



NOTICE OF TELECONFERENCE MEETING & AGENDA

Friday, April 22, 2021 11:00 a.m. – 12:00 p.m.

Join Zoom Meeting

<https://zoom.us/j/8267160176>

Meeting ID: 826 716 0176

Call in Number: +1 (669) 900-9128 Code: 8267160176#

In line with guidelines issued by the Department of Public Health and Executive Orders issued by the Governor of the State of California (See E.O. N-33-20 Issued March 19, 2020) intended to minimize face-to-face interactions during the present State of emergency, CCA will conduct this meeting of the Board of Directors entirely by teleconference / video conference call with no physical locations available for participation by either Board Members or the public. Members of the public are encouraged, however, to call in and participate as they have in the past via our teleconferencing system and a time will be made available during the meeting for public questions and comments.

PUBLIC COMMENT:

The Board welcomes and encourages public participation in its meetings. The public may take appropriate opportunities to comment on any issue before the Board. If public comment is not specifically requested, members of the public should feel free to request an opportunity to comment. Each speaker is limited to two minutes. If you are addressing the Board on a non-agenda item, the Board may briefly respond to statements made or questions posed as allowed by the Brown Act (Government Code Section 54954.2). However, the Board's general policy is to refer items to staff for attention, or have a matter placed on a future Board agenda for a more comprehensive action or report.

The Governor's orders (specifically Executive Order N-29-20) regarding the conduct of meetings of legislative bodies during the State of Emergency can be found at <http://www.gov.ca.gov/>

If you would like to receive Notices and Announcements from CCA, please send an email to subscribe@cca.ca.gov and a subscription form will be sent to you or fill out our online subscription form at <http://cca.ca.gov/subscribe/>

AGENDA

- I. 11:00 am Opening Remarks & Roll Call
Mary Zeeb, President

- II. 11:05 am Approval of Minutes (See Attached)
Mary Zeeb, President

- III. 11:10 am Legislation of Interest
Greg Turner, Executive Director / Counsel CCA
 - A. SB 398 (Skinner) – Local Licensing
 - B. SB 59 (Caballero) – Provisional Licenses

- IV. 11:15 am Organizational Update
Greg Turner, Executive Director / Counsel CCA
 - A. 3Q Budget Update
 - B. Banking Pilot Project

- V. 11:25 Requested Discussion – CCA Member Value

- VI. 11:50 am Platform Update
Adam Crabtree, NCS Analytics

- VII. 11:55 am Public Comment

Except where noticed for a time certain, all times are approximate and subject to change. The meeting may be canceled or changed without notice. For verification, please contact gturnerecca.ca.gov. Action may be taken on any item on the agenda. Items may be taken out of order, tabled or held over to a subsequent meeting, to accommodate speakers, or to maintain a quorum



CCA Board Meeting
Via Video / TeleConference Call
March 26, 2021
MINUTES

March 26, 2021 via Video / Teleconference Call

1. Roll Call.

- X Supervisor Steve Madrone, Humboldt County
Mary Zeeb, Treasurer-Tax Collector, Monterey County, CCA President
- X Jim Hamilton, Treasurer-Tax Collector, San Luis Obispo County, CCA Treasurer
- X Chad Rinde, Chief Financial Officer, Yolo County
Alisha McMurtrie, Treasurer-Tax Collector, Inyo County

Others: Greg Turner, Adam Crabtree, Christy Stutzman, Catherine Freeman, John Bartholomew, Kristina Parson, Robert Roach, Justin Cooley, Joey Espinoza, Jeff Frapwell, Janet

- 2. Approval of Minutes** - The minutes were presented and voted on without dissent.
- 3. Legislation of Interest.** Greg and Catherine participated in the governor's meeting regarding consolidation. As the vote nears in May they anticipate becoming more active. Greg also noted SB 398 which is an alternative for local licensing. CCA is not yet directly engaged, but plan to keep an eye on it. The Legislative committee has been formed and is providing guidance.
- 4. Organizational Update.**
- A. Monterey county recently hosted a CCA informational meeting for cities/counties. The information was very well received and Greg and Adam continue to look for additional opportunities to present the platform. Also, Greg has reached out to the League of Cities and is considering a possible webinar pitch.
 - B. April 15th @ 11am – Tax Working Group Meeting
April 22nd @ 1pm – Regulatory Working Group Meeting
- 5. Platform Update.** Adam Crabtree provided a platform update. He continues to work on the transfer forms to simplify them and make them more efficient for licensees. The goal is to have better data with less time required for input.
- 6. Discussion.** There was some discussion regarding the value of the CCA Platform for each county and a decision made to have an agenda item for this discussion in the April meeting.
- 7. Public Comment.** There was no public comment.

AMENDED IN SENATE APRIL 12, 2021

AMENDED IN SENATE MARCH 11, 2021

SENATE BILL

No. 398

Introduced by Senator Skinner
(Principal coauthor: Assembly Member Ting)
(Coauthors: Senators Bradford and Wiener)

February 11, 2021

An act to amend Sections 26051.5 and 26055 of, and to add Sections 26055.5, 26203, and 26247 to, the Business and Professions Code, *and* to amend Section 11362.71 of the Health and Safety Code, ~~and to add Section 34011.5 to the Revenue and Taxation Code~~, relating to cannabis, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 398, as amended, Skinner. Cannabis licenses: cannabis licensing agreements: ~~cannabis excise tax~~. *labor peace agreement license requirement: medical marijuana identification cards.*

~~(1) The~~

The Control, Regulate and Tax Adult Use of Marijuana Act (AUMA), an initiative measure approved as Proposition 64 at the November 8, 2016, statewide general election, authorizes a person who obtains a state license under AUMA to engage in commercial adult-use cannabis activity pursuant to that license and applicable local ordinances. The Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA), among other things, consolidates the licensure and regulation of commercial medicinal and adult-use cannabis activities, including retail commercial cannabis activity. MAUCRSA gives the Bureau of Cannabis Control in the Department of Consumer Affairs the power, duty, purpose, responsibility, and jurisdiction to regulate

commercial cannabis activity in the state as provided by the act, and does not supersede or limit the authority of a local jurisdiction to adopt and enforce local ordinances to regulate commercial cannabis businesses within that local jurisdiction. MAUCRSA reserves to a local jurisdiction, defined as a city, city and county, or county, specified powers regarding commercial cannabis activity, including adopting and enforcing local ordinances regulating commercial cannabis activity or prohibiting that activity.

This bill would authorize a local jurisdiction to enter into a cannabis licensing agreement with the bureau to require the bureau to administer local commercial cannabis licensing, permitting, or other regulatory activities on behalf of the local jurisdiction. The bill would require the agreement to meet specified conditions, including that the agreement expires no less than 5 years from its operative date, and would require the local jurisdiction designate applicable zoning areas for commercial cannabis activity.

