

**State of California
Office of Administrative Law**

In re:
Department of Food and Agriculture

Regulatory Action:

Title 03, California Code of Regulations

**Adopt sections: 8000, 8100, 8101, 8102,
8103, 8104, 8105, 8106, 8107, 8108, 8109,
8110, 8111, 8112, 8113, 8114, 8115, 8200,
8201, 8202, 8203, 8204, 8205, 8206, 8207,
8208, 8209, 8210, 8211, 8212, 8213, 8214,
8215, 8216, 8300, 8301, 8302, 8303, 8304,
8305, 8306, 8307, 8308, 8400, 8401, 8402,
8403, 8404, 8405, 8406, 8407, 8408, 8409,
8500, 8501, 8600, 8601, 8602, 8603, 8604,
8605, 8606, 8607, 8608, 8609**

**NOTICE OF APPROVAL OF CERTIFICATE OF
COMPLIANCE**

**Government Code Sections 11349.1 and
11349.6(d)**

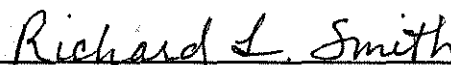
OAL Matter Number: 2018-1203-02

**OAL Matter Type: Certificate of Compliance
(C)**

The Department of Food and Agriculture submitted this timely certificate of compliance action to make permanent emergency regulations that implement statutes under the Medicinal and Adult-Use Cannabis Regulation and Safety Act. The proposed regulations address the licensing of commercial cannabis cultivation operations in California, including application and licensing requirements and related fees, cultivation site requirements, inspection, investigation, audit, and enforcement provisions, and establish the statewide track-and-trace system, which will track activities of commercial cannabis and cannabis products from cultivation through the distribution chain.

OAL approves this regulatory action pursuant to section 11349.6(d) of the Government Code. The regulations are effective January 16, 2019 pursuant to section 11343.4(b)(3) of the Government Code.

Date: January 16, 2019



Richard L. Smith
Senior Attorney

For: Debra M. Cornez
Director

Original: Karen Ross, Secretary
Copy: Amanda Brown

CERT

STATE OF CALIFORNIA—OFFICE OF ADMINISTRATIVE LAW

NOTICE PUBLICATION/REGULATIONS SUBMISSION

(See instructions on reverse)

For use by Secretary of State only

STD. 400 (REV. 01-2013)

OAL FILE NUMBERS	NOTICE FILE NUMBER Z-2018-0703-01	REGULATORY ACTION NUMBER 2018-1203-02C	EMERGENCY NUMBER
For use by Office of Administrative Law (OAL) only			
NOTICE		REGULATIONS	
AGENCY WITH RULEMAKING AUTHORITY Department of Food and Agriculture		AGENCY FILE NUMBER (if any)	

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

JAN 16 2019

4:12 P.M.

2018 DEC -3 A 9:58

OFFICE OF
ADMINISTRATIVE LAW

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

1. SUBJECT OF NOTICE	TITLE(S)	FIRST SECTION AFFECTED	2. REQUESTED PUBLICATION DATE
3. NOTICE TYPE <input type="checkbox"/> Notice re Proposed <input type="checkbox"/> Regulatory Action <input type="checkbox"/> Other	4. AGENCY CONTACT PERSON	TELEPHONE NUMBER	FAX NUMBER (Optional)
OAL USE ONLY <input type="checkbox"/> Approved as Submitted <input type="checkbox"/> Approved as Modified <input type="checkbox"/> Disapproved/Withdrawn	ACTION ON PROPOSED NOTICE	NOTICE REGISTER NUMBER 2018, 282	PUBLICATION DATE 7/13/2018

B. SUBMISSION OF REGULATIONS (Complete when submitting regulations)

1a. SUBJECT OF REGULATION(S) Cannabis Cultivation Licensing	1b. ALL PREVIOUS RELATED OAL REGULATORY ACTION NUMBER(S) 2017-1127-02E; 2018-0525-03EE
2. SPECIFY CALIFORNIA CODE OF REGULATIONS TITLE(S) AND SECTION(S) (Including title 26, if toxics related)	
SECTION(S) AFFECTED (List all section number(s) individually. Attach additional sheet if needed.)	ADOPT See attached
	AMEND
TITLE(S) 3	REPEAL
3. TYPE OF FILING	
<input type="checkbox"/> Regular Rulemaking (Gov. Code § 11346)	<input checked="" type="checkbox"/> Certificate of Compliance: The agency officer named below certifies that this agency complied with the provisions of Gov. Code §§ 11346.2-11347.3 either before the emergency regulation was adopted or within the time period required by statute.
<input type="checkbox"/> Resubmittal of disapproved or withdrawn nonemergency filing (Gov. Code §§ 11349.3, 11349.4)	<input type="checkbox"/> Emergency Readopt (Gov. Code, § 11346.1(h))
<input type="checkbox"/> Emergency (Gov. Code, § 11346.1(b))	<input type="checkbox"/> Resubmittal of disapproved or withdrawn emergency filing (Gov. Code, § 11346.1)
	<input type="checkbox"/> Changes Without Regulatory Effect (Cal. Code Regs., title 1, § 100)
	<input type="checkbox"/> File & Print
	<input type="checkbox"/> Print Only
	<input type="checkbox"/> Other (Specify): _____
4. ALL BEGINNING AND ENDING DATES OF AVAILABILITY OF MODIFIED REGULATIONS AND/OR MATERIAL ADDED TO THE RULEMAKING FILE (Cal. Code Regs. title 1, § 44 and Gov. Code § 11347.1) 10/19/18 - 11/05/2018	
5. EFFECTIVE DATE OF CHANGES (Gov. Code, §§ 11343.4, 11346.1(d); Cal. Code Regs., title 1, § 100)	
<input type="checkbox"/> Effective January 1, April 1, July 1, or October 1 (Gov. Code § 11343.4(a))	<input checked="" type="checkbox"/> Effective on filing with Secretary of State
	<input type="checkbox"/> \$100 Changes Without Regulatory Effect
	<input type="checkbox"/> Effective other (Specify): _____
6. CHECK IF THESE REGULATIONS REQUIRE NOTICE TO, OR REVIEW, CONSULTATION, APPROVAL OR CONCURRENCE BY, ANOTHER AGENCY OR ENTITY	
<input checked="" type="checkbox"/> Department of Finance (Form STD. 399) (SAM § 6660)	<input type="checkbox"/> Fair Political Practices Commission
<input checked="" type="checkbox"/> Other (Specify) See attached	<input type="checkbox"/> State Fire Marshal
7. CONTACT PERSON Amanda Brown	TELEPHONE NUMBER 916-263-1375
	FAX NUMBER (Optional)
	E-MAIL ADDRESS (Optional) amanda.brown@cdfa.ca.gov

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

SIGNATURE OF AGENCY HEAD OR DESIGNEE <i>Kevin Masuhara</i>	DATE 11/21/18
TYPED NAME AND TITLE OF SIGNATORY Kevin Masuhara, Deputy Secretary	

For use by Office of Administrative Law (OAL) only

ENDORSED APPROVED

JAN 16 2019

Office of Administrative Law

Adopt:

Sections 8000, 8100, 8101, 8102, 8103, 8104, 8105, 8106, 8107, 8108, 8109, 8110, 8111, 8112, 8113, 8114, 8115, 8200, 8201, 8202, 8203, 8204, 8205, 8206, 8207, 8208, 8209, 8210, 8211, 8212, 8213, 8214, 8215, 8216, 8300, 8301, 8302, 8303, 8304, 8305, 8306, 8307, 8308, 8400, 8401, 8402, 8403, 8404, 8405, 8406, 8407, 8408, 8409, 8500, 8501, 8600, 8601, 8602, 8603, 8604, 8605, 8606, 8607, 8608, and 8609.

The proposed regulations required consultation with other state agencies pursuant to the authorities found in the California Business and Professions Code (BPC). The California Department of Food and Agriculture met those consultation requirements through a series of meetings, conference calls, and consistent communication with the required agencies throughout the development of these proposed emergency regulations.

Specifically, the California State Water Resources Control Board and the California Department of Fish and Wildlife were consulted pursuant to BPC sections 26051.5(b)(7), 26060.1(c), and 26069(c)(1). The Bureau of Cannabis Control was consulted pursuant to BPC sections 26060, 26060.1, 26067(a), 26068(b), and 26069(c)(1). The California Department of Tax and Fee Administration (formerly known as the California State Board of Equalization) was consulted pursuant to BPC sections 26067(b)(1) and 26068(a).

TEXT OF
CALIFORNIA CODE OF REGULATIONS
TITLE 3. FOOD AND AGRICULTURE
DIVISION 8. CANNABIS CULTIVATION
CHAPTER 1. CANNABIS CULTIVATION PROGRAM

Text of Final Proposed Regulations

Changes are indicated by ~~strikeout~~ and underline.

Article 1. Definitions

§ 8000. Definitions.

The following definitions, in addition to those stated in section 26001 of the Business and Professions Code, apply to this chapter.

- (a) "Act" means the Medicinal and Adult-Use Cannabis Regulation and Safety Act, division 10, chapter 1 (commencing with section 26000) of the Business and Professions Code.
- (b) "Applicant" means an owner of the applicant entity or sole proprietor applying for a state license pursuant to this division.
- (c) "Applicant entity" means the entity or sole proprietor applying for a state cannabis cultivation license.
- (d) "Batch" or "harvest batch" means a specifically identified quantity of dried flower or trim, leaves, and other cannabis plant matter that is uniform in strain or cultivar, harvested in whole, or in part, at the same time, and, if applicable, cultivated using the same pesticides and other agricultural chemicals.
- (e) "Bureau" means the Bureau of Cannabis Control within the Department of Consumer Affairs, formerly named the Bureau of Marijuana Control, the Bureau of Medical Cannabis Regulation, and the Bureau of Medical Marijuana Regulation.
- (f) "Canopy" means the designated area(s) at a licensed premises, except nurseries and processors, that will contain mature plants at any point in time, as follows:
 - (1) Canopy shall be calculated in square feet and measured using clearly identifiable boundaries of all area(s) that will contain mature plants at any point in time, including all of the space(s) within the boundaries;
 - (2) Canopy may be noncontiguous but each unique area included in the total canopy calculation shall be separated by an identifiable boundary that includes, but is not limited to, interior walls, shelves, greenhouse walls, hoop house walls, garden benches, hedgerows, fencing, garden beds, or garden plots; and
 - (3) If mature plants are being cultivated using a shelving system, the surface area of each level shall be included in the total canopy calculation.
- (g) "Commercial cannabis activity" includes the cultivation, possession, manufacture, distribution, processing, storing,

laboratory testing, packaging, labeling, transportation, delivery, or sale of cannabis and cannabis products as provided for in this chapter.

- (h) "Cultivation" means any activity involving the planting, growing, harvesting, drying, curing, grading, or trimming of cannabis.
- (i) "Cultivation site" means a location where commercial cannabis is planted, grown, harvested, dried, cured, graded, or trimmed, or a location where any combinations of those activities occurs.
- (j) "Department" means the California Department of Food and Agriculture.
- (k) "Dried flower" means all dead cannabis that has been harvested, dried, cured, or otherwise processed, excluding leaves and stems.
- (l) "Flowering" means that a cannabis plant has formed a mass of pistils measuring greater than one half inch wide at its widest point.
- (m) "Immature plant" or "immature" means a cannabis plant ~~that is not flowering that has a first true leaf measuring greater than one half inch long from base to tip (if started from seed) or a mass of roots measuring greater than one half inch wide at its widest point (if vegetatively propagated), but which is not flowering.~~
- (n) "Indoor cultivation" means the cultivation of cannabis within a permanent structure using exclusively artificial light or within any type of structure using artificial light at a rate above twenty-five watts per square foot.
- (o) "Kief" means the resinous trichomes of cannabis that ~~may accumulate in containers or be sifted from loose, dry cannabis flower with a mesh screen or sieve~~ have been separated from the cannabis plant.
- (p) "Licensee" means any person holding a license pursuant to this chapter.
- (q) "Light deprivation" means the use of any technique to eliminate natural light in order to induce flowering.
- (r) "Lot" means a batch, or a specifically identified portion of a batch.
- (s) "Mature plant" or "mature" means a cannabis plant that is flowering.
- (t) "Mixed-light cultivation" means the cultivation of mature cannabis in a greenhouse, hoop-house, glasshouse, conservatory, hothouse, or other similar structure using a combination of ~~natural light or light deprivation and one of the artificial lighting models described listed below:~~
 - (1) Natural light and light deprivation and one of the artificial lighting models listed below:
 - ~~(A)(1)~~ "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 ~~of~~ six watts per square foot ~~or less;~~
 - ~~(B)(2)~~ "Mixed-light Tier 2" the use of artificial light at a rate above six and below or equal to twenty-five watts per square foot.; or
 - (2) Natural light and one of the artificial lighting models listed below:
 - (A) "Mixed-light Tier 1" the use of artificial light at a rate above zero, but no more than six watts per square foot;
 - (B) "Mixed-light Tier 2" the use of artificial light at a rate above six and below or equal to twenty-five watts per

square foot.

- (u) "Net weight" means the weight of harvested cannabis and cannabis products, exclusive of all materials, substances, or items not part of the commodity itself, including but not limited to containers, conveyances, bags, wrappers, packaging materials, labels, and individual piece coverings, and that meet the requirements in section 8406(b).
- (v) "Nonmanufactured cannabis product" means flower, shake, kief, leaf, and pre-rolls, and kief that is obtained from accumulation in containers or sifted from loose, dry cannabis flower, or leaf with a mesh screen or sieve.
- (w) "Nursery" means ~~a licensee that produces only~~ all activities associated with producing clones, immature plants, seeds, and other agricultural products used specifically for the propagation and cultivation of cannabis.
- (x) "Outdoor cultivation" means the cultivation of mature cannabis without the use of artificial lighting or light deprivation in the canopy area at any point in time. Artificial lighting is permissible only to maintain immature plants outside the canopy area.
- (y) "Pest" means any of the following that is, or is liable to become, dangerous or detrimental to the agricultural or nonagricultural environment of the state:
 - (1) Any insect, predatory animal, rodent, nematode, or weed; and
 - (2) Any form of terrestrial, aquatic, or aerial plant or animal virus, fungus, bacteria, or other microorganism (except viruses, fungi, bacteria, or other microorganisms on or in living man or other living animals).
- (z) "Premises" means the designated structure or structures and land specified in the application that is owned, leased, or otherwise held under the control of the applicant or licensee where the commercial cannabis activity will be or is conducted. The premises shall be a contiguous area and shall only be occupied by one licensee.
- (aa) "Pre-roll" means ~~nonmanufactured cannabis product(s) rolled in paper~~ any combination of the following rolled in paper: flower, shake, leaf, or kief that is obtained from accumulation in containers or sifted from loose, dry cannabis flower or leaf with a mesh screen or sieve.
- (ab) "Process," "Processing," and "Processes" mean all activities associated with the drying, curing, grading, trimming, rolling, storing, packaging, and labeling of cannabis or nonmanufactured cannabis products.
- (ac) "Track-and-trace system" means the state-approved system used to track commercial cannabis activity and movement.
- (ad) "Unique identifier" or "UID" means an alphanumeric code or designation used for reference to a specific plant on a licensed premises and any cannabis or cannabis product derived or manufactured from that plant.
- (ae) "Watts per square foot" means the sum of the maximum wattage of all lights identified in the designated canopy area(s) in the cultivation plan divided by the sum of the dimensions in square feet of designated canopy area(s) identified in the cultivation plan.
- (af) "Wet weight" means the weight of harvested, non-dried cannabis, on the licensed premises or being transported between licensees, that does not meet the net weight requirements in section 8406(b).

Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26001 and 26013, Business and Professions Code; and Section 12754.5, Food and Agricultural Code.

Article 2. Applications-

§ 8100. Temporary Licenses.

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

~~(a) Temporary license applications shall be completed and submitted online at calcannabis.cdfa.ca.gov or mailed to the department at P.O. Box 942871, Sacramento, CA 94271.~~

~~(b) An application for a temporary cultivation license shall include the following:~~

~~(1) The license type, pursuant to section 8201 of this chapter, for which the applicant is applying and whether the application is for an M-license or A-license;~~

~~(2) If the applicant has already submitted an application for annual licensure, the application number;~~

~~(3) The legal business name of the applicant entity;~~

~~(4) The full legal name, mailing address, phone number, email address, and affiliation of the designated responsible party who shall:~~

~~(A) Be an owner with legal authority to bind the applicant entity;~~

~~(B) Serve as agent for service of process; and~~

~~(C) Serve as primary contact for the application.~~

~~(5) The physical address of the premises;~~

~~(6) A copy of a valid license, permit, or other authorization, issued by a local jurisdiction, that enables the applicant entity to conduct commercial cannabis activity at the location requested for the temporary license. For the purposes of this section, "other authorization" shall include, at a minimum, a written statement or reference that clearly indicates the local jurisdiction intended to grant permission to the applicant entity to conduct commercial cannabis activity at the premises.;~~

~~(7) A proposed cultivation plan pursuant to section 8106 of this chapter;~~

~~(8) Identification of all of the following applicable water sources used for cultivation activities and the applicable supplemental information for each source pursuant to section 8107 of this chapter:~~

~~(A) A retail water supplier;~~

~~(B) A groundwater well;~~

~~(C) A rainwater catchment system;~~

~~(D) A diversion from a waterbody or an underground stream flowing in a known and definite channel.~~

~~(9) Evidence of enrollment with the applicable Regional Water Quality Control Board or State Water Resources Control Board for water quality protection programs or written verification from the appropriate board that enrollment is not necessary.~~

~~(c) When the applicant provides a license, permit, or other authorization from the local jurisdiction where the licensed premises will be or is located, the department shall notify the contact person for the local jurisdiction pursuant to section 26055 of the Business and Professions Code. If the local jurisdiction does not respond to the department's notification within ten (10) calendar days, the department may issue a temporary license to the applicant.~~

(db) A temporary license issued pursuant to this chapter shall be valid for one-hundred twenty (120) calendar days from the effective date. No temporary license shall be effective prior to January 1, 2018.

(ec) A temporary license may be extended for additional ninety (90) calendar day periods if a complete application for licensure has been submitted to the department pursuant to section 8102 of this chapter.

(fd) A temporary license does not obligate the department to issue an annual license nor does the temporary license create a vested right in the holder to either an extension of the temporary license or to the granting of a subsequent annual license.

~~(g) Temporary applications and licenses are exempt from fees.~~

(he) This section shall remain in effect until January 1, 2019. The Department shall not issue any temporary licenses or extensions of temporary licenses after December 31, 2018. Any temporary licenses issued or extended with an expiration date after December 31, 2018 will be valid until it expires, but shall not be extended beyond the expiration date.

Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26013, 26050.1, and 26055, Business and Professions Code.

§ 8101. Annual License Application Fees.

