

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

Table of Contents

Chapter 1. All Licensees 1

 Article 1. Division Definitions and General Requirements 1

 §15000. Definitions..... 1

 §15000.1. General Requirements..... 7

 §15000.2. A- and M-Designations. 8

 §15000.3. Premises Requirements. 8

 §15000.4. Subletting of Premises..... 9

 §15000.5. Licensee’s Responsibility for Acts of Employees and Agents..... 10

 §15000.6. Age Restriction. 10

 §15000.7. Storage of Inventory. 10

 Article 2. Applications 10

 §15001. Provisional Licenses..... 10

 §15001.1. Issuance of Provisional License..... 11

 §15001.2. Renewal of Provisional License..... 13

 §15001.3. Notice of Provisional License Review..... 16

 §15001.4. Immediate Suspension of Provisional License..... 16

 §15002. Annual License Application Requirements. 17

 §15003. Owners of Commercial Cannabis Businesses..... 22

 §15004. Financial Interest in a Commercial Cannabis Business..... 23

 §15004.1. Independence of Testing Laboratories. 24

 §15005. Personnel Prohibited from Holding Licenses..... 24

 §15006. Premises Diagram. 25

 §15007. Landowner Approval..... 27

 §15007.1. Electronic Signature..... 28

 §15009. Limited Waiver of Sovereign Immunity. 28

 §15010. Compliance with the California Environmental Quality Act (CEQA)..... 29

 §15011. Additional Information..... 31

 §15012. Incomplete and Abandoned Applications..... 35

§15013. Withdrawal of Application.	35
Article 3. Licensing	36
§15014. Fees.....	36
§ 15014.1. Equity Fee Relief.	41
§ 15014.2. Fees. Large Cultivation License.....	46
§15015. Payment of Fees.....	47
§15017. Substantially Related Offenses and Criteria for Rehabilitation.	47
§15018. Additional Grounds for Denial of a License.....	49
§15019. Excessive Concentration.	50
§15020. Renewal of License.	51
§15020.1. Cultivation License Limited Operations Status.....	52
§15020.2. Cultivation License Reductions in Size.	53
§15020.3. Modifying Cultivation License Renewal Date.....	55
§15021. Denial of License.	57
§15023. Business Modifications.	57
§15024. Death, Incapacity, or Insolvency of a Licensee.....	59
§15024.1. Cannabis and Cannabis Products After Termination of License.....	60
§15025. Additional Premises Requirements for Retailers and Microbusinesses Authorized to Engage in Retail.	61
§15027. Modification of Premises or Operations.	62
§ 15027.1. Conversion to Large and Medium Cultivation Licenses.	63
§15034. Significant Discrepancy in Inventory.	65
§15035. Notification of Criminal Acts, Civil Judgments, Violations of Labor Standards, and Revocation of a Local License, Permit, or Other Authorization After Licensure.	65
§15036. Notification of Theft, Loss, and Criminal Activity.	66
§15037. General Record Retention Requirements.	66
§15037.1. Licensee Authorization to Release Data to Financial Institutions.....	67
§15037.2. Financial Institution Request for Licensee Information.	68
§15038. Disaster Relief.	69
Article 4. Posting and Advertising.....	70
§15039. License Posting Requirement.	70
§15040. Advertising Placement and Prohibitions.	71
§15040.1. Marketing Cannabis Goods as Alcoholic Products.	72
§15040.2. Prohibited Business Promotions.....	72

§15041. Age Confirmation in Advertising.....	72
§15041.1. Branded Merchandise.....	73
§15041.2. Trade Samples.	73
§15041.3. Designating Trade Samples.	74
§15041.4. Providing Trade Samples.	74
§15041.5. Requirements for Trade Samples.	75
§15041.6. Consumption of Trade Samples.	76
§15041.7. Trade Sample Limits.....	76
Article 5. Security Measures.....	77
§15042. Premises Access Requirements.....	77
§15042.1. Security Plan for Licensed Manufacturers.	78
§15043. Licensee Employee Badge Requirement.....	79
§15044. Video Surveillance System.....	79
§ 15045. Security Personnel.....	80
§15046. Locks.....	81
§15047. Alarm System.	81
Article 6. Track and Trace Requirements.....	82
§15047.1. Definitions.....	82
§15047.2. General Requirements.....	82
§15048. Training and Credentialing.....	82
§15048.1. Responsibilities of the Designated Account Manager.....	83
§15048.2. General Tag Requirements.	83
§15048.3. Ordering Tags.....	84
§ 15048.4. Tagging of Cannabis Plants.....	84
§15048.5. Use of Harvest Batch Name and Package Tags.....	85
§15049. Track and Trace Reporting.....	85
§15049.1. Additional Requirements for Recording Cultivation Activities.	86
§15049.2. Recording Transfers of Cannabis and Cannabis Products.....	87
§15049.3. Track and Trace Requirements for Delivery.	88
§15050. Loss of Access.....	90
§15051. Track and Trace System Reconciliation.	90
Article 7. Acceptance or Rejection of Shipments.....	90
§15052. Returns.....	90
§15052.1. Acceptance or Rejection of Shipments.....	91

Chapter 2. Distributors	92
§15300. Distribution Activities.	92
§15301. Storage Services.	92
§15302. Storage of Batches for Testing.	92
§15303. Packaging, Labeling, and Rolling.	93
§15303.1. Net Weight of Dried Flower.....	93
§15304. Testing Arrangements.	93
§15305. Testing Sample.....	94
§15306. Regulatory Compliance Testing Results.....	94
§15307. Quality-Assurance Review.....	95
§15307.1. Quality-Assurance Review for Labeling Cannabinoids and Terpenoids.	96
§15307.2. Licensed Distributor to Licensed Distributor Transfers.	97
§15308. Insurance Requirements.	97
§15309. Inventory Accounting.	98
§15311. Requirements for the Transportation of Cannabis and Cannabis Products...	98
§15312. Required Transport Vehicle Information.	100
§15313. Transport Personnel Requirements.....	100
§15314. Shipping Manifest.	100
§15315. Distributor Transport Only License.	101
Chapter 3. Retailers.....	102
§15400. Access to Retailer Premises.....	102
§15402. Customer Access to the Retail Area.....	102
§15403. Hours of Operation.	103
§15403.1. Requirements While Not Open for Business.	103
§15404. Retail Customers.	103
§15405. Cannabis Goods Display.	104
§15406. Cannabis Goods for Sale.....	104
§15407. Sale of Non-Cannabis Goods.	105
§15408. Sale of Live Plants and Seeds.....	105
§15409. Daily Limits.	106
§15410. Customer Return of Cannabis Goods.....	106
§15411. Requirements for Providing Free Cannabis Goods to Medicinal Consumers.	107
§15412. Prohibition on Packaging and Labeling by a Retailer.	109
§15413. Cannabis Goods Packaging and Exit Packaging.....	109

§15414. Non-Storefront Retailer.....	109
§15415. Delivery Employees.....	110
§15415.1. Deliveries Facilitated by Technology Platforms.....	110
§15416. Delivery to a Physical Address.....	111
§15417. Delivery Vehicle Requirements.....	112
§15418. Cannabis Goods Carried During Delivery.....	113
§15419. Cannabis Consumption During Delivery.....	114
§15420. Delivery Request Receipt.....	114
§15421. Delivery Route.....	115
§15422. Receiving Shipments of Inventory.....	115
§15423. Inventory Documentation.....	116
§15424. Inventory Reconciliation.....	116
§15427. Retailer Premises-to-Retailer Premises Transfer.....	117
Chapter 4. Microbusiness.....	117
§ 15500. Microbusiness.....	117
Chapter 5. Cannabis Events.....	118
§15600. Cannabis Event Organizer License.....	118
§15601. Temporary Cannabis Event Requirements.....	118
§15602. Temporary Cannabis Event Sales.....	120
§15603. Temporary Cannabis Event Consumption.....	122
§15603.1. Participation in Temporary Cannabis Events by Non-Retail Licensees....	122
§15604. Informational or Educational Cannabis Events.....	123
Chapter 6. Testing Laboratories.....	123
Article 1. Chapter Definitions.....	123
§15700. Definitions.....	123
Article 2. Laboratory License.....	128
§15701. General Laboratory License Requirements.....	128
§15702. Laboratory License Application.....	129
§15703. Interim Testing Laboratory License.....	130
Article 3. Sampling Cannabis and Cannabis Products.....	131
§15704. Sampling Standard Operating Procedures.....	131
§15705. General Sampling Requirements.....	132
§15706. Chain of Custody (COC).....	133
§ 15707. Harvest Batch Sampling.....	134

§15708. Cannabis Product Batch and Pre-Roll Sampling.	135
§15709. Laboratory Transportation of Cannabis and Cannabis Products Samples.	135
§15710. Laboratory Receipt of Samples Obtained from a Distributor or Microbusiness.....	137
Article 4. Standard Operating Procedures	137
§15711. Laboratory Analyses Standard Operating Procedures.....	137
§15712. Test Methods.	138
§15712.1. Cannabinoid Test Method for Dried Flower, Including Non-Infused Pre- Rolls.....	138
§15712.2. Verification of Cannabinoid Test Method for Dried Flower, Including Non- Infused Pre-Rolls.	139
§15713. Validation of Test Methods.	140
Article 5. Laboratory Testing and Reporting	142
§15714. Required Testing.	142
§15717. Moisture Content and Water Activity Testing.....	143
§15718. Residual Solvents and Processing Chemicals Testing.....	143
§15719. Residual Pesticides Testing.....	145
§15720. Microbial Impurities Testing.	148
§15721. Mycotoxin Testing.....	148
§15722. Foreign Material Testing.	149
§15723. Heavy Metals Testing.	149
§15724. Cannabinoid Testing.....	150
§15725. Terpenoid Testing.....	151
§15726. Certificate of Analysis (COA).	152
Article 6. Post Testing Procedures	153
§15727. Remediation and Retesting.	153
§15728. Post Testing Sample Retention.	154
Article 7. Laboratory Quality Assurance and Quality Control.....	154
§15729. Laboratory Quality Assurance (LQA) Program.	154
§15730. Laboratory Quality Control (LQC) Samples.	155
§15731. Limits of Detection (LOD) and Limits of Quantitation (LOQ) for Quantitative Analyses.....	157
§15732. Data Package.	157
§15733. Required Proficiency Testing.....	158
§15734. Satisfactory and Unsatisfactory Proficiency Test Performance.....	159

§15735. Laboratory Audits.....	159
Article 8. Laboratory Employee Qualifications	160
§15736. General Laboratory Employee Qualifications.	160
§15737. Supervisor or Management Responsibilities and Qualifications.	160
§15738. Analyst and Sampler Qualifications.	160
Chapter 7. Cultivators	161
Article 1. General Cultivation Requirements.....	161
§16201. Cultivation License Types.....	161
§ 16201.1. Large Cultivation Licenses.....	162
§16202. General Cultivation Requirements.....	162
§16209. Medium Cultivation License Limits.....	163
Article 2. Cultivation Site Requirements	163
§16300. Cultivation Requirements.....	163
§ 16300.1. Additional Cultivation Requirements for Large Licenses.....	163
§16301. Seed Production Requirements for Nursery Licensees.	164
§16302. Research and Development Requirements for Nursery Licensees.	164
§16303. Cultivation Requirements for Processor Licensees.	164
§16304. General Environmental Protection Measures.	164
§16305. Renewable Energy Requirements.	165
§16306. Generator Requirements.	165
§16307. Pesticide Use Requirements.	166
§16308. Canopy Requirements.	167
§16309. Cultivation Plan Requirements.....	167
§16310. Pest Management Plan.	168
§16311. Supplemental Water Source Information.	168
Chapter 8. Manufacturers	170
Article 1. Manufacturing Licenses.....	170
§17006. Manufacturing License Types.....	170
§17009. Additional Activities.....	171
§17117. License Constraints.	171
Article 2. Shared-Use Facilities	171
§ 17124. Definitions.....	171
§17126. Registration to Operate a Shared-Use Facility.....	172
§17127. Shared-Use Facility Conditions for Operation.....	173

§17128. Shared-Use Facility Compliance Requirements.	174
Article 3. Solvent Use and Safety	174
§17202.1. General Requirements for Extraction and Post-Extraction Processing.	174
§17203. Permissible Extractions.	175
§17204. Solvent Requirements.	175
§17205. Additional Requirements for Ethanol Operations.....	176
§17206. Closed-Loop Extraction System Requirements.	176
§17206.1. Certification of Closed-Loop Systems.....	177
Article 4. Good Manufacturing Practices	178
§17207. Manufacturing Practices Definitions.....	178
§17208. Quality Control Program.	180
§17209. Grounds, Building, and Manufacturing Premises.....	180
§17210. Equipment and Utensils.....	182
§17211. Manufacturing Personnel.....	183
§17211.1. Training Program.	184
§17212. Cannabis Product Components.....	186
§17213. Manufacturing Procedures.....	187
§17214. Product Quality Plan.....	187
§17215. Master Manufacturing Protocol.....	189
§17216. Batch Production Record.....	190
§17217. Standard Operating Procedures.....	191
§17218. Inventory Control – Cannabis and Cannabis Products.....	192
Article 5. Special Requirements	192
§17219. Juice Manufacturing.....	192
§17220. Dried Meat Manufacturing.	193
Chapter 9. Other Responsibilities	193
§17221. Weighing Devices and Weighmasters.....	193
§17223. Waste Management.	194
§17225. Product Complaints.....	196
§17226. Voluntary Recalls.....	197
§17227. Mandatory Recalls.....	198
Chapter 10. Cannabis and Cannabis Products.....	198
Article 1. Standards for Manufactured Cannabis Products.....	198
§17300. Prohibited Products.	198

§17301. Additional Requirements for Edible Cannabis Products.	199
§17302. Additional Requirements for Topical Cannabis Products.....	200
§17302.1. Additional Requirements for Tinctures.....	200
§17303. Orally Consumed Products Containing Alcohol.	200
§17303.1. Additional Requirements for Inhaled Products.....	200
Article 2. Cannabinoid Concentration Limits.....	201
§17304. THC Concentration Limits.....	201
Article 3. Failed Product Batches	201
§17305. Failed Product Batches.....	201
Chapter 11. Labeling and Packaging Requirements.....	203
Article 1. Bulk Cannabis or Cannabis Products, Immature Plants, and Seeds	203
§17398. Bulk Cannabis or Cannabis Products.	203
§17399. Immature Plants.....	203
§17400. Seeds.	204
Article 2. Cannabis Products Released from Manufacturing	204
§17401. Release to Distributor as Finished Product.....	204
Article 3. Labeling Requirements.....	204
§ 17402. General Provisions.	204
§ 17403. Primary Panel Labeling Requirements: Nonmanufactured Cannabis Goods.....	205
§17404. Primary Panel Labeling Requirements: Manufactured Cannabis Products.	205
§17405. Additional Primary Panel Labeling Requirements: Edible Products.....	206
§17406. Informational Panel Labeling Requirements.	206
§17407. Cannabinoid Content Labeling.	207
§17408. Labeling Restrictions.	209
§17409. Statement of Characteristic Anticipated Effects.....	210
§17410. Universal Symbol.....	210
Article 4. Packaging.....	210
§17411. Packaging.....	210
§17412. Child-Resistant Packaging Requirements.	211
Chapter 12. Enforcement.....	212
Article 1. Authority	212
§17800. Right of Access.....	212
Article 2. Compliance and Enforcement Actions.....	213

§17801. Notice to Comply.	213
§17801.1. Notice of Violation.....	213
§17801.5. Embargo of Cannabis or Cannabis Products.....	214
§17802. Citations; Orders of Abatement; Administrative Fines.	216
§17803. Contesting Citations.....	216
§17804. Citation Compliance.....	217
§17805. Minor Decoys.....	218
§17806. Attire and Conduct.	218
§17807. Entertainers and Conduct.	219
Article 3. Disciplinary Actions	219
§17808. Additional Grounds for Discipline.....	219
§17809. Disciplinary Actions.....	220
§17810. Interim Suspension.	221
§17813. Enforcement Costs.	222
§17814. Disciplinary Guidelines.	223
Article 4. Emergency Decision and Orders.....	223
§17815. Emergency Decision and Order.....	223
Article 5. Posting Notices of Suspension and Revocation	225
§17816. Posting of Notice of Suspension.....	225
§17817. Posting of Notice of Revocation.....	226
Chapter 13. Other Provisions.....	227
Article 1. Research Funding	227
§17900. Eligibility.....	227
§17901. Request for Proposals.	227
§17902. Selection Process and Criteria.....	228
§17903. Release of Funds.....	228
§17904. Reports to the Department.	229
§17905. Research Records.....	229

Chapter 1. All Licensees

Article 1. Division Definitions and General Requirements

§15000. Definitions.

- (a) “Act” means the Medicinal and Adult-Use Cannabis Regulation and Safety Act, codified in Business and Professions Code section 26000, et seq.
- (b) “Adulterated” or “adulteration” has the meaning stated in section 26039.6(a) of the Act.
- (c) “Allergen” means a major food allergen as defined in 21 U.S.C § 321(qq).
- (d) “Appellation of Origin” means a designation to indicate that the cannabis meets the requirements developed by the program established pursuant to section 26063 of the Act.
- (e) “Applicant” means an owner that is applying for a Department-issued license.
- (f) “Batch” means a specific quantity of homogeneous cannabis or cannabis product that is one of the following types:
- (1) “Harvest batch” means a specifically identified quantity of dried flower or trim, leaves, and other cannabis plant matter that is harvested at the same time, and, if applicable, cultivated using the same pesticides and other agricultural chemicals.
 - (2) “Manufactured cannabis batch” or “production batch” means either:
 - (A) An amount of cannabis concentrate or extract produced in one production cycle using the same extraction methods and standard operating procedures; or
 - (B) An amount of a type of cannabis product produced in one production cycle using the same formulation and standard operating procedures.
- (g) “Cannabis accessories” has the meaning stated in Health and Safety Code section 11018.2.
- (h) “Cannabis concentrate” means cannabis that has undergone a process to concentrate one or more active cannabinoids, thereby increasing the product’s potency. For purposes of this division, “cannabis concentrate” includes, but is not limited to, the kief, tinctures, capsules, suppositories, extracts, butter, vape cartridges, inhaled products (e.g., dab, shatter, and wax), and tablets as defined in subsection (nnn).
- (i) “Cannabis goods” means cannabis and cannabis products in final form and packaged and labeled as they will be sold at retail. For the purposes of section 15311, “cannabis goods” includes all cannabis and cannabis products in any form.
- (j) “Cannabis product” means cannabis that has undergone a process whereby the plant material has been transformed into a concentrate, including, but not limited to, concentrated cannabis, or an edible or topical product containing cannabis or concentrated cannabis and other ingredients.
- (k) “Cannabis product quality,” “quality cannabis product,” or “quality” means that the cannabis product consistently meets the established specifications for identity, cannabinoid concentration, homogeneity, composition, and testing standards pursuant to

sections 15718 through 15724, and has been manufactured, packaged, labeled, and held under conditions to prevent adulteration and misbranding.

(l) "Cannabis waste" means any material intended for disposal that contains cannabis but is not otherwise considered a hazardous waste. Cannabis waste consisting solely of plant material shall be considered an organic waste as defined in Public Resources Code section 42649.8(d).

(m) "Canopy" means the designated area(s) at a licensed premises that will contain mature plants at any point in time.

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

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

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

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

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

(s) "Delivery employee" means an individual employed by a licensed retailer or licensed microbusiness authorized to engage in retail sales who delivers cannabis goods from the licensed retailer or licensed microbusiness premises to a customer at a physical address.

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

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

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

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

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

(y) "Final form" refers to cannabis and cannabis products that are in the form in which the cannabis or cannabis product will be consumed or used.

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

(aa) “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.

(bb) “Immature plant” or “immature” means, for purposes of cultivation: a cannabis plant that has a first true leaf measuring greater than one-half inch long from base to tip if started from seed or a mass of roots measuring greater than one-half inch wide at its widest point if vegetatively propagated and outside of a tissue container, but that is not flowering; or a container with one or more cannabis protoplasts, cells, shoots, or plantlets in culture. For retail purposes, “immature plant” or “immature” means a cannabis plant that is nonflowering and shorter and narrower than 18 inches.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(A) Extraction.

(B) Infusion.

(C) Packaging or repackaging of cannabis products.

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

(E) “Post-extraction processing” or “post-processing,” which means a process by which one or more active cannabinoids in cannabis concentrate are further concentrated either by chemical or physical means.

(F) Remediation of failed harvest batches or cannabis product batches.

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

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

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

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

(D) The processing of nonmanufactured cannabis products, as defined in subsection (eee).

(E) The labeling or relabeling of a package containing cannabis goods with the amount of cannabinoids and terpenoids based on regulatory compliance testing results by a distributor in accordance with sections 15303 and 17407.

(pp) “Manufacturing” or “manufacturing operation” means all aspects of the extraction process, infusion process, post-processing, remediation, and packaging and labeling processes, including processing, preparing, holding, and storing of cannabis products. Manufacturing also includes any processing, preparing, holding, or storing of components and ingredients.

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

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

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

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

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

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

(tt) “Nonmanufactured cannabis products” means final form items that contain only cannabis, leaf, pre-roll filter tips, or paper.

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

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

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

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

(yy) “Package” or “packaging” means any container or wrapper that may be used for enclosing or containing any cannabis or cannabis product. “Package” does not include a shipping container or outer wrapping used solely for the transport of cannabis or cannabis products in bulk quantity to a licensed premises.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(ppp) “Terpenes” means terpenes, terpenoids, flavonoids, polyphenols, and other naturally occurring phytochemicals and secondary metabolites contributing to the aroma or flavor of cannabis.

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

(rrr) “Tincture” means a solution of cannabis extract, derived either directly from the cannabis plant or from a manufactured cannabis extract, dissolved in alcohol, glycerin, or vegetable oils. For purposes of this definition, “vegetable” includes botanically classified fruits and vegetables and their seeds.

(sss) “Topical cannabis product” means a cannabis product intended to be applied to the skin rather than ingested or inhaled.

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

(uuu) “Transport” means the physical movement of cannabis or cannabis products from one licensed premises to another licensed premises.

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

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

(xxx) “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.

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

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

(aaaa) “Wholesale cost” has the meaning stated in title 18, California Code of Regulations, section 3700.

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

§15000.1. General Requirements.

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

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

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

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

(e) Licenses shall not be transferrable or assignable to another person or premises, except as provided in section 26050.2 of the Business and Professions Code. In the

event of the sale or other transfer of the commercial cannabis business, changes in ownership shall be made in accordance with section 15023.

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

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

§15000.2. A- and M-Designations.

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

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

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

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

§15000.3. Premises Requirements.

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

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

(c) A licensed premises shall not include the living areas of a private residence, such as bathrooms, bedrooms, kitchens, and living rooms, unless living areas are required to be included in the licensed premises. If the local jurisdiction requires living areas of a private residence to be included in the licensed premises, licensees shall designate living areas on their premises diagram as required by section 15006(k) but shall not conduct any commercial cannabis activity within the designated living areas. Nothing in this section shall prohibit a licensee from utilizing the living areas of a private residence for non-commercial cannabis activity, such as staff breaks. Areas of a private residence that are not considered to be living areas may include garages, offices, sheds, barns, and other areas regularly used for commercial cannabis activity.

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

access when the only access to one licensed premises is through another licensed premises, all licensees shall be held responsible and subject to discipline.

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

(f) All structures included as part of the licensed premises shall be permanent structures. Structures that are considered permanent structures include, but are not limited to, buildings, barns, sheds, shipping containers, and modular buildings. Structures that are not considered to be permanent structures include, but are not limited to, structures that rest on wheels or any structure that can be readily moved.

(g) Personal cultivation of cannabis as permitted by Health and Safety Code section 11362.1 shall not occur on the licensed premises unless the local jurisdiction requires that all areas of the land parcel be included in the premises. If the local jurisdiction requires all areas of the land parcel be included, then the licensee may conduct personal cultivation in a separate and distinct area on the premises, which shall be identified on the premises diagram pursuant to section 15006. "Separate and distinct," for purposes of this section, shall mean that the personally cultivated cannabis is cultivated, processed, and stored in a manner that clearly identifies it as personally cultivated cannabis and prevents it from coming into contact with commercially cultivated cannabis.

(h) Notwithstanding any other provision of law, a licensed premises that is not in compliance with subsections (c) and (f) at the time this subsection becomes effective shall come into compliance within six months of the effective date of this subsection by submitting a premises modification in accordance with section 15027. Premises that must be modified to comply with this subsection shall not be subject to the premises modification fee specified in section 15014.

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

§15000.4. Subletting of Premises.

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

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

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

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

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

§15000.6. Age Restriction.

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

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

§15000.7. Storage of Inventory.

(a) All cannabis and cannabis products must be stored within the licensed premises.

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

(c) Bathrooms and changing facilities shall be separated from all storage areas by solid walls that extend from the floor to the ceiling. Employee break areas, if any, shall be separate and distinct from areas where cannabis and cannabis products are stored.

(d) Licensees may use additional shipping containers as temporary storage space on their licensed premises when their storage needs exceed the capacity of their storage space. Licensees using storage containers pursuant to this subsection shall notify the Department of the premises modification in accordance with subsection (h) of section 15027.

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

Article 2. Applications

§15001. Provisional Licenses.

(a) A provisional licensee shall comply with all laws applicable to a licensee holding an annual license of the same type.

(b) A provisional license does not create a vested right in the holder to renewal of the provisional license or issuance of an annual license.

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

(d) A provisional licensee must actively and diligently pursue requirements for an annual license to continue to hold a provisional license, which includes meeting all the following requirements:

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

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

(e) Refusal by the Department to issue or renew a provisional license pursuant to section 15001.1 or section 15001.2 shall not entitle the applicant to a hearing or an appeal of the decision. Chapter 2 (commencing with section 480) of division 1.5, chapter 4 (commencing with section 26040), and sections 26031 and 26058 of the Business and Professions Code shall not apply to licenses issued pursuant to this section.

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

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

§15001.1. Issuance of Provisional License.

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

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

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

(A) A final streambed alteration agreement;

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

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

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

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

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

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

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

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

(A) A final streambed alteration agreement;

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

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

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

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

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

(1) The applicant submits a complete application, in accordance with section 15002, and the required application fee to the Department on or before March 31, 2023.

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

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

(i) A final streambed alteration agreement;

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

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

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

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

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

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

§15001.2. Renewal of Provisional License.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(C) The local jurisdiction has certified that it has conducted a reasonably comprehensive site-specific review and has reviewed, prepared, and deemed complete an initial study, addendum, or checklist pursuant to title 14, California Code of Regulations, section 15063, 15164, 15168, or 15183 demonstrating consistency with a previously circulated and adopted negative declaration, mitigated negative declaration, or environmental impact report, in preparation for approval of an annual license; or

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

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

- (i) Any environmental documentation, including, but not limited to, an exemption, initial study, negative declaration, mitigated negative declaration, and/or environmental impact report;
 - (ii) Any staff reports and related documents prepared by the local jurisdiction;
 - (iii) Any written transcript or minutes of the proceedings of the local jurisdiction;
 - (iv) Any notice(s) issued by the local jurisdiction to comply with CEQA and the CEQA Guidelines;
 - (v) Any proposed decisions or findings considered by the local jurisdiction by its staff or the applicant; and
 - (vi) Any documentation of the local jurisdiction's final decision.
- (2) For cultivation licensees, one of the following forms of documentation demonstrating progress with compliance with chapter 6 (commencing with section 1600) of division 2 of the Fish and Game Code:
- (A) A final streambed alteration agreement issued by the Department of Fish and Wildlife;
 - (B) A draft streambed alteration agreement provided by the Department of Fish and Wildlife and signed and returned to the Department of Fish and Wildlife by the provisional licensee; or
 - (C) Written verification from the Department of Fish and Wildlife that a streambed alteration agreement is not needed.
- (d) The Department will not renew a provisional license authorizing cultivation if:
- (1) The State Water Resources Control Board has notified the Department that the provisional licensee is not in compliance with section 26060.1(a) or (b) of the Business and Professions Code or the principles, guidelines, and requirements established pursuant to section 13149 of the Water Code.
 - (2) The Department of Fish and Wildlife has notified the Department that the provisional licensee is not in compliance with any final streambed alteration agreement, any conditions set forth in a signed draft streambed alteration agreement, or a condition established pursuant to section 26060.1(a) or (b)(1) and (2) of the Business and Professions Code.
 - (3) After January 1, 2023, if renewing the license would cause a licensee to hold multiple cultivation licenses on contiguous premises to exceed one acre of total canopy for outdoor cultivation or 22,000 square feet for mixed-light or indoor cultivation. For the purposes of this section, premises will be considered contiguous if they are connected, touching, or adjoining.

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

§15001.3. Notice of Provisional License Review.

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

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

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

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

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

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

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

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

§15001.4. Immediate Suspension of Provisional License.

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

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

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

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

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

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

§15002. Annual License Application Requirements.

(a) Applications may be completed and submitted online at www.cannabis.ca.gov.

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

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

(2) Provide an email address; and

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

(c) An application must be completed by an owner as defined by section 15003. An application for an annual cannabis license includes the following:

(1) The legal first and last name of the applicant and the legal business name of the commercial cannabis business.

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

(3) The commercial cannabis license for which the applicant is applying, and whether the applicant is requesting that the license be designated as medicinal, adult-use, or both, if applicable.

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

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

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

(7) The telephone number for the commercial cannabis business.

(8) The website address of the commercial cannabis business, if any.

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

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

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

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

(13) Upon request, business formation documents that are not available online through the California Secretary of State, which may include, but are not limited to operating agreements, bylaws, and other documents that establish ownership or control over the commercial cannabis business. If the commercial cannabis business is held in trust, the applicant shall provide a copy of the certificate of trust establishing trustee authority.

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

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

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

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

(16) A complete list of every owner of the commercial cannabis business, as defined in section 15003. 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 commercial cannabis business.

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

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

(E) The owner's mailing address.

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

(G) The owner's email address.

(H) The owner's current employer.

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

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

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

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

(M) If applicable, a detailed description of any administrative orders or civil judgments for violations of labor standards, any suspension of a commercial cannabis license, revocation of a commercial cannabis license, or sanctions for unlicensed commercial cannabis activity by a licensing authority, local agency, or state agency against the owner in their individual capacity or a business entity in which the owner was an owner or officer within the three years immediately preceding the date of the application. The owner may provide mitigating information including, but not limited to, a statement of rehabilitation, to the Department for consideration if any prior discipline disclosed pursuant to this section may result in denial of the application.

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

(17) Evidence that the commercial cannabis business has the legal right to occupy and use the proposed location that complies with section 15007.

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

(19) For a commercial cannabis business with 20 or more employees, the applicant shall either provide a notarized statement that the commercial cannabis business will enter into and abide by the terms of a labor peace agreement or demonstrate that the commercial cannabis business has entered into a labor peace agreement by providing a

copy of the signature page of the agreement. For a commercial cannabis business with fewer than 20 employees that has not yet entered into a labor peace agreement, provide a notarized statement indicating that the applicant will enter into and abide by the terms of a labor peace agreement within 60 days of employing its 20th employee.

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

(21) A diagram of the premises as required by section 15006.

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

(23) Additional information as required by section 15011.

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

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

(26) Evidence of exemption from, or compliance with, the California Environmental Quality Act as required by section 15010.

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

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

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

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

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

§15002.1. Temporary Cannabis Event Application.

- (a) A temporary cannabis event license shall only be issued to a person who holds a cannabis event organizer license issued by the Department.
- (b) An application for a temporary cannabis event license shall include the following:
 - (1) The name of the applicant. For applicants who are individuals, the applicant shall provide both the first and last name of the individual. For applicants who are business entities, the applicant shall provide the legal business name of the entity.
 - (2) The license number for each state cannabis license held by the applicant.
 - (3) The address of the location where the temporary cannabis event will be held, or if no address exists, the assessor parcel number, or street description.
 - (4) The name of the temporary cannabis event.
 - (5) A diagram of the physical layout of the temporary cannabis event. The diagram shall clearly indicate where the temporary cannabis event will be taking place on the location grounds, all entrances and exits that will be used by participants during the event, all cannabis goods consumption areas, and all areas where cannabis and cannabis products will be sold or displayed. The hours during which cannabis goods will be sold shall be noted on the diagram. The diagram shall also clearly indicate the area where cannabis waste will be stored, all areas where cannabis goods will be stored, and the specific location of each cannabis licensee and non-cannabis vendor who will be participating in the event. Each cannabis licensee and non-cannabis vendor participating in the event shall be identified with an assigned temporary cannabis event location number. The diagram shall also designate a limited-access area that can only be accessed by the cannabis event organizer and Department representatives.
 - (6) The dates and hours of operation for which the temporary cannabis event license is being sought. A temporary event license is required for any date in which the applicant engages in onsite cannabis goods sales or allows onsite cannabis goods consumption.
 - (7) Contact information for the applicant's designated primary contact person regarding the temporary event license, including the name, title, address, phone number, and email address of the individual.
 - (8) Contact information for a designated contact person(s) who shall be onsite at the event and reachable by telephone at all times during the event.
 - (9) Written approval from the local jurisdiction authorizing the applicant to engage in onsite cannabis goods sales to, and onsite consumption by, persons 21 years of age or older at the temporary cannabis event at the proposed location.
 - (10) A list of all licensees who will be participating in the event that provides a designated contact for each licensee who will be responsible for that licensee's activities during the event and will be available to the Department in person or by phone throughout the event, whether the licensee will be selling cannabis goods at the event, whether the licensee will be selling any non-cannabis products at the event, and a description of the type of non-cannabis products that will be sold, if applicable.

(11) A list of all non-cannabis vendors who will be participating in the event, a description of the type of product they will be selling or displaying, and contact information for a designated contact person.

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

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

§15003. Owners of Commercial Cannabis Businesses.

(a) An applicant for a commercial cannabis license or a licensee shall disclose all owners of the commercial cannabis business. An owner of the commercial cannabis business includes all of the following:

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

(2) An individual who manages, directs, or controls the operations of the commercial cannabis business, including but not limited to:

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

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

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

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

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

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

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

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

§15004. Financial Interest in a Commercial Cannabis Business.

(a) An applicant for a commercial cannabis license or a licensee shall disclose all financial interest holders. A financial interest holder of the commercial cannabis business includes all of the following, except as provided in subsection (b):

- (1) A person with an aggregate ownership interest of less than 20 percent.
- (2) A person providing a loan to the commercial cannabis business.
- (3) A person entitled to receive 10 percent or more of the profits of the commercial cannabis business, including:
 - (A) An employee who has entered into a profit share plan with the commercial cannabis business.
 - (B) A landlord who has entered into a lease agreement with the commercial cannabis business for a share of the profits.
 - (C) A consultant who is providing services to the commercial cannabis business for a share of the profits.
 - (D) A person acting as an agent, such as an accountant or attorney, for the commercial cannabis business for a share of the profits.
 - (E) A broker who is engaging in activities for the commercial cannabis business for a share of the profits.
 - (F) A salesperson who earns a commission.
 - (G) A person who has entered into an intellectual property licensing agreement for a share of the profits.

(b) Financial interest holders do not include any of the following:

- (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 10 percent of the total shares in a publicly traded or privately held company.

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

§15004.1. Independence of Testing Laboratories.

(a) A licensed testing laboratory shall maintain independence from persons who hold a license or an interest in a commercial cannabis business licensed for any activity other than testing.

(b) A person who is an owner or financial interest holder of a licensed testing laboratory shall not be an owner or financial interest holder of a commercial cannabis business licensed for any activity other than testing.

(c) A licensed testing laboratory shall not lease real or personal property from or to a commercial cannabis business licensed for any activity other than testing.

(d) A licensed testing laboratory shall not employ any person who is employed by, or is an owner or financial interest holder of, a commercial cannabis business licensed for any activity other than testing.

(e) A licensed testing laboratory shall not offer or agree to provide preferential treatment, including discounted testing services, to any other licensee unless the offer or agreement is available to all licensees.

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

§15005. Personnel Prohibited from Holding Licenses.

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

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

§15006. Premises Diagram.

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

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

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

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

(e) The diagram shall be to scale to clearly determine the bounds of the premises.

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

(g) If the proposed premises consists of only a portion of a property that will contain two or more licensed premises, the diagram shall clearly show the designated entrances and walls under the exclusive control of the commercial cannabis business for the premises, as well as the designated entrances and walls for each additional premises. The diagram shall also show all proposed common or shared areas of the property. Such areas may include lobbies, bathrooms, hallways, and breakrooms.

(h) If the commercial cannabis business is seeking a license to conduct cultivation activities on the proposed premises, the following must be clearly identified on the premises diagram:

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

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

(3) If the commercial cannabis business is proposing to use a diversion from a waterbody or an underground stream flowing in a known and definite channel, groundwater well, or rain catchment system as a water source for cultivation, include the following locations

on the premises diagram with locations also provided as geographic coordinates in either latitude and longitude or the California Coordinate System:

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

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

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

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

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

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

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

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

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

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

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

(H) Designated area(s) for harvested cannabis storage. This area may not be shared among multiple licenses held by one licensee.

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

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

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

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

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

(7) For applicants for a nursery license:

- (A) Designated pesticide and other agricultural chemical storage area(s);
 - (B) Designated composting area(s) if the licensee will compost cannabis waste onsite;
 - (C) Designated secured area(s) for cannabis waste if different from subsection (B) above;
 - (D) At least one of the following areas:
 - (i) Area(s) that shall contain only immature plants; or
 - (ii) Designated seed production area(s) that may contain mature plants; and
 - (E) Designated research and development area(s) that may contain mature plants, if the licensee will be conducting research and development activities that require a plant to flower.
- (8) For applicants for a processor license:
- (A) Designated processing area(s);
 - (B) Designated packaging area(s), if the licensee will package and label products onsite;
 - (C) Designated composting area(s) if the licensee will compost cannabis waste onsite;
 - (D) Designated secured area(s) for cannabis waste if different from subsection (C) above; and
 - (E) Designated area(s) for harvested cannabis storage.
 - (i) If the commercial cannabis business is seeking a Type S license to manufacture cannabis products or registering as a manufacturing Shared-Use Facility, the premises diagram must also comply with all applicable requirements in sections 15011(b)(13)(D) and 17124-17128.
 - (j) If a proposed premises is located on only a portion of a property that also includes a residence, the diagram shall clearly show the designated buildings for the premises and the residence.
 - (k) If the commercial cannabis business is seeking a license to conduct manufacturing activities using a closed-loop extraction system, the diagram shall include the location of the closed-loop extraction system and clearly display the systems serial number.

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

§15007. Landowner Approval.

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

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

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

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

§15007.1. Electronic Signature.

The Department will accept an electronic signature that complies with Civil Code section 1633.2(h) on any documents required to be submitted to the Department and that are submitted electronically, except documents that are required to be notarized.

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

§15009. Limited Waiver of Sovereign Immunity.

(a) Any applicant or licensee that may fall within the scope of sovereign immunity that may be asserted by a federally recognized tribe or other sovereign entity must waive any sovereign immunity defense that the applicant or licensee may have, may be asserted on its behalf, or may otherwise be asserted in any state administrative or judicial enforcement actions against the applicant or licensee, regardless of the form of relief sought, whether monetary or otherwise, under the state laws and regulations governing commercial cannabis activity. The applicant or licensee must submit a written waiver of sovereign immunity to the Department with any license application or renewal, which is valid for the period of the license. The written waiver shall include that the applicant or licensee has the lawful authority to enter into the waiver required by this section, the applicant or licensee hereby waives sovereign immunity, and the applicant or licensee agrees to do all of the following:

(1) Provide documentation to the Department that establishes that the applicant or licensee has the lawful authority to enter into the waiver required by this section;

(2) Conduct all commercial cannabis activity in full compliance with the state laws and regulations governing commercial cannabis activity, including submission to all enforcement provisions thereof;

(3) Allow access as required by state statute or regulation by persons or entities charged with duties under the state laws and regulations governing commercial cannabis activity to any licensed premises or property at which the applicant conducts any commercial cannabis activity, including licensed 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 Medicinal and Adult- Use Regulation and Safety Act and the Administrative Procedure Act.

(b) The Department shall not approve an application for a state license if approval of the license would violate the provisions of any local ordinance or regulation adopted in accordance with Business and Professions Code section 26200 that is issued by the county or, if within a city, the city, within which the licensed premises is to be located.

(c) Any applicant or licensee must immediately notify the Department of any changes that may materially affect the applicant or licensee's compliance with subsection (a) of this section.

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

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

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

(a) "CEQA Guidelines" means the Guidelines for Implementation of the California Environmental Quality Act codified at title 14, California Code of Regulations, section 15000 et seq.

(b) An applicant shall provide evidence of compliance with, or exemption from, CEQA (division 13 (commencing with section 21000) of the Public Resources Code). The evidence provided may be any one of the following:

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

- (A) Environmental documentation, including, but not limited to, exemptions, initial studies, negative declarations, mitigated negative declarations, and environmental impact reports;
- (B) Staff reports and related documents prepared by the local jurisdiction;
- (C) Transcripts or minutes of the proceedings of the local jurisdiction;
- (D) Notice(s) issued by the local jurisdiction to comply with CEQA and the CEQA Guidelines;
- (E) Proposed decisions or findings considered by the local jurisdiction by its staff or the commercial cannabis business; and
- (F) Documentation of the local jurisdiction's final decision.

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

- (A) The project location and surrounding land use, which shall:
 - (i) Describe the project location, including street address, city, county, Assessor's Parcel Number, major cross streets, general plan designation, zoning designation, and any other physical description that clearly indicates the project site location.
 - (ii) Describe the surrounding land uses and zoning designations within a one-half mile radius of the project and list all abutting land uses.
 - (iii) Include a vicinity map and aerial image to show the project location.
 - (iv) Include photographs, not larger than 8.5 by 11 inches, of existing visual conditions as observed from publicly accessible vantage point(s).
- (B) A project description, which shall:
 - (i) Describe the activities included in the project application and identify any other commercial cannabis activity or activities occurring at the proposed premises.
 - (ii) Quantify the project size (total floor area of the project), and the lot size on which the project is located, in square feet.
 - (iii) List and describe any other related public agency permits and approvals, including any entitlements, required for this project, including those required by a planning commission, local air district, or regional water board.
 - (iv) Identify whether the commercial cannabis business is licensed by, or has applied for licensure from, the Department or one of the prior state cannabis licensing authorities (the Bureau of Cannabis Control, the California Department of Food and Agriculture, and the California Department of Public Health) to engage in commercial cannabis activity at the proposed premises.
 - (v) Estimate the number of anticipated employees onsite, occupancy during operating hours, and frequency of deliveries or shipments originating from and/or arriving to the project site.

(C) The environmental setting, which shall:

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

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

(iii) Identify the approximate number of vehicle trips per day to be generated by the project and information regarding the days and times most trips are expected to occur.

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

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

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

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

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

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

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

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

§15011. Additional Information.

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

(1) The hours of operation for each day of the week the commercial cannabis business will have staff on the licensed premises. Applicants may include annual scheduled closure periods for their site.

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

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

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

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

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

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

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

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

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

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

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

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

- (1) The type(s) of activity that will be conducted at the proposed licensed premises (extraction, infusion, packaging, or labeling).
- (2) The types of products that will be manufactured, packaged, or labeled at the premises, including a product list.
- (3) The name, title, email address, and phone number of the onsite individual who manages the operation of the premises.
- (4) The name, title, email address, and phone number of an alternate contact person for the premises, if applicable.
- (5) The number of employees at the premises.
- (6) Upon request by the Department, a description of inventory control procedures sufficient to demonstrate how the commercial cannabis business will comply with the requirements of section 17218, or a copy of the standard operating procedure addressing inventory control.
- (7) Upon request by the Department, a description of quality control procedures sufficient to demonstrate how the commercial cannabis business will comply with all of the applicable requirements specified in sections 17208 through 17216, or a copy of the standard operating procedure addressing quality control.
- (8) Upon request by the Department, a description of the transportation process describing how cannabis or cannabis products will be transported into and out of the premises, or a copy of the standard operating procedure addressing transportation.
- (9) Upon request by the Department, a description of security procedures sufficient to demonstrate how the commercial cannabis business will comply with the applicable security requirements of sections 15042 through 15047, or a copy of the standard operating procedure addressing security procedures.
- (10) Upon request by the Department, a description of the cannabis waste management procedures sufficient to demonstrate how the commercial cannabis business will comply with the requirements of section 17223, or a copy of the standard operating procedure addressing cannabis waste management.
- (11) A copy of the signed closed-loop system certification required pursuant to section 17206.1, if applicable.
- (12) Any manufacturer submitting operating procedures and protocols to the Department pursuant to the Act and this division may claim such information as a trade secret or confidential by clearly identifying such information as “confidential” on the document at the time of submission. Any claim of confidentiality by a manufacturer must be based on the manufacturer’s good faith belief that the information marked as confidential constitutes a trade secret as defined in Civil Code section 3426.1(d), or is otherwise exempt from public disclosure under the California Public Records Act, Government Code section 6250 et seq.
- (13) Applications for a Type S manufacturing license shall:
 - (A) Be submitted in accordance with section 15002;

- (B) Include the license number and address of the registered shared-use facility at which the commercial cannabis business will conduct manufacturing operations;
- (C) Include a copy of the use agreement signed by both the Type S applicant and the primary licensee; and
- (D) On the premises diagram submitted pursuant to section 15002(c)(21), indicate the designated area to be used by the Type S commercial cannabis business and detail where the commercial cannabis business will store its cannabis and cannabis products.
- (E) A Type S license shall only be available to commercial cannabis businesses with a gross annual revenue of less than \$1,000,000 as calculated pursuant to section 15014.
- (F) A Type S licensee may conduct the following operational activities:
- (i) Infusions, as defined in section 15000(ee);
 - (ii) Packaging and labeling of cannabis products; and
 - (iii) Extractions with water, glycerin, vegetable oil, animal fat, or using mechanical methods, provided that the resulting extract or concentrate shall be used solely in the manufacture of the Type S licensee's infused product and shall not be sold to any other licensee.
- (c) A commercial cannabis business applying for a license to distribute cannabis and cannabis products shall provide the following information, upon the request of the Department:
- (1) Standard Operating Procedures, Form DCC-LIC-019 (New 2/22), incorporated herein by reference.
 - (2) Proof of compliance with the insurance requirements in section 15308.
 - (3) Transport vehicle information required by section 15312.
- (d) A commercial cannabis business applying for a license to sell cannabis and cannabis products at retail shall provide the following information, upon request by the Department:
- (1) Standard Operating Procedures, Form DCC-LIC-019 (New 2/22).
 - (2) Delivery employee information required by section 15415.
 - (3) Delivery vehicle information required by section 15417.
- (e) A commercial cannabis business applying for a license to operate as a microbusiness shall provide the information required in subsections (a) through (d) as applicable for the activities they will be conducting under the license.
- (f) Applicants for a cannabis event organizer license shall indicate whether the cannabis event organizer plans to hold 0-5 events, 6-10 events, 11-20 events, or more than 20 events during the license period.
- (g) Applicants for a testing laboratory license shall provide the following information:
- (1) The certificate(s) of accreditation required by sections 15701 and 15702, or the information required for an interim license required by section 15703.

(2) Upon the request by the Department, Standard Operating Procedures, Form DCC-LIC-019 (New 2/22).

(3) The operating procedures required by chapter 6.

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

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

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

§15012. Incomplete and Abandoned Applications.

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

(b) If the applicant fails to submit all required information within 180 days from the date of the initial written notice, the application shall be deemed abandoned.

(c) If the applicant fails to submit payment of the license fee within 60 calendar days from the date of the request for payment of the license fee, the application shall be deemed abandoned.

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

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

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26012, 26050 and 26051.5, Business and Professions Code.

§15013. Withdrawal of Application.

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

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

(c) In accordance with Business and Professions Code section 26057, withdrawal of an application shall not, unless the Department has consented in writing to such withdrawal,

deprive the Department of its authority to institute or continue a proceeding against the commercial cannabis business for the denial of the license upon any ground provided by law or to enter an order denying the license upon any such ground.