This bill would require the bureau to provide notice to local licensees or permitholders of the transition from local administration to state administration, as provided, and would require the bureau to begin accepting new applications for local cannabis licenses within 15 days of entering into a cannabis licensing agreement. The bill would additionally authorize the bureau to impose penalties, not to exceed ~~specified~~ *unspecified* amounts, on a local jurisdiction for violation of a cannabis licensing agreement, and would require the bureau to deposit any penalties collected into the Cannabis Fines and Penalties Account.

This bill, prior to expiration of the agreement, would require the local jurisdiction to either establish its own licensing and regulatory framework for commercial cannabis activity, or upon consent of the bureau, renew the agreement by ordinance or resolution. The bill would ~~specify~~ *impose unspecified* monetary penalties if the local jurisdiction or the bureau terminate the agreement prior to expiration. By requiring the bureau to pay a penalty to a local jurisdiction from the Cannabis Fines and Penalties Account, the bill would make an appropriation.

~~(2) Existing law imposes an excise tax on upon purchasers of cannabis or cannabis products sold in this state at the rate of 15% of the average market price of any retail sale by a cannabis retailer, and a separate cultivation tax on harvested cannabis that enters the commercial market, as specified. Existing law provides those taxes are in addition to any other tax imposed by a city, county, or city and county. Existing law requires revenues from those taxes to be deposited into the California~~

~~Cannabis Tax Fund, and continuously appropriates that tax fund for specified purposes. Existing law requires the California Department of Tax and Fee Administration to administer and collect the taxes.~~

~~This bill would impose an additional excise tax upon purchasers of cannabis or cannabis products sold in a local jurisdiction that entered into a cannabis licensing agreement at the rate of 6% of the average market price of any retail sale by a cannabis retailer. The bill would require the Controller to allocate moneys collected from the excise tax to the department and the bureau for administrative costs associated with these provisions, and to each local jurisdiction in a cannabis licensing agreement with the bureau, as specified. The bill would require the local jurisdiction to use the excise tax revenue for the local jurisdiction's medical marijuana identification card program, substance use disorder programs, prisoner reentry programs, and racial or social justice programs, and would authorize up to 40% of the moneys to be allocated in the local jurisdiction's general fund.~~

~~This bill would include a change in state statute that would result in a taxpayer paying a higher tax within the meaning of Section 3 of Article XIII A of the California Constitution, and thus would require for passage the approval of $\frac{2}{3}$ of the membership of each house of the Legislature.~~

~~(3) Existing~~

~~Existing law places requirements on applicants for state cannabis licenses, including that *an applicant provides with 20 or more employees provide* a notarized statement that the applicant will enter into, or demonstrate that it has already entered into, and abide by the terms of a labor peace agreement. *Existing law requires an applicant with less than 20 employees that has not yet entered into a labor peace agreement to provide a notarized statement as part of its application indicating that the applicant will enter into and abide by the terms of a labor peace agreement within 60 days of employing its 20th employee. Existing law requires an applicant to provide a statement, signed by the applicant under penalty of perjury, that the information is complete, true, and accurate.*~~

~~This bill would specify that the applicant, *bill*, beginning January 1, 2022, *must abide by and maintain the terms of the* ~~instead would require that an applicant with 10 or more employees demonstrate that it has already entered into, and abides by the terms of, a labor peace agreement, and will maintain the labor peace agreement for the duration of the license, as provided.~~ *license. The bill, beginning January 1, 2022, would require an applicant with less than 10 employees that has not*~~

yet entered into a labor peace agreement to provide a notarized statement as part of its application indicating that the applicant will enter into, and abide by the terms of, a labor peace agreement within 60 days of employing its 10th employee and will maintain the labor peace agreement for the duration of the license. By expanding the crime of perjury, this bill would impose a state-mandated local program.

~~(4) Existing~~

Existing law, the California Cannabis Equity Act of 2018, requires the Bureau of Cannabis Control in the Department of Consumer Affairs to administer a grant program to assist with the development of a local jurisdiction's local equity program or to assist applicants and licensees in a local jurisdiction's equity program, and authorizes the bureau to provide technical assistance to the local equity program.

This bill would require the bureau to establish a stakeholder oversight committee to ensure fair and equitable distribution of grants authorized under the act and to develop model guidelines for local equity programs.

~~(5) Existing~~

Existing law, the Compassionate Use Act of 1996, an initiative measure, enacted by the approval of Proposition 215 at the November 5, 1996, statewide general election, prohibits prosecution for the possession or cultivation of marijuana of a patient or a patient's primary caregiver who possesses or cultivates marijuana for the personal medical purposes of the patient upon the written or oral recommendation or approval of a physician. Existing law, the Medical Marijuana Program Act, establishes a voluntary identification card program administered by the State Department of Public Health to exempt qualified patients who hold an identification card issued pursuant to the program, and the caregivers of those persons, from certain state criminal sanctions related to the possession, cultivation, transportation, processing, or use of limited amounts of marijuana, as specified.

This bill would require the department to adopt regulations to ensure the affordable and timely access to identification cards issued under the act.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

~~(6) AUMA~~

AUMA authorizes legislative amendment of its provisions with a $\frac{2}{3}$ vote of both houses, without submission to the voters, to further its purposes and intent.

This bill would declare that its provisions further the purposes and intent of AUMA.

Vote: $\frac{2}{3}$. Appropriation: yes. Fiscal committee: yes.

State-mandated local program: ~~no~~-yes.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares all of the
2 following:

3 (a) In 2016, 57 percent of California voters approved Proposition
4 64, The Control, Regulate and Tax Adult Use of Marijuana Act,
5 which legalized the adult use of cannabis and was designed to
6 replace California’s illicit cannabis market with a regulated legal
7 industry. However, most cities and counties still have not allowed
8 legal cannabis businesses to open, in part because of the
9 burdensome and complicated regulatory framework that
10 Proposition 64 requires.

11 (b) According to a 2019 study, California’s illegal cannabis
12 industry is valued at over \$7 billion annually. By contrast, the
13 Legislative Analyst’s Office (LAO) estimates that the legal market
14 was worth about \$3.3 billion in the same year.

15 (c) As of February 2021, only 23 of 58 counties allow some
16 form of retail cannabis activity, according to the LAO.

17 (d) As of February 2021, only 150 of 482 cities allow some
18 form of retail cannabis activity, according to the LAO.

19 (e) Additionally, the LAO estimates that the state’s annual
20 revenue would increase by \$600 million to \$1 billion if all cities
21 and counties licensed cannabis businesses in their jurisdiction.

22 (f) This bill furthers the intent of Proposition 64 as outlined in
23 Section 3 of the initiative by streamlining the cannabis licensing
24 process to increase access to the regulated cannabis market.
25 Specifically, the bill furthers the following intents of the initiative:

26 (1) Take nonmedical marijuana production and sales out of the
27 hands of the illegal market and bring them under a regulatory
28 structure that prevents access by minors and protects public safety,
29 public health, and the environment.

