

VIA HAND DELIVERY

November 2015

Ashley Johansson
Initiative Coordinator
California Department of Justice
P.O. Box 944255
Sacramento, CA 94244-2550
(916) 445-4752

RECEIVED

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INITIATIVE COORDINATOR
ATTORNEY GENERAL'S OFFICE

Re: Request for Title and Summary for Proposed Initiative - Amended
Page 1

Dear Ms. Johansson:

The undersigned on this and subsequent pages are the proponents of the attached amended initiative measure entitled "The Marijuana Control, Legalization and Revenue Act of 2016 Version 4A" Please prepare a circulating title and summary of the chief purposes and points of the measure. We have also included with this letter the signed statements required by Election Code sections 9001 and 9608, our addresses as registered to vote and a check for \$200.00.

Thank you for your time and attention to this matter. If you have any questions, please do not hesitate to contact John Lee at John@AFPR.us

Sincerely,


Editte Dalya Lerman

November 2015

Ashley Johansson

Initiative Coordinator

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Proponent Signature Page

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Russell Goodrow

November 2015

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Michael Grafton

November 2015

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Dave Hodges

November 2015

Ashley Johansson

Initiative Coordinator

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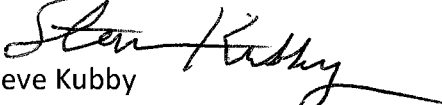
Sacramento, CA 94244-2550

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Steve Kubby

November 2015

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A handwritten signature in black ink, appearing to read "John W. Lee". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

John W. Lee

November 2015

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A handwritten signature in black ink, appearing to read "Richard Miller". The signature is written in a cursive style with a large, sweeping initial "R".

Richard Miller

November 2015

Ashley Johansson

Initiative Coordinator

California Department of Justice

P.O. Box 944255

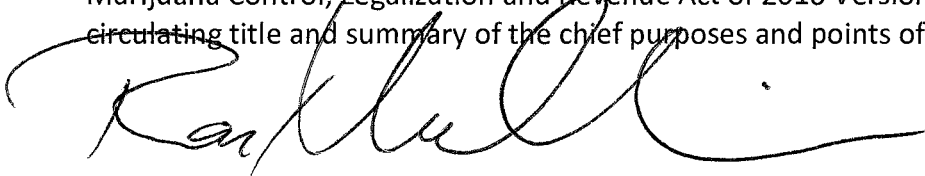
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A handwritten signature in black ink, appearing to read "Ron E. Mullins", written over the text of the paragraph above.

Ron E. Mullins

November 2015

Ashley Johansson

Initiative Coordinator

California Department of Justice

P.O. Box 944255

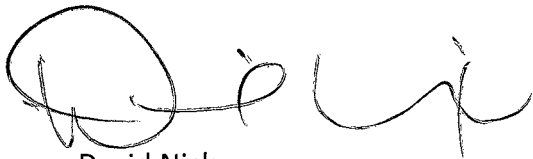
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David Nick

The Marijuana Control, Legalization and Revenue Act of 2016
Version 4.4
Text of Proposed Law

SECTION 1. Title.

This measure shall be known and may be cited as “The Marijuana Control, Legalization and Revenue Act of 2016.”

SEC. 2. Findings and Declarations.

- (1) The “war on drugs” has failed miserably, imprisoned the poor and minorities, and handed billions of dollars to criminal cartels and gangs.
- (2) Taxing cannabis sales will generate hundreds of millions of dollars in annual revenues for California health care, schools and law enforcement.
- (3) Legalizing and regulating cannabis sales to adults 21 years of age and older will make Californians safer by eliminating the dangerous importation, growing and selling of illegal cannabis.

SEC. 3. *A new Division 10, entitled “Cannabis Regulation and Taxation” (Sections 27100 to 28120) is added to the Business and Professions Code, to read:*

Chapter 1. General.**§ 27100. Purposes.**

- (a) To express the will of the People of the State of California that Congress change the scheduling of cannabis in the Federal Controlled Substances Act, and that the Legislature deschedule cannabis in the California Uniform Controlled Substances Act.
- (b) This Act implements a comprehensive, statewide scheme for legalizing, regulating and taxing the cultivation, processing and distribution of cannabis for social use. In addition, it is the intent of the People to accomplish all of the following:
 - (1) Prevent driving while impaired by cannabis and other adverse public health and safety consequences associated with cannabis use;
 - (2) Eliminate the public safety, criminal justice and environmental issues associated with illegally grown cannabis;
 - (3) Tax cannabis sales to improve the lives of all Californians;
 - (4) Allow local voters to prohibit cannabis retail storefronts in their communities; and
 - (5) Allow local governments to place reasonable time, place and manner restrictions on the sale of cannabis.

§ 27110. Definitions.

“Adult” means an individual who is twenty-one (21) years of age or older.

“Applicant” means the following:

- (1) Owner or owners of a proposed facility, including all persons or entities having ownership interest other than a security interest, lien, or encumbrance on property that will be used by the facility.
- (2) If the owner is an entity, “owner” includes within the entity each person participating in the direction, control, or management of, or having a financial interest in, the proposed facility.
- (3) If the applicant is a publicly traded company, “owner” means the chief executive officer or any person or entity with an aggregate ownership interest of 5 percent or more.