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

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

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

Article 3. Licensing

§15014. Fees.

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

Application Fee Schedule

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

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

(c) To determine the appropriate annual license fee due for testing laboratory, distributor, retailer, and microbusiness license types, the applicant or licensee shall first estimate the gross revenue for the 12-month license period. Based on the license type sought, the applicant or licensee shall identify the appropriate tier category in which their expected gross revenue belongs, as identified in the Annual License Fee Schedule charts found in

this section. The license fee associated with the licensing tier category the applicant or licensee has identified using their expected gross revenue shall be the license fee due for the original license or renewal. The following are the annual license fees due for these license types to be paid prior to issuance of a license or renewed license:

Annual License Fee Schedule for Testing Laboratory (Type 8)

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

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

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

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

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

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

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

Annual License Fee Schedule for Microbusiness (Type 12)

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

Gross Revenue (\$ Max. Per License)	Fee Per License
More than \$50.0 and less or equal to \$60.0 million	\$180,000
More than \$60.0 and less than or equal to \$80.0 million	\$220,000
More than \$80 million	\$300,000

(d) The annual license fee for a cannabis event organizer license shall be based on the number of planned operations during the license period as indicated in the chart below.

Annual License Fee Schedule for Cannabis Event Organizers

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

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

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

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

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

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

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

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

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

Application Fee Schedule for Cultivation

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

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

Annual License Fee Schedule for Cultivation

License Type	Fee Per License
Specialty Cottage Outdoor	\$1,205
Specialty Cottage Indoor	\$1,830
Specialty Cottage Mixed-Light Tier 1	\$3,035
Specialty Cottage Mixed-Light Tier 2	\$5,200
Specialty Outdoor	\$2,410
Specialty Indoor	\$19,540
Specialty Mixed-Light Tier 1	\$5,900
Specialty Mixed-Light Tier 2	\$10,120
Small Outdoor	\$4,820
Small Indoor	\$35,410
Small Mixed-Light Tier 1	\$11,800
Small Mixed-Light Tier 2	\$20,235
Medium Outdoor	\$13,990
Medium Indoor	\$77,905
Medium Mixed-Light Tier 1	\$25,970
Medium Mixed-Light Tier 2	\$44,517
Nursery	\$4,685
Processor	\$9,370

(h) All fees are nonrefundable.

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

§ 15014.1. Equity Fee Relief.

(a) For the purposes of this section, the following definitions apply:

(1) “Qualified equity applicant or licensee” means a person who is an owner in a commercial cannabis business pursuant to section 15003(a) and is either:

(A) A locally verified equity applicant or licensee in a jurisdiction with a local equity program as defined in subsection (a)(2); or

(B) An applicant or licensee who qualifies for the fee waiver program under the provisions of subsection (d).

(2) “Locally verified equity applicant or licensee” means an applicant or licensee that satisfies the following conditions:

(A) The applicant or licensee has submitted an application to a local jurisdiction to engage in commercial cannabis activity;

(B) The applicant or licensee's commercial cannabis operation is located within the boundaries of that jurisdiction;

(C) The applicant or licensee meets the requirements of that jurisdiction's local equity program; and

(D) The applicant or licensee has attested that they meet one of the criteria set in subsection (d).

(b) Commercial cannabis businesses with at least one qualified equity applicant or licensee shall be eligible for equity fee relief in the form of one fee waiver during each calendar year and one fee deferral for each additional license during each calendar year if they satisfy all of the following:

(1) The applicant or licensee has submitted a complete application for licensure, in accordance with section 15002, or has satisfied the licensure renewal requirements of section 15020.

(2) Only for fee waiver requests, the applicant or licensee expects a gross revenue less than or equal to \$5,000,000, or a licensee with a gross revenue less than or equal to \$5,000,000 and the applicant has submitted documentation demonstrating gross revenue. Documentation demonstrating gross revenue may include, but is not limited to, a copy of the licensee's state tax return filed with the California Department of Tax and Fee Administration.

(3) The qualified equity applicant or licensee, either individually or in combination with other qualified equity applicants or licensees, owns no less than 50 percent of the commercial cannabis business that is applying for licensure or is licensed.

(4) The applicant or licensee has timely submitted a request for equity fee relief with the information enumerated in subsections (c) and (d).

(A) To be eligible for a license fee waiver or deferral in the initial 12-month licensure period, the qualified equity applicant must indicate on the application for commercial cannabis license that they are also applying for equity fee relief from the Department.

(B) To be eligible for a license fee waiver or deferral at the time of renewal, the qualified equity licensee must submit a request for equity fee relief at least 60 calendar days before the expiration of the license. The Department will accept requests for equity fee relief from qualified equity licensees who on the effective date of this section are less than 60 days from the date of license expiration. The Department will provide a refund if the Department determines the qualified equity licensee is eligible for a fee waiver or deferral after the licensee has paid all annual licensing fees, subject to available funding.

(c) To submit a request for equity fee relief, the qualified equity applicant or licensee shall submit all of the following to the Department:

(1) A complete list of every qualified equity applicant or licensee which includes the percentage of the aggregate ownership interest held by the qualified equity applicant or licensee in the commercial cannabis business.

(2) Contact information for each qualified equity applicant or licensee of the commercial cannabis business, including the name, title, phone number, and email address.

(3) Only for equity fee relief requestors that are locally verified equity applicants or licensees in a jurisdiction with a local equity program, an attestation to the following statement: Under penalty of perjury, I hereby declare that I am a locally verified equity applicant or licensee. I further declare that I satisfy at least one of the criteria set forth in California Code of Regulations, title 4, section 15014.1(d). I understand that the Department may investigate the accuracy of these declarations, and that a misrepresentation of fact is cause for rejection of this request for equity fee relief.

(4) An attestation that the qualified equity applicant or licensee, either individually or in combination with other qualified equity applicants or licensees, own no less than 50 percent of the commercial cannabis business that is applying for licensure or is licensed.

(d) All applicants or licensees must satisfy at least one of the following criteria to be granted a fee waiver or deferral. Qualified equity applicants or licensees that are locally verified equity applicants may establish that they satisfy at least one of these criteria by attestation, as set forth in subsection (c)(3). Qualified equity applicants or licensees that are not locally verified in a jurisdiction with a local equity program must submit evidence of at least one of the following for each equity applicant or licensee:

(1) The qualified equity applicant or licensee was convicted of an offense related to the sale, possession, use, manufacture, or cultivation of cannabis, prior to November 8, 2016. Proof of conviction shall be demonstrated by copies of federal or state court records indicating the disposition of the criminal matter; records reflecting the post-conviction dismissal or expungement of a conviction, including records reflecting the destruction of records under Health and Safety Code section 11361.5; or any other court or law enforcement record that shows proof of conviction.

(2) The qualified equity applicant or licensee was arrested for an offense related to the sale, possession, use, manufacture, or cultivation of cannabis, prior to November 8, 2016. Proof of arrest shall be demonstrated by copies of federal or state court records indicating the disposition of the criminal matter, records of expungement documentation, or any other law enforcement record that shows proof of arrest.

(3) The qualified equity applicant or licensee resides in a household with a household income less than or equal to 60 percent of the area median income for the local jurisdiction they reside, as reported in the most recent United States decennial or special census.

(A) Proof of income shall be demonstrated by the qualified equity applicant or licensee for each earner in their household using copies of at least one of the following records

with a residential address in the local jurisdiction, which is not a post office box, dated within the last two years from the date of the request for equity fee relief:

(i) Individual federal tax returns, state tax returns, and W-2s;

(ii) At least two consecutive paystubs;

(iii) Proof of eligibility for a general assistance program that provides financial aid to adults without sufficient income or resources, including but not limited to CalFresh, MediCal/CalWORKS, supplemental security income, or social security disability.

(B) For the purposes of this subsection, “income” means the money income received in the preceding calendar year using the income measurement defined by the U.S. Census Bureau in their most recent United States decennial or special census.

(4) Proof that the qualified equity applicant or licensee resided for at least five years between 1980 and 2016 in an area with a population that was disproportionately impacted by past criminal justice policies implementing cannabis prohibition during their period of residency and that they satisfy one of the following:

(A) The qualified equity applicant or licensee resided in a census tract that is among the top 25 percent for civilian unemployment and poverty in the state based on the United States Census Bureau's 2013-2017 American Community Survey; or

(B) The qualified equity applicant or licensee has an immediate family member who was convicted or arrested of an offense related to the sale, possession, use, manufacture, or cultivation of cannabis, prior to November 8, 2016.

(C) For the purposes of this subsection, the following definitions apply:

(i) “An area with a population that was disproportionately impacted by past criminal justice policies implementing cannabis prohibition for at least five years” means a county within California with a per capita drug related arrest rate higher than the state's per capita drug related arrest rate between 1980 and 2016; these counties are: Alameda, Alpine, Contra Costa, Del Norte, Fresno, Glenn, Humboldt, Imperial, Inyo, Kern, Lake, Los Angeles, Mendocino, Merced, Riverside, Sacramento, San Bernardino, San Diego, San Francisco, San Joaquin, Santa Cruz, Sierra, Solano, Stanislaus, Tehama, Trinity, Tulare, Yolo, and Yuba.

(ii) “Immediate family member” means child, stepchild, parent, stepparent, brother, sister, half-brother, half-sister, stepsibling, legal guardian, grandparent, or great grandparent.

(D) Proof of residence shall be demonstrated by providing copies of at least two of the following records with a residential address in the local jurisdiction, which is not a post office box:

(i) California Driver's License or State Identification Card;

(ii) Property tax billing or payment, or evidence that the qualified equity applicant or licensee is otherwise exempt from property tax payment by law;

(iii) Signed residential lease agreement, or deed or title to residential real property;

(iv) Copies of state or federal tax returns;

- (v) School records;
- (vi) Banking or credit card records;
- (vii) Voter registration;
- (viii) Credit reports;
- (ix) Utility, cable, or internet billing or payment; or
- (x) Vehicle titles or proof of vehicle registration.

(E) Proof of an immediate family member's conviction or arrest shall be demonstrated by copies of federal or state court records indicating the disposition of the criminal matter; records reflecting the post-conviction dismissal or expungement of a conviction, including records reflecting the destruction of records under Health and Safety Code section 11361.5; or any other court or law enforcement record that shows proof of conviction or arrest.

(F) Proof of immediate family member shall be demonstrated by copies of documentation showing a familial relationship, including but not limited to, birth certificates or court records.

(e) Incomplete requests for equity fee relief will be denied. The Department will notify the applicant or licensee that the request for equity fee relief is denied and identify the deficiencies which caused the denial. An applicant or licensee may resubmit subsequent requests for equity fee relief after denial.

(f) The Department will process complete requests for equity fee relief in the order in which the application or renewal for commercial cannabis licensure has been approved by the Department. If a commercial cannabis business has submitted multiple requests for fee waivers, the Department will grant only one fee waiver to the applicant or licensee based on the first application or renewal for commercial cannabis licensure that has been approved by the Department.

(g) Issuance of fee waivers by the Department shall be subject to available funding; thus, all eligible applicants and licensees may not be granted a fee waiver. In the event that insufficient funding is available to issue a fee waiver, the Department will grant a fee deferral to qualified equity applicants and licensees.

(h) Fee deferrals granted by the Department shall be subject to the following conditions:

(1) All license fees must be paid in full no later than six months after the issuance or renewal of the license.

(2) The licensee's failure to pay the appropriate licensing fee as required by section 15014, will result in further action being taken by the Department, including, but not limited to, denial of licensure renewal, suspension, or revocation of a license.

(3) No fee deferrals will be granted by the Department prior to January 1, 2023.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26012, 26051.5, 26180, and 26249, Business and Professions Code.

§ 15014.2. Fees. Large Cultivation License.

(a) Notwithstanding section 15014, the following are the application fees due for the specified large cultivation license types to be paid at the time the complete application is submitted to the Department:

Application Fee Schedule for Large Cultivation Licenses

Large License Type	Fee Per Application
Outdoor	\$1,555
Mixed-light Tier 1	\$2,885
Mixed-light Tier 2	\$4,945
Indoor	\$8,655

(b) Notwithstanding section 15014, the following are the annual license fees due for the aggregate canopy size for the annual cultivation license to be paid prior to issuance of a license, renewal of a license, or a converted license:

License Fee Schedule for Large Outdoor Cultivation

Canopy Size	Fees
Base Annual Fee	\$13,990
Per 2,000 sq. ft. of Canopy over 1 acre	\$640

License Fee Schedule for Large Mixed-light Tier 1 Cultivation

Canopy Size	Fees
Base Annual Fee	\$25,970
Fee Per 2,000 sq. ft over 22,000 sq. ft.	\$2,360

License Fee Schedule for Large Mixed-light Tier 2 Cultivation

Canopy Size	Fees
Base Annual Fee	\$44,517
Fee Per 2,000 sq. ft over 22,000 sq. ft.	\$4,040

License Fees Schedule for Large Indoor Cultivation

Canopy Size	Fees
Base Annual Fee	\$77,905
Fee Per 2,000 sq. ft over 22,000 sq. ft.	\$7,080

Authority: Section 26013, Business and Professions Code. Reference: Sections 26012, 26051.5, 26060, 26120 and 26180, Business and Professions Code.

§15015. Payment of Fees.

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

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

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

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

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

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

§15017. Substantially Related Offenses and Criteria for Rehabilitation.

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

(1) The nature and gravity of the offense;

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

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

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

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

- (2) A serious felony conviction, as specified in Penal Code section 1192.7(c).
- (3) A felony conviction involving fraud, deceit, or embezzlement.
- (4) A felony conviction for hiring, employing, or using a minor in transporting, carrying, selling, giving away, preparing for sale, or peddling, any controlled substance to a minor; or selling, offering to sell, furnishing, offering to furnish, administering, or giving any controlled substance to a minor.
- (5) A felony conviction for drug trafficking with enhancements pursuant to Health and Safety Code section 11370.4 or 11379.8.

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

- (1) A violation of section 110620, 110625, 110630, 110760, 110765, 110770, 110775, 111295, 111300, 111305, 111440, 111445, 111450, or 111455 of the Health and Safety Code that resulted in suspension or revocation of a license, administrative penalty, civil proceeding, or criminal conviction;
- (2) A violation of Chapter 4 (sections 111950 through 112130) of Part 6 of Division 104 of the Health and Safety Code that resulted in suspension or revocation of a license, administrative penalty, civil proceeding, or criminal conviction;
- (3) A conviction under section 382 or 383 of the Penal Code; and
- (4) A violation identified in subsections (c)(1) or (c)(2) committed by a business entity in which an owner was an officer or had an ownership interest.

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

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

- (1) The nature and gravity of the act, professional misconduct, or offense;
- (2) Whether the person has a felony conviction based on possession or use of cannabis or cannabis products that would not be a felony if the person was convicted of the offense on the date of the person's application;
- (3) The applicant's criminal record as a whole;

- (4) Evidence of any act, professional misconduct, or offense committed subsequent to the act, professional misconduct, or offense under consideration that could be considered grounds for denial, suspension, or revocation of a commercial cannabis activity license;
 - (5) The time that has elapsed since commission of the act, professional misconduct, or offense;
 - (6) The extent to which the applicant has complied with any terms of parole, probation, restitution, or any other sanctions lawfully imposed against the applicant;
 - (7) If applicable, evidence of dismissal under Penal Code sections 1203.4, 1203.4a, 1203.41, 1203.42, or pursuant to another state's similar law;
 - (8) If applicable, evidence the applicant has been granted clemency or a pardon by a state or federal executive;
 - (9) If applicable, a certificate of rehabilitation obtained under Penal Code section 4852.01 or another state's similar law; and
 - (10) Other evidence of rehabilitation submitted by the applicant.
- (f) If an applicant has been denied a license based on a conviction, the applicant may request a hearing pursuant to Business and Professions Code section 26058 to determine if the applicant should be issued a license.
- (g) For the purpose of this section, "conviction" means a plea or verdict of guilty or a conviction following a plea of nolo contendere.

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

§15018. Additional Grounds for Denial of a License.

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

- (a) The applicant's proposed premises does not fully comply with standards set in regulation.
- (b) The applicant's proposed or licensed premises is substantially different from the diagram of the proposed premises submitted by the applicant, in that the size, layout, location of common entryways, doorways, or passage ways means of public entry or exit, or identification of limited- access areas within the licensed premises is not the same.
- (c) The applicant denied the Department access to the licensed premises or the property identified in the application as the premises.
- (d) The applicant made a material misrepresentation on the application.
- (e) The applicant did not correct the deficiencies within the application in accordance with sections 15002 and 15012.
- (f) The applicant has been denied a license, permit, or other authorization to engage in commercial cannabis activity by a state or local licensing authority.

- (g) The applicant's proposed premises is not in compliance with Division 13 (commencing with Section 21000) of the Public Resources Code.
- (h) The applicant has failed to remit taxes as required under the Revenue and Taxation Code.
- (i) The applicant may be denied a license for any violations of law related to the operations of the commercial cannabis business or for any violations of law related to licensure.
- (j) The applicant has engaged in conduct that is grounds for disciplinary action specified in section 26030 of the Act.

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

§15019. Excessive Concentration.

- (a) In determining whether to grant, deny, or renew a license for a retail premises or microbusiness premises authorized to engage in retail sales, the Department shall consider if an excessive concentration exists in the area where the licensee will operate. For the purposes of this section "excessive concentration" applies when either of the following conditions exist:
 - (1) The ratio of licensees to population within the census tract or census division in which the applicant premises is located exceeds the ratio of licensees to population in the county in which the applicant premises is located, unless denial of the application would unduly limit the development of the legal market so as to perpetuate the illegal market for cannabis goods.
 - (2) The ratio of retail licenses or microbusiness licenses to the population within the census tract, census division, or jurisdiction exceeds that allowable by local ordinance adopted under Business and Professions Code section 26200.
- (b) "Population Within the Census Tract or Census Division" as used in this section means the population as determined by the most recent United States decennial or special census. Such population determination shall not operate to prevent an applicant from establishing that an increase of resident population has occurred within the census tract or census division.
- (c) "Population in the County" as used in this section shall be determined by the most recent annual population estimate for California counties published by the Demographic Research Unit, State Department of Finance.
- (d) Beginning July 1, 2018, the Department shall calculate the ratios described in subsection (a) of this section once every six months using the most current available data. The Department's consideration of whether to grant, deny, or renew a license shall be based upon the most recent ratio calculated by the Department on the date of the Department's decision.

(e) The existence of an excessive concentration shall not be considered in determining whether to grant, deny, or extend a temporary license under Business and Professions Code section 26050.1.

(f) The applicant may provide reliable evidence establishing, to the satisfaction of the Department, that a denial of a license would unduly limit the development of the legal market so as to perpetuate the illegal market for cannabis goods.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26012 and 26051, Business and Professions Code.

§15020. Renewal of License.

(a) To timely renew a license, a completed license renewal form and annual license fee pursuant to section 15014 shall be received by the Department from the licensee no earlier than 60 calendar days before the expiration of the license and no later than 5:00 p.m. Pacific Time on the last business day before the expiration of the license if the renewal form is submitted to the Department at its office(s), or no later than 11:59 p.m. on the last business day before the expiration of the license if the renewal form is submitted to the Department through its electronic licensing system. Failure to receive a notice for license renewal does not relieve a licensee of the obligation to renew all licenses as required.

(b) In the event the license is not submitted for renewal prior to the expiration date, the licensee must not sell, transfer, transport, manufacture, test, or distribute any commercial cannabis or cannabis products until the license is renewed.

(c) A licensee may submit a license renewal form up to 30 calendar days after the license expires. Any late renewal form will be subject to a late fee equal to 50 percent of the applicable licensing fee required by subsection (a). A licensee who does not submit a complete license renewal application, including the late fee, to the Department within 30 calendar days after the expiration of the license shall forfeit their eligibility for a license renewal and be required to submit a new license application.

(d) The license renewal form shall contain the following:

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

(2) The license number and expiration date.

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

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

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

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

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

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

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

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

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

(3) Total electricity supplied from other unspecified sources, as defined in section 398.2(e) of the Public Utilities Code, and other onsite sources of generation not reported to the local utility provider (e.g., generators, fuel cells) and the greenhouse gas emission intensity from these sources; and

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

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

§15020.1. Cultivation License Limited Operations Status.

(a) Cultivation licensees may place a cultivation license, expiring on or after March 1, 2024, in Limited Operations Status as set forth in this section.

(b) “Limited Operations Status” means an inactive license status that allows a cultivation licensee to do only the following:

(1) Engage in the drying, curing, grading, trimming, packaging, and sale of cannabis harvested before the date the cultivation license was placed in Limited Operations Status.

(2) Possess and maintain seeds and immature plants used solely for propagation to preserve the genetic lineage of the cultivation licensee's cannabis plants.

(c) Mature plants are prohibited on the premises of a cultivation license in Limited Operations Status. Any mature plants that have not been harvested before the date the cultivation license was placed in Limited Operations Status shall be destroyed within 30 days.

(d) To place a cultivation license in Limited Operations Status, a cultivation licensee shall do the following:

(1) Specify, on the license renewal form specified in section 15020(d) or the modified renewal date request specified in section 15020.3(e), the request to place the cultivation license in Limited Operations Status.

(2) Pay the Department 20 percent of the applicable annual license fee for the cultivation licensee's current license type as required by section 15014 or section 15014.2.

(3) Meet all other renewal requirements pursuant to sections 15001.2 and 15020, if applicable.

(e) The Department shall verify that all requirements to place the cultivation license in Limited Operations Status have been met. If all requirements have been met, the Department shall notify the cultivation licensee in writing that the requirements for the requested Limited Operations Status have been met.

(f) Limited Operations Status granted pursuant to this section shall remain in effect for the duration of the license term. The cultivation licensee may request to place the cultivation license in Limited Operations Status at each subsequent renewal.

(g) This section does not apply to any of the following:

(1) Nursery licenses.

(2) Processor licenses.

(h) Cultivation licenses that are changed to a Reduced-Size Cultivation License pursuant to section 15020.2 shall not be placed in Limited Operations Status during the same license term.

Authority: Section 26061.5, Business and Professions Code. Reference: Sections 26012, 26050 and 26061.5, Business and Professions Code.

§15020.2. Cultivation License Reductions in Size.

(a) Cultivation licensees may change an Original Cultivation License, expiring on or after March 1, 2024, to a Reduced-Size Cultivation License as set forth in this section.

(b) The following definitions apply:

(1) "Original Cultivation License" means the provisional or annual cultivation license type indicated on the license prior to any reduction in size pursuant to this section.

(2) "Reduced-Size Cultivation License" means a cultivation license type specified by the cultivation licensee that satisfies both of the following:

(A) The maximum canopy size of the cultivation license is smaller than the maximum canopy size allowed by the cultivation licensee's Original Cultivation License.

(B) The cultivation license uses the same type of lighting (i.e., Indoor, Outdoor, Mixed-Light Tier 1, or Mixed-Light Tier 2) as the Original Cultivation License.

(c) To change an Original Cultivation License to a Reduced-Size Cultivation License, a cultivation licensee shall do the following:

(1) Specify, on the license renewal form specified in section 15020(d) or the modified renewal date request specified in section 15020.3(e), the request to change the Original Cultivation License to a Reduced-Size Cultivation License. The request shall identify the specific cultivation license type corresponding to the cultivation licensee's requested reduced canopy size.

(2) Submit an updated premises diagram that does all of the following:

(A) Satisfies the requirements of section 15006;

(B) Identifies the canopy area for the Original Cultivation License; and

(C) Identifies the canopy area for the requested Reduced-Size Cultivation License. This canopy area shall be located within the canopy area of the Original Cultivation License.

(3) Pay the annual license fee applicable to the cultivation license type of the requested Reduced-Size Cultivation License as required by section 15014 or section 15014.2.

(4) Meet all other renewal requirements pursuant to sections 15001.2 and 15020, if applicable.

(d) The Department shall verify that all requirements for changing the cultivation license type have been met. If all requirements have been met, the Department shall notify the cultivation licensee in writing that the requirements for the change in cultivation license type have been met.

(e) A Reduced-Size Cultivation License shall remain in effect for the duration of the license term. At each subsequent renewal, the cultivation licensee may do any of the following:

(1) Retain the Reduced-Size Cultivation License.

(2) Change to a different Reduced-Size Cultivation License.

(3) Restore the Original Cultivation License.

(f) A provisional cultivation licensee shall continue to actively and diligently pursue the requirements for annual licensure, as required by section 15001(d). A provisional cultivation licensee may pursue annual licensure for either the Original Cultivation License or a Reduced-Size Cultivation License.

(1) A provisional cultivation licensee shall immediately notify the Department if it chooses to pursue annual licensure for a Reduced-Size Cultivation License. Such notification shall be submitted to the Department in writing by electronic mail to licensechange@cannabis.ca.gov. The notification shall identify the name of the

provisional cultivation licensee, the Department-issued annual license application number, and the annual license type the provisional cultivation licensee is pursuing.

(2) Notwithstanding subsection (b)(1), after the issuance of an annual cultivation license, that license shall be considered the cultivation licensee's Original Cultivation License for purposes of this section.

(g) This section does not apply to any of the following:

(1) Nursery licenses.

(2) Processor licenses.

(h) Cultivation licenses placed in Limited Operations Status pursuant to section 15020.1 shall not be changed to a Reduced-Size Cultivation License during the same license term.

Authority: Section 26061.5, Business and Professions Code. Reference: Sections 26012, 26050 and 26061.5, Business and Professions Code.

§15020.3. Modifying Cultivation License Renewal Date.

(a) A cultivation licensee may modify the renewal date of a cultivation license, as set forth in this section.

(b) "Modified License Term" means the period of time that falls between submission of a cultivation licensee's request to modify a license date of renewal and the requested modified license renewal date.

(c) "Original Renewal Date" means the scheduled date of renewal indicated on the cultivation license, prior to any renewal date modification pursuant to this section.

(d) "Prorated Daily License Fee" means the prorated license fee for one calendar day, which shall be calculated by dividing the applicable annual license fee by 365. The applicable annual license fee shall be the license fee required by section 15014, section 15014.2, or section 15020.1(d)(2).

(e) To modify the renewal date of a cultivation license, the cultivation licensee shall submit to the Department a request through the Department's online licensing system or submit a modified renewal date request form by electronic mail to licensechange@cannabis.ca.gov, which shall include the following:

(1) The name of the cultivation licensee;

(2) The license number and current expiration date;

(3) A requested modified renewal date that is on or after the date of submission of all the information required by this section to the Department;

(4) Whether the cultivation licensee requests to place the license in Limited Operations Status pursuant to section 15020.1 or make a change in cultivation license size pursuant to section 15020.2; and

(5) The name, phone number, email address, and signature of the designated primary contact person or designated responsible party for the cultivation licensee submitting the request.

(f) The Department shall verify that all requirements for modifying a cultivation license renewal date have been met. If all requirements have been met, the Department shall notify the cultivation licensee in writing that the requirements for the requested modified renewal date have been met and shall disclose the fee the cultivation licensee must pay for the Modified License Term or the amount that will be refunded by the Department.

(g) To determine the fee that must be paid for the Modified License Term or the amount that will be refunded to the cultivation licensee by the Department, the Department shall:

(1) Determine the gross amount of any credit due from the Department to the cultivation licensee. To determine this amount, the Department shall:

(A) Determine the Prorated Daily License Fee for the current cultivation license.

(B) Multiply that Prorated Daily License Fee by the number of days the current cultivation license would have remained valid in the absence of any change to its renewal date, counting from the date the cultivation licensee submitted a request pursuant to subsection (e) until the Original Renewal Date.

(2) Determine the gross amount of the fee due from the cultivation licensee to the Department for the Modified License Term. To determine this amount, the Department shall:

(A) Determine the Prorated Daily License Fee for the cultivation licensee's Modified License Term.

(B) Multiply that Prorated Daily License fee by the number of days remaining on that cultivation license, counting from the date the cultivation licensee submitted a request pursuant to subsection(e) until the cultivation licensee's requested modified license renewal date.

(3) Determine the net difference between the gross amount of the credit due from the Department to the cultivation licensee pursuant to subsection (g)(1) and the gross amount of the fee due from the cultivation licensee to the Department pursuant to subsection (g)(2).

(A) If the gross amount of the credit due pursuant to subsection (g)(1) exceeds the gross amount of the fee due pursuant to subsection (g)(2), that net difference shall be refunded to the cultivation licensee by the Department. Refunds issued by the Department shall not exceed the license fee subject to the Modified License Term.

(B) If the gross amount of the credit due pursuant to subsection (g)(1) is less than the gross amount of the fee due pursuant to subsection (g)(2), the cultivation licensee shall pay that net difference to the Department. Payment shall be due within 30 calendar days of the date of the notification from the Department required by subsection (f).

(h) Notwithstanding section 15014.1(h)(1), cultivation licensees who have obtained a fee deferral pursuant to section 15014.1 shall pay all license fees in full within six months of the deferral being granted, or prior to the modified license renewal date, whichever is sooner.

(i) A cultivation licensee may only modify the renewal date of a cultivation license pursuant to this section once for each cultivation license.

Authority: Section 26061.5, Business and Professions Code. Reference: Sections 26012, 26050 and 26061.5, Business and Professions Code.

§15021. Denial of License.

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

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

(c) The applicant may request a hearing to contest the denial by submitting a written request to the Department at appeals@cannabis.ca.gov.

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

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

(3) Upon timely receipt of the written request for hearing, the Department shall set a date for hearing to be conducted in accordance with chapter 5 (commencing with section 11500) of part 1 of division 3 of title 2 of the Government Code.

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

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

§15023. Business Modifications.

Business modifications shall be made in accordance with the following:

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

(b) If at the time of licensure, a licensee employed fewer than 20 employees and later employs 20 or more employees, within 60 days of employing 20 or more employees, the licensee shall provide to the Department a notarized statement that the licensee will enter into a labor peace agreement and will abide by the terms of the agreement or demonstrate that the commercial cannabis business has entered into a labor peace agreement by providing a copy of the signature page of the agreement.

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

(1) If one or more of the owners change, the new owners shall submit the information required under section 15002(c)(16) for each new owner to the Department within 14 calendar days of the effective date of the ownership change. The business may continue to operate under the active license while the Department reviews the qualifications of the new owner(s) in accordance with the Act and these regulations to determine whether the change would constitute grounds for denial of the license, if at least one existing owner is not transferring their ownership interest and will remain as an owner under the new ownership structure. If all owners will be transferring their ownership interest, the business shall not operate under the new ownership structure until a new license application has been submitted to and approved by the Department, and all application and license fees for the new application have been paid. The former owner's inventory shall be transferred to the new owner's track and trace account upon issuance of the license.

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

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

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

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

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

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

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

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

(4) Any change in the bond required under section 15002(c)(22).

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

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

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

(i) For any business modification or notification under this section, licensees shall use and submit to the Department the Licensee Notification and Request Form, Notifications and Requests to Modify a License, DCC-LIC-027 (Amended 2/22), which is incorporated herein by reference, unless the change relates to contact information and can be made through the Department's online system.

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

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

(a) In the event of the death, incapacity, receivership, assignment for the benefit of creditors or other event rendering one or more owners incapable of performing the duties associated with the license, the owner or owners' successor in interest (e.g., appointed guardian, executor, administrator, receiver, trustee, or assignee) shall notify the Department in writing, within 14 calendar days, by submitting the Licensee Notification and Request Form, Notifications and Requests to Modify a License, DCC-LIC-027 (Amended 2/22), which is incorporated herein by reference.

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

(1) The name of the successor in interest;

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

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

(4) Documentation demonstrating that the owner(s) is incapable of performing the duties associated with the license such as a death certificate or a court order, and documentation demonstrating that the person making the request is the owner or owners'

successor in interest such as a court order appointing guardianship, receivership, or a will or trust agreement.

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

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

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

(3) At the discretion of the Department.

(d) The successor in interest is held subject to all terms and conditions under which a state cannabis license is held pursuant to the Act.

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

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

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

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

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

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

(1) A licensed distributor or licensed microbusiness authorized to engage in distribution shall, within 14 calendar days of the termination of the former licensee's license, submit a written request to the Department, on the Licensee Notification and Request Form, Notifications and Requests Regarding Regulatory Compliance, DCC-LIC-028 (New 2/22), which is incorporated by reference, for authorization to procure the cannabis or cannabis products from the former licensee; and

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

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

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

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

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

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

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

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

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

(2) Licensed retailers or licensed microbusinesses authorized to engage in retail sales shall not operate as or with a drive-in or drive-through at which cannabis goods are sold to persons within or about a motor vehicle, except for curbside delivery conducted pursuant to section 15404.

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

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

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

(e) Notwithstanding subsection (a), a commercial cannabis business may have a drive-in or drive-through window only if, prior to June 1, 2018:

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

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

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

§15027. Modification of Premises or Operations.

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

(b) Material or substantial changes, alterations, or modifications to a licensed cultivation premises requiring prior approval from the Department are:

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

(2) Change in water or power source(s).

(3) Any increase or decrease in the total physical size or capacity of the licensed premises.

(4) Any physical change that would require a building permit, zoning change, or other approval from the applicable local jurisdiction.

(c) Material or substantial changes, alterations, or modifications to a licensed manufacturing premises that require prior approval from the Department are:

(1) The addition of any ethanol, carbon dioxide, or volatile extraction method or extraction unit.

(2) Any increase or decrease in the total physical size or capacity of the licensed premises.

(3) Any physical change that would require the installation of additional video surveillance cameras or a change in the video surveillance system to meet the requirements of section 15044, or alarm system to meet the requirements of section 15047.

(4) Any physical change that would require a building permit, zoning change, or other approval from the applicable local jurisdiction.

(d) Material or substantial changes, alterations, or modifications to a licensed microbusiness premises that require prior approval from the Department are:

(1) The addition of a commercial cannabis activity pursuant to section 15500(h).

(2) Any material or substantial changes, alterations, or modifications listed in subsections (b), (c), or (e), as applicable to the licensed microbusiness' commercial cannabis activities.

(e) Material or substantial changes, alterations, or modifications to a licensed distribution, retail, or testing laboratory premises that require prior approval from the Department include, but are not limited to:

(1) Any increase or decrease in the total physical size or capacity of the licensed premises.

(2) Any physical change that would require the installation of additional video surveillance cameras or a change in the video surveillance system to meet the requirements of section 15044, or alarm system to meet the requirements of section 15047.

(3) Any physical change that would require a building permit, zoning change, or other approval from the applicable local jurisdiction.

(f) Licensees shall request approval of a physical change, alteration, or modification through the online licensing system in writing, by submitting the Licensee Notification and Request Form, Notifications and Requests to Modify a License, DCC-LIC-027 (Amended 2/22), which is incorporated herein by reference, and the request shall include:

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

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

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

(h) Licensees shall notify the Department of all changes, alterations, or modifications to a licensed premises or the licensee's operations that do not require prior approval pursuant to subsections (b), (c), (d), and (e) through the online licensing system or by submitting the Licensee Notification and Request Form, Notifications and Request to Modify a License, DCC-LIC-027 (Amended 2/22), which is incorporated herein by reference, and a new premises diagram that conforms to requirements in section 15006. Notifications pursuant to this subsection shall be submitted to the Department no later than three (3) business days after the changes, alterations, or modifications have been made to the licensed premises.

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

§ 15027.1. Conversion to Large and Medium Cultivation Licenses.

(a) A licensee may convert existing cultivation licenses into a Large or Medium Cultivation license if the following requirements are met:

(1) The location to be licensed consists of licensed or previously licensed cultivation sites, as listed in section 16201. The licensee must have at least one active license within the boundaries of the proposed premises at the time they request conversion.

(2) The licenses to be converted are held by the same person(s) as the requested converted Large or Medium Cultivation license.

(b) To obtain a conversion into a Large or Medium Cultivation license, an eligible licensee shall submit to the Department the following information:

(1) The name of the Designated Responsible Party requesting the conversion.

(2) The license numbers of the current or previous cultivation licenses to be converted.

(3) The physical address(es) for the current or previous cultivation licenses to be converted.

(4) A diagram of the proposed premises that meets the requirements of section 15006.

(5) A proposed cultivation plan that meets the requirements in section 16309.

(6) If the conversion necessitates additional review pursuant to CEQA (division 13 (commencing with section 21000) of the Public Resources Code); the licensee shall provide evidence of compliance with CEQA in accordance with section 15010.

(7) The identities of all owners and financial interest holders, as defined in sections 15003 and 15004, for the converted license. The information for all owners required in section 15002, subsection (c)(16) and all information required for financial interest holders in section 15002, subsection (c)(15) shall be submitted to the Department by entering the information into the appropriate fields within the Department's licensing system.

(c) The Department shall verify that all requirements for conversion have been met. If all requirements have been met, the Department shall notify the licensee in writing that the conversion requirements have been met and they may pay the applicable license fee provided for in section 15014.2 or 15014. The fee associated with the converted license shall be paid within 30 calendar days of the notification from the Department required by this subsection. The converted license will become active on the date the fee associated with the converted license is paid in full. If the licensee has been granted a fee deferral pursuant to Business and Professions Code section 26249, the converted license will become active on the date of the notification from the Department that all conversion requirements have been met and the fee associated with the converted license shall be paid in accordance with the provisions of the fee deferral.

(d) A conversion shall not be subject to an application fee.

(e) Notwithstanding sections 15014.2 and 15014, if time remains on any of the licenses to be converted, the prorated value for each day remaining on each license approved for conversion will be credited to the license fee amount for the converted license. The amount credited shall not exceed the license fee for the converted license.

(f) At the time a converted Large or Medium Cultivation license becomes active, the licenses that are converted or within the boundaries of the converted license shall be cancelled by the Department.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26012, 26013, 26050, 26055, 26060.1 and 26061, Business and Professions Code.

§15034. Significant Discrepancy in Inventory.

A significant discrepancy in inventory means a five percent difference between the licensee's physical inventory and the inventory recorded in the track and trace system.

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

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

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

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

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

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

(e) For any notification required under this section, licensees shall use and submit to the Department the Licensee Notification and Request Form, Notifications and Requests to Modify a License, DCC-LIC-027 (Amended 2/22), which is incorporated herein by reference.

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

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

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

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

(b) The notification to the Department pursuant to subsection (a) shall be submitted on the Licensee Notification and Request Form, Notifications and Requests Regarding Regulatory Compliance, DCC-LIC-028 (New 2/22), which is incorporated herein by reference, and shall include the date and time of occurrence of the theft, loss, or criminal activity, the name of the local law enforcement agency that was notified, and a description of the incident including, where applicable, the item(s) that were taken or lost.

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

§15037. General Record Retention Requirements.

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

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

- (6) All other documents prepared or executed by an owner or their employees or assignees in connection with the licensed commercial cannabis business.
- (7) Records required by the Act or this division.
- (b) Records must be kept in a manner that allows the records to be produced for the Department in either hard-copy or electronic form.
- (c) Records must be legible and accurate. No person may intentionally misrepresent or falsify records.
- (d) Records must be stored in a secured area where the records are protected from debris, moisture, contamination, hazardous waste, and theft.

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

§15037.1. Licensee Authorization to Release Data to Financial Institutions.

(a) A licensee may authorize the Department to provide information to a financial institution for purposes of facilitating the provision of financial services. The authorization shall be made in writing, through a form prescribed by the Department, which shall include the following information:

- (1) The name of the licensed business for which the licensee is authorizing the release of information;
- (2) The business' license number(s);
- (3) The financial institution authorized to receive information;
- (4) The name, phone number, email address, and signature of the owner submitting the authorization;
- (5) The categories of information specified in subsection (b) that are authorized for release; and
- (6) An acknowledgement that the authorization to release information includes information that is otherwise protected from disclosure, that the licensee is waiving privilege and confidentiality, and that the scope of the release is strictly limited to the purposes of disclosure to the financial institution.

(b) After receipt of the authorization, the Department shall release the following information, as designated by the licensee, when requested by an authorized financial institution pursuant to section 15037.2 of this division:

- (1) The license application(s), including renewal applications, excluding information required to be kept confidential pursuant to Penal Code section 11105 and confidential personal information of individual owners of the licensed business;
- (2) Information captured in the track-and-trace system established pursuant to Business and Professions Code section 26067, including, but not limited to, aggregated sales or transfer information, as applicable; and

(3) Documents issued to the licensee pursuant to disciplinary or enforcement proceedings.

(c) A licensee may withdraw the authorization to provide information to a financial institution at any time. The withdrawal shall be made in writing, through a form prescribed by the Department, and shall include the following information:

(1) The name of the licensed business for which the licensee is withdrawing the authorization of the release of information;

(2) The business' license number(s);

(3) The financial institution from which authorization to receive information is withdrawn; and

(4) The name, phone number, email address, and signature of the owner submitting the withdrawal.

Authority: Section 26013, Business and Professions Code. Reference: Section 26260, Business and Professions Code.

§15037.2. Financial Institution Request for Licensee Information.

A financial institution, as defined in Business and Professions Code section 26260(c)(3), may request information related to a licensee for purposes of facilitating the provision of financial services for that licensee. The request shall be made in writing, through a form prescribed by the Department, which shall include the following information:

(a) The name of the financial institution;

(b) The name, phone number, email, and signature of the representative of the financial institution requesting information;

(c) The business name and license number of the licensee for which the financial institution is requesting information;

(d) The type of financial services for which the information is requested (including, but not limited to, establishment or maintenance of bank accounts, extending loans, and providing insurance) and whether the request is for consideration of a new service or maintenance of an existing service;

(e) The specific information requested as described in section 15037.1(b), if authorized by the licensee; and

(f) An acknowledgment that use of the information is limited to that information which is necessary for the provision of financial services.

Authority: Section 26013, Business and Professions Code. Reference: Section 26260, Business and Professions Code.

§15038. Disaster Relief.

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

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

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

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

(e) A licensee shall not be subject to an enforcement action for a violation of a licensing requirement during the time in which the licensee has received temporary relief and is in compliance with any conditions of relief required by the Department.

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

(g) A licensed premises that has been vacated by a licensee due to a disaster shall not be deemed to have been abandoned.

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

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

(2) The licensee notifies the Department in writing that the cannabis or cannabis products have been moved and that the licensee is requesting relief from complying with specific licensing requirements pursuant to subsection (a) within 24 hours of moving the cannabis or cannabis products;

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

(4) The licensee submits a request for temporary relief as described in subsection (i) in writing to the Department within 14 calendar days of moving the cannabis or cannabis products.

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

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

(2) License number issued by the Department.

(3) Premises address.

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

(5) Date of request.

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

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

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

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

Article 4. Posting and Advertising

§15039. License Posting Requirement.

(a) Upon issuance of license, the licensee shall prominently display the license on the licensed premises where it can be viewed by state and local agencies. If the licensed premises is open to the public, the license shall be displayed in an area that is within plain sight of the public.

(b) Upon issuance of any license, a retailer, whose licensed premises is open to the public, shall prominently display the Quick Response Code (QR Code) certificate issued by the Department so that it can be viewed and scanned from outside of the licensed premises.

(c) The QR Code certificate displayed by a licensee, as required by subsection (b), shall be posted in the front window of the licensed premises within three (3) feet of any public entrance to the licensed premises, or in a locked display case mounted on the outside wall of the licensed premises within three (3) feet of any public entrance to the licensed premises. The QR Code certificate shall be posted in a manner that is clearly visible from outside of the licensed premises to the public and all persons entering the premises.

(d) The QR Code certificate displayed by the licensee as required by subsection (b) shall comply with the following requirements:

(1) The QR Code certificate shall be printed on paper, glass, metal, or other material not less than 8.5 inches by 11 inches.

(2) The QR Code on the certificate posted, as required by this section, shall not be less than 3.75 inches by 3.75 inches.

(3) The QR Code on the certificate shall be of sufficient clarity that the code can be read by a smartphone or device capable of reading QR Codes from a distance of at least three (3) feet.

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

§15040. Advertising Placement and Prohibitions.

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

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

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

(3) Shall not use any images that are attractive to children, including, but not limited to:

(A) Cartoons;

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

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

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

(4) Shall not advertise free cannabis goods or cannabis accessories. This includes promotions such as:

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

(B) Free product with any donation; and

(C) Contests, sweepstakes, or raffles.

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

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

(2) Comply with the provisions of the Outdoor Advertising Act, commencing with section 5200 of the Business and Professions Code, if applicable.

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

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

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

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

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

§15040.1. Marketing Cannabis Goods as Alcoholic Products.

Licensees shall not market, advertise, sell or transport cannabis goods that are labeled as beer, wine, liquor, spirits, or any other term used to describe a type of alcohol or alcoholic beverage that may create a misleading impression that the product is an alcoholic beverage as defined in division 9 of the Business and Professions Code. Nothing in this section shall be interpreted as prohibiting a company or brand name associated with alcoholic beverages from appearing on cannabis goods or in marketing and advertisements for cannabis goods provided the cannabis goods do not create a misleading impression that the product is an alcoholic beverage.

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

§15040.2. Prohibited Business Promotions.

(a) A licensee shall not give away any amount of cannabis or cannabis products, or any cannabis accessory, as part of a business promotion.

(b) A licensee shall not hold a raffle or sweepstakes as part of a business promotion.

Authority: Section 26013, Business and Professions Code. Reference: Section 26153, Business and Professions Code.

§15041. Age Confirmation in Advertising.

(a) Prior to any advertising or marketing from the licensee involving direct, individualized communication or dialogue, the licensee shall use age affirmation to verify that the recipient is 21 years of age or older.

(b) For the purposes of this section, direct, individualized communication or dialogue may occur through any form of communication, including in-person, telephone, physical mail, or electronic.

(c) A method of age verification is not necessary for a communication if the licensee can verify that the licensee has previously had the intended recipient undergo a method of age affirmation and the licensee is reasonably certain that the communication will only be received by the intended recipient.

(d) A licensee shall use a method of age affirmation before having a potential customer added to a mailing list, subscribe, or otherwise consent to receiving direct, individualized communication or dialogue controlled by a licensee.

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

§15041.1. Branded Merchandise.

(a) “Branded merchandise” means non-consumable consumer goods utilized by a licensee for advertising and marketing purposes. Examples of branded merchandise include clothing, bags, pens, keychains, mugs, water bottles, lanyards, stickers, pins, and posters. “Branded merchandise” does not include items containing cannabis or any items that are considered food as defined by Health and Safety Code section 109935.

(b) Branded merchandise shall identify the licensee responsible for its content by displaying the licensee’s license number in a manner that is permanently affixed to the merchandise, legible, and clearly visible from the outside of the merchandise.

(c) Branded merchandise shall not be designed in any manner that is attractive to children as specified in section 15040(a)(3).

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

§15041.2. Trade Samples.

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

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

(c) Mature plants shall not be designated as trade samples. Immature plants, seeds and propagated material shall only be designated or provided to licensees as trade samples by licensed nurseries.

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

§15041.3. Designating Trade Samples.

- (a) Licensees shall designate cannabis and cannabis products as trade samples through the track and trace system.
- (b) At the time of designation as a trade sample, cannabis or cannabis products must be in the possession of the licensee making the designation.
- (c) Once cannabis or cannabis products have been designated as a trade sample, the designation cannot be changed, unless the designation is changed to medicinal donation pursuant to section 15411 by the licensee originally designating the cannabis or cannabis products as a trade sample.
- (d) After laboratory testing, cannabis and cannabis products that have been designated as trade samples may be transferred to a licensee's employees or other licensees in accordance with section 15041.4.

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

§15041.4. Providing Trade Samples.