1 (2) Strictly control the cultivation, processing, manufacture,
2 distribution, testing, and sale of nonmedical marijuana through a
3 system of state licensing, regulation, and enforcement.

4 (3) Allow local governments to enforce state laws and
5 regulations for nonmedical marijuana businesses and enact
6 additional local requirements for nonmedical marijuana businesses,
7 but not require that they do so for a nonmedical marijuana business
8 to be issued a state license and be legal under state law.

9 (4) Allow local governments to reasonably regulate the
10 cultivation of nonmedical marijuana for personal use by adults 21
11 years and older through zoning and other local laws, and only to
12 ban outdoor cultivation as set forth in this act.

13 (5) Tax the growth and sale of marijuana in a way that drives
14 out the illicit market for marijuana and discourages use by minors,
15 and abuse by adults.

16 (6) Generate hundreds of millions of dollars in new state revenue
17 annually for restoring and repairing the environment, youth
18 treatment and prevention, community investment, and law
19 enforcement.

20 (7) Reduce barriers to entry into the legal, regulated market.

21 SEC. 2. Section 26051.5 of the Business and Professions Code
22 is amended to read:

23 26051.5. (a) An applicant for any type of state license issued
24 pursuant to this division shall do all of the following:

25 (1) Require that each owner electronically submit to the
26 Department of Justice fingerprint images and related information
27 required by the Department of Justice of all applicants for any type
28 of state license issued pursuant to this division, for the purpose of
29 obtaining information as to the existence and content of a record
30 of state or federal convictions and state and federal arrests, and
31 also information as to the existence and content of a record of state
32 or federal convictions and arrests for which the Department of
33 Justice establishes that the person is free on bail or on their own
34 recognizance pending trial or appeal.

35 (A) Notwithstanding any other law, the Bureau of Cannabis
36 Control, the Department of Food and Agriculture, and the State
37 Department of Public Health may obtain and receive, at their
38 discretion, criminal history information from the Department of
39 Justice and the Federal Bureau of Investigation for an applicant
40 for any state license under this division, including any license

1 established by a licensing authority by regulation pursuant to
2 subdivision (b) of Section 26012.

3 (B) When received, the Department of Justice shall transmit
4 fingerprint images and related information received pursuant to
5 this section to the Federal Bureau of Investigation for the purpose
6 of obtaining a federal criminal history records check. The
7 Department of Justice shall review the information returned from
8 the Federal Bureau of Investigation and compile and disseminate
9 a response to the licensing authority.

10 (C) The Department of Justice shall provide a response to the
11 licensing authority pursuant to paragraph (1) of subdivision (p) of
12 Section 11105 of the Penal Code.

13 (D) The licensing authority shall request from the Department
14 of Justice subsequent notification service, as provided pursuant to
15 Section 11105.2 of the Penal Code, for applicants.

16 (E) The Department of Justice shall charge the applicant a fee
17 sufficient to cover the reasonable cost of processing the requests
18 described in this paragraph.

19 (2) Provide evidence of the legal right to occupy and use the
20 proposed location and provide a statement from the landowner of
21 real property or that landowner's agent where the commercial
22 cannabis activity will occur, as proof to demonstrate the landowner
23 has acknowledged and consented to permit commercial cannabis
24 activities to be conducted on the property by the tenant applicant.

25 (3) Provide evidence that the proposed location is in compliance
26 with subdivision (b) of Section 26054.

27 (4) Provide a statement, signed by the applicant under penalty
28 of perjury, that the information provided is complete, true, and
29 accurate.

30 (5) (A) (i) (I) Prior to January 1, 2022, for an applicant with
31 20 or more employees, provide a notarized statement that the
32 applicant will enter into, or demonstrate that it has already entered
33 into, and abide by the terms of a labor peace agreement.

34 (II) Beginning January 1, 2022, for an applicant with 10 or more
35 employees, the applicant shall demonstrate that it has already
36 entered into and abides by the terms of a labor peace agreement
37 *and that it will maintain the labor peace agreement* for the duration
38 of the license.

39 (ii) (I) Prior to January 1, 2022, for an applicant with less than
40 20 employees that has not yet entered into a labor peace agreement,

1 provide a notarized statement as a part of its application indicating
2 that the applicant will enter into and abide by the terms of a labor
3 peace agreement within 60 days of employing its 20th employee.

4 (II) Beginning January 1, 2022, for an applicant with less than
5 10 employees that has not yet entered into a labor peace agreement,
6 provide a notarized statement as a part of its application indicating
7 that the applicant will enter into and abide by the terms of a labor
8 peace agreement within 60 days of employing its ~~20th~~ 10th
9 employee, and will maintain the labor peace agreement for the
10 duration of the license.

11 (iii) Nothing in this paragraph shall be construed to limit the
12 authority of the Bureau of Cannabis Control, the Department of
13 Food and Agriculture, and the State Department of Public Health
14 to revoke or suspend a license for a violation of this paragraph.

15 (B) For the purposes of this paragraph, “employee” does not
16 include a supervisor.

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

25 (6) Provide the applicant’s valid seller’s permit number issued
26 pursuant to Part 1 (commencing with Section 6001) of Division 2
27 of the Revenue and Taxation Code or indicate that the applicant
28 is currently applying for a seller’s permit.

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

31 (8) For an applicant seeking a cultivation license, provide a
32 statement declaring the applicant is an “agricultural employer,” as
33 defined in the Alatorre-Zenovich-Dunlap-Berman Agricultural
34 Labor Relations Act of 1975 (Part 3.5 (commencing with Section
35 1140) of Division 2 of the Labor Code), to the extent not prohibited
36 by law.

37 (9) Pay all applicable fees required for licensure by the licensing
38 authority.

1 (10) Provide proof of a bond to cover the costs of destruction
2 of cannabis or cannabis products if necessitated by a violation of
3 licensing requirements.

4 (11) (A) Provide a statement, upon initial application and
5 application for renewal, that the applicant employs, or will employ
6 within one year of receiving or renewing a license, one supervisor
7 and one employee who have successfully completed a Cal-OSHA
8 30-hour general industry outreach course offered by a training
9 provider that is authorized by an OSHA Training Institute
10 Education Center to provide the course. This paragraph shall not
11 be construed to alter or amend existing requirements for employers
12 to provide occupational safety and health training to employees.

13 (B) An applicant with only one employee shall not be subject
14 to subparagraph (A).

15 (C) For purposes of this paragraph “employee” has the same
16 meaning as provided in subparagraph (B) of paragraph (5) and
17 “supervisor” has the same meaning as provided in subparagraph
18 (C) of paragraph (5).

19 (b) An applicant shall also include in the application a detailed
20 description of the applicant’s operating procedures for all of the
21 following, as required by the licensing authority:

- 22 (1) Cultivation.
- 23 (2) Extraction and infusion methods.
- 24 (3) The transportation process.
- 25 (4) Inventory procedures.
- 26 (5) Quality control procedures.
- 27 (6) Security protocols.

