing regulations adopted by the bureau.

(c) Nothing in this part shall be interpreted to supersede or limit existing local authority for law enforcement activity, enforcement of all local ordinances~~zoning requirements~~, or enforcement of local licensing requirements.

(d) Nothing in this part shall be interpreted to require the bureau to undertake local law enforcement responsibilities, enforce local zoning requirements, or enforce local licensing requirements.

105. (a) Local agencies may enforce any state statutory or regulatory standard only as it pertains to statutory delegated authority.

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

106. (a) For facilities issued a state license that are located within the incorporated area of a city, the city shall have full power and authority to enforce this chapter and the regulations promulgated by the bureau or any licensing authority. Notwithstanding Sections 101375, 101400, and 101405 of the Health and Safety Code or any contract entered into pursuant thereto, or any other law, the city shall further assume complete responsibility for any regulatory function relating to those licensees within the city limits that would otherwise be performed by the county or any county officer or employee, including a county health officer, without liability, cost, or expense to the county.

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

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

Article 4. Licensing

109. (a) A qualified patient who cultivates, possesses, stores, manufactures, or transports cannabis exclusively for his or her personal medical use but who does not provide, donate, sell, or distribute cannabis to any other person or entity is not, thereby, engaged in commercial cannabis activity and is, therefore, exempt from the licensure requirements of this part.

(b) A primary caregiver who cultivates, possesses, stores, manufactures, transports, donates, or provides cannabis exclusively for the personal medical purposes of no more than five specified qualified patients for whom he or she is the primary caregiver within the meaning of Section 11362.7 of the Health and Safety Code, but who does not receive remuneration for these activities except for compensation in full compliance with subdivision (c) of Section 11362.765 of the Health and Safety Code is not engaged in commercial cannabis activity and is, therefore, exempt from the licensure requirements of this part.

(c) Exemption from the license requirements of this part shall not limit or prevent a city, county, or city and county from regulating the cultivation, possession, storage, manufacture, transport, provision, or other activity by the exempt person, or impair the enforcement of any such regulation.

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110. (a) Licensing authorities may issue state licenses only to qualified applicants engaging in commercial cannabis activity pursuant to this chapter. Upon the date of implementation of regulations by the licensing authorities, no person shall engage in commercial cannabis activity without possessing both a state license and a local permit, license, or other authorization.

(b) A licensee shall not commence activity under the authority of a state license until the applicant has obtained, in addition to the state license, a license or permit from the local jurisdiction in which he or she proposes to operate, following the requirements of the applicable local ordinances.

(c) Revocation of a local license or permit shall terminate the ability of a medical cannabis business to operate within that local jurisdiction until the local jurisdiction reinstates or reissues the local license or permit.

(d) Revocation of a state license shall terminate the ability of a medical cannabis business to operate within California until the bureau reinstates or reissues the state license.

(e) In addition to the provisions of this part, local jurisdictions retain the power to assess fees and taxes, as applicable, on facilities that are licensed pursuant to this part and the business activities of those licensees.

(6)(A) For an applicant with 20 or more employees, provide a statement that the applicant will enter into, or demonstrate that it has already entered into, and abide by the terms of a labor peace agreement.

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

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

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

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

(8) For an applicant seeking a cultivation license, provide a statement declaring the applicant is an "agricultural employer," as defined in the Alatorre-Zenovich-Dunlap-Berman Agricultural Labor Relations Act of 1975 (Part 3.5 (commencing with Section 1140) of Division 2 of the Labor Code), to the extent not prohibited by law.

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

(10) For an applicant seeking licensure as a testing laboratory, register with the State Department of Public Health and provide any information required by the Department.

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

(1) Cultivation.

(2) Extraction and infusion methods.

(3) The transportation process.

(4) Inventory procedures.

(5) Quality control procedures.

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

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

(iv) A felony offense involving fraud, deceit, or embezzlement.

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

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

(7) The applicant, or any of its officers, directors, or owners, have been sanctioned by the bureau, or a city, county, or a city and county for unlicensed commercial medical cannabis activities or has had a license revoked under this part in the previous three years.