- (a) Cannabis or cannabis products that have been designated as trade samples may be provided to any licensee except licensed cannabis event organizers, distributor transport only licensees, and testing laboratory licensees.
- (b) The following licensees may designate and provide trade samples to their own employees and other licensees:
 - (1) Cultivators;
 - (2) Manufacturers;
 - (3) Distributors; and
 - (4) Microbusinesses authorized to engage in cultivation, manufacturing, or distribution.
- (c) Notwithstanding subsection (b), licensed nurseries may only provide trade samples to licensed cultivators and may not provide trade samples to their own employees.
- (d) The following licenses shall not designate or provide trade samples to other licensees:
 - (1) Retailers;
 - (2) Cannabis event organizers;
 - (3) Distributor transport only licensees; and
 - (4) Testing laboratories.
- (e) Licensed retailers may designate and provide trade samples to their own employees for product education but shall not provide them to another licensee as specified in subsection (d).
- (f) Cannabis and cannabis products designated as trade samples may not be provided:

- (1) For any payment or consideration;
 - (2) Without adhering to sales and excise tax requirements, if any;
 - (3) To employees as compensation;
 - (4) To an unlicensed person, including retail customers; or
 - (5) For a cost.
- (g) The transfer from one licensee to another of cannabis and cannabis products designated as a trade sample must be recorded in the track and trace system.
- (h) A licensee may provide cannabis and cannabis products that have been received from another licensee as a trade sample to an employee for that employee's inspection or consumption.
- (i) Cannabis and cannabis products provided to employees as trade samples must be properly recorded in the track and trace system. The transaction shall be recorded as a package adjustment when provided to the employee. The adjustment note must include the name or licensee-assigned employee number of the employee and the date and time the cannabis and cannabis products were provided to the employee.
- (j) Cannabis and cannabis products provided to employees as trade samples shall not be sold, given away, or otherwise transferred by the employee to any person.

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

§15041.5. Requirements for Trade Samples.

- (a) In addition to the requirements of section 15041.3(d), cannabis and cannabis products provided to another licensee as a trade sample must be packaged and labeled in accordance with the packaging and labeling requirements found in the Act and this division for cannabis and cannabis products sold at retail.
- (b) Cannabis and cannabis products provided to another licensee as a trade sample must comply with all laboratory testing requirements applicable to cannabis and cannabis products sold at retail, except for immature plants, seeds, and propagated material.
- (c) All trade samples must be labeled with the following: "TRADE SAMPLE. NOT FOR RESALE OR DONATION."
- (d) After laboratory testing, cannabis and cannabis products designated as trade samples must remain in the packaging until provided to a licensee's employee for inspection or consumption and must not be opened, resealed, or repackaged in any way.
- (e) Transportation of cannabis and cannabis products designated as trade samples must be conducted in accordance with the transportation requirements in the Act and this division. Any licensee authorized to engage in distribution activities may transport trade samples.
- (f) Notwithstanding subsection (e), an employee of a licensee authorized to engage in transportation may transport cannabis and cannabis products designated as trade

samples in a vehicle that is not registered to the licensee and shall not be required to comply with the requirements of section 15311(g). Employees transporting cannabis and cannabis products under this subsection shall not transport an amount of cannabis or cannabis products that exceeds the possession limits established in section 11357 of the Health and Safety Code.

(g) Licensees who receive immature plants, seeds, and propagated material as trade samples shall not sell, give away, or distribute cannabis derived from the cultivated trade sample.

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

§15041.6. Consumption of Trade Samples.

(a) All consumption of cannabis and cannabis products provided as a trade sample must comply with all laws regarding the consumption of cannabis and cannabis products.

(b) Cannabis and cannabis products provided to employees as trade samples shall not be consumed by employees who are engaging in the transportation of cannabis and cannabis products, delivery of cannabis and cannabis products, any activity that requires the operation of a motor vehicle, or any activity that requires the use of heavy machinery, solvents, or asphyxiants.

(c) Cannabis trade samples provided to a licensee or their employees that are not consumed must be destroyed in accordance with the requirements of the Act and this division.

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

§15041.7. Trade Sample Limits.

(a) A licensee is limited to designating the following aggregate amounts of cannabis and cannabis products as trade samples in a calendar month period:

(1) For cannabis in the form of dried flower, a total of two pounds.

(2) For manufactured and nonmanufactured cannabis products, a total of 900 individual units.

(3) For seeds, immature plants, and other propagated material, 18 seeds, 12 seedlings, and 8 cuttings or tissue cultures, per strain.

(b) Licensees authorized to provide trade samples may provide trade samples to multiple employees or recipient licensees.

(c) A licensee is limited to providing the following aggregate amounts of cannabis and cannabis products as trade samples to each recipient licensee in a calendar month period:

(1) For cannabis in the form of dried flower, five (5) grams per strain and no more than six (6) strains to each recipient licensee.

(2) For manufactured and nonmanufactured cannabis products, five (5) individual units, as packaged for retail sale, per cannabis product line and no more than six (6) individual cannabis product lines to each recipient licensee.

(3) For seeds, immature plants, and other propagated material, no more than six (6) strains to each recipient licensee.

(d) A licensee is limited to providing no more than one (1) individual cannabis and cannabis product line to each recipient employee in a calendar month period.

(e) The limits provided in subsection (c) apply to the transfer of cannabis trade samples from one licensee to each recipient licensee and do not limit the total amount of cannabis trade samples that a licensed distributor may transport.

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

Article 5. Security Measures

§15042. Premises Access Requirements.

(a) For a premises that is not open to the public, the licensee shall establish and implement an identification and sign-in/sign-out procedure for all persons accessing the premises, including authorized individuals, suppliers, and visitors.

(b) Licensees shall ensure that only employees of the licensee and other authorized individuals access the licensed premises.

(c) For the purpose of this section, “authorized individuals” include outside vendors, contractors, or other individuals conducting business that requires access to the licensed premises.

(d) An individual who enters the licensed premises and is not employed by the licensee shall be escorted by an employee of the licensee at all times while within the licensed premises.

(e) A licensee shall maintain a record of all authorized individuals who are not employees of the licensee who enter the licensed premises. The record shall include the name of the individual, the company the individual works for, the reason the individual entered the licensed premises, the date, and the times the individual entered and exited the licensed premises. These records shall be made available to the Department immediately upon request.

(f) A licensee shall not receive consideration or compensation for permitting an individual to enter the licensed premises.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26070 and 26160, Business and Professions Code.

§15042.1. Security Plan for Licensed Manufacturers.

A licensed manufacturer shall develop and implement a written security plan. At a minimum, the security plan shall include a description of the security measures to:

(a) Prevent access to the manufacturing premises by unauthorized persons and protect the physical safety of employees. This includes, but is not limited to:

(1) Establishing physical barriers to secure perimeter access and all points of entry into a manufacturing premises (such as locking primary entrances with commercial-grade, non-residential door locks, providing fencing around the grounds and driveway, and securing any secondary entrances including windows, roofs, and ventilation systems);

(2) Installing a security alarm system to notify and record incident(s) where physical barriers have been breached;

(3) Establishing an identification and sign-in/sign-out procedure for authorized personnel, individuals, suppliers, and visitors;

(4) Maintaining the premises such that visibility and security monitoring of the premises is possible; and

(5) Establishing procedures for the investigation of suspicious activities.

(b) Deterring theft or loss of cannabis and cannabis products. This includes, but is not limited to:

(1) Establishing an inventory system to track cannabis and cannabis products and the personnel responsible for processing it throughout the manufacturing process;

(2) Limiting access of personnel within the premises to those areas necessary to complete job duties, and to those timeframes specifically scheduled for completion of job duties, including access by outside vendors, suppliers, contractors or other individuals conducting business with the licensee that requires access to the premises;

(3) Supervising tasks or processes with high potential for diversion, including the loading and unloading of cannabis and cannabis products from transportation vehicles; and

(4) Providing areas in which personnel may store and access personal items that are separate from the manufacturing areas.

(c) Securing and backing up electronic records in a manner that prevents unauthorized access and ensures that the integrity of the records is maintained.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5 and 26051.5, Business and Professions Code.

§15043. Licensee Employee Badge Requirement.

All agents, officers, or other persons acting for or employed by a licensee conducting retail sales or participating in a temporary cannabis event shall display a laminated or plastic-coated identification badge issued by the licensee at all times while engaging in commercial cannabis activity. The identification badge shall, at a minimum, include the licensee's "doing business as" name and license number, the employee's first name, an employee number exclusively assigned to that employee for identification purposes, and a color photograph of the employee that clearly shows the full front of the employee's face and that is at least 1 inch in width and 1.5 inches in height.

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

§15044. Video Surveillance System.

(a) Each licensed premises shall have a digital video surveillance system with a minimum camera resolution of 1280 × 720 pixels on the licensed premises. This requirement does not apply to a licensed premises authorized exclusively for cultivation activities or the cultivation area of a licensed microbusiness premises.

(b) The video surveillance system shall at all times be able to effectively and clearly record images of the area under surveillance.

(c) Each camera shall be permanently mounted and in a fixed location. Each camera shall be placed in a location that allows the camera to clearly record activity occurring within 20 feet of all points of entry and exit on the licensed premises, and allows for the clear and certain identification of any person and activities in all areas required to be filmed under subsection (d).

(d) Areas that shall be recorded on the video surveillance system include the following:

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

(2) Limited-access areas;

(3) Security rooms;

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

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

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

(f) Cameras shall record continuously 24 hours per day and at a minimum of 15 frames per second (FPS).

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

(h) Surveillance recordings shall be kept for a minimum of 90 calendar days.

(i) Surveillance recordings are subject to inspection by the Department and shall be kept in a manner that allows the Department to view and obtain copies of the recordings at the licensed premises immediately upon request. The licensee shall also send or otherwise provide copies of the recordings to the Department upon request within the time specified by the Department.

(j) Recorded images shall clearly and accurately display the time and date. Time is to be measured in accordance with the standards issued by the United States National Institute of Standards and Technology. The displayed date and time shall not cover the view of recorded images in a manner that prevents the ready identification of any person or activity in the captured image.

(k) The video surveillance system shall be equipped with a failure notification system that provides notification to the licensee of any interruption or failure of the video surveillance system or video surveillance-system storage device.

(l) If multiple licensed premises are contained within the same building or on the same parcel of land, a single video surveillance system covering the entire building or parcel of land may be used by all of the licensees if all licensees have immediate access to the surveillance recordings to produce them pursuant to subsection (i). All licensees sharing a video surveillance system shall be held responsible and subject to discipline for any violations of the video surveillance requirements.

(m) Notwithstanding subsection (a), a licensed distributor transport only licensee engaged in self-distribution whose premises is on the same parcel of land as their licensed cultivation premises shall not be required to comply with the provisions of this section.

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

§ 15045. Security Personnel.

(a) A licensed retailer or licensed microbusiness authorized to engage in retail sales shall hire or contract for security personnel who are at least 21 years of age to provide onsite security services for the licensed retail premises during the hours of operation. All security personnel hired or contracted for by the licensee shall be licensed by the Bureau of Security and Investigative Services and shall comply with chapters 11.4 and 11.5 of division 3 of the Business and Professions Code.

(b) Notwithstanding subsection (a), a licensed non-storefront retailer or licensed microbusiness who is not engaged in storefront retail sale is not required to hire or contract for security personnel.

(c) If multiple licensed premises are contained within the same building, security personnel may be shared by all of the licensees to cover the entire building. However, all licensees shall be held responsible and subject to discipline for any violations of the security personnel requirements.

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

§15046. Locks.

A licensee shall ensure that all limited-access areas can be securely locked using commercial-grade, nonresidential door locks. A licensee shall also use commercial-grade, nonresidential door locks on all points of entry and exit to the licensed premises. This requirement does not apply to a licensed premises authorized exclusively for cultivation activities or the cultivation area of a licensed microbusiness premises.

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

§15047. Alarm System.

(a) A licensee shall maintain an alarm system as defined in Business and Professions Code section 7590.1(c) at the licensed premises. This requirement does not apply to a licensed premises authorized exclusively for cultivation activities or the cultivation area of a licensed microbusiness premises.

(b) A licensee shall ensure a licensed alarm company operator or one or more of its registered alarm agents installs, maintains, monitors, and responds to the alarm system.

(c) Upon request, a licensee shall make available to the Department all information related to the alarm system, monitoring, and alarm activity.

(d) If multiple licensed premises are contained within the same building or parcel of land, a single alarm system covering the entire building or parcel of land may be used by all of the licensees if all licensees have access to and are able to provide the information under subsection (c). All licensees shall be held responsible and subject to discipline for any violations of the alarm system requirements.

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

Article 6. Track and Trace Requirements

§15047.1. Definitions.

(a) “Plant tag” means the tag that is labeled with a UID number and provided by the Department or the Department’s designee for attaching to a cannabis plant.

(b) “Package tag” means the RFID-enabled tag that is labeled with a UID number and provided by the Department or the Department’s designee for attaching to batches of cannabis or cannabis products.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26067, 26070, 26160 and 26161, Business and Professions Code.

§15047.2. General Requirements.

(a) A licensee shall create and maintain an account within the track and trace system prior to engaging in any commercial cannabis activity.

(b) All commercial cannabis activity shall be accurately recorded in the track and trace system.

(c) A licensee is responsible for the accuracy and completeness of all data and information entered into the track and trace system. The licensee is responsible for all actions taken by the designated account manager or other account users while performing track and trace activities.

(d) A person shall not intentionally misrepresent or falsify information entered into the track and trace system.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26067, 26070, 26160 and 26161, Business and Professions Code.

§15048. Training and Credentialing.

(a) Each applicant or licensee shall identify an owner of the commercial cannabis business as the track and trace system account manager. A licensee may change the account manager by submitting a written request to the Department.

(b) No later than 10 calendar days after license issuance, the designated account manager shall:

(1) Complete new user system training provided by the Department.

(2) Email support@metrc.com from the designated account manager's email address to request access to the track and trace system.

(3) Complete the credentialing process to establish a login.

(c) The account manager and each user shall utilize a unique login, consisting of a username and password. The account manager and each user shall only access the track and trace system under their assigned login. No account manager or user shall share their login, username, or password, with any other individual for any reason.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26067, 26070, 26160 and 26161, Business and Professions Code.

§15048.1. Responsibilities of the Designated Account Manager.

(a) A licensee and their designated account manager(s) shall:

(1) Designate track and trace system users, as needed, and require the system users to be trained in the proper and lawful use of the track and trace system before the users are permitted to access the track and trace system;

(2) Maintain an accurate and complete list of all of the licensee's track and trace system users, including full names and usernames, and update the list immediately when changes occur;

(3) Remove a user from the licensee's track and trace system account when that individual is no longer authorized to represent the licensee;

(4) Correct any data entry errors within three (3) calendar days of discovery of the error;

(5) Tag and enter all inventory in the track and trace system as required by section 15049;

(6) Monitor all system notifications and resolve all issues identified. The notification shall not be dismissed by an account manager before resolution of the issue(s) identified in the notification;

(7) Notify the Department of any loss of access to the track and trace system that exceeds 72 hours; and

(8) Reconcile the inventory of cannabis and cannabis products on the licensed premises with the track and trace system database at least once every thirty (30) calendar days.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26067, 26070 and 26160, Business and Professions Code.

§15048.2. General Tag Requirements.

(a) A licensee shall only use plant and package tags provided and distributed by the Department or the Department's designee.

(b) A licensee shall only use plant and package tags assigned in the track and trace system to that licensee and shall not transfer unused tags to any other licensee.

(c) A licensee shall maintain a sufficient supply of tags to support tagging in accordance with this chapter.

(d) Plant and package tags shall be discarded after they are no longer required for use.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26050.1, 26067, 26070, 26160 and 26161, Business and Professions Code.

§15048.3. Ordering Tags.

(a) For licensees conducting cultivation, manufacturing, distribution, or testing:

(1) A licensee's account manager shall place the initial order of plant or package tags within ten (10) calendar days of initial credentialing into the track and trace system and shall reorder plant or package tags as needed.

(2) The receipt of plant or package tags shall be recorded in the track and trace system within three (3) calendar days of receipt. If ordered plant or package tags are not received by the licensee, the licensee shall notify the Department.

(3) For cultivation licensees, if the Department approves a request for a license designation change pursuant to section 15023(f), the licensee is required to order, apply, and report applicable plant and package tags in accordance with this article.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26013, 26067, 26069 and 26160, Business and Professions Code.

§ 15048.4. Tagging of Cannabis Plants.

(a) Immature cannabis plants shall be tagged as follows:

(1) Each established lot of immature plants shall be assigned a plant tag. Each lot of immature plants under a single plant tag shall be uniform in strain or cultivar and contain no more than 100 individual immature plants at any one time. The lot plant tag shall be visible and within clear view of an individual standing next to the immature lot and kept free from dirt and debris. Each lot shall either:

(A) Have each immature plant in the lot labeled with the UID number and placed contiguous to one another to facilitate identification by the Department; or

(B) Be fully separated from other lots of immature or mature plants by a physical barrier. In such cases, each individual plant does not need to be labeled with the corresponding UID number.

(2) Immature plants transferred from a licensed nursery for retail sale shall be transferred in a package with a package tag. The receiving licensee shall remove the licensed nursery's package tag and assign a plant or package tag, as applicable, belonging to the receiving licensee within three (3) calendar days of receiving the immature plants.

(3) A plant tag shall be applied to each individual plant in accordance with subsection (b) at the time the plant is moved to the designated canopy area or begins flowering.

(b) Mature cannabis plants shall be tagged as follows:

(1) Each mature plant shall be tagged with a plant tag. A plant tag shall be attached to the main stem at the base of each plant, placed in a position so it is visible and within clear view of an individual standing next to the mature plant, and kept free from dirt and debris.

(2) Licensees are prohibited from removing the plant tag from the mature plant to which it was attached and assigned until the plant is harvested, destroyed, or disposed of.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26013, 26067 and 26069, Business and Professions Code.

§15048.5. Use of Harvest Batch Name and Package Tags.

(a) Harvested plants that are hanging, drying, or curing shall be assigned a unique harvest batch name, which shall be recorded in the track and trace system and placed within clear view of an individual standing next to the batch. The assigned harvest batch name shall match what is in the track and trace system and the harvest batch name next to the batch shall be the same.

(b) Each harvest batch and manufactured cannabis batch shall be assigned a package tag and recorded in the track and trace system. For each harvest batch, the package tag shall be assigned and recorded in the track and trace system no later than the time at which any part of that harvest batch has finished undergoing any applicable drying, curing, grading, and trimming.

(c) For all cannabis and cannabis products held in a container, the package tag shall be affixed to the container holding the cannabis or cannabis products. If cannabis or cannabis products are held in multiple containers, the package tag shall be affixed to one of the containers and the other containers shall be labeled with the applicable UID number. Each unit within the container shall be labeled with the applicable UID number. All containers with the same UID number shall be placed contiguous to one another to facilitate identification by the Department.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26067, 26070, 26160 and 26161, Business and Professions Code.

§15049. Track and Trace Reporting.

(a) All cannabis and cannabis products on the licensed premises shall be assigned a plant or package tag, as applicable, except for harvested plants that are being dried, cured, graded, or trimmed, as specified in this division, and recorded in the track and trace system.

(b) Each of the following activities shall be recorded in the track and trace system within 24 hours of occurrence:

(1) Receipt of cannabis or cannabis products.

(2) Rejection of transferred cannabis or cannabis products.

- (3) Manufacturing of cannabis or cannabis products.
 - (4) Use of cannabis or cannabis product for internal quality control testing or product research and development.
 - (5) Destruction or disposal of cannabis or cannabis products.
 - (6) Packaging or repackaging of cannabis or cannabis products, except that cultivation licensees shall comply with section 15049.1(b)(5).
 - (7) Laboratory testing, including testing results.
 - (8) Sale or donation of cannabis or cannabis products.
- (c) The following information shall be recorded in the track and trace system for each activity entered pursuant to subsection (b):
- (1) The type of cannabis or cannabis products.
 - (2) The weight, volume, or count of the cannabis or cannabis products.
 - (3) The date of activity.
 - (4) The UID assigned to the cannabis or cannabis products.
 - (5) The brand name of the cannabis goods.
 - (6) If cannabis or cannabis products are being destroyed or disposed of, the licensee shall record the following information in the notes section:
 - (A) The name of the employee performing the destruction or disposal;
 - (B) The reason for destruction or disposal; and
 - (C) The method of disposal.
 - (d) If a package adjustment is used to adjust the quantity of cannabis or cannabis products in the track and trace system, the licensee shall include a description explaining the reason for adjustment.
 - (e) If a licensee rejects a partial shipment of cannabis goods pursuant to section 15052.1(b), the licensee shall record the partial rejection in the track and trace system.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26013, 26067 and 26169, Business and Professions Code.

§15049.1. Additional Requirements for Recording Cultivation Activities.

- (a) The licensee shall record the following cultivation activities in the track and trace system within three (3) calendar days of occurrence:
- (1) Planting of an immature lot;
 - (2) Moving immature plants to a designated canopy area, flowering of an individual plant, or application of a plant tag to an immature plant, in accordance with section 15048.4;
 - (3) Destruction or disposal of an immature or mature plant; and
 - (4) Harvesting of a mature plant, or portion thereof.

(b) The following information shall be reported in the track and trace system for each harvest batch:

- (1) The wet weight of each harvest batch, which shall be obtained by the licensee immediately after harvest;
- (2) The weight of cannabis waste associated with each harvested plant;
- (3) The unique name of the harvest batch; and
- (4) The initiating date of the harvest. For purposes of this section, the “initiating date” of the harvest is the month, day, and year the first mature cannabis plants in the harvest batch were cut, picked, or removed from the soil or other growing media.

(c) After the entire harvest batch has been dried, trimmed, cured, and packaged, the licensee shall indicate in the track and trace system that the harvest is finished.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26013, 26067 and 26069, Business and Professions Code.

§15049.2. Recording Transfers of Cannabis and Cannabis Products.

(a) A licensee shall prepare a shipping manifest through the track and trace system prior to transferring cannabis and cannabis products off of a licensed premises. The following information shall be recorded on the shipping manifest by the licensee initiating the transfer:

- (1) The name, license number, and premises address of the originating licensee;
- (2) The name and license number of the distributor transporting the cannabis and cannabis products;
- (3) The name, license number, and premises address of the licensee receiving the cannabis or cannabis products into inventory or storage;
- (4) The UID numbers for all items being transferred;
- (5) The item name, item category and weight or count of cannabis or cannabis products associated with each package tag;
- (6) The estimated date and time of departure from the licensed premises;
- (7) The estimated date and time of arrival at each licensed premises; and
- (8) The driver’s license number of the personnel transporting the cannabis and cannabis products, and the make, model, and license plate number of the vehicle used for transport.

(b) The distributor who transports the cannabis or cannabis product shall record the following additional information on the shipping manifest:

- (1) The actual date and time of departure from the licensed premises; and
- (2) The actual date and time of arrival at each licensed premises.

(c) Upon pick-up or receipt of cannabis and cannabis products for transport, storage, or inventory, a licensee shall ensure that the cannabis or cannabis products received are as described in the shipping manifest. The licensee shall record acceptance or receipt, and acknowledgment of the cannabis or cannabis products in the track and trace system.

(d) If there are any discrepancies between type or quantity of cannabis or cannabis products specified in the shipping manifest and the type or quantity received by the licensee, the licensee shall reject the shipment.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26067, 26070, 26160 and 26161, Business and Professions Code.

§15049.3. Track and Trace Requirements for Delivery.

(a) A licensed retailer conducting delivery of cannabis goods shall create a delivery inventory ledger in the track and trace system and record the information required under subsections (b)(1) through (7) prior to the delivery employee leaving the licensed retail premises for each delivery trip. A delivery trip begins when the delivery employee leaves the licensed retail premises to conduct delivery of cannabis goods.

(b) The delivery inventory ledger shall include the following information:

(1) The delivery inventory ledger number generated by the track and trace system and assigned to the specific delivery trip.

(2) The name and license number of the licensed retailer.

(3) The delivery employee's name, employee ID, and driver's license number.

(4) The delivery vehicle's make, model, and license plate number.

(5) The item name and category of each cannabis good to be carried on the delivery trip, the UID(s) assigned to those cannabis goods, and the number of units associated with each UID on the delivery inventory ledger.

(6) The UID(s) of any cannabis goods ordered by customers and processed by the licensed retailer prior to the delivery employee leaving the licensed retail premises.

(7) The date and time the delivery employee begins the delivery trip.

(c) For each delivery of cannabis goods, the following information shall be recorded within the track and trace system by the end of the calendar day on which the delivery was completed:

(1) The date and time the delivery was completed. A delivery is completed at the time the cannabis goods are physically provided to the customer.

(2) Whether the customer is an adult-use customer, medicinal cannabis patient, or patient's primary caregiver.

(3) The UID and quantity of each cannabis good delivered.

(4) The purchase price of each cannabis good delivered.

(5) The city, county, and zip code in which the delivery was completed.

(d) If a delivery employee returns to the licensed retail premises to obtain additional inventory of cannabis goods for delivery to be conducted on the same day and by the same delivery employee, the licensed retailer may continue the existing delivery trip in the track and trace system. If the licensed retailer chooses to continue the existing delivery trip, the additional inventory is considered part of the existing delivery trip and a new delivery inventory ledger is not required. The licensed retailer shall record the following information within the track and trace system under the existing delivery inventory ledger number for any additional cannabis goods to be carried on the same delivery trip:

(1) The item name and category of each additional cannabis good to be carried on the delivery trip, the UID(s) assigned to those cannabis goods, and the number of units associated with each UID on the delivery inventory ledger.

(2) The date and time the delivery employee leaves the licensed retail premises to continue the delivery trip.

(e)(1) The end date and time of the delivery trip shall be:

(A) Except as provided in subsection (e)(1)(B), the date and time the delivery employee returned to the licensed retail premises after conducting all deliveries that are part of the same delivery trip.

(B) If the delivery employee does not carry any unsold cannabis goods and does not return to the licensed retail premises on the same day after delivering all cannabis goods carried in the vehicle on the delivery trip, the date and time at which the delivery employee completed the last delivery of cannabis goods on the delivery trip.

(2) No later than the end of the calendar day on which the delivery trip occurred:

(A) If a delivery employee still carries unsold cannabis goods at the end of a delivery trip, the delivery employee must return to the licensed premises, remove the unsold cannabis goods from the delivery inventory ledger, and return the unsold cannabis goods to the licensed retailer's inventory within the track and trace system.

(B) The licensed retailer shall record the end date and time of the delivery trip in the track and trace system.

(f) Notwithstanding subsections (a) through (e), prior to April 1, 2023, licensed retailers may comply with this section by maintaining delivery inventory ledgers in accordance with this subsection.

(1) Delivery inventory ledgers may be maintained by licensed retailers in hard copy or electronically and shall include the item name, category, UID, and unit quantity of each cannabis good carried on a delivery trip.

(2) All cannabis goods prepared for an order that was received and processed by the licensed retailer prior to the delivery employee's departure from the licensed retail premises must be clearly identified on the delivery inventory ledger.

(3) During a delivery trip, the delivery inventory ledger must be updated after each completed delivery to reflect the remaining inventory carried by the delivery employee.

(4) All sales of cannabis goods conducted by delivery must be entered into the track and trace system within 24 hours of the date and time the delivery trip was completed, as defined in subsection (e)(1).

Authority: Section 26013, Business and Professions Code. Reference: Sections 26067, 26068 and 26090, Business and Professions Code.

§15050. Loss of Access.

(a) If at any point a licensee loses access to the track and trace system for any reason, the licensee shall prepare and maintain comprehensive records detailing all commercial cannabis activities that were conducted during the loss of access.

(b) The licensee shall not initiate transport for, receive, or deliver any cannabis or cannabis products until such time as access is restored.

(c) Once access has been restored, the licensee shall:

(1) Within three calendar days, enter all commercial cannabis activity that occurred during the loss of access into the track and trace system.

(2) Document the cause for loss of access, and the dates and times for when access to the track and trace system was lost and when it was restored.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26067, 26070 and 26160, Business and Professions Code.

§15051. Track and Trace System Reconciliation.

(a) The license shall review the information recorded in the track and trace system at least once every 30 calendar days to ensure its accuracy, including, at a minimum:

(1) Reconciling on-hand inventory of cannabis and cannabis product with the records in the track and trace system; and

(2) Reviewing the licensee's authorized users and removing any users who are no longer authorized to enter information into the track and trace system.

(b) If a licensee finds a discrepancy between the on-hand inventory and the track and trace system, the licensee shall conduct an audit and notify the Department in writing if the discrepancy is significant as defined in section 15034.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26067, 26070 and 26160, Business and Professions Code.

Article 7. Acceptance or Rejection of Shipments

§15052. Returns.

(a) Cannabis and cannabis products may be returned from the licensee currently in possession to the originating licensee for any lawful business purpose in accordance with the following:

(1) Cannabis and cannabis products shall not be reprocessed, rebranded, relabeled, physically repackaged, have their expiration dates amended, or be modified in any way without prior approval from the Department. To receive approval to modify the cannabis or cannabis products, licensees shall submit a corrective action plan that meets the requirements specified in section 17305.

(2) After being returned, cannabis and cannabis products shall be transported to a licensed distributor to undergo laboratory testing in accordance with chapters 2 and 6 and quality assurance review pursuant to sections 15307 and 15307.1 prior to being transported to a licensed retailer.

(b) Returns of cannabis and cannabis products shall be recorded in the track and trace system on a return manifest that shall contain the reason for the return.

(c) Cannabis and cannabis products shall not be transported pursuant to a return unless the licensee returning the cannabis and cannabis products and the licensee receiving the cannabis and cannabis products have both consented to the return. The licensee who receives the return shall physically accept the return and enter it into the track and trace system.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26067, 26070 and 26160, Business and Professions Code.

§15052.1. Acceptance or Rejection of Shipments.

(a) Licensees shall accept or reject, in whole, shipments of cannabis or cannabis products.

(b) Notwithstanding subsection (a), partial shipments of cannabis or cannabis products shall be rejected in the following circumstances:

(1) If a licensee receives a shipment containing cannabis or cannabis products that differ from those listed on the sales invoice or receipt, the licensee shall reject the portion of the shipment that is not accurately reflected on the sales invoice or receipt.

(2) If a licensee receives a shipment containing any cannabis or cannabis products that were damaged during transportation, the licensee shall reject that portion of the shipment that was damaged.

(3) If a licensee receives a shipment containing cannabis or cannabis products that is non-compliant with labeling requirements or exceeds its provided expiration date, the licensee shall reject the portion of the shipment that is non-compliant with labeling requirements or expired.

(c) The licensee rejecting a shipment of cannabis or cannabis products, whether in whole or in part, shall record in the track and trace system and indicate on any relevant manifest, invoice, or sales receipt the specific reason for rejection.

(d) The licensee who originated a rejected shipment shall physically accept the rejected shipment and record it in the track and trace system.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26013, 26067, 26070 and 26161, Business and Professions Code.

Chapter 2. Distributors

§15300. Distribution Activities.

A licensed distributor shall distribute only cannabis and cannabis products, cannabis accessories, and licensees' branded merchandise or promotional materials.

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

§15301. Storage Services.

(a) A licensed distributor may provide storage services, including storage-only services that are unrelated to the quality assurance and laboratory testing processes, to a licensed cultivator, licensed manufacturer, licensed microbusiness, licensed retailer, or another licensed distributor.

(b) A licensed distributor may provide storage services to other licensees for cannabis goods packaged as they will be sold at retail, cannabis accessories, and licensees' branded merchandise or promotional materials only.

(c) A licensed distributor shall ensure that each batch of cannabis goods that are stored for another licensee are stored in accordance with section 15302.

(d) Notwithstanding subsection (b), a licensed distributor shall not store live plants, except for seeds, on the licensed premises.

(e) Items held for storage-only services by a licensed distributor pursuant to subsection (b) may be distributed from the premises of the licensed distributor providing the storage-only services.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26070 and 26110, Business and Professions Code.

§15302. Storage of Batches for Testing.

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

(b) In addition to any tag or label required by section 15048.5, a licensed distributor shall ensure a label with the following information is physically attached to each container of each batch:

(1) The name, license number, and licensed premises address of the licensee who provided the batch;

- (2) The date of entry into the licensed distributor's storage area;
- (3) The unique identifiers and batch number, if any, associated with the batch;
- (4) A description of the cannabis or cannabis products with enough detail to easily identify the batch;
- (5) The weight of or quantity of units in the batch; and
- (6) The best-by, sell-by, or expiration date of the batch, if any.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26110 and 26120, Business and Professions Code.

§15303. Packaging, Labeling, and Rolling.

- (a) A licensed distributor may package, repackage, label, and relabel cannabis in the form of dried flower, including pre-rolls, for retail sale. All packages of cannabis in the form of dried flower, including pre-rolls, shall comply with the requirements in chapter 11.
- (b) A licensed distributor shall not process cannabis, but may roll pre-rolls that consist exclusively of any combination of flower, shake, leaf, or kief. Pre-rolls shall be rolled, packaged, and labeled prior to regulatory compliance testing.
- (c) Licensed distributors may label and relabel a package containing manufactured cannabis or cannabis products with the amount of cannabinoids and terpenoids based on regulatory compliance testing results.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26013 and 26120, Business and Professions Code.

§15303.1. Net Weight of Dried Flower.

For purposes of this division, the net weight on any packaged cannabis good containing dried flower only shall not be considered inaccurate if the actual weight is within plus or minus 3% of the labeled weight.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26013, 26120 and 26152, Business and Professions Code.

§15304. Testing Arrangements.

After taking physical possession of a batch of cannabis or cannabis products, the licensed distributor shall contact a licensed testing laboratory and arrange for a laboratory employee to come to the licensed distributor's licensed premises to select a representative sample for laboratory testing.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26104 and 26110, Business and Professions Code.

§15305. Testing Sample.

- (a) The licensed distributor shall ensure that the batch size from which the sample is taken meets the requirements of this division.
- (b) A licensed distributor or an employee of the licensed distributor shall be physically present to observe the laboratory employee obtain the sample of cannabis or cannabis products for testing and shall ensure that the increments are taken from throughout the batch.
- (c) The sampling shall be video-recorded with the batch number stated verbally or in writing on the video at the beginning of the video and a visible time and date indication on the video recording footage. The video recordings shall be maintained for 90 calendar days by the licensed distributor.
- (d) After the sample has been selected, both the licensed distributor and the laboratory employee shall sign and date the chain of custody form pursuant to section 15706 attesting to the sample selection having occurred.
- (e) A licensed distributor shall not assist the laboratory employee nor touch the cannabis or cannabis products or the sampling equipment while the laboratory employee is obtaining the sample.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26104 and 26110, Business and Professions Code.

§15306. Regulatory Compliance Testing Results.

- (a) A licensed distributor shall store a batch on its licensed premises until it either:
 - (1) Passes regulatory compliance testing as described in subsection (b); or
 - (2) If it fails regulatory compliance testing as described in subsection (d), a corrective action plan for remediation has been approved by the Department pursuant to section 17305.
- (b) A batch passes regulatory compliance testing when the sample meets specifications in chapter 6. Once a batch has passed regulatory compliance testing, the batch shall not be repackaged into a new production batch in the track and trace system nor shall it be assigned a new batch number.
- (c) When a batch passes regulatory compliance testing, the cannabis or cannabis products may be transported to one or more licensed retailers, licensed distributors, or licensed microbusinesses authorized to conduct distribution or retail. A copy of the certificate of analysis for regulatory compliance testing shall be provided to all licensed distributors receiving the batch for purposes of quality assurance review under section 15307. A copy of the certificate of analysis shall also be provided to the licensee who produced the batch. The copies of the certificate of analysis required by this subsection may be provided electronically.
- (d) A batch fails regulatory compliance testing when the sample does not meet specifications in chapter 6.

(e) If a failed batch has been approved for remediation by the Department pursuant to section 17305, a licensed distributor may transport or arrange for the transportation of the batch to the licensed manufacturer or microbusiness authorized to engage in manufacturing that has received approval from the Department to conduct the remediation. Once a batch has been approved for remediation by the Department, the licensed distributor shall transport the batch to the approved manufacturer or microbusiness within 30 calendar days of the approval.

(f) A licensed distributor shall destroy a batch that failed regulatory compliance testing and cannot be remediated pursuant to section 17305 within 60 days of failure of the batch or 30 days of receiving notification from the Department that the batch may not be remediated. The distributor shall notify the licensed manufacturer or cultivator who produced the batch of the destruction and the reasons for it. Evidence of destruction including, but not limited to, video or photos of the destruction shall be provided to the Department upon request.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26070, 26100, 26104 and 26110, Business and Professions Code.

§15307. Quality-Assurance Review.

When a licensed distributor receives a certificate of analysis for regulatory compliance testing from the licensed testing laboratory or upon transfer from another licensed distributor stating that the batch meets specifications required by law, the licensed distributor shall ensure the following before transporting the cannabis goods to one or more licensed retailers or licensed microbusinesses authorized to engage in retail sales:

(a) The certificate of analysis for regulatory compliance testing that the licensed distributor received from the licensed testing laboratory or another licensed distributor is the certificate of analysis that corresponds to the batch;

(b) The date on the certificate of analysis for the regulatory compliance testing is less than 12 months old;

(c) The label on the cannabis goods is consistent with the certificate of analysis for regulatory compliance testing regarding cannabinoid content required to be listed by law as follows:

(1) If the cannabis goods are labeled with the content for cannabinoids, terpenoids, Total THC, and/or Total CBD prior to receiving the certificate of analysis for regulatory compliance testing, the licensed distributor shall ensure that the labeled amounts are accurate in accordance with section 15307.1, and

(2) If the cannabis goods are not labeled with the content for cannabinoids, terpenoids, Total THC, and/or Total CBD prior to receiving the certificate of analysis for regulatory compliance testing, the licensed distributor shall label the cannabis goods with the amounts listed on the certificate of analysis pursuant to section 15303;

(d) The packaging and labeling of the cannabis goods complies with Business and Professions Code section 26120 and this division, except cannabis goods are not

required to be labeled or otherwise identified as medicinal products prior to retail sale unless the cannabis goods must be labeled as such pursuant to this division;

(e) The cannabis goods have not exceeded their expiration or sell-by date if one is provided;

(f) The weight or count of the batch comports with that in the track and trace system. A licensed distributor shall use scales as required by this division; and

(g) All events prior to receipt of the certificate of analysis for regulatory compliance testing have been entered into the track and trace system.

(h) If the licensed distributor determines that the cannabis goods are not fit for sale because they do not meet the requirements of this section, then the distributor may arrange for a corrective action plan to be submitted pursuant to section 17305 in accordance with the following:

(1) If the cannabis goods may be relabeled by the licensed distributor, another distributor, or microbusiness authorized to engage in distribution, then the distributor who will conduct the remediation shall submit a corrective action plan pursuant to section 17305. Transport to another licensed distributor or microbusiness authorized to engage in distribution shall not occur until the corrective action plan has been approved by the Department.

(2) If the cannabis goods may only be remediated by a licensed manufacturer or microbusiness authorized to engage in manufacturing because they must be repackaged or reprocessed, then the licensed distributor shall comply with the provisions of subsections (e) and (f) of section 15306.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26070, 26110 and 26120, Business and Professions Code.

§15307.1. Quality-Assurance Review for Labeling Cannabinoids and Terpenoids.

(a) For purposes of this division, any one cannabinoid, THC, Total THC, CBD and/or Total CBD claimed to be present on a label shall not be considered inaccurate if the difference in percentage on the certificate of analysis is plus or minus 10.0%.

(b) For purposes of this division, the terpenoid testing results on the label of any one terpenoid claimed to be present shall not be considered inaccurate if the difference in percentage on the certificate of analysis is plus or minus 10.0%.

(c) For purposes of this section, the difference in percent shall be calculated using the following equation:

$$\text{Difference in percent} = \left| \frac{\text{laboratory measurement} - \text{label claim}}{\text{label claim}} \right| \times 100\%$$

(d) For purposes of this section, Total THC and Total CBD shall have the same meaning as defined in chapter 6.

(e) Cannabis goods shall be labeled with accurate concentration limits in accordance with sections 17304 and 17407.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26100 and 26110, Business and Professions Code.

§15307.2. Licensed Distributor to Licensed Distributor Transfers.

(a) Cannabis goods that have undergone and passed regulatory compliance testing and have an accompanying certificate of analysis may be transferred to one or more licensed distributors.

(b) Cannabis goods that have not been transported to retail within 12 months of the date on the certificate of analysis must be destroyed or retested by the licensed distributor in possession of the cannabis goods. Retesting pursuant to this subsection shall only be conducted if the cannabis goods have not been modified in any way.

(c) If the licensed distributor, manufacturer, or microbusiness authorized to engage in manufacturing will be repackaging, relabeling, reformulating, or modifying the cannabis goods in any way, they shall submit a corrective action plan pursuant to section 17305 and receive approval from the Department before beginning modifications to the cannabis goods.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26070 and 26110, Business and Professions Code.

§15308. Insurance Requirements.

(a) A distributor licensee shall at all times carry and maintain commercial general liability insurance in the aggregate in an amount no less than \$2,000,000 and in an amount no less than \$1,000,000 for each loss.

(b) A distributor licensee shall maintain the insurance required in subsection (a) from an insurance company that is:

(1) A non-admitted insurer that meets the requirements of Insurance Code section 1765.1 or 1765.2, and the insurance is placed pursuant to Insurance Code section 1763 and through a surplus line broker licensed under Insurance Code section 1765;

(2) An insurer qualified to do business in California by the Secretary of State and authorized by the Insurance Commissioner to write the liability and property classes of insurance as defined by Insurance Code sections 102, 103, 107, 108, 114, and 120; or

(3) A registered risk retention group compliant with the California Risk Retention Act of 1991. (See Insurance Code sections 125-140.)

(c) Admitted insurers and risk retention groups must show proof of capitalization in the amount of at least \$10,000,000.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26051.5 and 26070, Business and Professions Code.

§15309. Inventory Accounting.

(a) A licensed distributor shall be able to account for all inventory and provide that information to the Department upon request.

(b) To account for inventory, a licensed distributor shall ensure all batches of cannabis or cannabis products are stored in accordance with section 15302 and shall be able to provide the Department with the status of the batch as follows:

- (1) The batch is being held in storage for another licensee;
- (2) The batch is awaiting sampling for regulatory compliance testing;
- (3) The batch has been sampled and is awaiting regulatory compliance testing results;
- (4) The batch has passed regulatory compliance testing;
- (5) The batch has failed regulatory compliance testing and is awaiting approval for remediation;
- (6) The batch has failed regulatory compliance testing and is awaiting destruction; and
- (7) The batch is being stored or held for any other lawful purpose under the Act or this division.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26070 and 26160, Business and Professions Code.

§15311. Requirements for the Transportation of Cannabis and Cannabis Products.

The following requirements apply when transporting cannabis and cannabis products between licensees or licensed premises:

(a) Transportation shall only be conducted by persons holding a distributor license under the Act, or employees of those persons. All vehicles and trailers used for transportation shall be owned or leased, in accordance with the Vehicle Code, by the licensee. The licensee is not required to be the sole owner or lessor of the vehicle or trailer and all owners and lessors may use the vehicle for non-commercial cannabis activity.

(b) Prior to transporting any cannabis and cannabis products ~~goods~~, the licensed distributor shall have a completed sales invoice or receipt that meets the requirements of Business and Professions Code section 26161. The licensed distributor shall only transport cannabis and cannabis products listed on the sales invoice or receipt. The sales invoice or receipt may not be altered or changed once transport begins.

(c) A licensed distributor employee shall always carry a copy of the distributor's license and a copy of the QR Code Certificate issued by the Department while engaging in the transportation of cannabis goods. The QR Code Certificate shall comply with the requirements of section 15039, subsection (d).

(d) All vehicles transporting cannabis goods for hire shall be required to have a motor carrier permit issued to the licensed distributor pursuant to Chapter 2 (commencing with Section 34620) of Division 14.85 of the Vehicle Code.

- (e) Transportation by means of aircraft, watercraft, drone, rail, human-powered vehicle, or unstaffed vehicle is prohibited.
- (f) Cannabis and cannabis products shall only be transported inside of a vehicle or trailer and shall not be visible or identifiable from outside of the vehicle or trailer.
- (g) Cannabis and cannabis products shall be transported in a fully enclosed, windowless, locked trailer or trunk that cannot be accessed from inside the vehicle, or in a secured area or compartment within the interior of the vehicle. A “secured area” is defined as an area where solid or locking metal partitions, cages, or high-strength shatterproof acrylic can be used to create a secure compartment in the fully enclosed vehicle. The secured area may be comprised on three sides of any part of the body of the vehicle, provided the parts of the vehicle used for the purposes of this section are shatterproof and are not made of glass.
- (h) While left unattended, vehicles and trailers shall be locked and secured.
- (i) A licensed distributor shall not leave a vehicle or trailer containing cannabis and cannabis products unattended in a residential area or parked overnight in a residential area.
- (j) At a minimum, a licensed distributor shall have a vehicle alarm system on all transport vehicles and trailers. Motion detectors, pressure switches, duress, panic, and hold-up alarms may also be used.
- (k) Packages or containers holding cannabis and cannabis products shall not be tampered with, or opened, during transport.
- (l) A licensed distributor transporting cannabis and cannabis products shall only travel between licensees shipping or receiving cannabis and cannabis products and its own licensed premises when engaged in the transportation of cannabis and cannabis products. The licensed distributor may transport multiple shipments of cannabis and cannabis products at once in accordance with applicable laws. A licensed distributor shall not deviate from the travel requirements described in this section, except for necessary rest, fuel, or vehicle repair stops.
- (m) Under no circumstances may non-cannabis goods, except for cannabis accessories and licensees’ branded merchandise or promotional materials, be transported with cannabis and cannabis products.
- (n) Vehicles and trailers transporting cannabis and cannabis products are subject to inspection by the Department at any licensed premises or during transport at any time.
- (o) Notwithstanding subsections (e) through (g), if it is not operationally feasible to transport cannabis or cannabis products inside of a vehicle or trailer because the licensed premises that the cannabis or cannabis products will be transported from and the licensed premises that will be receiving the cannabis or cannabis products are located within the same building or on the same parcel of land, the cannabis or cannabis products may be transported by foot, hand truck, fork lift, or other similar means. A shipping manifest that complies with this division is required when transporting cannabis or cannabis products pursuant to this subsection.

(p) Notwithstanding subsection (e), transportation of cannabis and cannabis products may be conducted via waterway to licensees located on Catalina Island. The provisions of this section and other sections regarding vehicle requirements also apply to vessels used to transport cannabis and cannabis products via waterway pursuant to this section.

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

§15312. Required Transport Vehicle Information.

(a) Upon request, the licensed distributor shall provide the Department with a copy of the certificate of ownership or registration card issued by the California Department of Motor Vehicles, the year, make, model, license plate number, and Vehicle Identification Number in writing, and proof of insurance for any vehicle or trailer used to transport cannabis or cannabis products.

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

§15313. Transport Personnel Requirements.

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

(b) Only a licensee, an employee of the licensed distributor, or security personnel who meets the requirements of section 15045 shall be in a vehicle while transporting cannabis or cannabis products.

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

§15314. Shipping Manifest.

(a) Prior to transporting cannabis or cannabis products, a licensed distributor shall generate a shipping manifest through the track and trace system for the following activities:

- (1) Regulatory compliance testing and sampling;
- (2) Sale of cannabis or cannabis products to a licensee;
- (3) Destruction or disposal of cannabis or cannabis products; and
- (4) Any other activity, as required pursuant to this division, or by the Department.

(b) The licensed distributor shall transmit the shipping manifest to the Department and the licensee that will receive the cannabis or cannabis products prior to transporting the cannabis or cannabis products.

(c) The licensed distributor shall ensure and verify that the cannabis or cannabis products being taken into possession for transport at the originating licensed premises are as described and accurately reflected in the shipping manifest. For purposes of this

section, the licensed distributor may verify that the cannabis or cannabis products are accurately reflected in the shipping manifest by confirming that the number of boxes of cannabis or cannabis products, type of cannabis or cannabis products, weight and/or units of cannabis or cannabis products matches the label on the boxes containing the cannabis or cannabis products.

(1) The licensed distributor shall not take into possession or transport:

(A) Any cannabis or cannabis products that are not on the shipping manifest; or

(B) Any cannabis or cannabis products that are less than or greater than the amount reflected on the shipping manifest.