28 (7) For applicants seeking licensure to cultivate, the source or
29 sources of water the applicant will use for cultivation, as provided
30 in subdivisions (a) to (c), inclusive, of Section 26060.1. For
31 purposes of this paragraph, “cultivation” as used in Section 26060.1
32 shall have the same meaning as defined in Section 26001. The
33 Department of Food and Agriculture shall consult with the State
34 Water Resources Control Board and the Department of Fish and
35 Wildlife in the implementation of this paragraph.

36 (c) The applicant shall also provide a complete detailed diagram
37 of the proposed premises wherein the license privileges will be
38 exercised, with sufficient particularity to enable ready
39 determination of the bounds of the premises, showing all
40 boundaries, dimensions, entrances and exits, interior partitions,

1 walls, rooms, and common or shared entryways, and include a
2 brief statement or description of the principal activity to be
3 conducted therein, and, for licenses permitting cultivation,
4 measurements of the planned canopy, including aggregate square
5 footage and individual square footage of separate cultivation areas,
6 if any, roads, water crossings, points of diversion, water storage,
7 and all other facilities and infrastructure related to the cultivation.

8 (d) Provide a complete list of every person with a financial
9 interest in the person applying for the license as required by the
10 licensing authority. For purposes of this subdivision, “persons with
11 a financial interest” does not include persons whose only interest
12 in a licensee is an interest in a diversified mutual fund, blind trust,
13 or similar instrument.

14 SEC. 3. Section 26055 of the Business and Professions Code
15 is amended to read:

16 26055. (a) Licensing authorities may issue state licenses only
17 to qualified applicants.

18 (b) Revocation of a state license issued under this division shall
19 terminate the ability of the licensee to operate pursuant to that
20 license within California until a new license is obtained.

21 (c) A licensee shall not change or alter the premises in a manner
22 which materially or substantially alters the premises, the usage of
23 the premises, or the mode or character of business operation
24 conducted from the premises, from the plan contained in the
25 diagram on file with the application, unless and until written
26 approval by the licensing authority has been obtained. For purposes
27 of this section, material or substantial physical changes of the
28 premises, or in the usage of the premises, shall include, but not be
29 limited to, a substantial increase or decrease in the total area of
30 the licensed premises previously diagrammed, or any other physical
31 modification resulting in substantial change in the mode or
32 character of business operation.

33 (d) Licensing authorities shall not approve an application for a
34 state license under this division if approval of the state license will
35 violate the provisions of any local ordinance or regulation adopted
36 in accordance with Section 26200.

37 (e) An applicant may voluntarily provide proof of a license,
38 permit, or other authorization from the local jurisdiction verifying
39 that the applicant is in compliance with the local jurisdiction. An
40 applicant that voluntarily submits a valid, unexpired license, permit,

1 or other authorization from the local jurisdiction shall be presumed
2 to be in compliance with all local ordinances unless the licensing
3 authority is notified otherwise by the local jurisdiction. The
4 licensing authority shall notify the contact person for the local
5 jurisdiction of any applicant that voluntarily submits a valid,
6 unexpired license, permit, or other authorization from the local
7 jurisdiction.

8 (f) (1) A local jurisdiction shall provide to the bureau a copy
9 of any ordinance or regulation related to commercial cannabis
10 activity and the name and contact information for the person who
11 will serve as the contact for state licensing authorities regarding
12 commercial cannabis activity within the jurisdiction. If a local
13 jurisdiction does not provide a contact person, the bureau shall
14 assume that the clerk of the legislative body of the local jurisdiction
15 is the contact person.

16 (2) Whenever there is a change in a local ordinance or regulation
17 adopted pursuant to Section 26200 or a change in the contact
18 person for the jurisdiction, the local jurisdiction shall provide that
19 information to the bureau.

20 (3) The bureau shall share the information required by this
21 subdivision with the other licensing authorities.

22 (g) (1) The licensing authority shall deny an application for a
23 license under this division for a commercial cannabis activity that
24 the local jurisdiction has notified the bureau is prohibited in
25 accordance with subdivision (f). The licensing authority shall notify
26 the contact person for the local jurisdiction of each application
27 denied due to the local jurisdiction's indication that the commercial
28 cannabis activity for which a license is sought is prohibited by a
29 local ordinance or regulation.

30 (2) Prior to issuing a state license under this division for any
31 commercial cannabis activity, if an applicant has not provided
32 adequate proof of compliance with local laws pursuant to
33 subdivision (e):

34 (A) The licensing authority shall notify the contact person for
35 the local jurisdiction of the receipt of an application for commercial
36 cannabis activity within their jurisdiction.

37 (B) A local jurisdiction may notify the licensing authority that
38 the applicant is not in compliance with a local ordinance or
39 regulation. In this instance, the licensing authority shall deny the
40 application.

1 (C) A local jurisdiction may notify the licensing authority that
2 the applicant is in compliance with all applicable local ordinances
3 and regulations. In this instance, the licensing authority may
4 proceed with the licensing process.

5 (D) If the local jurisdiction does not provide notification of
6 compliance or noncompliance with applicable local ordinances or
7 regulations, or otherwise does not provide notification indicating
8 that the completion of the local permitting process is still pending,
9 within 60 business days of receiving the inquiry from a licensing
10 authority submitted pursuant to subparagraph (A), the licensing
11 authority shall make a rebuttable presumption that the applicant
12 is in compliance with all local ordinances and regulations adopted
13 in accordance with Section 26200, except as provided in
14 subparagraphs (E) and (F).

15 (E) At any time after expiration of the 60-business-day period
16 set forth in subparagraph (D), the local jurisdiction may provide
17 written notification to the licensing authority that the applicant or
18 licensee is not in compliance with a local ordinance or regulation
19 adopted in accordance with Section 26200. Upon receiving this
20 notification, the licensing authority shall not presume that the
21 applicant or licensee has complied with all local ordinances and
22 regulations adopted in accordance with Section 26200, and may
23 commence disciplinary action in accordance with Chapter 3
24 (commencing with Section 26030). If the licensing authority does
25 not take action against the licensee before the time of the renewal
26 of the license, the license shall not be renewed until and unless the
27 local jurisdiction notifies the licensing authority that the licensee
28 is once again in compliance with local ordinances.

29 (F) A presumption by a licensing authority pursuant to this
30 paragraph that an applicant has complied with all local ordinances
31 and regulations adopted in accordance with Section 26200 shall
32 not prevent, impair, or preempt the local government from
33 enforcing all applicable local ordinances or regulations against the
34 applicant, nor shall the presumption confer any right, vested or
35 otherwise, upon the applicant to commence or continue operating
36 in any local jurisdiction except in accordance with all local
37 ordinances or regulations.

38 (3) For purposes of this section, “notification” includes written
39 notification or access by a licensing authority to a local
40 jurisdiction’s registry, database, or other platform designated by

1 a local jurisdiction, containing information specified by the
2 licensing authority, on applicants to determine local compliance.