The following are nonrefundable application fees for the specified annual license type and shall be paid by the applicant at the time the complete application is submitted to the department:

- | | |
|--|-------|
| (a) Specialty Cottage Outdoor | \$135 |
| (b) Specialty Cottage Indoor | \$205 |
| (c) Specialty Cottage Mixed-Light Tier 1 | \$340 |
| (d) Specialty Cottage Mixed-Light Tier 2 | \$580 |
| (e) Specialty Outdoor | \$270 |

(f) Specialty Indoor	\$2,170
(g) Specialty Mixed-Light Tier 1	\$655
(h) Specialty Mixed-Light Tier 2	\$1,125
(i) Small Outdoor	\$535
(j) Small Indoor	\$3,935
(k) Small Mixed-Light Tier 1	\$1,310
(l) Small Mixed-Light Tier 2	\$2,250
(m) Medium Outdoor	\$1,555
(n) Medium Indoor	\$8,655
(o) Medium Mixed-Light Tier 1	\$2,885
(p) Medium Mixed-Light Tier 2	\$4,945
(q) Nursery	\$520
(r) Processor	\$1,040

Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26012, 26013, 26050, and 26061, and 26180, Business and Professions Code.

§ 8102. Annual License Application Requirements.

Applications for a cultivation license shall be completed and submitted online at calcannabis.cdfa.ca.gov or by mailing a hard copy of the application to the department at P.O. Box 942872, Sacramento, CA 94271-2872. Application fees, pursuant to section 8101 of this chapter, shall accompany the applications submitted online at calcannabis.cdfa.ca.gov or by mail to the department at P.O. Box 942872, Sacramento, CA 94271-2872. Each Applications shall include the following, if applicable:

- (a) The legal business name of the applicant entity and the business entity structure, including but not limited to a corporation, general partnership, joint venture, limited liability company, limited liability partnership, limited partnership, sovereign entity, sole proprietorship, or trust;
- (b) The license type, pursuant to section 8201 of this chapter, for which the applicant is applying and whether the application is for an M-license or A-license;
- (c) A list of all valid commercial cannabis license types the applicant entity holds and the associated license numbers from the department and other cannabis licensing authorities;
- (d) The physical address of the premises;
- (e) The mailing address of the applicant entity;
- (f) The hours of operation for each day of the week the applicant entity will have staff on the licensed premises. The

applicant must provide a minimum of two (2) hours of operation that are between 8:00am and 5:00pm (Pacific Time) on each day, Monday through Friday;

- (gf) A designated responsible party, who shall also be an owner, with legal authority to bind the applicant entity, and the primary contact for the application. The following information shall be provided for the designated responsible party: full legal name, title, mailing address, primary contact phone number, email address, preferred method of contact (either standard mail or email), and a copy of the owner's government-issued identification. Acceptable forms of identification are a document issued by a federal, state, county, or municipal government, including, but not limited to, a driver's license, that contains the name, date of birth, physical description, and picture of the individual;
- (hg) An individual or entity serving as agent for service of process for the applicant. The following information shall be provided for the agent for service of process: full legal name, mailing address, primary contact phone number, ~~and~~ email address, and preferred method of contact (either standard mail or email);
- (ih) A complete list of every owner of the applicant entity pursuant to section 8103 of this chapter. Each individual owner named shall submit the following information:
- (1) Full legal name;
 - (2) Title within the applicant entity;
 - (3) Date of birth;
 - (4) Social security number or individual taxpayer identification number;
 - (5) Home address;
 - (6) Primary phone number;
 - (7) Email address;
 - (8) Preferred method of contact (either standard mail or email);
 - (98) Date ownership interest in the applicant entity was acquired;
 - (109) Percentage of the ownership interest held in the applicant entity by the owner;
 - (1140) A list of all the valid licenses, including license type(s) and license number(s), from the department and other cannabis licensing authorities that the owner is listed as either an owner or financial interest holder;
 - (1211) A copy of their the owner's government-issued identification. Acceptable forms of identification are a document issued by a federal, state, county, or municipal government, including but not limited to, a driver's license, that contains the name, date of birth, physical description, and picture of the individual;
 - (1312) If applicable, a detailed description of any criminal convictions. A conviction within the meaning of this section means a plea or verdict of guilty or a conviction following a plea of nolo contendere. Convictions dismissed under sections 1203.4, 1203.4a and 1203.41 of the Penal Code or equivalent non-California law shall be disclosed. Juvenile adjudications and traffic infractions do not need to be included. For each conviction, all of the following shall be provided:

- (A) The date of conviction;
- (B) Date(s) of incarceration, if applicable;
- (C) Date(s) of probation, if applicable;
- (D) Date(s) of parole, if applicable;
- (E) A detailed description of the offense for which the owner was convicted; and
- (F) A statement of rehabilitation for each conviction. The statement of rehabilitation is to be written by the owner and may contain evidence that the owner would like the department to consider that demonstrates the owner's fitness for licensure. Supporting evidence may be attached to the statement of rehabilitation and may include, but is not limited to, a certificate of rehabilitation under section 4852.01 of the Penal Code, and dated letters of reference from employers, instructors, or professional counselors that contain valid contact information for the individual providing the reference.

~~(1413)~~ A copy of ~~their~~ the owner's completed application for electronic fingerprint images submitted to the Department of Justice;

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

(j) A complete list of financial interest holders pursuant to section 8103 of this chapter, including the following information for:

- (1) Individuals: full legal name, tax identification number (social security number, individual taxpayer identification number, or national identification number), and government identification number, and type of government identification; and
- (2) Business entities: legal business name and employer identification number.

(k) Copies of all formation documents, which may include, but are not limited to, articles of incorporation, operating agreement, partnership agreement, and fictitious business name statement. The applicant shall also provide all documents filed with the California Secretary of State, which may include, but are not limited to, articles of incorporation, certificate of stock, articles of organization, certificate of limited partnership, and statement of partnership authority. If an applicant is a foreign corporation, a certificate of qualification issued by the California Secretary of State;

(l) A valid seller's permit number issued by the California Department of Tax and Fee Administration, or confirmation from the California Department of Tax and Fee Administration that a seller's permit is not needed. If the applicant entity has not yet received a seller's permit, the applicant entity shall attest that it is currently applying for a seller's permit;

- (~~m~~) For applicants that are a cannabis cooperative as defined by division 10, chapter 22 (commencing with section 26220) of the Business and Professions Code, identification of all members. Identifying information shall include each member's license number for commercial cannabis activity, the licensing authority that issued the license, and the name of the licensed business;
- (~~n~~) Evidence that the applicant entity has the legal right to occupy and use the proposed location pursuant to section 8104 of this chapter;
- (~~o~~) Evidence of having obtained a surety bond in the amount of not less than \$5,000, payable to the department in a form prescribed by the department pursuant to Title 11 of the California Code of Regulations section 26.20. The bond shall be issued by a corporate surety licensed to transact surety business in the State of California;
- (~~p~~) ~~Evidence of enrollment with the applicable Regional Water Quality Control Board or State Water Resources Control Board for water quality protection programs or written verification from the appropriate board that enrollment is not necessary~~ For all cultivator license types except Processor, evidence of enrollment in an order or waiver of waste discharge requirements with the State Water Resources Control Board or the appropriate Regional Water Quality Control Board. Acceptable documentation for evidence of enrollment can be a Notice of Applicability letter. Acceptable documentation for a Processor that enrollment is not necessary can be a Notice of Non-Applicability;
- (~~q~~) Evidence that the applicant has conducted a hazardous materials record search of the EnviroStor database for the proposed premises. If hazardous sites were encountered, the applicant shall provide documentation of protocols implemented to protect employee health and safety;
- (~~r~~) Evidence of exemption from, or compliance with, division 13 (commencing with section 21000) of the Public Resources Code, California Environmental Quality Act (CEQA). The evidence provided shall be one of the following:
- (1) ~~A copy of the applicant's license, permit, or other authorization and any accompanying documentation or permitting package from the local jurisdiction used for discretionary review pursuant to CEQA, if the local jurisdiction has adopted an ordinance, rule, or regulation pursuant to section 26055(h) of the Business and Professions Code that requires discretionary review and approval of permits, licenses, or other authorizations to engage in commercial cannabis activity and evidence of discretionary review conducted by the local jurisdictions~~ A signed copy of a project specific Notice of Determination or Notice of Exemption and a copy of the associated CEQA document, or reference to where it may be located electronically, a project description, and/or any accompanying permitting documentation from the local jurisdiction used for review in determining site specific environmental compliance;
 - (2) ~~A copy of the Notice of Determination or Notice of Exemption and a copy of the CEQA document, or reference to where it can be located electronically, if the applicant does not wish to provide a copy of the license, permit, or other authorization provided by the local jurisdiction or if the local jurisdiction has not adopted an ordinance, rule, or regulation pursuant to section 26055(h) of the Business and Professions Code that requires discretionary review~~

~~and approval of permits, licenses, or other authorizations to engage in commercial cannabis activity;~~

- ~~(3)~~ If an applicant does not have the evidence specified in subsections (1) ~~or (2)~~, or if the local jurisdiction did not prepare a CEQA document, the applicant will be responsible for the preparation of an environmental document in compliance with CEQA that can be approved or certified by the department, unless the department specifies otherwise.
- ~~(sr)~~ 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;
- ~~(ts)~~ A property diagram pursuant to section 8105 of this chapter;
- ~~(ut)~~ A proposed cultivation plan pursuant to section 8106 of this chapter;
- ~~(vu)~~ Identification of all of the following applicable water sources used for cultivation activities and the applicable supplemental information for each source pursuant to section 8107 of this chapter:
 - (1) A retail water supplier;
 - (2) A groundwater well;
 - (3) A rainwater catchment system;
 - (4) A diversion from a surface waterbody or an underground stream flowing in a known and definite channel.
- ~~(wv)~~ 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;
- ~~(xw)~~ An attestation that the proposed location is at least a six-hundred (600) foot radius from a school providing instruction in kindergarten or any grades one (1) through twelve (12), or a day care center or youth center as defined in section 26001 of the Business and Professions Code, that is in existence at the time the application is submitted, or that the premises complies with a local ordinance specifying a different radius. The distance shall be measured in the same manner as provided in subsection (c) of section 11362.768 of the Health and Safety Code unless otherwise provided by law;
- ~~(yx)~~ An attestation that ~~they~~ the applicant entity will enter into, or ~~have~~ has already entered into, and will abide by the terms of a labor peace agreement if the applicant entity will have twenty (20) or more employees on payroll at any ~~one~~ time during the licensed period. The applicant shall submit a copy of the page of the labor peace agreement that contains the signatures of the union representative and the applicant. For applicants who have not yet entered into a labor peace agreement, the applicant shall provide a copy of the page of the labor peace agreement that contains the signatures of the union representative and the licensee as soon as reasonably practicable after licensure;
- ~~(zy)~~ 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;
- ~~(aaz)~~ An attestation that the local fire department has been notified of the cultivation site if the application is for an indoor

license type;

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

(cca) Any applicant that may fall within the scope of sovereign immunity that may be asserted by a federally recognizable tribe or other sovereign entity shall waive any sovereign immunity defense that the applicant may have, may be asserted on its behalf, or may otherwise be asserted in any state or local administrative or judicial enforcement actions against the applicant or licensee, regardless of the form of relief sought, whether monetary or otherwise, under the state laws and regulations governing commercial cannabis activity, and shall provide documentation as may be requested by the department that establishes that the applicant has the lawful authority to enter into the waiver described above and has effectively done so. The limited waiver of sovereign immunity shall meet the requirements of the following:

- (1) The written limited waiver shall include that the applicant or licensee has the lawful authority to enter into the waiver required by this section, the applicant or licensee hereby waives sovereign immunity, and the applicant or licensee agrees to do all of the following:
 - (A) Provide documentation to the department that establishes that the applicant or licensee has the lawful authority to enter into the waiver required by this section;
 - (B) Conduct all commercial cannabis activity in full compliance with the state laws and regulations governing commercial cannabis activity, including submission to all enforcement provisions thereof;
 - (C) Allow access as required by statute or regulation by persons or entities charged with duties under the state laws and regulations governing commercial cannabis activity to any premises or property at which the applicant conducts any commercial cannabis activity, including premises or property where records of commercial cannabis activity are maintained by or for the applicant or licensee;
 - (D) Provide any and all records, reports, and other documents as may be required under the state laws and regulations governing commercial cannabis activity;
 - (E) Conduct commercial cannabis activity with other state commercial cannabis licensees only, unless otherwise specified by state law;
 - (F) Meet all of the requirements for licensure under state laws and regulations governing the conduct of commercial cannabis activity, and provide truthful and accurate documentation and other information of the applicant's qualifications and suitability for licensure as may be requested by the department;
 - (G) Submit to the personal and subject matter jurisdiction of the California courts to address any matter related to the waiver or commercial cannabis application, license, or activity, and that all such matters and proceedings

shall be governed, construed and enforced in accordance with California substantive and procedural law, including but not limited to the Act;

- (2) Any applicant or licensee shall immediately notify the department of any changes that may materially affect the applicant and licensee's compliance with subsection (1).
- (3) Any failure by an applicant or licensee to comply with the requirements of subsections (1) and (2) shall be a basis for denial of an application or renewal or discipline of a licensee.

(dd) If applicable, the applicant shall provide evidence that the proposed premises is not located in whole or in part in a watershed or other geographic area that the State Water Resources Control Board or the Department of Fish and Wildlife has determined to be significantly adversely impacted by cannabis cultivation pursuant to section 8216.

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

Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26013, 26051.5, 26054, 26055, 26057, 26060, 26060.1, 26066, and 26069, Business and Professions Code.

§ 8103. Owners and Financial Interests Holders.

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

- (1) A person with an aggregate ownership interest of twenty (20) percent or more in the person applying for a license or a licensee, unless the interest is solely a security, lien, or encumbrance;
- (2) The chief executive officer of a nonprofit or other entity;
- (3) A member of the board of directors of a nonprofit;
- (4) An individual who will be participating in the direction, control, or management of the person applying for a license.

(b) An owner who is an individual participating in the direction, control, or management of the commercial cannabis business includes any of the following:

- (1) A partner of a commercial cannabis business that is organized as a partnership;
- (2) A managing member of a ~~limited liability company~~ of a commercial cannabis business that is organized as a limited liability company;
- (3) An officer or director of a commercial cannabis business that is organized as a corporation.

(c) All individuals and business entities that have a financial interest in a commercial cannabis business but are not owners as defined in subsections (a) or (b) of this section shall be listed on an application for licensure under section 8102(j) of this chapter. "Financial interest" means an investment into a commercial cannabis business, a loan provided to a commercial cannabis business, or any other fully-vested equity interest in a commercial cannabis business.

- (d) Notwithstanding subsections (a), (b), or (c), the following are not considered to be owners or financial interest holders:
- (1) A bank or financial institution whose interest constitutes a loan;
 - (2) Persons whose only financial interest in the commercial cannabis business is through an interest in a diversified mutual fund, blind trust, or similar instrument;
 - (3) Persons whose only financial interest is a security, lien, or encumbrance on property that will be used by the commercial cannabis business; and
 - (4) Persons who hold a share of stock that is less than five (5) percent of the total shares in a publicly traded company.

Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26001, 26013, and 26051.5, Business and Professions Code.

§ 8104. Legal Right to Occupy.

- (a) If the applicant is the owner of the property on which the premises is located, the applicant shall provide to the department a copy of the title or deed to the property.
- (b) If the applicant is not the owner of the property upon which the premises is located, the applicant shall provide the following to the department:
 - (1) A document from the property owner or property owner's agent where the commercial cannabis activity will occur that states the applicant has the right to occupy the property and acknowledges that the applicant may use the property for commercial cannabis cultivation;
 - (2) The property owner's mailing address and phone number; and
 - (3) A copy of the lease or rental agreement, or other contractual documentation.

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

§ 8105. Property Diagram.

A property diagram shall be submitted with each application and shall contain the following:

- (a) Boundaries of the property and the proposed premises wherein the license privileges will be exercised with sufficient detail to enable ready determination of the bounds of the premises showing all perimeter dimensions, entrances, and exits to both the property and premises;
- (b) If the proposed premises consists of only a portion of a property, the diagram shall be labeled indicating which part of the property is the proposed premises and for what purpose the remaining property is used for, including any areas shared with other licenses;

(c) All roads and water crossings on the property;

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

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

(1) Sources of water used, including the location of waterbody diversion(s), pump location(s), and distribution system;
and

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

(fe) The assessor's parcel number(s);

(gf) The diagram shall be to scale; and

(hg) The diagram shall not contain any highlighting.

Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26012, 26013, 26051.5, and 26060.1, Business and Professions Code.

§ 8106. Cultivation Plan Requirements.

(a) The cultivation plan for each Specialty Cottage, Specialty, Small, and Medium licenses shall include all of the following:

(1) A detailed premises diagram showing all boundaries and dimensions in feet of the following proposed areas to scale:

(A) Canopy area(s), including aggregate square footage if the canopy areas are noncontiguous. All unique areas separated by identifiable boundaries pursuant to section 8000(f) shall be clearly described and labeled in the premises diagram;

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

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

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

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

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

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

- (H) Designated area(s) for harvested cannabis storage; ~~and~~
- (I) Designated area(s) for physically segregating cannabis or nonmanufactured cannabis products subject to an administrative hold pursuant to section 8604 of this chapter. This area may not be shared among multiple licenses held by one licensee;
- (J) Designated area(s) that are shared between licenses held by one licensee. The shared area(s) must be contiguous, be indicated on the property diagram for each application, and be one or more of the following designated area(s) shared between licenses held by one licensee: pesticide and other agricultural chemical storage area(s), composting area(s), and secured area(s) for cannabis waste;
- (K) Common use area(s), such as hallways, bathrooms, or break rooms. This area may be shared by multiple licensees.
- (2) For indoor and mixed-light license type applications, a lighting diagram with the following information shall be included:
- (A) Location of all lights in the canopy area(s); and
- (B) Maximum wattage, or wattage equivalent, of each light.
- (3) A pest management plan which shall include, but not be limited to, the following:
- (A) Product name and active ingredient(s) of all pesticides to be applied to cannabis during any stage of plant growth; ~~and~~
- (B) Integrated pest management protocols, including chemical, biological, and cultural methods the applicant anticipates using to control or prevent the introduction of pests on the cultivation site; ~~and~~
- (C) A signed attestation that states the applicant shall contact the appropriate County Agricultural Commissioner regarding requirements for legal use of pesticides on cannabis prior to using any of the active ingredients or products included in the pest management plan and shall comply with all pesticide laws.
- (4) A cannabis waste management plan meeting the requirements of section 8108 of this chapter.
- (b) The cultivation plan for nursery licenses shall include the following information:
- (1) A detailed premises diagram showing all boundaries and dimensions, in feet, of the following proposed areas to scale:
- ~~(A) Area(s) which shall contain only immature plants;~~
- ~~(B) Designated research and development area(s) which may contain mature plants;~~
- ~~(C) Designated seed production area(s) which may contain mature plants;~~
- (AD) Designated pesticide and other agricultural chemical storage area(s);
- (BE) Designated composting area(s) if the licensee will compost cannabis waste on site; ~~and~~
- (CF) Designated secured area(s) for cannabis waste if different from subsection (EB) above;
- (D) At least one of the following areas:

1. Area(s) which shall contain only immature plants;

2. Designated seed production area(s) that may contain mature plants.

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

(2) A pest management plan that shall include, but not be limited to, the following:

(A) Product name and active ingredient(s) of all pesticides to be applied to cannabis at any time; ~~and~~

(B) Integrated pest management protocols, including chemical, biological, and cultural methods the applicant anticipates using to control or prevent the introduction of pests on the cultivation site; and

(C) A signed attestation that states the applicant shall contact the appropriate County Agricultural Commissioner regarding requirements for legal use of pesticides on cannabis prior to using any of the active ingredients or products included in the pest management plan and shall comply with all pesticide laws.

