

**DEPARTMENT OF CANNABIS CONTROL**  
**CALIFORNIA CODE OF REGULATIONS TITLE 4, DIVISION 19**  
**NOTICE OF PROPOSED RULEMAKING**

**Subject Matter of Proposed Regulations:** Medicinal and Adult-Use Commercial Cannabis Regulations.

**Sections Affected:** Title 4, California Code of Regulations, sections 15000, 15000.1, 15000.2, 15000.3, 15000.4, 15000.5, 15000.6, 15000.7, 15000.8, 15000.9, 15000.10, 15001, 15001.1, 15001.2, 15001.3, 15001.4, 15002, 15002.1, 15003, 15004, 15004.1, 15005, 15006, 15007, 15007.2, 15008, 15009, 15010, 15010.1, 15010.2, 15010.3, 15011, 15012, 15013, 15014, 15015, 15017, 15018, 15020, 15021, 15022, 15023, 15024, 15024.1, 15025, 15026, 15027, 15028, 15030, 15031, 15032, 15033, 15034, 15035, 15036, 15037, 15038, 15039, 15040, 15040.1, 15040.2, 15041.1, 15041.2, 15041.3, 15041.4, 15041.5, 15041.6, 15041.7, 15042, 15042.1, 15043, 15044, 15045, 15046, 15047, 15047.1, 15047.2, 15048, 15048.1, 15048.2, 15048.3, 15048.4, 15048.5, 15049, 15049.1, 15049.2, 15050, 15051, 15052, 15052.1, 15053, 15054, 15300, 15301, 15302, 15303, 15303.1, 15304, 15305, 15306, 15307, 15307.1, 15307.2, 15308, 15309, 15310, 15311, 15312, 15313, 15314, 15315, 15402, 15405, 15406, 15407, 15408, 15410, 15411, 15413, 15414, 15415, 15417, 15418, 15419, 15420, 15426, 15427, 15500, 15501, 15502, 15503, 15504, 15505, 15506, 15506.1, 15507, 15600, 15601, 15602, 15603.1, 15604, 15700, 15701, 15702, 15703, 15704, 15705, 15706, 15709, 15710, 15711, 15713, 15714, 15715, 15717, 15718, 15719, 15720, 15721, 15722, 15723, 15724, 15725, 15726, 15727, 15728, 15729, 15730, 15731, 15732, 15733, 15734, 15735, 15736, 15737, 15738, 15739, 15800, 15801, 15802, 15803, 15804, 15805, 15806, 15807, 15808, 15809, 15810, 15811, 15812, 15813, 15814, 15815, 15900, 15901, 15902, 15903, 15904, 15905, 16000, 16100, 16101, 16102, 16103, 16104, 16105, 16106, 16107, 16108, 16109, 16110, 16112, 16113, 16114, 16115, 16200, 16201, 16202, 16203, 16204, 16205, 16206, 16207, 16208, 16209, 16210, 16211, 16212, 16213, 16214, 16215, 16216, 16300, 16301, 16302, 16303, 16304, 16305, 16306, 16307, 16308, 16309, 16310, 16311, 16400, 16401, 16402, 16403, 16404, 16405, 16406, 16408, 16409, 16500, 16501, 16600, 16601, 16602, 16603, 16604, 16605, 16606, 16607, 16608, 16609, 17000, 17001, 17002, 17003, 17004, 17005, 17006, 17009, 17100, 17101, 17102, 17103, 17104, 17105, 17106, 17107, 17108, 17109, 17110, 17111, 17113, 17114, 17115, 17116, 17117, 17118, 17119, 17120, 17121, 17122, 17123, 17124, 17125, 17126, 17127, 17128, 17200, 17201, 17202, 17202.1, 17203, 17204, 17205, 17206, 17207, 17208, 17209, 17210, 17211, 17211.1, 17212, 17213, 17214, 17215, 17216, 17217, 17218, 17219, 17220, 17221, 17222, 17223, 17224, 17225, 17226, 17227, 17300, 17301, 17302, 17303, 17304, 17305, 17398, 17399, 17400, 17401, 17402, 17403, 17404, 17405, 17406, 17407, 17408, 17409, 17410, 17411, 17412, 17500, 17501, 17502, 17503, 17504, 17505, 17506, 17507, 17508, 17509, 17510, 17800, 17801, 17801.1, 17801.5,

17802, 17803, 17804, 17805, 17806, 17807, 17808, 17809, 17810, 17813, 17814, 17815, 17816, 17817, 17900, 17901, 17902, 17903, 17904, and 17905.