(2) The licensed distributor is responsible for any discrepancies between the shipping manifest and the cannabis or cannabis products in its possession during transport, and subject to any enforcement or disciplinary action related to such discrepancy.

(3) A licensed distributor shall not void or change a shipping manifest after departing from the originating licensed premises.

(d) A shipping manifest shall accompany every transport of cannabis or cannabis products.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26067 and 26070, Business and Professions Code.

§15315. Distributor Transport Only License.

(a) A licensed distributor transport only licensee may transport cannabis or cannabis products between licensees; however, they shall not transport any cannabis or cannabis products except for immature cannabis plants, seeds, and trade samples to a licensed retailer or licensed microbusiness authorized to engage in retail sales.

(b) A complete application for a distributor transport only license shall include all the information required in an application for a distributor license.

(c) The licensing fee for a distributor transport only license will be based in part upon whether the licensee intends to transport only cannabis or cannabis products that the licensee has cultivated or manufactured (self-distribution), or whether the licensee intends to transport cannabis or cannabis products cultivated or manufactured by other licensees.

(d) A distributor transport only licensee shall comply with all of the requirements for a holder of a distributor license, except for those related to quality assurance and regulatory compliance testing.

(e) A distributor transport only licensee shall not hold title to any cannabis or cannabis products unless the licensee also holds a Department-issued cultivation, manufacturing, retailer, or microbusiness license.

(f) Holding a distributor transport only license shall not authorize a licensee to:

(1) Engage in the delivery of cannabis or cannabis products as defined in Business and Professions Code section 26001(o);

(2) Engage in the wholesale, destruction, packaging, labeling, or storing of cannabis or cannabis products; or

(3) Arrange for the regulatory compliance testing of cannabis or cannabis products by a testing laboratory.

(g) A distributor transport only licensee who is licensed to engage in self-distribution and whose licensed premises will be on the same property as their licensed cultivation or licensed manufacturing premises shall comply with the security provisions contained in chapter 1, article 5 that are applicable to their licensed cultivation or licensed manufacturing premises.

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

Chapter 3. Retailers

§15400. Access to Retailer Premises.

(a) Access to the licensed premises of a retailer with only an A-designation shall be limited to individuals who are at least 21 years of age.

(b) Access to the licensed premises of a retailer with only an M-designation shall be limited to individuals who are at least 18 years of age and have a valid physician's recommendation for medicinal cannabis, and individuals who are at least 21 years of age.

(c) Access to the licensed premises of a retailer with both an A- designation and an M-designation may include persons identified in subsections (a) and (b) of this section.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26070 and 26140, Business and Professions Code.

§15402. Customer Access to the Retail Area.

(a) Individuals shall be granted access to the retail area to purchase cannabis goods only after the retailer or an employee of the retailer has confirmed the individual's age and identity pursuant to section 15404.

(b) The licensed retailer or at least one employee shall be physically present in the retail area at all times when individuals who are not employees of the licensed retailer are in the retail area.

(c) All sales of cannabis goods must take place within the retail area of the retailer's licensed premises, except for cannabis goods sold through delivery, a drive-in or drive-through window as authorized by section 15025(e), or curbside delivery as provided in subsection (d).

(d) A licensed retailer or licensed microbusiness authorized to engage in storefront sales at their licensed premises may conduct sales through curbside delivery. Cannabis goods that have been purchased by a customer may be delivered to the customer in a vehicle parked immediately outside the licensed retail premises. Curbside delivery of cannabis goods must occur under video surveillance and meet the requirements of section 15044, subsection (e) for recording point-of-sale areas. Retail employees engaging in curbside delivery must verify each customer's age pursuant to subsection (a). Licensed retailers who are only authorized to engage in retail sales through delivery shall not conduct sales through curbside delivery.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26070 and 26140, Business and Professions Code.

§15403. Hours of Operation.

A licensed retailer shall sell and deliver cannabis goods only between the hours of 6:00 a.m. Pacific Time and 10:00 p.m. Pacific Time.

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

§15403.1. Requirements While Not Open for Business.

At any time the licensed premises is not open for retail sales, a licensed retailer shall ensure that:

(a) The licensed premises is securely locked with commercial-grade, nonresidential door locks as required in section 15046 of this division;

(b) The licensed premises is equipped with an active alarm system pursuant to section 15047 of this division, which shall be activated when the licensed retailer or its employees are not on the licensed premises; and

(c) Only employees of the licensee and other authorized individuals are allowed access to the licensed premises. For the purposes of this section, authorized individuals include individuals employed by the licensee as well as any outside vendors, contractors, or other individuals conducting business that requires access to the licensed premises.

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

§15404. Retail Customers.

(a) A licensed retailer shall only sell adult-use cannabis goods to individuals who are at least 21 years of age after confirming the customer's age and identity by inspecting a valid form of identification provided by the customer as required by subsection (c) of this section.

(b) A licensed retailer shall only sell medicinal cannabis goods to individuals who are at least 18 years of age and possesses a valid physician's recommendation after confirming

the customer's age, identity, and physician's recommendation as required by subsection (c) of this section.

(c) Acceptable forms of identification include the following:

(1) 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, height, gender, and photo of the person;

(2) A valid identification card issued to a member of the Armed Forces that includes the person's name, date of birth, and photo; or

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

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

§15405. Cannabis Goods Display.

(a) Cannabis goods for inspection and sale shall only be displayed in the retail area.

(b) Cannabis and cannabis products may be removed from their packaging and placed in containers to allow for customer inspection. The containers shall not be readily accessible to customers without assistance of retailer personnel. A container must be provided to the customer by the licensed retailer or its employees, who shall remain with the customer at all times that the container is being inspected by the customer.

(c) Cannabis and cannabis products removed from their packaging for display shall not be sold or consumed when the cannabis and cannabis products are no longer used for display.

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

§15406. Cannabis Goods for Sale.

A licensed retailer shall not make any cannabis goods available for sale or delivery to a customer unless:

(a) The cannabis goods were received by the licensed retailer from a licensed distributor or licensed microbusiness authorized to engage in distribution;

(b) The licensed retailer has verified that the cannabis goods have not exceeded their best-by, sell-by, or expiration date if one is provided;

(c) In the case of manufactured cannabis products, the product complies with all requirements of Business and Professions Code section 26130;

(d) The cannabis goods have undergone regulatory compliance testing as required by the Act and chapter 6;

(e) The batch number, if any, is labeled on the package of cannabis goods and matches the batch number on the corresponding certificate of analysis for regulatory compliance testing;

(f) The packaging and labeling of the cannabis goods complies with Business and Professions Code section 26120 and this division; and

(g) The cannabis goods comply with all applicable requirements found in the Act and this division.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26070 and 26120, Business and Professions Code.

§15407. Sale of Non-Cannabis Goods.

(a) In addition to cannabis goods, a licensed retailer may sell only cannabis accessories and the branded merchandise of any licensee. Licensed retailers may provide customers with promotional materials.

(b) Notwithstanding subsection (a), a licensed retailer or licensed microbusiness authorized for retail sales who operates a consumption area on the licensed premises in accordance with Business and Professions Code section 26200(g) may also sell prepackaged, non-cannabis-infused, non-alcoholic food and beverages if the applicable local jurisdiction allows such sales.

(c) Nothing in this section shall be interpreted to prevent consumers from bringing or receiving non-cannabis-infused, non-alcoholic food and beverages from a restaurant or food delivery service for consumption in the designated consumption area on the licensed premises, if the applicable local jurisdiction allows such activities.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26070, 26151 and 26152, Business and Professions Code.

§15408. Sale of Live Plants and Seeds.

(a) A licensed retailer shall only sell live, immature cannabis plants and cannabis seeds if all of the following requirements are met:

(1) The plant is not flowering and is shorter and narrower than 18 inches; and

(2) The plant or seed originated from a licensed nursery that holds a valid license from the Department or a licensed microbusiness authorized to engage in cultivation.

(b) A licensed retailer shall not apply or use any pesticide, on live plants. A licensed retailer shall not cause any pesticide to be applied or used on live plants.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26070 and 26100, Business and Professions Code.

§15409. Daily Limits.

(a) A licensed retailer shall not sell more than the following amounts to a single adult-use cannabis customer in a single day:

- (1) 28.5 grams of non-concentrated cannabis.
- (2) 8 grams of cannabis concentrate as defined in Business and Professions Code section 26001, including cannabis concentrate contained in cannabis products.
- (3) 6 immature cannabis plants.

(b) A licensed retailer shall not sell more than the following amounts to a single medicinal cannabis patient, or to a patient's primary caregiver purchasing medicinal cannabis on behalf of the patient, in a single day:

- (1) 8 ounces of medicinal cannabis in the form of dried mature flowers or the plant conversion as provided in Health and Safety Code section 11362.77.
- (2) 12 immature cannabis plants.

(c) Notwithstanding subsection (b) of this section, if a medicinal cannabis patient's valid physician's recommendation contains a different amount than the limits listed in this section, the medicinal cannabis patient may purchase an amount of medicinal cannabis consistent with the patient's needs as recommended by a physician and documented in the physician's recommendation.

(d) The limits provided in subsection (a) and subsection (b) of this section shall not be combined to allow a customer to purchase cannabis goods in excess of any of the limits provided in this section.

(e) For the purposes of this section, a licensed retailer shall be responsible for determining that the amount of cannabis concentrates found in manufactured cannabis products sold to customers comply with the requirements of this section.

Authority: Section 26013, Business and Professions Code. Reference: Section 26012, Business and Professions Code; and Sections 11362.1 and 11362.77, Health and Safety Code.

§15410. Customer Return of Cannabis Goods.

(a) For the purposes of this section, "customer return" means a customer's return of cannabis goods that were purchased from a licensed retailer, back to the licensed retailer from whom the cannabis goods were purchased.

(b) A licensed retailer may accept customer returns of cannabis goods that were previously sold to a customer.

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

(d) A licensed retailer shall treat any cannabis goods abandoned on the licensed retailer premises as a customer return.

(e) Defective manufactured cannabis products returned by customers to a licensed retailer may be destroyed or returned to the licensed distributor from whom the cannabis goods were obtained.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26011.5, 26012 and 26070, Business and Professions Code.

§15411. Requirements for Providing Free Cannabis Goods to Medicinal Consumers.

(a) A licensed retailer shall not provide free cannabis goods to any person. A licensed retailer shall not allow individuals who are not employed by the licensed retailer to provide free cannabis goods to any person on the licensed premises.

(b) Notwithstanding subsection (a), in order to provide access to medicinal cannabis patients who have difficulty accessing medicinal cannabis goods, a licensee who holds an M-Retailer license, an M-Retailer Non-storefront license, or an M-Microbusiness license that is authorized for retail sales may provide free medicinal cannabis goods if the following criteria are met:

(1) Free cannabis goods are provided only to a medicinal cannabis patient or primary caregiver who possesses a valid physician's recommendation for medicinal cannabis or cannabis products or a valid identification card issued under Health and Safety Code section 11362.71.

(A) Before providing free cannabis goods to a medicinal cannabis patient who does not possess a valid identification card issued under Health and Safety code section 11362.7, the licensed retailer shall do the following:

(i) Verify with the Medical Board of California, the Osteopathic Medical Board of California, or the California Board of Podiatric Medicine that the attending physician providing the patient's medicinal cannabis recommendation has a license in good standing to practice medicine or osteopathy in the State of California;

(ii) Keep a copy of the patient's or primary caregiver's driver's license or other government-issued identification; and

(iii) Prepare and retain written certification that the licensed retailer verified the physician's recommendation as required by this section that includes the date and time of the verification, the name of the employee who conducted the verification, the name of the licensing board(s) contacted, the method by which the licensing board was contacted, and the name of the person at the licensing board who provided the verification if it was conducted orally, or a copy of the verification if it was provided in writing.

(B) After initially verifying a physician's recommendation for a specific medicinal cannabis patient as required by this section, a licensed retailer shall also verify the physician's recommendation at least annually, for the time period that the physician's recommendation is valid.

(C) A licensee shall not provide free cannabis goods to a medicinal cannabis patient or the patient's primary caregiver if the physician's recommendation has expired.

(2) Prior to being provided to the patient or the patient's primary caregiver, the cannabis goods have been properly designated for donation and recorded in the track and trace system.

(3) Except as provided under Revenue and Taxation Code section 34012.1, the donated cannabis goods shall comply with all statutory and regulatory requirements that apply to cannabis goods for sale, including those for cultivating, manufacturing, distributing, processing, storing, regulatory compliance testing, packaging, labeling, transporting, and delivering.

(4) The cannabis goods provided to a medicinal cannabis patient or the patient's primary caregiver pursuant to this section shall be applied toward the daily purchase limit for a medicinal cannabis customer contained in section 15409 and the possession limits contained in Health and Safety Code section 11362.77.

(5) If cannabis goods are donated by a licensed retailer, then the sales invoice or receipt for the cannabis goods shall indicate that the cannabis goods were donated.

(6) The provision of free cannabis goods shall be recorded in the track and trace system and the licensed retailer's inventory records. The inventory records shall also include either the number of the medicinal cannabis patient's identification card issued under Health and Safety Code section 11362.7 or a copy of a valid physician's recommendation and the written certification that the recommendation was verified as required by this section.

(c) In addition to the provision of free cannabis goods in subsection (b), a licensed retailer may donate cannabis goods and the use of equipment in compliance with any compassionate use, equity, or other similar program administered by a local jurisdiction. The licensee shall ensure that all cannabis goods provided pursuant to this subsection comply with subsections (b)(4), (b)(5), and (b)(6).

(d) A licensed retailer may contract with an individual or organization to coordinate the provision of free cannabis goods on the licensee's retail premises. All cannabis goods provided through an individual or organization pursuant to this subsection shall comply with the requirements of this section. The licensed retailer may be disciplined for violations of the Act that are committed by an individual or organization with whom the licensee has contracted.

(e) A licensed retailer authorized to engage in retail sales only through delivery shall provide free cannabis goods only by delivery. Free cannabis goods provided through delivery shall comply with the requirements of this section.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26013, 26153 and 26160, Business and Professions Code.

§15412. Prohibition on Packaging and Labeling by a Retailer.

(a) A licensed retailer shall not accept, possess, or sell cannabis goods that are not packaged as they will be sold at final sale, in compliance with this division.

(b) A licensed retailer shall not package or label cannabis goods.

(c) Notwithstanding subsection (b) of this section, a licensed retailer may place a barcode or similar sticker on the packaging of cannabis goods to be used in inventory tracking. A barcode or similar sticker placed on the packaging of a cannabis goods shall not obscure any labels required by the Act or this division.

Authority: Section 26013, Business and Professions Code. Reference: Section 26120, Business and Professions Code.

§15413. Cannabis Goods Packaging and Exit Packaging.

(a) All cannabis goods sold by a licensed retailer shall be in compliance with the packaging requirements in chapter 11.

(b) A package containing cannabis goods shall be tamper-evident and child-resistant. If the package contains multiple servings, the package must also be resealable.

(c) All cannabis goods purchased by a customer shall not leave the licensed retailer's premises unless the goods are placed in an opaque exit package.

(d) Immature plants and seeds sold by a licensed retailer are not required to be placed in resealable, tamper-evident, child-resistant packaging.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26070.1 and 26120, Business and Professions Code.

§15414. Non-Storefront Retailer.

(a) A non-storefront retailer licensee shall be authorized to conduct retail sales exclusively by delivery as defined in Business and Professions Code section 26001(o).

(b) A complete application for a non-storefront retailer license shall include all the information required in an application for a retailer license.

(c) A non-storefront retailer licensee shall comply with all the requirements applicable to retailer licensees, except for those provisions related to public access to the licensed premises and the retail area.

(d) The licensed premises of a non-storefront retailer licensee shall be closed to the public.

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

§15415. Delivery Employees.

- (a) All deliveries of cannabis goods shall be performed by a delivery employee who is directly employed by a licensed retailer.
- (b) Each delivery employee of a licensed retailer shall be at least 21 years of age.
- (c) All deliveries of cannabis goods shall be made in person. A delivery of cannabis goods shall not be made through the use of an unstaffed vehicle.
- (d) Deliveries of cannabis goods shall be received by customers only during the hours of operation established by section 15403. Delivery employees shall return to the licensed premises after making their last delivery of the day if they have any unsold cannabis goods to return to the premises.
- (e) During the process of delivery, the licensed retailer's delivery employee may not engage in any activities except for cannabis goods delivery and necessary rest, fuel, or vehicle repair stops.
- (f) A delivery employee of a licensed retailer shall, during deliveries, carry a copy of the retailer's current license, a copy of the QR Code Certificate issued by the Department, which complies with section 15039, subsection (d), the employee's government-issued identification, and an identification badge provided by the employer pursuant to section 15043. A delivery employee shall provide a copy of the retail license, a copy of the QR Code Certificate, and their employee identification badge to a delivery customer upon request.
- (g) Prior to providing cannabis goods to a delivery customer, a delivery employee shall confirm the identity and age of the delivery customer as required by section 15404 and ensure that all cannabis goods sold comply with requirements of section 15413.
- (h) A licensed retailer shall maintain an accurate list of the retailer's delivery employees and shall provide the list to the Department upon request.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26070 and 26090, Business and Professions Code.

§15415.1. Deliveries Facilitated by Technology Platforms.

- (a) A licensed retailer or licensed microbusiness shall not sell or otherwise transfer any cannabis goods to a customer through the use of an unlicensed third party, intermediary business, broker, or any other business or entity.
- (b) Notwithstanding subsection (a) of this section, a licensed retailer or licensed microbusiness may contract with a service that provides a technology platform to facilitate the sale and delivery of cannabis goods, in accordance with all of the following:
 - (1) The licensed retailer or licensed microbusiness does not allow for delivery of cannabis goods by the technology platform service provider.

(2) The licensed retailer or licensed microbusiness does not share in the profits of the sale of cannabis goods with the technology platform service provider, or otherwise provide for a percentage or portion of the cannabis goods sales to the technology platform service provider.

(3) The licensed retailer or licensed microbusiness shall not advertise or market cannabis goods in conjunction with the technology platform service provider, outside of the technology platform, and shall ensure that the technology platform service provider does not use the licensed retailer's or licensed microbusiness's license number or legal business name on any advertisement or marketing that primarily promotes the services of the technology platform.

(4) The licensed retailer or licensed microbusiness shall ensure the following information is provided to customers:

(A) Any cannabis goods advertised or offered for sale on or through the technology platform shall disclose, at a minimum, the licensed retailer's or licensed microbusiness's legal business name and license number.

(B) Customers placing an order for cannabis goods through the technology platform shall be able to easily identify the licensed retailer or licensed microbusiness that each cannabis good is being ordered or purchased from. This information shall be available to the customer prior to the customer placing an order or purchasing the cannabis goods.

(5) All required sales invoices and receipts, including any receipts provided to the customer, shall disclose, at a minimum, the licensed retailer's or licensed microbusiness's legal business name and license number.

(6) All other delivery, marketing, and advertising requirements under this division are complied with.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26001, 26070, 26090, 26151 and 26152, Business and Professions Code.

§15416. Delivery to a Physical Address.

(a) A delivery employee may only deliver cannabis goods to a physical address in California.

(b) A delivery employee shall not leave the State of California while possessing cannabis goods.

(c) A delivery employee shall not deliver cannabis goods to an address located on publicly owned land or any address on land or in a building leased by a public agency. This prohibition applies to land held in trust by the United States for a tribe or an individual tribal member unless the delivery is authorized by and consistent with applicable tribal law.

(d) A delivery employee may deliver to any jurisdiction within the State of California provided that such delivery is conducted in compliance with all delivery provisions of this division.

(e) A delivery employee shall not deliver cannabis goods to a school providing instruction in kindergarten or any grades 1 through 12, day care center, or youth center.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26070 and 26090, Business and Professions Code.

§15417. Delivery Vehicle Requirements.

(a) A licensed retailer's delivery employee, carrying cannabis goods for delivery, shall only travel in an enclosed motor vehicle. Any vehicle used in the delivery of cannabis goods shall be operated by a delivery employee of the licensee. A vehicle used in the delivery of cannabis goods shall not have any marking or other indications on the exterior of the vehicle that may indicate that the delivery employee is carrying cannabis goods for delivery. Only the licensee or an employee of the retailer licensee for whom delivery is being performed shall be in the delivery vehicle.

(b) While carrying cannabis goods for delivery, a licensed retailer's delivery employee shall ensure the cannabis goods are not visible to the public. Cannabis goods shall be stored in a secure, fully enclosed trunk that cannot be accessed from inside the vehicle, or in a secured area or compartment within the interior of the vehicle. A "secured area" is defined as an area where solid or locking metal partitions, cages, or high-strength shatterproof acrylic can be used to create a secure compartment in the fully enclosed vehicle. The secured area may be comprised on three sides by any part of the body of the vehicle, provided the parts of the vehicle used for the purposes of this section are shatterproof and are not made of glass.

(c) A licensed retailer's delivery employee shall not leave cannabis goods in an unattended motor vehicle unless the motor vehicle is locked and equipped with an active vehicle alarm system. Any cannabis goods left in an unattended vehicle must be stored in a container as required in subsection (b).

(d) A vehicle used for the delivery of cannabis goods shall be outfitted with a dedicated Global Positioning System (GPS) device for identifying the geographic location of the delivery vehicle and recording a history of all locations traveled to by the delivery employee while engaged in delivery. A dedicated GPS device must be owned by the licensee and used for delivery only. 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 retailer shall be able to identify the geographic location of all delivery vehicles that are making deliveries for the licensed retailer and document the history of all locations traveled to by a delivery employee while engaged in delivery. A licensed retailer shall provide this information to the Department upon request. The history of all locations traveled to by a delivery employee while engaging in delivery shall be maintained by the licensee for a minimum of 90 days.

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

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

Authority: Section 26013, Business and Professions Code. Reference: Sections 26070 and 26090, Business and Professions Code.

§15418. Cannabis Goods Carried During Delivery.

(a) A licensed retailer's delivery employee shall not carry cannabis goods in the delivery vehicle with a value in excess of \$10,000 at any time.

(b) For the purposes of this section, the value of cannabis goods shall be determined using the current retail price of all cannabis goods carried by, or within the delivery vehicle of, the licensed retailer's delivery employee.

(c) A delivery employee may only carry cannabis goods, cannabis accessories, branded merchandise of any licensee, or promotional materials in the delivery vehicle and may only perform deliveries for one licensed retailer at a time. A delivery employee must depart and return to the same licensed premises before taking possession of any cannabis goods from another licensee to perform deliveries.

(d) Before leaving the licensed premises, the licensed retailer's delivery employee must have a delivery inventory ledger of all cannabis goods provided to the licensed retailer's delivery employee. The contents of the delivery inventory ledger must comply with the requirements of section 15049.3. During the delivery trip, as defined in section 15049.3, the delivery employee shall maintain the delivery inventory ledger in hard copy or electronically, the latter of which may be an electronic copy maintained in the track and trace system. The delivery inventory ledger must be updated after each completed delivery to reflect the remaining inventory carried by the delivery employee. The delivery inventory ledger must otherwise be updated in accordance with the requirements of section 15049.3, and then entered into the track and trace system no later than the end of the calendar day on which the delivery trip occurred.

(e) The licensed retailer's delivery employee shall maintain a log that includes all stops from the time the licensed retailer's delivery employee leaves the licensed premises to the time that the licensed retailer's delivery employee returns to the licensed premises, and the reason for each stop. The log shall be turned in to the licensed retailer when the licensed retailer's delivery employee returns to the licensed premises. The licensed retailer must maintain the log as a commercial cannabis activity record as required by this division. The log may be maintained electronically.

(f) Prior to arrival at any delivery location, the licensed retailer must have received a delivery request from the customer and provided the delivery request receipt to the licensed retailer's delivery employee electronically or in hard copy. The delivery request receipt provided to the licensed retailer's delivery employee shall contain all of the information required in section 15420, except for the date and time the delivery was made, and the signature of the customer.

(g) Immediately upon request by the Department or any law enforcement officer, the licensed retailer's delivery employee shall provide:

(1) The delivery inventory ledger from the time the licensed retailer's delivery employee left the licensed premises up to the time of the request;

(2) All delivery request receipts for cannabis goods carried by the delivery employee, in the delivery vehicle, or any deliveries that have already been made to customers; and

(3) The log of all stops from the time the licensed retailer's delivery employee left the licensed premises up to the time of the request.

(h) If a licensed retailer's delivery employee does not have any delivery requests to be performed for a 30-minute period, the licensed retailer's delivery employee shall not make any additional deliveries and shall return to the licensed premises. Required meal breaks shall not count toward the 30-minute period.

(i) Upon returning to the licensed premises, all undelivered cannabis goods shall be returned to the licensed retailer's inventory and recorded within the track and trace system in accordance with section 15049.3.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26067, 26068, 26070, 26090 and 26160, Business and Professions Code.

§15419. Cannabis Consumption During Delivery.

A licensed retailer's delivery employees shall not consume cannabis or cannabis products while delivering cannabis goods to customers.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26070 and 26090, Business and Professions Code.

§15420. Delivery Request Receipt.

A licensed retailer shall prepare a hard copy or electronic delivery request receipt for each delivery of cannabis goods.

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

(1) The legal business name and license number of the licensed retailer;

(2) The first name and employee number of the licensed retailer's delivery employee who delivered the order;

(3) The first name and employee number of the licensed retailer's employee who prepared the order for delivery;

(4) The first name of the customer and a licensed retailer-assigned customer number for the person who requested the delivery;

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

(6) The delivery address;

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

(8) The total amount paid for the delivery, including any taxes or fees, the cost of the cannabis goods, and any other charges related to the delivery; and

(9) Upon delivery, the date and time the delivery was made, and the handwritten or electronic signature of the customer who received the delivery.

(b) At the time of the delivery, the delivery employee of the retailer shall provide the customer who placed the order with a hard or electronic copy of the delivery request receipt. The delivery employee shall retain a hard or electronic copy of the signed delivery request receipt for the licensed retailer's records.

(c) For the purposes of this section, an employee number is a distinct number assigned by a licensed retailer to an employee that would allow the licensed retailer to identify the employee in documents or records using the employee number rather than the employee's full name. A licensed retailer shall be able to identify the employee associated with each employee number upon request from the Department.

(d) For the purposes of this section, a customer number is a distinct number assigned by a licensed retailer to a customer that would allow the licensed retailer to identify the customer in documents or records using the customer number rather than the customer's full name. A licensed retailer shall be able to identify the customer associated with each customer number upon request from the Department.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26070, 26090 and 26160, Business and Professions Code.

§15421. Delivery Route.

While making deliveries of cannabis goods, a licensed retailer's delivery employee shall only travel from the retailer's licensed premises to the delivery address; from one delivery address to another delivery address; or from a delivery address back to the retailer's licensed premises. A delivery employee of a licensed retailer 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: Section 26013, Business and Professions Code. Reference: Sections 26070 and 26090, Business and Professions Code.

§15422. Receiving Shipments of Inventory.

(a) A licensed retailer shall receive a shipment of cannabis goods only from a licensed distributor or licensed microbusiness authorized to engage in distribution.

(b) A licensed retailer shall accept shipments of cannabis goods only between the hours of 6:00 a.m. Pacific Time and 10:00 p.m. Pacific Time.

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

(d) A licensed retailer whose licensed premises only has one entryway may be exempt from the requirements of subsection (c) of this section if the licensed retailer obtains authorization from the local jurisdiction explicitly authorizing this activity. The licensed retailer shall be required to provide this authorization to the Department upon request. For this section to apply, the licensed premises must physically have only one entryway and cannot have any other entryways.

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

§15423. Inventory Documentation.

A licensed retailer shall maintain an accurate record of its inventory. A licensed retailer shall provide the Department with the record of inventory immediately upon request. A licensed retailer shall keep a record of the following information for all cannabis goods the licensed retailer has in its inventory:

- (a) A description of each item such that the cannabis goods can easily be identified;
- (b) An accurate measurement of the quantity of the item;
- (c) The date and time the cannabis goods were received by the licensed retailer;
- (d) The sell-by or expiration date provided on the package of cannabis goods, if any;
- (e) The name and license number of the licensed distributor or licensed microbusiness that transported the cannabis goods to the licensed retailer; and
- (f) The price the licensed retailer paid for the cannabis goods, including taxes, delivery costs, and any other costs.

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

§15424. Inventory Reconciliation.

- (a) A licensed retailer shall be able to account for all of its inventory.
- (b) In conducting an inventory reconciliation, a licensed retailer shall verify that the licensed retailer's physical inventory is consistent with the licensed retailer's records pertaining to inventory.
- (c) The result of inventory reconciliation shall be retained in the licensed retailer's records and shall be made available to the Department upon request.
- (d) If a licensed retailer identifies any evidence of theft, diversion, or loss, the licensed retailer shall notify the Department and law enforcement pursuant to section 15036 of this division.

(e) If a significant discrepancy as defined in section 15034 of this division is discovered between a licensed retailer's physical inventory and the licensed retailer's inventory records, the licensed retailer shall notify the Department and law enforcement pursuant to section 15036 of this division.

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

§15427. Retailer Premises-to-Retailer Premises Transfer.

(a) A licensee who holds multiple retail licenses may arrange for the transfer of cannabis goods from one licensed retail premises to another licensed retail premises if both retail licenses are held by the same sole proprietor or business entity.

(b) Cannabis goods transferred to a licensed retail premises under subsection (a) may be sold by the licensed retailer receiving the cannabis goods only if the cannabis goods comply with all requirements found in the Act and this division.

(c) The transportation of cannabis goods under this section must comply with all requirements found within the Act and this division.

(d) Any movement of cannabis goods under this section shall be properly entered into the track and trace system.

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

Chapter 4. Microbusiness

§ 15500. Microbusiness.

(a) In order to hold a microbusiness license, a licensee must engage in at least three (3) of the following commercial cannabis activities: cultivation, manufacturing, distribution, and retail sale. License types created by the Department in regulation shall not be considered qualifying commercial cannabis activities for purposes of obtaining a microbusiness license, except for the Type N manufacturing license and the distributor transport only license.

(b) An applicant for a microbusiness license shall indicate on the application for licensure all commercial cannabis activities in which the applicant intends to engage.

(c) All cultivation, manufacturing, distribution, and retail activities performed by a licensee under a microbusiness license shall occur on the same licensed premises.

(d) A holder of a microbusiness license engaged in cultivation shall comply with all the rules and requirements applicable to the cultivation license type suitable for the cultivation activities of the licensee.

(e) A holder of a microbusiness license engaged in manufacturing shall comply with all the rules and requirements applicable to a Manufacturer 1 license in this division.

- (f) A holder of a microbusiness license engaged in distribution shall comply with all the rules and requirements applicable to a distributor license in this division.
- (g) A holder of a microbusiness license engaged in retail sale shall comply with all the rules and requirements applicable to a retailer license, or a non-storefront retailer license if retail sales are conducted by delivery only, in this division.
- (h) A holder of a microbusiness license may only engage in the commercial cannabis activity requested in the license application and approved by the Department at the time the license is issued. If the holder of a microbusiness license wants to engage in an additional commercial cannabis activity after the license is issued, the licensee shall submit a request for a modification of the licensed premises pursuant to section 15027.
- (i) A holder of a microbusiness license shall comply with all the security rules and requirements applicable to the corresponding license type suitable for the activities of the licensee.
- (j) Areas of the licensed premises for manufacturing, cultivation, and distribution shall be separated from the retail areas by a wall and all doors between the areas shall remain closed when not in use.
- (k) A suspension or revocation of a microbusiness licensee shall affect all commercial cannabis activities allowed pursuant to that license.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26012, 26050, 26051.5 and 26070, Business and Professions Code.

Chapter 5. Cannabis Events

§15600. Cannabis Event Organizer License.

- (a) To obtain a temporary cannabis event license, the event organizer must first apply for and obtain a cannabis event organizer license.
- (b) A cannabis event organizer licensed under this section shall comply with chapter 1 except for sections 15006, 15007, 15010, 15019, 15025, 15027, 15034, 15038, 15042, 15044, and 15046-15052.1.
- (c) A cannabis event organizer licensee is not authorized or licensed to cultivate, distribute, manufacture, or retail cannabis or cannabis products without first obtaining the appropriate licenses or authorizations to engage in such commercial cannabis activities.

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

§15601. Temporary Cannabis Event Requirements.

- (a) A temporary cannabis event license authorizes a licensed cannabis event organizer to hold a temporary cannabis event where the onsite sale and consumption of cannabis goods is authorized at the location indicated on the license during the dates indicated on the license.

(b) Violations of the requirements applicable to temporary cannabis events may result in disciplinary action against the cannabis event organizer license or any other licenses held by a licensee participating in the temporary cannabis event and responsible for a violation under this division or the Act.

(c) A temporary cannabis event license shall only be issued for a single day or up to 4 consecutive days. No temporary cannabis event license will be issued for more than 4 days.

(d) An application for a temporary cannabis event license shall be submitted to the Department no less than 60 calendar days before the first day of the temporary cannabis event.

(e) A temporary cannabis event may only be held at a county fair event, district agricultural association event, or at another venue expressly approved by a local jurisdiction for the purpose of holding a temporary cannabis event.

(f) A temporary cannabis event license shall not be issued for a premises that is licensed for the sale of alcohol or tobacco.

(g) If the list of licensees and vendors participating in the temporary cannabis event changes after the application is submitted or after the license is issued, the applicant shall submit with the Licensee Notification and Request Form, Notifications and Requests Regarding Regulatory Compliance, DCC-LIC-028 (New 2/22), incorporated herein by reference, an updated list and an updated diagram, as required in section 15002.1(b)(5), to the Department no less than 72 hours before the event. Licensees not on the list submitted to the Department shall not participate in the temporary cannabis event. All employees of licensees participating in the event shall comply with the employee badge requirements in section 15403 at all times while participating in the temporary cannabis event and provide their badge to Department representatives upon request.

(h) The licensed cannabis event organizer shall hire or contract for security personnel to provide security services at the licensed temporary cannabis event. All security personnel hired or contracted for by the licensee shall be at least 21 years of age, licensed by the Bureau of Security and Investigative Services, and comply with chapters 11.4 and 11.5 of division 3 of the Business and Professions Code. Security personnel shall be present on the licensed premises at all times cannabis goods are available for sale and/or cannabis goods consumption is allowed on the licensed premises.

(i) A licensed cannabis event organizer shall maintain a clearly legible sign not less than 7 inches by 11 inches in size, reading "No Persons Under 21 Allowed" at or near each public entrance to any area where the sale or consumption of cannabis goods is allowed. The lettering of the sign shall be no less than 1 inch in height.

(j) All cannabis waste generated at a temporary cannabis event shall be collected and disposed of in accordance with the requirements of section 17223. The licensed cannabis event organizer may contract or arrange for the collection and disposal of cannabis waste generated during the temporary cannabis event.

(k) A licensed cannabis event organizer and all other licensees participating in a temporary cannabis event are required to comply with section 15037 and all other applicable requirements in the Act and this division pertaining to record keeping.

(l) The Department may require the event organizer and all participants to cease operations without delay if, in the opinion of the Department or local law enforcement, it is necessary to protect the immediate public health and safety of the people of the state. Upon notification from the Department that the event is to cease operations, the event organizer shall immediately stop the event and all participants shall be removed from the premises within the time frame provided by the Department.

(m) Upon notification from the Department, the event organizer shall immediately expel from the event any person selling cannabis goods without a license from the Department that authorizes the participant to sell cannabis goods. The event organizer or their representative shall remain with the person being expelled from the premises at all times until he or she vacates the premises. If the person does not vacate the premises, the Department may inform the event organizer that the event must cease operations. Upon notification from the Department that the event is to cease operations, the event organizer shall immediately stop the event and all participants shall be removed from the premises within the time frame provided by the Department.

(n) The event organizer shall designate a limited-access area that can only be accessed by the licensee and the Department. Upon request, the event organizer shall make the area available to the Department.

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

§15602. Temporary Cannabis Event Sales.

(a) Only persons age 21 or older may purchase and consume cannabis goods at a temporary cannabis event. Prior to selling cannabis goods to a customer, the licensee making the sale shall confirm, using valid identification as specified in section 15404, the age and identity of the customer.

(b) All sales of cannabis goods at a temporary cannabis event must occur in a retail area as designated in the premises diagram pursuant to section 15002.1(b)(5).

(c) Each sale at a temporary cannabis event shall be performed by a licensed retailer, a licensed non-storefront retailer, or licensed microbusiness that is authorized to engage in retail sales. The cannabis event organizer may also sell cannabis goods at the temporary cannabis event if the organizer separately holds a license authorizing the retail sale of cannabis goods.

(1) Licensed retailers or licensed microbusinesses shall only conduct sales activities within their specifically assigned area, identified in the diagram of the physical layout of the temporary cannabis event.

(2) Mobile sales activities via wagon, cart, or similar means are prohibited at the temporary cannabis event site.

- (d) Licensed retailers or licensed microbusinesses must prominently display their temporary cannabis event location number and state license within plain sight of the public.
- (e) All sales at a temporary cannabis event shall occur on the dates stated on the license and shall occur at the location stated on the license. All onsite sales of cannabis goods must comply with the hours of operation requirements of section 15403.
- (f) Sale of alcohol or tobacco shall not be allowed on the licensed temporary cannabis event premises.
- (g) The cannabis goods sold onsite at a temporary cannabis event shall be transported by a licensed distributor or licensed microbusiness in compliance with the Act and this division. All shipments of cannabis goods and non-cannabis goods intended for sale at a temporary cannabis event must be checked by the temporary cannabis event organizer staff to prevent prohibited items, such as alcohol and tobacco, from entering the licensed premises.
- (h) Except small amounts of cannabis goods used for display, all cannabis goods for sale at a temporary cannabis event shall be stored in a secure, locked container that is not accessible to the public. Cannabis goods being stored by a licensee at a temporary cannabis event shall not be left unattended. Licensees may share the secure, locked container; however, each licensee using the container shall be held responsible for any violations of this section and subject to disciplinary action.
- (i) All cannabis goods made available for sale at a cannabis event shall comply with all requirements for the retail sale of cannabis goods within the Act and section 15406.
- (j) All cannabis goods made available for sale at a temporary cannabis event shall comply with all track and trace requirements within the Act and this division.
- (k) All cannabis goods used for display at a temporary cannabis event shall comply with the requirements of section 15405.
- (l) All cannabis goods sold at a temporary cannabis event shall comply with section 15413.
- (m) All customer returns of cannabis goods at a temporary cannabis event shall comply with section 15410.
- (n) The daily sales limits under section 15409 apply to all sales made at a temporary cannabis event.
- (o) A licensed retailer shall only provide free cannabis goods to a person at a temporary cannabis event if the licensed retailer complies with all requirements of section 15411.
- (p) The licensed cannabis event organizer shall be responsible for ensuring that all rules and requirements for the onsite sale of cannabis goods are followed.

(q) Any compensation paid from a licensed retailer to a licensed cannabis event organizer for participation in a temporary cannabis event shall not be determined based on, or be contingent on, the sale of cannabis goods.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26070 and 26200, Business and Professions Code.

§15603. Temporary Cannabis Event Consumption.

(a) Access to the area where cannabis consumption is allowed shall be restricted to persons 21 years of age or older.

(b) The event organizer licensee shall ensure that cannabis consumption is not visible from any public place or non-age-restricted area.

(c) Consumption of alcohol or tobacco shall not be allowed on the licensed premises.

(d) All requirements for onsite cannabis consumption imposed by the relevant local jurisdiction shall be followed and smoking of cannabis goods shall be prohibited in any areas where smoking is prohibited by law.

(e) The licensed cannabis event organizer, who holds the temporary cannabis event license, shall be responsible for ensuring that all rules and requirements for the onsite consumption of cannabis goods are followed.

(f) A licensed cannabis event organizer and all other licensees participating in a temporary cannabis event are required to follow all applicable requirements in this division pertaining to record keeping and waste management.

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

§15603.1. Participation in Temporary Cannabis Events by Non-Retail Licensees.

(a) Licensees who are not retailers may participate in licensed temporary cannabis events and may display cannabis or cannabis products in accordance with the following:

(1) Cannabis or cannabis products displayed shall not exceed the following amounts:

(A) 85.5 grams of non-concentrated cannabis.

(B) 24 grams of cannabis concentrate.

(C) 18 immature plants.

(D) 21 seeds.

(2) Cannabis or cannabis products may be provided to attendees of the event for inspection and educational purposes only. Cannabis and cannabis products used for display shall comply with the provisions in subsections (b) and (c) of section 15405.

(3) Cannabis and cannabis products for display purposes by non-retail licensees only may be brought to the licensed event by the licensee or their employees. However, no individual shall transport an amount of cannabis or cannabis products that exceeds the

possession limits established in section 11362.1 of the Health and Safety Code unless such individual is a licensed distributor or their employee transporting in a distribution vehicle.

(b) Licensees may display non-cannabis containing items such as cannabis accessories, packaging materials, promotional materials, and branded merchandise.

(c) Licensees may sell branded merchandise and cannabis accessories in compliance with local and state laws governing the sale of goods.

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

§15604. Informational or Educational Cannabis Events.

(a) Informational or educational cannabis events where no sales of cannabis goods or consumption of cannabis goods is occurring are not required to be licensed by the Department.

(b) A person may display cannabis or cannabis products for informational or educational purposes consistent with Health and Safety Code sections 11362.1 and 11362.77.

Authority cited: Section 26013, Business and Professions Code. Reference: Section 26013, Business and Professions Code; and Sections 11362.1 and 11362.77, Health and Safety Code.

Chapter 6. Testing Laboratories

Article 1. Chapter Definitions

§15700. Definitions.

In addition to the definitions in section 15000, the following definitions apply to this chapter.

(a) “Acceptance criteria” means the specified limits placed on the characteristics of an item or method that are used to determine data quality.

(b) “Accreditation body” means an impartial non-profit organization that operates in conformance with the International Organization for Standardization (ISO) / International Electrotechnical Commission (IEC) standard 17011 and is a signatory to the International Laboratory Accreditation Cooperation (ILAC) Mutual Recognition Arrangement (MRA) for Testing.

(c) “Accredited college or university” means a college or university accredited by a regional or national accrediting agency that is an accreditor recognized by the Secretary of the US Department of Education.

(d) “Action level” means the threshold value that provides the criterion for determining whether a sample passes or fails an analytical test.

(e) “Analyte” means a chemical, compound, element, bacteria, yeast, fungus, or toxin to be identified or measured.

- (f) “Analytical batch” means a set of no more than 20 samples that is prepared together for the same analysis and are prepared with laboratory quality control (LQC) samples.
- (g) “Analytical method” means a technique used qualitatively or quantitatively to determine the composition of a sample or a microbial contamination of a sample.
- (h) “Analytical sequence” means a group of samples that are analyzed sequentially using the same instrument calibration curve.
- (i) “Cannabinoid” means a class of diverse chemical compounds derived from a cannabis plant.
- (j) “CAS number” means the unique numerical identifier assigned to every chemical substance by Chemical Abstracts Service, a division of the American Chemical Society.
- (k) “CBDA” means cannabidiolic acid, CAS number 1244-58-2.
- (l) “CBG” means cannabigerol, CAS number 25654-31-3.
- (m) “CBN” means cannabitol, CAS number 521-35-7.
- (n) “Certificate of accreditation” means a document issued by an accreditation body that attests to the laboratory’s competence to carry out specific testing analysis.
- (o) “Certified reference material” means a reference material in cannabis or similar non-cannabis matrix prepared at a known concentration by a certifying body or a party independent of the laboratory with ISO/IEC 17034 accreditation. The laboratory will calculate the percent recovery of the certified reference material based on measured concentration relative to the known concentration.
- (p) “Chain of Custody” (COC) means the chronological documentation that records the sequence of custody, control, transfer, analysis, and disposal of a sample.
- (q) “Coefficient of Determination” (commonly denoted as “ r^2 ”) means a statistical measure that determines how well the regression approximates the actual data points in the calibration curve, with a regression of 1 being a perfect fit.
- (r) “Continuing calibration verification” (CCV) means a type of quality control sample that includes each of the target method analytes that is a mid-range calibration standard which checks the continued validity of the initial calibration of the instrument.
- (s) “Corrective action” means an action taken by the laboratory to resolve, and prevent from recurrence, a problem with the technical operations of the laboratory.
- (t) “Exclusivity” means the specificity of the test method for validating microbial testing methods. It evaluates the ability of the method to distinguish the target organisms from similar but genetically distinct non-target organisms.
- (u) “Foreign material” means any filthy, putrid, or decomposed substance including hair, insects, excreta, or related adulterant that may be hazardous or cause illness or injury to the consumer.
- (v) “Frequency” means the number of items occurring in each category. Frequency may be determined by analytical method or laboratory specific requirements for accuracy, precision of the analysis, or statistical calculation.

(w) “Good laboratory practice” (GLP) means a system of management controls for laboratories to ensure the uniformity, consistency, reliability, reproducibility, quality, and integrity of analyses performed by the testing laboratory.

(x) “Inclusivity” means, related to microbiological method validation, the sensitivity of the test method. It evaluates the ability of the test method to detect a wide range of target organisms by a defined relatedness.

(y) “Inhalable” means consumable through the lungs.

(z) “Initial Calibration Verification” (ICV) means a solution of each of the target method analytes of known concentration that is obtained from a source external to the laboratory and different from the source of calibration standards.

(aa) “ISO/IEC” means the joint technical committee of the International Organization for Standardization (ISO) and the International Electrotechnical Commission (IEC).

(bb) “ISO/IEC 17025” means the general requirements specified by the ISO/IEC for the competence of testing and calibration laboratories.

(cc) “ISO/IEC 17034” means the general requirements established by the ISO/IEC for the competence of reference material producers.

(dd) “ISO/IEC 17043” means the general requirements established by the ISO/IEC for proficiency testing.

(ee) “Laboratory” means “testing laboratory” as defined at Business and Professions Code section 26001(av).

(ff) “Laboratory Control Sample” (LCS) means a blank matrix to which known concentrations of each of the target method analytes are added. The spiked concentration must be at a mid-range concentration of the calibration curve for the target analytes. The LCS is analyzed in the same manner as the representative sample.

(gg) “Laboratory replicate sample” means a sub-sample taken of the representative sample used for laboratory quality control purposes to demonstrate reproducibility. It is prepared and analyzed in the identical manner as the representative sample. The results from replicate analyses are used to evaluate analytical precision.

(hh) “Laboratory employee” means any person directly employed by the laboratory for wages, salary, barter, or trade by the laboratory and who is not employed by any other licensee under the Act except for another testing laboratory. “Laboratory employee” does not mean an independent contractor, third party entity, or any other entity acting on behalf of the laboratory.

(ii) “Laboratory quality assurance” means the set of operating principles that enable laboratories to produce defensible data of known accuracy and precision and includes employee training, equipment preventative maintenance procedures, calibration procedures, and quality control testing, among other things.

(jj) “Limit of detection” (LOD) means the lowest quantity of a substance or analyte that can be distinguished from the absence of that substance within a stated confidence limit.

(kk) “Limit of quantitation” (LOQ) means the minimum concentration of an analyte in a specific matrix that can be reliably quantified while also meeting predefined goals for bias and imprecision.

(ll) “Linear regression” means the determination, in analytical chemistry, of the best linear equation for calibration data to generate a calibration curve. The concentration of an analyte in a sample can then be determined by comparing a measurement of the unknown to the calibration curve. A linear regression uses the following equation:

$$y = mx + b; \text{ where } m = \text{slope, } b = \text{intercept}$$

(mm) “Matrix” means the substances that are present in a sample except for the analyte(s) of interest.

(nn) “Matrix spike sample” means a sample prepared by adding a known quantity of each of the target analyte to a sample matrix or to a matrix that is as closely representative of the matrix being analyzed as possible. The spiked concentration must be at a mid-range concentration of the calibration curve for the target analytes.