“Cannabis” means all parts of the plant *Cannabis sativa* Linnaeus, *Cannabis indica*, or *Cannabis ruderalis*, whether growing or not; the seeds thereof; the resin, whether crude or purified, extracted from any part of the plant; and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or resin. It also means “marijuana” as defined by Section 11018 of the Health and Safety Code as enacted by Chapter 1407 of the Statutes of 1972. It does not include the mature stalks of the plant, fiber produced from the stalks, oil or cake made from the seeds of the plant, any other compound, manufacture, salt, derivative, mixture, or preparation of the mature stalks (except the resin extracted therefrom), fiber, oil, or cake, or the sterilized seed of the plant which is incapable of germination. For the purpose of this chapter, “cannabis” does not mean “industrial hemp” as defined by Section 81000 of the Food and Agricultural Code or Section 11018.5 of the Health and Safety Code.

“Cannabis Business” is a for profit or nonprofit entity that cultivates, concentrates, processes, wholesales, or retails cannabis, and includes, but is not limited to, Cannabis Manufacturers, Cannabis Distributors, Cannabis Retailers and Analytical Cannabis Laboratories. It does not include collectives or cooperatives.

“Cannabis Business Certificate” is a certificate issued by the division indicating that the cannabis business has successfully registered for inclusion on the list of registered businesses, as set forth in Section 27500.

“Cannabis concentrate” means manufactured cannabis that has undergone a process to concentrate the cannabinoid active ingredient, thereby increasing the product’s potency.

“Cannabis Canopy” shall mean the total combined canopy area as measured by the horizontal extent of the plant or combination of plants at the widest point and measured in a straight line.

“Cannabis-Containing Product” means a product containing cannabis that is processed for use or consumption, including but not limited to, smoking products, vaporizing products, edible products, topical products, ointments and tinctures.

“Commercial” includes cultivation, possession, manufacture, processing, storing, laboratory testing, labeling, transporting, distribution, or sale of cannabis or a cannabis product for social use.

“Commission” means the Cannabis Control Commission.

“Cooperative” or “Collective” means any for profit or nonprofit entity, unincorporated association, site, facility or location where a group of qualified patients or persons with an identification card associate, meet or congregate in order to collectively or Cooperatively, cultivate distribute, sell, dispense, transmit, process, deliver, exchange, or give away Cannabis for medicinal purposes pursuant to California’s Medical Marijuana laws.

“Dietary cannabis” means cannabis used as a food in its raw or non-psychoactive state for the unique provision of the essential cannabinoid acids, terpenes, flavonoids and other beneficial constituents.

“Dispensary” means a Cannabis Business, Collective or Cooperative, where cannabis is made available.

“Edible Cannabis Product” or “Edible” means a food product infused with cannabis or concentrated cannabis. An edible cannabis product is not considered food, as defined by Section 109935 of the Health and Safety Code, or a drug, as defined by Section 109925 of the Health and Safety Code.

“Endanger Others” does not mean and shall not include lawfully using, ingesting possessing and/or cultivating cannabis within the same residence or it’s curtilage, or adjoining buildings and structures or in a commercial building of any type, unless additional conduct is demonstrated by clear and convincing evidence that such acts have in fact become imminently dangerous to human safety, in addition to mere lawful use, ingestion, possession or cultivation.

“Excessive” means any requirement or fee that exceeds a normal, usual, or reasonable requirement based on expenses incurred or required fee.

“Illegal use of Firearms” means any use of a firearm that is considered illegal under California Law, whether due to the possession of the firearm itself or to the legal status of the user of the firearm. It does not mean the otherwise legal use of a firearm by persons engaged in lawful cannabis related activities.

“Individual” means a natural person as defined in Revenue and Taxation Code Section 17005.

“Indoors” means within a fully enclosed and secure structure that can only be entered through a locked door that requires a key or combination to open and is secure against unauthorized entry.

“Labor peace agreement” means an agreement between a licensee and a bona fide labor organization that, at a minimum, protects the state’s proprietary interests by prohibiting labor organizations and members from engaging in picketing, work stoppages, boycotts, and any other economic interference with the applicant’s business. This agreement means that the applicant has agreed not to disrupt efforts by the bona fide labor organization to communicate with, and attempt to organize and represent, the applicant’s employees. The agreement shall provide a bona fide labor organization access at reasonable times to areas in which the applicant’s employees work, for the purpose of meeting with employees to discuss their right to representation, employment rights under state law, and terms and conditions of employment. This type of agreement shall not mandate a particular method of election or certification of the bona fide labor organization.

“Minor” means an individual who has not attained the age of twenty-one (21).

“Neighborhood Standards” means guidelines agreed upon on a neighborhood level, and set by a majority vote or opinion of the residents of the neighborhood.

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

“Registered Business” is a business that has successfully applied for inclusion on the list of entities registered as Cannabis Manufacturers, Cannabis Distributors, Cannabis Retailers or Analytical Cannabis Laboratories, as set forth in Section 27500

“Types of Registered Business.”

“Restricted Area” means the portion of a business location that is clearly identified as such on a floor plan proposal that is submitted with the business’ registration application to the Cannabis Control Commission.

“Site” means the lot, parcel or portion of a lot or parcel that is used by a person or registered business under this Act used for conduct specifically authorized under this Act.

“Social Use” means the consumption, smoking, vaporizing, ingesting, topical use, recreational use, or any other use of cannabis or cannabis-containing products by an individual authorized under this Act, but excludes consumption of cannabis or cannabis-containing products in accordance with dietary use or a medical treatment regimen.

“Topical Cannabis Products” means cannabis infused lotions or preparations intended for external use.