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

(a) Applicants shall be notified of a denied application, and licensees of a suspended or revoked license shall be notified, in writing via personal service or mail. The applicant or licensee shall have the right to appeal the denial, suspension, or revocation and shall be given a hearing within 30 days of the appeal.

(b) All proceedings to deny, suspend, or revoke a license shall be conducted pursuant to Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

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

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

Article 5. Medical Marijuana ~~Regulation~~ Regulation

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

(b) All licensees holding cultivation or manufacturing licenses shall send all medical cannabis and medical cannabis products cultivated or manufactured to a Type 11 licensee for quality assurance and inspection by the Type 11 licensee and for a batch testing by a Type 8 licensee prior to

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

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

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

(d) Books or records requested by the bureau or an appropriate state or local agency shall be made available upon request.

(e) The bureau, the local enforcement agency designated pursuant to Section 19309, or any other state or local agency may enter and inspect the premises of a facility issued a state license between the hours of 8 a.m. and 8 p.m. on any day that the facility is open, or at any reasonable time, to ensure compliance and enforcement of the provisions of this chapter or a local ordinance.

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

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

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

(i) A licensed cultivation site or licensed dispensing facility shall display the license in a manner so as to be available and easily read at the location.

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

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

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

~~or permits for commercial cannabis activity after July 1, 2015, unless it complies with the requirements in subdivision (a).~~

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

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

~~(A) The business was cultivating, manufacturing, and dispensing medical cannabis or medical cannabis products on July 1, 2015, and has continuously done so since that date.~~

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

~~(C) The business is registered with the State Board of Equalization.~~

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

~~(3) A business licensed pursuant to paragraph (1) shall not be issued a state license or local licenses or permits for commercial cannabis activity after July 1, 2015, unless it complies with the requirements in subdivision (a).~~

~~(d) A licensee shall not hold a cultivation license for an area totaling more than one acre of canopy size, except as provided in subdivision (c). For the purposes of this section, a plant count allowed by an individual's license shall count towards the maximum allowable canopy size pursuant to this section.~~

118. A licensee shall not also be licensed as a retailer of alcoholic beverages pursuant to Division 9 (commencing with Section 23000).

119. Each licensing authority shall make recommendations to the Legislature pertaining to the establishment of an appeals and judicial review process for persons aggrieved by a final decision of the licensing authority.

120. This chapter and Article 2 (commencing with Section 11357) and Article 2.5 (commencing with Section 11362.7) of Chapter 6 of Division 10 of the Health and Safety Code shall not interfere with an employer's rights and obligations to maintain a drug and alcohol free workplace or require an employer to permit or accommodate the use, consumption, possession, transfer, display, transportation, sale, or growth of cannabis in the workplace or affect the ability of employers to

medical cannabis meets standards equivalent to Division 6 (commencing with Section 11401) of the Food and Agricultural Code and its implementing regulations.

(d) State licenses to be issued are as follows:

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

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

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

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

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

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

(7) Type 3, or "outdoor," for outdoor cultivation using no artificial lighting between 10,001 and 44,000 square feet of total canopy size on one premises. The Department of Food and Agriculture shall limit the number of licenses allowed of this type.

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

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

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

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

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

medical cannabis products, for an entity licensed pursuant to Section 122 or 134 or paragraph (1) or (2) of subdivision (c) of Section 125.

(2) Minimum additional security requirements for the delivery of medical cannabis and medical cannabis products, based on total retail value, weight of medical cannabis, and weight of medical cannabis products, for an entity licensed pursuant to paragraph (1) or (2) of subdivision (c) of Section 125, where expressly authorized by local ordinance, pursuant to subdivision (b) of Section 133.

(e) A licensed dispensary shall implement sufficient security measures to both deter and prevent unauthorized entrance into areas containing medical cannabis or medical cannabis products and theft of medical cannabis or medical cannabis products at those facilities. These security measures shall include, but not be limited to, all of the following:

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

(2) Establishing limited access areas accessible only to authorized facility personnel.

(3) Storing all finished medical cannabis and medical cannabis products in a secured and locked room, safe, or vault, and in a manner as to prevent diversion, theft, and loss, except for limited amounts of cannabis used for display purposes, samples, or immediate sale.