(3) A cannabis waste management plan pursuant to section 8108 of this chapter.

(c) The cultivation plan for processor licenses shall include a detailed premises diagram showing all boundaries and dimensions, in feet, of the following proposed areas:

(1) Designated processing area(s);

(2) Designated packaging area(s), if the licensee will package and label products on site;

(3) Designated composting area(s) if the licensee will compost cannabis waste on site;

(4) Designated secured area(s) for cannabis waste if different from subsection (3) above; ~~and;~~

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

(6) A cannabis waste management plan pursuant to section 8108 of this chapter.

Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26012, 26013, 26051.5, 26060, and 26060.1, Business and Professions Code.

§ 8107. 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, ~~identify the retail water supplier.~~ provide the following:

(A) Name of the retail water supplier; and

(B) A copy of the most recent water service bill.

(2) If the water source is a small retail water supplier, such as a delivery service, and is subject to subsection (a)(1)(B) of section 26060.1 of the Business and Professions Code and either:

- (A) The retail water supplier contract is for delivery or pickup of water from a surface water body or an underground stream flowing in a known and definite channel, provide all of the following:
- (i)1. The name of the retail water supplier under the contract;
 - (ii)2. The water source and geographic location coordinates in either latitude and longitude or the California Coordinate System of any point of diversion used by the retail water supplier to divert water delivered to the applicant under the contract;
 - (iii)3. The authorized place of use of any water right used by the retail water supplier to divert water delivered to the applicant under the contract; ~~and~~
 - (iv)4. The maximum amount of water delivered to the applicant for cannabis cultivation in any year; and
5. A copy of the most recent water service bill; or

- (B) ~~If the~~ The retail water supplier contract is for delivery or pickup of water from a groundwater well, provide all of the following:
- (i)1. The name of the retail water supplier under the contract;
 - (ii)2. The geographic location coordinates for any groundwater well used to supply water delivered to the applicant, in either latitude and longitude or the California Coordinate System;
 - (iii)3. The maximum amount of water delivered to the applicant for cannabis cultivation in any year; ~~and~~
 - (iv)4. A copy of the well ~~log~~ completion report filed with the Department of Water Resources pursuant to section 13751 of the Water Code for each percolating groundwater well used to divert water delivered to the applicant. If no well ~~log~~ completion report is available, the applicant shall provide evidence from the Department of Water Resources indicating that the Department does not have a record of the well ~~log~~ completion report. When no well ~~log~~ completion report is available, the State Water Resources Control Board may request additional information about the well; and
5. A copy of the most recent water service bill.

(b) If the water source is a groundwater well:

- (1) The groundwater well's geographic location coordinates in either latitude and longitude or the California Coordinate System; and
- (2) A copy of the well ~~log~~ completion report filed with the Department of Water Resources pursuant to section 13751 of the Water Code. If no well ~~log~~ 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 ~~log~~ completion report. If no well ~~log~~ completion report is available, the State Water Resources Control Board may request additional information about the well.

(c) If the water source is a rainwater catchment system:

- (1) The total square footage of the catchment footprint area(s);

- (2) The total storage capacity, in gallons, of the catchment system(s); and
 - (3) A detailed description of the type, nature, and location of each catchment surface. Examples of catchment surfaces include a rooftop and greenhouse and photographs of the rainwater catchment system infrastructure, including the location, size, and type of all surface areas that collect rainwater. Examples of rainwater collection surface areas include a rooftop and greenhouse.
- (d) If the water source is a diversion from a waterbody ~~or an underground stream flowing in a known and definite channel, (such as a river, stream, creek, pond, lake, etc.),~~ provide any applicable water right statement, application, permit, license, or small irrigation use registration identification number(s), and either:
- (1) A copy of any applicable statement, registrations certificate, permits, ~~or licenses,~~ or proof of a pending application, issued under part 2 (commencing with section 1200) of division 2 of the California Water Code as evidence of approval of a water diversion by the State Water Resources Control Board;
 - ~~(2) A copy of any statements of diversion and use filed with the State Water Resources Control Board before October 31, 2017 detailing the water diversion and use; or~~
 - ~~(3) A copy of documentation submitted to the State Water Resources Control Board before October 31, 2017 demonstrating that the diversion is authorized under a riparian right and that no diversion occurred in any calendar year between January 1, 2010 and January 1, 2017.~~
- (24) If the applicant has claimed an exception from the requirement to file a statement of diversion and use pursuant to section 5101 of the Water Code, the applicant shall provide a copy of the documentation submitted to the State Water Resources Control Board before January 1, 2019 demonstrating that the diversion is subject to subsection (a), (c), (d), or (e) of section 5101 of the Water Code.

Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26013 and 26060.1, Business and Professions Code.

§ 8108. Cannabis Waste Management Plan.

For the purposes of this section, “cannabis waste” is organic waste, as defined in section 42649.8(c) of the Public Resources Code. An applicant’s cannabis waste management plan shall identify one or more of the following methods for managing cannabis waste generated on its licensed premises:

- (a) On-premises composting of cannabis waste;
- (b) Collection and processing of cannabis waste by a local agency, a waste hauler franchised or contracted by a local agency, or a private waste hauler permitted by a local agency;
- (c) Self-haul cannabis waste to one or more of the following:
 - (1) A manned, fully permitted solid waste landfill or transformation facility;

- (2) A manned, fully permitted composting facility or manned composting operation;
- (3) A manned, fully permitted in-vessel digestion facility or manned in-vessel digestion operation;
- (4) A manned, fully permitted transfer/processing facility or manned transfer/processing operation; or
- (5) A manned, fully permitted chip and grind operation or facility.
- (6) A recycling center as defined in title 14, section 17402.5(d) of the California Code of Regulations and that meets the following:

- (A) The cannabis waste received shall contain at least ninety (90) percent inorganic material;
- (B) The inorganic portion of the cannabis waste is recycled into new, reused, or reconstituted products which meet the quality standards necessary to be used in the marketplace; and
- (C) The organic portion of the cannabis waste shall be sent to a facility or operation identified in subsection (c)(1) through (5).

(d) Reintroduction of cannabis waste back into agricultural operation through on premises organic waste recycling methods, including but not limited to tilling directly into agricultural land and no-till farming.

Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26013 and 26066, Business and Professions Code.

§ 8109. Applicant Track-and-Trace Training Requirement.

- (a) ~~Each applicant shall register for track and trace system training provided by the department within ten (10) business days of receiving notice from the department that their application for licensure has been received and is complete. For the purpose of this section, the applicant shall designate an owner to be the licensee's track-and-trace system account manager pursuant to section 8402(c) of this chapter. The designated account manager shall register for track-and-trace system training provided by the department within ten (10) calendar days of receiving notice from the department that its application for licensure has been received and is complete.~~
- (b) ~~Documentation of training completion shall be provided to the department within ten (10) business days of completion. Applicants approved for an annual license shall not have access to the track and trace system until the licensee's designated account manager has completed, and provided proof of completion, of the track and trace training prescribed by the department. Applicants approved for an annual license shall not have access to the track-and-trace system until the designated account manager has completed the track-and-trace training prescribed by the department and proof of completion has been validated by the department.~~

Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26013 and 26067, Business and Professions Code.

§ 8110. Proof of Local License, Permit, or Other Authorization.

When the applicant provides a license, permit, or other authorization from the local jurisdiction where the licensed premises will be or is located, pursuant to section 26055(e) of the Business and Professions Code, the department will notify the local jurisdiction's contact person identified pursuant to section 26055(f) of the Business and Professions Code. If the local jurisdiction does not respond to the department's notification within ten (10) calendar days, the department may issue a license to the applicant.

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

§ 8111. Priority Application Review.

- (a) Priority review of annual license applications shall be given to applicants that can demonstrate the applicant entity was in operation under the Compassionate Use Act of 1996 before September 1, 2016.
- (b) Eligibility for priority application review shall be demonstrated by any of the following, dated prior to September 1, 2016:
 - (1) Local license, permit, or other authorization;
 - (2) Collective or cooperative membership agreement;
 - (3) Tax or business forms submitted to the California Department of Tax and Fee Administration or Franchise Tax Board;
 - (4) Incorporation documents filed with the Secretary of State;
 - (5) Any other verifiable business record adequate to demonstrate the operation of the business prior to September 1, 2016; or
 - (6) Any applicant identified by the local jurisdiction pursuant to section 26054.2(b) of the Business and Professions Code.
- (c) The department may request additional documentation to verify the applicant's date of commencement of operations.
- (d) This section shall cease to be operative on December 31, 2019, unless otherwise provided by law.

Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26013 and 26054.2, Business and Professions Code.

§ 8112. Annual License Application Review for Completeness.

The department shall notify the applicant in writing that the application is either:

- (a) Complete and accepted for further review; or

(b) Incomplete and the reasons for the incompleteness.

(1) The department shall receive the missing information or fee, payment, or penalty from the applicant no later than ninety (90) calendar days from the date of the notification from the department. Failure to provide the designated missing information or any fees, payments, or penalties that are due and payable will result in disqualification of the application from further consideration.

(2) If disqualified, the applicant may reapply and pay a new application fee.

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

§ 8113. Substantially Related Offenses Review.

(a) The following convictions shall be considered substantially related to the qualifications, functions, or duties of the business for which the application is made and may be a basis for denying the license:

(1) A violent felony conviction, as specified in subsection (c) of section 667.5 of the Penal Code;

(2) A serious felony conviction, as specified in subsection (c) of section 1192.7 of the Penal Code;

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

(4) Any felony conviction involving the hiring, employment, or use of children in transporting, carrying, selling, giving away, preparing for sale, or peddling any controlled substance to a minor, or offering, furnishing, or selling any controlled substance to a minor; and

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

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

(c) To determine whether an applicant who has been convicted of a criminal offense that is substantially related to the qualifications, functions, or duties of the business for which the application is made should be issued a license, the department shall conduct a review of the nature of the crime, conviction, circumstances, and evidence of rehabilitation. Evidence of rehabilitation includes:

(1) The nature and severity of the criminal offense;

- (2) Whether the person has a felony conviction based on possession or use of cannabis or cannabis products that would not be a felony if the person were convicted of the offense on the date of the person's application;
 - (3) The applicant's criminal record as a whole;
 - (4) Evidence of any conviction of a criminal offense committed subsequent to the criminal offense under consideration that could be considered grounds for denial, suspension, or revocation of a commercial cannabis activity license;
 - (5) The time that has elapsed since commission of the act or offense;
 - (6) The extent to which the applicant has complied with any terms of parole, probation, restitution, or any other sanctions lawfully imposed against the applicant;
 - (7) If applicable, evidence of dismissal under sections 1203.4, 1203.4a, and 1203.41 of the Penal Code or another state's similar law;
 - (8) If applicable, a certificate of rehabilitation obtained under section 4852.01 of the Penal Code or another state's similar law; and
 - (9) Other evidence of rehabilitation submitted by the applicant.
- (d) If an applicant has been denied a license based on a substantially related conviction, the applicant may request a hearing pursuant to section 26058 of the Business and Professions Code to determine if the applicant should be issued a license.

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

§ 8114. Withdrawal of Application.

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

- (a) Requests to withdraw an application shall be submitted to the department in writing, dated, and signed by the designated responsible party.
- (b) The department will not refund application fees for a withdrawn application.
- (c) An applicant may reapply and pay a new application fee at any time following the withdrawal of an application.

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

§ 8115. Notification and Grounds for Denial of License; Petition for Reconsideration.

- (a) The department shall notify the applicant in writing if the application is denied with the reasons for denial.
- (b) In addition to the reasons for denial in section 26057 of the Business and Professions Code, a license may be denied for

the following reasons:

- (1) The applicant's premises does not fully comply with standards pursuant to this chapter;
 - (2) The applicant denied the department access to the premises to verify compliance with this chapter;
 - (3) The applicant made a material misrepresentation on the application; or
 - (4) The licensee had a license, permit, or other authorization to engage in commercial cannabis activity denied, suspended, or revoked by a state licensing authority or local agency; ~~or~~
 - ~~(5) The applicant or licensee has outstanding fees owed to the department.~~
- (c) Within thirty (30) calendar days upon service of the denial of an application, the applicant may file a written petition for reconsideration. Upon receipt of a timely filed petition for reconsideration, the department shall set a date for a hearing to be conducted pursuant to chapter 5 (commencing with section 11500) of part 1 of division 3 of title 2 of the Government Code.

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

Article 3: Cultivation License Fees and Requirements

§ 8200. Annual License Fees.

An annual license fee shall be paid to the department prior to issuance of a license or renewal license. The fee schedule is as follows:

(a) Specialty Cottage Outdoor	\$1,205
(b) Specialty Cottage Indoor	\$1,830
(c) Specialty Cottage Mixed-Light Tier 1	\$3,035
(d) Specialty Cottage Mixed-Light Tier 2	\$5,200
(e) Specialty Outdoor	\$2,410
(f) Specialty Indoor	\$19,540
(g) Specialty Mixed-Light Tier 1	\$5,900
(h) Specialty Mixed-Light Tier 2	\$10,120
(i) Small Outdoor	\$4,820
(j) Small Indoor	\$35,410
(k) Small Mixed-Light Tier 1	\$11,800
(l) Small Mixed-Light Tier 2	\$20,235
(m) Medium Outdoor	\$13,990
(n) Medium Indoor	\$77,905

(o) Medium Mixed-Light Tier 1	\$25,970
(p) Medium Mixed-Light Tier 2	\$44,517
(q) Nursery	\$4,685
(r) Processor	\$9,370

Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26012, 26013, 26050, 26051, and 26180, Business and Professions Code.

§ 8201. Cultivation License Types.

License types include:

(a) Specialty Cottage:

- (1) "Specialty Cottage Outdoor" is an outdoor cultivation site with up to 25 mature plants.
- (2) "Specialty Cottage Indoor" is an indoor cultivation site with 500 square feet or less of total canopy.
- (3) "Specialty Cottage Mixed-Light Tier 1 and 2" is a mixed-light cultivation site with 2,500 square feet or less of total canopy.

(b) Specialty:

- (1) "Specialty Outdoor" is an outdoor cultivation site with less than or equal to 5,000 square feet of total canopy, or up to 50 mature plants on noncontiguous plots.
- (2) "Specialty Indoor" is an indoor cultivation site between 501 and 5,000 square feet of total canopy.
- (3) "Specialty Mixed-Light Tier 1 and 2" is a mixed-light cultivation site between 2,501 and 5,000 square feet of total canopy.

(c) Small:

- (1) "Small Outdoor" is an outdoor cultivation site between 5,001 and 10,000 square feet of total canopy.
- (2) "Small Indoor" is an indoor cultivation site between 5,001 and 10,000 square feet of total canopy.
- (3) "Small Mixed-Light Tier 1 and 2" is a mixed-light cultivation site between 5,001 and 10,000 square feet of total canopy.

(d) Medium:

- (1) "Medium Outdoor" is an outdoor cultivation site between 10,001 square feet and one acre of total canopy.
- (2) "Medium Indoor" is an indoor cultivation site between 10,001 and 22,000 square feet of total canopy.
- (3) "Medium Mixed-Light Tier 1 and 2" is a mixed-light cultivation site between 10,001 and 22,000 square feet of total canopy.

- (e) "Nursery" is a cultivation site that conducts the cultivation of cannabis solely as a nursery only cultivation of clones, immature plants, seeds, and other agricultural products used specifically for the propagation of cultivation of cannabis.

- (f) "Processor" is a cultivation site that conducts only trimming, drying, curing, grading, packaging, or labeling of cannabis and nonmanufactured cannabis products.

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

§ 8202. General License Requirements.

- (a) Cultivation licenses shall be valid for twelve (12) months from the date of issuance.
- (b) Every person ~~business entity~~ shall obtain a separate license for each premises where the person ~~it~~ engages in commercial cannabis cultivation.
- (c) Cultivation licenses are not transferrable or assignable to any other person, ~~entity~~, or property.
- (d) Licensees are prohibited from transferring any commercially cultivated cannabis or nonmanufactured cannabis products from their licensed premises. All transfers of cannabis and nonmanufactured cannabis product from a licensed cultivation premises site must be conducted by a distributor licensed by the bureau.
- (e) The license shall be prominently displayed on the licensed premises where it can be viewed by state or local agencies.
- (f) A licensee shall not sublet any portion of the licensed premises.
- (g) Outdoor licensees are prohibited from using light deprivation.

Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26010, 26012, 26013, 26050, and 26053, Business and Professions Code.

§ 8203. Renewal of License.

- (a) An application for renewal of a cultivation license shall be submitted to the department ~~at least thirty (30) calendar days prior to~~ no earlier than sixty (60) calendar days before the expiration date of the current 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. No renewal application shall be accepted by the department more than sixty (60) calendar days prior to the expiration date of the current license. Failure to receive a notice for license renewal does not relieve a licensee of the obligation to renew all licenses as required.
- (b) ~~If a complete renewal application is submitted in compliance with subsection (a) above, the licensee may continue to operate until the department approves or denies the renewal application.~~ In the event an application for renewal is not submitted prior to the expiration of the license, the licensee must not sell any commercial cannabis until the license is

renewed.

(c) ~~If the department receives the renewal application less than thirty (30) calendar days prior to the expiration, or within thirty (30) calendar days after the expiration, of the current license, a licensee shall submit a late fee of fifty (50) percent of the application fee to be paid in addition to the required annual renewal fee. A licensee may submit a license renewal form up to thirty (30) calendar days after the license expires. Any late renewal form will be subject to a fee of fifty (50) percent of the application fee to be paid in addition to the required annual renewal fee.~~

(d) A licensee that does not submit a complete license renewal application to the department within thirty (30) calendar days after the expiration of the current license shall forfeit ~~their~~ its eligibility to apply for a license renewal and, instead, shall be required to submit a new license application.

(e) The license renewal application shall be submitted to the department and contain the following:

(1) The legal name of the licensed entity;

(2) The license number and expiration date;

(3) The licensee's mailing address and premises address;

(4) The annual license fee pursuant to section 8200 of this chapter;

(5) If applicable, documentation regarding any changes that have occurred ~~from~~ to the information originally submitted to the department pursuant to section 8102 of this chapter; ~~and~~

(6) If applicable, a request for a license designation change from an A-License to an M-License or an M-License to an A-License pursuant to section 8203(f) of this chapter;

(67) An attestation that all information provided to the department is accurate and current; and

(8) If applicable, a limited waiver of sovereign immunity pursuant to section 8102 of this division.

(f) License Designation Change Request.

(1) A licensee may request a license designation change from an A-License to an M-License or an M-License to an A-License during the annual license renewal timeframes outlined in section 8203 (a)-(c) above for the annual license for which the license designation change is being requested.

(2) License designation changes will be considered only if the annual licensed premises for which the change is being requested contains only one A-License or only one M-License designation pursuant to Section 8102(b) of this chapter.

(3) If the department approves a request for a license designation change, the licensee is required to order, apply, and report applicable plant and package UIDs in accordance with the applicable process and procedures developed by the department pursuant to Article 5 of this chapter.