Chapter 3. Taxes and Allocation of Revenue.

§ 27300. No Other Taxes.

(a) No tax, fee, assessment or charge shall be levied on the cultivation, possession, manufacture, processing, storing, laboratory testing, labeling, transportation, distribution, use, storage or sale of cannabis or the seeds, resins or pollen thereof, if intended for social use, except as authorized by this division.

§ 27301. Revenue Allocation.

(a) All revenues derived from any excise tax imposed by the Legislature pursuant to this section, with the exception of payment of refunds and reasonable and necessary administration and collection expenses, shall be deposited in the Cannabis Public Benefit Fund, which is hereby created in the State Treasury, and shall be subject to annual appropriation to the State Controller for allocation in accordance with the following formula:

- (1) Fifteen percent (15%) for public education in grades K through 14;
- (2) Fifteen percent (15%) for fire, police, sheriff, highway patrol and correctional services;
- (3) Fifteen percent (15%) for health care for the uninsured;
- (4) Fifteen percent (15%) for drug abuse research, education and treatment;
- (5) Ten percent (10%) for cannabis research conducted by the University of California;
- (6) Ten percent (10%) for the general fund of local cities and counties that do not have bans on storefront Cannabis retailers;
- (7) \$7.5 million, adjusted biennially in January for changes in the Consumer Price Index, for operations of the Cannabis Control Commission; and
- (8) The remainder, if any, for the General Fund.

(b) With the exception of the Cannabis Control Commission, the specific recipients of the revenue in the Cannabis Public Benefit Fund each fiscal year shall be subject to annual appropriation by the Governor and Legislature during the budget process.

(c) On or before the 27th day of each month, the Controller shall allocate the amounts deposited and remaining unexpended and unresolved in the Cannabis Public Benefit Fund on the 15th day of each month in accordance with the allocation scheme enacted in the budget bill.

§ 27302. Tax.

(a) The Legislature may place an excise tax on cannabis, including tinctures, edibles, topicals and concentrates, not to exceed twelve percent (12%) of the retail price.

(b) Marijuana that is sold for dietary or medical purposes shall not be subject to any sales or use taxes. All taxes and fees on medical marijuana collected prior to the enactment of this Act shall be deemed valid and not refundable under any circumstance.

§ 27303. The Sales and Use Tax Applies to Sales of Cannabis for Social Use.

Cannabis sold for social use shall be subject to the state and local sales and use taxes in effect in the jurisdiction in which it is sold.

Chapter 4. Adult Social Use of Cannabis.

§ 27400. Use of Cannabis in Compliance with This Act is Legal.

No adult shall be subject to any infraction, administrative, civil or criminal penalty as a result of the use, growth, cultivation, possession, transportation, storage, processing or sale of cannabis or the seeds, resins or pollen thereof, nor for reasonable land use related to any such activity, if the activity complies with this Act.

(a) Adults may cultivate cannabis for their own personal use within or upon their legal residence, and possess the cannabis produced by the plants on the premises where the plants were grown, provided that the growing takes place in an enclosed, locked space, is not conducted openly or publicly, and is not made available for sale. Limits on the cultivation of cannabis shall be set by neighborhood standards.

§ 27430. Protections.

It shall be lawful and not a violation of California law for an adult:

(a) To smoke, ingest, process or consume cannabis in one's home or on private property in a manner that does not endanger others or violate this division;

(b) To be under the influence of cannabis, except as provided in this division and as provided in subdivision (f) of section 647 of the Penal Code;

(c) To cultivate cannabis indoors, or outdoors behind fenced and securely-locked private property, with the consent of the owner of such property. To comply with this section, the fencing shall completely obscure the presence of the cannabis plants from members of the general public, when viewed from a height of 8 feet or lower. Cultivation must comply with any applicable nuisance law, if the law is applied in a fair and reasonable manner that does not discriminate against activities that are lawful under this division.

(d) Neither the presence of cannabinoid components or metabolites in a person's bodily fluids, nor conduct permitted under this chapter related to the possession, use, transfer, cultivation, manufacture, or sale of cannabis or cannabis products by a custodial or noncustodial parent, grandparent, pregnant woman, legal guardian, or other person charged with the well-being of a child, shall form the sole or primary basis for any action or proceeding by a child welfare agency or in a family or juvenile court.

(e) The physician approved use of medical cannabis by persons under the age of 18 to treat serious medical conditions shall

not be used to diminish parental rights maintain jurisdiction over said child or justify the removal of a child from the home.
(f) For the purposes of this Act, a minor who uses cannabis for medical purposes, in accordance with California's medical marijuana laws, is anyone under the age of 21 years.

Chapter 5. Business Regulation.

§ 27500. Types of Registered Businesses.

The Commission shall be responsible to create the following registration types for, including but not limited to, the retail sale, distribution, on-site consumption, farmers markets, public events, veterinary use and manufacture of cannabis and cannabis-containing products. The commission shall maintain a list of all businesses registered in accordance with this act. Nothing shall prevent any business from simultaneously registering as multiple types of registered businesses. The commission shall, at a minimum, ensure that the following types of cannabis business certificates are issued:

(a) Cultivation certificates to cultivate, propagate, purchase, grow, harvest, process, transport, and deliver cannabis to other certificate holders for commercial purposes; however, the certificate holder may transport and deliver only the cannabis it cultivated or propagated pursuant to its cultivation certificate, and the office shall establish different tiers of cultivation certificates based on the area, in square feet, of cannabis canopy, including a small-scale cultivation certificate tier for certificate holders holding no more than one-half (1/2) acre in total cultivation area. In addition:

(1) The Commission shall compile and update an official list of California's world-famous cannabis appellations, including, but not limited to, Humboldt County, Mendocino County, Trinity County, Santa Cruz County, Gold Country, the Emerald Triangle, and other regions as recognized by the Commission. Cannabis cultivated by an Artisan Cultivator may be labeled according to the official county and regional appellation where the cannabis was cultivated.