(oo) “Method Blank” means an analyte free matrix to which all reagents are added in the same volumes or proportions as used in the sample preparation and is processed in exactly the same manner as the samples.

(pp) “Moisture content” means the percentage of water in a sample, by weight.

(qq) “Non-target organism” means an organism that the test method or analytical procedure is not testing for and can be used in evaluating the specificity of a test method.

(rr) “Percent recovery” means the percentage of a measured concentration relative to the added (spiked) concentration in a reference material or matrix spike sample. A laboratory shall calculate the percent recovery by dividing the sample result by the expected result then multiplying the quotient by 100.

(ss) “Practical experience” means experience performing scientific analytical tests in a laboratory setting using equipment, instruments, kits, and materials routinely found in a laboratory. “Practical experience” includes experience in any type of laboratory setting and is not limited to cannabis-specific laboratories.

(tt) “Proficiency test” means an evaluation of a laboratory’s performance against pre-established criteria by means of interlaboratory comparisons of test measurements.

(uu) “Proficiency test sample” means a sample that is prepared by a party independent of the testing laboratory with the ISO/IEC 17043 accreditation, where the concentration and identity of an analyte is known to the independent party, but is unknown to the testing laboratory and testing laboratory employees.

(vv) “Quadratic regression” means the determination, in analytical chemistry, of the best parabola equation for calibration data to generate a calibration curve. The concentration of an analyte in a sample can then be determined by comparing a measurement of the unknown to the calibration curve. A quadratic regression uses the following equation:

$$y = ax^2 + bx + c; \text{ where } a, b, \text{ and } c \text{ are numerical coefficients}$$

(ww) “Quality control” means the set of measures implemented within an analytical procedure to ensure that the measurement system is operating in a state of statistical control for which errors have been reduced to acceptable levels.

(xx) “Quality control sample” means a sample that is produced and used by a laboratory for the purpose of assuring the quality of the data and results. Quality control samples include blank samples, matrix spike samples, laboratory control samples, replicate samples, and reference material samples.

(yy) “Reagent” means a compound or mixture added to a system to cause a chemical reaction or test if a reaction occurs. A reagent may be used to tell whether a specific chemical substance is present by causing a reaction to occur with the chemical substance.

(zz) “Reference material” means material containing a known concentration of an analyte of interest that is in solution or in a homogeneous matrix.

(aaa) “Reference method” means the method by which the performance of an alternate method is measured or evaluated.

(bbb) “Relative percent difference” (RPD) means the comparative statistic that is used to calculate precision or random error. RPD is calculated using the following equation:

$$\text{RPD} = \left| \frac{\text{representative sample measurement} - \text{replicate sample measurement}}{[\text{representative sample measurement} + \text{replicate sample measurement}] / 2} \right| \times 100\%$$

(ccc) “Relative standard deviation” (RSD) means the standard deviation expressed as a percentage of the means recovery. RSD is calculated using the following equation:

$$\text{RSD} = (s / x) \times 100\%; \text{ where } s = \text{standard deviation and } x = \text{mean}$$

(ddd) “Representative” means a small quantity of the batch whose characteristics represent, as accurately as possible, the entire batch, thus allowing the results to be generalized.

(eee) “Representative sample” means a sample that is comprised of several sample increments of cannabis or cannabis products that are collected from a batch for testing.

(fff) “Requester” means the person who submits a request to the laboratory for testing of cannabis or cannabis products from an entity licensed under the Act.

(ggg) “Reserve sample” means any portion of a representative sample that was not used in the testing process.

(hhh) “Sample” means a representative part of, or a single item from, a batch which is comprised of several sample increments.

(jjj) “Sample increment” means a portion of a batch that, together with other increments, makes up the sample.

(kkk) “Sampler” means the laboratory employee responsible for obtaining samples of cannabis or cannabis products from a licensed distributor or licensed microbusiness authorized to engage in distribution.

(lll) “Sanitize” means to sterilize, disinfect, or make hygienic.

(mmm) “Scope of accreditation” means the tests or types of tests performed, materials or products tested, and the methods used for testing cannabis or cannabis products for which the accreditation has been granted.

(nnn) “Standard operating procedure” (SOP) means a written document that provides detailed instructions for the performance of all aspects of an analysis, operation, or action.

(ooo) “Target organism” means an organism that is being tested for in an analytical procedure or test method.

(ppp) “THCA” means tetrahydrocannabinolic acid, CAS number 23978-85-0.

(qqq) “Total CBD” means the sum of CBD and CBDA. Total CBD is calculated using the following equation:

$$\text{Total CBD concentration (mg/g)} = (\text{CBDA concentration (mg/g)} \times 0.877) + \text{CBD concentration (mg/g)}$$

(rrr) “Total THC” means the sum of THC, delta 8 THC, and THCA. Total THC is calculated using the following equation:

$$\text{Total THC (mg/g)} = [(\text{delta 8-THCA concentration (mg/g)} + \text{delta 9-THCA concentration (mg/g)}) \times 0.877] + [\text{delta 8-THC concentration (mg/g)} + \text{delta 9-THC concentration (mg/g)}]$$

(sss) “Validation” means the confirmation by examination and objective evidence that the requirements for a specific intended use or analytical method are fulfilled.

(ttt) “Water activity” means the measure of the quantity of water in a product that is available and therefore capable of supporting bacteria, yeasts, and fungi and which is reported in units A_w .

Authority: Section 26013, Business and Professions Code. Reference: Sections 26013 and 26100, Business and Professions Code.

Article 2. Laboratory License

§15701. General Laboratory License Requirements.

(a) A licensed laboratory shall maintain ISO/IEC 17025 accreditation for the testing of the following:

- (1) Cannabinoids;
- (2) Heavy metals;
- (3) Microbial impurities;
- (4) Mycotoxins;

- (5) Residual pesticides;
- (6) Residual solvents and processing chemicals; and
- (7) If tested, terpenoids.

(b) Each testing laboratory licensed premises shall have ISO/IEC 17025 accreditation.

(c) A licensed laboratory shall retain, and make available to the Department upon request, all records associated with the licensee's ISO/IEC 17025 certificate of accreditation.

(d) A licensed testing laboratory may test items not regulated by this division if they comply with the laws governing the testing of such items. A licensed testing laboratory shall maintain separate and distinct records of their activities regulated by this division and their activities that are subject to other laws.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26012 and 26100, Business and Professions Code.

§15702. Laboratory License Application.

In addition to the information required in section 15002, an application for a testing laboratory license includes the following:

(a) A valid certificate of accreditation, issued by an accreditation body, that attests to the laboratory's competence to perform testing, including all the required analytes for the following test methods:

- (1) Cannabinoids;
- (2) Heavy metals;
- (3) Microbial impurities;
- (4) Mycotoxins;
- (5) Residual pesticides;
- (6) Residual solvents and processing chemicals; and
- (7) If tested, terpenoids.

(b) Standard operating procedures for the following testing methods:

- (1) Cannabinoids;
- (2) Foreign material;
- (3) Heavy metals;
- (4) Microbial impurities;
- (5) Moisture content and water activity;
- (6) Mycotoxins;
- (7) Residual pesticides;

(8) Residual solvents and processing chemicals; and

(9) If tested, terpenoids.

(c) Method validation reports for the following testing methods:

(1) Cannabinoids;

(2) Heavy metals;

(3) Microbial impurities;

(4) Mycotoxins;

(5) Residual pesticides;

(6) Residual solvents; and processing chemicals; and

(7) If tested, terpenoids.

(d) Standard operating procedures for the sampling of cannabis or cannabis products.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26012, 26050, 26055, 26102 and 26104, Business and Professions Code.

§15703. Interim Testing Laboratory License.

(a) An applicant may apply for an interim license prior to receiving ISO/IEC 17025 accreditation provided that the commercial cannabis business meets all other licensure requirements for a testing laboratory and submits to the Department an application in compliance with section 15002 and an attestation that the commercial cannabis business has or intends to seek ISO/IEC 17025 accreditation for all testing methods required by this division.

(b) An interim testing laboratory license shall be valid for 12 months. The annual license fee for an interim license shall be determined pursuant to the requirements in section 15014 for determining the annual license fee for a testing laboratory license.

(c) To timely renew an interim license, a completed license renewal form and the annual renewal license fee pursuant to section 15014 shall be received by the Department from the licensee no earlier than 60 calendar days before the expiration of the license and no later than 5:00 p.m. Pacific Time on the last business day before the expiration of the license if the renewal form is submitted to the Department at its office(s), or no later than 11:59 p.m. on the last business day before the expiration of the license if the renewal form is submitted to the Department through its electronic licensing system. Failure to receive a notice for license renewal does not relieve a licensee of the obligation to renew an interim license as required.

(d) In the event the license is not renewed prior to the expiration date, the licensee must not test any commercial cannabis or cannabis products until the license is renewed.

(e) A licensee may submit a license renewal form up to 30 calendar days after the license expires. Any late renewal form will be subject to a late fee equal to 50 percent of the applicable licensing fees required by subsection (c).

(f) The license renewal application shall contain the following:

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

(2) The license number and expiration date;

(3) The licensee's mailing address and licensed premises address; and

(4) An attestation that all information provided to the Department in the original application under section 15002 or subsequent notification under sections 15023 and 15024 is accurate and current.

(g) The Department may renew an interim license for an initial renewal period of 12 months.

(h) After one renewal, the Department may renew the interim license for additional 12-month periods if the licensee has submitted an application for the ISO/IEC 17025 accreditation. In addition to the information required for a renewal form pursuant to subsection (f), any renewal request pursuant to this section shall also include an attestation that the licensee's application for each ISO/IEC 17025 is pending with the accrediting body, the name of the accrediting body, and the date the application was submitted to the accrediting body.

(i) The licensee shall notify the Department if the application for each ISO/IEC 17025 accreditation is granted or denied within 1 business day of receiving the decision from the accrediting body. The licensee shall submit to the Department the information required, on the Licensee Notification and Request Form, Notifications and Requests Regarding Testing Laboratories, DCC-LIC-029 (New 2/22), which is incorporated herein by reference. If the accrediting body grants or denies the licensee's application for any ISO/IEC 17025 accreditation before the expiration of the interim license, the Department may terminate the interim license at that time.

(j) The Department may revoke an interim license at any time.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26012, 26031, 26050 and 26102, Business and Professions Code.

Article 3. Sampling Cannabis and Cannabis Products

§15704. Sampling Standard Operating Procedures.

(a) The licensed laboratory shall develop and implement a sampling standard operating procedure (SOP) that describes the laboratory's method for obtaining representative samples of cannabis or cannabis products. The licensed laboratory shall use and submit to the Department Sampling – Standard Operating Procedures, DCC-LIC-021 (Amended 2/22), which is incorporated herein by reference.

(b) The licensed laboratory shall retain a copy of the sampling SOP on the licensed laboratory premises and ensure that the sampling SOP is accessible to the sampler during sampling.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26100, 26102, 26104 and 26110, Business and Professions Code.

§15705. General Sampling Requirements.

(a) The licensed laboratory that obtains a representative sample from a licensed distributor or licensed microbusiness shall perform all the required testing at one licensed laboratory premises.

(b) The licensed laboratory may obtain and analyze samples only from cannabis products batches in final form as required by Business and Professions Code section 26100.

(c) The licensed laboratory sampler shall collect a representative sample from each batch following the procedures specified in the laboratory's sampling standard operating procedure(s).

(d) The licensed laboratory shall ensure that the sample is transported and subsequently stored at the licensed laboratory premises in a manner that prevents degradation, contamination, commingling, and tampering. If the cannabis or cannabis products specify on the label how the cannabis or cannabis products shall be stored, the laboratory shall store the sample as indicated on the label.

(e) The licensed laboratory shall complete a chain of custody form for each sample that the laboratory collects and analyzes.

(f) Once a representative sample has been obtained for regulatory compliance testing, the licensed laboratory that obtained the sample must complete the regulatory compliance testing.

(g) If a licensed laboratory is unable to competently complete the regulatory compliance testing after sampling and before a COA is issued, the licensed distributor or microbusiness authorized to engage in distribution who arranged for the testing of the batch may request approval from the Department to have the impacted batch re-sampled and tested by another licensed laboratory.

(1) The request shall be made in writing via email to testinglabs@cannabis.ca.gov and shall include all of the following:

(A) The name and license number of the distributor;

(B) The batch numbers;

(C) The type and quantity of cannabis or cannabis products;

(D) The name and license number of the laboratory that took the initial sample and is not able to competently complete the regulatory compliance testing;

(E) The name and license number of the laboratory proposed to re-sample and complete the regulatory compliance testing for the batch; and

(F) The reason why the laboratory that initially took the sample cannot competently complete the regulatory compliance testing.

(2) The Department will review the request and determine if the licensed laboratory that initially took the sample is unable to competently complete the regulatory compliance testing. If the Department determines that the licensed laboratory is unable to competently complete the regulatory compliance testing, the Department, in its discretion, may approve the request in whole or part and set conditions for the re-sampling and testing.

(3) No re-sampling of any batch shall occur prior to the licensed distributor or licensed microbusiness authorized to engaged in distribution receiving written approval from the Department.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26100, 26104 and 26110, Business and Professions Code.

§15706. Chain of Custody (COC).

(a) The licensed laboratory shall develop and implement a COC protocol to ensure accurate documentation is recorded for the transport, handling, storage, and destruction of samples.

(b) The COC protocol shall require the use of a COC form. The sampler shall use a COC to record the following information for each sampled batch:

(1) Laboratory's name, licensed premises address, and license number;

(2) Date and time sampling started and ended;

(3) Licensed distributor or licensed microbusiness' name, licensed premises address, and license number;

(4) Licensed cultivator's, licensed manufacturer's, licensed distributor's, or licensed microbusiness' name, licensed premises address, and license number;

(5) Batch number of the batch from which the representative sample was obtained and assigned unique sample identifier;

(6) Sample matrix;

(7) Total batch size, by weight, or unit count;

(8) Total weight, or unit count of the representative sample;

(9) Sampling conditions or problems encountered during the sampling process, if any;

(10) Printed name and signature of the licensed distributor or licensed microbusiness' authorized to engage in distribution employee; and

(11) Printed name and signature of the sampler.

(c) Each time a sample changes custody between licensees, is transported, or is destroyed, the date, time, and the names and signatures of persons involved in these activities shall be recorded on the COC form.

(d) Once the custody of the sample changes between licensees, the COC form for that change of custody may not be altered.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26100, 26102, 26104 and 26110, Business and Professions Code.

§ 15707. Harvest Batch Sampling.

(a) The sampler shall obtain a representative sample from each prepacked or unpacked harvest batch. The representative sample must weigh 0.35% of the total harvest batch weight.

(b) A sampler may collect a representative sample greater than 0.35% of the total harvest batch weight of a prepacked or unpacked harvest batch if necessary to perform the required testing or to ensure that the samples obtained are representative.

(c) The prepacked or unpacked harvest batch from which a sample is obtained shall weigh no more than 50.0 pounds. Laboratory analyses of a sample collected from a harvest batch weighing more than 50.0 pounds shall be deemed invalid and the harvest batch from which the sample was obtained shall not be released for retail sale.

(d) When the sampler obtains a representative sample from an unpacked harvest batch, the sampler shall do all the following:

(1) Collect the number of sample increments relative to the unpacked harvest batch size as listed in the following table;

(2) Obtain sample increments from random and varying locations of the unpacked harvest batch, both vertically and horizontally. To the extent practicable, the sample increments obtained from an unpacked harvest batch shall be of equal weight; and

(3) To the extent practicable, collect an equal number of sample increments from each container if the unpacked harvest batch is stored in multiple containers.

Unpacked Harvest Batch Size (pounds)	Number of Increments (per sample)
≤ 10.0	8
10.1 – 20.0	16
20.1 – 30.0	23
30.1 – 40.0	29
40.1 – 50.0	34

Authority: Section 26013, Business and Professions Code. Reference: Sections 26100, 26104 and 26110, Business and Professions Code.

§15708. Cannabis Product Batch and Pre-Roll Sampling.

(a) The sampler shall obtain a representative sample from each cannabis product batch or pre-roll batch.

(b) The sampler may collect a greater number of sample increments if necessary to perform the required testing or to ensure that the samples obtained are representative.

(c) The cannabis product batch or pre-roll batch from which a representative sample is obtained shall contain no more than 150,000 units. Laboratory analyses of a sample collected from a cannabis product batch containing more than 150,000 units shall be deemed invalid and the cannabis product batch or pre-roll batch from which the representative sample was obtained shall not be released for retail sale.

(d) The sampler shall obtain a representative sample of a cannabis product or pre-roll batch by collecting, at minimum, the number of sample increments relative to the batch size as listed in the following table. Each sample increment consists of 1 packaged unit.

Cannabis Product or Pre-roll Batch Size (units)	Number of Sample Increments (per sample)
≤ 50	2
51 – 150	3
151 – 500	5
501 – 1,200	8
1,201 – 3,200	13
3,201 – 10,000	20
10,001 – 35,000	32
35,001 – 150,000	50

Authority: Section 26013, Business and Professions Code. Reference: Sections 26100, 26104 and 26110, Business and Professions Code.

§15709. Laboratory Transportation of Cannabis and Cannabis Products Samples.

(a) The following requirements apply when a licensed testing laboratory transports cannabis or cannabis products samples:

(1) While transporting cannabis or cannabis products samples, a licensed testing laboratory employee shall ensure the cannabis or cannabis products are not visible to the public. Cannabis or cannabis products shall be stored in a secure, fully enclosed trunk that cannot be accessed from inside the vehicle, or in a secured area or compartment within the interior of the vehicle. A “secured area” is defined as an area where solid or locking metal partitions, cages, or high-strength shatterproof acrylic can be used to create a secure compartment in the fully enclosed vehicle. The secured area may be comprised on three sides by any part of the body of the vehicle, provided the parts of the vehicle used for the purposes of this section are shatterproof and are not made of glass.

(2) While left unattended, vehicles and trailers shall be locked and secured.

(3) The licensed laboratory shall not leave a vehicle or trailer containing cannabis or

cannabis products samples unattended in a residential area or parked overnight in a residential area.

(4) The licensed laboratory shall ensure that any vehicle or trailer transporting cannabis or cannabis products samples has an alarm system.

(5) The licensed laboratory shall ensure that packages or containers holding cannabis or cannabis products samples are neither tampered with nor opened during transport.

(6) The licensed laboratory transporting cannabis or cannabis products samples shall only travel between licensees for whom the laboratory is conducting regulatory compliance testing or quality assurance testing. A laboratory shall not deviate from the travel requirements described in this section, except for necessary rest, fuel, or vehicle repair stops.

(7) The licensed laboratory may transport multiple cannabis or cannabis products samples obtained from multiple licensees at once.

(8) Vehicles or trailers transporting cannabis or cannabis products samples are subject to inspection by the Department at any licensed premises or during transport at any time.

(9) No person under the age of 21 years old shall be in a vehicle or trailer transporting cannabis or cannabis products samples.

(10) Only an employee of the licensed laboratory or security personnel who meets the requirement of section 15045 shall be in a vehicle while transporting cannabis or cannabis products samples.

(b) Upon request, the licensed laboratory shall provide the following required transport vehicle information to the Department:

(1) The certificate of ownership or registration card issued by the California Department of Motor Vehicles for each vehicle used to transport cannabis or cannabis products samples;

(2) The year, make, model, license plate number, and numerical Vehicle Identification Number (VIN) for each vehicle or trailer used to transport cannabis or cannabis products samples; and

(3) Proof of insurance for each vehicle used to transport cannabis or cannabis products samples.

(c) All vehicles and trailers used for transportation shall be owned or leased, in accordance with the Vehicle Code, by the licensee. The licensee is not required to be the sole owner or lessor of the vehicle or trailer and all owners and lessors may use the vehicle for non-commercial cannabis activity.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26100, 26102, 26104 and 26110, Business and Professions Code.

§15710. Laboratory Receipt of Samples Obtained from a Distributor or Microbusiness.

(a) The licensed laboratory may accept and analyze a sample from a licensed distributor or licensed microbusiness authorized to engage in distribution for the required testing under section 15714 only if there is an accompanying COC form for the sample.

(b) The licensed laboratory employee who receives the sample shall date, print, and sign their name on the accompanying sample COC.

(c) The licensed laboratory shall not analyze a sample obtained from a licensed distributor or licensed microbusiness authorized to engage in distribution, and the batch from which the sample was obtained may not be released for retail sale, if any of the following occur:

(1) The sample is received at the laboratory without the requisite COC form;

(2) The tamper-evident material is broken prior to the sample being received at the laboratory; or

(3) There is evidence of sample commingling, contamination, degradation, or a related occurrence rendering the sample unusable for analytical testing when the sample is received at the laboratory.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26100, 26104 and 26110, Business and Professions Code.

Article 4. Standard Operating Procedures

§15711. Laboratory Analyses Standard Operating Procedures.

(a) The licensed laboratory shall develop, implement, and maintain written standard operating procedures (SOP) for sample preparation and each required test method. The licensed laboratory shall use and submit to the Department the following forms which are incorporated by reference:

(1) Sample Preparation – Standard Operating Procedures, Form DCC-LIC-022 (Amended 2/22), which is incorporated herein by reference; and

(2) Test Methods – Standard Operating Procedures, Form DCC-LIC-023 (Amended 2/22), which is incorporated herein by reference.

(b) The licensed laboratory shall keep each SOP at the licensed laboratory premises and ensure that each SOP is accessible to laboratory employees during operating hours.

(c) The licensed laboratory shall make each SOP available for inspection by the Department upon request, as well as any other SOPs associated with the licensee's ISO/IEC 17025 certificate of accreditation.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26012, 26100, 26102, 26104 and 26110, Business and Professions Code.

§15712. Test Methods.

- (a) The laboratory shall develop, implement, and validate test methods for the analyses of samples as required under this division.
- (b) To the extent practicable, the laboratory test methods shall comport with the following guidelines:
 - (1) US Food and Drug Administration's *Bacterial Analytical Manual*, 2016;
 - (2) AOAC International's *Official Methods of Analysis for Contaminant Testing of AOAC International*, 20th Edition, 2016; and
 - (3) United States Pharmacopeia and the National Formulary's *Methods of Analysis for Contaminant Testing*, 2016.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26100, 26102, 26104 and 26110, Business and Professions Code.

§15712.1. Cannabinoid Test Method for Dried Flower, Including Non-Infused Pre-Rolls.

- (a) Notwithstanding section 15712, a licensed laboratory shall utilize the cannabinoid test method required by this section and shall not utilize any other cannabinoid test method for the purpose of regulatory compliance testing and reporting results for dried flower, including non-infused pre-rolls. A licensed laboratory is not required to use the cannabinoid test method required by this section for cannabis products, including infused pre-rolls.
- (b) The licensed laboratory shall use Standard Operating Procedures: Determination of Cannabinoids Concentration by High Performance Liquid Chromatography (HPLC) for Dried Flower, including Non-Infused Pre-Rolls (New 4/10/2023), which is incorporated by reference herein, to perform the cannabinoid testing required by section 15724.
- (c) The cannabinoid test method identified in subsection (b) shall not be altered by the licensed laboratory.
- (d) Notwithstanding the requirements of section 15724(a), the licensed laboratory shall analyze the sample size of the representative sample as specified in the cannabinoid test method identified in subsection (b).
- (e) Prior to using the cannabinoid test method identified in subsection (b), the licensed laboratory shall perform a method verification of the cannabinoid test method, in accordance with section 15712.2, to demonstrate that the laboratory is capable of meeting the cannabinoid test method's performance specifications.
- (f) The licensed laboratory is not required to provide the Department with a validation report of the cannabinoid test method pursuant to sections 15702(c)(1) and 15713(d) for the cannabinoid test method identified in subsection (b).

(g) The licensed laboratory shall provide the Department with its standard operating procedures implementing the cannabinoid test method identified in subsection (b) in accordance with the requirements of sections 15702(b) and 15711(a). The standard operating procedures shall be submitted with the verification report required by section 15712.2 prior to use of the cannabinoid test method for regulatory compliance testing.

(h) The licensed laboratory shall commence utilizing the cannabinoid test method identified in subsection (b) no later than January 1, 2024.

(i) The licensed laboratory may test for additional cannabinoid analytes beyond those specified in section IV(A) and in additional matrices beyond those covered in the cannabinoid test method identified in subsection (b). The licensed laboratory shall provide a method validation for additional cannabinoid analytes and additional matrices in accordance with section 15713.

Authority: Sections 26013 and 26100, Business and Professions Code. Reference: Section 26100, Business and Professions Code.

§15712.2. Verification of Cannabinoid Test Method for Dried Flower, Including Non-Infused Pre-Rolls.

(a) Prior to using the cannabinoid test method identified in section 15712.1(b) for regulatory compliance testing, each licensed laboratory shall perform a method verification of the cannabinoid test method in their own laboratory to demonstrate that the laboratory is capable of meeting the cannabinoid test method’s performance specifications.

(b) For purposes of this chapter, “method verification” means the process of demonstrating that a laboratory is capable of replicating a validated test method with an acceptable level of performance.

(c) For purposes of this chapter, “reagent blank” means reagents that are used in the procedure taken through the entire method and which are added in the same volumes as used in the sample preparation. A reagent blank is analyzed in the same manner as the representative sample.

(d) To complete the method verification of the cannabinoid test method identified in section 15712.1(b), the laboratory shall address the criteria listed in the following table:

Criteria	Number Required
Reagent blanks	≥1
Method blanks	≥1
Spike concentration levels	≥2
Spike replicates	≥3

(e) As part of the method verification:

(1) The licensed laboratory shall calculate the Limit of Detection (LOD) and Limit of Quantification (LOQ) for all analytes in accordance with section 15731; and

(2) The licensed laboratory shall evaluate the linear dynamic range for all analytes to ensure they meet the needs for the cannabinoid test method.

(f) The licensed laboratory shall generate a verification report for each cannabinoid test method used. Each verification report shall include the following information:

(1) Instrument calibration data;

(2) Raw data, including instrument raw data;

(3) Cannabis reference materials or certified reference material results;

(4) Data and calculations pertaining to LOD and LOQ determinations; and

(5) Laboratory Quality Control report, as described in section 15730(j).

(g) The supervisory or management laboratory employee shall review, approve, sign, and date the verification report for each cannabinoid test method used.

(h) The licensed laboratory shall provide the Department with the verification report demonstrating verification of the cannabinoid test method prior to use of the cannabinoid test method for regulatory compliance.

Authority: Sections 26013 and 26100, Business and Professions Code. Reference: Section 26100, Business and Professions Code.

§15713. Validation of Test Methods.

(a) The licensed laboratory may use a nonstandard, amplified, or modified test method or a method that is designed or developed by the licensed laboratory to validate the methods for analyses of samples.

(b) The licensed laboratory shall follow the guidelines set forth in the US Food and Drug Administration's *Guidelines for the Validation of Analytical Methods for the Detection of Microbial Pathogens in Foods and Feeds*, 2nd Edition, April 2015, incorporated herein by reference, to validate test methods for the microbial analysis of samples. The licensed laboratory shall include and address the criteria listed in the following table when validating test methods for microbial analyses of samples.

Criteria	Requirement
Number of target organisms; inclusivity	5
Number of non-target organisms; exclusivity	5
Number of analyte levels per matrix: Qualitative methods	3 levels: high and low inoculum levels and 1 uninoculated level
Number of analyte levels per matrix: Quantitative methods	4 levels: low, medium and high inoculum levels and 1 uninoculated level
Replicates per food at each level tested	2 or more replicates per level

(c) The licensed laboratory shall follow the guidelines set forth in the US Food and Drug Administration's *Guidelines for the Validation of Chemical Methods for the FDA FVM Program*, 2nd Edition, April 2015, incorporated herein by reference, to validate test methods for chemical analysis of samples.

(1) The licensed laboratory shall include and address the following criteria to validate test methods for chemical analyses of samples:

(A) Accuracy;

(B) Precision;

(C) Linearity and range;

(i) The Coefficient of Determination (r^2) for all calibration curves shall be greater than or equal to 0.99.

(ii) Linear regression or quadratic regression shall only be used for calibration curves. Curves shall not be weighted at all or only weighted at $1/x$.

(iii) LOQ for analytes tested shall be within the range of the calibration curve.

(D) Calibration standard;

(i) For calibration curves, there shall be a minimum of five calibration standards, not including zero; and

(ii) Each calibration curve must include an Initial Calibration Verification (ICV). The percent recovery must be between 70% to 130%.

(E) Sensitivity and selectivity;

(F) Limit of detection and limit of quantitation;

(G) Recovery;

(H) Reproducibility; and

(I) Robustness.

(2) The licensed laboratory shall use certified reference materials to validate the following chemical analyses. The test method used for analysis is valid if the percent recovery of the certified reference material is between 80% to 120% for all required analytes.

(A) Cannabinoids, if available;

(B) Heavy metals;

(C) Microbial impurities;

(D) Mycotoxins;

(E) Residual pesticides;

(F) Residual solvents and processing chemicals; and

(G) Terpenoids, if available.

(d) The licensed laboratory shall generate a validation report for each test method. Each validation report shall include the following information:

- (1) Instrument calibration data, if any;
- (2) Raw data, including instrument raw data, for each test method, if any;
- (3) Cannabis reference materials or certified reference material results;
- (4) Data and calculations pertaining to LOD and LOQ determinations, if any;
- (5) LQC report, as described in this chapter, for the validation of each method; and
- (6) Worksheets, forms, pictures, or copies of laboratory notebook pages and any other documentation necessary to meet the requirements described in subsections (b) and (c).
- (7) The supervisory or management laboratory employee shall review, approve, sign, and date the validation report for each test method.
- (8) Upon new test methods or altered test methods being used in the laboratory, the new validation report shall be submitted to the Department within 5 business days, accompanied by the Licensee Notification and Request Form, Notifications and Requests Regarding Testing Laboratories, DCC-LIC-029 (New 2/22), which is incorporated herein by reference.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26012, 26100, 26104 and 26110, Business and Professions Code.

Article 5. Laboratory Testing and Reporting

§15714. Required Testing.

- (a) All sample increments collected must be homogenized prior to sample analyses, notwithstanding foreign material testing.
- (b) The licensed laboratory shall test each representative sample for the following:
 - (1) Cannabinoids;
 - (2) Foreign material;
 - (3) Heavy metals;
 - (4) Microbial impurities;
 - (5) Mycotoxins;
 - (6) Moisture content and water activity;
 - (7) Residual pesticides;
 - (8) Residual solvents and processing chemicals; and
 - (9) If applicable, terpenoids.
- (c) The licensed laboratory shall report the results of each analysis performed by the laboratory on the certificate of analysis.

(d) The licensed laboratory that obtained the representative sample shall complete all required testing for each representative sample for regulatory compliance testing.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26100, 26104 and 26110, Business and Professions Code.

§15717. Moisture Content and Water Activity Testing.

(a) The licensed laboratory shall analyze at minimum 0.5 grams of the representative sample of dried flower to determine the level of water activity and the percentage of moisture content.

(1) The dried flower sample, including pre-rolls, shall be deemed to have passed water activity testing if the water activity does not exceed 0.65 Aw. The laboratory shall report the result of the water activity test on the certificate of analysis (COA) and indicate “pass” or “fail” on the COA.

(2) The licensed laboratory shall report the result of the moisture content test on the COA as a percentage.

(b) The licensed laboratory shall analyze at least 0.5 grams of the representative sample of solid edible cannabis products to determine the level of water activity. A solid edible cannabis product shall be deemed to have passed water activity testing if the water activity does not exceed 0.85 Aw. The laboratory shall report the result of the water activity test on the COA and indicate “pass” or “fail” on the COA.

(c) If the sample fails water activity testing, the batch from which the sample was collected fails water activity testing and shall not be released for retail sale.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26100, 26104 and 26110, Business and Professions Code.

§15718. Residual Solvents and Processing Chemicals Testing.

(a) The licensed laboratory shall analyze at minimum 0.25 grams of the representative sample of cannabis product or pre-rolls to determine whether residual solvents or processing chemicals are present.

(b) The licensed laboratory shall report the result of the residual solvents and processing chemicals testing in unit micrograms per gram ($\mu\text{g/g}$) on the COA and indicate “pass” or “fail” on the COA.

(c) The sample shall be deemed to have passed the residual solvents and processing chemicals testing if the presence of any residual solvent or processing chemical listed in the following tables in Category I and Category II does not exceed the indicated action levels.

(1) Notwithstanding subsection (c), the limit for ethanol does not apply to cannabis products that are tinctures.

(2) Notwithstanding subsection (c), the limit for ethanol or isopropyl alcohol does not apply to cannabis products that are topical cannabis products.

Category I Residual Solvent or Processing Chemical	CAS No.	Cannabis Product or Pre-Roll Action Level (µg/g)
1,2-Dichloroethane	107-06-2	1.0
Benzene	71-43-2	1.0
Chloroform	67-66-3	1.0
Ethylene oxide	75-21-8	1.0
Methylene chloride	75-09-2	1.0
Trichloroethylene	79-01-6	1.0

Category II Residual Solvent or Processing Chemical	CAS No.	Cannabis Product or Pre-roll Action Level (µg/g)
Acetone	67-64-1	5000
Acetonitrile	75-05-8	410
Butane	106-97-8	5000
Ethanol	64-17-5	5000
Ethyl acetate	141-78-6	5000
Ethyl ether	60-29-7	5000
Heptane	142-82-5	5000
Hexane	110-54-3	290
Isopropyl alcohol	67-63-0	5000
Methanol	67-56-1	3000
Pentane	109-66-0	5000
Propane	74-98-6	5000
Toluene	108-88-3	890
Total xylenes (ortho-, meta-, para-)	1330-20-7	2170

(d) If the sample fails residual solvents and processing chemicals testing, the batch from which the sample was collected fails residual solvents and processing chemicals testing and shall not be released for retail sale.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26100, 26104 and 26110, Business and Professions Code.

§15719. Residual Pesticides Testing.

(a) The licensed laboratory shall analyze at minimum 0.5 grams of the representative sample of cannabis and cannabis products to determine whether residual pesticides are present.

(b) The licensed laboratory shall report whether any Category I Residual Pesticides are detected above the limit of detection (LOD) and shall report the result of the Category II Residual Pesticides testing in unit micrograms per gram ($\mu\text{g/g}$) on the COA. The laboratory shall indicate “pass” or “fail” on the COA.

(c) The licensed laboratory shall establish a limit of quantitation (LOQ) of 0.10 $\mu\text{g/g}$ or lower for all Category I Residual Pesticides.

(d) The sample shall be deemed to have passed the residual pesticides testing if both of the following conditions are met:

(1) The presence of any residual pesticide listed in the following tables in Category I are not detected, and

(2) The presence of any residual pesticide listed in the following tables in Category II does not exceed the indicated action levels.

Category I Residual Pesticide	CAS No.
Aldicarb	116-06-3
Carbofuran	1563-66-2
Chlordane	57-74-9
Chlorfenapyr	122453-73-0
Chlorpyrifos	2921-88-2
Coumaphos	56-72-4
Daminozide	1596-84-5
DDVP (Dichlorvos)	62-73-7
Dimethoate	60-51-5
Ethoprop(hos)	13194-48-4
Etofenprox	80844-07-1
Fenoxycarb	72490-01-8
Fipronil	120068-37-3
Imazalil	35554-44-0
Methiocarb	2032-65-7
Methyl parathion	298-00-0
Mevinphos	7786-34-7

Category I Residual Pesticide	CAS No.
Paclobutrazol	76738-62-0
Propoxur	114-26-1
Spiroxamine	118134-30-8
Thiacloprid	111988-49-9

Category II Residual Pesticide	CAS No.	Action Level (µg/g) for Inhalable Cannabis and Cannabis Products	Action Level (µg/g) for Non-Inhalable Cannabis Products
Abamectin	71751-41-2	0.1	0.3
Acephate	30560-19-1	0.1	5
Acequinocyl	57960-19-7	0.1	4
Acetamiprid	135410-20-7	0.1	5
Azoxystrobin	131860-33-8	0.1	40
Bifenazate	149877-41-8	0.1	5
Bifenthrin	82657-04-3	3	0.5
Boscalid	188425-85-6	0.1	10
Captan	133-06-2	0.7	5
Carbaryl	63-25-2	0.5	0.5
Chlorantraniliprole	500008-45-7	10	40
Clofentezine	74115-24-5	0.1	0.5
Cyfluthrin	68359-37-5	2	1
Cypermethrin	52315-07-8	1	1
Diazinon	333-41-5	0.1	0.2
Dimethomorph	110488-70-5	2	20
Etoxazole	153233-91-1	0.1	1.5
Fenhexamid	126833-17-8	0.1	10
Fenpyroximate	111812-58-9	0.1	2
Flonicamid	158062-67-0	0.1	2
Fludioxonil	131341-86-1	0.1	30
Hexythiazox	78587-05-0	0.1	2
Imidacloprid	138261-41-3	5	3

Category II Residual Pesticide	CAS No.	Action Level (µg/g) for Inhalable Cannabis and Cannabis Products	Action Level (µg/g) for Non-Inhalable Cannabis Products
Kresoxim-methyl	143390-89-0	0.1	1
Malathion	121-75-5	0.5	5
Metalaxyl	57837-19-1	2	15
Methomyl	16752-77-5	1	0.1
Myclobutanil	88671-89-0	0.1	9
Naled	300-76-5	0.1	0.5
Oxamyl	23135-22-0	0.5	0.2
Pentachloronitrobenzene	82-68-8	0.1	0.2
Permethrin	52645-53-1	0.5	20
Phosmet	732-11-6	0.1	0.2
Piperonylbutoxide	51-03-6	3	8
Prallethrin	23031-36-9	0.1	0.4
Propiconazole	60207-90-1	0.1	20
Pyrethrins	8003-34-7	0.5	1
Pyridaben	96489-71-3	0.1	3
Spinetoram	187166-15-0, 187166-40-1	0.1	3
Spinosad	131929-60-7, 131929-63-0	0.1	3
Spiromesifen	283594-90-1	0.1	12
Spirotetramat	203313-25-1	0.1	13
Tebuconazole	107534-96-3	0.1	2
Thiamethoxam	153719-23-4	5	4.5
Trifloxystrobin	141517-21-7	0.1	30

(e) If the sample fails residual pesticides testing, the batch from which the sample was collected fails residual pesticides testing and shall not be released for retail sale.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26100, 26104 and 26110, Business and Professions Code.

§15720. Microbial Impurities Testing.

(a) The licensed laboratory shall analyze at minimum 1.0 grams of the representative sample of cannabis or cannabis products to determine whether microbial impurities are present.

(b) The licensed laboratory shall report the result of the microbial impurities testing by indicating “pass” or “fail” on the COA.

(c) The sample of inhalable cannabis and cannabis products shall be deemed to have passed the microbial impurities testing if all of the following conditions are met:

(1) Shiga toxin-producing *Escherichia coli* is not detected in 1 gram;

(2) *Salmonella* spp. is not detected in 1 gram; and

(3) Pathogenic *Aspergillus* species *A. fumigatus*, *A. flavus*, *A. niger*, and *A. terreus* are not detected in 1 gram.

(d) The sample of non-inhalable cannabis and cannabis products shall be deemed to have passed the microbial impurities testing if both the following conditions are met:

(1) Shiga toxin-producing *Escherichia coli* is not detected in 1 gram, and

(2) *Salmonella* spp. is not detected in 1 gram.

(e) If the sample fails microbial impurities testing, the batch from which the sample was collected fails microbial impurities testing and shall not be released for retail sale.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26100, 26104 and 26110, Business and Professions Code.

§15721. Mycotoxin Testing.

(a) The licensed laboratory shall analyze at minimum 0.5 grams of the representative sample of cannabis and cannabis products to determine whether mycotoxins are present.

(b) The licensed laboratory shall report the result of the mycotoxins testing in unit micrograms per kilograms ($\mu\text{g}/\text{kg}$) on the COA and indicate “pass” or “fail” on the COA.

(c) The sample shall be deemed to have passed mycotoxin testing if both the following conditions are met:

(1) Total of aflatoxin B1, B2, G1, and G2 does not exceed 20 $\mu\text{g}/\text{kg}$ of substance, and

(2) Ochratoxin A does not exceed 20 $\mu\text{g}/\text{kg}$ of substance.

(d) If the sample fails mycotoxin testing, the batch from which the sample was collected fails mycotoxin testing and shall not be released for retail sale.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26100, 26104 and 26110, Business and Professions Code.

§15722. Foreign Material Testing.

- (a) The licensed laboratory shall analyze the representative sample of cannabis and cannabis products to determine whether foreign material is present.
- (b) The licensed laboratory shall report the result of the foreign material test by indicating “pass” or “fail” on the COA.
- (c) The licensed laboratory shall perform foreign material testing on the total representative sample prior to sample homogenization.
- (d) When the licensed laboratory performs foreign material testing, at minimum, the laboratory shall do all of the following:
 - (1) Examine both the exterior and interior of the dried flower sample, and
 - (2) Examine the exterior of the cannabis product sample.
- (e) The sample shall be deemed to have passed the foreign material testing if the presence of foreign material does not exceed:
 - (1) 1/4 of the total sample area covered by sand, soil, cinders, or dirt;
 - (2) 1/4 of the total sample area covered by mold;
 - (3) 1 insect fragment, 1 hair, or 1 count mammalian excreta per 3.0 grams; or
 - (4) 1/4 of the total sample area covered by an imbedded foreign material.
- (f) If the sample fails foreign material testing, the batch from which the sample was collected fails foreign material testing and shall not be released for retail sale.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26100, 26104 and 26110, Business and Professions Code.

§15723. Heavy Metals Testing.

- (a) The licensed laboratory shall analyze at minimum 0.5 grams of the representative sample of cannabis and cannabis products to determine whether heavy metals are present.
- (b) The licensed laboratory shall report the result of the heavy metals test in unit micrograms per gram ($\mu\text{g/g}$) on the COA and indicate “pass” or “fail” on the COA.
- (c) The sample shall be deemed to have passed the heavy metals testing if the presence of heavy metals does not exceed the action levels listed in the following table.

Heavy Metal	Action Level (µg/g) for Inhalable Cannabis and Cannabis Products	Action Level (µg/g) for Non-Inhalable Cannabis and Cannabis Products
Cadmium	0.2	0.5
Lead	0.5	0.5
Arsenic	0.2	1.5
Mercury	0.1	3.0

(d) If the sample fails heavy metals testing, the batch from which the sample was collected fails heavy metals testing and shall not be released for retail sale.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26100, 26104 and 26110, Business and Professions Code.

§15724. Cannabinoid Testing.

(a) The licensed laboratory shall analyze at minimum 0.5 grams of the representative sample of cannabis and cannabis products to determine the cannabinoid profile such as THC; THCA; CBD; CBDA; CBG; and CBN.

(b) The licensed laboratory shall establish a limit of quantitation (LOQ) of 1.0 mg/g or lower for all cannabinoids analyzed and reported.

(c) The licensed laboratory shall report the result of the cannabinoid testing on the COA, including, at minimum:

(1) A percentage for THC, THCA, CBD, and CBDA;

(A) When the licensed laboratory reports the result of the cannabinoid testing for harvest batch representative samples on the COA in dry-weight percent, they shall use the following equation:

$$\text{Dry-weight percent cannabinoid} = \frac{\text{wet-weight percent cannabinoid}}{(1 - \text{percent moisture} / 100)}$$

(2) A percentage for Total THC and Total CBD, if applicable;

(3) Milligrams per gram (mg/g) if by dry-weight or milligrams per milliliter (mg/mL) if by volume for THC, THCA, CBD, and CBDA.

(4) Milligrams per gram (mg/g) if by dry-weight or milligrams per milliliter (mg/mL) if by volume for Total THC and Total CBD, if applicable;

(A) The licensed laboratory shall calculate the total cannabinoid concentration as follows:

(i) For concentration expressed in weight:

$$\text{Total cannabinoid concentration (mg/g)} = (\text{cannabinoid acid form concentration (mg/g)} \times 0.877) + \text{cannabinoid concentration (mg/g)}$$

(ii) For concentration expressed in volume:

$$\text{Total cannabinoid concentration (mg/mL)} = (\text{cannabinoid acid form concentration (mg/mL)} \times 0.877) + \text{cannabinoid concentration (mg/mL)}$$

(5) Milligrams per package for THC and CBD;

(6) Milligrams per package for Total THC and Total CBD, if applicable;

(7) Milligrams per serving for THC and CBD, if any;

(8) Milligrams per serving for Total THC and Total CBD, if any and if applicable; and

(9) The licensed laboratory shall report the results of all other cannabinoids analyzed on the COA both as a percentage and in either milligrams per gram (mg/g) if by weight or milligrams per milliliter (mg/mL) if by volume.

(d) The sample shall be deemed to have passed the cannabinoid testing if the amount of THC does not exceed the limits established in section 17304.

(e) The licensed laboratory shall report the test results and indicate an overall “pass” or “fail” for the cannabinoid testing on the COA.

(f) Any cannabinoids found to be less than the LOQ shall be reported on the COA as “<1 mg/g” if by dry-weight or “<1 mg/mL” if by volume.

(g) If the sample fails cannabinoid testing, the batch from which the sample was collected fails cannabinoid testing and shall not be released for retail sale.

(h) For purposes of this division, any one cannabinoid, Total THC, and/or Total CBD claimed to be present on a label shall not be considered inaccurate if the difference in percentage on the certificate of analysis is plus or minus 10.0%.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26100, 26104 and 26110, Business and Professions Code.

§15725. Terpenoid Testing.

(a) If requested, the licensed laboratory shall analyze at minimum 0.5 grams of the representative sample of cannabis or cannabis products to determine the terpenoid profile of the sample.

(b) The licensed laboratory shall report the result of the terpenoid testing on the COA both as a percentage and in either milligrams per gram (mg/g) if by weight or milligrams per milliliter (mg/mL) if by volume.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26100, 26104 and 26110, Business and Professions Code.

§15726. Certificate of Analysis (COA).

(a) The licensed laboratory shall generate a COA for each representative sample that the laboratory analyzes.

(b) The licensed laboratory shall ensure that the COA contains the results of all required analyses performed for the representative sample.

(c) The licensed laboratory shall, within 1 business day of completing all analyses of a sample, both upload the COA into the track and trace system and simultaneously provide a copy of the COA to the Department via email at testinglabs@cannabis.ca.gov with a file name of "METRC UID Number and Test Sample ID" and "Passed" or "Failed" in the subject heading of the email.

(d) The licensed laboratory shall not release to any person any cumulative or individual test results prior to completing all analyses and providing the COA to the Department.

(e) The COA shall contain, at minimum, the following information:

(1) The term "Regulatory Compliance Testing" in font no smaller than 14-point, which shall appear in the upper-right corner of each page of the COA. No text or images shall appear above the term "Regulatory Compliance Testing" on any page of the COA.

(2) Laboratory's name, licensed premises address, and license number;

(3) Licensed distributor's or licensed microbusiness authorized to engage in distribution's name, licensed premises address, and license number;

(4) Licensed cultivator's, licensed manufacturer's, or licensed microbusiness' name, licensed premises address, and license number;

(5) Batch number of the batch from which the sample was obtained. For cannabis and cannabis products that are already packaged at the time of sampling, the labeled batch number on the packaged cannabis and cannabis products shall match the batch number on the COA;

(6) Sample identifying information, including matrix type and unique sample identifiers;

(7) Sample history, including the date collected, the date received by the laboratory, and the date(s) of sample analyses and corresponding testing results;

(8) A picture of the sample of cannabis and cannabis products. If the sample is pre-packaged, the picture must include an unobstructed image of the packaging;

(9) For dried flower samples, the total weight of the batch, in grams or pounds, and the total weight, of the representative sample in grams;

(10) For cannabis product or pre-rolls samples, the total unit count of both the representative sample and the total batch size;

(11) Measured density of the cannabis and cannabis products;

(12) The analytical methods, analytical instrumentation used, and corresponding Limits of Detection (LOD) and Limits of Quantitation (LOQ);

(13) An attestation on the COA from the laboratory supervisory or management employee that all LQC samples required by section 15730 were performed and met the acceptance criteria; and

(14) Analytes detected during the analyses of the sample that are unknown, unidentified, or injurious to human health if consumed, if any.

