

**State of California
Office of Administrative Law**

In re:
Bureau of Cannabis Control

Regulatory Action:

Title 16, California Code of Regulations

Adopt sections: 5000, 5001, 5002, 5003,
5004, 5005, 5006, 5007,
5008, 5009, 5010, 5011,
5012, 5013, 5014, 5015,
5016, 5017, 5018, 5019,
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**NOTICE OF APPROVAL OF EMERGENCY
REGULATORY ACTION**

**Government Code Sections 11346.1 and
11349.6**

OAL Matter Number: 2018-0525-01

OAL Matter Type: Emergency Readopt (EE)

This is a readoption of emergency rulemaking action no. 2017-1127-05E, which provides licensing and enforcement criteria for commercial cannabis businesses in California, including distributors, retailers, microbusinesses, temporary cannabis events, and testing laboratories. These regulations inform applicants for licensure of the applicable meaning of key statutory terms, identify the documents and supplemental information required in an application, and provide specific clarification of terms, prohibitions, and conditions for compliance with the Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA), found in Business & Professions Code, section 26000 et seq. This is a deemed emergency action pursuant to section 26013, subdivision (b)(3), of the Business & Professions Code.

OAL approves this emergency regulatory action pursuant to sections 11346.1 and 11349.6 of the Government Code.

This emergency regulatory action is effective on 6/6/2018 and will expire on 12/4/2018. The Certificate of Compliance for this action is due no later than 12/3/2018.

Date: June 4, 2018


Eric Partington
Senior Attorney

For: Debra M. Cornez
Director

Original: Lori Ajax, Bureau Chief
Copy: Ashlynn Blackshire

NOTICE PUBLICATION/REGULATIONS SUBMISSION

EMERGENCY

(See instructions on reverse)

For use by Secretary of State only

STD. 400 (REV. 01-2013)

| | | | |
|--|---------------------------------|--------------------------|--|
| OAL FILE NUMBERS | NOTICE FILE NUMBER Z- | REGULATORY ACTION NUMBER | EMERGENCY NUMBER 2018-052501EE |
| For use by Office of Administrative Law (OAL) only | | | |
| NOTICE | | REGULATIONS | |
| AGENCY WITH RULEMAKING AUTHORITY Department of Consumer Affairs- Bureau of Cannabis Control | | | AGENCY FILE NUMBER (if any) |

ENDORSED - FILED
In the office of the Secretary of State
of the State of California

JUN 04 2018

4:12 PM

2018 MAY 25 A 7:58

OFFICE OF ADMINISTRATIVE LAW

A. PUBLICATION OF NOTICE (Complete for publication in Notice Register)

| | | | |
|---|--|------------------------|-------------------------------|
| 1. SUBJECT OF NOTICE | TITLE(S) | FIRST SECTION AFFECTED | 2. REQUESTED PUBLICATION DATE |
| 3. NOTICE TYPE <input type="checkbox"/> Notice re Proposed Regulatory Action <input type="checkbox"/> Other | 4. AGENCY CONTACT PERSON | TELEPHONE NUMBER | FAX NUMBER (Optional) |
| OAL USE ONLY | ACTION ON PROPOSED NOTICE <input type="checkbox"/> Approved as Submitted <input type="checkbox"/> Approved as Modified <input type="checkbox"/> Disapproved/Withdrawn | NOTICE REGISTER NUMBER | PUBLICATION DATE |

B. SUBMISSION OF REGULATIONS (Complete when submitting regulations)

| | |
|--|--|
| 1a. SUBJECT OF REGULATION(S) Commercial Cannabis Regulation | 1b. ALL PREVIOUS RELATED OAL REGULATORY ACTION NUMBER(S) 2017-1127-05 |
|--|--|

2. SPECIFY CALIFORNIA CODE OF REGULATIONS TITLE(S) AND SECTION(S) (Including title 26, if toxics related)

| | |
|--|-----------------------|
| SECTION(S) AFFECTED (List all section number(s) individually. Attach additional sheet if needed.) | ADOPT See attached |
| | AMEND |
| | REPEAL |
| TITLE(S) 16 | |

