



# BUREAU OF CANNABIS CONTROL

CALIFORNIA

# SUMMARY OF PROPOSED REGULATORY CHANGES

## CHAPTER 1. ALL BUREAU OF CANNABIS CONTROL LICENSEES

### Article 1. Division Definitions

- Adds definitions for cannabis accessories, kief, and preroll.

### Article 2. Applications

- Clarifies that temporary licenses will not be issued or extended after Dec. 31, 2018. Temporary licenses with an expiration date after Dec. 31, 2018, are valid until the expiration date.
- Requires that any administrative orders or civil judgments for labor standard violations be included on the application.
- Requires the signature page of a labor peace agreement be provided to the bureau.
- Requires use of specific forms to submit operating procedures for transportation, inventory, nonlaboratory quality control procedures, security procedures, cannabis waste management procedures, and delivery procedures.
- Allows for electronic signatures on all documents submitted to the bureau, except for notarized statements.
- Clarifies that an environmental document submitted with the license application must evaluate whether the applicant's proposed commercial cannabis activity has the potential to generate significant adverse environmental impacts.
- Specifies the information that applicants must submit if a previously certified or adopted environmental document is not available or does not exist, and if the bureau does not determine that the project is exempt from CEQA.

### Article 3. Licensing

- Requires submission of documentation demonstrating the maximum dollar value of operation for the current licensed period with a renewal application.
- Provides that if a licensee must close the premises for more than 30 days to make renovations or repairs, the bureau may allow the licensee to retain the license.
- Clarifies what business modifications the bureau must be apprised of and the procedures for doing so. Business modifications include: standard operating procedures, labor peace agreements, ownership, financial interest, license designations, microbusiness activities, and location of licensed premises.
- Clarifies that each licensed premises shall have a distinct street address and/or suite number.
- Prohibits dispersing cannabis in the air throughout the premises or throughout a portion of the premises by an oil diffuser or any other vaporizing device unless such activities are conducted in accordance with Business and Professions Code section 26200 (g).
- Removes California Code of Regulations section 5029 related to the transition period that ended June 30, 2018.
- Requires that inventory stored on the licensed premises be in a secured limited-access area.
- Requires licensees to notify the bureau, in writing, of an administrative order or civil judgment for violations of labor standards within 48 hours.
- Requires records to be legible and protected from debris, moisture, contamination, hazardous waste, fire, and theft.

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- Clarifies that the bureau may inspect a licensee's records without prior notice and the licensee must be able to produce records immediately upon request at the licensed premises.
- Provides additional clarification regarding what constitutes a disaster.

### Article 4. Posting and Advertising

- Prohibits the use of certain advertising techniques that may be attractive to minors, including the use of objects, such as toys, inflatables, movie characters, cartoon characters, or any other display, depiction, or image that will likely be appealing to minors.
- Prohibits advertising free cannabis goods or giveaways of any type of product.
- Requires all outdoor advertising to be affixed to a building or permanent structure and comply with the Outdoor Advertising Act.
- Defines what constitutes "reliable up-to-date audience composition data" and requires providing such data to the bureau, upon request.
- Clarifies that any action, omission, or failure of an agent, representative, or contractor retained by the licensee shall be deemed the act, omission, or failure of the licensee.

### Article 5. Security Measures

- Extends limited-access area rules to all licensees, not just retailers.

### Article 7. Returns and Destruction

- Requires a licensee to accept or reject shipments of cannabis goods in whole, except for cannabis goods not accurately reflected on the sales invoice or receipt.
- Prohibits the transfer, donation, sale, and giving away of cannabis waste.