(f) The licensed laboratory shall report test results for each representative sample on the COA as follows:

(1) Indicate an overall “pass” or “fail” for the entire batch;

(2) When reporting qualitative results for each analyte, the licensed laboratory shall indicate “pass” or “fail”;

(3) When reporting quantitative results for each analyte, the licensed laboratory shall use the appropriate units of measurement as required under this chapter;

(4) When reporting results for each test method, the licensed laboratory shall indicate “pass” or “fail”;

(5) When reporting results for any analytes that were detected below the analytical method LOQ, indicate “<LOQ”, notwithstanding cannabinoid results;

(6) When reporting results for any analytes that were not detected or detected below the LOD, indicate “ND”; and

(7) Indicate “NT” for any test that the licensed laboratory did not perform.

(g) The licensed laboratory supervisory or management employee shall validate the accuracy of the information contained on the COA and sign and date the COA.

(h) The laboratory supervisory or management employee may request to amend a COA to correct minor errors. Requests must be emailed to the Department at testinglabs@cannabis.ca.gov for approval prior to making any corrections. Errors in results required to be reported pursuant to subsection (f) are not minor errors.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26100, 26104 and 26110, Business and Professions Code.

Article 6. Post Testing Procedures

§15727. Remediation and Retesting.

(a) A cannabis or cannabis product batch that has been additionally processed after failed regulatory compliance testing pursuant to section 17305 must be retested and successfully pass all the analyses required under this chapter.

(b) A cannabis or cannabis product batch may only be remediated twice. If the batch fails after the second remediation attempt and the second retesting, the entire batch shall be destroyed.

(c) Within one business day of completing the required analyses of a representative sample obtained from a remediated cannabis or cannabis product batch, the laboratory shall upload the COA information into the track and trace system, or if the licensee does not yet have access to the track and trace system, it shall be emailed to the Department.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26100, 26104 and 26110, Business and Professions Code.

§15728. Post Testing Sample Retention.

(a) The licensed laboratory shall retain the reserve sample, consisting of any portion of a sample that was not used in the testing process. The reserve sample shall be kept, at minimum, for 45 business days after the analyses, after which time it may be destroyed and denatured to the point the material is rendered unrecognizable and unusable.

(b) The licensed laboratory shall securely store the reserve sample in a manner that prohibits sample degradation, contamination, and tampering.

(c) The licensed laboratory shall provide the reserve sample to the Department upon request.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26100, 26104 and 26110, Business and Professions Code.

Article 7. Laboratory Quality Assurance and Quality Control

§15729. Laboratory Quality Assurance (LQA) Program.

(a) The licensed laboratory shall develop and implement a LQA program to assure the reliability and validity of the analytical data produced by the laboratory. The LQA program shall, at minimum, include a written LQA manual that addresses the following:

- (1) Quality control procedures;
- (2) Laboratory organization and employee training and responsibilities, including good laboratory practice (GLP);
- (3) LQA objectives for measurement data;
- (4) Traceability of data and analytical results;
- (5) Instrument maintenance, calibration procedures, and frequency;
- (6) Performance and system audits;
- (7) Corrective action procedures;
- (8) Steps to change processes when necessary;
- (9) Record retention and document control;
- (10) Test procedure standardization; and
- (11) Method validation.

(b) The supervisory or management laboratory employee shall annually review, amend if necessary, and approve the LQA program and manual both when they are created and when there is a change in methods, laboratory equipment, or the supervisory or management laboratory employee.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26100, 26104 and 26110, Business and Professions Code.

§15730. Laboratory Quality Control (LQC) Samples.

The licensed laboratory shall use LQC samples and adhere to good laboratory practice (GLP) in the performance of each analysis according to the following specifications.

- (a) The licensed laboratory shall analyze LQC samples in the same manner as the laboratory analyzes cannabis and cannabis products samples.
- (b) The licensed laboratory shall use at least one negative control, one positive control, and one laboratory replicate sample in each analytical batch for each target organism during microbial testing. If one of the controls produces unexpected results, the samples shall be re-prepped and reanalyzed with a new set of controls.
- (c) If the result of the microbial analyses is outside the specified acceptance criteria in the following table, the licensed laboratory shall determine the cause and take steps to remedy the problem until the result is within the specified acceptance criteria.

Laboratory Quality Control Sample	Acceptance Criteria	Corrective Action
Positive control	Produces expected result, positive result	Re-prep and reanalyze the entire analytical batch, once. If problem persists, locate and remedy the source of unexpected result, then re-prep samples and reanalyze with a new set of controls.
Negative control	Produces expected result, negative result	Re-prep and reanalyze the entire analytical batch, once. If problem persists, locate and remedy the source of unexpected result, then re-prep samples and reanalyze with a new set of controls.
Laboratory replicate sample	Sample results must concur	Reanalyze sample and associated replicate sample once. If problem persists, re-prep samples and reanalyze.

(d) The licensed laboratory shall prepare and analyze at least one of each of the following LQC samples for each analytical batch:

- (1) Method blank;
- (2) Laboratory control sample (LCS); and
- (3) Laboratory replicate sample or matrix spike sample.

(e) The laboratory shall analyze, at minimum, a continuing calibration verification (CCV) sample at the beginning of each analytical sequence and every 10 samples thereafter.

(f) If the result of the chemical analyses is outside the specified acceptance criteria in the following table, the laboratory shall determine the cause and take steps to remedy the problem until the result is within the specified acceptance criteria.

Laboratory Quality Control Sample	Acceptance Criteria	Corrective Action
Method Blank sample	Not to exceed LOQ	Reanalyze entire analytical batch once. If method blank is still greater than the LOQ for any analyte, locate the source of contamination then re-prepare samples and reanalyze.
LCS	Percent recovery 70% to 130%	Reanalyze the entire analytical batch, once. If problem persists, re-prepare samples and reanalyze or re-run the initial calibration curve.
Laboratory replicate sample	RPD \leq 30%	Reanalyze sample and associated replicate sample once. If problem persists, re-prepare samples and reanalyze.
Matrix spike sample	Percent recovery between 70% to 130%	Reanalyze sample and associated matrix spike sample once. If problem persists, re-prepare samples and reanalyze.
CCV	Percent recovery between 70% to 130%	Reanalyze all samples that followed the last CCV that met the acceptance criteria. If CCV still fails, re-run the initial calibration curve and all samples in the analytical sequence.

(g) If any analyte is detected above any action level, as described in this chapter, the sample shall be re-prepped and reanalyzed in replicate within another analytical batch.

(1) For quantitative analyses, the re-prepped sample and its associated replicate must meet the acceptance criteria of RPD \leq 30%.

(2) For qualitative analyses, the re-prepped sample and its associated replicate results must concur.

(h) If any LQC sample produces a result outside of the acceptance criteria, the laboratory cannot report the result and the entire batch cannot be released for retail sale. The laboratory shall determine the cause and take steps to remedy the problem until the result is within the specified acceptance criteria.

(i) If the licensed laboratory determines that the result is a false-positive or a false-negative, the Department may ask for the laboratory to re-sample or retest.

(j) The licensed laboratory shall compile and generate one LQC sample report for each analytical batch that includes LQC acceptance criteria, measurements, analysis date, and matrix.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26100, 26104 and 26110, Business and Professions Code.

§15731. Limits of Detection (LOD) and Limits of Quantitation (LOQ) for Quantitative Analyses.

(a) The licensed laboratory shall calculate the LOD for chemical method analyses according to any of the following methods:

(1) Signal-to-noise ratio of between 3:1 and 2:1;

(2) Standard deviation of the response and the slope of calibration curve using a minimum of 7 spiked blank samples calculated as follows; $LOD = (3.3 \times \text{standard deviation of the response}) / \text{slope of the calibration curve}$; or

(3) A method published by the United States Food and Drug Administration (USFDA) or the United States Environmental Protection Agency (USEPA).

(b) The licensed laboratory shall calculate the LOQ for chemical method analyses according to any of the following methods:

(1) Signal-to-noise ratio of 10:1, at minimum;

(2) Standard deviation of the response and the slope using a minimum of 7 spiked blank samples calculated as follows:

$LOQ = (10 \times \text{standard deviation of the response}) / \text{slope of the calibration curve}$; or

(3) A method published by the USFDA or the USEPA.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26100, 26104 and 26110, Business and Professions Code.

§15732. Data Package.

(a) The licensed laboratory shall compile and generate one data package for each representative sample that the laboratory analyzes.

(b) The licensed laboratory shall create a data package and use the Data Package Cover Page and Checklist Form, DCC-LIC-024 (Amended 2/22), which is incorporated herein by reference. The data package and form DCC-LIC-024 (Amended 2/22) shall be provided to the Department immediately upon request.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26100, 26104, 26110 and 26160, Business and Professions Code.

§15733. Required Proficiency Testing.

(a) The licensed laboratory shall participate in a proficiency testing program provided by an organization that operates in conformance with the requirements of ISO/IEC 17043, at least once every six months.

(b) The licensed laboratory shall annually, successfully participate in a proficiency testing program for each of the following test methods:

- (1) Cannabinoids;
- (2) Heavy metals;
- (3) Microbial impurities;
- (4) Mycotoxins;
- (5) Residual pesticides;
- (6) Residual solvents and processing chemicals; and
- (7) If tested, terpenoids.

(c) The licensed laboratory shall report all analytes available by the proficiency testing program provider and for which the licensee is required to test as required under this chapter.

(d) The licensed laboratory shall participate in the proficiency testing program by following the laboratory's existing SOPs for testing cannabis and cannabis products.

(e) The licensed laboratory shall rotate the proficiency testing program among the laboratory employees who perform the test methods.

(f) Laboratory employees who participate in a proficiency testing program shall sign the corresponding analytical reports or attestation statements to certify that the proficiency testing program was conducted in the same manner as the laboratory tests of cannabis and cannabis products.

(g) A supervisory or management laboratory employee shall review and verify the accuracy of results reported for all proficiency testing program samples analyzed.

(h) The licensed laboratory shall request the proficiency testing program provider to send results concurrently to the Department, if available, or the laboratory shall provide the proficiency testing program results to the Department within 3 business days after the laboratory receives notification of their test results from the proficiency testing program provider. Any results shall be reported by submitting the Licensee Notification and Request Form, Notifications and Requests Regarding Testing Laboratories, DCC-LIC-029 (New 2/22), which is incorporated herein by reference.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26100 and 26110, Business and Professions Code.

§15734. Satisfactory and Unsatisfactory Proficiency Test Performance.

(a) The licensed laboratory shall be deemed to have successfully participated in a proficiency testing program for an analyte tested in a specific method if the test results demonstrate a “satisfactory” or otherwise proficient performance determination by the proficiency testing program provider.

(b) The licensed laboratory may not report test results for analytes that are deemed by the proficiency testing program provider as “unacceptable,” “questionable,” “unsatisfactory”, or otherwise deficient.

(c) The licensed laboratory may resume reporting test results for analytes that were deemed “unacceptable,” “questionable,” “unsatisfactory”, or otherwise deficient, only if both of the following conditions are met:

(1) The licensed laboratory satisfactorily remedies the cause of the failure for each analyte; and

(2) The licensed laboratory submits, to the Department, a written corrective action report demonstrating how the laboratory has fixed the cause of the failure.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26100 and 26110, Business and Professions Code.

§15735. Laboratory Audits.

(a) The licensed laboratory shall conduct an internal audit at least once per year or in accordance with the ISO/IEC 17025 accrediting body’s requirement, whichever is more frequent.

(b) The internal audit must include all of the components required by the ISO/IEC 17025 internal-audit standards.

(c) Within 3 business days of completing the internal audit, the licensed laboratory shall submit the results of the internal audit to the Department.

(d) Within 3 business days of receiving the accrediting body onsite audit findings, the licensed laboratory shall submit the results to the Department.

(e) The licensed laboratory shall submit any audit results to the Department, accompanied by the Licensee Notification and Request Form, Notifications and Requests Regarding Testing Laboratories, DCC-LIC-029 (New 2/22), which is incorporated herein by reference.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26100 and 26104, Business and Professions Code.

Article 8. Laboratory Employee Qualifications

§15736. General Laboratory Employee Qualifications.

- (a) The licensed laboratory may only employ persons who are at least 21 years of age.
- (b) The licensed laboratory shall develop and implement an employee training program to ensure competency of laboratory employees for their assigned functions.
- (c) The licensed laboratory shall ensure and document that each laboratory employee meets the employee qualifications.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26102 and 26104, Business and Professions Code.

§15737. Supervisor or Management Responsibilities and Qualifications.

(a) The licensed laboratory shall employ a supervisor or management employee who must be responsible for:

- (1) Overseeing and directing the scientific methods of the licensed laboratory;
- (2) Ensuring that the licensed laboratory achieves and maintains a laboratory quality assurance program as required by section 15729; and
- (3) Providing ongoing and appropriate training to laboratory employees.

(b) To be considered qualified, the supervisor or management employee must have at minimum:

- (1) A doctoral degree in biological, chemical, agricultural, environmental, or related sciences from an accredited college or university;
- (2) A master's degree in biological, chemical, agricultural, environmental, or related sciences from an accredited college or university, plus at least 2 years of full-time practical experience;
- (3) A bachelor's degree in biological, chemical, agricultural, environmental, or related sciences from an accredited college or university, plus at least 4 years of full-time practical experience; or
- (4) A bachelor's degree in any field from an accredited college or university, plus at least 8 years of full-time practical experience, 4 years of which must have been in a supervisory or management position.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26102 and 26104, Business and Professions Code.

§15738. Analyst and Sampler Qualifications.

(a) The licensed laboratory shall employ an analyst who, at minimum, must have either:

- (1) Earned a master's degree or a bachelor's degree in biological, chemical, agricultural, environmental, or related sciences from an accredited college or university; or

(2) Completed 2 years of college or university education that included coursework in biological, chemical, agricultural, environmental, or related sciences from an accredited college or university, plus at least 3 years of full-time practical experience.

(b) The licensed laboratory shall employ a sampler who, at minimum, must have either:

(1) Completed 2 years college or university education; or

(2) Earned a High School Diploma or passed a General Educational Development or High School Equivalency exam, plus at least 1 year of full-time practical experience.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26102 and 26104, Business and Professions Code.

Chapter 7. Cultivators

Article 1. General Cultivation Requirements

§16201. Cultivation License Types.

License types include:

(a) Specialty Cottage:

(1) “Specialty Cottage Outdoor” is an outdoor cultivation site with up to 25 mature plants or 2,500 square feet or less of total canopy.

(2) “Specialty Cottage Indoor” is an indoor cultivation site with 500 square feet or less of total canopy.

(3) “Specialty Cottage Mixed-Light Tier 1 and 2” is a mixed-light cultivation site with 2,500 square feet or less of total canopy.

(b) Specialty:

(1) “Specialty Outdoor” is an outdoor cultivation site with less than or equal to 5,000 square feet of total canopy, or up to 50 mature plants on noncontiguous plots.

(2) “Specialty Indoor” is an indoor cultivation site with between 501 and 5,000 square feet of total canopy.

(3) “Specialty Mixed-Light Tier 1 and 2” is a mixed-light cultivation site with between 2,501 and 5,000 square feet of total canopy.

(c) Small:

(1) “Small Outdoor” is an outdoor cultivation site with between 5,001 and 10,000 square feet of total canopy.

(2) “Small Indoor” is an indoor cultivation site with between 5,001 and 10,000 square feet of total canopy.

(3) “Small Mixed-Light Tier 1 and 2” is a mixed-light cultivation site with between 5,001 and 10,000 square feet of total canopy.

(d) Medium:

(1) “Medium Outdoor” is an outdoor cultivation site with between 10,001 square feet and one acre of total canopy.

(2) “Medium Indoor” is an indoor cultivation site with between 10,001 and 22,000 square feet of total canopy.

(3) “Medium Mixed-Light Tier 1 and 2” is a mixed-light cultivation site with between 10,001 and 22,000 square feet of total canopy.

(e) “Nursery” is a cultivation site that conducts only cultivation of clones, immature plants, seeds, and other agricultural products used specifically for the propagation of cultivation of cannabis.

(f) “Processor” is a cultivation site that conducts only trimming, drying, curing, grading, packaging, and labeling of cannabis and nonmanufactured cannabis products.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26012, 26013, 26050 and 26061, Business and Professions Code.

§ 16201.1. Large Cultivation Licenses.

(a) Beginning January 1, 2023, the Department may issue Large Cultivation licenses. Large license types include:

(1) “Large Outdoor” is an outdoor cultivation site with more than one acre of total canopy.

(2) “Large Indoor” is an indoor cultivation site with more than 22,000 square feet of total canopy.

(3) “Large Mixed-light” is a Mixed-light cultivation site with more than 22,000 square feet of total canopy.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26012, 26013, 26050 and 26061, Business and Professions Code.

§16202. General Cultivation Requirements.

(a) Licensees are prohibited from transferring any commercially cultivated cannabis or nonmanufactured cannabis products from their licensed premises. All transfers of cannabis and nonmanufactured cannabis product from a licensed cultivation premises must be conducted by a distributor licensed by the Department.

(b) Artificial lighting is permissible only to maintain immature plants outside the canopy area.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26010, 26012, 26013, 26050 and 26053, Business and Professions Code.

§16209. Medium Cultivation License Limits.

A person or owner shall be limited to one (1) Medium Outdoor, or one (1) Medium Indoor, or one (1) Medium Mixed-Light A-License or M-License. This section shall remain in effect until January 1, 2023.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26012, 26013, 26050 and 26061, Business and Professions Code.

Article 2. Cultivation Site Requirements

§16300. Cultivation Requirements.

(a) Cannabis plants maintained outside of the designated canopy area(s) for specialty cottage, specialty, small, and medium licenses are prohibited from flowering. Should a plant outside of the canopy area(s) begin flowering, a plant tag shall be applied, the plant shall be moved to a designated canopy area and reported in the track and trace system without delay.

(b) All plants or portions of a plant used for seed production shall be tagged with a plant tag pursuant to section 15048.4.

(c) A licensee propagating immature plants for distribution or seed for distribution to another licensee shall obtain a nursery license.

(d) Licensees shall process their harvested cannabis only in area(s) designated for processing in their cultivation plan, or transfer their harvested cannabis to a licensed processor, manufacturer, or distributor via a licensed distributor.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26013, 26060 and 26120, Business and Professions Code.

§ 16300.1. Additional Cultivation Requirements for Large Licenses.

(a) Commencing on January 1, 2023, a person that holds an ownership or financial interest in a Large Cultivation license shall not be eligible to apply for or hold an ownership or financial interest in a Type 8, Type 11, or Type 12 license.

(b) As part of the license application for a Large Cultivation license or a request for a conversion into a Large Cultivation license the applicant or licensee shall submit an attestation that:

(1) All persons who will hold an ownership or financial interest in the Large Cultivation license do not currently hold any ownership or financial interest in a Type 8, Type 11, or Type 12 license; and

(2) No person who will hold an ownership or financial interest in the Large Cultivation license will apply for or hold an ownership or financial interest in a Type 8, Type 11, or Type 12 license while maintaining their ownership or financial interest in the Large Cultivation license.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26012, 26060, 26061 and 26180, Business and Professions Code.

§16301. Seed Production Requirements for Nursery Licensees.

Nursery licensees producing seed for distribution shall tag all mature plants with a plant tag pursuant to section 15048.4(b). All products, except seed, derived from these plants are prohibited from entering the commercial distribution chain.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26013, 26060 and 26067, Business and Professions Code.

§16302. Research and Development Requirements for Nursery Licensees.

Nursery licensees may maintain a research and development area, as identified in their cultivation plan, for the cultivation of mature plants. All mature plants shall be tagged with a plant tag pursuant to section 15048.4. All cannabis and cannabis products derived from these plants are prohibited from entering the commercial distribution chain or being transferred off the licensed premises.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26013, 26060 and 26067, Business and Professions Code.

§16303. Cultivation Requirements for Processor Licensees.

(a) Processor licensees shall comply with all of the following requirements:

- (1) All aggregation of product shall adhere to track and trace requirements.
- (2) Licensees may produce nonmanufactured cannabis products without a manufacturing license.
- (3) Cultivation of cannabis plants is prohibited at a licensed processor premises.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26013, 26060, 26067, 26069 and 26120, Business and Professions Code.

§16304. General Environmental Protection Measures.

(a) All licensed cultivators shall comply with all of the following environmental protection measures:

- (1) Principles, guidelines, and requirements adopted pursuant to section 13149 of the Water Code and implemented by the State Water Resources Control Board, Regional Water Quality Control Boards, or California Department of Fish and Wildlife;
- (2) Any conditions of licensure included pursuant to section 26060.1(b)(1) of the Business and Professions Code;
- (3) Requirements of section 7050.5(b) of the Health and Safety Code if human remains are discovered during cultivation activities;
- (4) Requirements for generators pursuant to section 16306;
- (5) Requirements for pesticides pursuant to section 16307;

(6) Outdoor lights used for safety or security purposes are shielded and downward facing; and

(7) Lights used for indoor or mixed-light cultivation are shielded from sunset to sunrise to reduce nighttime glare.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26013, 26060, 26066 and 26201, Business and Professions Code.

§16305. Renewable Energy Requirements.

(a) Beginning January 1, 2023, all holders of indoor, tier 2 mixed-light license types of any size, and all holders of nursery licenses using indoor or tier 2 mixed-light techniques shall ensure that electrical power used for commercial cannabis activity meets the average electricity greenhouse gas emissions intensity required by their local utility provider pursuant to the California Renewables Portfolio Standard Program in division 1, part 1, chapter 2.3, article 16 (commencing with section 399.11) of the Public Utilities Code.

(b) If a licensed cultivator's average weighted greenhouse gas emission intensity, as calculated and reported upon license renewal pursuant to section 15020, is greater than the local utility provider's greenhouse gas emission intensity, the licensee shall obtain carbon offsets to cover the excess in carbon emissions from the previous annual licensed period. The carbon offsets shall be purchased from one or more of the following recognized voluntary carbon registries:

- (1) American Carbon Registry;
- (2) Climate Action Reserve; or
- (3) Verified Carbon Standard.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26013, 26060, 26066 and 26201, Business and Professions Code.

§16306. Generator Requirements.

(a) For the purposes of this section, "generator" means a stationary or portable compression ignition engine, also known as a diesel engine, as defined in title 17, California Code of Regulations, section 93115.4.

(b) Licensed cultivators using generators rated at fifty (50) horsepower and greater shall demonstrate compliance with the Airborne Toxic Control Measure for stationary or portable engines, as applicable, established in title 17, California Code of Regulations, sections 93115-93116.5. Compliance shall be demonstrated by providing a copy of one of the following to the Department upon request:

- (1) For portable engines, a Portable Equipment Registration Certificate provided by the California Air Resources Board; or

(2) For portable or stationary engines, a Permit to Operate or other proof of engine registration, obtained from the Local Air District with jurisdiction over the licensed premises.

(c) Licensed cultivators using generators rated below fifty (50) horsepower shall comply with the following by 2023:

(1) Either subsection (1)(A) or (1)(B):

(A) Meet the “emergency” definition for portable engines in title 17, California Code of Regulations, section 93116.2(a)(12), or the “emergency use” definition for stationary engines in title 17, California Code of Regulations, section 93115.4(a)(30); or

(B) Operate eighty (80) hours or less in a calendar year; and

(2) Either subsection (2)(A) or (2)(B):

(A) Meet Tier 3 with Level 3 diesel particulate filter requirements in title 13, California Code of Regulations, sections 2700-2711; or

(B) Meet Tier 4 requirements, or current engine requirements if more stringent, in title 40, Code of Federal Regulations, chapter I, subchapter U, part 1039, subpart B, section 1039.101.

(d) All generators used by licensed cultivators shall be equipped with non-resettable hour-meters. If a generator does not come equipped with a non-resettable hour-meter, an aftermarket non-resettable hour-meter shall be installed.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26013, 26060, 26066 and 26201, Business and Professions Code.

§16307. Pesticide Use Requirements.

(a) Licensed cultivators shall comply with all applicable pesticide statutes and regulations enforced by the Department of Pesticide Regulation.

(b) For all pesticides that are exempt from registration requirements, licensed cultivators shall comply with all applicable pesticide statutes and regulations enforced by the Department of Pesticide Regulation and the following pesticide application and storage protocols:

(1) Comply with all pesticide label directions;

(2) Store chemicals in a secure building or shed to prevent access by wildlife;

(3) Contain any chemical leaks and immediately clean up any spills;

(4) Apply the minimum amount of product necessary to control the target pest;

(5) Prevent offsite drift;

(6) Do not apply pesticides when pollinators are present;

(7) Do not allow drift to flowering plants attractive to pollinators;

- (8) Do not spray directly to surface water or allow pesticide product to drift to surface water. Spray only when wind is blowing away from surface water bodies;
- (9) Do not apply pesticides when they may reach surface water or groundwater; and
- (10) Only use properly labeled pesticides. If no label is available, consult the Department of Pesticide Regulation.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26013, 26060, 26066 and 26201, Business and Professions Code.

§16308. Canopy Requirements.

(a) Licensed cultivators shall comply with the following requirements for canopy areas:

(1) Each canopy shall be marked with clearly identifiable physical boundaries around all areas that will contain mature plants. Physical boundaries include, but are not limited to, interior walls, shelves, greenhouse walls, hoop house walls, garden benches, hedgerows, fencing, garden beds, garden plots, or stakes delineating the perimeter.

(2) Each canopy shall be of sufficient size to contain the mature plants in their entirety at any point in time. No portion of the plant is permitted to hang over an established canopy boundary.

(b) Seeds, immature plants, or propagated material received from a licensed nursery as trade samples shall be cultivated in a canopy area dedicated to trade samples that meets the requirements of subsection (a). Canopy areas used to cultivate trade samples received from a licensed nursery shall be included in the licensed cultivator's cultivation plan and shall be included in the aggregate square footage of the canopy areas.

(c) Licensed cultivators may utilize canopy areas to produce seeds for their own use.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26013 and 26060, Business and Professions Code.

§16309. Cultivation Plan Requirements.

(a) Licensed cultivators shall establish and maintain a cultivation plan that includes all of the following:

(1) A premises diagram drafted in accordance with section 15006.

(2) A cannabis waste management plan developed in accordance with section 17223.

(3) A pest management plan developed in accordance with section 16310.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26013, 26051.5 and 26060, Business and Professions Code.

§16310. Pest Management Plan.

- (a) The licensed cultivator shall develop a pest management plan that includes:
- (1) The product name and active ingredient(s) of all pesticides to be applied to cannabis; and
 - (2) Any integrated pest management protocols, including chemical, biological, and cultural methods, that will be used to prevent and control pests on the cultivation site.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26013, 26051.5 and 26060, Business and Professions Code.

§16311. Supplemental Water Source Information.

The following information shall be provided for each water source identified by the applicant:

- (a) Retail water supply sources:
- (1) If the water source is a retail water supplier, as defined in section 13575 of the Water Code, such as a municipal provider, provide the following:
 - (A) Name of the retail water supplier; and
 - (B) A copy of the most recent water service bill or written documentation from the water supplier stating that service will be provided at the premises address.
 - (2) If the water source is a small retail water supplier, such as a delivery service, and is subject to section 26060.1(a)(1)(B) of the Business and Professions Code and the retail water supplier contract is for delivery or pickup of water from a surface water body or an underground stream flowing in a known and definite channel, provide all of the following:
 - (A) The name of the retail water supplier under the contract;
 - (B) The water source and geographic location coordinates, in either latitude and longitude or the California Coordinate System, of any point of diversion used by the retail water supplier to divert water delivered to the commercial cannabis business under the contract;
 - (C) The authorized place of use of any water right used by the retail water supplier to divert water delivered to the commercial cannabis business under the contract;
 - (D) The maximum amount of water delivered to the commercial cannabis business for cannabis cultivation in any year; and
 - (E) A copy of the most recent water service bill.
 - (3) If the water source is a small retail water supplier, such as a delivery service, and is subject to section 26060.1(a)(1)(B) of the Business and Professions Code and the retail water supplier contract is for delivery or pickup of water from a groundwater well, provide all of the following:
 - (A) The name of the retail water supplier under the contract;

(B) The geographic location coordinates for any groundwater well used to supply water delivered to the commercial cannabis business, in either latitude and longitude or the California Coordinate System;

(C) The maximum amount of water delivered to the commercial cannabis business for cannabis cultivation in any year;

(D) A copy of the well completion report filed with the Department of Water Resources pursuant to section 13751 of the Water Code for each percolating groundwater well used to divert water delivered to the commercial cannabis business. If no well completion report is available, the applicant shall provide evidence from the Department of Water Resources indicating that the Department of Water Resources does not have a record of the well completion report. When no well completion report is available, the State Water Resources Control Board may request additional information about the well; and

(E) A copy of the most recent water service bill.

(b) If the water source is a groundwater well, provide the following:

(1) The groundwater well's geographic location coordinates, in either latitude and longitude or the California Coordinate System; and

(2) A copy of the well completion report filed with the Department of Water Resources pursuant to section 13751 of the Water Code. If no well completion report is available, the applicant shall provide evidence from the Department of Water Resources indicating that the Department of Water Resources does not have a record of the well completion report. If no well completion report is available, the State Water Resources Control Board may request additional information about the well.

(c) If the water source is a rainwater catchment system, provide the following:

(1) The total square footage of the catchment footprint area(s).

(2) The total storage capacity, in gallons, of the catchment system(s).

(3) A detailed description and photographs of the rainwater catchment system infrastructure, including the location, size, and type of all surface areas that collect rainwater. Examples of rainwater collection surface areas include a rooftop and greenhouse.

(4) Geographic location coordinates of the rainwater catchment infrastructure in either latitude and longitude or the California Coordinate System.

(d) If the water source is a diversion from a waterbody (such as a river, stream, creek, pond, lake, etc.), provide any applicable water right statement, application, permit, license, or small irrigation use registration identification number(s), and a copy of any applicable statement, registration certificate, permit, license, or proof of a pending application issued under part 2 (commencing with section 1200) of division 2 of the California Water Code as evidence of approval of a water diversion by the State Water Resources Control Board.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26013 and 26060.1, Business and Professions Code.

Chapter 8. Manufacturers

Article 1. Manufacturing Licenses

§17006. Manufacturing License Types.

The following manufacturing license types are available from the Department:

(a) “Type 7,” for extractions using volatile solvents as defined by section 15000(yyy). A Type 7 licensee may also:

(1) Conduct extractions using nonvolatile solvents or mechanical methods on the licensed premises, provided that the extraction process is noted on the application and the relevant information pursuant to section 15011(b) is provided to the Department;

(2) Conduct infusion operations on the licensed premises, provided the infusion operations and product types are noted on the application and the relevant information pursuant to section 15011(b) is provided to the Department;

(3) Conduct packaging and labeling of cannabis products on the licensed premises; and

(4) Register and operate the licensed premises as a shared-use facility in accordance with article 2 (commencing with section 17124) of chapter 8.

(b) “Type 6,” for extractions using mechanical methods or nonvolatile solvents as defined by section 15000(uu). A Type 6 licensee may also:

(1) Conduct infusion operations on the licensed premises, provided the infusion operations and product types are noted on the application and the relevant information pursuant to section 15011(b) is provided to the Department;

(2) Conduct packaging and labeling of cannabis products on the licensed premises; and

(3) Register and operate the licensed premises as a shared-use facility in accordance with article 2 (commencing with section 17124) of chapter 8.

(c) “Type N,” for manufacturers that produce cannabis products other than extracts or concentrates that are produced through extraction. A Type N licensee may also:

(1) Conduct packaging and labeling of cannabis products on the licensed premises; and

(2) Register and operate the licensed premises as a shared-use facility in accordance with article 2 (commencing with section 17124) of chapter 8.

(d) “Type P,” for manufacturers that only package or repackage cannabis products or label or relabel cannabis product containers or wrappers.

(e) “Type S,” for manufacturers that conduct commercial cannabis manufacturing activities in accordance with article 2 (commencing with section 17124) of chapter 8 at a registered shared-use facility.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26012, 26050 and 26130, Business and Professions Code.

§17009. Additional Activities.

In addition to the activities specified in section 17006, a licensed manufacturer may also roll and package pre-rolls and package dried cannabis flower.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26012 and 26130, Business and Professions Code.

§17117. License Constraints.

(a) A manufacturer licensee shall not manufacture, prepare, package or label any products other than cannabis products at the licensed premises.

(b) Notwithstanding subsection (a), a manufacturer licensee may manufacture, prepare, package, and label non-cannabis-infused product samples. For purposes of this section, a “non-cannabis-infused product sample” is a product that does not contain cannabis but contains all other components of a corresponding cannabis product and is used to provide information on flavor profiles, textures, smells, and other physical characteristics of the cannabis product. Non-cannabis-infused product samples shall not be sold and may be provided to other licensees except for licensed cultivators, transport only distributors, testing laboratories, and cannabis event organizers.

(c) A manufacturer licensee shall only use cannabinoid concentrates and extracts that are manufactured or processed from cannabis obtained from a licensed cannabis cultivator.

(d) A manufacturer licensee shall not manufacture, prepare, package, or label cannabis products in a location that is operating as a retail food establishment or as a processed food registrant.

(e) A manufacturer licensee shall not manufacture, prepare, package, or label cannabis products in a location that is licensed by the Department of Alcoholic Beverage Control pursuant to division 9 (commencing with section 23000) of the Business and Professions Code.

Authority: Section 26013 and 26130, Business and Professions Code. Reference: Sections 26050 and 26140, Business and Professions Code.

Article 2. Shared-Use Facilities

§ 17124. Definitions.

For purposes of this article, the following definitions shall apply:

(a) “Common-use area” means any area of the manufacturer's registered shared-use facility, including equipment that is available for use by more than one licensed manufacturer, provided that the use of a common-use area is limited to one licensee at a time.

(b) “Designated area” means the area of the manufacturer's registered shared-use facility that is designated by the primary licensee for the sole and exclusive use of a Type S

licensee, including storage of the Type S licensee's cannabis, cannabis concentrates, and cannabis products.

(c) “Primary licensee” means the Type 7, Type 6, or Type N licensee that has registered and been approved to operate its licensed premises as a shared-use facility.

(d) “Shared-use facility” means a manufacturing premises operated by a Type 7, Type 6, or Type N licensee in which Type S licensees are authorized to conduct manufacturing operations.

(e) “Use agreement” means a written agreement between a primary licensee and a Type S commercial cannabis business or licensee that specifies the designated area of the Type S licensee, the days and hours in which the Type S licensee is assigned to use the common-use area, any allocation of responsibility for compliance pursuant to section 17128, and an acknowledgement that the Type S licensee has sole and exclusive use of the common-use area during the Type S licensee's assigned time period.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26001, 26050, 26051.5 and 26130, Business and Professions Code.

§17126. Registration to Operate a Shared-Use Facility.

(a) No licensed manufacturer shall operate as a shared-use facility without prior approval by the Department.

(b) To register as a shared-use facility, a Type 7, Type 6, or Type N licensee shall submit the following to the Department through the online licensing system:

(1) A copy of the license, permit, or other authorization issued by the local jurisdiction that enables the licensee to operate as a shared-use facility. The Department shall contact the applicable local jurisdiction to confirm the validity of the authorization upon receipt of the application for registration. If the local jurisdiction does not respond within 10 calendar days, the Department shall consider the authorization valid.

(2) A registration form prescribed by the Department, which includes the following information:

(A) The proposed occupancy schedule that specifies the days and hours the common-use area will be available for use by Type S licensees and when the common-use area will be used by the primary licensee. The occupancy schedule shall allow for maintenance and sanitizing between uses by individual licensees.

(B) A diagram indicating:

(i) Each designated area for Type S licensee(s).

(ii) The common-use area, including identification of any shared equipment.

(c) The Department shall notify the Type 7, Type 6, or Type N licensee upon approval of the registration to operate as a shared-use facility. Notification shall be made through the online licensing system.

(d) At least one business day prior to a Type S licensee commencing manufacturing operations at a registered shared-use facility, the primary licensee shall provide written notification to the Department. The notification to the Department shall include the Type S licensee's business name, contact person, contact phone number, and license number. The primary licensee shall also provide an updated occupancy schedule that includes the Type S licensee and an updated diagram that specifies the Type S licensee's designated area. Notification shall be provided by email or through the online licensing system.

(e) A primary licensee that wishes to discontinue operation as a shared-use facility may cancel its registration by providing written notice to the Department and each Type S licensee authorized to use the shared-use facility at least 30 calendar days prior to the effective date of the cancellation.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26051.5, 26055 and 26130, Business and Professions Code.

§17127. Shared-Use Facility Conditions for Operation.

(a) A primary licensee shall operate the shared-use facility in accordance with the conditions of operation specified in this section.

(b) Each Type S licensee shall be assigned a “designated area” that, at minimum:

(1) Is for exclusive use by the Type S licensee; and

(2) Provides an area for storage that is secure, fixed in place, locked with a commercial-grade lock, and accessible only to the Type S licensee for storage of that Type S licensee's cannabis, cannabis concentrates, and cannabis products.

(c) Any part of the premises used for manufacturing activities that is a common-use area shall be occupied by only one licensee at a time by restricting the time period that each licensee may use the common-use area. During the assigned time period, one licensee shall have sole and exclusive occupancy of the common-use area.

(d) The use of the shared-use facility shall be restricted to the primary licensee and the Type S licensees authorized by the Department to use the shared-use facility.

(e) Any cannabis product or other materials remaining after a Type S licensee ceases operation and discontinues use of its designated area shall be considered cannabis waste and disposed of by the primary licensee consistent with the requirements of the Act and this division.

(f) The shared-use facility shall meet all applicable requirements of the Act and this division.

(g) The occupancy schedule shall be prominently posted near the entrance to the shared-use facility.

(h) The primary licensee may conduct manufacturing activities as permitted under its Type 7, Type 6, or Type N license and may use the common-use area during its scheduled time period.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5 and 26130, Business and Professions Code.

§17128. Shared-Use Facility Compliance Requirements.

(a) As part of the use agreement, the primary licensee and the Type S licensee(s) may allocate responsibility for providing and maintaining commonly used equipment and services, including, but not limited to, security systems, fire monitoring and protection services, and waste disposal services. However, the Department may take enforcement action against either the primary licensee or Type S licensee(s) regardless of the allocation of responsibility in the use agreement.

(b) A primary licensee or a Type S licensee is liable for any violation found at the shared-use facility during that licensee's scheduled occupancy or within that licensee's designated area. However, a violation of any provision of the Act or this division may be deemed a violation for which each Type S licensee and the primary licensee are responsible. In the event of a recall or embargo of a cannabis product produced at a shared-use facility, the Department, in its sole discretion, may include any or all cannabis products produced at the shared-use facility.

(c) The occupancy schedule and designated area for a Type S licensee shall not be altered without prior notification to the Department. Prior to making any changes to the occupancy schedule or the designated area, written notification that includes the intended changes shall be submitted by email or through the Department's online licensing system.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5, 26055 and 26130, Business and Professions Code.

Article 3. Solvent Use and Safety

§17202.1. General Requirements for Extraction and Post-Extraction Processing.

(a) A licensed manufacturer that uses a volatile solvent, a flammable liquid, or a solvent that creates an asphyxiant gas shall ensure that the solvent is used in accordance with the requirements of:

- (1) Chapter 39 of the California Fire Code;
- (2) Title 8, California Code of Regulations, sections 5416-5420, which includes ensuring adequate ventilation and controlling sources of ignition;
- (3) All Division of Occupational Safety and Health (Cal/OSHA) regulations related to the processing, handling, and storage of the applicable solvent; and
- (4) All fire, safety, and building code requirements related to the processing, handling, and storage of the applicable solvent or gas.

(b) No volatile solvent extraction or post-extraction processing operations or other closed-loop system operations shall occur in an area zoned as residential.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5, 26105 and 26130, Business and Professions Code.

§17203. Permissible Extractions.

(a) Except as provided in subsection (b), cannabis extraction shall only be conducted using the following methods:

- (1) Mechanical extraction;
- (2) Chemical extraction using a nonvolatile solvent, as defined in section 15000(uu).
- (3) Chemical extraction using CO₂ gas in a professional closed-loop extraction system.
- (4) Chemical extraction using a volatile solvent, as defined in section 15000(yyy), in a professional closed-loop extraction system; or
- (5) Any other method authorized by the Department pursuant to subsection (b).

(b) To request authorization from the Department to conduct cannabis extraction using a method other than those specified in subsections (a)(1) through (4), the applicant or licensee shall submit a detailed description of the extraction method, including any documentation that validates the method and any safety procedures to be utilized to mitigate any risk to public or worker health and safety.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5 and 26130, Business and Professions Code.

§17204. Solvent Requirements.

(a) Any solvents used for extraction or post-extraction processing shall meet the following minimum purity requirements:

- (1) Hydrocarbon-based solvents shall be at least 99 percent purity.
- (2) Nonhydrocarbon-based solvents shall be food-grade.
- (3) CO₂ gas used for extraction shall be food-grade.
- (4) Ethanol shall be food-grade in accordance with 21 CFR, part 184, subpart B, section 184.1293.

(A) Solutions of ethanol may be used if the ethanol component is food-grade and it is combined with another food-grade solvent or a hydrocarbon-based solvent that meets the requirements of subsection (a)(1).

(B) Solutions of ethanol that include one or more volatile solvents that total 5% or less by volume of the total ethanol solution volume are considered nonvolatile solvents as defined in section 15000(uu).

- (5) Water and ice shall be potable.

(6) Dry ice shall be food-grade.

(b) The licensed manufacturer shall maintain copies of the safety data sheets for any chemical solvents used and make these records readily available to employees and to the Department upon request.

(c) The licensed manufacturer shall maintain documentation evidencing the purity of any chemical solvents used and make these records readily available to employees and to the Department upon request.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5, 26105 and 26130, Business and Professions Code.

§17205. Additional Requirements for Ethanol Operations.

A licensed manufacturer that uses ethanol in manufacturing operations for extractions or post-extraction processing shall receive approval for the facility and equipment from the local fire code official prior to commencing operations, if required by local ordinance.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5 and 26130, Business and Professions Code.

§17206. Closed-Loop Extraction System Requirements.

(a) Chemical extractions using CO₂; a volatile solvent; or chlorofluorocarbon, hydrocarbon, or other fluorinated gas shall be conducted in a professional closed-loop extraction system designed to recover the solvents that are certified in accordance with section 17206.1.

(b) The licensed manufacturer shall establish and implement procedures to ensure that the closed-loop extraction system is maintained in accordance with the equipment manufacturer specifications. The licensed manufacturer shall maintain logs documenting the date(s) of maintenance; description of the maintenance done, including any machine parts that were replaced; and the initials of the employee conducting the maintenance.

(c) The licensed manufacturer shall establish and implement procedures to ensure routine verification that the system is operating in accordance with equipment manufacturer specifications and continues to comply with fire, safety, and building code requirements. The licensed manufacturer shall conduct any verification recommended by the equipment manufacturer. The licensed manufacturer shall maintain logs documenting the date(s) of verification, description of the verification method, and the initials of the employee conducting the verification.

(d) A licensed manufacturer shall develop and implement written standard operating procedures, good manufacturing practices, and a training plan prior to using the closed-loop system. Any personnel using solvents or gases in a closed-loop system shall have direct access to applicable safety data sheets. Personnel shall be trained on how to use the system and handle and store solvents and gases safely prior to operating the system. The training shall be documented in accordance with section 17211.1.

(e) Professional closed-loop systems, other equipment used, the extraction operation, and facilities shall be approved for use by the local fire code official prior to commencing operation of the closed-loop system, if required by local ordinance. Licensed manufacturers shall provide documentation confirming compliance with this subsection to the Department upon request.

(f) The facility shall have a gas detection system that meets the requirements of title 24, California Code of Regulations, sections 3905.1-3905.2.

(g) All procedures and logs described in this section shall be in writing and made available to the Department upon request.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5, 26105 and 26130, Business and Professions Code.

§17206.1. Certification of Closed-Loop Systems.

(a) The closed-loop system shall be commercially manufactured and bear a permanently affixed and visible serial number.

(b) After installation and before use of a closed-loop system, the licensed manufacturer shall have the closed-loop system certified by a California-licensed engineer that the system was commercially manufactured, safe for use with the intended solvent, and built and installed to codes of recognized and generally accepted good engineering practices. The certification document shall contain:

- (1) The name, signature and stamp of the California-licensed professional engineer;
- (2) The serial number of the extraction unit being certified;
- (3) A list of the solvent(s) deemed safe for use with the equipment; and
- (4) The address of the premises where the extraction unit was certified.

(c) The licensed manufacturer shall maintain the current certification document and make it available to the Department upon request.

(d) The closed-loop system shall be recertified if any of the following occur:

- (1) The system is modified in a manner such that its operation no longer conforms to the original equipment manufacturer specifications, such as by adding or removing components that expand or reduce its capacity.
- (2) The system is moved to a different premises.
- (3) Five years have elapsed since the date of the certification.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5, 26130 and 26132, Business and Professions Code.

Article 4. Good Manufacturing Practices

§17207. Manufacturing Practices Definitions.

In addition to the definitions in section 26001 of the Act and section 15000 of this division, the following definitions shall govern the construction of this chapter:

- (a) “Allergen cross-contact” means the unintentional incorporation of a food allergen into a cannabis product.
- (b) “Component” means any substance or item intended for use in the manufacture of a cannabis product, including those substances or items that are not intended to appear in the finished cannabis product. “Component” includes cannabis, cannabis products used as ingredients, raw materials, other ingredients, and processing aids.
- (c) “Contact surface” means any surface that contacts cannabis products and cannabis product components and those surfaces from which drainage, or other transfer, onto the cannabis product or cannabis product components, occurs during the normal course of operations. Examples of contact surfaces include containers, utensils, tables, and equipment.
- (d) “Easily cleanable” means a characteristic of a surface that allows effective removal of soil, food residue, or other organic or inorganic materials by normal cleaning methods.
- (e) “Environmental pathogen” means a pathogen capable of surviving and persisting within the manufacturing environment such that cannabis products may be contaminated and may result in illness if consumed or used without treatment to significantly minimize the environmental pathogen. Examples of environmental pathogens include *Listeria monocytogenes* and *Salmonella spp.* but do not include the spores of pathogenic spore-forming bacteria.
- (f) “Hazard” means any biological, chemical, radiological, or physical agent that has the potential to cause illness or injury.
- (g) “Holding” means storage of cannabis or cannabis products and includes activities performed incidental to storage of a cannabis product and activities performed as a practical necessity for the distribution of that cannabis product.
- (h) “Microorganisms” means yeasts, molds, bacteria, viruses, protozoa, and microscopic parasites and includes species that are pathogens. The term “undesirable microorganisms” includes those microorganisms that are pathogens, that subject a cannabis product to decomposition, that indicate that a cannabis product is contaminated with filth, or that otherwise may cause a cannabis product to be adulterated.
- (i) “Monitor” means to conduct a planned sequence of observations or measurements to assess whether preventive measures are operating as intended.
- (j) “Pathogen” means a microorganism that can cause illness or injury.
- (k) “Potable” means water that meets the requirements of Health and Safety Code section 113869.
- (l) “Preventive measures” means those risk-based, reasonably appropriate procedures, practices, and processes that a person knowledgeable about the safe manufacturing,

processing, packing, or holding of food would employ to significantly minimize or prevent the hazards identified pursuant to a product quality plan as specified in section 17214.

(m) “Processing aid” means any substance that is added to a cannabis product during manufacture but is removed in some manner from the cannabis product before it is packaged in its finished form. This includes substances that are converted into constituents normally present in the product, and do not significantly increase the amount of the constituent naturally found in the product. This also includes substances that are added to a product for their technical or functional effect in the processing but are present in the finished product at insignificant levels and do not have any technical or functional effect in that product.