(2) Cannabis cultivated may be labeled as organic if grown in compliance with the requirements of the California Organic Products Act of 2003 (Chapter 10 (commencing with Section 46000) of Division 17 of the Food and Agricultural Code).

(b) Nursery certificates to produce and transport seeds, seedlings, tissue culture, and other propagation materials; however, the certificate holder may transport and deliver only the seeds, seedlings, tissue culture, and other propagation materials it produced pursuant to its nursery certificate.

(c) Manufacturing certificate to purchase, process, manufacture, prepare, produce, package, transport, and deliver cannabis, cannabis products, medical cannabis and medical cannabis products for commercial purposes to distribution, retail, or other manufacturing certificate holders; however, the certificate holder may transport and deliver only the cannabis, cannabis products, medical cannabis and medical cannabis products it manufactured pursuant to its manufacturing certificate, and the office shall establish different tiers of manufacturing certificates based on the annual gross revenue of the cannabis manufacturing certificate holders. Concentrating of cannabis using compressed gases or chemical solvents other than water or food grade oils, shall be subject to extensive regulation by the Commission, and may only be performed by a manufacturer specifically authorized to concentrate cannabis.

(d) Distribution certificate to acquire, store, transport, and deliver cannabis, cannabis products, medical cannabis and medical cannabis products to other certificate holders; however, the certificate holder may transport and deliver only the cannabis, cannabis products, medical cannabis and medical cannabis products it acquired or stored pursuant to its distribution certificate, and the office shall establish different tiers of distribution certificates based on the annual gross revenue of the cannabis distribution certificate holder.

(e) Retail certificates to package, deliver, trade, and sell cannabis, cannabis products, medical cannabis and medical cannabis products.

(f) Transporter certificates to transport cannabis, cannabis products, medical cannabis and medical cannabis products for commercial purposes. This certificate shall be necessary for (i) carriers not engaged in the cultivation, propagation, manufacture, or distribution of cannabis, or (ii) certificate holders transporting cannabis, cannabis products, seeds, seedlings, tissue culture, and other propagation materials cultivated, propagated, manufactured, or distributed by a third party.

(g) Testing certificates to (i) analyze and certify the safety and potency of cannabis or cannabis products; or (ii) identify ingredients, nutritional content, and/or potentially harmful contaminants in cannabis or cannabis products; however, the office shall establish rules and regulations preventing entities with any common ownership, management, or control from certifying the safety, potency, or content of cannabis or cannabis products produced by the affiliated certificate holders.

(h) Research and educational certificates to cultivate, process, or display, but not test, cannabis, cannabis products, medical cannabis and medical cannabis products for scientific, educational, or informational purposes but not for commercial production, manufacture, or sale.

(i) Compassionate Use Provider certificates to provide cannabis at no cost to individuals who have a low income, severe medical condition, are disabled, elderly, terminally ill, or veterans. All products provided by a compassionate-use provider must be equivalent quality assured cannabis and cannabis-containing products as produced or provided for regular retail.

(j) Provisional certificates for applicants who, for at least one year prior to the passage of this Act, have regularly cultivated, processed, manufactured, distributed, transported, sold, or tested medical cannabis in compliance with the Compassionate Use Act of 1996 (Health and Safety Code Section 11362.5), the Medical Marijuana Program Act (Health and Safety Code

Sections 11326.7-11362.8), or the Guidelines for Security and Non-Diversion of Marijuana Grown for Medical Use, issued by the California Department of Justice in August 2008, or any applicable law.

§ 27510. Cannabis Business Certificates; Criteria of Issuance.

- (a) The Commission shall consider the following criteria when prioritizing the issuance of Cannabis Business Certificates:
- (1) Any applicant who, at the time of the passage of this Act, holds a license, permit, certificate, approval, or conforms to the provisions of a local initiative approved by the voters for the operation of a medical marijuana business.
 - (2) Any applicant who, at the time of the original filing of this initiative, is operating a medical cannabis collective or cooperative.
 - (3) Any applicant who, has experience in operating a medical cannabis collective, cooperative or other medical cannabis business in California.
- (b) The qualifications listed in subsection (a) be ranked in order and combined when considering applicants priority.
- (c) These priorities shall only apply for an applicant's first Cannabis Business Certificate for each type of Registered Business, with the exception of applicants who have multiple storefront locations at the time of the original filing of this initiative. Applicants who have multiple existing storefront locations at the time of the original filing of this initiative, shall be given the priorities listed in this section for each storefront location.

Chapter 6. State Regulation of Cannabis.

§ 27600. Cannabis Control Commission.