**Notice is hereby given** that the Department of Cannabis Control (Department) proposes to adopt the proposed amended regulations, described below, after considering all comments, objections, and recommendations regarding the proposed action. The Department, upon its own motion or at the request of any interested party, may thereafter adopt the proposals substantially as described below, or may modify such proposals if such modifications are sufficiently related to the original text. With the exception of technical or grammatical changes, the full text of any modified proposal will be available for inspection and copying 15 days prior to its adoption from the person designated in this Notice as contact person and will be mailed to those persons who submit written or oral testimony related to this proposal or who have requested notification of any changes to the proposal.

All the proposed text sections are proposed to be added to the California Code of Regulations (CCR), under Division 19 of Title 4.

## **Public Hearing**

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The Department will hold a virtual public hearing at the following dates and times listed below:

- 1. Wednesday, March 23, 2022, 10:00 a.m. to 1:00 p.m.**
- 2. Tuesday, April 19, 2022, 10:00 a.m. to 1:00 p.m.**

Attendees may participate via WebEx online meeting platform or telephone conferencing. To participate via WebEx online meeting platform please email Kaila Fayne at [Kaila.Fayne@cannabis.ca.gov](mailto:Kaila.Fayne@cannabis.ca.gov) or (916) 465-9025 by 4:30 p.m. on March 22, 2022 or on April 18, 2022, to request a link to the meeting. Links to the meetings will also be posted on the Department's website no later than 9:00 a.m. the day of the hearings.

As a reasonable accommodation, limited in-person seating may be available at the hearing in the Department Hearing Room, 2920 Kilgore Road, Rancho Cordova, CA 95670. Attendees must comply with all COVID-19 safety protocols. Please contact Kaila Fayne at [Kaila.Fayne@cannabis.ca.gov](mailto:Kaila.Fayne@cannabis.ca.gov) or (916) 465-9025 by 4:30 p.m. on March 22, 2022 or April 18, 2022 if an accommodation is necessary.

Participants will be given instructions on how to provide oral comment once they have accessed the hearing. The hearings will proceed on the dates noted above until all testimony is submitted or 1:00 p.m., whichever is later. At the hearing, any person may present oral or written statements or arguments relevant to the proposed action described in the Informative Digest. The Department requests, but does not require, that

person who make oral comments at the hearing also submit a written copy of their testimony via email.

### **Written Comment Period**

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Any interested person, or the interested person's authorized representative, may submit written comments relevant to the proposed regulatory action to the Department. Written comments, including those sent by mail or e-mail to the addresses listed below.

**Comments submitted must be received by the Department at its office by 5:00 p.m. on April 19, 2022.**

Submit comments to:

Department of Cannabis Control  
Legal Affairs Division  
2920 Kilgore Road  
Rancho Cordova, CA 95670  
E-mail: [publiccomment@cannabis.ca.gov](mailto:publiccomment@cannabis.ca.gov)

### **Authority and Reference**

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Business and Professions Code section 26013 authorizes the Department to adopt these proposed regulations. The proposed regulations implement, interpret, and make specific the Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA) at Business and Professions Code section 26000 et seq.

### **Informative Digest / Policy Statement Overview**

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The purpose of these regulations is to make permanent the emergency regulations the Department of Cannabis Control (Department) adopted on September 27, 2021 to make specific licensing and enforcement criteria for all commercial cannabis businesses, including: distributors, retailers, microbusinesses, temporary cannabis events, cultivators, manufacturers, and testing laboratories. These proposed regulations are necessary to implement the Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA). (Bus. & Prof. Code, section 26000 et seq.) under one single department, consolidated from three state cannabis licensing programs.