(fg) Beginning January 1, 2022, an application for renewal of a license shall include the following records, for each power source indicated on the application for licensure, for the previous annual licensed period:

- (1) Total electricity supplied by local utility provider, name of local utility provider, and greenhouse gas emission intensity per kilowatt hour reported by the utility provider under section 398.4(c) of the Public Utilities Code for the most recent calendar year available at time of submission;
- (2) Total electricity supplied by a zero net energy renewable source, as set forth in section 398.4(h)(5) of the Public Utilities Code, that is not part of a net metering or other utility benefit;
- (3) Total electricity supplied from other unspecified sources, as defined in 398.2(e) of the Public Utilities Code, and other on-site sources of generation not reported to the local utility provider (e.g., generators, fuel cells) and the greenhouse gas emission intensity from these sources;
- (4) Average weighted greenhouse gas emission intensity considering all electricity use in subsections (1), (2), and (3).

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

§ 8204. Notification of License Information Change.

- (a) Licensees shall notify the department in writing within ten (10) calendar days of any change to any item listed in the application, and any of the following events:
 - (1) Disciplinary proceeding initiated by any state or local government agency;
 - (2) Bankruptcy filing, including any proceeding for the assignment for the benefit of creditors, by the licensee or by any owner listed on the application for licensure;
 - (3) Temporary closure longer than thirty (30) calendar days. Include in the notification the reason for temporary closure and expected duration of closure;
 - (4) Modifications to the cultivation plan pursuant to section 8106 of this chapter that do not require preapproval pursuant to section 8205 of this chapter; and
 - (5) Any change in ownership that does not affect the business entity type. New owners shall submit all information pursuant to section 8102(h) of this chapter.
- (b) Any change to the business entity type that includes any change of ownership requires a new application and application fee.
- (c) Licensees shall notify the department in writing of the following within forty-eight (48) hours of:
 - (1) Receiving a criminal conviction or civil judgment rendered against the licensee or any owner; ~~and~~
 - (2) Receiving notification of the revocation of a local license, permit, or other authorization;
 - (3) Receiving an administrative order for violations of labor standards against the licensee or any owner in his or her individual capacity. The written notification shall include the date of the order, the name of the agency issuing the order, and a description of the administrative penalty or judgement rendered against the licensee; and

(4) Any change in the licensee's designated track-and-trace system account manager identified pursuant to section 8109 of this chapter.

(d) For purposes of this section, "in writing" shall mean notification to the department in the form of a letter or document, email, fax, or any other written form. Notification by mail shall be addressed to the California Department of Food and Agriculture, P.O. Box 942872, Sacramento, CA 94271-2872. Mailed notifications must be postmarked within the specified timeframe provided in subsections (a) and (c) and electronic notifications must be transmitted within the specified timeframe provided in subsections (a) and (c).

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

§ 8205. Physical Modification of Premises.

A licensee shall not make a physical modification of the licensed premises that materially or substantially alters the licensed premises or the use of the licensed premises ~~from~~ as specified in the premises diagram originally filed with the license application without the prior written approval of the department.

- (a) The following premises modifications require approval in writing from the department prior to modification:
- (1) Modification to any area described in the licensee's cultivation plan including, but not limited to, the removal, creation, or relocation of canopy, processing, packaging, composting, harvest storage, and chemical storage areas;
 - (2) Change in water or power source(s); and
 - (3) Modifications or upgrades to electrical systems at a licensed premises shall be performed by a licensed electrician. A copy of the electrician's license shall be submitted with any premises modification requests for electrical systems.
- (b) A licensee shall request approval of a physical change, alteration, or modification in writing to the department, and the request shall include a new premises diagram and/or cultivation plan pursuant to section 8106 of this chapter.
- (c) A licensee shall provide any additional documentation requested by the department to evaluate the licensee's request.
- (d) For purposes of this section, "in writing" shall mean notification to the department in the form of a letter or document, email, fax, or any other written form. Notification by mail shall be addressed to the California Department of Food and Agriculture, P.O. Box 942872, Sacramento, CA 94271-2872.
- (e) The department shall review the licensee's written request and respond in accordance with section 8112 and notify the licensee if the premises modification is approved.

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

§ 8206. Death or Incapacity of an LicenseeOwner.

- (a) In the event of the death, incapacity, receivership, assignment for the benefit of creditors of a ~~licensee~~ an owner, or other event rendering a ~~licensee~~ an owner incapable of performing the duties associated with the license, the ~~licensee's~~ owner's successor in interest (e.g., appointed guardian, executor, administrator, receiver, trustee, or assignee) shall notify the department within ten (10) ~~business~~ calendar days.
- (b) To continue operations or surrender the existing license, the successor in interest shall submit to the department the following:
- (1) The name of the successor in interest;
 - (2) The name of the ~~licensee~~ owner for which the successor in interest is succeeding and the license number;
 - (3) The phone number, mailing address, and email address of the successor in interest; and
 - (4) Documentation demonstrating that the ~~licensee~~ owner is incapable of performing the duties associated with the license, such as a death certificate or a court order finding the ~~licensee~~ owner lacks capacity, and documentation demonstrating that the individual making the request is the ~~licensee's~~ owner's successor in interest, such as a court order appointing guardianship, or a will or trust agreement.
- (c) The department may give the successor in interest written approval to continue operations on the licensed business premises for a period of time specified by the department if:
- (1) The successor in interest or another person has applied for a license from the department for the license location and that application is under review; or
 - (2) The successor in interest needs additional time to destroy or sell cannabis or nonmanufactured cannabis products; or
 - (3) At the discretion of the department.
- (d) The ~~licensee's~~ owner's successor in interest is held subject to all terms and conditions under which a state cannabis license is held pursuant to the Act and the regulations of this chapter.
- (e) The approval creates no vested right to the issuance of a state cannabis license.

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

§ 8207. Disaster Relief.

- (a) If a licensee is unable to comply with any licensing requirement(s) due to a disaster, the licensee may notify the department of this inability to comply and request relief from the specific licensing requirement(s).
- (b) The department may exercise its discretion to provide temporary relief from specific licensing requirements for licensees whose operations have been impacted by a disaster.

- (c) Temporary relief from specific licensing requirements shall be issued for a reasonable amount of time as determined by the department in order to allow the licensee to recover from the disaster.
- (d) The department may require that certain conditions be followed in order for a licensee to receive temporary relief from specific licensing requirements.
- (e) A licensee shall not be subject to enforcement action for a violation of a licensing requirement from which the licensee has received temporary relief.
- (f) For the purposes of this section, "disaster" means condition of extreme peril to the safety of persons and property within the state or a county, city and county, or city caused by such conditions such as air pollution, fire, flood, storm, tidal wave, epidemic, riot, drought, terrorism, sudden and severe energy shortage, plant or animal infestation or disease, Governor's warning of an earthquake or volcanic prediction, or an earthquake, or similar public calamity, when the Governor through an executive order has declared a state of emergency, whether or not it resulted from natural causes other than conditions resulting from a labor controversy, for which the Governor has proclaimed a state of emergency in accordance with Government Code sections 8558 and 8625, or for which a local governing body has proclaimed a local emergency in accordance with Government Code sections 8558 and 8630.
- (g) A licensed premises that has been vacated by a licensee due to a disaster shall not be deemed to have been surrendered, abandoned, or quit pursuant to section 8208 of this chapter.
- (h) Notwithstanding subsection (a) of this section, if a licensee needs to move cannabis and nonmanufactured cannabis products stored on the premises to another location immediately to prevent loss, theft, or degradation of the cannabis and nonmanufactured cannabis products from the disaster, the licensee may move the cannabis without obtaining prior approval from the department if the following conditions are met:
 - (1) The cannabis and nonmanufactured cannabis products are moved to a secure location where access to the cannabis ~~can be~~ is restricted to the licensee, its employees, and contractors;
 - (2) The licensee notifies the department in writing that the cannabis and nonmanufactured cannabis products have been moved and that the licensee is requesting relief from complying with specific licensing requirements pursuant to subsection (a) of this section within twenty-four (24) hours of moving the cannabis;
 - (3) The licensee provides the department access to the location where the cannabis and nonmanufactured cannabis products have been moved to for inspection; and
 - (4) The licensee submits in writing to the department within ten (10) calendar days of moving the cannabis and nonmanufactured cannabis products a request for temporary relief that clearly indicates ~~what~~ the statutory and regulatory sections from which relief is requested ~~from~~, the time period for which the relief is requested, and the reasons relief is needed for the specified amount of time.

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

Professions Code.

§ 8208. Surrender, Revocation, or Suspension of License.

~~The department shall immediately cancel the license if:~~

~~(a) The licensee surrenders, abandons, or quits the licensed premises, or closes the licensed premises for a period exceeding thirty (30) consecutive calendar days without notifying the department pursuant to section 8204 of this chapter.~~

~~(b) The licensee voluntarily requests to surrender its license.~~

(a) Any licensee may apply to surrender any license by delivering to the department written notice that the licensee surrenders that license.

(b) The surrender of a license becomes effective thirty (30) days after receipt of an application to surrender the license or within a shorter period of time that the department may determine, unless a revocation or suspension proceeding, including but not limited to, investigation or examination, is pending when the application is filed, or a proceeding to revoke or suspend or to impose conditions upon the surrender is instituted within thirty (30) days after the application is filed. If a proceeding is pending or instituted, the surrender of a license becomes effective at the time and upon the conditions that the department determines.

(c) A licensee that abandons or quits the licensed premises, or that closes the licensed premises for a period exceeding thirty (30) consecutive calendar days without the notifying the department pursuant to section 8204 of this chapter, shall be deemed to have surrendered its license at the time and upon the conditions that the department determines.

(d) The surrender of a license does not affect the licensee's civil or criminal liability for acts committed prior to the surrender of the license.

(e) The power of investigation and examination by the department is not terminated by the surrender, suspension, or revocation of any license issued by the department and the department shall have continuous authority to exercise the powers set forth in the Act and the rules and regulations promulgated thereunder.

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

§ 8209. Medium Cultivation License Limits.

A person shall be limited to one (1) Medium Outdoor, or one (1) Medium Indoor, or one (1) Medium Mixed-Light A-License or M-License. This section shall remain in effect until January 1, 2023.

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

Business and Professions Code.

§ 8210. Sample Collection by the Bureau.

When a licensee transfers possession, but not title, of cannabis to a licensed distributor, the licensee shall allow the bureau to collect samples for the bureau's own laboratory analysis.

Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26013 and 26110, Business and Professions Code.

§ 8211. Prohibition of Product Returns.

Licensees are prohibited from accepting returns of cannabis plants or nonmanufactured cannabis products after transferring possession of cannabis plants or nonmanufactured cannabis products to another licensee after testing is performed pursuant to section 26110 of the Business and Professions Code.

Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26013, 26060, and 26110, Business and Professions Code.

§ 8212. Packaging and Labeling of Cannabis and Nonmanufactured Cannabis Products.

(a) All cannabis and nonmanufactured cannabis products packaged and/or labeled by a licensed cultivator shall meet all of the following:

- (1) All applicable requirements including implementing regulations pursuant to sections ~~26070~~, 26120, and 26121 of the Business and Professions Code;
- (2) Any other requirements for cannabis and nonmanufactured cannabis products specified by the bureau and the California Department of Public Health;
- (3) Packaging and labeling requirements pursuant to chapter 6 (commencing with section 12601), division 5 of the Business and Professions Code.

(4) Beginning January 1, 2020, a package for retail sale, excluding those containing immature plants and seeds, shall be child-resistant.

(b) A label may specify the county of origin only if one hundred (100) percent of the cannabis or nonmanufactured cannabis product contained in the package was produced within the designated county, as defined by finite political boundaries.

Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26013 and 26063, Business and Professions Code.

§ 8213. Requirements for Weighing Devices and Weighmasters.

- (a) Weighing devices used by a licensee ~~for commercial purposes or for the purpose of determining quantity for entry in the track-and-trace system~~ shall be approved, registered, tested, and sealed pursuant to chapter 5 (commencing with section 12500) of division 5 of the Business and Professions Code ~~and its implementing regulations~~; and registered with the county sealer consistent with chapter 2 (commencing with section 12240) of division 5 of the Business and Professions Code ~~and its implementing regulations~~. ~~Approved, and registered, tested, and sealed~~ devices shall be used whenever any one or more of the following apply:
- (1) Cannabis and nonmanufactured cannabis products are bought or sold by weight or count;
 - (2) Cannabis and nonmanufactured cannabis products are packaged for sale by weight or count;
 - (3) Cannabis and nonmanufactured cannabis products are weighed or counted for entry into the track-and-trace system; ~~and or~~
 - (4) The weighing device is used for commercial purposes as defined in section 12500 of the Business and Professions Code.
- (b) In any county in which a sealer is unable or not required to approve, register, test, and seal weighing devices used by a licensee ~~for commercial purposes~~, the department may perform the duties of the county sealer in the same manner, to the same extent, and with the same authority as if ~~they~~ it had been the duly appointed sealer in such county. In those instances, the department shall charge a licensee for its services using the schedule of fees established in Business and Professions Code section 12240.
- (c) For the purposes of this chapter a licensee must use wet weight or net weight. Wet weight and net weight shall be measured, recorded, and reported in U.S. customary units (e.g., ounce or pound); or International System of Units (e.g., kilograms, grams, or milligrams).
- (d) For the purposes of this chapter, “count” means the numerical count of the individual cannabis plants, seeds, or nonmanufactured cannabis product units.
- (e) ~~A licensee shall be licensed as a weighmaster for commercial shipments of cannabis and nonmanufactured cannabis products. A certificate issued by a licensed weighmaster shall be consistent with the requirements in chapter 7 (commencing with section 12700) of division 5 of the Business and Professions Code.~~ Any licensee weighing or measuring cannabis or nonmanufactured cannabis product in accordance with subsection (a) shall be licensed as a weighmaster.
- (f) A licensed weighmaster shall issue a weighmaster certificate whenever payment for the commodity or any charge for service or processing of the commodity is dependent upon the quantity determined by the weighmaster in accordance with section 12711 of the Business and Professions Code and shall be consistent with the requirements in chapter 7 (commencing with section 12700) of division 5 of the Business and Professions Code.

Authority: Sections 12027, 26012 and 26013, Business and Professions Code. Reference: Sections 12210, 12212, 26013 and 26060, Business and Professions Code.

§ 8214. Commercial Cannabis Activity Between Licensees.

Cultivation licensees may conduct commercial cannabis activities with any other licensee, regardless of the licensee's A or M designation of the its license.

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

§ 8215. Personnel Prohibited from Holding Licenses.

- (a) A license authorized by the Act and issued by the department may not be held by, or issued to, any person holding office in, or employed by, any agency of the State of California or any of its political subdivisions when the duties of such person have to do with the enforcement of the Act or any other penal provisions of law of this State prohibiting or regulating the sale, use, possession, transportation, distribution, testing, manufacturing, or cultivation of cannabis.
- (b) This section applies to, but is not limited to, any persons employed in the State of California Department of Justice as a peace officer, in any district attorney's office, in any city attorney's office, in any sheriff's office, or in any local police department.
- (c) All persons listed in subsections (a) and (b) may not have any ownership interest, directly or indirectly, in any business to be operated or conducted under a cannabis license.
- (d) This section does not apply to any person who holds a license in the capacity of executor, administrator, or guardian.

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

§ 8216. License Issuance in an Impacted Watershed.

If the State Water Resources Control Board or the Department of Fish and Wildlife ~~finds, based on substantial evidence,~~ notifies the department in writing that cannabis cultivation is causing significant adverse impacts on the environment in a watershed or other geographic area, pursuant to section 26069, subdivision (c)(1), of the Business and Professions Code, the department shall not issue new licenses or increase the total number of plant identifiers within that watershed or area while the moratorium is in effect.

Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26013 and 26069, Business and Professions Code.

Article 4. Cultivation Site Requirements

§ 8300. Cultivation Requirements for Specialty Cottage, Specialty, Small, and Medium Licenses.

- (a) Cannabis plants maintained outside of the designated canopy area(s) for specialty cottage, specialty, small, and medium licenses are prohibited from flowering. Should plants outside of the canopy area(s) begin to flower, a UID shall be applied, the plant(s) shall be moved to the designated canopy area without delay, and reported in the track-and-trace system.
- (b) All plants or portions of a plant used for seed production shall be tagged with a UID pursuant to section 8403 of this chapter.
- (c) Licensees propagating immature plants for distribution or seed for distribution to another licensee shall obtain a nursery license.
- (d) Licensees shall process their harvested cannabis only in area(s) designated for processing in their cultivation plan provided they are compliant with packaging and labeling requirements pursuant to section 8212 of this chapter, or transfer their harvested cannabis to a licensed processor, manufacturer, or distributor via a licensed distributor.

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

§ 8301. Seed Production Requirements for Nursery Licensees.

Nursery licensees producing seed for distribution shall tag all mature plants with a UID pursuant to section 8403(b)(4) of this chapter. All products, except seed, derived from these plants are prohibited from entering the commercial distribution chain.

Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26013, 26060, and 26067, Business and Professions Code.

§ 8302. Research and Development Requirements for Nursery Licensees.

Nursery licensees may maintain a research and development area, as identified in their cultivation plan, for the cultivation of mature plants. All mature plants shall be tagged with a UID pursuant to section 8403 of this chapter. All products derived from these plants are prohibited from entering the commercial distribution chain.

Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26013, 26060, and 26067, Business and Professions Code.

§ 8303. Cultivation Requirements for Processor Licensees.

Processor licensees shall comply with all of the following requirements:

- (a) All aggregation of product shall adhere to track-and-trace requirements pursuant to sections 8405 and 8406 of this chapter;
- (b) Licensees may produce nonmanufactured cannabis products without a manufacturing license, provided ~~compliance~~ with packaging and labeling requirements are met pursuant to section 8212 of this chapter; and
- (c) Cultivation of cannabis plants is prohibited at a licensed processor premises.

Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26013, 26060, 26067, 26069, and 26120, Business and Professions Code.

§ 8304. General Environmental Protection Measures.

All licensees shall comply with all of the following environmental protection measures:

- (a) Compliance with section 13149 of the Water Code as implemented by the State Water Resources Control Board, Regional Water Quality Control Boards, or California Department of Fish and Wildlife;
- (b) Compliance with any conditions requested by the California Department of Fish and Wildlife or the State Water Resources Control Board under section 26060.1(b)(1) of the Business and Professions Code;
- (c) All outdoor lighting used for security purposes shall be shielded and downward facing;
- (d) Immediately halt cultivation activities and implement section 7050.5 of the Health and Safety Code if human remains are discovered;
- (e) Requirements for generators pursuant to section 8306 of this chapter;
- (f) Compliance with pesticide laws and regulations ~~as enforced by the Department of Pesticide Regulation~~ pursuant to section 8307 of this chapter;
- (g) Mixed-light license types of all tiers and sizes shall ensure that lights used for cultivation are shielded from sunset to sunrise to avoid nighttime glare.

Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26013, 26060, 26066, and 26201, Business and Professions Code.

§ 8305. Renewable Energy Requirements.