### CHAPTER 2. DISTRIBUTORS

- Clarifies that a distributor shall only distribute and store cannabis goods, cannabis accessories, and licensees' branded merchandise or promotional materials and may not store live plants.
- Clarifies that licensed distributors are allowed to package prerolls.
- Requires distributors that relabel cannabis goods with the accurate amount of cannabinoids or terpenoids to provide the Certificate of Analysis to the manufacturer of the cannabis product.
- Adds that the net weight on any package of dried flower shall not be considered inaccurate if the actual weight is within 2.5 percent of the labeled weight.
- Changes amount of time video recordings documenting sampling shall be kept from 180 days to 90 days.
- Clarifies that once a batch passes testing, it may be transported to one or more licensed retailers, licensed distributors, or licensed microbusinesses.
- Clarifies that licensed distributors may conduct quality-assurance reviews of cannabis goods received from another distributor who has already completed the state-mandated testing.
- Requires that licensed distributors have a completed sales invoice or receipt before transporting cannabis goods, only transport cannabis goods identified on the invoice or receipt, and do not alter the invoice or receipt once transport begins.

### CHAPTER 3. RETAILERS

- Requires exit packaging to be resealable, child-resistant, and opaque.
- Allows a retailer who holds multiple retailer licenses to transfer cannabis goods from one licensed retail premises to another. A distributor must conduct the transport of the cannabis goods and the transfer must be recorded in track and trace.

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- Adds a provision that allows retailers to deliver to any jurisdiction within California.

### CHAPTER 4. MICROBUSINESS

- Clarifies that license types created by the California Department of Food and Agriculture and the California Department of Public Health (CDPH) in regulation are not considered qualifying commercial cannabis activities for the purposes of obtaining a microbusiness license.
- Clarifies applicants for a microbusiness must submit certain information tailored to the commercial cannabis activities that they wish to engage in.
- Reiterates that all activities performed by a licensee are to occur on the same licensed premises.
- Clarifies that microbusiness licensees are responsible for adhering to the rules and regulations applicable to the license type suitable for the activities of the licensee.
- Clarifies that a suspension or revocation of a microbusiness licensee shall affect all commercial cannabis activities allowed pursuant to that license.
- Provides that the bureau may not issue new microbusiness licenses that include cultivation activities or increase the total number of plant identifiers within a watershed or other area, if the State Water Resources Control Board or the Department of Fish and Wildlife finds, based on substantial evidence, that a microbusiness' cannabis cultivation would cause significant adverse impacts on the environment in a watershed or other geographic area.

### CHAPTER 5. CANNABIS EVENTS

- Requires applicants to provide a more detailed premises diagram indicating where each licensed retailer will be located, where cannabis consumption will occur, and where cannabis sales will occur. Limits licensed retailers to selling cannabis goods in their designated area.

### CHAPTER 6. TESTING LABORATORIES

- Provides rules for transportation of samples from the distributor to the testing laboratories.
- Sets a minimum standard of sample for each test method.
- Excludes tinctures that meet the definition established by the CDPH from meeting ethanol action level.
- Reduces action levels for Category II residual solvents.
- Establishes a greater variance and tiered approach for microdosed edible products' label claim.
- Adds minimum value of 5 percent for cannabinoid and terpenoid label claim verification.
- Provides for Certificate of Analysis to include the following information: picture of the cannabis goods, overall pass/fail for batch, label claim verification, and measured density.
- Modifies the data package requirement to require a data package for every sample instead of every batch.
- Clarifies that a failed batch may only be retested after it has undergone remediation.
- Adds a requirement to include corrective action procedures in the laboratory quality assurance manual.
- Modifies requirements for laboratory quality control samples and addresses appropriate corrective actions for problems that arise with samples.
- Expands the list of materials that must be included in the data package.
- Removes the provision that proficiency testing is required only after receiving ISO/IEC 17025 accreditation status and requires proficiency testing at least every six months regardless of ISO/IEC 17025 status.
- Allows laboratory management to have a bachelor's degree in any field.

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### CHAPTER 7. ENFORCEMENT

- Adds a provision to allow the bureau to issue an emergency decision to avoid immediate danger to public health, safety, or welfare.
- Provides a process for providing notice and an opportunity to be heard to a licensee subject to an emergency decision.

### CHAPTER 8. OTHER PROVISIONS

- Provides a process for the bureau to award research funding pursuant to Revenue and Taxation Code section 34019 (b) to public universities.

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