3 (4) This subdivision shall not apply to applicants of commercial
4 cannabis licenses in local jurisdictions under a valid cannabis
5 licensing agreement pursuant to Section 26203.

6 (h) Without limiting any other statutory exemption or categorical
7 exemption, Division 13 (commencing with Section 21000) of the
8 Public Resources Code does not apply to the adoption of an
9 ordinance, rule, or regulation by a local jurisdiction that requires
10 discretionary review and approval of permits, licenses, or other
11 authorizations to engage in commercial cannabis activity. To
12 qualify for this exemption, the discretionary review in any such
13 law, ordinance, rule, or regulation shall include any applicable
14 environmental review pursuant to Division 13 (commencing with
15 Section 21000) of the Public Resources Code. This subdivision
16 shall become inoperative on July 1, 2021.

17 (i) A local or state public agency may charge and collect a fee
18 from a person proposing a project pursuant to subdivision (a) of
19 Section 21089 of the Public Resources Code.

20 SEC. 4. Section 26055.5 is added to the Business and
21 Professions Code, to read:

22 26055.5. (a) The bureau shall administer commercial cannabis
23 licensing, permitting, or other regulatory activities on behalf of a
24 local jurisdiction pursuant to a cannabis licensing agreement
25 entered into under Section 26203, and in accordance with the
26 requirements in that section.

27 (b) (1) Local cannabis licenses or permits approved by the local
28 jurisdiction prior to the operative date of the cannabis licensing
29 agreement shall remain valid until expiration of the license or
30 permit.

31 (2) The bureau shall provide notice of the transition from local
32 administration to state administration of the local cannabis licensing
33 or permitting, and requirements for license or permit renewal, to
34 current licensees or permit holders at 90, 60, 30, and 15 days before
35 the date of license or permit renewal.

36 (c) The bureau shall begin accepting new applications for local
37 cannabis licenses or permits within 15 days of entering into a
38 cannabis licensing agreement.

1 (d) The bureau shall not issue a local cannabis license or permit
2 to an applicant who does not comply with local permitting, zoning,
3 or other applicable local requirements.

4 (e) The bureau may impose a penalty, not to exceed ~~one-half~~
5 ~~of the total amount of tax revenues allocated to the local~~
6 ~~jurisdiction pursuant to the agreement,~~ _____, on a local jurisdiction
7 for violation of a cannabis licensing agreement. The bureau shall
8 deposit any penalties collected under this subdivision into the
9 Cannabis Fines and Penalties Account.

10 SEC. 5. Section 26203 is added to the Business and Professions
11 Code, to read:

12 26203. (a) A local jurisdiction may enter into a cannabis
13 licensing agreement with the bureau to require the bureau to
14 administer any local commercial cannabis licensing, permitting,
15 or other regulatory activities on behalf of the local jurisdiction, if
16 all the following requirements are met:

17 (1) The agreement contains all of the following:

18 (A) The local jurisdiction authorizes the bureau to administer
19 all cannabis licensing, permitting, or regulatory activities within
20 the jurisdiction.

21 (B) The local jurisdiction retains all regulatory responsibilities
22 that are not cannabis specific, including, but not limited to,
23 discretionary and ministerial land use decisions, business license
24 requirements, design review, environmental safety, and related
25 enforcement.

26 (C) The agreement expires no less than five years after it
27 becomes operative.

28 (i) The local jurisdiction agrees to either establish its own
29 licensing and regulatory framework for commercial cannabis
30 activity prior to the expiration of the cannabis licensing agreement,
31 or upon consent of the bureau, renew the agreement by ordinance
32 or resolution.

33 (ii) If the agreement is not renewed, the local jurisdiction and
34 the bureau shall publish the licensing and regulatory transition
35 process and the dates on which it will take place on their respective
36 internet websites.

37 (2) The local jurisdiction repeals any current or pending local
38 taxes on cannabis or cannabis products, and agrees not to impose
39 new local taxes on cannabis or cannabis products.

1 (3) The local jurisdiction designates applicable zoning areas for
2 commercial cannabis activity.

3 (4) The local jurisdiction posts a list of local permits that are
4 not cannabis specific but may be necessary for a cannabis licensee
5 operating in the jurisdiction on its internet website and provides
6 the list to the bureau. The local jurisdiction agrees to submit any
7 changes in local permitting requirements to the bureau within 24
8 hours of the change.

9 (5) The local jurisdiction enters the cannabis licensing agreement
10 by ordinance or resolution. The local jurisdiction shall submit a
11 copy of the ordinance or resolution to the bureau.

12 (b) (1) ~~The local jurisdiction may terminate a cannabis licensing~~
13 ~~agreement prior to its expiration date only if the local jurisdiction~~
14 ~~pays a penalty, within six months of termination, equal to the~~
15 ~~amount of tax revenue allocated to the local jurisdiction under~~
16 ~~Section 34011.5 of the Revenue and Taxation Code. ____.~~ The
17 bureau shall deposit moneys collected pursuant to this subdivision
18 into the Cannabis Fines and Penalties Account.

19 (2) ~~If the bureau terminates the agreement before its expiration,~~
20 ~~the bureau shall pay a penalty from the Cannabis Fines and~~
21 ~~Penalties Account to the local jurisdiction, within six months of~~
22 ~~termination, equal to the amount of tax revenue allocated to the~~
23 ~~local jurisdiction under Section 34011.5 of the Revenue and~~
24 ~~Taxation Code. ____.~~

25 (e) ~~(1) A local jurisdiction in a cannabis licensing agreement~~
26 ~~shall use excise tax revenue allocated to it pursuant to Section~~
27 ~~34011.5 of the Revenue and Taxation Code, as follows:~~

28 (A) ~~Forty percent of moneys may be allocated to the local~~
29 ~~jurisdiction's general fund.~~

30 (B) ~~Sixty percent of moneys shall be used to fund the local~~
31 ~~jurisdiction's medical marijuana identification card program,~~
32 ~~substance use disorder programs, prisoner reentry programs,~~
33 ~~in-home supportive services, and racial or social justice programs.~~

34 (2) ~~Beginning on January 1, 2023, and each year thereafter,~~
35 ~~each local jurisdiction in a cannabis licensing agreement shall~~
36 ~~submit an annual report to the Legislature and the bureau on the~~
37 ~~local jurisdiction's spending of cannabis tax revenues received~~
38 ~~under Section 34011.5 of the Revenue and Taxation Code.~~

39 SEC. 6. Section 26247 is added to the Business and Professions
40 Code, to read:

1 26247. By January 1, 2023, the bureau shall establish a
2 stakeholder oversight committee to ensure fair and equitable
3 distribution of grants authorized under this chapter and to develop
4 model guidelines for local equity programs.

5 SEC. 7. Section 11362.71 of the Health and Safety Code is
6 amended to read:

7 11362.71. (a) (1) The department shall establish and maintain
8 a voluntary program for the issuance of identification cards to
9 qualified patients who satisfy the requirements of this article and
10 voluntarily apply to the identification card program.