- (a) There is in state government the California Cannabis Control Commission, consisting of seven members appointed by the Governor, subject to confirmation by the Senate committee on rules. Not later than July 1, 2017, the Commission shall be operational and shall begin issuing Cannabis Business Certificates as specified in this Act without delay.
- (b) The regulation of cannabis and medical cannabis, including, but not limited to, the cultivation, processing, transportation, distribution, storage, disposal and sales is vested in the Commission. The Commission shall issue business certificates authorizing including but not limited to, the cultivation, processing, transportation, distribution, wholesale, storage, disposal, and retail sales of cannabis. No commercial cannabis cultivation, processing, transportation, distribution and/or sales may be allowed without a business certificate provided by this Commission, provided that the Commission has enacted reasonable regulations and processes allowing for the attainment of such business certificates, and has fully implemented these measures within a year's period of passage of this Act.
- (c) The Commission shall develop standards for, including but not limited to, potency, consistency, labeling, and testing.
- (d) The regulations, fees and procedures promulgated by the Commission are hereby declared to constitute a comprehensive scheme of statewide cannabis regulation. Any and all local cannabis regulations, fees and procedures that are adopted and/or enforced in a manner contrary to Commission regulations are declared null and void.
- (e) Initial funding for the Commission shall be advanced as a loan by the Department of Treasury and shall be repaid by the excise tax.
- (f) All revenues derived from any fines or fees imposed by the Commission pursuant to this Act, with the exception of payment of refunds and reasonable and necessary administration and collection expenses, shall be deposited in the Cannabis Public Benefit Fund, referred to in section §27301 of this act, and shall be subject to quarterly appropriation to the cannabis Control Commission for allocation as required.

§ 27610. Commission Members; Eligibility; Qualifications.

- (a) Each of the five members of the Commission shall be a citizen of the United States and a resident of the State of California for no less than 3 years continuously prior to his or her appointment.
- (b) One member of the Commission shall be appointed by the Governor and have expertise in public health.
- (c) One member of the Commission shall be appointed by the Governor and have expertise in law enforcement.
- (d) One member of the Commission shall be appointed by the Governor as a public member.
- (e) One member of the Commission shall be appointed by the Senate Rules Committee and be a physician licensed by the State of California.
- (f) One member of the Commission shall be appointed by the Assembly Rules Committee and be an attorney licensed by the State of California.

§ 27611. Commission Members.

- (a) Of the members initially appointed, two shall be appointed for a term of two years, two shall be appointed for a term of three years, and one shall be appointed for a term of four years. After the initial terms, the term of office of each newly appointed member of the Commission is four years. Three members shall constitute a quorum, and no member may serve more than two consecutive terms.
- (b) The Governor shall designate one member to serve as chairperson. The initial appointments shall be made within three months of the operative date of this section. Thereafter, vacancies, such as term outs, shall be filled within 60 days of the date of the vacancy by the Governor, subject to confirmation by the Senate Committee on Rules.

(c) The Governor may remove any member of the Commission for incompetence, neglect of duty, or corruption upon first giving him or her a copy of the charges and an opportunity to be heard.

§ 27612. Commission Members; Oath of Office.

Before entering upon the duties of his or her office, each member of the Commission shall subscribe to the constitutional oath of office.

§ 27613. Salary.

The members of the Commission shall receive the salary provided for by Section 11553.5 of the Government Code.

§ 27614. Executive Director.

(a) The Commission shall appoint an Executive Director. A person is ineligible for appointment as Executive Director if, within two years prior to appointment, the person was employed by, contracted with, or derived substantial income from, any cannabis business.

(b) The Executive Director shall receive an annual salary established by the Commission and approved by the Department of Personnel Administration. The Executive Director shall be the Commission's executive officer and shall carry out and execute the duties as specified by law and by the Commission.

(c) The Commission may appoint other staff and clerical personnel as necessary to carry out its duties under this division.

§ 27615. Commission Offices.

(a) The Commission shall establish and maintain a general office for its regular meetings and the transaction of its business in Sacramento. The Commission may hold up to three meetings annually at other locations within the state.

(b) A public record of every vote shall be maintained at the Commission's principal office.

(c) A majority of the membership of the Commission is a quorum of the Commission. The concurring vote of three members of the Commission shall be required for any official action of the Commission or for the exercise of any of the Commission's duties, powers or functions.

(d) Except as otherwise provided in this division, Article 9 (commencing with Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government Code applies to meetings of the Commission. Notwithstanding Section 11125.1 of the Government Code, documents that are filed with the Commission for the purpose of evaluating the qualifications of an applicant, are exempt from disclosure under Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code.

§ 27616. Commission Meetings and Records.

(a) The Commission shall maintain for ten years a record of all proceedings at regular and special meetings of the Commission and its subcommittees.

(b) The Commission shall maintain for five years a file of all applications for business certificates under this division, together with a record of all actions taken with respect to those applications.

(c) The Commission may maintain any other files and records as they deem appropriate. Except as otherwise provided in this division, the investigative files of the Commission are exempt from disclosure under Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code.

§ 27618. Commission Responsibilities.

The responsibilities of the Commission shall include:

(a) Ensuring that business certificates, approvals, and permits are not issued to, or held by, persons whose operations are conducted in a manner that is inimical to the environment, public health, safety, or welfare.

(b) Ensuring that there is no material involvement, directly or indirectly, with a cannabis business, or the ownership or management thereof, by persons whose operations are conducted in a manner that is inimical to the environment, public health, safety, or welfare.

(c) Regulating, enforcing, inspecting and administering all commercial activities related to the cannabis and medical cannabis industry in the State of California.

(d) Facilitating cooperation among various State agencies in the allocation of enforcement resources to implement regulations and oversight according to provisions in this Act.

§ 27619. Commission Powers.