Beginning January 1, 2023, all indoor, tier 2 mixed-light license types of all sizes, and nurseries using indoor or tier 2 mixed-light techniques, shall ensure that electrical power used for commercial cannabis activity meets the average electricity greenhouse gas emissions intensity required by their local utility provider pursuant to the California Renewables Portfolio Standard Program, division 1, part 1, chapter 2.3, article 16 (commencing with section 399.11) of the Public Utilities Code. As evidence of meeting the standard, licensees shall comply with the following:

(a) If a licensee's average weighted greenhouse gas emission intensity as provided in section 8203(f)(g)(4) is greater than the local utility provider's greenhouse gas emission intensity, the licensee shall provide evidence of carbon offsets or allowances from any of the following sources to cover the excess in carbon emissions from the previous annual licensed period:

- ~~(1) Allowances purchased from California Cap and Trade Auctions. Any currently acceptable vintages are allowed pursuant to section 95910 of the Public Utilities Code.;~~
- ~~(2) Offsets purchased from Offset Project Registry System used for the California Cap and Trade Program, pursuant to section 95981 of the Public Utilities Code.;~~
- ~~(3) Offsets purchased from California Air Pollution Control Officers Association California-based Greenhouse Gas Credit Exchange.~~

(1) Voluntary greenhouse gas offset credits purchased from any of the following recognized and reputable voluntary carbon registries:

- (A) American Carbon Registry;
- (B) Climate Action Reserve;
- (C) Verified Carbon Standard.

(2) Offsets purchased from any other source are subject to verification and approval by the Department.

(b) New licensees, without a record of weighted greenhouse gas emissions intensity from the previous calendar year, shall report the average weighted greenhouse gas emissions intensity, as provided in section 8203(f)(g)(4), used during their licensed period at the time of license renewal. If a licensee's average weighted greenhouse gas emissions intensity is greater than the local utility provider's greenhouse gas emissions intensity for the most recent calendar year, the licensee shall provide evidence of carbon offsets or allowances to cover the excess in carbon emissions from any of the sources provided in subsection (a).

Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26013, 26060, 26066, and 26201, Business and Professions Code.

§ 8306. Generator Requirements.

- (a) For the purposes of this section, “generator” is defined as a stationary or portable compression ignition engine pursuant to title 17, division 3, chapter 1, subchapter 7.5, section 93115.4 of the California Code of Regulations.
- (b) Licensees using generators rated at fifty (50) horsepower and greater shall demonstrate compliance with either, as applicable, the Airborne Toxic Control Measures for stationary engines pursuant to title 17, division 3, chapter 1, subchapter 7.5, sections 93115 through 93115.15 of the California Code of Regulations, or the Airborne Toxic Control Measure for portable engines pursuant to title 17, division 3, chapter 1, subchapter 7.5, sections 93116 through 93116.5 of the California Code of Regulations. Compliance shall be demonstrated by providing a copy of one of the following to the department upon request:
- (1) For portable engines, a A Portable Equipment Registration Certificate provided by the California Air Resources Board; or
 - (2) For portable or stationary engines, a A Permit to Operate, or other proof of engine registration, obtained from the Local Air District with jurisdiction over the licensed premises.
- (c) Licensees using generators rated below fifty (50) horsepower shall comply with the following by 2023:
- ~~(1) Designate the generator as emergency or low use as defined in title 17, division 3, chapter 1, subchapter 7.5, sections 93116.2(a)(12) and 93116.2(a)(22) of the California Code of Regulations;~~
 - (1) Either (A) or (B):
 - (A) Meet the “emergency” definition for portable engines in title 17, division 3, chapter 1, subchapter 7.5, sections 93116.2(a)(12) of the California Code of Regulations, or the “emergency use” definition for stationary engines in title 17, division 3, chapter 1, subchapter 7.5, section 93115.4(a)(30); or
 - (B) Operate eighty (80) hours or less in a calendar year; and
 - (2) Either (A) or (B):
 - (A) Meet Tier 3 with ~~Level 3~~ diesel particulate filter requirements pursuant to title 13, division 3, chapter ~~914,~~ article 4, sections ~~2423 2700 through 2711~~ of the California Code of Regulations;
 - (B) Meet Tier 4, or current engine requirements if more stringent, pursuant to title ~~1340,~~ division 3, chapter 14, subchapter U, part 1039, subpart B, section ~~2702 1039.101~~ of the Code of Federal Regulations ~~California Code of Regulations.~~
- (d) All generators shall be equipped with non-resettable hour-meters. If a generator does not come equipped with a non-resettable hour-meter an after-market non-resettable hour-meter shall be installed.

Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26013, 26060, 26066, and 26201, Business and Professions Code.

§ 8307. Pesticide Use Requirements.

- (a) Licensees shall comply with all pesticide laws and regulations enforced by the Department of Pesticide Regulation.
- (b) For all pesticides that are exempt from registration requirements, licensees shall comply with all pesticide laws and regulations enforced by the Department of Pesticide regulation and with the following pesticide application and storage protocols:
 - (1) Comply with all pesticide label directions;
 - (2) Store chemicals in a secure building or shed to prevent access by wildlife;
 - (3) Contain any chemical leaks and immediately clean up any spills;
 - (4) Apply the minimum amount of product necessary to control the target pest;
 - (5) Prevent offsite drift;
 - (6) Do not apply pesticides when pollinators are present;
 - (7) Do not allow drift to flowering plants attractive to pollinators;
 - (8) Do not spray directly to surface water or allow pesticide product to drift to surface water. Spray only when wind is blowing away from surface water bodies;
 - (9) Do not apply pesticides when they may reach surface water or groundwater; and
 - (10) Only use properly labeled pesticides. If no label is available consult the Department of Pesticide Regulation.

Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26013, 26060, 26066, and 26201, Business and Professions Code.

§ 8308. Cannabis Waste Management.

- (a) For the purposes of this section, “cannabis waste” is organic waste, as defined in section 42649.8(c) of the Public Resources Code.
- (b) A licensee shall manage all hazardous waste, as defined in section 40141 of the Public Resources Code, in compliance with all applicable hazardous waste statutes and regulations.
- (c) A licensee shall manage all cannabis waste in compliance with division 30, part 3, chapters 12.8, 12.9, and 13.1 of the Public Resources Code. In addition, licensees are obligated to obtain all required permits, licenses, or other clearances and comply with all orders, laws, regulations, or other requirements of other regulatory agencies, including, but not limited to, local health agencies, regional water quality control boards, air quality management districts, or air pollution control districts, local land use authorities, and fire authorities.
- (d) A licensee shall dispose of cannabis waste in a secured waste receptacle or in a secured area on the licensed premises designated on the licensee’s premises diagram and as identified in the licensee’s cultivation plan. For the purposes of this section, “secure waste receptacle” or “secured area” means physical access to the receptacle or area is restricted ~~only to~~ to only the licensee, employees of the licensee, the local agency, ~~or~~ a waste hauler franchised or contracted by a

local agency, or a private waste hauler permitted by the local agency. Public access to the designated receptacle or area shall be strictly prohibited.

- (e) A licensee shall comply with the method(s) for managing cannabis waste identified on its cannabis waste management plan in accordance with section 8108.
- (f) If composting cannabis waste on the licensed premises, a licensee shall do so in compliance with title 14 of the California Code of Regulations, division 7, chapter 3.1 (commencing with section 17850).
- (g) If a local agency, a waste hauler franchised or contracted by a local agency, or a private waste hauler permitted by a local agency is being used to collect and process cannabis waste, a licensee shall do all the following:
 - (1) Obtain and retain the following information from the local agency, waste hauler franchised or contracted by the local agency, or private waste hauler permitted by the local agency that will collect and process the licensee's cannabis waste:
 - (A) Name of local agency providing waste hauling services, if applicable;
 - (B) Company name of the waste hauler franchised or contracted by a local agency or private waste hauler permitted by the local agency, if applicable;
 - (C) Local agency or company business address; and
 - (D) Name of the primary contact person at the local agency or company and contact person's phone number.
 - (2) Obtain and retain a copy of a receipt from the local agency, the waste hauler franchised or contracted by a the local agency, or private waste hauler permitted by the local agency ~~that indicates the date and time of each collection of cannabis waste at the licensed premises~~ evidencing subscription to a waste collection service; and
 - ~~(3) Obtain and retain a copy of the certified weight ticket, or other documentation prepared by the local agency, the waste hauler franchised or contracted by a local agency, or private waste hauler permitted by the local agency evidencing receipt of the cannabis waste at one or more of the solid waste facilities in section 8108(c); and~~
 - ~~(4) Cannabis waste may be collected from a licensee in conjunction with a regular organic waste collection route used by the local agency, the waste hauler franchised or contracted by a local agency, or private waste hauler permitted by the local agency.~~
- (h) If self-hauling cannabis waste to one or more of the solid waste facilities in section 8108(c) of this chapter above, a licensee shall obtain and retain, for each delivery of cannabis waste by the licensee, a copy of a certified weight ticket, or receipt documenting delivery, prepared by a representative(s) of the solid waste facility receiving the self-hauled cannabis waste. Transportation of self-hauled cannabis waste shall only be performed by the licensee or employees of the licensee.
- (i) If cannabis waste is hauled to a recycling center that meets the requirements of section 8108(c)(6), in addition to the tracking requirement set forth in section 8405 and 8406 of this chapter, a licensee shall use the track-and-trace system and documentation required pursuant to this section to ensure the cannabis waste is identified, weighed, and tracked

while on the licensed premises.

- (ji) In addition to all other tracking requirements set forth in sections 8405 and 8406 of this chapter, a licensee shall use the track-and-trace system and documentation required pursuant to this section to ensure the cannabis waste is identified, weighed, and tracked while on the licensed premises and when disposed of in accordance with subsections (f), (g), and (h), and (i) above.
- (kj) A licensee shall maintain accurate and comprehensive records regarding cannabis waste that account for, reconcile, and evidence all activity related to the generation or disposition of cannabis waste. All records required by this section are records subject to inspection by the department and shall be kept pursuant to section 8400 of this chapter.

Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26013 and 26060, Business and Professions Code.

Article 5. Records and Reporting

§ 8400. Record Retention.

For the purposes of this chapter, "record" includes all records, applications, reports, or other supporting documents required by the department.

- (a) Each licensee shall keep and maintain the records listed in ~~subsection 8400(d)~~ of this chapter for at least seven (7) years from the date the document was created.
- (b) Licensees shall keep records, either electronically or otherwise, identified in section 8400(d) of this chapter on the premises of the location licensed. All required records shall be kept in a manner that allows the records to be examined provided at the licensed premises or delivered to the department, upon request.
- (c) All records are subject to review by the department during standard business hours or at any other reasonable time as mutually agreed to by the department and the licensee. For the purposes of this section, standard business hours are deemed to be 8:00am - 5:00pm (Pacific Standard Time). Prior notice by the department to review records is not required.
- (d) Each licensee shall maintain all the following records on the licensed premises, including but not limited to:
 - (1) Department issued cultivation license(s);
 - (2) Cultivation plan;
 - (3) All records evidencing compliance with the environmental protection measures pursuant to sections 8304, 8305, 8306, and 8307 of this chapter;
 - (4) All supporting documentation for data or information entered into the track-and-trace system;
 - (5) All UIDs assigned to product in inventory and all unassigned UIDs. UIDs associated with product that has been retired from the track-and-trace system must be retained for six (6) months after the date the tags were retired;

- (6) Financial records related to the licensed commercial cannabis activity, including but not limited to, bank statements, tax records, contracts, purchase orders, sales invoices, and sales receipts;
 - (7) Personnel records, including each employee's full name, social security number or individual tax payer identification number, date of beginning employment, and, if applicable, date of termination of employment;
 - (8) Records related to employee training for the track-and-trace system or other requirements of this chapter. Records shall include, but are not limited to, the date(s) training occurred, description of the training provided, and the names of the employees that received the training;
 - (9) Contracts with other state licensed cannabis businesses;
 - (10) All Permits, licenses, and other authorizations to conduct the licensee's commercial cannabis activity;
 - (11) Records associated with composting or disposal of cannabis waste;
 - (12) Documentation associated with loss of access to the track-and-trace system prepared pursuant to section 8402(d) of this chapter.
- (e) All required records shall be prepared and retained in accordance with the following conditions:
- (1) Records shall be legible; and
 - (2) Records shall be stored in a secured area where the records are protected from debris, moisture, contamination, hazardous waste, fire, and theft.

Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26013, 26055, 26060, 26060.1, 26067, 26069, 26160, and 26161, Business and Professions Code.

§ 8401. Sales Invoice or Receipt Requirements.

The licensee shall prepare a sales invoice or receipt for every sale, ~~transport~~, or transfer of cannabis or nonmanufactured cannabis product to another licensee. Sales invoices and receipts may be retained electronically but must be readily accessible for examination by the department, other state licensing authorities, any state or local law enforcement authority, and the California Department of Tax and Fee Administration. Each sales invoice or receipt shall include all of the following:

- (a) Name, business address, and department or other licensing authority issued license number of the seller;
 - (b) Name, business address, and department or other licensing authority issued license number of the purchaser;
 - (c) Date of sale or transfer (month, day, and year). The date of any sale or transfer of cannabis and nonmanufactured cannabis products shall be the date of transfer to the licensee receiving it;
 - (d) Invoice or receipt number;
 - (e) Weight or quantity of cannabis and nonmanufactured cannabis products sold or transferred;
- (1) Weight. For the purposes of this section a licensee must use wet weight or net weight. Wet weight and net weight

shall be determined following weighing device requirements pursuant to section 8213 of this chapter and measured, recorded, and reported in U.S. customary units (e.g., ounce or pound); or International System of Units (e.g., kilograms, grams, or milligrams).

~~(2) Weighing Devices. A licensee shall follow weighing device requirements pursuant to section 8213 of this chapter.~~

(23) Count. For the purposes of this section, "count" means the numerical count of the individual plants or units.

- (f) Cost to the purchaser, including any discount applied to the total price, shall be recorded on the invoice;
- (g) Description for each item, including strain or cultivar, and all of the applicable information below:
 - (1) Plant;
 - (2) Flower;
 - (3) Leaf;
 - (4) Shake;
 - (5) Kief; and
 - (6) Pre-rolls.
- (h) Signature of the seller, or designated representative of the seller, acknowledging accuracy of the cannabis and nonmanufactured cannabis products being shipped;
- (i) Signature of the purchaser, or designated representative of the purchaser, acknowledging receipt or rejection of the cannabis or nonmanufactured cannabis products.

Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26013 and 26161, Business and Professions Code.

§ 8402. Track-and-Trace System.

Except as provided in section 8405(e) of this chapter, each licensee shall report in the department's track-and-trace system the disposition of immature and mature plants, nonmanufactured cannabis products on the licensed premises, any transfers associated with commercial cannabis activity between licensees, and any cannabis waste pursuant to this chapter.

- (a) The licensee is responsible for the accuracy and completeness of all data and information entered into the track-and-trace system. Data entered into the track-and-trace system is assumed to be accurate and can be used to take enforcement action against the licensee if not corrected.
- (b) Each licensee shall use the track-and-trace system for recording all applicable commercial cannabis activities. ~~Each licensee shall:~~
 - ~~(1) Designate an owner or other natural person(s) in the licensee's organization that can legally represent the licensee to be the licensee's track and trace account manager(s);~~
 - ~~(2) Require the track and trace account manager to complete track and trace system training. If the designated~~

- ~~account manager did not complete the track and trace system training prior to the licensee receiving their annual license, the account manager will be required to register for the track and trace system training provided by the department within five (5) business days of license issuance;~~
- ~~(3) Designate track and trace system users, as needed, and require the users to be trained by the licensee's track and trace account manager in the proper and lawful use of the track and trace system before the users are permitted to access the track and trace system;~~
 - ~~(4) Require the track and trace account manager to maintain an accurate and complete list of all track and trace system account managers and users and update the list immediately when changes occur;~~
 - ~~(5) Cancel any track and trace users from the licensee's track and trace system account if that individual is no longer authorized to represent the licensee; and~~
 - ~~(6) Correct any data that is entered into the track and trace system in error within three (3) business days of discovery of the error.~~
- (c) Pursuant to section 8109 of this chapter, each licensee shall identify an owner in the licensee's organization to be the licensee's track-and-trace system account manager. The licensee's designated track-and-trace system account manager shall be responsible for all the following:
- (1) Complete track-and-trace system training provided by the department. If the designated account manager did not complete the track-and-trace system training prior to the licensee receiving his or her annual license, the designated account manager will be required to register for the track-and-trace system training provided by the department within five (5) calendar days of license issuance;
 - (2) Designate track-and-trace system users, as needed, and require the users to be trained in the proper and lawful use of the track-and-trace system before the users are permitted to access the track-and-trace system;
 - (3) Maintain an accurate and complete list of all track-and-trace system users and update the list immediately when changes occur;
 - (4) Within three (3) calendar days, cancel the access rights of any track-and-trace user from the licensee's track-and-trace system account if that individual is no longer authorized to use the licensee's track-and-trace system account;
 - (5) Correct any data that is entered into the track-and-trace system in error within three (3) calendar days of discovery of the error; and
 - (6) Notify the department immediately for any loss of access that exceeds three (3) calendar days.
- (ed) ~~The licensee is responsible for all actions any licensee representatives take while logged into the track and trace system or otherwise conducting commercial cannabis activities~~ access and use of the licensee's track-and-trace system account.
- (de) If a licensee loses access to the track-and-trace system for any reason, the licensee shall prepare and maintain comprehensive records detailing all required inventory tracking activities conducted during the loss of access.

- (1) Once access to the track-and-trace system is restored, all inventory tracking activities that occurred during the loss of access shall be entered into the track-and-trace system within three (3) calendar business days.
- (2) A licensee shall document the date and time when access to the track-and-trace system was lost, when it was restored, and the cause for each loss of access.
- (3) A licensee shall not transfer cannabis or nonmanufactured cannabis products to a distributor until such time as access to the system is restored and all information is recorded into the track-and-trace system.

Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26013, 26067, 26069, and 26160, Business and Professions Code.

§ 8403. Track-and-Trace System Unique Identifiers (UID).

- (a) Within five (5) calendar business days of the date the licensee's designated account manager(s) was credentialed by the department to use the track-and-trace system, the designated account manager licensee shall request UIDs using the track-and-trace system as prescribed by the department in Article 5 of this chapter.
 - (1) The licensee shall only use UIDs provisioned and distributed by the department, or the department's designee.
 - (2) The licensee shall maintain a sufficient supply of UIDs in inventory to support tagging in accordance with this section.
 - (3) The licensee shall use the track-and-trace system to document receipt of provisioned and distributed UIDs within three (3) calendar business days of physical receipt of the UIDs by the licensee.
 - (4) Except as provided in section 8407 of this chapter, all cannabis shall be entered into the track-and-trace system by the licensee starting with seed, cannabis which has been propagated onsite or purchased from a licensed nursery, or seedling purchased from a licensed nursery pursuant to this chapter.
- (b) The UID shall accompany the cannabis products through all phases of the growing cycle, as follows:
 - (1) Licensees with immature plants shall assign a UID to each established lot respectively. The lot UID shall be placed in a position so it is visible and within clear view of an individual standing next to the immature lot to which the UID was assigned, and all UIDs shall be kept free from dirt and debris. For the purposes of this subsection, each lot of immature plants shall be uniform in strain or cultivar and shall not have more than one hundred (100) immature plants at any one time. All immature plants in a lot shall be labeled with the corresponding UID number assigned to the lot and shall be contiguous to one another to facilitate identification by the department.
 - (2) Immature plants transferred from a licensed nursery, via a distributor, to a licensed cultivator shall meet requirements of subsection (b)(1) above. Each immature plant intended for retail sale shall have a UID affixed, or be labeled with the corresponding UID number of the lot, and be recorded in the track-and-trace system prior to transfer from the licensed nursery.