11 (2) The department shall establish and maintain a 24-hour,
12 toll-free telephone number that will enable state and local law
13 enforcement officers to have immediate access to information
14 necessary to verify the validity of an identification card issued by
15 the department, until a cost-effective Internet Web-based system
16 can be developed for this purpose.

17 (b) Every county health department, or the county's designee,
18 shall do all of the following:

19 (1) Provide applications upon request to individuals seeking to
20 join the identification card program.

21 (2) Receive and process completed applications in accordance
22 with Section 11362.72.

23 (3) Maintain records of identification card programs.

24 (4) Utilize protocols developed by the department pursuant to
25 paragraph (1) of subdivision (d).

26 (5) Issue identification cards developed by the department to
27 approved applicants and designated primary caregivers.

28 (c) The county board of supervisors may designate another
29 health-related governmental or nongovernmental entity or
30 organization to perform the functions described in subdivision (b),
31 except for an entity or organization that cultivates or distributes
32 cannabis.

33 (d) The department shall develop all of the following:

34 (1) Protocols that shall be used by a county health department
35 or the county's designee to implement the responsibilities described
36 in subdivision (b), including, but not limited to, protocols to
37 confirm the accuracy of information contained in an application
38 and to protect the confidentiality of program records.

39 (2) Application forms that shall be issued to requesting
40 applicants.

1 (3) An identification card that identifies a person authorized to
2 engage in the medical use of cannabis and an identification card
3 that identifies the person’s designated primary caregiver, if any.
4 The two identification cards developed pursuant to this paragraph
5 shall be easily distinguishable from each other.

6 (e) A person or designated primary caregiver in possession of
7 a valid identification card shall not be subject to arrest for
8 possession, transportation, delivery, or cultivation of medicinal
9 cannabis in an amount established pursuant to this article, unless
10 there is probable cause to believe that the information contained
11 in the card is false or falsified, the card has been obtained by means
12 of fraud, or the person is otherwise in violation of the provisions
13 of this article.

14 (f) It shall not be necessary for a person to obtain an
15 identification card in order to claim the protections of Section
16 11362.5.

17 (g) The department shall, by January 1, 2023, adopt regulations
18 to ensure affordable and timely access to identification cards issued
19 under this section.

20 ~~SEC. 8. Section 34011.5 is added to the Revenue and Taxation~~
21 ~~Code, to read:~~

22 ~~34011.5. (a) Beginning January 1, 2022, a cannabis licensing~~
23 ~~agreement excise tax shall be imposed upon purchasers of cannabis~~
24 ~~or cannabis products sold in a local jurisdiction that entered into~~
25 ~~a cannabis licensing agreement pursuant to Section 26203 of the~~
26 ~~Business and Professions Code at the rate of 6 percent of the~~
27 ~~average market price of any retail sale by a cannabis retailer.~~

28 ~~(b) The tax imposed in subdivision (a) shall be in addition to~~
29 ~~all other taxes imposed under this part.~~

30 ~~(c) The tax imposed in subdivision (a) shall be collected and~~
31 ~~administered in accordance with the cannabis excise tax imposed~~
32 ~~pursuant to Section 34011.~~

33 ~~(d) The Controller shall allocate moneys collected from the~~
34 ~~cannabis licensing agreement excise tax imposed in this section~~
35 ~~in the following order:~~

36 ~~(1) To the bureau and the department for administrative costs~~
37 ~~associated with administering this section and cannabis licensing~~
38 ~~agreements pursuant to Division 10 (commencing with Section~~
39 ~~26000) of the Business and Professions Code.~~

1 ~~(2) To each local jurisdiction in a cannabis licensing agreement~~
 2 ~~with the bureau, in an amount equal to the percentage share of tax~~
 3 ~~revenues collected, minus administrative costs, from each local~~
 4 ~~jurisdiction under this section.~~

5 ~~SEC. 9.~~

6 SEC. 8. The provisions of this act are severable. If any
 7 provision of this act or its application is held invalid, that invalidity
 8 shall not affect other provisions or applications that can be given
 9 effect without the invalid provision or application.

10 SEC. 9. *No reimbursement is required by this act pursuant to*
 11 *Section 6 of Article XIII B of the California Constitution because*
 12 *the only costs that may be incurred by a local agency or school*
 13 *district will be incurred because this act creates a new crime or*
 14 *infraction, eliminates a crime or infraction, or changes the penalty*
 15 *for a crime or infraction, within the meaning of Section 17556 of*
 16 *the Government Code, or changes the definition of a crime within*
 17 *the meaning of Section 6 of Article XIII B of the California*
 18 *Constitution.*

19 SEC. 10. The Legislature finds and declares that this act
 20 furthers the purposes and intent of the Control, Regulate and Tax
 21 Adult Use of Marijuana Act.

AMENDED IN SENATE APRIL 12, 2021

SENATE BILL

No. 59

Introduced by Senator Caballero

December 7, 2020

An act to amend ~~Sections~~ *Section 26050.2 and 26055* of the Business and Professions Code, relating to cannabis.

LEGISLATIVE COUNSEL'S DIGEST

SB 59, as amended, Caballero. Cannabis—~~licenses~~: *provisional licenses: local equity applicants*.

Existing law, the Control, Regulate and Tax Adult Use of Marijuana Act of 2016 (AUMA), an initiative measure, authorizes a person who obtains a state license under AUMA to engage in commercial adult-use cannabis activity pursuant to that license and applicable local ordinances. AUMA authorizes legislative amendment of its provisions with a $\frac{2}{3}$ vote of both houses, without submission to the voters, to further its purposes and intent.

Existing law, the Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA), among other things, consolidates the licensure and regulation of commercial medicinal and adult-use cannabis activities. MAUCRSA generally divides responsibility for the state licensure and regulation of commercial cannabis activity among the Bureau of Cannabis Control in the Department of Consumer Affairs, the Department of Food and Agriculture, and the State Department of Public Health.

MAUCRSA, for purposes of the California Cannabis Equity Act, defines local equity program as a program adopted or operated by a local jurisdiction that focuses on inclusion and support of individuals and communities in California's cannabis industry who are linked to

populations or neighborhoods that were negatively or disproportionately impacted by cannabis criminalization, as specified. MAUCRSA requires the bureau to administer a grant program to assist a local jurisdiction with the development of a local equity program or to assist local equity applicants and local equity licensees through a local equity program, as specified.

MAUCRSA, until January 1, 2022, authorizes a licensing authority, in its sole discretion, to issue a provisional license if the applicant has submitted a completed license application to the licensing authority, including evidence that compliance with the California Environmental Quality Act (CEQA) or local cannabis ordinances is underway, if applicable, as specified.