The Commission shall have all powers necessary and proper to enable it fully and effectively to carry out the policies and purposes of this Act, including, without limitation, all of the following:

(a) Regulate medical and commercial cannabis cultivation, wholesale, retail sales, lab testing, transportation, research, storage, distribution, disposal and processing, including producing cannabis products in any form, including any concentrated form of the separated or extracted resins, whether obtained in crude or purified form, or extracted using any solvents.

(b) Issue cannabis business certificates

- (c) Collect cannabis business certificate fees and taxes.
- (d) Promulgate regulations on cannabis business certificates.
- (e) Impose fines upon any person holding a cannabis business certificate
- (f) Take actions deemed to be reasonable to ensure that no ineligible persons are associated with cannabis operations authorized by this division.
- (g) Take actions deemed to be reasonable to ensure that cannabis operations authorized by this division take place only in suitable locations.
- (h) Grant temporary or conditional cannabis business certificates on appropriate terms and conditions.
- (i) Institute a civil action in any superior court against any person subject to this division.
- (j) Issue subpoenas to compel attendance of witnesses and production of documents and other material things at a meeting or hearing of the Commission or its committees, including advisory committees.
- (k) Issue formal opinions of the Commission and advice letters signed by the General Counsel.

§ 27619.1. Subcommittees.

- (a) The Commission shall establish the following advisory committees, consisting of three (3) members each, appointed by the Commission and serving at the pleasure of the Commission: (1) Rulemaking, (2) Growers, (3) Processors: Extracts, (4) Processors: Edibles, Topicals and Infused Products, (5) Wholesale, (6) Licensing, Compliance and Enforcement, (7) Laboratories, (8) Retail, and (9) Packaging
- (b) The advisory committees shall meet at least once every six (6) months and produce a written annual report no later than June 30.

§ 27620. Oaths.

The executive director and members of the Commission may administer oaths and certify official acts in connection with the business of the Commission.

§ 27621. Rulemaking Procedure; Review by OAL.

The regulations of the Commission shall be promulgated in compliance with the Administrative Procedure Act, except that any review by the Office of Administrative Law shall be limited to ensuring compliance only with the procedural provisions of that statute, in the same manner that it reviews regulations of the Fair Political Practices Commission.

§ 27622. Duties; Regulation Content Requirements.

- (a) The Commission shall adopt regulations for the administration and enforcement of this division.
- (b) The regulations of the Commission shall include appropriate controls on the premises for commercial production, cultivation, processing, transportation, storage, disposal and sales of cannabis. They shall also address age verification measures to prevent the diversion of cannabis to minors; prohibitions on the use of illegal firearms at cultivation, processing, or distribution facilities; regulations concerning time, place and manner of operation, occupancy, protection of adjoining and nearby properties, and other environmental and public health controls.

§ 27623. Administrative Adjudication.

The Commission may require that any matter that the Commission is authorized or required to consider in a hearing or meeting of an adjudicative nature regarding the denial, suspension or revocation of a cannabis business certificate be heard and determined in accordance with Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

§ 27624. Mandamus.

- (a) Any person aggrieved by a final decision or order of the Commission that restricts, conditions, suspends or revokes any previously granted certificate, made after hearing by the Commission, may petition the Superior Court for the County of Sacramento for judicial review pursuant to Section 1094.5 of the Code of Civil Procedure and Section 11523 of the Government Code. Notwithstanding any other provision of law, the standard set forth in paragraph (1) of subdivision (h) of Section 1094.5 of the Code of Civil Procedure shall apply for obtaining a stay of the operation of a final decision or order of the Commission.

§ 27625. Executive Director; Responsibilities.

The Executive Director shall perform all investigatory functions required by this division, as well as auditing functions, and shall have all of the following responsibilities:

- (a) To receive and process applications for any certificate, and to collect all related fees.
- (b) To monitor the conduct of all cannabis businesses and other persons having a material involvement, directly or indirectly, with a cannabis operation or its holding company.
- (c) To investigate suspected violations of this division or laws of this state relating to cannabis, including any activity prohibited by the Penal Code.
- (d) To investigate complaints that are lodged against certificate holders, or other persons associated with a cannabis

operation, by members of the public.

(e) To initiate, where appropriate, a restriction, limitation, suspension, or revocation of any certificate, or the imposition of any fine upon any person certificated.

(f) To adopt any other regulations reasonably related to its functions and duties as specified in this division.

§ 27626. Investigations.

(a) Investigations conducted pursuant to this division shall be limited to businesses registered under this Act.

(b) The Executive Director has all powers necessary and proper to carry out fully and effectually the duties and responsibilities specified in this section. The investigatory powers of the Executive Director include, but are not limited to, the following:

(1) With reasonable notice or warrant, the Executive Director may take any of the following actions:

(A) Visit, investigate, and place accountants, technicians, and any other person, as it may deem necessary, in all areas of the premises wherein cannabis operations are conducted for the purpose of determining compliance with the rules and regulations adopted pursuant to this division.

(B) Visit, inspect, and examine all premises where cannabis is cultivated, manufactured, packaged, stored, tested, disposed, sold, or distributed.

(C) Inspect all equipment and supplies in any cannabis establishment or on any premises where cannabis is cultivated or equipment is manufactured, tested, sold, or distributed.

(D) Upon proper issuance of an inspection warrant pursuant to Code of Civil Procedure Sec. 1822.50 et seq., inspect and/or seize documents, or records from any cannabis business for the purpose of examination and inspection. However, upon reasonable demand by the cannabis business, a copy of all documents and records seized shall be made and left on the premises.