### **Existing Law**

On July 12, 2021, Governor Gavin Newsom (Governor Newsom) signed California Assembly Bill 141, (*Chapter 70, Statutes of 2021*), which consolidated the former three cannabis licensing authorities – the Department of Consumer Affairs' Bureau of Cannabis Control (Bureau), the Department of Food and Agriculture's CalCannabis Cultivation Licensing Division, and the Department of Public Health's Manufactured

Cannabis Safety Branch – into a single Department of Cannabis Control (Department) within the Business, Consumer Services, and Housing Agency. The newly established Department inherited all the powers, duties, purposes, functions, responsibilities, and jurisdiction of the three separate licensing entities authorized by the Medicinal and Adult-Use Cannabis Regulatory and Safety Act (MAUCRSA or Act). The Department serves as the single regulatory and enforcement entity for all licensed commercial cannabis businesses in California.

The Department regulates all commercial cannabis license holders in California, including cultivators, retailers, manufacturers, distributors, testing laboratories, microbusinesses, and temporary cannabis events. The Department also manages the state's track and trace system, used to track cannabis and cannabis products, from seed to sale, within the commercial cannabis supply chain. In furtherance of these duties, the Department continues to enforce MAUCRSA and all the regulations adopted by the three legacy licensing authorities.

Previously, the regulations of the three licensing entities were in different titles within the CCR, which have since been consolidated under Title 4 of the CCR. The OAL approved the actions to renumber and relocate the regulations and filed the actions with the Secretary of State, making the changes effective the same day.

### **Policy Statement**

This rulemaking action would consolidate, clarify, and make consistent licensing and enforcement criteria for commercial cannabis businesses, including cultivators, manufacturers, distributors, retailers, microbusinesses, testing laboratories, and temporary cannabis events. These proposed regulations would inform applicants for licensure of the applicable meaning of key statutory terms; identify the documents and supplemental information required in an application; and provide specific clarification of terms, prohibitions, or conditions for compliance with MAUCRSA for their particular license type. Chapter 1 of these proposed regulations contains general provisions that apply to all license types, entitled All Licensees. Chapter 2 applies to Distributors, Chapter 3 applies to Retailers, Chapter 4 applies to Microbusinesses, Chapter 5 applies to Cannabis Events, Chapter 6 applies to Testing Laboratories, Chapter 7 applies to Cultivators, and Chapter 8 applies to Manufacturers. In addition, the regulations include a number of regulatory considerations for all license types including Chapter 9 on Other Responsibilities, Chapter 10 on Cannabis and Cannabis Products, Chapter 11 on Labeling and Packaging Requirements, and Chapter 12 on Enforcement. Finally, Chapter 13 on Other Provisions includes regulations such as those related to university research funding.

## **Regulation Objectives and Anticipated Benefits of the Proposed Regulations**

The broad objectives of these proposed regulations are to consolidate, clarify, or make consistent the commercial cannabis regulations. The proposed regulations are expected to benefit the health and welfare of California residents. The specific benefits anticipated are increased protection of the public and environment from the harms associated with an unregulated commercial cannabis market.

Prior to consolidation and the proposed regulatory amendments, there existed three separate sets of regulations. One set applied only to retailers, distributors, testing laboratories, microbusinesses, and temporary cannabis events. The second set of regulations applied only to cultivators. The third set of regulations only applied to manufacturers. Each set of regulations contained specific regulatory requirements that were only applicable to specific license types. In some areas, the requirements within each of the three separate sets of regulations were the same. In other areas, the requirements differed depending on the license type. The proposed regulations aim to take the three disparate sets of regulations and effectively combine them into one consolidated set of regulations that are applicable to all commercial cannabis license types regulated by the new Department. This includes eliminating duplicative requirements that appear in multiple sets of regulations; reorganizing regulatory chapters, articles, and sections in a manner that allows readers to easily identify the sections they are seeking; and clarifying the regulatory text to provide clear guidance regarding the requirements for commercial cannabis licensees while reducing the risk of confusion.