(n) “Qualified individual” means a person who has the education, training, or experience (or a combination thereof) necessary to manufacture quality cannabis products as appropriate to the individual's assigned duties. A qualified individual may be, but is not required to be, an employee of the licensed manufacturer.

(o) “Quality control” means a planned and systematic operation or procedure for ensuring the quality of a cannabis product.

(p) “Quality control operation” means a planned and systematic procedure for taking all actions necessary to prevent cannabis product(s) from being adulterated or misbranded.

(q) “Quality control personnel” means any person, persons, or group designated by the licensed manufacturer to be responsible for quality control operations.

(r) “Raw material” means any unprocessed material in its raw or natural state that is intended to become part of the components of a cannabis product.

(s) “Sanitize” means to treat cleaned surfaces by a process that is effective in destroying vegetative cells of pathogens and substantially reducing numbers of other undesirable microorganisms, but without adversely affecting the product or its safety for the consumer.

(t) “Smooth” means any of the following:

(1) A contact surface that is free of pits, pinholes, cracks, crevices, inclusions, rough edges, and other surface imperfections detectable by visual or tactile inspection.

(2) A floor, wall, or ceiling having an even or level surface with no roughness or projections that render it difficult to clean.

(u) “Utensil” means an implement, tool, or container used in the storage, preparation, manufacture, or processing of cannabis and cannabis products. In addition to kitchenware, examples of utensils include, but are not limited to, gloves, screens, sieves, implements to create pre-rolls, buckets, and scissors.

(v) “Validate” means obtaining and evaluating scientific and technical evidence that a control measure, combination of control measures, or set of quality control procedures, when properly implemented, is capable of ensuring the quality of a cannabis product or effectively controlling an identified hazard.

(w) “Verification” means the application of methods, procedures, tests, or other evaluations, in addition to monitoring, to determine whether a control measure or combination of control measures is or has been operating as intended and to establish the validity of the quality control procedures.

(x) “Yield” means the quantity of a particular cannabis product expected to be produced at a given step of manufacture or packaging, as identified in the master manufacturing protocol. The expected yield is based upon the quantity of components or packaging to be used, in the absence of any loss or error in actual production. “Actual yield” means the quantity of a particular cannabis product that is actually produced at a given step of manufacture or packaging that is recorded in the batch production record.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26001 and 26130, Business and Professions Code.

§17208. Quality Control Program.

(a) A licensed manufacturer shall establish and implement a quality control program to ensure that cannabis products are not adulterated or misbranded. The quality control program shall describe how the licensee will comply with the following:

- (1) Grounds, building, and manufacturing premises standards, as specified in section 17209;
- (2) Equipment and utensil requirements, as specified in section 17210;
- (3) Personnel procedures, as specified in section 17211;
- (4) Cannabis product component procedures, as specified in section 17212; and
- (5) Manufacturing processes and procedures, as specified in section 17213.

(b) The quality control program shall be under the supervision of one or more qualified individuals assigned responsibility for this function.

(c) For purposes of this article, for those requirements that are contained in the Health and Safety Code, use of the term “food” shall include cannabis, cannabis products, components, and contact surfaces.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5 and 26039.6, Business and Professions Code.

§17209. Grounds, Building, and Manufacturing Premises.

(a) Exterior facility and grounds. A licensed manufacturer shall ensure the facility exterior and grounds under the licensed manufacturer’s control meet the following minimum standards:

- (1) Grounds shall be equipped with draining areas in order to prevent pooled or standing water;
- (2) Weeds, grass, and vegetation shall be cut within the immediate vicinity of the cannabis manufacturing premises, litter and waste shall be removed, and equipment

shall be stored in order to minimize the potential for the grounds to constitute an attractant, breeding place, or harborage for pests;

(3) Roads, yards, and parking lots shall be maintained so that these areas do not constitute a source of contamination in areas where cannabis products are handled or transported;

(4) Openings into the building (such as windows, exhaust fans, ventilation ducts, or plumbing vent pipes) shall be screened, sealed, or otherwise protected to minimize potential for pests to enter the building;

(5) Waste treatment and disposal systems shall be provided and maintained so as to prevent contamination in areas where cannabis products may be exposed to such a system's waste or waste by-products.

(6) A licensed manufacturer shall implement precautions within the premises, such as inspection or extermination, if the premises is bordered by grounds outside the licensed manufacturer's control that are not maintained in the manner described in subsections (1) through (5), in order to eliminate any pests, dirt, and filth that pose a source of cannabis product contamination. Any use of insecticide, rodenticide, or other pesticide within the premises shall meet the requirements of Health and Safety Code section 114254.

(b) Interior facility. A licensed manufacturer shall ensure construction, design, and maintenance of the interior of the manufacturing premises as follows:

(1) Walls, ceilings, and floors. Walls, ceilings, and floors shall be constructed of material that is smooth, nonporous, easily cleanable, corrosion-resistant, and suitable to the activity that will be conducted. Fixtures, ducts, and pipes shall not pose a source of drip or condensate that may contaminate cannabis, cannabis products, components, contact surfaces, or packaging material.

(2) Lighting. Interior facility lighting shall meet the requirements of the Health and Safety Code section 114252, subdivisions (a)(1) and (3), (b)(3) and (4), and (c). Interior facility lighting shall also meet the requirements for shatter-resistant lighting in Health and Safety Code section 114252.1. The requirements of Health and Safety Code section 114252.1(a), shall also apply to all areas where glass breakage may result in the contamination of exposed cannabis, cannabis products, components, contact surfaces, or packaging material.

(3) Plumbing system and fixtures.

(A) Water supply. Running water shall be supplied as required by Health and Safety Code section 114192 in all areas where required for the manufacturing of cannabis products; in all areas used for the cleaning of equipment, utensils, and packaging materials; and for employee sanitary facilities. Water that contacts cannabis, cannabis products, components, contact surfaces, or packaging materials shall be potable.

(B) Plumbing. Plumbing systems shall meet the requirements of Health and Safety Code section 114190.

(C) Sewage disposal. The sewage system shall be maintained and kept in good repair so that it does not pose a potential source of contamination of cannabis, cannabis products, components, contact surfaces, or packaging materials.

(D) Toilet facilities. A licensed manufacturer shall provide employees with access to toilet facilities that meet the requirements of Health and Safety Code section 114250. Toilet facilities shall be kept clean and shall not pose a potential source of contamination of cannabis, components, cannabis products, contact surfaces, or packaging materials.

(E) Hand-washing facilities. A licensed manufacturer shall provide hand-washing facilities that meet the requirements of Health and Safety Code sections 113953(a)-(d) and 113953.2.

(F) Waste disposal. A licensed manufacturer shall provide for waste disposal in accordance with Health and Safety Code sections 114244(a) and (c) and 114245.1. Cannabis waste shall be disposed of in accordance with section 17223.

(4) Ventilation. Ventilation systems shall meet the requirements of Health and Safety Code sections 114149 and 114149.3.

(5) Cleaning and maintenance. The premises, including any fixtures, and other physical facilities therein, shall be maintained in a clean and sanitary condition and kept in good repair so as to prevent cannabis products from becoming adulterated, and shall meet the requirements of Health and Safety Code section 114257.1.

(A) The premises shall have a janitorial facility that meets the requirements of Health and Safety Code section 114279(a).

(B) Cleaning equipment and supplies shall be stored in a manner that meets the requirements of Health and Safety Code section 114281.

(C) Poisonous or toxic materials such as cleaning compounds, sanitizing agents, and pesticide chemicals that are necessary for premises and equipment maintenance and operation shall be handled and stored in a manner that meets the requirements of Health and Safety Code sections 114254.1, 114254.2 and 114254.3.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5 and 26039.6, Business and Professions Code.

§17210. Equipment and Utensils.

(a) Design and construction. Equipment and utensils shall meet the requirements of Health and Safety Code sections 114130.1, 114130.2, 114130.3, and 114130.4 and shall be used in accordance with their operating instructions to avoid the adulteration of cannabis products with lubricants, fuel, metal fragments, contaminated water, or any other contaminants.

(b) Installation. Equipment shall be installed so as to allow cleaning and maintenance of the equipment and of adjacent spaces. Equipment that is not easily moveable shall meet the requirements of Health and Safety Code section 114169.

(c) Cleaning, sanitizing, and maintenance. Equipment and utensils shall be maintained in a clean and sanitary condition and kept in good repair. The quality control program for cleaning, sanitizing, and maintenance of equipment and utensils shall include the following elements, at minimum:

- (1) A detailed, written procedure for cleaning, sanitizing, and maintaining (including calibrating) equipment and utensils;
- (2) A schedule for cleaning, sanitizing, and maintaining equipment and utensils;
- (3) A log for documentation of the date and time of maintenance, cleaning, and sanitizing of equipment and utensils; and
- (4) A procedure for storing cleaned and sanitized equipment and utensils in a manner to protect the equipment and utensils from contamination.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5 and 26039.6, Business and Professions Code.

§17211. Manufacturing Personnel.

(a) Licensed manufacturers shall establish and implement procedures for personnel that include, at minimum:

(1) Disease control. Any individual who by medical examination or supervisory observation is shown to have, or appears to have, an illness specified in Health and Safety Code section 113949.2(a) or an open lesion (e.g., boil, sore, cut, rash, or infected wound), unless covered in accordance with the requirements of Health and Safety Code section 113949.2(b), shall be excluded from any manufacturing operations until their health condition is corrected. Personnel shall be instructed to report such health conditions to their supervisors.

(2) Cleanliness. All individuals working in direct contact with cannabis, cannabis products, components, contact surfaces, and packaging materials shall maintain personal cleanliness in order to protect against allergen cross-contact and contamination of cannabis products while on duty. The methods for maintaining personal cleanliness include:

(A) Wearing clean outer clothing to protect against allergen cross-contact and contamination of cannabis, cannabis products, components, contact surfaces, and packaging materials;

(B) Washing hands thoroughly in a hand-washing facility that meets the requirements of section 17209 before starting work, after each absence from a work station, at any time specified in Health and Safety Code section 113953.3, and at any time when the hands may have become soiled or contaminated;

(C) Removing all unsecured jewelry and other objects that might fall into cannabis, cannabis products, components, equipment, or containers. Hand jewelry that cannot be sanitized shall be removed during periods in which cannabis products are manipulated by hand. If such hand jewelry cannot be removed, it shall be covered by material that can be maintained in an intact, clean, and sanitary condition and that effectively protects

against contamination by these objects of cannabis, cannabis products, components, contact surfaces, and packaging materials;

(D) Maintaining gloves used in cannabis product handling in an intact, clean, and sanitary condition;

(E) Wearing hair nets, caps, beard covers, or other hair restraints that are designed and worn to prevent hair contact with cannabis, cannabis products, components, contact surfaces, and packaging materials;

(F) Storing clothing and personal belongings in areas separate from those where cannabis products are exposed or where equipment or utensils are washed; and

(G) Confining the following activities to areas separate from those where cannabis products may be exposed or where equipment or utensils are washed: eating food, chewing gum, drinking beverages, and using tobacco.

(b) Nothing in this section prohibits a licensed manufacturer from establishing additional precautions to protect against allergen cross-contact and contamination of cannabis, cannabis products, components, contact surfaces, and packaging materials by microorganisms or foreign substances (e.g., perspiration, hair, cosmetics, tobacco, chemicals, and medicines applied to the skin).

(c) The procedures for manufacturing personnel shall be in writing and made available to the Department upon request.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5 and 26039.6, Business and Professions Code.

§17211.1. Training Program.

(a) A manufacturing licensee shall establish and implement a training program to ensure that all personnel present at the premises are provided information and training that, at minimum, covers the following topics:

(1) Within 30 days of the start of employment:

(A) Health and safety hazards;

(B) Hazards presented by all solvents or chemicals used at the licensed premises as described in the safety data sheet for each solvent or chemical;

(C) Emergency response procedures;

(D) Security procedures;

(E) Record keeping requirements; and

(F) Training requirements.

(2) Prior to independently engaging in any cannabis manufacturing process:

(A) An overview of the cannabis manufacturing process and standard operating procedure(s);

(B) Quality control procedures;

- (C) Product quality plans developed in accordance with section 17214;
- (D) Proper and safe usage of equipment or machinery;
- (E) Safe work practices applicable to an employee's job tasks, including appropriate use of any necessary safety or sanitary equipment;
- (F) Cleaning and maintenance requirements;
- (G) Emergency operations, including shutdown; and
- (H) Any additional information reasonably related to an employee's job duties.

(3) Additionally, a manufacturing licensee that produces edible cannabis products shall ensure that all personnel who prepare, handle, or package edible products successfully complete a California food handler certificate course from an entity accredited by the American National Standards Institute (ANSI) within 90 days of commencing employment at the premises and again every three years during employment. A manufacturing licensee shall obtain documentation evidencing the fulfillment of this requirement;

(b) A manufacturing licensee shall ensure that all personnel receive annual refresher training to cover, at minimum, the topics listed in subsection (a). This annual refresher training must be completed within 12 months of the previous training completion date.

(c) A manufacturing licensee shall maintain a record of training containing, at minimum:

(1) A list of all personnel at the premises including, at minimum, name and job duties of each individual;

(2) Documentation of training topics and dates of training completion, including refresher training, for all personnel;

(3) The signatures of each individual and the licensee verifying receipt and understanding of each training or refresher training completed by the individual; and

(4) Any official documentation attesting to the successful completion of required training by personnel.

(d) A manufacturing licensee may assign responsibility for the training of individual personnel to supervisory personnel. Assigned supervisory personnel must have the education, training, or experience (or a combination thereof) necessary to ensure the production of quality cannabis products by all personnel. The assigned training personnel shall sign and date a document on an annual basis attesting that they received and understands all information that will be provided to personnel in the training program. This documentation shall be maintained as part of the record requirements in subsection (c).

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5, 26130 and 26160, Business and Professions Code.

§17212. Cannabis Product Components.

(a) In order to prevent adulteration of cannabis products, licensed manufacturers shall establish and implement written policies and procedures to ensure and maintain the quality of product components.

(b) Components are subject to the following minimum requirements:

(1) Components that are food must be obtained from a source that complies with federal and state food laws.

(2) Raw materials and other components shall be inspected upon intake to ensure that they are clean and suitable for manufacturing into cannabis products, and shall be stored under conditions that protect against allergen cross-contact and contamination and minimize deterioration.

(3) Raw materials shall be washed or cleaned as necessary to remove soil and other visible contaminants. Water used for washing, rinsing, or conveying cannabis product ingredients shall be potable.

(4) Raw materials and other components shall not contain levels of microorganisms that render the cannabis product injurious to human health, or shall be pasteurized or otherwise treated during manufacturing so that they no longer contain levels of microorganisms that would cause the cannabis product to be adulterated.

(5) Raw materials and other components susceptible to contamination with aflatoxin or other natural toxins, pests, or extraneous material shall not exceed generally acceptable limits set by the U.S. Food and Drug Administration in the *Defect Levels Handbook* (Rev. February 2005), which is hereby incorporated by reference, before these raw materials or other ingredients are incorporated into cannabis products.

(6) Raw materials and other components shall be held in containers designed and constructed to protect against allergen cross-contact or contamination, and shall be held at a temperature and relative humidity and in a manner that prevents the cannabis products from becoming adulterated.

(7) Frozen raw materials and other components shall be kept frozen. If thawing is required prior to use, it shall be done in a manner that prevents the raw materials and other ingredients from becoming adulterated.

(8) Raw materials and other components that are food allergens shall be identified and held in a manner that prevents cross-contact with other raw materials or ingredients.

(c) Holding and storage of raw materials and other components shall meet the requirements of Health and Safety Code sections 114047(a) and (b), 114049, and 114051.

(d) The policies and procedures for components shall be in writing and made available to the Department upon request.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5 and 26039.6, Business and Professions Code.

§17213. Manufacturing Procedures.

(a) A licensed manufacturer shall implement and maintain the following manufacturing procedures that ensure cannabis product quality:

- (1) A product quality plan, as described in section 17214;
- (2) Master manufacturing protocols, as described in section 17215, for each unique formulation of cannabis product manufactured to ensure only intended components are included and that the cannabis product is packaged and labeled in accordance with product specifications and this division; and
- (3) Batch production records, as described in section 17216, to document the production process and, if needed, to verify that the established procedures, including the preventive measures and master manufacturing protocol, were implemented correctly.

(b) All manufacturing records and procedures shall be in writing and are subject to inspection by the Department, its inspectors and agents.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5 and 26039.6, Business and Professions Code.

§17214. Product Quality Plan.

(a) A licensed manufacturer shall establish and implement a written product quality plan for each type of product manufactured at the premises. The product quality plan shall address the hazards associated with the premises or the manufacturing process that, if not properly mitigated, may cause the product to be adulterated or misbranded, or may cause the product to fail laboratory testing or quality assurance review.

(b) To create the product quality plan, the licensed manufacturer shall conduct a comprehensive assessment of the overall manufacturing process, as follows:

- (1) Identify each step from component intake through transfer of product from the premises;
- (2) Evaluate the potential risks associated with each step;
- (3) Identify the preventive measures that shall be taken to mitigate the potential risks identified;
- (4) Identify the methods to evaluate and monitor the effectiveness of the preventive measures; and
- (5) Identify any action to take if a preventive measure was unsuccessful.

(c) The licensed manufacturer shall evaluate the following potential risks to cannabis product quality that could be introduced during manufacturing operations:

- (1) Biological hazards, including microbiological hazards;
- (2) Chemical hazards, including radiological hazards, pesticide contamination, solvent or other residue, natural toxins, decomposition, or allergens;
- (3) Physical hazards, such as stone, glass, metal fragments, hair, or insects; and

(4) Process failures that may lead to product contamination, allergen cross-contact, packaging errors, labeling errors, or other errors affecting cannabis product quality.

(d) The licensed manufacturer shall identify and implement the preventive measure(s) necessary to mitigate each potential risk identified pursuant to subsection (c). Examples of preventive measures include, but are not limited to:

(1) Cleaning and sanitizing of equipment and utensils to mitigate against risk of microbiological hazards;

(2) Conducting in-house testing of raw cannabis to mitigate against the risk of pesticide contamination;

(3) Establishing an allergen control program to ensure that allergen cross-contact does not occur between product types; and

(4) Implementing procedures to ensure homogeneity of cannabinoids into a cannabis product to mitigate against the risk of a non-homogeneous product.

(e) The licensed manufacturer shall identify and implement methods to evaluate and monitor the effectiveness of the preventive measures in mitigating the potential risks identified in subsection (c). Methods for evaluation and monitoring of preventive measures include, but are not limited to, the following:

(1) Review of test results conducted to determine contamination such as pesticide residue;

(2) Maintaining and reviewing cleaning, sanitizing, or maintenance logs to verify such actions have been taken;

(3) Conducting environmental testing to determine if equipment or utensils are contaminated with pathogens; and

(4) Monitoring the temperature of raw materials that need to be held below 41 degrees Fahrenheit to prevent microbial contamination.

(f) The licensed manufacturer shall identify actions to be taken if the evaluation and monitoring of the preventive measure indicates that a risk was not properly mitigated. The corrective action shall be specific to the type of product under evaluation and the specific risk to be mitigated. Examples of corrective actions include, but are not limited to:

(1) Destruction of product components or finished cannabis product;

(2) Further manufacturing of cannabis extract to remove impurities; and

(3) Reworking the unfinished product to further homogenize the cannabinoids.

(g) The licensed manufacturer shall maintain the product quality plans and documentation of preventive measures, monitoring results, and corrective actions and make the records available to the Department upon the Department's request, including during the Department's onsite inspection of the premises. Nothing in this chapter requires the disclosure of product quality plans other than to the Department and its inspectors and agents. The licensed manufacturer may consider the product quality plan subject to trade secret protection.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5 and 26039.6, Business and Professions Code.

§17215. Master Manufacturing Protocol.

(a) A licensed manufacturer shall establish and follow a written master manufacturing protocol for each unique formulation of cannabis product manufactured, and for each batch size, in order to mitigate the potential for adulteration through incorporation of incorrect amounts of cannabinoids, unintended ingredients, or hazards identified in the product quality plan; the potential for misbranding through incorporation of ingredients not identified on the label or mislabeling of the product; and to ensure uniformity in finished batches and across all batches produced.

(b) The master manufacturing protocol shall include:

(1) The name and intended cannabinoid concentration(s) of the cannabis product to be manufactured;

(2) A complete list of components to be used;

(3) The weight or measure of each component to be used. The master manufacturing protocol for any given product may include the ability to adjust the weight or measure of cannabinoid-containing ingredients in order to account for the variability of cannabinoid content in harvest batches;

(4) The identity and weight or measure of each ingredient that will be declared on the ingredients list of the cannabis product;

(5) The expected yield of the finished cannabis product, based upon the quantity of components or packaging to be used in the absence of any loss or error in actual production, and the maximum and minimum percentages of expected yield beyond which a deviation investigation of a batch will be necessary, material review will be conducted, and a decision on the disposition of the product will be made;

(6) A description of packaging and a representative label, or a cross-reference to the physical location of the actual or representative label;

(7) The expected number of packages and labels to be used, if the cannabis product will leave the manufacturing premises in final form and packaged and labeled as it will be sold at retail;

- (8) Written instructions for each point, step, or stage in the manufacturing process; and
- (9) Written instructions for any action to mitigate risk(s) identified in the product quality plan.

(c) Master manufacturing protocols shall be in writing and made available to the Department upon request.

(d) Nothing in this chapter requires disclosure of the master manufacturing protocol to any person other than the individuals conducting activities that utilize the protocol or to the Department and its inspectors and agents. The licensee may consider the master manufacturing protocol subject to trade secret protection.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5 and 26039.6, Business and Professions Code.

§17216. Batch Production Record.

(a) A licensed manufacturer shall prepare a written batch production record every time a batch of a cannabis product is manufactured or a batch of cannabis or cannabis product is remediated. The batch production record shall accurately follow the appropriate master manufacturing protocol, and each step of the protocol shall be performed in the production of the batch.

(b) The batch production record shall document all the following information about each batch at the time the batch is produced or remediated:

- (1) The licensee number or premises address of the facility at which the production occurred;
- (2) The date each step of the master manufacturing protocol was performed and the initials of the employee performing each step;
- (3) The identity and weight or measure of each component used in production of the batch;
- (4) The specific equipment and processing lines used in producing or remediating the batch;
- (5) A statement of the actual yield and the percentage difference from expected yield at appropriate phases of manufacturing as identified in the master manufacturing protocol;
- (6) If the product quality plan identifies any monitoring needed to ensure product safety, the results of the monitoring action performed;
- (7) An actual or representative label or other identification of the label to be used for the cannabis product;
- (8) The actual quantity of the packages and labels used, and the difference from the expected quantity to be used, if the cannabis product will leave the manufacturing premises as a final form cannabis good;
- (9) Documentation that quality control personnel:
 - (A) Reviewed the batch production record;

- (B) Reviewed all required monitoring operation(s); and
- (C) Either approved and released, or rejected, the finished cannabis product, including any remediated, repackaged or relabeled cannabis product;
- (10) Documentation, at the time of performance, of any investigation identified in the product quality plan or master manufacturing protocol, including deviations from the expected yield or package and label count; and
- (11) The UID and the batch or lot number of the finished batch of cannabis product and the UIDs of all cannabis or cannabis products used in the batch.

(c) The batch production record shall:

- (1) Contain the actual values and observations obtained during monitoring and, as appropriate, during verification activities;
- (2) Be accurate, indelible, and legible;
- (3) Be created concurrently with performance of the activity documented; and
- (4) Be as detailed as necessary to provide a history of work performed.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5 and 26039.6, Business and Professions Code.

§17217. Standard Operating Procedures.

(a) A licensed manufacturer shall establish and maintain written standard operating procedures that are easily accessible to onsite personnel. The standard operating procedures shall, at minimum, include the following:

- (1) Policies or procedures developed in accordance with the security plan required by section 15042.1;
- (2) Emergency response procedures, including safety data sheets for any chemicals onsite;
- (3) Policies and procedures developed in accordance with section 17206;
- (4) Policies and procedures developed in accordance with this article;
- (5) Procedures for complying with the track and trace requirements established in article 6 of chapter 1; and
- (6) Cannabis waste management procedures in compliance with section 17223.

(b) Procedures shall be written in English but may be made available in other languages, as necessary for the licensee's personnel.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5, 26130 and 26160, Business and Professions Code.

§17218. Inventory Control – Cannabis and Cannabis Products.

- (a) A licensed manufacturer shall establish and implement a written inventory control plan capable of tracking the location and disposition of all cannabis and cannabis products at the licensed premises.
- (b) A licensed manufacturer shall reconcile the on-hand inventory of cannabis and cannabis products at the licensed premises with the records in the track and trace system at least once every thirty (30) calendar days.
- (c) If a licensed manufacturer finds a discrepancy between the on-hand inventory and the track and trace system, the licensee shall conduct an audit.
- (d) If the inventory reconciliation conducted pursuant to subsection (b) or the audit conducted pursuant to subsection (c) reveals a discrepancy that is significant pursuant to section 15034, the licensed manufacturer shall notify the Department within 24 hours of the discovery. The result of inventory reconciliation and any audit shall be retained in the licensed manufacturer's records and shall be made available to the Department upon request.
- (e) The licensed manufacturer shall maintain sales invoices and receipts for all batches of cannabis and cannabis products received at and transferred from its licensed premises. The licensed manufacturer shall prepare a sales invoice or receipt that meets the requirements of Business and Professions Code section 26161 prior to each sale or transport of cannabis products from the premises.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5 and 26130, Business and Professions Code.

Article 5. Special Requirements

§17219. Juice Manufacturing.

Manufacturers of cannabis juice or cannabis-infused juice or beverages shall prepare and implement a written juice hazard analysis and critical control plan in accordance with the requirements of title 21, Code of Federal Regulations, Part 120, subpart A, section 120.8 and subpart B, section 120.24, (Rev. January 2001), which are hereby incorporated by reference. The hazard analysis and critical control plan shall be made available to the Department upon request.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5 and 26039.6, Business and Professions Code.

§17220. Dried Meat Manufacturing.

Manufacturing of cannabis-infused dried meat products shall be conducted in accordance with the United States Department of Agriculture *FSIS Compliance Guideline for Meat and Poultry Jerky Produced by Small and Very Small Establishments: 2014 Compliance Guideline* (Rev. 2014), which is hereby incorporated by reference. Meat for manufacturing into dried meat products shall be acquired from a commercially-available source.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5 and 26039.6, Business and Professions Code.

Chapter 9. Other Responsibilities

§17221. Weighing Devices and Weighmasters.

(a) A licensee shall use weighing devices approved, tested, and sealed in accordance with the requirements in Business and Professions Code, division 5, chapter 5 (commencing with section 12500) and its implementing regulations, and registered with the county sealer consistent with Business and Professions Code, division 5, chapter 2 (commencing with section 12240) and its implementing regulations whenever:

- (1) Cannabis or cannabis product is bought or sold by weight or count;
- (2) Cannabis or cannabis product is packaged for sale by weight or count;
- (3) Cannabis or cannabis product is weighed or counted for entry into the track and trace system; and
- (4) The weighing device is used for commercial purposes as defined in Business and Professions Code section 12500.

(b) Whenever the licensee is determining the weight, measure, or count of cannabis and cannabis products for the purposes specified in subsection (a), the weight, measure, or count shall be determined by a licensed weighmaster in compliance with the requirements of Business and Professions Code, division 5, chapter 7 (commencing with section 12700).

(c) A licensee shall obtain a weighmaster certificate that complies with the requirements of Business and Professions Code, division 5, chapter 7 (commencing with section 12700) whenever:

- (1) Payment for the cannabis or cannabis product is dependent upon the quantity determined by the weighmaster; or
- (2) Payment for service or processing of the cannabis or cannabis product is dependent upon the quantity determined by the weighmaster.

(d) The weighmaster certificate shall not be required when cannabis or cannabis products are weighed or counted for entry into the track and trace system.

(e) In any county in which a county sealer refuses or is not required to approve, register, test, and seal weighing devices used by a licensee, the licensee may have a service agency registered pursuant to Business and Professions Code, division 5, chapter 5.5 perform testing of a weighing device consistent with the requirements in title 4, California Code of Regulations, section 4070. The licensee shall keep a copy of the registered service agency's written inspection report attesting to the accuracy of the device for each device operated by the licensee.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5 and 26060, Business and Professions Code.

§17223. Waste Management.

(a) A licensee shall dispose of all waste in accordance with the Public Resources Code and any other applicable state and local laws. It is the responsibility of the licensee to properly evaluate waste to determine if it should be designated and handled as a hazardous waste, as defined in Public Resources Code section 40141.

(b) A licensee shall establish and implement a written cannabis waste management plan that describes the method or methods by which the licensee will dispose of cannabis waste, as applicable to the licensee's activities. A licensee shall dispose of cannabis waste using only the following methods:

(1) On-premises composting of cannabis waste.

(2) Collection and processing of cannabis waste by a local agency, a waste hauler franchised or contracted by a local agency, or a private waste hauler permitted by a local agency in conjunction with a regular organic waste collection route.

(3) Self-haul cannabis waste to one or more of the following:

(A) A staffed, fully permitted solid waste landfill or transformation facility;

(B) A staffed, fully permitted composting facility or staffed composting operation;

(C) A staffed, fully permitted in-vessel digestion facility or staffed in-vessel digestion operation;

(D) A staffed, fully permitted transfer/processing facility or staffed transfer/processing operation;

(E) A staffed, fully permitted chip and grind operation or facility; or

(F) A recycling center as defined in title 14, California Code of Regulations, section 17402.5(d) that meets the following:

(i) The cannabis waste received shall contain at least ninety (90) percent inorganic material;

(ii) The inorganic portion of the cannabis waste is recycled into new, reused, or reconstituted products that meet the quality standards necessary to be used in the marketplace; and

(iii) The organic portion of the cannabis waste shall be sent to a facility or operation identified in subsections (b)(3)(A)-(E).

(4) Reintroduction of cannabis waste back into agricultural operation through on-premises organic waste recycling methods including, but not limited to, tilling directly into agricultural land and no-till farming.

(c) The licensee shall maintain any cannabis waste in a secured waste receptacle or secured area on the licensed premises until the time of disposal. Physical access to the receptacle or area shall be restricted to the licensee, employees of the licensee, the local agency, waste hauler franchised or contracted by the local agency, or private waste hauler permitted by the local agency only. Nothing in this subsection prohibits licensees from using a shared waste receptacle or area with other licensees, provided that the shared waste receptacle or area is secured and access is limited as required by this subsection.

(d) A licensee that disposes of waste through an entity described in subsection (b)(2) shall do all of the following:

(1) Maintain and make available to the Department upon request the business name, address, contact person, and contact phone number of the entity hauling the waste; and

(2) Obtain documentation from the entity hauling the waste that evidences subscription to a waste collection service.

(e) If a licensee is self-hauling cannabis waste as allowed by the local jurisdiction, the licensee shall be subject to all of the following requirements:

(1) Self-hauled cannabis waste shall only be transported by the licensee or its employees;

(2) Self-hauled cannabis waste shall only be transported to a facility specified in subsection (b)(3); and

(3) The licensee or its employee who transports the waste shall obtain for each delivery of cannabis waste a copy of a certified weight ticket or receipt from the solid waste facility.

(f) A batch of cannabis or cannabis products that is being disposed of because the batch has failed internal quality testing, quality assurance review by a distributor, or regulatory compliance testing shall comply with the following additional requirements:

(1) All cannabis or cannabis products in the batch shall be rendered unusable prior to disposal;

(2) Rendering of the cannabis or cannabis products shall be done under video surveillance, unless the rendering is performed by a licensee engaging in cultivation activities on a licensed premises authorized exclusively for cultivation activities or the cultivation area of a licensed microbusiness premises; and

(3) The reason for disposal and the disposition of the batch shall be noted in the track and trace system.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5 and 26130, Business and Professions Code.

§17225. Product Complaints.

(a) A licensee shall review all product complaints made to the licensee to determine whether the complaints involve possible misbranding or adulteration of a cannabis good, and shall investigate the complaints to the extent practicable based on the information received and the records the licensee is required to maintain.

(b) For purposes of this section, “product complaint” means any written, electronic, or oral communication received by a licensee that contains any allegation expressing concern, for any reason, with the quality of a cannabis good. Examples of product complaints may include, but are not limited to: foul odor, caused illness or injury, foreign material in a cannabis product container, improper packaging, mislabeling, cannabis products that contain an incorrect concentration of cannabinoids, and cannabis products that contain an unidentified ingredient, or any form of contaminant.

(c) The licensee shall maintain written records for every product complaint received and any subsequent investigation. The records shall include:

- (1) The name and description of the cannabis good;
- (2) The batch number or UID of the cannabis good, if available;
- (3) The date the complaint was received and the name, address, and telephone number of the complainant, if available;
- (4) The nature of the complaint including, if known, how the product was used;
- (5) The reply to the complainant, if any;
- (6) The findings of the investigation or follow-up action taken when an investigation is performed;
- (7) The basis for any determination not to conduct an investigation, if applicable; and
- (8) The notification to the licensee that made the cannabis good, if applicable.

(d) The licensee shall conduct a recall, as specified in section 17226, when the investigation evidences adulteration or misbranding.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5 and ~~26134~~26039.6, Business and Professions Code.

§17226. Voluntary Recalls.

(a) Licensees shall establish and implement written procedures for recalling cannabis goods that are determined to be misbranded or adulterated. The recall procedures shall be implemented upon discovery, or notification from the Department, that one or more batches of cannabis goods are adulterated or misbranded. These procedures shall include:

(1) Factors that necessitate a recall;

(2) Personnel responsible for implementing the recall procedures;

(3) Notification protocols, including:

(A) A mechanism to notify all customers that have, or could have, obtained the cannabis goods, including communication and outreach via media, as necessary and appropriate;

(B) A mechanism to notify any licensees that supplied or received the recalled cannabis goods; and

(C) Instructions to the general public and other licensees for the return or destruction of the recalled cannabis goods; and

(4) Procedures for the collection and destruction of any recalled cannabis goods. These procedures shall meet the following requirements:

(A) All recalled cannabis goods that are intended to be destroyed shall be quarantined for a minimum of 72 hours, unless a longer holding time is requested by the Department. The licensee shall affix to the recalled cannabis goods any bills of lading, shipping manifests, or other similar documents with the cannabis goods information and weight. The cannabis goods held in quarantine shall be subject to auditing by the Department.

(B) Following the quarantine period, the licensee shall render the recalled cannabis goods unusable and dispose of them in accordance with section 17223.

(b) In addition to the tracking requirements set forth in section 15049, a licensee shall use the track and trace system and onsite documentation to ensure that recalled cannabis goods intended for destruction are identified, weighed, and tracked while on the licensed premises and when disposed of in accordance with this section. For recalled cannabis goods, the licensee shall enter the following details into the track and trace system: the weight and count of the cannabis goods, reason for destruction, and date the quarantine period will begin.

(c) The licensee shall notify the Department of any recall within 24 hours of initiating the recall.

(d) A licensed manufacturer may submit a corrective action plan to the Department for recalled cannabis goods in accordance with section 17305. If the corrective action plan is not approved by the Department, the cannabis goods shall be destroyed pursuant to the procedures required by subsection (a)(4).

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26039.1 and 26039.6, Business and Professions Code.

§17227. Mandatory Recalls.

- (a) The Department may require licensees to conduct a recall of a cannabis good that is adulterated or misbranded in accordance with Business and Professions Code section 26039.1.
- (b) The licensee shall conduct the mandatory recall in the same manner as a voluntary recall as provided in section 17226.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26039.1 and 26039.6, Business and Professions Code.

Chapter 10. Cannabis and Cannabis Products

Article 1. Standards for Manufactured Cannabis Products

§17300. Prohibited Products.

The following types of products shall not be sold as cannabis products:

- (a) Alcoholic beverages, as defined in Business and Professions Code section 23004. This prohibition does not apply to tinctures that meet the requirements of section 17303.
- (b) Any cannabis product containing any non-cannabinoid additive that would increase potency, toxicity, or addictive potential, or that would create an unsafe combination with other psychoactive substances including, but not limited to, nicotine.
- (c) Any cannabis product that must be held at or below 41 degrees Fahrenheit to keep it safe for human consumption, including, but not limited to, cream- or custard-filled pies; pies or pastries consisting in whole or in part of milk or milk products, or eggs; and meat-filled pies or pastries. This prohibition shall not apply to juices or beverages that need to be held below 41 degrees Fahrenheit if the juice or beverage was processed in accordance with section 17219, or to infused butter manufactured as permitted by subsection (g).
- (d) Any thermally-processed low-acid cannabis product packed in a hermetically sealed container that, if it did not contain cannabis, would be subject to the manufacturing requirements of title 21, Code of Federal Regulations, part 113.
- (e) Any acidified cannabis product that, if it did not contain cannabis, would be subject to the manufacturing requirements of title 21, Code of Federal Regulations, part 114.
- (f) Any juice that is not shelf-stable or that is not processed in accordance with section 17219.
- (g) Dairy products of any kind, as prohibited by Business and Professions Code section 26001(u), except butter purchased from a licensed milk products plant or retail location that is subsequently infused or mixed with cannabis.
- (h) Meat products other than dried meat products prepared in accordance with section 17220.
- (i) Seafood products of any kind.

(j) Any product that is manufactured by application of cannabinoid concentrate or extract to commercially available candy or snack food items without further processing of the product. Commercially available candy or snack food items may be used as ingredients in a cannabis product, provided that they are used in a way that renders them unrecognizable as the commercially available items, and the label, including the ingredient list, does not reference the commercially available item.

(k) Any cannabis product that the Department determines, on a case-by-case basis, is attractive to children, as specified in section 17408.

(l) Any cannabis product that the Department determines, on a case-by-case basis, is easily confused with commercially available foods that do not contain cannabis.

(m) Any cannabis product in, or imprinted with the shape, either realistic or caricature, of a human being, animal, insect, or fruit.

(n) Any inhalable cannabis product that is delivered into the lungs through a metered-dose inhaler or dry-powder inhaler. Nothing in this section shall be interpreted to prohibit other dry-powder cannabis products or metered-dose vaporizers containing cannabis or cannabis oil.

(o) Any cannabis product that is administered to the eye or the nasal passages.

(p) Any cannabis product that is injected into the body by piercing the skin.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5 and 26130, Business and Professions Code.

§17301. Additional Requirements for Edible Cannabis Products.

(a) Except for cannabis, cannabis products, or terpenes, no ingredient or component shall be used in the manufacture of an edible cannabis product unless that ingredient or component is permitted by the United States Food and Drug Administration for use in food or food manufacturing, as specified in *Substances Added to Food in the United States*, available at <https://www.accessdata.fda.gov/scripts/fdcc/index.cfm?set=FoodSubstances> or is Generally Recognized as Safe (GRAS) under sections 201(s) and 409 of the Federal Food, Drug, and Cosmetic Act (codified in 21 U.S.C. 321(s) and 21 U.S.C. 348).

(b) Edible cannabis products that consist of more than a single serving shall be marked or packaged in a manner such that a single serving is readily identifiable or measurable.

(c) An edible cannabis product consisting of multiple servings shall be homogenized so that each serving contains the same concentration of THC.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5 and 26130, Business and Professions Code.

§17302. Additional Requirements for Topical Cannabis Products.

(a) Except for cannabis, cannabis concentrate, or terpenes, topical cannabis products shall only contain ingredients permitted for cosmetic manufacturing in accordance with title 21, Code of Federal Regulations, part 700, subpart B (section 700.11 et seq.) (Rev. March 2016), which is hereby incorporated by reference.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Section 26011.5, Business and Professions Code.

§17302.1. Additional Requirements for Tinctures.

(a) A tincture shall be no more than 2 fluid ounces and shall include a calibrated dropper or similar device for measuring a single serving.

(b) A tincture, defined at section 15000(rrr), may include ingredients other than cannabis extract and alcohol, vegetable oil, or glycerin provided that the primary ingredient by weight is alcohol, vegetable oil, or glycerin.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Section 26011.5, Business and Professions Code.

§17303. Orally Consumed Products Containing Alcohol.

(a) Any orally consumed product that contains more than 0.5% alcohol by volume as an ingredient, and is not otherwise an alcoholic beverage as defined in Business and Professions Code section 23004, shall be packaged in a container no larger than two (2) fluid ounces and shall include a calibrated dropper or other similar device capable of accurately measuring servings.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Section 26011.5, Business and Professions Code.

§17303.1. Additional Requirements for Inhaled Products.

(a) Cannabis products intended for inhalation shall only contain cannabis, cannabis concentrate, terpenes, rolling paper, leaf, pre-roll filter tips, or ingredients permitted by the United States Food and Drug Administration as an “inactive ingredient” for inhalation, as specified in the United States Food and Drug Administration *Inactive Ingredients Database*, available at <https://www.fda.gov/drugs/drug-approvals-and-databases/inactive-ingredients-database-download>.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Section 26011.5, Business and Professions Code.

Article 2. Cannabinoid Concentration Limits

§17304. THC Concentration Limits.

(a) An edible cannabis product shall not contain more than:

- (1) 10 milligrams THC per serving; and
- (2) 100 milligrams THC per package.

(b) Notwithstanding subsection (a), a package containing an edible product that is an orally dissolving product, such as sublingual lozenges or mouth strips, may contain up to 500 milligrams THC per package, if:

- (1) The cannabis product consists of discrete servings of no more than 10 milligrams THC per piece;
- (2) The cannabis product is labeled “FOR MEDICAL USE ONLY;” and
- (3) The cannabis product is only available for sale to a medicinal-use patient.

(c) A topical cannabis product or a cannabis concentrate shall not contain more than 1,000 milligrams THC per package.

(d) Notwithstanding subsection (c), a topical cannabis product or a cannabis concentrate may contain more than 1,000 milligrams THC per package, but not more than 2,000 milligrams THC per package, if the product is labeled “FOR MEDICAL USE ONLY” and is only available for sale to a medicinal-use patient.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5, 26120 and 26130, Business and Professions Code.

Article 3. Failed Product Batches

§17305. Failed Product Batches.

(a) A finished cannabis product batch that fails any regulatory compliance laboratory testing requirement established in this division shall be destroyed unless:

- (1) The cannabis product batch or harvest batch may be remediated by relabeling pursuant to subsection (d); or
- (2) A corrective action plan for remediation is approved by the Department pursuant to subsection (e). The licensed manufacturer or microbusiness authorized to engage in manufacturing who submits a corrective action plan for remediation shall be the manufacturer that remediates the subject batch. The licensed manufacturer shall not receive the batch from the licensed distributor until the Department has approved the corrective action plan.

(b) Remediation of a failed product batch or the use of a harvest batch that has failed any regulatory compliance laboratory test shall comply with the requirements and procedures established by the Department in section 15306, in addition to the requirements of this article.

(c) Except as provided in subsections (d) and (f), edible cannabis products that fail regulatory compliance laboratory testing shall not be remediated and shall be destroyed. If any edible cannabis product that has failed regulatory compliance laboratory testing is remediated or otherwise mixed with another batch of cannabis product in violation of this section, such action shall render the final cannabis product adulterated, regardless of the defect level of the final cannabis product.

(d) A cannabis product batch that fails regulatory compliance laboratory testing for cannabinoid or terpenoid content may be remediated by relabeling the product with the correct information from the certificate of analysis for regulatory compliance, provided that the THC limits in section 17304 are met.

(e) Except as provided in subsection (d), a cannabis product batch or a harvest batch that fails regulatory compliance laboratory testing or quality assurance review shall not be remediated unless the Department has approved a corrective action plan submitted by the licensed manufacturer or microbusiness authorized to engage in manufacturing who will be performing the remediation. Edible cannabis products may only be remediated by relabeling pursuant to subsection (d) or repackaging as provided in subsection (f). Corrective action plans will be reviewed by the Department on a case-by-case basis. A corrective action plan shall be submitted to the Department at remediation@cannabis.ca.gov and contain the following:

- (1) The licensed manufacturer's license number and legal business name;
- (2) The licensed manufacturer's DBA, if any;
- (3) The brand name of the product being remediated, the UID for the batch, and the size of the batch;
- (4) The licensed manufacturer's premises address;
- (5) The name, email address, and phone number of the licensed manufacturer's contact person for this remediation;
- (6) A description of how the cannabis product or harvest batch will be remediated so that the cannabis product or harvest batch, or any product produced therefrom, will meet all regulatory compliance testing standards and quality assurance requirements; and
- (7) Any additional information requested by the Department.

(f) Edible cannabis products that fail regulatory compliance testing because the per-package limit of THC has been exceeded may be remediated by repackaging under the following conditions:

- (1) The Department has approved a corrective action plan for repackaging the product;
- (2) The product batch is returned to the manufacturer who packaged the product;
- (3) The product itself is not altered in any way; and
- (4) The product is labeled to accurately state the contents.

(g) All remediation of harvest or product batches shall be documented in the batch production records. Remediated products, harvest batches, or products produced therefrom shall be transported to a licensed distributor and undergo regulatory compliance testing in accordance with chapters 2 and 6 and quality assurance review pursuant to sections 15307 and 15307.1 prior to being transported to a licensed retailer.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Section 26039.6, Business and Professions Code.

Chapter 11. Labeling and Packaging Requirements

Article 1. Bulk Cannabis or Cannabis Products, Immature Plants, and Seeds

§17398. Bulk Cannabis or Cannabis Products.

(a) For purposes of this section, “bulk cannabis or cannabis products” means cannabis or cannabis products transferred between licensees for the purpose of further processing and/or packaging.

(b) The packaging used to transport bulk cannabis or cannabis products shall protect the cannabis or cannabis products from contamination and shall not expose the cannabis or cannabis products to any toxic or harmful substance.

(c) Packages of bulk cannabis or cannabis products shall be labeled with the following:

(1) The type or common name of the cannabis or cannabis products contained therein;

(2) The UID assigned to the cannabis or cannabis products;

(3) The ingredients of the cannabis products, including a list of any allergens present as described in section 17406(a)(6); and

(4) The net weight or count of the cannabis or cannabis products.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Section 26120, Business and Professions Code.

§17399. Immature Plants.

(a) Immature plants to be sold at retail are not required to be placed in child-resistant or tamper-evident packaging prior to sale.

(b) Immature plants shall be labeled with the following:

(1) The legal business name, or any name listed on the license certificate, of the licensed nursery that cultivated the immature plant, and its contact number or website address;

(2) The strain name; and

(3) The statement: “This plant has not been tested in accordance with the Medicinal and Adult-Use Cannabis Regulation and Safety Act.”

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26070, 26100 and 26120, Business and Professions Code.

§17400. Seeds.

(a) Packages of seeds are not required to be placed in child-resistant packaging prior to sale.

(b) Packages of seeds to be sold at retail shall be labeled with the following:

(1) The legal business name, or any name listed on the license certificate, of the licensed nursery that cultivated the seeds, and its contact number or website address;

(2) The strain name(s);

(3) Either the weight or count of seeds in the package;

(4) The universal symbol described in section 17410; and

(5) The statement: “These seeds have not been tested in accordance with the Medicinal and Adult-Use Cannabis Regulation and Safety Act.”

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Section 26130, Business and Professions Code.

Article 2. Cannabis Products Released from Manufacturing

§17401. Release to Distributor as Finished Product.

(a) Cannabis products shall not be transferred to a licensed distributor, or microbusiness authorized to engage in distribution, for regulatory compliance testing unless the cannabis products are in their final form and packaged and labeled for retail sale.

(b) Notwithstanding subsection (a), a product label may exclude labeling of cannabinoid content if the cannabinoid content is to be added to the label at the distribution premises after issuance of a Certificate of Analysis in accordance with section 17407.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5 and 26130, Business and Professions Code.

Article 3. Labeling Requirements

§ 17402. General Provisions.

(a) Any information required to be listed on a label shall be written in English.

(b) A label shall be unobstructed and conspicuous so that it can be read by the consumer.