(E) Demand access to, and inspect, examine, photocopy, and audit all papers, books, and records of a cannabis business on the cannabis business's premises in the presence of the owner or agent.

(2) Upon obtaining an inspection warrant pursuant to Section 1822.50 et seq. of the Code of Civil Procedure, the Executive Director may inspect and seize for inspection, examination, or photocopying any documents possessed, controlled, baled, or otherwise held by any cannabis business.

(3) The Executive Director may investigate any suspected violation of this division.

(4) The Executive Director may do both of the following:

(A) Issue subpoenas to require the attendance and testimony of witnesses and the production of books, records, documents and physical materials.

(B) Administer oaths, examine witnesses under oath, take evidence and take depositions and affidavits or declarations. Notwithstanding Section 11189 of the Government Code, the Executive Director, without leave of court, may take the deposition of any cannabis business owner or any certificate holder. Sections 11185 and 11191 of the Government Code shall not apply to a witness who is an owner of a cannabis business.

(c) Subdivision (b) shall not be construed to limit warrantless inspections, except as required by the California Constitution or the United States Constitution.

(d) Subdivision (b) shall not be construed to prevent entries and administrative inspections, including seizures of property, without a warrant in the following circumstances:

(1) With the consent of the owner, operator or agent in charge of the premises;

(2) In situations presenting imminent danger to health and safety;

(3) In accordance with this division; and

(4) In all other situations where a warrant is not constitutionally required.

§ 27627. Applicants.

(a) Without limiting any privilege that is otherwise available under law, any communication or publication from, or concerning, an applicant or certificate holder, in oral, written, or any other form, is absolutely privileged and shall not form a basis for imposing liability for defamation or constitute a ground for recovery in any civil action, under any of the following circumstances:

(1) It was made or published by an agent or employee of the Commission in the proper discharge of official duties or in the course of any proceeding under this division.

(2) It was required to be made or published to the Commission, or any of its agents or employees, by law, regulation, or subpoena of the Commission.

(3) It was, in good faith, made or published to the Commission for the purpose of causing, assisting, or aiding an investigation conducted pursuant to this division.

(b) If any document or communication provided to the Commission contains any information that is privileged pursuant to Division 8 (commencing with Section 900) of the Evidence Code, or any other provision of law, that privilege is not waived or lost because the document or communication is disclosed to the Commission or to any of its agents or employees.

(c) The Commission, and their agents and employees shall not release or disclose any information, documents, or communications provided by an applicant, registrant, or other person, that are privileged.

Chapter 7. Local Control.

§ 27710. Zoning; Voter Referendum.

- (a) Except as provided in this chapter, no city, county, or city and county may ban a cannabis business that is in compliance with this division.
- (b) The governing body of a city, county, or city and county of more than 25,000 residents may not limit the number of storefront Cannabis businesses to less than one for each 25,000 residents. The governing body of a city or county with 10,000 to 25,000 residents may not limit the number of storefront Cannabis businesses to less than one. The governing body of a city or county with fewer than 10,000 residents may ban storefront Cannabis businesses.
- (c) Except as set forth in this section, a storefront cannabis business shall be allowed to operate in any commercial, business or industrial zone, or equivalent, in a city, county, or city and county.
- (d) Notwithstanding any other provision of this division, a city, county, or city and county may ban, or limit the number of, cannabis businesses within its jurisdiction, if an ordinance or charter amendment enacting that restriction has been approved by the voters within that jurisdiction at a statewide election held in November.
- (e) No retail storefront cannabis business shall be located within a 600-foot radius of any public or private school providing instruction in grades preschool through 12, except that this prohibition shall not apply to home schooling in private residences. The distance between a storefront cannabis business and the school shall be measured from the closest public entrance of the business to the property line of the school.

Chapter 8. Finance and Insurance Cooperatives.

§ 27800. Cannabis Insurance and Financial Cooperatives.

- (a) A financial cooperative may be established by cannabis businesses. The Department of Business Oversight shall promulgate regulations to allow and regulate such cooperatives.
- (b) An insurance cooperative may be established by cannabis businesses. The Insurance Commissioner shall promulgate regulations to allow and regulate such cooperatives.

Chapter 9. Enforcement.

§ 27900. Injunction.

The Commission may sue for injunctive relief to enjoin violations or to compel compliance with the provisions of this division.

§ 27910. Administrative Fines.

- (a) If the Commission has evidence that a violation of this division or its regulations has occurred, it may hold a hearing. Notice shall be given and the hearing conducted in accordance with the Administrative Procedure Act (Chapter 5 (commencing with Section 11500) of the Government Code). If the Commission determines that a violation has occurred, it shall issue an order that may require the violator to do all or any of the following:
- (1) File any documents or information required by this division.
 - (2) Pay a monetary fine of up to five thousand dollars (\$5,000) per violation to the General Fund of the state.

§ 27920. Civil Penalties.

Any person who violates any provision of this division or regulations of the Commission may be liable in a civil action brought by the Commission for an amount up to ten thousand dollars (\$10,000) per violation.

§ 27930. Criminal Penalties.

Any person who knowingly and willfully violates any provision of this division or regulation of the Commission is guilty of a misdemeanor.

§ 27940. Statute of Limitations.