These proposed consolidated regulations will allow commercial cannabis businesses to more easily and effectively identify and understand the requirements for operating a commercial cannabis business within the State of California. By making it easier for commercial cannabis businesses to identify and understand these requirements, it is anticipated that the proposed regulations will be more effective in achieving the Department's primary goal of protecting the public. Regulations regarding mandatory laboratory testing, informative product labeling, safe product packaging, and tracking of cannabis movement through the state will be more effective when they are well organized and easy for commercial cannabis businesses to understand.

At the same time, the proposed consolidated regulations increase the Department's ability to effectively regulate commercial cannabis businesses. A well organized, clearly written, consistent set of consolidated regulations will allow the Department to better educate licensees regarding the rules as well as consistently enforce them in a fair manner. Effective education and enforcement regarding the requirements found in the regulations are essential to the Department's goal of ensuring that California's commercial cannabis businesses operate in a manner that benefits the state of California while reducing or eliminating the risks of harm to the people of the state. The increased clarity and efficiency obtained by the proposed consolidated regulations will further increase the Department's ability to carry out this mission.

Moreover, the streamlined and consistent set of regulations allows all of California's commercial cannabis businesses to operate more efficiently. This in turn increases the state's ability to combat the unregulated commercial cannabis market. The unregulated cannabis market poses a risk of harm to public health and the environment. The proposed regulations will ensure that cannabis and cannabis products meet health and safety standards by requiring that samples of each batch of harvested cannabis and cannabis products be tested prior to being sold to consumers. The proposed regulations would also ensure that cannabis goods are sold in a manner that prevents access or diversion of cannabis goods to persons under the age of 21 who do not possess a valid physician's recommendation. Streamlining the requirements for operating a legally licensed commercial cannabis business makes the licensed market more available to a wider number of businesses which will strengthen the legal licensed market and weaken the illegal unlicensed market.

### **Chapter 1: All Licensees**

The Department was established to create a comprehensive and coherent regulatory framework for an established industry that was previously regulated by the former Bureau within the Department of Consumer Affairs, former CalCannabis Program within the California Department of Food and Agriculture, and former Manufactured Cannabis Safety Branch within the California Department of Public Health. While MAUCRSA provides guidance on the larger macro issues, much of the implementation specifics and clarification of terms were left to the legacy licensing authorities. These proposed regulations would consolidate, clarify, and make consistent terms that have been left to the Department. With a uniform set of definitions applicable to all Department licensees, these proposed regulations would help all applicants and licensees better understand:

- (1) the applicable meaning of key statutory and other terms related to the Department's licensing program;
- (2) what documents and information are required in an application; and
- (3) specific clarification of prohibitions, requirements, or conditions for compliance with MAUCRSA.

Article 1 of the proposed regulations would provide an overview of the division's definitions and generally applicable requirements to all licensees. Specifically, the proposed regulations would consolidate, clarify, and make consistent the applicable meaning of key statutory terms and other terms used within the proposed regulations that may have previously conflicted. These terms include those relevant to requirements of licensees, such as "cannabis waste", "edible cannabis product", "limited access area", "package", "wholesale cost", and terms related to cannabis in different stages of the supply chain. The definitions of "immature plant", manufacture, and tincture have been also amended for clarity. The proposed regulations would consolidate and clarify the general requirements for commercial cannabis activity including licensed premises requirements; commercial cannabis activity between licensees; where commercial