(f) A facility issued a license shall notify appropriate law enforcement authorities within 24 hours after discovering any of the following:

(1) Significant discrepancies identified during inventory. The level of significance shall be determined by the bureau.

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

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

(4) Any other breach of security.

126. (a) The bureau shall adopt a medical marijuana and medical marijuana product track and trace process for reporting the movement of medical marijuana items throughout the distribution chain that also employs secure packaging and that is capable of providing information that captures, at a minimum, included but not all of the following: ~~limited to~~, all of the following: (1) The licensee receiving the product; (2) The transaction date;

(b) Licensees are not required to participate in the program unless the program is operational.

(c)(1) The bureau shall also create a database containing the electronic shipping manifests pursuant, which shall include, but not be limited to, the following information:

(A) The quantity, or weight, and variety of products shipped.

(B) The estimated times of departure and arrival.

(C) The quantity, or weight, and variety of products received.

130. (a) ~~Transported in~~ Medical cannabis or medical cannabis products shall be transported only in a storage compartment that is securely affixed to the interior of the transporting vehicle and that is not visible from outside the vehicle. This requirement shall not apply to licensees transporting medical cannabis or medical cannabis products in an amount below the statewide minimum set pursuant to subdivision (d) of Section 125.

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

(c) All transport vehicles shall be staffed with a minimum of two direct employees of the licensee. At least one employee shall remain with the vehicle at all times when the vehicle contains medical cannabis or medical cannabis products. This requirement shall not apply to licensees transporting medical cannabis or medical cannabis products below the statewide minimum set pursuant to subdivision (d) of Section 125.

(d) Each transport team member shall possess documentation of licensing and a government-issued identification card at all times when transporting medical cannabis or medical cannabis products and shall produce it upon the request of agents of any licensing authority or a law enforcement official.

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

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

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

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

Article 9.5. Delivery

133. (a) Deliveries, as defined in Section 100, are allowed only where expressly permitted, ~~except where explicitly prohibited~~ by local ordinance. Deliveries may only be made by an appropriately licensed dispensary.

(b) Upon approval of the licensing authority, a licensed dispensary that delivers medical cannabis or medical cannabis products shall comply with both of the following:

(k) Technology platforms that enable a qualified patient or primary caregiver to arrange for or facilitate the transfer of medical cannabis or medical cannabis products by or from any source other than a licensed dispensing facility, are prohibited.

Article 10. Licensed Manufacturers and Licensed Laboratories

134. (a) The State Department of Public Health shall promulgate regulations governing the licensing of cannabis manufacturers.

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

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

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

(3) Type 8, or “testing,” for testing of medical cannabis and medical cannabis products. Type 8 licensees shall have their facilities licensed according to regulations set forth by the division. A Type 8 licensee shall not hold a license in another license category of this chapter and shall not own or have ownership interest in a facility licensed pursuant to this chapter.

135. (a) For the purposes of testing medical cannabis or medical cannabis products, licensees shall use a licensed testing laboratory that has adopted a standard operating procedure using methods consistent with general requirements for the competence of testing and calibration activities, including sampling, using standard methods established by the International Organization for Standardization, specifically ISO/IEC 17020 and ISO/IEC 17025 to test medical cannabis and medical cannabis products that are approved by an accrediting body that is a signatory to the International Laboratory Accreditation Cooperation Mutual Recognition Arrangement.

(b) An agent of a licensed testing laboratory shall obtain samples according to a statistically valid sampling method for each lot.

(c) A licensed testing laboratory shall analyze samples according to either of the following:

(1) The most current version of the cannabis inflorescence monograph published by the American Herbal Pharmacopoeia.

(2) Scientifically valid methodology that is demonstrably equal or superior to paragraph (1), in the opinion of the accrediting body.

(d) If a test result falls outside the specifications authorized by law or regulation, the licensed testing laboratory shall follow a standard operating procedure to confirm or refute the original result.

(e) A licensed testing laboratory shall destroy the remains of the sample of medical cannabis or medical cannabis product upon completion of the analysis.