- (3) The licensee shall apply a UID to all individual plants at the time any plant is moved to the designated canopy area or when an individual plant begins flowering, as defined in section 8000(l) of this chapter. The licensee may tag individual immature plants prior to movement to the designated canopy area or prior to flowering.
- (4) UIDs are required for each mature plant. UIDs shall be attached to the main stem, at the base of each plant. The UID shall be attached to the plant using a tamper evident strap or zip tie and placed in a position so it is visible and within clear view of an individual standing next to the mature plant to which the UID was assigned and UIDs shall be kept free from dirt and debris. Licensees are prohibited from removing the UID from the mature plant to which it was attached and assigned until the plant is harvested, destroyed, or disposed.
- (c) Each harvest batch shall be assigned a unique harvest batch name which will be associated with all UIDs for each individual plant, or portion thereof, contained in the harvest batch.
- (d) UIDs are required for all cannabis and nonmanufactured cannabis products and shall be associated with the corresponding harvest batch name from which the cannabis and nonmanufactured cannabis products were derived.
- (e) Upon destruction or disposal of any cannabis or nonmanufactured cannabis products, the applicable UIDs shall be retired in the track-and-trace system by the licensee within three (3) calendar business days of the destruction or disposal and be performed in accordance with the licensee's approved cannabis waste management plan.

Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26013, 26067, 26069, and 26160 Business and Professions Code.

§ 8404. Track-and-Trace System User Requirements.

- (a) All track-and-trace account managers or users, as identified ~~by the licensee~~ pursuant to section 8402 of this chapter, shall enter all commercial cannabis activities in the track-and-trace system.
- (b) Each track-and-trace account manager and user shall have a unique log-on, consisting of a username and password, which shall not be used by or shared with any other person.
- (c) No track-and-trace account manager, user, or other licensee ~~representative~~, employee, or agent shall intentionally misrepresent or falsify information entered into the track-and-trace system.
- (d) The account manager shall monitor all notifications from the track-and-trace system and resolve all issues included in the notification in the timeframe specified in the notification. An account manager shall not dismiss a notification from the track-and-trace system until the issue(s) included in the notification has been resolved.

Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26012, 26013, 26067, and 26069, Business and Professions Code.

§ 8405. Track-and-Trace System Reporting Requirements.

- (a) Except as provided in subsection (e) below, the track-and-trace account manager or users shall report in the track-and-trace system any and all transfers of cannabis or nonmanufactured cannabis products to another ~~licensed entity~~ licensee prior to the movement of the cannabis or nonmanufactured cannabis products off the licensed premises.
- (b) The track-and-trace account manager or users shall report in the track-and-trace system any and all cannabis or nonmanufactured cannabis products physically received or rejected from another licensee within twenty-four (24) hours of receipt or rejection of the products.
- (c) The track-and-trace account manager or users shall report in the track-and-trace system ~~any change in the information related to the disposition of cannabis plants and nonmanufactured cannabis products~~, as applicable, on the licensed premises. ~~All changes in disposition shall be made~~ applicable information for each event listed below shall be reported in the track-and-trace system within three (3) calendar business days of the change in disposition of the cannabis plants. ~~Changes in disposition of cannabis plants include but are not limited to:~~ applicable event. ~~Changes in disposition of cannabis plants include but are not limited to:~~
- ~~(1) Flowering;~~
 - ~~(2) Destruction or disposal;~~
 - ~~(3) Harvest;~~
 - ~~(4) Processing;~~
 - ~~(5) Storage; and~~
 - ~~(6) Packaging.~~
- (1) Creating a planting of an immature plant lot;
- (2) Moving immature plants to a designated canopy area, or when an individual plant begins flowering, or when applying a UID to an immature plant, in accordance with section 8403(b)(3) of this chapter;
- (3) Destruction or disposal of an immature or mature plant;
- (4) Harvest of a mature plant, or portion thereof. The following information must be reported into the track-and-trace system for each harvested plant, or portion thereof, or harvest batch:
- (A) The wet weight of each harvested plant, or portion thereof, which must be obtained by the licensee immediately after harvest of the plant, or portion thereof;
 - (B) The net weight of each harvest batch, obtained pursuant to section 8406(b) of this chapter;
 - (C) The weight of cannabis waste associated with each harvest batch;
 - (D) The unique name of the harvest batch and the initiating date of the harvest. For the purposes of this section, the initiating date of the harvest is the month, day, and year the first mature cannabis plant(s) in the harvest batch were cut, picked, or removed from the soil or other growing media. The initiating date of the harvest shall be recorded using the MM/DD/YYYY format. For example, January 1, 2018 would be recorded as 01/01/2018.
- (5) Packaging.

- (d) The account manager or user shall be required to report information in the track-and-trace system for each transfer of cannabis or nonmanufactured cannabis products to, or cannabis or nonmanufactured cannabis products received from, ~~other licensed premises~~ another licensee. Required information to be entered includes, but is not limited to:
- (1) Name, business address, and department or other licensing authority issued license number of the seller;
 - (2) Name, business address, and department or other licensing authority issued license number of the purchaser;
 - (3) Name and department issued license number of the distributor;
 - (4) Date of sale, transfer, or receipt (month, day, and year) of cannabis or nonmanufactured cannabis products;
 - (5) Weight or count of individual units of cannabis or nonmanufactured cannabis products sold, transferred, or received;
 - (A) Weight. For the purposes of this section a licensee must use wet weight or net weight. Wet weight and net weight shall be determined following weighing device requirements pursuant to section 8213 of this chapter and measured, recorded, and reported in U.S. customary units (e.g., ounce or pound); or International System of Units (e.g., kilograms, grams, or milligrams).
 - ~~(B) Weighing Devices. A licensee shall follow weighing device requirements pursuant to section 8213 of this chapter.~~
 - (BC) Count. For the purposes of this section, "count" means the numerical count of the individual plants or units.
 - (6) Estimated departure and arrival time;
 - (7) Actual departure time;
 - (8) Description for each item, including strain or cultivar, and all of the applicable information below:
 - (A) Plant;
 - (B) Flower;
 - (C) Leaf;
 - (D) Shake;
 - (E) Kief; and
 - (F) Pre-rolls.
 - (9) UID(s).
- (e) Temporary Licensees. A licensee operating under a temporary license, issued by the department pursuant to section 8100 of this chapter, is not required to record commercial cannabis activity in the track-and-trace system as otherwise required by this chapter. Temporary licensees shall record all commercial cannabis activity in accordance with section 8401 of this chapter.
- (f) ~~Annual licensees may continue to conduct commercial cannabis activities with temporary licensees pursuant to section 8401 of this chapter.~~ Any commercial cannabis activity conducted between a temporary licensee and an annual licensee shall be reported in the track-and-trace system by the annual licensee based upon the documentation prepared

pursuant to section 8401 of this chapter.

Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26013, 26067, and 26160, Business and Professions Code.

§ 8406. Track-and-Trace System Inventory Requirements.

Licensees shall use the track-and-trace system for all inventory tracking activities at a licensed premises, including, but not limited to, all of the following:

- (a) ~~Reconcile~~ Reconciling all on-premises and in-transit cannabis or nonmanufactured cannabis products inventories at least once every thirty (30) calendar ~~fourteen (14) business~~ days; and
- (b) Recording the net weight of all harvested cannabis once the majority of drying, trimming, and curing activities have been completed, or within sixty (60) calendar days from the initial harvest date, whichever is sooner;
- (c) Licensees shall close out their physical inventory of all cannabis and nonmanufactured cannabis products and UIDs, if applicable, prior to the effective date of any of the following changes to their license:
 - (1) Voluntary surrender of a temporary license or annual license;
 - (2) Expiration of an annual license;
 - (3) Revocation of a license.
- (d) Close-out of physical inventory includes, but is not limited to, all of the following items:
 - (1) Immature plants and their corresponding lot UID(s);
 - (2) Mature plants and their corresponding plant UID(s);
 - (3) Harvest batches and their corresponding UID(s);
 - (4) Nonmanufactured cannabis products and their corresponding UID(s); and
 - (5) UIDs in the licensee's possession which have not been assigned in the track-and-trace system.
- (e) All transfers and sales shall be documented pursuant to sections 8401 and 8405 of this chapter.

Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26013 and 26067, Business and Professions Code.

§ 8407. Track-and-Trace System Requirements for ~~Product in Licensee's Possession at the Time of Annual License Issuance~~ Cannabis and Nonmanufactured Cannabis Products in Temporary Licensee Possession at the Time of Annual License Issuance.

- (a) Within thirty (30) calendar ~~business~~ days of receipt of the UIDs ordered pursuant to section 8403 of this chapter, the licensee shall enter into the track-and-trace system and assign and apply a UID to each existing immature plant lot, each

individual mature plant, and all nonmanufactured cannabis products physically located on the licensed premises.

- (b) After the thirty (30) day time frame referenced in subsection (a) above expires, all cannabis at the licensed premises shall be entered into the track-and-trace system starting with seed, clone propagated onsite or purchased from a licensed nursery, or seedling purchased from a licensed nursery pursuant to this chapter. This section shall remain in effect until July 1, 2019.

Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26013 and 26067, Business and Professions Code.

§ 8408. Inventory Audits.

The department may perform an audit of the physical inventory and inventory as reported in the track-and-trace system of any licensee at the department's discretion. Inventory audits of the licensee shall be conducted during standard business hours or at other reasonable times as mutually agreed to by the department and the licensee. For the purposes of this section, standard business hours are 8:00am – 5:00pm (Pacific Standard Time). Prior notice of an inventory audit is not required.

Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26013, 26015 and 26067, Business and Professions Code.

§ 8409. Notification of Diversion, Theft, Loss, or Criminal Activity.

Licensees shall notify the department and law enforcement authorities within three (3) calendar business days of discovery of any diversion, theft, loss of, or criminal activity related to licensee's cannabis or nonmanufactured cannabis products.

Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26013 and 26015, Business and Professions Code.

Article 6. Inspections, Investigations, and Audits

§ 8500. Inspections, Investigations, and Audits Applicability.

- (a) All licensees and applicants shall be subject to inspection, investigation, or audit of their licensed premises and records by the department to determine compliance with applicable laws and regulations.
- (b) Inspections, investigations, and audits may be conducted by the department in coordination with the California Department of Fish and Wildlife and the State Water Resources Control Board consistent with section 12029, subdivision (c) of the Fish and Game Code.

Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26013 and 26015, Business and Professions Code.

§ 8501. Inspections, Investigations, Examinations, and Audits.

The department shall conduct inspections, investigations, examinations, and audits of licensees including, but not limited to, a review of any books, records, accounts, inventory, or onsite operations specific to the license.

- (a) The department may conduct an inspection, investigation, examination, or audit for any of the following purposes:
 - (1) To determine accuracy and completeness of the application prior to issuing a license;
 - (2) To determine compliance with license requirements including, but not limited to, the cultivation plan;
 - (3) To audit or inspect any records outlined in section 8400 of this chapter;
 - (4) To respond to a complaint(s) received by the department regarding the licensee;
 - (5) To inspect incoming or outgoing shipments of cannabis and nonmanufactured cannabis products; and
 - (6) As deemed necessary by the department.
- (b) Inspections, investigations, examinations, and audits of a licensed premises shall be conducted at any time, or as otherwise agreed to by the department and the licensee or its agents, employees, or representatives. Prior notice of inspection, ~~or~~ investigation, or examination is not required.
- (c) No applicant, licensee, ~~its~~ or any agent or employees shall interfere with, obstruct, or impede the department's inspection, investigation, or audit. This includes, but is not limited to, the following actions:
 - (1) Denying the department access to the licensed premises;
 - (2) Providing false or misleading statements;
 - (3) Providing false, falsified, fraudulent, or misleading documents and records; and
 - (4) Failing to provide records, reports, and other supporting documents.
- (d) Upon completion of an inspection, investigation, examination, or audit, the department shall notify the licensee of any violation(s) and/or action(s) the department is taking.

Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26013, 26015, and 26160, Business and Professions Code.

Article 7. Enforcement

§ 8600. Enforcement Applicability.

Notwithstanding any other provision of law, the department may take ~~a licensing or~~ an administrative action at any time within five (5) years after the department discovers, or with reasonable diligence should have discovered, any violation of

state law or local ordinances.

Authority: Sections 26012 and 26013, Business and Professions Code. Reference: Sections 26013, ~~and 26031, and 26034,~~
Business and Professions Code.

§ 8601. Administrative Actions-Operations.

The department shall use the violation classes and applicable fine amounts as follows:

- (a) For the purpose of this section, violation classes are designated as "Minor," "Moderate," and "Serious."
- (1) "Serious." Violations which preclude or significantly interfere with enforcement of any state law, or those that cause significant false, misleading, or deceptive business practices, potential for significant level of public or environmental harm, or for any violation that is a repeat of a Moderate violation that occurred within a two-year period and that resulted in an administrative civil penalty. All ~~s~~Serious violations are subject to license suspension or revocation.
 - (2) "Moderate." Violations that undermine enforcement of any state law, are likely to cause public or environmental harm, or are a repeat of a Minor violation that occurred within a two-year period and resulted in an administrative civil penalty.
 - (3) "Minor." Violations that are not likely to have an adverse effect on public safety or environmental health.
- (b) Repeat violations may result in an escalation of violation class.
- ~~(c) Pursuant to section 26038(a) of the Business and Professions Code, a person(s) engaging in commercial cannabis activity without a license shall be subject to civil penalties of up to three (3) times the amount of the license fee for each violation.~~
- ~~(d) Pursuant to section 26160(f) of the Business and Professions Code, if a licensee, or an agent or employee of the licensee, fails to maintain or provide required records, the licensee shall be subject to a citation and a fine of up to thirty thousand dollars (\$30,000) per individual violation.~~
- (c) Table A below shall be used to establish the initial level of severity of the referenced a particular violations of Division 10 of the Business and Professions Code and referenced regulations and the corresponding penalty range for "Serious," "Moderate," and "Minor" violation classes. For violations of other state law, including state labor laws and related regulations, the department shall utilize the definitions of violation classes in subsection (a).

TABLE A:		Violation Type		
Authority	Description of Violation	Minor	Moderate	Serious
		Fine Range	Fine Range	Fine Range
		\$100 – \$500	\$501 - \$1,000	\$1,001 - \$5,000
BPC 26053(a)	Licensee engaged in commercial cannabis activity with an unlicensed person.	-	-	X
BPC 26055(b)	Licensee continued to operate after revocation of state license.	-	-	X
BPC 26060.1(a)	Licensee used a water source that was not identified or permitted on their <u>his</u> or <u>her</u> application.	-	-	X
BPC 26050.1(a) 3 CCR 8100(b)	After January 1, 2018, licensee engaged in commercial cannabis activity prior to obtaining a temporary license.	-	-	X
<u>BPC 26060</u> <u>3 CCR 8106(a)(1)(B)</u>	<u>Licensee shared area(s) outside the canopy where only immature plants shall be maintained, as designated on the licensee’s premises diagram, with another cultivation license held by the licensee.</u>	X	=	=
<u>BPC 26060</u> <u>3 CCR 8106(a)(1)(D)</u>	<u>Licensee shared processing area(s), as designated on the licensee’s premises diagram, with another cultivation license held by the licensee.</u>	=	X	=
<u>BPC 26060</u> <u>3 CCR 8106(a)(1)(E)</u>	<u>Licensee shared packaging area(s), as designated on the licensee’s premises</u>	=	X	=

	<u>diagram, with another cultivation license held by the licensee.</u>			
BPC 26060 3 CCR 8106(a)(1)(I)	<u>Licensee shared area(s) for physically segregating cannabis or nonmanufactured cannabis products subject to administrative hold pursuant to section 8604 of this chapter, as designated on the licensee's premises diagram, with another cultivation license held by the licensee.</u>	=	X	=
BPC 26031 3 CCR 8108	Failure to dispose of cannabis waste as identified in the licensee's approved waste management plan.	-	X	-
BPC 26031 3 CCR 8108	Failure to deposit cannabis waste at a manned, fully permitted solid waste landfill or transformation facility; manned, fully permitted composting facility or manned composting operation; manned, fully permitted in-vessel digestion facility; manned, fully permitted in-vessel digestion operation; or manned, fully permitted chip and grind operation or facility.	-	X	-
BPC 26031 3 CCR 8201	Licensee total canopy size on licensed premises exceeded the total allowable canopy size for the license type.	-	-	X
BPC 26031 3 CCR 8202(b)	Failure to obtain a separate license for each premises where the <u>person</u> licensee-engaged in commercial cannabis cultivation.	-	-	X

BPC 26031 3 CCR 8202(c)	Licensee transferred or assigned <u>their his or her</u> cultivation license to another person, entity , or property.	-	-	X
BPC 26031 3 CCR 8202(d)	Licensee transferred cannabis and nonmanufactured cannabis products from their <u>his or her</u> licensed premises to another licensee without using a licensed distributor.	-	-	X
BPC 26031 3 CCR 8202(e)	Failure to prominently display license on licensed premises where it can be viewed by state and local agencies.	X	-	-
BPC 26031 3 CCR 8202(gf)	Licensee sublet a portion of the licensed premises.	X	-	-
<u>BPC 26031</u> <u>3 CCR 8202(g)</u>	<u>Licensee used light deprivation at a licensed outdoor cultivation site.</u>	-	<u>X</u>	-
BPC 26031 3 CCR 8204(a)	Failure to notify the department in writing within ten (10) calendar days of any changes to any item listed in the application or any of the events pursuant to section 8204(a)(1)-(5) of this chapter.	X	-	-
BPC 26031 3 CCR 8204(b)	Failure to submit a new application for a change in business entity type <u>that includes any change of ownership.</u>	-	X	-
BPC 26031 3 CCR 8204(c)(1)	Failure to notify the department in writing of a penalty or judgment of a criminal conviction or civil judgment rendered against the licensee or any owner within forty-eight (48) hours of receiving a penalty or judgement of a criminal penalty or civil judgement.	X	-	-

BPC 26031 3 CCR 8204(c)(2)	Failure to notify the department in writing of a revocation of a local license, permit, or other authorization within forty-eight (48) hours of the revocation.	X	-	-
<u>BPC 26031</u> <u>3 CCR 8204(c)(3)</u>	<u>Failure to notify the department in writing within 48 hours of receiving an administrative order for violations of labor standards against the licensee or any owner in his or her individual capacity.</u>	<u>X</u>	=	=
<u>BPC 26031</u> <u>3 CCR 8204(c)(4)</u>	<u>Failure to notify the department in writing within 48 hours of a change in the licensee's designated track-and-trace system account manager.</u>	=	<u>X</u>	=
BPC 26031 3 CCR 8205(a)first paragraph)	Licensee made physical modifications to the licensed premises that materially or substantially altered the licensed premises or use of the licensed premises from the premises diagram originally filed with the license application without receiving prior written approval from the department.	-	X	-
BPC 26031 3 CCR 8205(b)	Failure to file a request for approval of a premises modification with the department associated with a physical modification of the licensed premises.	X	-	-
BPC 26031 3 CCR 8205(c)	Failure to provide additional documentation requested by the department to evaluate the request for approval of a premises modification.	X	-	-