3. TYPE OF FILING

| | | | |
|---|--|--|---|
| <input type="checkbox"/> Regular Rulemaking (Gov. Code §11346) | <input type="checkbox"/> Certificate of Compliance: The agency officer named below certifies that this agency complied with the provisions of Gov. Code §11346.2-11347.3 either before the emergency regulation was adopted or within the time period required by statute. | <input checked="" type="checkbox"/> Emergency Readopt (Gov. Code, §11346.1(h)) | <input type="checkbox"/> Changes Without Regulatory Effect (Cal. Code Regs., title 1, §100) |
| <input type="checkbox"/> Resubmission of disapproved or withdrawn nonemergency filing (Gov. Code §11349.3, 11349.4) | | <input type="checkbox"/> File & Print | <input type="checkbox"/> Print Only |
| <input type="checkbox"/> Emergency (Gov. Code, §11346.1(b)) | <input type="checkbox"/> Resubmission of disapproved or withdrawn emergency filing (Gov. Code, §11346.1) | <input checked="" type="checkbox"/> Other (Specify) pursuant to BPC 26013 | |

4. ALL BEGINNING AND ENDING DATES OF AVAILABILITY OF MODIFIED REGULATIONS AND/OR MATERIAL ADDED TO THE RULEMAKING FILE (Cal. Code Regs. title 1, §44 and Gov. Code §11347.1)

per agency request

5. EFFECTIVE DATE OF CHANGES (Gov. Code, §§ 11343.4, 11346.1(d); Cal. Code Regs., title 1, §100)

| | | | |
|---|--|---|---|
| <input type="checkbox"/> Effective January 1, April 1, July 1, or October 1 (Gov. Code §11343.4(a)) | <input type="checkbox"/> Effective on filing with Secretary of State | <input type="checkbox"/> §100 Changes Without Regulatory Effect | <input checked="" type="checkbox"/> Effective other (Specify) June 6, 2018 |
|---|--|---|---|

6. CHECK IF THESE REGULATIONS REQUIRE NOTICE TO, OR REVIEW, CONSULTATION, APPROVAL OR CONCURRENCE BY, ANOTHER AGENCY OR ENTITY

| | | |
|--|--|---|
| <input type="checkbox"/> Department of Finance (Form STD. 399) (SAM §6660) | <input type="checkbox"/> Fair Political Practices Commission | <input type="checkbox"/> State Fire Marshal |
| <input checked="" type="checkbox"/> Other (Specify) Dean R. Grafilo, Director, Department of Consumer Affairs | | |

| | | | |
|---|----------------------------------|-----------------------|--|
| 7. CONTACT PERSON Ashlynn Blackshire | TELEPHONE NUMBER 916-465-9030 | FAX NUMBER (Optional) | E-MAIL ADDRESS (Optional) Ashlynn.Blackshire@dca.ca.gov |
|---|----------------------------------|-----------------------|--|

8. I certify that the attached copy of the regulation(s) is a true and correct copy of the regulation(s) identified on this form, that the information specified on this form is true and correct, and that I am the head of the agency taking this action, or a designee of the head of the agency, and am authorized to make this certification.

| | |
|--|-------------------------|
| SIGNATURE OF AGENCY HEAD OR DESIGNEE | DATE 05/23/18 |
| TYPED NAME AND TITLE OF SIGNATORY Lori Ajax, Bureau of Cannabis Control | |

For use by Office of Administrative Law (OAL) only

ENDORSED APPROVED

JUN 04 2018

Office of Administrative Law

SECTION(S) AFFECTED:

Adopt

Cal. Code Regs., Tit. 16, §§ 5000, 5001, 5002, 5003, 5004, 5005, 5006, 5007, 5008, 5009, 5010, 5011, 5012, 5013, 5014, 5015, 5016, 5017, 5018, 5019, 5020, 5021, 5022, 5023, 5024, 5025, 5026, 5027, 5028, 5029, 5030, 5031, 5032, 5033, 5034, 5035, 5036, 5037, 5038, 5039, 5040, 5041, 5042, 5043, 5044, 5045, 5046, 5047, 5048, 5049, 5050, 5051, 5052, 5053, 5054, 5055, 5300, 5301, 5302, 5303, 5304, 5305, 5306, 5307, 5308, 5309, 5310, 5311, 5312, 5313, 5314, 5315, 5400, 5401, 5402, 5403, 5404, 5405, 5406, 5407, 5408, 5409, 5410, 5411, 5412, 5413, 5414, 5415, 5416, 5417, 5418, 5419, 5420, 5421, 5422, 5423, 5424, 5425, 5426, 5500, 5501, 5502, 5503, 5504, 5505, 5506, 5600, 5601, 5602, 5603, 5700, 5701, 5702, 5703, 5704, 5705, 5706, 5707, 5708, 5709, 5710, 5711, 5712, 5713, 5714, 5715, 5716, 5717, 5718, 5719, 5720, 5721, 5722, 5723, 5724, 5725, 5726, 5727, 5728, 5729, 5730, 5731, 5732, 5733, 5734, 5735, 5736, 5737, 5738, 5739, 5800, 5801, 5802, 5803, 5804, 5805, 5806, 5807, 5808, 5809, 5810, 5811, 5812, 5813, and 5814

PROPOSED EMERGENCY REGULATIONS LEGEND

The proposed emergency regulation text is all being adopted and the public may provide comments on all of the language contained in the text document, even if it is not underlined or stricken through.