This bill would prohibit a licensing authority from issuing a new provisional license to an applicant on or after July 1, 2022, unless the applicant is a qualified equity applicant, as defined by the California Cannabis Equity Act, and would authorize a licensing authority to reinstate a provisional license issued prior to July 1, 2022, to an applicant for the same activity previously licensed at the location. The bill would extend the repeal date of these provisional license provisions to July 1, 2028. By extending provisional licensure, the applications for which are required to be signed under penalty of perjury, the bill would expand the scope of the crime of perjury, and would thereby impose a state-mandated local program.

~~MAUCRSA, until July 1, 2021, provides that CEQA does not apply to the adoption of an ordinance, rule, or regulation by a local jurisdiction that requires discretionary review and approval of permits, licenses, or other authorizations to engage in commercial cannabis activity.~~

~~This bill would reinstate that exemption, to become inoperative on July 1, 2028.~~

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

This bill would declare that its provisions further the purposes and intent of AUMA.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.

State-mandated local program: yes.

The people of the State of California do enact as follows:

1 **SECTION 1.** *This act shall be known as the California Legacy*
2 *Cannabis Preservation and Equity Act of 2021.*

3 **SEC. 2.** *The Legislature finds and declares all of the following:*

4 *(a) This act intends to keep compliant cannabis businesses in*
5 *California’s legal cannabis marketplace and deter unlicensed*
6 *market activity.*

7 *(b) Compliant cannabis businesses have contributed to the*
8 *state’s economy creating jobs, boosting economic development,*
9 *and generating substantial state and local tax revenue.*

10 *(c) Stability in the cannabis marketplace is a vital component*
11 *of an effective permanent state licensing program.*

12 *(d) The provisional licensed program has provided a legal path*
13 *for California’s legacy cannabis businesses to continue operations*
14 *while ensuring those businesses achieve compliance with the*
15 *California Environmental Quality Act.*

16 *(e) With almost 80 percent of all licenses under provisional*
17 *status, it is vital that the provisional program continue for these*
18 *existing businesses in the licensed system while they continue to*
19 *undergo environmental review.*

20 *(f) It is equally vital that the provisional program be extended*
21 *in a manner that ensures a meaningful and immediate pathway to*
22 *licensure for equity applicants in disadvantaged communities.*

23 **SECTION 1.**

24 **SEC. 3.** Section 26050.2 of the Business and Professions Code
25 is amended to read:

26 26050.2. (a) ~~A~~ *Subject to subdivision (i), a licensing authority*
27 *may, in its sole discretion, issue a provisional license to an*
28 *applicant if the applicant has submitted a completed license*
29 *application to the licensing authority, including the following, if*
30 *applicable:*

31 (1) *If compliance with the California Environmental Quality*
32 *Act (Division 13 (commencing with Section 21000) of the Public*
33 *Resources Code) is not complete, evidence that compliance is*
34 *underway.*

35 (2) *If compliance with local ordinances enacted pursuant to*
36 *Section 26200 is not complete, evidence that compliance is*
37 *underway.*

1 (b) A provisional license issued pursuant to this section shall
2 be valid for no more than 12 months from the date it was issued.
3 If the licensing authority issues or renews a provisional license,
4 they shall include the outstanding items needed to qualify for an
5 annual license specific to the licensee.

6 (c) A licensing authority may, in its sole discretion, renew a
7 provisional license until the licensing authority issues or denies
8 the provisional licensee's annual license.

9 (d) A licensing authority may, in its sole discretion, revoke or
10 suspend a provisional license if the licensing authority determines
11 the licensee failed to actively and diligently pursue requirements
12 for the annual license.

13 (e) A licensing authority shall cancel a provisional license upon
14 issuance of an annual license, denial of an annual license,
15 abandonment of an application for licensure, or withdrawal of an
16 application for licensure.

17 (f) Except as specified in this section, the provisions of this
18 division shall apply to a provisional license in the same manner
19 as to an annual license.

20 (g) Without limiting any other statutory exemption or categorical
21 exemption, Division 13 (commencing with Section 21000) of the
22 Public Resources Code does not apply to the issuance of a license
23 pursuant to this section by the licensing authority.

24 (h) Refusal by the licensing authority to issue a license pursuant
25 to this section or revocation or suspension by the licensing authority
26 of a license issued pursuant to this section shall not entitle the
27 applicant or licensee to a hearing or an appeal of the decision.
28 Chapter 2 (commencing with Section 480) of Division 1.5 and
29 Chapter 4 (commencing with Section 26040) of this division and
30 Sections 26031 and 26058 shall not apply to licenses issued
31 pursuant to this section.

32 *(i) A licensing authority shall not issue a new provisional license*
33 *to an applicant on or after July 1, 2022, unless the applicant is a*
34 *qualified equity applicant, as defined in Chapter 23 (commencing*
35 *with Section 26240). The licensing authority, in its sole discretion,*
36 *may reinstate a provisional license issued prior to July 1, 2022,*
37 *to an applicant for the same activity previously licensed at the*
38 *location.*

39 (i)

1 (j) This section shall remain in effect only until January 1, 2028,
2 and as of that date is repealed.

3 ~~SEC. 2. Section 26055 of the Business and Professions Code~~
4 ~~is amended to read:~~

5 ~~26055. (a) Licensing authorities may issue state licenses only~~
6 ~~to qualified applicants.~~

7 ~~(b) Revocation of a state license issued under this division shall~~
8 ~~terminate the ability of the licensee to operate pursuant to that~~
9 ~~license within California until a new license is obtained.~~

10 ~~(c) A licensee shall not change or alter the premises in a manner~~
11 ~~which materially or substantially alters the premises, the usage of~~
12 ~~the premises, or the mode or character of business operation~~
13 ~~conducted from the premises, from the plan contained in the~~
14 ~~diagram on file with the application, unless and until written~~
15 ~~approval by the licensing authority has been obtained. For purposes~~
16 ~~of this section, material or substantial physical changes of the~~
17 ~~premises, or in the usage of the premises, shall include, but not be~~
18 ~~limited to, a substantial increase or decrease in the total area of~~
19 ~~the licensed premises previously diagrammed, or any other physical~~
20 ~~modification resulting in substantial change in the mode or~~
21 ~~character of business operation.~~

22 ~~(d) Licensing authorities shall not approve an application for a~~
23 ~~state license under this division if approval of the state license will~~
24 ~~violate the provisions of any local ordinance or regulation adopted~~
25 ~~in accordance with Section 26200.~~

26 ~~(e) An applicant may voluntarily provide proof of a license,~~
27 ~~permit, or other authorization from the local jurisdiction verifying~~
28 ~~that the applicant is in compliance with the local jurisdiction. An~~
29 ~~applicant that voluntarily submits a valid, unexpired license, permit,~~
30 ~~or other authorization from the local jurisdiction shall be presumed~~
31 ~~to be in compliance with all local ordinances unless the licensing~~
32 ~~authority is notified otherwise by the local jurisdiction. The~~
33 ~~licensing authority shall notify the contact person for the local~~
34 ~~jurisdiction of any applicant that voluntarily submits a valid,~~
35 ~~unexpired license, permit, or other authorization from the local~~
36 ~~jurisdiction.~~

37 ~~(f) (1) A local jurisdiction shall provide to the bureau a copy~~
38 ~~of any ordinance or regulation related to commercial cannabis~~
39 ~~activity and the name and contact information for the person who~~
40 ~~will serve as the contact for state licensing authorities regarding~~

1 commercial cannabis activity within the jurisdiction. If a local
2 jurisdiction does not provide a contact person, the bureau shall
3 assume that the clerk of the legislative body of the local jurisdiction
4 is the contact person.