(c) All required label information shall be located on the outside container or wrapper of the finished product to be sold at a retailer, or be easily legible through the outermost container or wrapper. If the immediate container holding the cannabis goods is separable from the outermost packaging, such as a container placed inside of a box, the immediate container shall be labeled with the universal symbol as described in section 17410.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Section 26120, Business and Professions Code.

§ 17403. Primary Panel Labeling Requirements: Nonmanufactured Cannabis Goods.

(a) The label for a package of nonmanufactured cannabis goods shall include a primary panel that includes the following information in a type size no smaller than 6 point and proportional to the size of the primary panel and container:

- (1) The identity of the product;
- (2) The net weight of cannabis in the package, listed in both metric and U.S. customary units; and
- (3) The universal symbol described in section 17410.

(b) The label for a package of nonmanufactured cannabis goods shall include an informational label that includes the following information in a type size no smaller than 6 point and proportional to the size of the informational panel and container:

- (1) The UID;
- (2) The name of the licensed cultivator or licensee packaging the product (either the legal business name or the listed on the license certificate) and that licensee's contact number or website address;
- (3) The date of packaging for retail sale; and
- (4) The following statement in bold print: "GOVERNMENT WARNING: THIS PACKAGE CONTAINS CANNABIS, A SCHEDULE I CONTROLLED SUBSTANCE. KEEP OUT OF REACH OF CHILDREN AND ANIMALS. CANNABIS MAY ONLY BE POSSESSED OR CONSUMED BY PERSONS 21 YEARS OF AGE OR OLDER UNLESS THE PERSON IS A QUALIFIED PATIENT. CANNABIS USE WHILE PREGNANT OR BREASTFEEDING MAY BE HARMFUL. CONSUMPTION OF CANNABIS IMPAIRS YOUR ABILITY TO DRIVE AND OPERATE MACHINERY. PLEASE USE EXTREME CAUTION."

(c) Nothing in this section prohibits the inclusion of additional information on the primary panel, provided that the label does not violate the requirements of section 17408.

(d) The cannabinoid content for a package of nonmanufactured cannabis goods shall be labeled as specified in section 17407.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Section 26120, Business and Professions Code.

§17404. Primary Panel Labeling Requirements: Manufactured Cannabis Products.

(a) The label for a manufactured cannabis product shall include a primary panel that includes the following information in a type size no smaller than 6 point and proportional to the size of the primary panel and container:

- (1) The identity of the product in a text size reasonably proportional to the most prominent printed matter on the panel;
- (2) The universal symbol as described in section 17410; and

(3) The net weight or volume of the contents of the package, listed in both metric and U.S. customary units.

(b) Nothing in this section prohibits the inclusion of additional information on the primary panel, provided that the label does not violate the requirements of section 17408.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Section 26120, Business and Professions Code.

§17405. Additional Primary Panel Labeling Requirements: Edible Products.

(a) In addition to the requirements of section 17404, the primary panel of an edible cannabis product shall include the words “cannabis-infused” or “cannabis infused” immediately above the identity of the product in bold type and a text size larger than the text size used for the identity of the product.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Section 26120, Business and Professions Code.

§17406. Informational Panel Labeling Requirements.

(a) The label for a manufactured cannabis product shall include an informational panel that includes the following:

(1) The name of the licensed manufacturer (either the legal business name or the name listed on the license certificate) that manufactured the cannabis product and the manufacturer’s contact number or website address;

(2) The date the cannabis product was packaged for retail sale;

(3) The following statement in bold print: “GOVERNMENT WARNING: THIS PRODUCT CONTAINS CANNABIS, A SCHEDULE I CONTROLLED SUBSTANCE. KEEP OUT OF REACH OF CHILDREN AND ANIMALS. CANNABIS PRODUCTS MAY ONLY BE POSSESSED OR CONSUMED BY PERSONS 21 YEARS OF AGE OR OLDER UNLESS THE PERSON IS A QUALIFIED PATIENT. THE INTOXICATING EFFECTS OF CANNABIS PRODUCTS MAY BE DELAYED UP TO TWO HOURS. CANNABIS USE WHILE PREGNANT OR BREASTFEEDING MAY BE HARMFUL. CONSUMPTION OF CANNABIS PRODUCTS IMPAIRS YOUR ABILITY TO DRIVE AND OPERATE MACHINERY. PLEASE USE EXTREME CAUTION;”

(4) The statement: “FOR MEDICAL USE ONLY” if the package contains an amount of THC that exceeds the level allowed for adult-use cannabis goods, as specified in section 17304;

(5) A list of all product ingredients in descending order of predominance by weight or volume. If any product ingredient contains subingredients, the list shall either:

(A) Include the common name of the ingredient followed by a parenthetical listing of all ingredients in descending order by weight or volume; or

(B) List all subingredients as individual ingredients in descending order of predominance; however,

(C) This subsection shall not apply to flavoring, which shall instead comply with title 21, Code of Federal Regulations, Part 101.22 (Rev. Jan. 2009), hereby incorporated by reference;

(6) For cannabis products containing an ingredient, flavoring, coloring, or an incidental additive that bears or contains a major food allergen, the word “contains,” followed by a list of the applicable major food allergens. The list shall conform with the requirements for food allergen labeling set forth in 21 U.S.C. §343(w), paragraph (1)(A) or (1)(B);

(7) The names of any artificial colorings contained in the product;

(8) For edible cannabis products, the amount, in grams or milligrams, of sodium, sugar, carbohydrates, and total fat per serving;

(9) Instructions for use, such as the method of consumption or application, and any preparation necessary prior to use;

(10) The UID;

(11) The batch or lot number; and

(12) The statement: “KEEP REFRIGERATED” or “REFRIGERATE AFTER OPENING,” as applicable, if the cannabis product is perishable or perishable after opening.

(b) The informational panel text shall be in a type size no smaller than 6 point and proportional to the size of the primary panel and container.

(c) Except for the information required by subsections (a)(1), (a)(10) and (a)(11), the requirements of subsection (a) may be fulfilled through the use of supplemental labeling, which may include, but is not limited to, a package insert, fold-out or booklet label, or a hanging tag.

(d) Cannabinoid content may be included on the informational panel. Cannabinoid content for manufactured cannabis products shall be labeled as specified in section 17407.

(e) Nothing in this section prohibits the inclusion of additional information on the informational panel provided that the label does not violate the requirements of section 17408.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Section 26120, Business and Professions Code.

§17407. Cannabinoid Content Labeling.

(a) Each package for retail sale of cannabis goods shall be labeled with the cannabinoid content on either the primary panel or an informational panel. For manufactured products, cannabinoid content may be included on the label prior to release to a distributor or it may be added to the label at the distribution premises after issuance of a regulatory compliance testing Certificate of Analysis for the batch as described in subsection (d).

(b) Cannabinoid content labeling shall include the following:

(1) For an edible product or a cannabis concentrate for which the manufacturer has established serving designations, THC and CBD content expressed in milligrams per serving and milligrams per package.

(2) For a topical cannabis product or a cannabis concentrate without serving designations, THC and CBD content expressed in milligrams per package.

(3) For nonmanufactured cannabis goods, Total THC content expressed as a percentage.

(4) Packages of infused pre-rolls shall be labeled with either:

(A) The cannabinoid content in milligrams; or

(B) The cannabinoid content of the dried flower expressed as a percentage and the added cannabinoid content in milligrams.

(c) Cannabis goods labeled prior to testing must include the items specified in subsection (b), as appropriate to the product. For THC or CBD concentration that is less than two (2) milligrams per serving or per package, the THC or CBD concentration may be stated as “<2 mg per serving” or “<2 mg per package.”

(d) Cannabis goods labeled at the distribution premises after issuance of the Certificate of Analysis shall comply with the following:

(1) Each package of cannabis goods shall be labeled with the cannabinoid content as specified in subsection (b) that is indicated on the Certificate of Analysis, as well as any other cannabinoid that is five (5) percent or greater of the total cannabinoid content;

(2) Labeled cannabinoid content shall reflect the amount indicated on the Certificate of Analysis. The amount may be rounded to the nearest whole number, except that packages shall not be labeled with an amount greater than the allowable THC limits. If the THC or CBD content of a manufactured cannabis product is indicated on the Certificate of Analysis as “Not Detected” or “<LOQ,” the cannabinoid content shall be labeled as “0 mg” or “<2 mg;”

(3) The cannabinoid content label shall be affixed to the outermost packaging of the cannabis goods and shall not obscure any other label information.

(e) Nothing in this section precludes the labeling of terpenes or additional cannabinoid content on the cannabis goods, provided that the information is verified by the Certificate of Analysis.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Section 26120, Business and Professions Code.

§17408. Labeling Restrictions.

(a) Cannabis goods labeling shall not contain any of the following:

(1) The name of a California city, county, or city and county, including any similar name that is likely to mislead consumers as to the origin of the cannabis contained therein, unless one hundred percent of the cannabis contained therein was produced in that city, county, or city and county. For purposes of this subsection, a cannabis plant is considered to have been produced within a city, county, or city and county if it was cultivated within that boundary starting from the time the plant was no taller or wider than 18 inches.

(2) Content that is, or is designed to be, attractive to individuals under the age of 21, as specified in section 15040(a)(2) and (3).

(3) Any health-related statement that is untrue or misleading. Any health-related statement must be supported by the totality of publicly available scientific evidence (including evidence from well-designed studies conducted in a manner which is consistent with generally recognized scientific procedures and principles), and for which there is significant scientific agreement among experts qualified by scientific training and experience to evaluate such claims.

(4) If the product is an edible cannabis product, a picture of the product contained therein.

(5) Any information that is false or misleading. For purposes of this section, false and misleading information includes, but is not limited to:

(A) Any statement or indication that the cannabis or cannabis product is organic, unless the National Organic Program (section 6517 of the federal Organic Foods Production Act of 1990 (7 U.S.C. section 6501 et seq.)) authorizes organic designation and certification for cannabis and the cannabis or cannabis product meets the requirements for that designation and certification. This includes use of the word “organic” or variants in spelling such as “organix” on the labeling, except for use of the term “organic” in the ingredient statement on the informational panel of a cannabis product in compliance with the requirements of the programs established pursuant to Business and Professions Code section 26062.

(B) Any statement or indication that the cannabis or cannabis product is “OCal,” “OCal certified,” or made with “OCal cannabis,” if the cannabis or cannabis product has not been cultivated, handled, processed, or manufactured in compliance with the requirements of the programs established pursuant to Business and Professions Code section 26062.

(6) Any statement or indication of an appellation of origin if the cannabis or cannabis product does not meet the requirements of the program established pursuant to Business and Professions Code section 26063.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26062.5, 26063, 26120, 26121 and 26154, Business and Professions Code.

§17409. Statement of Characteristic Anticipated Effects.

(a) A cannabis good may include information on the characteristic anticipated effects of the cannabis good if the licensee has substantiation that the information is truthful and not misleading. Such information may be located on the informational panel of the label or the supplemental labeling with the package. For purposes of this section, “characteristic anticipated effect” includes any physiological effect (a temporary effect on the body related to the consumption of cannabis goods) that is common to or expected from the particular cannabis strain, but excludes any claim of health benefits (i.e., claims of therapeutic action as a result of the consumption of cannabis goods).

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26120 and 26130, Business and Professions Code.

§17410. Universal Symbol.

(a) The symbol established pursuant to Business and Professions Code section 26130 shall replicate the following in form:



(b) The symbol shall be black or white in color. The symbol shall be made conspicuous by printing the symbol on a contrasting color.

(c) The symbol shall be no smaller in height than one-half (0.5) inch except as allowed under subsection (d).

(d) A cannabis vape cartridge or integrated cannabis vaporizer shall bear a universal symbol in a size no smaller than one-quarter (0.25) inch wide by one-quarter (0.25) inch high that is engraved, printed, or affixed with a sticker.

(e) The symbol shall not be altered or cropped in any way other than to adjust the sizing for placement on the primary panel.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26120, 26121 and 26130, Business and Professions Code.

Article 4. Packaging

§17411. Packaging.

(a) A package used to contain a cannabis good shall comply with the following requirements:

(1) The package shall protect the cannabis good from contamination and shall not expose the good to any toxic or harmful substance.

(2) The package shall be tamper-evident, which means that the packaging is sealed so that the contents cannot be accessed without obvious destruction of the seal upon initial opening.

- (3) If the cannabis good has more than one serving, the package shall be resealable.
- (4) The package shall not imitate any package used for products typically marketed to children.
- (5) If the cannabis good is an edible product, the package shall be opaque.
- (6) Notwithstanding subsection (a)(5), cannabis beverages may be packaged in glass containers that are clear or any color.
- (7) The package shall be child-resistant, as described in section 17412.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26120 and 26121, Business and Professions Code.

§17412. Child-Resistant Packaging Requirements.

(a) A package containing cannabis or cannabis products transferred to a distributor for retail sale shall be child-resistant, as follows:

(1) The package for an edible product, an orally consumed concentrate, or a suppository shall be child-resistant for the life of the product. A package that contains more than a single serving is not required to be child-resistant if each individual serving is packaged in child-resistant packaging.

(2) Cannabis or a cannabis product intended to be inhaled or a cannabis product that is applied topically may utilize packaging that is child-resistant only until first opened, if the package is labeled with the statement: "This package is not child-resistant after opening."

(b) The following packages are considered child-resistant for purposes of this article:

(1) Any package that has been certified as child-resistant under the requirements of the Poison Prevention Packaging Act of 1970 Regulations (16 C.F.R. § 1700.15(b)(1)) (Rev. July 1995), which is hereby incorporated by reference.

(2) A bottle sealed with a pry-off, metal crown, cork-style bottle cap, provided that the bottle contains only a single serving.

(3) Plastic packaging that is at least four (4) mils thick and heat-sealed without an easy-open tab, dimple, corner, or flap, provided that the package contains a cannabis product described in subsection (a)(2) or a cannabis product that is only a single serving.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5, 26120 and 26121, Business and Professions Code.

Chapter 12. Enforcement

Article 1. Authority

§17800. Right of Access.

(a) The Department and its authorized representatives, for purposes of inspection, investigation, review, or audit, shall have full and immediate access to:

- (1) Enter any premises licensed by the Department.
- (2) Inspect and test any vehicle or equipment possessed by, in control of, or used by a licensee or their agents and employees for the purpose of conducting commercial cannabis activity.
- (3) Test any cannabis goods or cannabis-related materials or products possessed by, in control of, or used by a licensee or their agents and employees for the purpose of conducting commercial cannabis activity.
- (4) Copy any materials, books, or records of any licensee or their agents and employees.

(b) Failure to cooperate with and participate in any Department investigation pending against the licensee may result in a licensing violation subject to discipline. This subsection shall not be construed to deprive a licensee of any privilege guaranteed by the Fifth Amendment to the Constitution of the United States, or any other constitutional or statutory privileges. This subsection shall not be construed to require a licensee to cooperate with a request that would require the licensee to waive any constitutional or statutory privilege or to comply with a request for information or other matters within an unreasonable period of time in light of the time constraints of the licensee's business. Any constitutional or statutory privilege exercised by the licensee shall not be used against the licensee in a regulatory or disciplinary proceeding against the licensee.

(c) Prior notice of an inspection, investigation, review, or audit is not required.

(d) Any inspection, investigation, review, or audit of a licensed premises shall be conducted anytime the licensee is exercising privileges under the license, or as otherwise agreed to by the Department and the licensee or its agents, employees, or representatives.

(e) If the licensed premises is not accessible because access is only available by going through another licensed premises and the licensee occupying the other licensed premises denies the Department access, the licensees shall both be held responsible and subject to discipline.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26013, 26015 and 26160, Business and Professions Code; and Section 11181, Government Code.

Article 2. Compliance and Enforcement Actions

§17801. Notice to Comply.

(a) The Department may issue a Notice to Comply to a licensee for violation(s) of the Act or this division discovered during an investigation or audit or observed during an inspection.

(b) The Notice to Comply shall be in writing and describe the nature and facts of each violation, including a reference to the statute or regulation violated, and may indicate the manner in which the licensee must correct the violation(s) to achieve compliance.

(c) The Department may serve the Notice to Comply personally, by email, or by mail to the licensee or an employee, agent, or person delegated by the licensee to accept notice.

(d) The licensee shall sign and return the Notice to Comply and describe how compliance was achieved within 30 calendar days after the date of personal service or the date of emailing or mailing of the notice or a different date specified by the Department. The Department may also require the licensee to provide a plan for review and approval by the Department on a case-by-case basis.

(e) Failure to correct the violation(s) in the Notice to Comply may result in disciplinary action.

Authority: Section 26013, Business and Professions Code; Reference: Sections 26012 and 26018, Business and Professions Code.

§17801.1. Notice of Violation.

(a) Until October 1, 2021, the Department may issue a Notice of Violation to a licensee for violation(s) of the Act or this division that shall inform the licensee of:

- (1) The violation(s) alleged;
- (2) The proposed fine amount; and
- (3) The licensee's right to request a hearing pursuant to subsection (b).

(b) Within 30 calendar days after issuance by the Department, a licensee may appeal a Notice of Violation by submitting a written request for an informal hearing by mail to the Department of Cannabis Control, Legal Affairs Division, 2920 Kilgore Road, Rancho Cordova, CA 95670, or by email to appeals@cannabis.ca.gov. The request shall include the following:

- (1) The licensee's name, mailing address, and daytime phone number;
- (2) The license number issued by the Department;
- (3) A copy of the Notice of Violation; and
- (4) A clear and concise statement of the basis of the appeal.

(c) If the licensee fails to submit a timely request for hearing pursuant to subsection (b), the Notice of Violation is not appealable and the Department may proceed upon the noticed violation(s) without a hearing.

(d) A hearing requested to appeal a Notice of Violation will be scheduled and conducted in accordance with chapter 5 (commencing with section 11500) of part 1 of division 3 of the Government Code.

(e) For all written requests for a hearing submitted by licensees and received by the Department prior to October 1, 2021, with hearings scheduled to take place on or after October 1, 2021, the following will occur:

(1) Informal hearing proceedings noticed prior to October 1, 2021, shall be converted to adjudicative proceedings under chapter 5 (commencing with section 11500) of part 1 of division 3 of the Government Code.

(2) Any scheduled informal hearings will be vacated, and a new hearing date, location and time will be noticed by the Department.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26012, 26031 and 26031.5, Business and Professions Code.

§17801.5. Embargo of Cannabis or Cannabis Products.

(a) The Department may embargo cannabis or cannabis products to prevent their sale, disposal, or removal from the location when the Department has probable cause to believe the cannabis or cannabis products are adulterated or misbranded or the sale would otherwise be in violation of the Act or this division.

(b) To embargo cannabis or cannabis products, the Department shall:

(1) Provide initial notice to the licensee or product owner that the cannabis or cannabis products are subject to embargo and the reason for the embargo. Initial notice may be oral or written and may be provided in person or by telephone, mail, facsimile transmission, email, or other electronic means;

(2) Affix a tag or marking to the cannabis or cannabis products, or component thereof, subject to embargo; and

(3) Provide an inventory of the embargoed items to the licensee or product owner.

(c) The Department shall provide a supplemental written notice to the licensee or product owner of the embargoed items that includes the following:

(1) The factual and legal bases for the embargo;

(2) A description of the cannabis or cannabis products under embargo;

(3) A request for a written plan to address the items under embargo and the issues(s) that resulted in the embargo;

(4) A summary of the proceedings for condemnation in accordance with chapter 5 (commencing with section 11500) of part 1 of division 3 of title 2 of the Government Code;

(5) Notification that the embargoed items cannot be removed from embargo, sold, or disposed of without authorization of the Department or a court; and

(6) The penalty for violation of the embargo.

(d) The licensee or product owner may submit a written plan to the Department that describes how the licensee or product owner will address the items under embargo and the issue(s) that resulted in the embargo.

(1) If the Department determines that the plan will resolve the issue(s) that resulted in the embargo, and that all of the provisions of the Act and this division can be complied with, the Department will approve the plan and supervise the completion of the plan.

(2) If the Department cannot approve the plan, or the Department does not receive a response from the licensee within seven (7) calendar days after providing the notice described in subsection (c), the Department may initiate condemnation proceedings in accordance with Business and Professions Code section 26039.3(f).

(e) A licensee or product owner or their authorized representative may agree in writing to the voluntary condemnation and destruction of the cannabis and cannabis products subject to embargo. Destruction and disposal of the cannabis or cannabis products shall be at the licensee or product owner's expense and shall be conducted with the approval of and under the supervision of the Department.

(f) A licensee or product owner shall not remove the tag or marking from cannabis or cannabis products under embargo. A licensee or product owner shall not undertake corrective action or destruction of the items under embargo unless the Department has provided written approval and removed the embargo tag.

(g) A licensee or product owner shall not remove from embargo, sell, or dispose of any cannabis or cannabis products under embargo without written permission of the Department or a court. Each item removed, sold, or disposed of without written permission of the Department or a court constitutes a separate violation of the Act.

(h) A licensed cultivator or a microbusiness authorized to engage in cultivation may request permission to continue cultivation or harvesting of cannabis under embargo. The request shall be made to the Department in writing at compliance@cannabis.ca.gov and shall specify the cultivation or harvesting activities in which the licensee requests to engage. The Department may, in its sole discretion, authorize and impose conditions on the continued cultivation or harvesting of the cannabis under embargo.

(i) Cannabis and cannabis products found, cultivated, processed, produced, or manufactured at an unlicensed location, or derived from an unlicensed source, cannot be corrected and shall be destroyed.

Authority: Section 26013, Business and Professions Code. Reference: Section 26039.3, Business and Professions Code.

§17802. Citations; Orders of Abatement; Administrative Fines.

(a) The Department may issue citations containing orders of abatement and fines against a licensee, or an unlicensed person, for any acts or omissions that are in violation of any provision of the Act or this division, or any another California laws applicable to cannabis licensees including, but not limited to, state labor law.

(b) The Department may issue a citation under this section to a licensee for a violation of a term or condition contained in a decision placing that licensee on probation.

(c) Each citation may contain either order(s) of abatement, monetary fine(s), or both, and shall:

(1) Be in writing and describe with particularity the nature of the violation, including a reference to the statute or regulation determined to have been violated;

(2) Fix a reasonable time for abatement of the violation if the citation contains an order of abatement;

(3) Assess an administrative fine of up to \$5,000 per violation, per day, by a licensee and up to \$30,000 per violation, per day, by an unlicensed person if the citation contains a fine;

(4) Be served personally or by certified mail; and

(5) Inform the licensee or person that they may request an informal conference, or contest the citation, or both, pursuant to section 17803.

(d) Fines issued with a citation must be paid within 30 calendar days after service of the citation, unless the fine is contested. If a citation is not appealed and the fine is not paid, the full amount of the assessed fine shall be added to the fee for renewal of the license. A license shall not be renewed without payment of the renewal fee and fine.

(e) The amount of any fine assessed by the Department under this section shall take into consideration the factors listed in Business and Professions Code section 26031.5(a)(1)-(3).

(f) Nothing in this section shall be deemed to prevent the Department from filing an accusation to suspend or revoke a license where grounds for such suspension or revocation exist.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26012, 26030 and 26031.5, Business and Professions Code.

§17803. Contesting Citations.

(a) A cited licensee or person may, within 30 calendar days after service of the citation, contest the citation by submitting to the Department a written request for a hearing, conducted in accordance with chapter 5 (commencing with section 11500) of part 1 of division 3 of the Government Code. If a hearing is not requested, it is waived and payment of a fine will not constitute an admission of the violation charged.

(b) In addition to requesting a hearing provided for in subsection (a), the cited licensee or person may, within 15 calendar days after service of the citation, submit a written request for an informal conference with the Department regarding the acts or omissions charged in the citation.

(c) The Department shall, within 15 calendar days after receipt of the written request, hold an informal conference with the cited licensee or person and/or their legal counsel or authorized representative.

(d) At the conclusion of the informal conference, the Department may affirm, modify, or dismiss the citation, including any fines levied or orders of abatement issued. A written decision stating the reasons for the decision shall be mailed to the cited licensee or person and their legal counsel, if any, within 15 calendar days after the date of the informal conference. This decision shall be deemed to be a final order with regard to the citation issued, including the levied fine and the order of abatement, if any.

(e) If the citation is dismissed, any request for a hearing shall be deemed withdrawn. If the citation is affirmed or modified, the cited licensee or person may either withdraw the request for a hearing or proceed with the administrative hearing process.

(f) If the citation, including any fines levied or orders of abatement issued, is modified, the citation originally issued shall be considered withdrawn and new citation issued. If a hearing is requested for the subsequent citation, it shall be requested within 30 calendar days after issuance of the citation.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26012, 26016 and 26031.5, Business and Professions Code.

§17804. Citation Compliance.

(a) If a citation with an order of abatement is issued, the time to abate or correct a violation as provided for in the order of abatement may be extended for good cause. If a cited licensee or person who has been issued an order of abatement is unable to complete the correction within the time set forth in the citation because of conditions beyond their control after the exercise of reasonable diligence, the cited licensee or person may request an extension of time from the Department in which to complete the correction. The request must be in writing and made within the time set forth for abatement.

(b) When a citation is not contested, or if it is contested and the cited licensee or person does not prevail, failure to abate the violation within the time allowed or pay a fine that was imposed shall constitute a separate violation.

(c) Failure to timely comply with an order of abatement or pay a fine that was imposed may result in further action being taken by the Department, including, but not limited to, suspension or revocation of a license, or further administrative or civil proceedings.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26012 and 26031.5, Business and Professions Code.

§17805. Minor Decoys.

(a) Peace officers may use a person under 21 years of age to attempt to purchase cannabis goods, for the purposes of enforcing the Act and to apprehend licensees, employees, or agents of licensees who sell cannabis goods to minors. For purposes of this section, a “minor” is a person under 21 years of age.

(b) The following minimum standards shall apply to the use of a minor decoy:

(1) At the time of the operation, the decoy shall be less than 20 years of age.

(2) A decoy shall either carry identification showing the decoy's correct date of birth or carry no identification. A decoy who carries identification shall present it upon request to any seller of cannabis goods.

(3) A decoy shall truthfully answer any questions about their age.

(4) Following any completed sale, but not later than the time a citation, if any, is issued, the peace officer directing the decoy shall make a reasonable attempt to enter the licensed premises or respond to the location where the licensee is located and have the minor decoy who purchased cannabis goods identify the alleged seller of the cannabis goods.

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

§17806. Attire and Conduct.

(a) No licensee shall allow the following:

(b) Employment or use of any person in the sale or service of cannabis goods in or upon the licensed premises while such person is unclothed or in such attire, costume, or clothing as to expose to view any portion of the breast below the top of the areola or of any portion of the pubic hair, anus, cleft of the buttocks, vulva, or genitals.

(c) Employment or use of the services of any host or other person to mingle with the patrons while such host or other person is unclothed or in such attire, costume, or clothing as described in subsection (a).

(d) Encouraging or permitting any person on the licensed premises to touch, caress, or fondle the breasts, buttocks, anus, or genitals of any other person.

(e) Permitting any employee or person to wear or use any device or covering, exposed to view, which simulates the breast, genitals, anus, pubic hair, or any portion thereof.

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

§17807. Entertainers and Conduct.

(a) Live entertainment is permitted on a licensed premises, except that no licensee shall permit any person to perform acts of or acts that simulate:

(1) Sexual intercourse, masturbation, sodomy, bestiality, oral copulation, flagellation, or any sexual acts that are prohibited by law.

(2) Touching, caressing, or fondling of the breast, buttocks, anus, or genitals.

(3) Displaying of the buttocks, breasts, pubic hair, anus, vulva, or genitals.

(b) No licensee shall permit any person to use artificial devices or inanimate objects to depict any of the prohibited activities described in this section.

(c) No licensee shall permit any person to remain in or upon the licensed premises who exposes to public view any portion of their breast, buttocks, genitals, or anus.

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

Article 3. Disciplinary Actions

§17808. Additional Grounds for Discipline.

The following include, but are not limited to, additional grounds that constitute a basis for disciplinary action:

(a) Failure to pay a fine imposed by the Department or agreed to by the licensee.

(b) Failure to take reasonable steps to correct objectionable conditions on the licensed premises, including the immediately adjacent area that is owned, leased, or rented by the licensee, that constitute a nuisance, within a reasonable time after receipt of notice to make those corrections, under Penal Code section 373a.

(c) Failure to take reasonable steps to correct objectionable conditions that occur during operating hours on any public sidewalk abutting a licensed premises and constitute a nuisance, within a reasonable time after receipt of notice to correct those conditions from the Department. This subsection shall apply to a licensee only upon written notice to the licensee from the Department. The Department shall issue this written notice upon its own determination, or upon a request from the local law enforcement agency in whose jurisdiction the licensed premises is located, that is supported by substantial evidence that persistent objectionable conditions are occurring on the public sidewalk abutting the licensed premises. For purposes of this subsection:

(1) "Any public sidewalk abutting a licensed premises" means the publicly owned, pedestrian-traveled way, not more than 20 feet from the licensed premises, that is located between a licensed premises, including any immediately adjacent area that is owned, leased, or rented by the licensee, and a public street.

(2) "Objectionable conditions that constitute a nuisance" means disturbance of the peace, public intoxication, drinking alcoholic beverages in public, smoking or ingesting cannabis

or cannabis products in public, harassment of passersby, gambling, prostitution, loitering, public urination, lewd conduct, drug trafficking, or excessive loud noise.

(3) “Reasonable steps” means all of the following:

(A) Calling the local law enforcement agency. Timely calls to the local law enforcement agency that are placed by the licensee or their agents or employees shall not be construed by the Department as evidence of objectionable conditions that constitute a nuisance.

(B) Requesting that those persons engaging in activities causing objectionable conditions to cease those activities, unless the licensee or their agents or employees feel that their personal safety would be threatened in making that request.

(C) Making good faith efforts to remove items that facilitate loitering, such as furniture, except those structures approved or permitted by the local jurisdiction. The licensee shall not be liable for the removal of those items that facilitate loitering.

(4) When determining what constitutes “reasonable steps,” the Department shall consider site configuration constraints related to the unique circumstances of the nature of the business.

(5) Even after correcting the objectionable conditions that constitute a nuisance, the licensee has a continuing obligation to meet the requirements of subsections (b) and (c), and failure to do so shall constitute grounds for disciplinary action.

(d) Knowingly permitting the illegal sale, or negotiations for the illegal sale, of controlled substances or dangerous drugs upon the licensed premises. Successive sales, or negotiations for sales, over any continuous period of time shall be deemed evidence of permission. As used in this section, “controlled substances” has the same meaning as in Health and Safety Code section 11007, and “dangerous drugs” has the same meaning as in Business and Professions Code section 4022.

(e) If the licensee has employed or permitted any person to solicit or encourage others, directly or indirectly, to buy that person's cannabis goods in the licensed premises under any commission, percentage, salary, or other profit-sharing plan, scheme, or conspiracy.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26011.5, 26012, 26030 and 26031, Business and Professions Code.

§17809. Disciplinary Actions.

(a) When an accusation recommending disciplinary action against a licensee has been filed pursuant to Business and Professions Code section 26031, the accusation shall be served on the licensee in accordance with Government Code section 11505.

(b) A hearing shall be conducted in accordance with the provisions of chapter 5 (commencing with section 11500) of part 1 of division 3 of title 2 of the Government Code to determine if cause exists to take action against the licensee. At the hearing, the Department shall have all of the powers granted by the statutes cited above and by the Business and Professions Code.

(c) If a hearing on an accusation against a licensee results in a finding that the licensee has committed any of the acts or omissions constituting grounds for disciplinary action, the Department may order the license revoked, suspended outright for a specified period of time, or suspended on probationary restriction for a specified period of time, including terms and conditions of probation the Department considers appropriate on the basis of its findings, impose a fine, or any combination thereof. The Department may also issue other lawful orders it considers appropriate on the basis of its findings.

(d) An accusation may be terminated by written stipulation at any time prior to the conclusion of the hearing on the accusation. If a licensee submits a proposed stipulation to the Department for its consideration and the Department subsequently declines to accept the proposed stipulation, the Department shall not thereafter be disqualified from hearing evidence on the accusation and taking action thereon as authorized in this section.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26012, 26031 and 26034, Business and Professions Code.

§17810. Interim Suspension.

(a) Pursuant to Business and Professions Code section 494, the Department may petition for an interim order to suspend any license or impose licensing restrictions upon any licensee if:

(1) The licensee has engaged in acts or omissions constituting a violation of the Business and Professions Code or this division, or been convicted of a crime substantially related to the licensed activity, and

(2) Permitting the licensee to continue to engage in the licensed activity would endanger the public health, safety, or welfare.

(b) An interim order for suspension or restrictions may be issued with notice, as follows:

(1) The Department shall provide the licensee with at least 15 days' notice of the hearing on the petition for an interim order.

(2) The notice shall include all documents submitted in support of the petition.

(c) An interim order for suspension or restrictions may be issued without notice to the licensee if it appears from the Department's petition and supporting documents that serious injury would result to the public before the matter could be heard on notice.

(1) The licensee shall be entitled to a hearing on the petition within 20 days after issuance of the initial interim order.

(2) Notice of the hearing shall be provided to the licensee by the Department within two days after issuance of the initial interim order.

(3) The licensee shall receive all documents in support of the petition.

(d) The Department shall file an accusation, pursuant to chapter 5 (commencing with section 11500) of part 1 of division 3 of title 2 of the Government Code, within 15 calendar days after issuance of the interim order.

Authority: Section 26013, Business and Professions Code; Reference: Sections 494, 26011.5, 26012 and 26031, Business and Professions Code.

§17813. Enforcement Costs.

(a) In any order in resolution of a disciplinary proceeding for suspension or revocation of a license, the Department may request the administrative law judge to direct a licensee found to have committed a violation or violations of the Act or this division to pay a sum not to exceed the reasonable costs of the investigation and enforcement of the case.

(b) A certified copy of the actual costs, or a good faith estimate of costs where actual costs are not available, signed by the Department's designated representative shall be prima facie evidence of reasonable costs of investigation and prosecution of the case. The costs shall include the amount of investigative and enforcement costs up to the date of the hearing, including, but not limited to, charges imposed by the Attorney General.

(c) The administrative law judge shall make a proposed finding of the amount of reasonable costs of investigation and prosecution of the case when requested pursuant to subsection (a). The Department may reduce or eliminate the cost award, or remand to the administrative law judge where the proposed decision fails to make a finding on costs requested pursuant to subsection (a).

(d) Where an order for recovery of costs is made and timely payment is not made as directed in the decision, the Department may enforce the order for repayment in any appropriate court. This right of enforcement shall be in addition to any other rights the Department may have to recover costs.

(e) In any action for recovery of costs, proof of the decision shall be conclusive proof of the validity of the order of payment and the terms for payment.

(f) Except as provided in subsection (g), the Department shall not renew or reinstate any license of a licensee who has failed to pay all of the costs ordered under this division.

(g) Notwithstanding subsection (f), the Department may, in its discretion, conditionally renew or reinstate for a maximum of one year the license of any licensee who demonstrates financial hardship and enters into a formal agreement with the Department for reimbursement within that one-year period for the unpaid costs.

(h) Nothing in this section shall preclude the Department from including recovery of the costs of investigation and enforcement of a case in any stipulated settlement.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 125.3, 26012 and 26031, Business and Professions Code.

§17814. Disciplinary Guidelines.

In reaching a decision on a disciplinary action under the Act and the Administrative Procedure Act (Govt. Code section 11400 et seq.), the Department shall consider the disciplinary guidelines entitled “Department of Cannabis Control Disciplinary Guidelines for All Commercial Cannabis Licenses Amended July 2022,” which are hereby incorporated by reference. Deviation from these guidelines and orders, including the standard terms of probation, is appropriate where the Department in its sole discretion determines that the facts of the particular case warrant such a deviation (e.g., the presence of mitigating factors, the age of the case, or evidentiary problems).

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26012 and 26031, Business and Professions Code.

Article 4. Emergency Decision and Orders

§17815. Emergency Decision and Order.

(a) The Department may issue an emergency decision and order for temporary, interim relief to prevent or avoid immediate danger to the public health, safety, or welfare. Such circumstances include, but are not limited to, the following:

(1) The Department has information that cannabis goods at a licensee's premises have a reasonable probability of causing serious adverse health consequences or death.

(2) To prevent the sale, transfer, or transport of contaminated or illegal cannabis goods in possession of a licensee.

(3) The Department observes or has information that conditions at a licensee's premises exist that present an immediate risk to worker or public health and safety.

(4) To prevent illegal diversion of cannabis goods, or other criminal activity at a licensee's premises.

(5) To prevent the destruction of evidence related to illegal activity or violations of the Act.

(6) To prevent misrepresentation to the public, such as selling untested cannabis goods, providing inaccurate information about the cannabis goods or cannabis goods that have been obtained from an unlicensed person.

(b) Temporary, interim relief may include a suspension or administrative hold by one or more of the following:

(1) An order temporarily suspending a license.

(2) An order to segregate or isolate specific cannabis goods.

(3) An order prohibiting the movement of cannabis goods to or from the premises.

(4) An order prohibiting the sale of specific cannabis goods.

(5) An order prohibiting the destruction of specific cannabis goods.

(c) The emergency decision and order issued by the Department shall include a brief explanation of the factual and legal bases of the emergency decision that justify the

Department's determination that emergency action is necessary, and the specific actions ordered. The emergency decision and order shall be effective when issued or as otherwise provided by the decision and order.

(d) To issue an administrative hold that prohibits activity related to specified cannabis goods, the Department shall comply with the following:

(1) Provide notice of the administrative hold that includes a description of the cannabis goods subject to the administrative hold.

(2) Following notice, the Department shall identify the cannabis goods subject to the administrative hold in the track and trace system.

(e) A licensee subject to an administrative hold shall comply with the following:

(1) Within 24 hours after receipt of notice of the administrative hold, physically segregate all designated cannabis goods in a limited-access area of the licensed premises. The licensee shall ensure that all cannabis goods subject to the administrative hold are safeguarded and preserved in a manner that prevents tampering, degradation, or contamination.

(2) While the administrative hold is in effect, the licensee shall not sell, donate, transfer, transport, gift, or destroy the cannabis goods subject to the hold.

(3) A microbusiness licensee subject to an administrative hold may continue to cultivate any cannabis subject to an administrative hold. If the cannabis subject to the hold must be harvested, the licensee shall place the harvested cannabis into separate batches.

(4) A licensee may voluntarily surrender cannabis goods that are subject to an administrative hold. The licensee shall identify the cannabis goods being voluntarily surrendered in the track and trace system. Voluntary surrender shall not be construed to waive the right to a hearing or any associated rights.

(f) To issue a temporary suspension, the Department shall specify in the order that the licensee shall immediately cease conducting all commercial cannabis activities under its license, unless otherwise specified in the order.

(g) A microbusiness licensee subject to a temporary suspension may continue to cultivate cannabis at the licensed premises only as prescribed by the Department in the order. If the order permits the cannabis to be harvested, the licensee shall place the harvested cannabis into separate batches.

(h) The emergency decision and order for temporary, interim relief shall be issued in accordance with the following procedures:

(1) The Department shall give notice of the emergency decision and order and an opportunity to be heard to the licensee prior to the issuance, or effective date, of the emergency decision and order, if practicable.

(2) Notice and hearing under this section may be oral or written and may be provided by telephone, personal service, mail, facsimile transmission, electronic mail, or other electronic means, as the circumstances permit.

- (3) Notice may be given to the licensee, any person meeting the definition of owner for the license, or to a manager or other personnel at the licensed premises.
- (4) Upon receipt of the notice, the licensee may request a hearing within three (3) business days by submitting a written request for hearing to the Department through electronic mail, facsimile transmission, or other means. The hearing shall commence within five (5) business days after receipt of the written request for hearing, unless a later time is agreed upon by the Department and the licensee.
- (5) The hearing may be conducted in the same manner as an informal conference under section 17803; however, the timeframes provided in section 17803 shall not apply to a hearing under this section. Pre-hearing discovery or cross-examination of witnesses is not required under this section.
- (6) The emergency decision and order shall be affirmed, modified, or set aside as determined appropriate by the Department within five (5) business days after the hearing.
- (i) Within ten (10) calendar days after the issuance or effective date of the emergency decision and order for temporary, interim relief, the Department shall commence adjudicative proceedings in accordance with chapter 5 (commencing with section 11500) of part 1 of division 3 of title 2 of the Government Code to resolve the underlying issues giving rise to the temporary, interim relief.
- (j) After formal proceedings are held pursuant to subsection (i), a licensee aggrieved by a final decision of the Department may appeal the decision to the Cannabis Control Appeals Panel pursuant to section 26043 of the Act.
- (k) Notwithstanding administrative proceedings commenced pursuant to subsection (i), the licensee may obtain judicial review of the emergency decision and order pursuant to section 1094.5 of the Code of Civil Procedure in the manner provided in section 11460.80 of the Government Code without exhaustion of administrative remedies.
- (l) The Department's authority provided by this section may be used in addition to any civil, criminal, or other administrative remedies available to the Department.

Authority cited: Section 26013, Business and Professions Code. Reference: Section 26012, Business and Professions Code; and Sections 11460.10, 11460.20, 11460.30, 11460.40, 11460.50, 11460.60, 11460.70 and 11460.80, Government Code.

Article 5. Posting Notices of Suspension and Revocation

§17816. Posting of Notice of Suspension.

- (a) A licensee whose license has been suspended shall conspicuously and continuously display a notice on the exterior of the licensee's premises for the duration of the suspension.

(b) The notice shall be 11 inches in length and 8.5 inches in width. The notice shall read:

NOTICE OF SUSPENSION

The Department of Cannabis Control License(s) Issued For This
Premises Has Been
Suspended For Violation of State Law

(c) Advertising or posting signs to the effect that the licensed premises has been closed or that business has been suspended for any reason other than the reason provided in the decision suspending the license, shall be deemed a violation of this section.

(d) Failure to display the notice as required in this section or removal of the notice prior to the expiration of the suspension shall be a violation of this section and may result in additional disciplinary action.

(e) A licensee shall notify the Department by submitting the Licensee Notification and Request Form, Notifications and Requests Regarding Regulatory Compliance, DCC-LIC-028 (New 2/22), incorporated herein by reference, within 24 hours of discovering that the notice under subsection (b) has been removed or damaged to an extent that makes the notice illegible.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26011.5 and 26012, Business and Professions Code.

§17817. Posting of Notice of Revocation.

(a) A person whose license has been revoked shall conspicuously display a notice on the exterior of the premises indicating that the license has been revoked. The notice shall remain continuously on the premises for at least 15 calendar days.

(b) The notice shall be 11 inches in length and 8.5 inches in width. The notice shall read:

NOTICE OF REVOCATION

The Department of Cannabis Control License(s) Issued For This
Premises Has Been
Revoked For Violation of State Law

(c) Advertising or posting signs to the effect that the premises has been closed, or that business has been suspended for any reason other than the reason provided in the decision revoking the license, shall be deemed a violation of this section.

(d) If the Department revokes a license at a licensed premises that has one or more licenses at the location that will remain active after the revocation, the revocation notice shall remain posted for a period of at least 15 calendar days.

(e) Failure to display the notice for the time required in this section shall be a violation of this section and may result in additional disciplinary action.

(f) A person whose license has been revoked shall notify the Department by submitting the Licensee Notification and Request Form, Notifications and Requests Regarding

Regulatory Compliance, DCC-LIC-028 (New 2/22), incorporated herein by reference, within 24 hours of discovering that the notice under subsection (b) has been removed or damaged to an extent that makes the notice illegible.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26011.5 and 26012, Business and Professions Code.

Chapter 13. Other Provisions

Article 1. Research Funding

§17900. Eligibility.

(a) Only public universities in California shall be eligible to be selected to receive funds disbursed pursuant to Revenue and Taxation Code section 34019(b).

(b) Subject to available funding, the amounts to be disbursed to the university or universities will not exceed the sum of ten million dollars (\$10,000,000) for each fiscal year, ending with the 2028-2029 fiscal year.

Authority cited: Section 26013, Business and Professions Code. Reference: Section 34019, Revenue and Taxation Code.

§17901. Request for Proposals.

(a) A Request for Proposal (RFP) is the document issued by the Department to notify all eligible fund recipients of the following, at a minimum:

- (1) The funding available for research related to the Act or this division;
- (2) Disbursement of funds to eligible applicants through a review and selection process, including the criteria that will be used for review and selection;
- (3) The specified timeframes for the proposal review and selection process, including the deadline for submission of proposals;
- (4) Proposal requirements, including necessary documentation;
- (5) Any priorities or restrictions imposed upon the use of the funds;
- (6) The governing statutes and regulations; and
- (7) The name, address, and telephone number of a contact person within the Department who can provide further information regarding the process for submission of proposals.

Authority cited: Section 26013, Business and Professions Code. Reference: Section 34019, Revenue and Taxation Code.

§17902. Selection Process and Criteria.

- (a) The selection process shall involve eligible proposals timely received by the Department, in response to an applicable RFP, or similar notice.
- (b) The Department will consider only one proposal per applicant for a given research project. Applicants may submit more than one proposal if the proposals are for separate and distinct research projects or activities.
- (c) The Department will make a selection for funding based on criteria including, but not limited to:
 - (1) The extent to which the proposed project is designed to achieve objectives specified in Revenue and Taxation Code section 34019(b).
 - (2) The extent to which the proposed project is designed to achieve measurable outcomes, and the clarity of the measures for success, including, for research-based objectives, the scientific and technical merit of the proposed project as evaluated by relevant experts.
 - (3) The extent to which the proposed project is feasible, demonstrated by:
 - (A) A timeline for project completion, including readiness; and
 - (B) Budget detail.
 - (4) Qualifications of the staff who will be assigned to or working on the proposed project.
 - (5) Any other criteria to determine the proposed project's efficacy in evaluating the implementation and effect of the Act.
- (d) Applicants selected for funding will be notified of the selection and amount of funding in writing.
- (e) The Department's selection decision is final and not subject to appeal.

Authority cited: Section 26013, Business and Professions Code. Reference: Section 34019, Revenue and Taxation Code.

§17903. Release of Funds.

- (a) The Department shall not cause funds to be disbursed until the recipient has executed a Grant Agreement and any other required documents.
- (b) Selected recipients shall receive a single disbursement of funds for the duration of the research project.
- (c) Funds released to the recipient that will be used for the purchase of any equipment related to the research project shall, at a minimum, meet the following conditions:
 - (1) Prior to the purchase of any equipment, the recipient shall obtain written approval from the Department.
 - (2) Receipts or other documentation for the purchase of any equipment shall be provided to the Department immediately upon purchase and request and retained pursuant to section 17904.

(d) Any funds that are not used prior to the completion of the research project shall be forfeited.

Authority cited: Section 26013, Business and Professions Code. Reference: Section 34019, Revenue and Taxation Code.

§17904. Reports to the Department.

(a) The recipient of funds shall provide regular performance reports to the Department in the following manner, unless otherwise specified in the Grant Agreement:

(1) At monthly intervals for research projects with an estimated completion time not exceeding one year.

(2) At quarterly intervals for research projects with an estimated completion time exceeding one year.

(b) Performance reports shall include, at a minimum:

(1) A detailed, estimated time schedule of completion for the research project;

(2) A description of any measurable outcomes, results achieved, or other completed objectives of the research project;

(3) A description of remaining work to be completed;

(4) A summary of expenditures of the funds and statement of whether the research project is meeting the proposed budget. If not, the reasons for any discrepancies and a list of actions that will be taken to ensure completion of the research project; and

(5) Any changes to the information provided in the proposal, including, but not limited to, change in staff.

Authority cited: Section 26013, Business and Professions Code. Reference: Section 34019, Revenue and Taxation Code.

§17905. Research Records.

Recipients shall retain all research and financial data necessary to substantiate the purposes for which the funds were spent for the duration of the funding, and for a period of seven years after completion of the research project. Recipients shall provide this documentation to the Department upon request.

Authority cited: Section 26013, Business and Professions Code. Reference: Section 26160, Business and Professions Code; and Section 34019, Revenue and Taxation Code.