cannabis activity may occur; requirements related to the use of a licensed distributor; requirements related to the non-transferability of licensees; and requirements related to the use of legal business names on all documents related to commercial cannabis activities. The proposed regulations would further consolidate general requirements regarding business conducted between licensees with A- and M- license designations. The proposed regulations would consolidate and make consistent general requirements related to the location of a premises licensed by the Department. The proposed regulations would make consistent and clarify the regulatory prohibition on subletting licensed premises or a portion of licensed premises, except for shared facilities, as well as a prohibition against including living areas as part of the licensed premises while allowing a transition period. Additionally, the proposed regulations allow for the use of shipping containers on a licensed premises and require separation by walls between storage areas and employee areas. The proposed regulations would add requirements related to the use of appellations of origins. The proposed regulations would consolidate existing regulations regarding a licensee's responsibility for acts of their employees or agents. The proposed regulations would clarify and make consistent existing requirements related to age restrictions at a licensed premises – clarifying that employees and persons retained to handle cannabis and cannabis products must be at least 21 years of age. In addition, the proposed regulations would consolidate, clarify, and make consistent general requirements for the storage of inventory at the licensed premises.

Article 2 of the proposed regulations would clarify what information and documents are required to complete an application for provisional and annual licensure. The proposed regulations would specify the requirements for provisional licensure including what a provisional licensee must do to obtain, and subsequently maintain their license while in pursuit of their annual license and outline the Department review process for disciplinary action on provisional licensees. The proposed regulations would also outline the annual licensure process by consolidating application requirements and making them consistent. Such changes would include updating certain application requirements based on the Department's experience, including removing disclosure requirements for other state commercial cannabis licenses; limiting the type of business formation documents required for submittal; and updating labor peace agreement requirements, while maintaining the requirement to provide the signature page of labor peace agreements. The proposed regulations would move the temporary cannabis event application requirements to this chapter to consolidate application requirements in one area, while requiring disclosure of all participating licensees and vendors, removing the employee disclosure provision, and requiring a limited access area.

The proposed regulations would consolidate, clarify, and make consistent the definition of "owner" for the purposes of applying for licensure. The proposed regulations would further specify what individuals would be considered owners based on their management, direction, or control of the commercial cannabis business. The proposed regulations would consolidate and make consistent financial interest holder disclosure

requirements by providing additional examples regarding who constitutes a financial interest holder. The proposed regulations would also clarify the independence of testing laboratories in respect to other licensees. This includes prohibiting common ownership, financial interest holders, and employees between testing laboratories and other licenses. The proposed regulations also prohibit landlord-tenant relationships and discounted services between testing laboratories and other types of licensees.

The proposed regulations would clarify what a premises diagram must show for all licensees, including cultivators and manufacturers. The proposed regulations would consolidate, make consistent, and clarify landowner approval requirements. The proposed regulations would allow for the use of electronic signatures. The proposed regulations would update the current bond form and eliminate the requirement for a separate bond for each license, allowing licensees to utilize one bond with the appropriate amount for all licenses they hold. The proposed regulations would consolidate, clarify, and make consistent current California Environmental Quality Act review requirements for all applicants. The proposed regulations would add to the section on required additional information for specific license types, that would consolidate license specific application requirements into one section. The proposed regulations would consolidate, clarify, and make consistent current requirements related to incomplete and abandoned applications. The proposed regulations would consolidate, clarify, and make consistent requirements related to the withdrawal of applications.

Article 3 of the proposed regulations would provide clarification of special conditions, terms, prohibitions, or requirements set forth in MAUCRSA that apply to all license types. The proposed regulations would consolidate all existing fees into one section of the regulations. The proposed regulations would also consolidate existing requirements related to substantially related offenses and criteria for rehabilitation, making them consistent and ensuring that the regulations match the current statutory requirements. The proposed regulations would consolidate requirements related to renewal, denial, cancellation, and surrender of a license and make the requirements consistent between licensees. The requirements would outline consolidate and make consistent the procedures for informing the Department of business modifications, or when one of the owners of a licensed premises has died, is incapacitated, or becomes insolvent.

The proposed regulations would consolidate and make consistent a licensee's responsibilities with regards to cannabis and cannabis products after the termination of a license. The proposed regulations would consolidate and make consistent a licensee's responsibilities to notify the Department for events such as the physical modification of a premises, when there is a significant discrepancy in inventory, or when disaster relief is required due to a state of emergency. The proposed regulations would also consolidate general record keeping requirements and specify certain premises requirements applicable only to licensed retailers and microbusinesses authorized to engage in retail.