- (a) No administrative, civil, or criminal action brought pursuant to this section shall be commenced more than three years after the date on which the violation occurred.
- (b) If the person alleged to have violated this division engages in the fraudulent concealment of his or her acts or identity, the three-year period shall be tolled for the period of concealment. If, upon being ordered by a superior court to produce any documents sought by a subpoena in any administrative proceeding, the person fails to produce documents in response to the order by the date ordered to comply therewith, the three-year period shall be tolled for the period of the delay from the date of filing of the motion to compel until the date of the documents are produced.

§ 27950. Responsibility for Enforcement.

The Attorney General is responsible for criminal enforcement of this division. The District Attorney of any county in which a violation occurs has concurrent powers and responsibilities with the Attorney General.

§ 27970. Cannabis Impairment Study.

- (a) The Commission shall fund a peer-reviewed, scientific study establishing a standard for cannabis impairment based on performance based criteria while driving. The Commission shall determine the manner in which this criteria will be applied by the CHP.
- (b) The California Highway Patrol shall submit recommendations to the Commission for the prevention of driving while under the influence of cannabis.
- (c) Not later than July 1, 2018, the Commission shall promulgate a regulation defining “Impaired Driving” based primarily upon the study with consideration of the CHP’s recommendations.
- (d) Driving while impaired by cannabis shall remain punishable by Vehicle Code Sections 23103, 23152(a) and 23153.

§ 27980. California Cannabis Genetic Repository.

- (a) The Commission shall be responsible for the establishment of the California Cannabis Genetic Repository, to maintain germplasm of all reasonably available strains of the plant genus cannabis for the purpose of documenting and preserving the genetic diversity of cannabis.
- (b) Any person or business entity may anonymously or as a registered cannabis business submit a sample of cannabis or hemp germplasm to the repository. Registered cannabis business may designate their samples as “proprietary” or “for public use”. Cannabis Businesses that wish to designate their submissions as “for public use” shall sign a release of liability waiver indemnifying the commission for actions related to the use of the samples, for public purposes. The repository shall accept germplasm in the form of plant tissue from the mature stalk of the cannabis or hemp plant, which is considered non-marijuana under federal law, until that time as it can lawfully accept, under federal law, germplasm in other forms, such as seeds capable of germination. All germplasm in the bank, including those from genetically modified organisms, shall be made available for scientific, education, medical and research purposes as indicated, unless the samples are designated as “proprietary” in which case the test results shall not be made public..
- (c) The Commission shall be responsible for developing a standardized nomenclature for the description of various strains of cannabis based on plant genetics.
- (d) Pursuant to regulations and testing requirements promulgated by the Commission, cannabis cultivated by an artisan cultivator may be labeled as consisting of an officially recognized strain using standardized nomenclature developed pursuant to this section.

§ 27990. Industrial Hemp Not Covered.

Any industrial cultivation and or use of cannabis per the statutes of the California Industrial Hemp Farming Act, Division 24 (commencing with Section 81000) of the Food and Agricultural Code, shall be exempt from all regulations, restrictions, conditions and taxes set forth by this Act, with the exception of the “California Cannabis Genetic Repository” set forth in section 27880 of this Act.

Chapter 10. Labor Practices.

§ 28100. Labor Standards.

- (a) By January 1, 2017, the commission shall develop a certification program for cannabis employees. Commencing January 1, 2019, except as provided in subdivision (c), certification shall be required of all persons who perform work as cannabis employees for Registered Cannabis Businesses with 100 or more employees.
- (b) The commission may develop regulations to implement section.

§ 28110. Labor Peace Agreement Requirement.

- (a) Any Registered Cannabis Business that has 100 or more employees shall adopt a labor peace agreement and provide a copy of the agreement to the Commission upon request.
- (b) Failure to comply with this section may result in an administrative fine or civil penalty.

§ 28120. Diversion Program.

- (a) Drug diversion programs created by Penal Code Section 1211, shall no longer apply to cannabis. In order to ensure a quality cannabis education diversion program, in each county, each County Sheriff shall appoint a cannabis education program administrator, who shall establish minimum requirements, criteria, and fees for the successful completion of cannabis diversion programs.

SEC. 5. Section 11357 of the Health and Safety Code is repealed.

SEC. 6. Section 11358 of the Health and Safety Code is repealed.

SEC. 7. Section 11359 of the Health and Safety Code is repealed.

SEC. 8. Section 11360 of the Health and Safety Code is repealed.

SEC. 9. Section 11361 of the Health and Safety Code is repealed.

SEC. 10. Section 11485 of the Health and Safety Code is repealed.

SEC. 11. Liberal Construction.

This Act shall be liberally construed to effectuate its purposes.

SEC. 12. Severability.

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

SEC. 13. Conflicting Measures.

- (a) The provisions and intent of this Act shall be given precedence over any state law, statute, regulation or policy that conflicts with this section, and the policy and intent of this Act shall prevail over any such contrary law, statute, regulation or policy.
- (b) If this measure is approved by the voters, but superseded by any other conflicting ballot measure approved by more voters at the same election, and the conflicting ballot measure is later held invalid, it is the intent of the voters that this Act shall be given the full force of law.
- (c) If any rival or conflicting initiative regulating any matter addressed by this Act receives the higher affirmative vote, then all non-conflicting parts shall become operative.

SEC. 14. Amendment.

The provisions of this Act may be amended by the Legislature to further its purposes by a statute passed in each house by roll call vote entered in the journal, two-thirds of the membership concurring.

SEC. 15. Legal Defense by the Attorney General.

The California Attorney General shall protect and defend this Act from any and all challenges in the courts of any jurisdiction to final judgment.