<p>BPC 26031 3 CCR 8206(a)</p>	<p>Failure of an owner's successor in interest as specified in section 8206(a) to notify the department within ten (10) calendar business days of the death, incapacity, receivership, assignment for the benefit of creditors of an ownerlicensee, or other event rendering a licensee incapable of performing the duties associated with the license.</p>	-	X	-
<p>BPC 26031 3 CCR 8207(h)(1)</p>	<p>Failure to move cannabis and nonmanufactured cannabis products to a secure location where access to the cannabis is restricted to the licensee, its employees, and contractors.</p>	X	-	-
<p>BPC 26031 3 CCR 8207(h)(2)</p>	<p>Failure to notify the department, in writing, within twenty-four (24) hours of moving cannabis and nonmanufactured cannabis products and requesting relief pursuant to section 8207 of this chapter.</p>	X	-	-
<p>BPC 26031 3 CCR 8207(h)(3)</p>	<p>Failure to provide the department access to the location where cannabis and nonmanufactured cannabis products were moved pursuant to section 8207 of this chapter.</p>	X	-	-
<p>BPC 26031 3 CCR 8207(h)(4)</p>	<p>Failure to submit, in writing, a request for temporary relief that clearly indicates the statutory and regulatory sections from which relief is being requested, the time period for which the relief is requested, and the reason</p>	X	-	-

	relief is needed, within ten (10) <u>calendar</u> days of moving cannabis and nonmanufactured cannabis products pursuant to section 8207 of this chapter.			
BPC 26031 3 CCR 8208(a)	Failure to notify the department when licensee surrenders, abandons, quits, or closes the premises for a period exceeding thirty (30) consecutive calendar days.	X	-	-
BPC 26031 3 CCR 8208(a)	Failure to notify the department within thirty (30) calendar days of quitting or abandoning the licensed premises.	-	X	-
BPC 26031 3 CCR 8210	Failure to allow the bureau to collect samples for the bureau's own laboratory analysis from cannabis transferred to a licensed distributor.	-	X	-
BPC 26031 3 CCR 8211	Licensee accepted returns of cannabis plants or nonmanufactured products transferred to another licensee after testing performed pursuant to section 26110 of the Business and Professions Code.	X	-	-
BPC 26031 3 CCR 8212	Failure to comply with packaging requirements.	X	-	-
BPC 26031 3 CCR 8212	Failure to comply with labeling requirements.	X	-	-
BPC 26031 3 CCR 8213(a)	Failure to use weighing devices for commercial purposes or for determining quantity for entry in the track and trace system, approved, tested, and sealed pursuant to chapter	X	-	-

	5 (commencing with section 12500) of division 5 of the Business and Professions Code, and registered with the county sealer pursuant to chapter 2 (commencing with section 12240) of division 5 of the Business and Professions Code.			
BPC 26031 3 CCR 8213(e)	Failure to become licensed as a weighmaster for bulk shipments <u>determining any weight or measurement</u> of cannabis and nonmanufactured cannabis products <u>in accordance with 8213(ae) of this chapter.</u>	X	-	-
BPC 26031 3 CCR 8213(e)	Failure to issue weighmaster certificate pursuant to chapter 7 (commencing with section 12700) of division 5 of the Business and Profession Code.	X	-	-
<u>BPC 26031</u> <u>3 CCR 8300(a)</u>	<u>Failure to prohibit cannabis plants maintained outside the designated canopy area from flowering.</u>	-	-	X
BPC 26031 3 CCR 8300(a)	Failure to move flowering cannabis plants, without delay, from the designated propagation area(s) located <u>outside the designated canopy area(s)</u> to the designated canopy area(s) <u>without delay</u> and report the movement and UID tagging in the track-and-trace system.	-	-	X
BPC 26031 3 CCR 8300(b)	Failure to properly apply UIDs to cannabis plants used for seed	X	-	-

	production pursuant to section 8403 of this chapter.			
BPC 26031 3 CCR 8300(c)	Licensee propagating immature plants for distribution or seed for distribution without a nurse license.	-	-	X
BPC 26031 3 CCR 8300(d)	Licensee processed cannabis on the licensed premises in an area(s) not designated for processing as identified on their <u>his or her</u> approved cultivation plan.	-	X	-
BPC 26031 3 CCR 8300(d)	Processing cannabis on licensee's premises without compliance to packaging or labeling requirements pursuant to section 8212 of this chapter.	-	X	-
BPC 26031 3 CCR 8301	Failure to properly apply UIDs to mature cannabis plants used for seed production pursuant to section 8403 of this chapter.	-	-	X
BPC 26031 3 CCR 8301	Licensee allowed nonmanufactured cannabis products to enter the commercial distribution chain other than seed.	-	-	X
BPC 26031 3 CCR 8302	Licensee conducted research and development in areas that were not identified in their <u>his or her</u> approved cultivation plan.	-	-	X
BPC 26031 3 CCR 8302	Failure to properly tag with a UID, mature plants maintained in the area on the licensed premises designated for research and development.	-	X	-

BPC 26031 3 CCR 8302	Licensee allowed cannabis and nonmanufactured cannabis products from the research and development area to enter the commercial distribution chain.	-	-	X
BPC 26031 3 CCR 8303(a)	Failure to adhere to track-and-trace requirements for aggregation of cannabis products pursuant to sections 8405 and 8406 of this chapter.	-	X	-
BPC 26031 3 CCR 8303(b)	Failure to adhere to product packaging and labeling requirements, pursuant to section 8212 of this chapter, for nonmanufactured cannabis products.	X	-	-
BPC 26031 3 CCR 8303(c)	Processor licensee cultivated cannabis plants on his or her licensed premises.	-	-	X
BPC 26031 3 CCR 8304(a)-(g)	Failure to comply with specified general environmental protection measures.	-	-	X
BPC 26031 3 CCR 8305(a)-(e) (a) & (b)	Failure to comply with specified renewable energy requirements.	-	-	X
BPC 26031 3 CCR 8306(a)-(d)	Failure to comply with specified generator requirements.	-	-	X
BPC 26031 3 CCR 8307(a)-(b) (a) & (b)	Failure to comply with specified pesticide use requirements.	-	-	X
BPC 26031 3 CCR 8308(d)	Failure to dispose of cannabis waste in a secure waste receptacle or in a secured area on the licensed premises.	-	X	-
BPC 26031 3 CCR 8308(g)(1)(A-D)	<u>Failure to obtain and retain required information from the local agency, waste hauler franchised or contracted by the local agency, or private waste</u>	X	-	-

	<u>hauler permitted by the local agency that collects and processes the licensee's cannabis waste.</u>			
<u>BPC 26031</u> <u>3 CCR 8308(g)(2)</u>	<u>Failure to obtain and retain a copy of a receipt from the local agency, waste hauler franchised or contracted by the local agency, or private waste hauler permitted by the local agency evidencing subscription to a waste collection service.</u>	X	=	=
<u>BPC 26031</u> <u>3 CCR 8308(h)</u>	<u>Failure to obtain and retain, for each delivery of cannabis waste by the licensee, a copy of a certified weight ticket, or receipt documenting delivery, prepared by a representative(s) of a solid waste facility receiving self-hauled cannabis waste.</u>	X	=	=
<u>BPC 26031</u> <u>3 CCR 8308(ji)</u>	<u>Failure to use track-and-trace system and documentation required pursuant to sections 8404 and 8405 and 8406 of this chapter to ensure the cannabis waste materials are identified, weighed, and tracked while on the licensed premises and when disposed of pursuant to subsections (f), (g), and (h), and (i) of section 8308.</u>	-	X	-
<u>BPC 26031</u> <u>3 CCR 8308(j)</u>	<u>Failure to maintain accurate and comprehensive records regarding cannabis waste material that account for, reconcile, and evidence all activity related to the generation or disposition of cannabis waste.</u>	-	X	-

BPC 26031 3 CCR 8400(b)	Failure to provide or deliver required records, upon request.	-	-	X
BPC 26031 3 CCR 8400(d)	Failure to maintain all required records.	-	-	X
BPC 26031 3 CCR 8400(e)	Failure to maintain suitability of records for inspection by the department.	X	-	-
BPC 26031 3 CCR 8401	Failure to prepare a sales invoice or receipt for every sale or transport of cannabis or nonmanufactured cannabis product to another licensee.	-	X	-
BPC 26031 3 CCR 8402(a)	Failure to accurately and completely enter data and information into the track-and-trace system.	X	-	-
BPC 26031 3 CCR 8402(c)(b)(1)	Failure to designate an owner or other natural person that can legally represent the licensee as a track-and-trace account manager. <u>Failure to identify an owner in the licensee's organization to be the licensee's track-and-trace system account manager.</u>	-	X	-
BPC 26031 3 CCR 8402(c)(1) (b)(2)	Failure to have of the licensee's designated track-and-trace system <u>account manager(s) to complete track-and-trace system training as required by the department.</u>	-	X	-
BPC 26031 3 CCR 8402(c)(2) (b)(3)	Licensee track and trace system account manager failed <u>Failure to properly train all track-and-trace system users before the users were permitted to access the track-and-trace system.</u>	-	X	-

BPC 26031 3 CCR 8402(c)(3) (b)(4)	Failure to maintain an accurate and complete list of all track-and-trace system users and the account manager(s) to update the list immediately when changes occurred.	-	X	-
BPC 26031 3 CCR 8402(c)(4) (b)(5)	Failure to cancel a track-and-trace system account manager or user account within three (3) calendar days when that individual is no longer a representative of the licensee.	-	X	-
BPC 26031 3 CCR 8402(c)(5) (b)(6)	Failure to correct data entered into the track-and-trace system in error within three (3) calendar business days of discovery of the error.	-	X	-
BPC 26031 3 CCR 8402(c)(6)	Failure to notify the department immediately for any loss of access that exceeds three (3) calendar days.	-	X	-
BPC 26031 3 CCR 8402(de)	Failure to prepare and maintain comprehensive records detailing all tracking inventory activities which occurred during a loss of access/connectivity to the track-and-trace system for any reason.	-	X	-
BPC 26031 3 CCR 8402(de)(1)	Failure to enter all inventory tracking activities that occurred during a loss of access to the track-and-trace system within three (3) calendar business days of the loss of access.	-	X	-
BPC 26031 3 CCR 8402(de)(2)	Failure to document the date and time when licensee lost access to the track-and-trace system, the cause of the loss, and when access was restored.	-	X	-

BPC 26031 3 CCR 8402(de)(3)	Licensee transferred cannabis or nonmanufactured products to a distributor without having access to the track-and-trace system.	-	X	-
BPC 26031 3 CCR 8403(a)	Failure of <u>the licensee's designated account manager</u> to request UIDs as prescribed by the department <u>pursuant to Article 5 of this chapter</u> .	-	X	-
BPC 26031 3 CCR 8403(a)(1)	Failure to use only UIDs provisioned and distributed by the department, or the department's designee.	-	X	-
BPC 26031 3 CCR 8403(a)(2)	Failure to maintain a sufficient supply of UIDs to support tagging requirements.	-	X	-
BPC 26031 3 CCR 8403(a)(3)	Failure to use track-and-trace system to document receipt of provisioned and distributed UIDs within three (3) <u>calendar business</u> days of physical receipt of the UIDs by the licensee.	-	X	-
BPC 26031 3 CCR 8403(b)(1)	Failure to properly assign a UID to each lot of immature plants.	-	X	-
BPC 26031 3 CCR 8403(b)(1)	Licensee had more than one hundred (100) immature plants in a lot.	-	X	-
BPC 26031 3 CCR 8403(b)(1)	Failure to keep immature plants contiguous to one another to facilitate identification of the immature lot by the department.	-	X	-
BPC 26031 3 CCR 8403(b)(1)	Failure to label each plant in an immature lot with a label containing the UID number assigned to the immature lot by the licensee.	-	X	-

BPC 26031 3 CCR 8403(b)(2)	Licensee failed to properly apply UID to immature plants transported from a licensed nursery, <u>via a licensed distributor</u> , to a licensed cultivation site.	-	X	-
BPC 26031 3 CCR 8403(b)(2)	Licensee failed to properly apply UID to immature plants intended for retail sale.	-	X	-
BPC 26031 3 CCR 8403(b)(3)	Failure to apply UID to all individual plants at the time the plants were moved to the designated canopy area, identified in the licensee's approved cultivation plan or when individual plants began flowering, as defined in section 8000(I) <u>of this chapter</u> .	-	X	-
BPC 26031 3 CCR 8403(b)(3)	Licensee applied UID to an individual plant that was not associated with the UID for the lot of immature plants <u>from which</u> it was derived from .	-	X	-
BPC 26031 3 CCR 8403(b)(4)	Licensee failed to properly place and maintain the required UID on each mature plant.	-	X	-
BPC 26031 3 CCR 8403(b)(4)	Licensee removed UID from the mature plant to which it was attached and assigned prior to the plant being harvested, destroyed, or disposed.	-	X	-
BPC 26031 3 CCR 8403(c)	Failure to assign a unique harvest batch name that is associated with all UIDs for each individual plant, or portion thereof, contained in the harvest batch.	-	-	X
BPC 26031 3 CCR 8403(d)	Failure to assign a UID to cannabis and nonmanufactured cannabis products	-	-	X

	corresponding to the unique harvest batch name from which the cannabis and nonmanufactured cannabis products were derived.			
BPC 26031 3 CCR 8403(e)	Failure to retire UIDs in the track-and-trace system associated with the destruction or disposal of cannabis or nonmanufactured cannabis products <u>within three (3) calendar days of the destruction or disposal.</u>	-	-	X
BPC 26031 3 CCR 8404(b)	Failure to obtain a unique track-and-trace system user log-on for each user entering information into the track-and-trace system.	X	-	-
BPC 26031 3 CCR 8404(b)	Licensee, designated account manager, or track-and-trace system user used or shared his or her unique log-on with another person.	X	-	-
BPC 26031 3 CCR 8404(c)	<u>Licensee, account manager, user, employee, or agent</u> misrepresented or falsified data and information entered into the track-and-trace system.	-	-	X
BPC 26031 3 CCR 8404(d)	Failure to monitor notifications and/or resolve issues included in the notification in the time frame specified in the notification.	X	-	-
BPC 26031 3 CCR 8405(a)	Failure to report through the track-and-trace system, any and all transfers of cannabis or nonmanufactured cannabis products to another licensee entity prior to movement of the cannabis or	-	-	X

	nonmanufactured cannabis products off the licensed premises.			
BPC 26031 3 CCR 8405(b)	Failure to report through the track-and-trace system, any and all receipt or rejection of cannabis or nonmanufactured cannabis products received or rejected by the licensee on his or her licensed premises from another licensee within twenty-four (24) hours of receipt or rejection of the products.	-	-	X
BPC 26031 3 CCR 8405(c)(1-5)(1)-(5)	Failure to report in the track-and-trace system any change in the information related to the disposition of cannabis plants and nonmanufactured cannabis products on the licensed premises or transfer of any cannabis or nonmanufactured cannabis products to another licensed premises within three (3) calendar business days of the change in disposition.	-	X	-
BPC 26031 3 CCR 8405(d)(1-9)(1)-(9)	Licensee failed to record all required information for each transfer of cannabis or nonmanufactured cannabis products to, or cannabis or nonmanufactured cannabis products received from, other licensed premises.	-	X	-
BPC 26031 3 CCR 8405(f)	<u>Annual licensee failed to report all commercial cannabis activity the annual licensee conducted with temporary licensees in the track-and-</u>	=	X	=

	<u>trace system pursuant to section 8401 of this chapter.</u>			
BPC 26031 3 CCR 8406(a)	Failure to reconcile all on-premises and in-transit cannabis or nonmanufactured cannabis product inventories at least once every <u>thirty (30) calendar</u> fourteen (14) business days.	-	X	-
BPC 26031 3 CCR 8406(b)	Failure to record the dry net weight of all harvested cannabis once all drying and curing activities have been completed, or within sixty (60) calendar days from the initial harvest date, whichever is sooner.	-	X	-
BPC 26031 3 CCR 8406(c) & and (d)	Failure to close out physical inventory of all cannabis, nonmanufactured cannabis products, and UIDs in the track-and-trace system.	-	X	-
BPC 26031 3 CCR 8406(e)	Failure to record all transfers and sales pursuant to section 8401 and 8405 of this chapter.	-	X	-
BPC 26031 3 CCR 8407(a)	Failure- <u>Within 30 calendar days of receipt of UIDs ordered pursuant to section 8403</u> Temporary licensee failed to timely and properly assign and apply UIDs to each existing immature lot, individual mature plant, and all nonmanufactured cannabis products physically located on the licensed premises on the date of license issuance. (This section shall remain in effect until July 1, 2019.)	-	X	-

<p>BPC 26031 3 CCR 8407(b)</p>	<p>Failure <u>Within 30 calendar days of receipt of UIDs ordered pursuant to section 8403</u> Temporary licensee failed to timely and properly enter in the track-and-trace system the information associated with each existing immature lot, individual mature plant, and all <u>cannabis and nonmanufactured cannabis products physically located on the licensed premises on the date of license issuance.</u> (This section shall remain in effect until July 1, 2019.)</p>	-	X	-
<p>BPC 26031 3 CCR 8409</p>	<p>Failure to notify the department and law enforcement authorities within three (3) <u>calendar business</u> days of discovery of any diversion, theft, loss of, or criminal activity related to licensee's cannabis or nonmanufactured cannabis products.</p>	-	-	X
<p>BPC 26031 3 CCR 8501(c)(1)</p>	<p>Applicant, licensee, its agent, or employees denied the department access to the licensed premises.</p>	-	-	X
<p>BPC 26031 CCR 8501(c)(2)</p>	<p>Licensee provided false or misleading statements.</p>	-	-	X
<p>BPC 26031 3 CCR 8501(c)(3)</p>	<p>Licensee provided false, falsified, fraudulent, or misleading documents and records.</p>	-	-	X
<p>BPC 26031 3 CCR 8501(c)(4)</p>	<p>Failure to provide records, reports, and other supporting documents.</p>	-	-	X
<p>BPC 26031 3 CCR <u>8604(d)(3)</u> 8603(e)</p>	<p>Failure to physically segregate all designated cannabis or nonmanufactured cannabis products</p>	-	-	X

	subject to hold within twenty-four (24) hours of receipt of the notice of administrative hold.			
BPC 26031 3 CCR <u>8604(d)(4)</u> 8603(d)	Licensee sold, donated, transferred, transported, or destroyed cannabis or nonmanufactured cannabis products subject to hold.	-	-	X
BPC 26031 3 CCR <u>8604(d)(5)</u> 8603(e)	Failure to put all cannabis and nonmanufactured cannabis products on hold into separate batches.	-	-	X
BPC 26031 3 CCR <u>8604(d)(6)</u> 8603(f)	Failure to identify in the track-and-trace system cannabis or nonmanufactured cannabis products subject to an administrative hold which were voluntarily surrendered by the licensee.	-	-	X

Authority: Sections 26012, 26013, and 26031, Business and Professions Code. Reference: Sections 26013 and 26031, Business and Professions Code.