The proposed emergency regulation text contains some proposed amendments to the emergency regulations currently in place, which went into effect on December 7, 2017. The proposed amendments are shown through strikethrough and underlined text. The text that contains a strikethrough is text that the Bureau intends to remove. The underlined text is new language that the Bureau proposes to add.

**BUREAU OF CANNABIS CONTROL
TEXT OF REGULATIONS**

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

Chapter 1. ALL BUREAU LICENSEES

Article 1. Division Definitions

§ 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 Medicinal and Adult-Use Cannabis Regulation and Safety Act.
- (b) "Bureau" means the Bureau of Cannabis Control, previously named the Bureau of Marijuana Control, Bureau of Medical Cannabis Regulation, and Bureau of Medical Marijuana Regulation.
- (c) "Cannabis goods" means cannabis, including dried flower, and products containing cannabis.
- (d) "Cannabis waste" means waste that is not hazardous waste, as defined in Public Resources Code section 40141, and is organic waste, as defined in Public Resources Code section 42649.8, subdivision (c), that contains cannabis and that has been made unusable and unrecognizable in the manner prescribed in sections 5054 and 5055 of this division.
- (e) "Canopy" means the designated area(s) at a licensed ~~premise~~ premises that will contain mature plants at any point in time.
- (f) "Delivery employee" means an individual employed by a retailer who delivers cannabis goods from the retailer premises to a customer at a physical address.
- (g) "Free cannabis goods" means any amount of cannabis goods provided to any person without cost or payment or exchange of any other thing of value.
- (h) "Limited-access area" means an area in which cannabis goods are stored or held and is only accessible to a licensee and its employees and contractors.
- (i) "Lot number" or "batch number" means a distinctive group of numbers, letters, or symbols or any combination of these that is unique to a group of cannabis goods.
- (j) "Medicinal cannabis patient" includes a qualified patient as defined in Health and Safety Code section 11362.7 and a person in possession of a valid identification card issued under Health and Safety Code section 11362.71.

(k) "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 (CO₂) used for extraction and ethanol used for extraction or post-extraction processing.

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

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

(n) "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.

(o) "Retail area" means a building, room, or other area that is open to the public, upon the retailer premises in which cannabis goods are sold or displayed.

(p) "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.

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

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

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

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

Article 2. Applications

§ 5001. Temporary License Application Requirements

(a) Temporary license applications may be completed and submitted online at www.bcc.ca.gov or completed in hard copy and submitted by delivering a printed copy to the Bureau's office(s).

(b) Applicants who submit their applications online shall first register for a user account. To register for a user account, the applicant shall do all of the following:

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

(2) Provide an email address; and

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

(c) An application must be completed by an owner as defined by section 5003 of this division. An application must be submitted to the Bureau for each temporary license applied for. An application for a temporary license includes:

(1) The legal business name of the applicant.

(2) The email address of the applicant's business and the telephone number for the premises.

(3) The business' federal employer identification number.

(4) A description of the business organizational structure of the applicant, such as partnership or corporation.

~~(5) The temporary license type that is being requested.~~

~~(6) The license designation requested, A-license or M-license, for all license types other than testing laboratories.~~

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

~~(76) The contact information for the applicant's designated primary contact person including the name, title, phone number, and email address of the individual.~~

~~(87) For each owner who meets the criteria of Business and Professions Code section 26001(a), the owner's name, title, percentage of ownership, mailing address, telephone number, and email address if applicable.~~

~~(98) The physical address of the premises to be licensed.~~

~~(409) Evidence that the applicant has the legal right to occupy and use the proposed location that complies with section 5007 of this division.~~

~~(4110) A premises diagram pursuant to section 5006.~~

~~(4211) A copy of a valid license, permit, or other authorization issued by a local jurisdiction, that enables the applicant to conduct commercial cannabis activity at the location requested for the temporary license. For purposes of this section, "other authorization" shall include, at a minimum, a written statement or reference that clearly indicates the local jurisdiction intended to grant permission for the commercial cannabis activity or to the person to conduct commercial cannabis activity at the premises. Upon receipt of the application, the Bureau shall contact the applicable local jurisdiction to confirm the validity of the authorization. If the local jurisdiction does not respond within 10 calendar days, the Bureau shall consider the authorization valid.~~

(132) 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.