5 (2) Whenever there is a change in a local ordinance or regulation
6 adopted pursuant to Section 26200 or a change in the contact
7 person for the jurisdiction, the local jurisdiction shall provide that
8 information to the bureau.

9 (3) The bureau shall share the information required by this
10 subdivision with the other licensing authorities.

11 (g) (1) The licensing authority shall deny an application for a
12 license under this division for a commercial cannabis activity that
13 the local jurisdiction has notified the bureau is prohibited in
14 accordance with subdivision (f). The licensing authority shall notify
15 the contact person for the local jurisdiction of each application
16 denied due to the local jurisdiction's indication that the commercial
17 cannabis activity for which a license is sought is prohibited by a
18 local ordinance or regulation.

19 (2) Prior to issuing a state license under this division for any
20 commercial cannabis activity, if an applicant has not provided
21 adequate proof of compliance with local laws pursuant to
22 subdivision (e):

23 (A) The licensing authority shall notify the contact person for
24 the local jurisdiction of the receipt of an application for commercial
25 cannabis activity within their jurisdiction.

26 (B) A local jurisdiction may notify the licensing authority that
27 the applicant is not in compliance with a local ordinance or
28 regulation. In this instance, the licensing authority shall deny the
29 application.

30 (C) A local jurisdiction may notify the licensing authority that
31 the applicant is in compliance with all applicable local ordinances
32 and regulations. In this instance, the licensing authority may
33 proceed with the licensing process.

34 (D) If the local jurisdiction does not provide notification of
35 compliance or noncompliance with applicable local ordinances or
36 regulations, or otherwise does not provide notification indicating
37 that the completion of the local permitting process is still pending,
38 within 60 business days of receiving the inquiry from a licensing
39 authority submitted pursuant to subparagraph (A), the licensing
40 authority shall make a rebuttable presumption that the applicant

1 is in compliance with all local ordinances and regulations adopted
2 in accordance with Section 26200, except as provided in
3 subparagraphs (E) and (F).

4 (E) At any time after expiration of the 60-business-day period
5 set forth in subparagraph (D), the local jurisdiction may provide
6 written notification to the licensing authority that the applicant or
7 licensee is not in compliance with a local ordinance or regulation
8 adopted in accordance with Section 26200. Upon receiving this
9 notification, the licensing authority shall not presume that the
10 applicant or licensee has complied with all local ordinances and
11 regulations adopted in accordance with Section 26200, and may
12 commence disciplinary action in accordance with Chapter 3
13 (commencing with Section 26030). If the licensing authority does
14 not take action against the licensee before the time of the renewal
15 of the license, the license shall not be renewed until and unless the
16 local jurisdiction notifies the licensing authority that the licensee
17 is once again in compliance with local ordinances.

18 (F) A presumption by a licensing authority pursuant to this
19 paragraph that an applicant has complied with all local ordinances
20 and regulations adopted in accordance with Section 26200 shall
21 not prevent, impair, or preempt the local government from
22 enforcing all applicable local ordinances or regulations against the
23 applicant, nor shall the presumption confer any right, vested or
24 otherwise, upon the applicant to commence or continue operating
25 in any local jurisdiction except in accordance with all local
26 ordinances or regulations.

27 (3) For purposes of this section, “notification” includes written
28 notification or access by a licensing authority to a local
29 jurisdiction’s registry, database, or other platform designated by
30 a local jurisdiction, containing information specified by the
31 licensing authority, on applicants to determine local compliance.

32 (h) Without limiting any other statutory exemption or categorical
33 exemption, Division 13 (commencing with Section 21000) of the
34 Public Resources Code does not apply to the adoption of an
35 ordinance, rule, or regulation by a local jurisdiction that requires
36 discretionary review and approval of permits, licenses, or other
37 authorizations to engage in commercial cannabis activity. To
38 qualify for this exemption, the discretionary review in any such
39 law, ordinance, rule, or regulation shall include any applicable
40 environmental review pursuant to Division 13 (commencing with

1 ~~Section 21000) of the Public Resources Code. This subdivision~~
2 ~~shall become inoperative on July 1, 2028.~~

3 ~~(i) A local or state public agency may charge and collect a fee~~
4 ~~from a person proposing a project pursuant to subdivision (a) of~~
5 ~~Section 21089 of the Public Resources Code.~~

6 ~~SEC. 3.~~

7 *SEC. 4.* No reimbursement is required by this act pursuant to
8 Section 6 of Article XIII B of the California Constitution because
9 the only costs that may be incurred by a local agency or school
10 district will be incurred because this act creates a new crime or
11 infraction, eliminates a crime or infraction, or changes the penalty
12 for a crime or infraction, within the meaning of Section 17556 of
13 the Government Code, or changes the definition of a crime within
14 the meaning of Section 6 of Article XIII B of the California
15 Constitution.

16 ~~SEC. 4.~~

17 *SEC. 5.* The Legislature finds and declares that this act furthers
18 the purposes and intent of the Control, Regulate and Tax Adult
19 Use of Marijuana Act.



Budget Update

	FY 2020-21 Adjusted	YTD FY Q3	
Sources:			
BEGINNING YEAR FUND BALANCE AVAILABLE	50,502		
REVENUES:			
Membership Fees	280,819	218,961	78%
Accounts/Notes Payable	10,000		
CSAC FC Contribution			
Interest	529	422	
TOTAL SOURCES	341,850	219,383	
Uses:			
EXPENDITURES:	Codes		
Professional Services	5050340	24,000	18,000 75%
Outside Legal Services	5050320	96,000	72,000 75%
Insurance	5050160	2,500	2,478 99%
Audit	5050030	7,500	- 0%
Program Marketing	5050010	5,000	- 0%
Website Management	5050100	4,500	3,288 73%
Sponsorship Fees (Misc Exp)	5050270	48,000	- 0%
Data Platform Fees (Data Communications)	5050100	145,000	110,921 76%
Board Travel	5050450	3,500	- 0%
Telephone / Telecommunications	5050440	1,200	- 0%
Board Meetings	5050125	2,500	- 0%
Credit Card Fees	5050095	650	110 17%
Office Expenses	5050280	1,500	1,418 95%
TOTAL EXPENDITURES:			
Fixed Costs		148,850	97,294 65%
Variable Costs		193,000	110,921
		341,850	208,215
Exigencies			11,167
TOTAL USES		341,850	219,383