§ 8602. Administrative Actions - Recordkeeping.

Pursuant to section 26160(f) of the Business and Professions Code, if a licensee, or an agent or employee of the licensee, fails to maintain or provide required records, the licensee shall be subject to a citation and a fine, which may be issued as a Notice of Violation, of up to thirty thousand dollars (\$30,000) per individual violation. The department shall use the violation classes and applicable fine amounts as follows:

(a) For the purpose of this section, violation classes are designated as "Minor," "Moderate," and "Serious."

- (1) "Serious." A Moderate class violation in which a licensee, or its agent or employees, willfully or knowingly refuses, impedes, obstructs, or interferes with an examination of records of the licensee, or willfully or knowingly prepares records that are falsified, misleading, deceptive, or omits any material information, or for any violation that is a repeat of a Moderate violation that occurred within a two-year period and that resulted in an administrative civil penalty. All Serious violations are also subject to license suspension or revocation.
- (2) "Moderate." Violations that are likely to undermine an examination of records of the licensee, or are a repeat of a Minor violation that occurred within a two-year period and resulted in an administrative civil penalty.
- (3) "Minor." Violations that are not likely to undermine an inspection of records of the licensee, or are an initial

violation.

(b) For the purposes of this section willful means a purpose or willingness to commit the act or omission referred to and does not require any intent to violate the law, injure another, or to acquire any advantage.

(c) Repeat violations may result in an escalation of violation class.

(d) Table B below shall be used to establish the initial level of severity of violations of Section 26160 of Division 10 of the Business and Professions Code, and the referenced regulations and the corresponding penalty range for "Serious," "Moderate," and "Minor" violation classes.

<u>TABLE B:</u>		<u>Violation Type</u>		
		<u>Minor</u>	<u>Moderate</u>	<u>Serious</u>
<u>Authority</u>	<u>Description of Violation</u>	<u>Fine Range</u>	<u>Fine Range</u>	<u>Fine Range</u>
		<u>\$100 –</u> <u>\$1,000</u>	<u>\$1,001 -</u> <u>\$10,000</u>	<u>\$10,001 -</u> <u>\$30,000</u>
<u>BPC 26160</u> <u>3 CCR 8308(k)</u>	<u>Failure to maintain accurate and comprehensive records regarding cannabis waste material that account for, reconcile, and evidence all activity related to the generation or disposition of cannabis waste.</u>	X	=	=
<u>BPC 26160</u> <u>3 CCR 8400(a)</u>	<u>Failure to keep and maintain records listed in 8400(d) for at least seven (7) years from the date the document was created.</u>	=	X	=
<u>BPC 26160</u> <u>3 CCR 8400(b)</u>	<u>Failure to provide or deliver required records, upon request.</u>	=	X	=
<u>BPC 26160</u> <u>3 CCR 8400(c)</u>	<u>Failure to provide the department with ability to review all records subject to review by the department during standard business hours or at any other reasonable time as mutually agreed to</u>	=	X	=

	<u>by the department and the licensee.</u>			
<u>BPC 26160</u> <u>3 CCR 8400(d)(1)</u>	<u>Failure to maintain on the licensed premises, the department issued cultivation license.</u>	X	=	=
<u>BPC 26160</u> <u>3 CCR 8400(d)(2)</u>	<u>Failure to maintain on the licensed premises, the licensee's cultivation plan.</u>	X	=	=
<u>BPC 26160</u> <u>3 CCR 8400(d)(3)</u>	<u>Failure to maintain on the licensed premises, all records evidencing compliance with environmental protection measures pursuant to sections 8304, 8305, 8306 and 8307.</u>	X	=	=
<u>BPC 26160</u> <u>3 CCR 8400(d)(4)</u>	<u>Failure to maintain on the licensed premises, all supporting documentation for data or information entered into the track-and-trace system.</u>	=	X	=
<u>BPC 26160</u> <u>3 CCR 8400(d)(5)</u>	<u>Failure to maintain on the licensed premises, all UIDs assigned to product in inventory and all unassigned UIDs.</u>	=	X	=
<u>BPC 26160</u> <u>3 CCR 8400(d)(5)</u>	<u>Failure to retain UIDs for six (6) months after the date the tags were retired.</u>	X		=
<u>BPC 26160</u> <u>3 CCR 8400(d)(6)</u>	<u>Failure to maintain on the licensed premises, all financial records related to the licensed commercial cannabis activity, including but not limited to, bank statements, tax records, contracts, purchase orders, sales invoices, and sales receipts.</u>	X	=	=
<u>BPC 26160</u> <u>3 CCR 8400(d)(7)</u>	<u>Failure to maintain on the licensed premises, personnel records, including each employee's full name, social security number or individual tax payer</u>	X	=	=

	<u>identification number, date of employment, and, if applicable, date of termination of employment.</u>			
<u>BPC 26160</u> <u>3 CCR 8400(d)(8)</u>	<u>Failure to maintain on the licensed premises, records related to employee training for the track-and-trace system or other requirements of this chapter. Records shall include, but are not limited to, the date(s) training occurred, description of the training provided, and the names of the employees that received the training.</u>	X	=	=
<u>BPC 26160</u> <u>3 CCR 8400(d)(9)</u>	<u>Failure to maintain on the licensed premises, contracts with other state licensed cannabis businesses.</u>	X	=	=
<u>BPC 26160</u> <u>3 CCR 8400(d)(10)</u>	<u>Failure to maintain on the licensed premises, all permits, licenses, and other authorizations to conduct the licensee's commercial cannabis activity.</u>	X	=	=
<u>BPC 26160</u> <u>3 CCR 8400(d)(11)</u>	<u>Failure to maintain on the licensed premises, records associated with composting or disposal of cannabis waste.</u>	X	=	=
<u>BPC 26160</u> <u>3 CCR 8400(d)(12)</u>	<u>Failure to maintain on the licensed premises, documentation associated with loss of access to the track-and-trace system prepared pursuant to section 8402(d) of this chapter.</u>	X	=	=

Authority: Sections 26012, 26013, and 26031, Business and Professions Code. Reference: Sections 26013 and 26031, Business and Professions Code.

§ 86032. Notice of Violation.

(a) The department may issue a Notice of Violation to a licensee that is in violation of applicable statutes and regulations.

A Notice of Violation shall be served upon the licensee and the legal owner of the property. The Notice of Violation shall contain all of the following:

- (1) A brief statement of the violation(s) alleged;
 - (2) The proposed penalty;
 - (3) A statement of whether the violation is correctable, and a time frame in which the violation shall be corrected; and
 - (4) Notice of an administrative hold of property, if applicable.
- (b) The right to a hearing will be deemed waived if respondent fails to respond in writing within thirty (30) calendar days from the date the Notice of Violation was received by the licensee respondent.

Authority: Sections 26012, 26013, and 26031, Business and Professions Code. Reference: Sections 26013 and 26031, Business and Professions Code.

~~§ 8603. Administrative Hold Procedure.~~

~~To prevent destruction of evidence, illegal diversion of cannabis or nonmanufactured cannabis products, or to address potential threats to the environment or public safety, while allowing a licensee to retain its inventory pending further inspection, or enforcement action, the department may order an administrative hold of cannabis or nonmanufactured cannabis products pursuant to the following procedure:~~

- ~~(a) The notice of administrative hold shall provide a documented description of the cannabis or nonmanufactured cannabis products to be subject to the administrative hold and a concise statement regarding the basis for issuing the administrative hold.~~
- ~~(b) Following the issuance of a notice of administrative hold to the licensee, the department shall identify the cannabis or nonmanufactured cannabis products subject to the administrative hold in the track and trace system.~~
- ~~(c) Within twenty four (24) hours of receipt of the notice of administrative hold, the licensee shall physically segregate all designated cannabis and/or nonmanufactured cannabis products subject to the hold and shall safeguard and preserve the property subject to administrative hold as noticed.~~
- ~~(d) While the administrative hold is in effect, the licensee is restricted from selling, donating, transferring, transporting, gifting, giving away, or destroying the subject property noticed.~~
- ~~(e) Nothing herein shall prevent a licensee from the continued possession, cultivation, or harvesting of the cannabis subject to the administrative hold. During the hold period, all cannabis or nonmanufactured cannabis products subject to an administrative hold shall be put into separate batches.~~
- ~~(f) Nothing herein shall prevent a licensee from voluntarily surrendering cannabis or nonmanufactured cannabis products that are subject to an administrative hold. The licensee shall identify the cannabis or nonmanufactured cannabis products being voluntarily surrendered in the track and trace system. Voluntary surrender does not waive the right to a~~

hearing and any associated rights.

~~(g) The licensee shall have the right to appeal an administrative hold ordered by the department pursuant to section 8604 of this chapter. The department shall schedule an informal hearing within ten (10) calendar days from receipt of the request for an informal hearing and issue the written decision within five (5) calendar days after the conclusion of the hearing.~~

~~Authority: Sections 26012, 26013, and 26031, Business and Professions Code. Reference: Sections 26013 and 26031, Business and Professions Code.~~

§ 8604. Emergency Decisions.

(a) Pursuant to Government Code sections 11460.10 through 11460.80, the department may issue an emergency decision and order for temporary, interim relief to prevent or avoid an immediate danger to the public health, safety, or welfare. Such circumstances include but are not limited to the following:

(1) To prevent the sale, transfer, or transport of illegal cannabis, nonmanufactured cannabis product, or cannabis products in the possession of the licensee.

(2) The Department has information that conditions at the licensee's premises exist that present an immediate risk to worker or public health and safety.

(3) To prevent illegal diversion of cannabis, nonmanufactured cannabis product, or cannabis product or other criminal activity at the licensee's premises.

(4) To prevent the destruction of evidence related to illegal activity or violations of the Act.

(5) To prevent immediate threats to the environment.

(6) To prevent the offer, sale or transfer of any cannabis, nonmanufactured cannabis product, or cannabis product to anyone by means of any written or oral communication that is false or misleading.

(b) Temporary, interim relief, may include one or more of the following:

(1) An order for the temporary suspension of a license.

(2) An order for the administrative hold of cannabis, nonmanufactured cannabis product, or cannabis product.

(c) The emergency decision and order issued by the department shall include a brief explanation of the factual and legal basis and reasons for the emergency decision to justify the determination of an immediate danger and the department's emergency decision to take the specific action. The emergency decision and order shall be effective when issued or as otherwise provided by the decision and order.

(d) If the department determines it is in the public interest to issue an order for the administrative hold of cannabis, nonmanufactured cannabis product, or cannabis product:

- (1) The order shall provide a description of the cannabis, nonmanufactured cannabis product, or cannabis product to be subject to the administrative hold.
 - (2) Following the issuance of an order for administrative hold, the department shall identify the cannabis, nonmanufactured cannabis product, or cannabis product subject to the administrative hold in the track-and-trace system.
 - (3) Within twenty-four (24) hours of receipt of the order for administrative hold, the licensee shall physically segregate, safeguard and preserve all designated cannabis, nonmanufactured cannabis product, or cannabis product subject to the hold in the area designated on the licensee's premises diagram.
 - (4) While the administrative hold is in effect, the licensee is restricted from selling, donating, transferring, transporting, gifting, giving away, or destroying the cannabis, nonmanufactured cannabis, or cannabis product that is subject to the hold.
 - (5) Nothing herein shall prevent a licensee from continued possession, cultivation, or harvesting of the cannabis subject to the administrative hold. While the administrative hold is in effect, all cannabis or nonmanufactured cannabis product subject to the hold shall be put into separate batches.
 - (6) Nothing herein shall prevent a licensee from voluntarily surrendering cannabis, nonmanufactured cannabis product, or cannabis product that are subject to an administrative hold. The licensee shall identify the cannabis, nonmanufactured cannabis product, or cannabis product being voluntarily surrendered in the track-and-trace system. Voluntary surrender does not waive the right to a hearing and any associated rights.
- (e) If the department determines it is in the public interest to issue an order for the temporary suspension of a license:
- (1) The emergency decision and order shall specify that the licensee shall immediately cease conducting all commercial cannabis activity under its license, unless otherwise specified in the decision and order.
 - (2) A licensee may continue to possess, cultivate, or harvest cannabis at the licensed premises during the temporary suspension of its license only as prescribed by the department in the emergency decision and order, in which case the cannabis or nonmanufactured cannabis product shall be put into separate batches.
- (f) The emergency decision and order for temporary, interim relief shall be issued in accordance with the following procedure:
- (1) The department shall give notice of the emergency decision and order and an opportunity to be heard to the licensee prior to the issuance, or effective date, of the emergency decision and order, if practicable.
 - (2) Notice and hearing under this section may be oral or written and may be provided by telephone, personal service, mail, facsimile transmission, electronic mail, or other electronic means, as the circumstances permit.
 - (3) Notice may be given to the licensee, any person meeting the definition of owner of the licensee, an agent for service of process, or other personnel at the premises.

- (4) Upon receipt of the notice, the licensee may request a hearing within three (3) business days by submitting a written request pursuant to Section 8605 of this chapter. The hearing shall commence within five (5) business days of receipt of the written request for hearing.
- (5) The hearing may be conducted in the same manner as an informal hearing under sections 8605 through 8607 of this chapter, however, the timeframes provided in Sections 8605 through 8607 shall not apply to a hearing under this section. Discovery or cross-examination of witnesses is not required under this section.
- (6) Following the hearing, the emergency decision and order shall be affirmed, modified, or set aside as determined appropriate by the department within five (5) business days of the hearing.
- (g) Within ten (10) days of the issuance or effective date of the emergency decision and order for temporary, interim relief, the department shall commence an adjudicative proceeding in accordance with Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code to resolve the underlying issues giving rise to the temporary, interim relief, notwithstanding the pendency of proceedings for judicial review of the emergency decision and order as provided in subsection (i).
- (h) After formal proceedings pursuant to subsection (g) of this section are held, a licensee aggrieved by a final decision of the department may appeal the decision to the Cannabis Control Appeals Panel pursuant to Section 26043 of the Act.
- (i) Notwithstanding administrative proceedings pursuant to subsection (g), the licensee may obtain judicial review of the emergency decision and order under Section 1094.5 of the Code of Civil Procedure in the manner provided in Section 11460.80 of the Government Code without exhaustion of administrative remedies.

Authority: Sections 26012, 26013, and 26031, Business and Professions Code; Sections 11460.10, 11460.20, 11460.30, 11460.40, 11460.50, 11460.60, 11460.70 and 11460.80, Government Code. Reference: Sections 26013 and 26031, Business and Professions Code; Sections 11460.10, 11460.20, 11460.30, 11460.40, 11460.50, 11460.60, 11460.70 and 11460.80, Government Code.

§ 86054. Informal Administrative Hearings.

- (a) ~~The respondent may appeal a Notice of Violation or an administrative hold and request an informal hearing by written correspondence~~ by submitting a written request for an informal hearing to the Department of Food and Agriculture, Legal Office of Hearings and Appeals, 1220 "N" Street, Suite 400 315, Sacramento, California 95814 or via email to CDFA.LegalOffice@cdfa.ca.gov. The request shall be received within thirty (30) calendar days from the date the Notice of Violation was received by the respondent. The request shall include the following:
- (1) The respondent's name, mailing address, and daytime phone number;
 - (2) ~~If applicable, t~~The license number issued by the department;
 - (3) Copy of the Notice of Violation; and

- (4) A clear and concise statement for the basis of the appeal or counts within the Notice of Violation.
- (b) ~~Failure to submit a timely written request constitutes a waiver of the respondent's right to contest the Notice of Violation. Untimely requests for an informal hearing will not be considered. If the respondent fails to submit a timely request for hearing pursuant to subdivision (a) above, the Notice of Violation is not appealable and the department may proceed upon the violations noticed without a hearing.~~
- (c) ~~If the Notice of Violation places an administrative hold on cannabis or nonmanufactured cannabis products, the hold shall remain in effect pending the outcome of the informal hearing.~~

Authority: Sections 26012, 26013, and 26031, Business and Professions Code. Reference: Sections 26013 and 26031, Business and Professions Code.

§ 86065. Informal Hearing Schedule and Notification.

- (a) The department shall schedule an informal hearing within forty-five (45) calendar days from receipt of the request for an informal hearing.
- (b) The department shall provide notice of the informal hearing to the respondent containing the following information:
- (1) Date, location, and time of the informal hearing;
 - (2) A statement to the respondent that the respondent may, but need not, be represented by counsel at any or all stages of the proceedings;
 - ~~(23) Summary of the violations;~~
 - ~~(34) Any other information or documentation necessary for the hearing; and~~
 - (45) Standard of proof. A copy of California Code of Regulations, title 3, section 8607.

Authority: Sections 26012, 26013, and 26031, Business and Professions Code. Reference: Sections 26013 and 26031, Business and Professions Code.

§ 86076. Conduct of Informal Hearings.

Informal hearings shall be conducted as follows:

- (a) The standard of proof to be applied by the hearing officer shall be a preponderance of the evidence;
- (b) Hearings may be conducted by phone at the request of the respondent; The request for a hearing to be conducted by phone must be submitted with the licensee's request for an informal hearing;
- (c) The decision of the hearing officer shall be in writing and shall include a statement of the factual legal basis of the decision;
- (d) The written decision shall be issued within thirty (30) calendar days after the conclusion of the hearing ~~and may be~~

~~issued orally at the conclusion of the hearing subject to written confirmation;~~

- (e) The decision shall be served on the respondent either by personal service, mail, email, or via facsimile ~~per respondent's request/direction~~ based upon the method the appeal was received; and
- (f) The respondent may appeal the department's decision to the Cannabis ~~Appeals Board~~ Control Appeals Panel in accordance with Business and Professions Code sections 26043 and 26044.

Authority: Sections 26012, 26013, and 26031, Business and Professions Code. Reference: Sections 26013 and 26031, Business and Professions Code.

§ 86087. Licensing Actions.

- (a) The department may take ~~a licensing action~~ any action listed in subdivision (b) below against a license for any violation of this chapter.
- (b) If the licensee holds multiple cultivation licenses, the department may take any one of, or combination of, the following actions on any of the licensee's cultivation licenses:
 - (1) Revocation of the license;
 - (2) Suspension of the license for a specified period of time;
 - (3) Issuance of a probationary license with terms and conditions determined by the department; and
 - (4) Order an administrative hold of cannabis or nonmanufactured cannabis products.

Authority: Sections 26012, 26013, and 26031, Business and Professions Code. Reference: Sections 26013 and 26031, Business and Professions Code.

§ 86098. Formal Administrative Hearings.

- (a) ~~Notice shall be given to the applicant or licensee of the department's intent to hold adjudication proceedings to consider the following actions:~~ Hearings concerning the following proceedings shall be held pursuant to chapter 5 (commencing with section 11500) of part 1 of division 3 of title 2 of the Government Code:
 - (1) Denial of an application for a license;
 - (2) Denial of a license renewal;
 - (3) Revocation of a license; and
 - (4) Suspension of a license for a ~~specified period of time~~ period of time exceeding thirty (30) calendar days.
- (b) ~~Hearings concerning proceedings in subsection (a) above shall be held pursuant to chapter 5 (commencing with section 11500) of part 1 of division 3 of title 2 of the Government Code.~~

Authority: Sections 26012, 26013, and 26031, Business and Professions Code. Reference: Sections 26013 and 26031, Business and Professions Code.