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

(e) A temporary license does not obligate the Bureau to issue a non-temporary license nor does the temporary license create a vested right in the holder to either an extension of the temporary license or to the granting of a subsequent non-temporary license.

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

(g) A temporary license may be extended by the Bureau for additional 90-day periods if a complete application for an annual license has been submitted to the Bureau pursuant to section 5002 of this division prior to the initial expiration date of the temporary license.

Authority: Section 26013, Business and Professions Code. Reference: Section 26050.1, Business and Professions Code.

§ 5002. Annual License Application Requirements

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

(b) Applicants who submit their applications online shall first register for a user account. To register for a user account, the applicant shall do all of the following:

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

(2) Provide an email address; and

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

(c) An application must be completed by an owner as defined by section 5003 of this division. An application must be submitted to the Bureau for each ~~cannabis license applied for~~ location and each license type. An application for an annual cannabis license includes the following:

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

(2) If applicable, the business trade name ("DBA") of the applicant.

(3) The license type the applicant is applying for, including A license or M license designation for all license types other than testing laboratories. The commercial cannabis license that the applicant is applying for, and whether the applicant is requesting that the license be designated as medicinal, adult-use, or both. Testing laboratory applicants do not have to designate medicinal or adult-use, as testing laboratory licenses allow the holder to test both medicinal and adult-use cannabis.

(4) Payment of an application fee pursuant to section 5014 of this division.

(5) Whether the owner is serving or has previously served in the military. Disclosure of military service is voluntary. An applicant who has served as an active duty member of the Armed Forces of the United States and was honorably discharged and who can provide evidence of such honorable discharge shall have his or her application expedited pursuant to Business and Professions Code section 115.4.

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

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

(8) The physical address of the premises.

(9) The mailing address for the applicant, if different from the premises address.

(10) The telephone number for the premises.

(11) The website address and email address of the applicant's business.

(12) The business' federal employer identification number.

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

(14) A description of the business organizational structure of the applicant, such as 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. If the commercial cannabis business is held in trust, the applicant shall provide a copy of the trust.

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

(17) A commercial cannabis business that is a foreign corporation shall include in its application the certificate of qualification issued by the Secretary of State of California.

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

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

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

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

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

(19) A complete list of every individual who has a financial interest in the commercial cannabis business as defined in section 5004 of this division, who is not an owner as defined in Business and Professions Code section 26001(al).

(20) A complete list of every owner of the applicant as defined in Business and Professions Code section 26001(al). Each individual named on this list shall submit the following information:

(A) The full name of the owner.

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

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

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

(E) The owner's mailing address.

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

(G) The owner's email address.

(H) The owner's current employer.

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

(J) Whether the owner has an ownership or a financial interest as defined in sections 5003 and 5004, respectively, of this division in any other commercial cannabis business licensed under the Act.

(K) A copy of the owner's government-issued identification. Acceptable forms of identification are a document issued by a federal, state, county, or municipal government that includes the name, date of birth, physical description, and picture of the person, such as a driver license.

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

(i) The date of conviction.

(ii) Dates of incarceration, if applicable.

(iii) Dates of probation, if applicable.

(iv) Dates of parole, if applicable.

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

(vi) A statement of rehabilitation for each conviction. The statement of rehabilitation is to be written by the owner and may contain evidence that the owner would like the 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.

(M) If applicable, a detailed description of any suspension of a commercial cannabis license, revocation of a commercial cannabis license, or sanctions for unlicensed commercial cannabis activity by a licensing authority or local agency against the applicant or a business entity in which the applicant was an owner or officer within the three years immediately preceding the date of the application.

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

(21) Evidence that the applicant has the legal right to occupy and use the proposed location that complies with section 5007 of this division.

(22) Evidence that the proposed premises is in compliance with Business and Professions Code section 26054(b).

(23) For an applicant with 20 or more employees, the applicant shall attest that the applicant has entered into a labor peace agreement and will abide by the terms of the agreement, ~~and the applicant shall provide a copy of the agreement to the Bureau.~~ For applicants who have not yet

entered into a labor peace agreement, the applicant shall provide a notarized statement indicating that the applicant will enter into and abide by the terms of a labor peace agreement as soon as reasonably practicable after licensure.

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

(25) A diagram of the premises as required by section 5006 of this division.

(26) Proof of a bond as required by section 5008 of this division.

(27) For testing laboratory applications, the certificate(s) of accreditation as required by section 5702 of this division, or the information required for a provisional license as required by section 5703 of this division.

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

(29) All licensee applications shall include a detailed description of the applicant's operating procedures including the following (if applicable):

(A) Transportation Procedures

(i) A description of the applicant's procedure for transportation of cannabis goods, including whether or not the applicant will be transporting cannabis goods or contracting for transportation services.

(B) Inventory Procedures

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

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

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

(C) Non-Laboratory Quality Control Procedures

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

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

(iii) The applicant's procedures for ensuring that a licensed testing laboratory samples and analyzes cannabis goods held by the applicant.

(D) Security Procedures

- (i) The applicant's procedure 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 security alarm system.

(E) Cannabis Waste Procedures

- (i) The applicant's procedure for disposing of cannabis waste, including whether the applicant will be using a local agency or waste hauler permitted by a local agency or self-hauling the waste to a solid waste facility. If the applicant will be using a local agency or waste hauler permitted by a local agency, the applicant shall include the information required under section 5055(e)(1).
- (ii) The applicant's procedure for composting cannabis waste on the licensed premises, if applicable.
- (iii) How the applicant will ensure that all access to cannabis waste is restricted to the licensee and its employees, and the local agency or waste hauler franchised, contracted, or permitted by a local agency.

(F) Delivery Procedures

- (i) The applicant's procedures for accepting orders and processing orders.
- (ii) The applicant's procedures for confirming the age and identity of the customer receiving the delivery and verifying that the address for delivery meets the requirements of section 5416 of this division.
- (iii) The applicant's procedure for delivering cannabis goods, including the vehicles and Global Positioning System devices that will be used.

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

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

(32) The limited waiver of sovereign immunity required by section 5009 of this division, if applicable.

(33) Evidence of exemption from, or compliance with, the California Environmental Quality Act as required by section 5010.

Authority: Sections 115.4 and 26013, Business and Professions Code. Reference: Sections 115.4, 144 and 26051.5, Business and Professions Code.

§ 5003. Designation of Owner

(a) All applicants for a commercial cannabis license shall have at a minimum one individual who meets the definition of “owner” under Business and Professions Code section 26001(a) and who will submit the information required of owners under section 5002.

(b) “Owner” means any of the following:

(1) A person with an aggregate ownership interest of 20 percent or more in the person applying for a license or a licensee, unless the interest is solely a security, lien, or encumbrance.

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

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

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

(45) An individual who will be participating in the direction, control, or management of the person applying for a license. ~~An owner who is an individual participating in the direction, control, or management of the commercial cannabis business~~ Such an individual includes any of the following:

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

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

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

(D) Any individual who assumes responsibility for the license.

(c) When an entity has an aggregate ownership interest of 20 percent or more in the commercial cannabis business, then the chief executive officer and/or members of the board of directors of the entity shall be considered owners.

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

§ 5004. Financial Interest in a Commercial Cannabis Business

(a) A financial interest means an agreement to receive a portion of the profits of a commercial cannabis business, an investment into a commercial cannabis business, a loan provided to a commercial cannabis business, or any other equity interest in a commercial cannabis business except as provided in subsection (c). For the purpose of this section, an interest in a diversified mutual fund, blind trust or similar instrument is not a financial interest.

(b) The license application shall include the name, birthdate, and government-issued identification type and number for all individuals who have a financial interest in a commercial cannabis business but are not owners as defined in Business and Professions Code section 26001(a). These individuals shall not be required to submit the information required of owners under section 5002(c)(20).

(c) Notwithstanding subsection (b), the following persons are not required to be listed on an application for licensure under section 5002(c)(19):

- (1) A bank or financial institution whose interest constitutes a loan;
- (2) Persons whose only financial interest in the commercial cannabis business is through an interest in a diversified mutual fund, blind trust, or similar instrument;
- (3) Persons whose only financial interest is a security interest, lien, or encumbrance on property that will be used by the commercial cannabis business; and
- (4) Persons who hold a share of stock that is less than 5 percent of the total shares in a publicly traded company.

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

§ 5005. Personnel Prohibited from Holding Licenses

(a) A license authorized by the Act and issued by the Bureau may not be held by, or issued to, any person holding office in, or employed by, any agency of the State of California or any of its political subdivisions when the duties of such person have to do with the enforcement of the Act or any other penal provisions of law of this State prohibiting or regulating the sale, use, possession, transportation, distribution, testing, manufacturing, or cultivation of cannabis goods.

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

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

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

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

§ 5006. Premises Diagram

(a) An applicant shall submit to the Bureau, with the application, a complete and detailed diagram of the proposed premises. The diagram shall be used by the Bureau to determine whether the premises meets the requirements under this division and the Act. The Bureau shall