Article 4 of the proposed regulations contains requirements for advertising and marketing. The proposed regulations would consolidate and make consistent all commercial cannabis advertising and marketing provisions, as well as clarify what constitutes advertising and marketing that is attractive to children and would streamline licensee's ability to sell branded merchandise. The proposed regulations would clarify restrictions on licensee use of giveaways, raffles, or other promotional activities. The proposed regulations would also outline procedures for the designation and transfer of trade samples between licensees.

Article 5 of the proposed regulations contains minimum-security requirements that would apply to all licensees. The proposed regulations would consolidate security requirements for all license types and clarify that some of the security requirements do not apply to commercial cannabis cultivators.

MACURSA requires that all cannabis and cannabis products be tracked throughout the supply chain. Article 6 of the proposed regulations would consolidate and clarify the requirements for using the track and trace system and reporting the movement of cannabis and cannabis products in the system for all licensees. The proposed regulations would also identify the responsibilities of the designated account manager and outline general tag requirements related to track and trace activities.

## **Chapter 2: Distributors**

The proposed distributor regulations would accomplish three goals:

- (1) ensure that cannabis and cannabis products are properly stored, handled, packaged, and tested;
- (2) ensure that distributors keep and maintain records that are adequate to effectively track and trace the cannabis and cannabis products, thereby assuring that cannabis and cannabis products are safe for use by the consumer prior to distribution for retail sale; and
- (3) ensure cannabis and cannabis products are transported in a safe and secure manner. With these goals in mind, the overall purpose of the proposed regulations is to identify the minimum requirements for holding a state distributor license.

The proposed regulations would remove references to general packaging and labeling requirements as they are being consolidated in Chapter 11 of the Department's regulations. The proposed regulations would allow for cannabis goods to be distributed directly from a premises only providing storage. The proposed regulations would allow the certificate of analysis to be provided electronically and clarify requirements for failed batches or are not fit for sale. The proposed regulations would clarify what constitutes evidence for proof of ownership of transport vehicles, who must own the vehicles, and the requirements for the vehicles. The proposed regulations would eliminate any reference to distributor application and recordkeeping requirements as they are being consolidated in Chapter 1 of the Department's regulations. Finally, the proposed

regulations would remove references to temporary licensees, as the Department does not have the ability to issue such licenses anymore.

### **Chapter 3: Retailers**

Chapter 3 of the proposed regulations would clarify requirements for licensed commercial cannabis retailers. Retailers provide commercial cannabis goods to customers who are the end users of cannabis and cannabis goods. Under MAUCRSA, the Department is responsible for establishing the rules for the operation of commercial cannabis retailers. The overall purpose of the proposed regulations is to lay out the minimum requirements for holding a state license to operate a commercial retail premises. The proposed regulations are necessary as retailers engage directly with the consumer and the public. Collectively, the proposed regulations ensure that retailers follow MAUCRSA retail supply chain requirements; protect public health and safety; and limit the risk of diversion.

The proposed regulations would remove existing discussions regarding labeling of live plants, as general packaging and labeling requirements are being consolidated in Chapter 11 of the Department's regulations. The proposed regulations would provide additional clarification regarding a retail licensee's sale of branded merchandise to ensure consistency throughout the Department's regulations. The proposed regulations would clarify and make consistent the maximum immature plant sizes for sale at retail. The proposed regulations include requirements for providing free cannabis goods to medicinal patients. The proposed regulations would allow for curbside delivery at storefront retailers. The proposed regulations would clarify that commercial cannabis delivery drivers may also deliver branded merchandise and cannabis accessories, can carry up to \$10,000 in cannabis goods, and use vehicles with fewer requirements. The proposed regulations would clarify the existing provisions regarding retail to retail transfers of cannabis goods. The proposed regulations would allow the sale of non-cannabis, non-alcoholic pre-packaged food and clarify that outside food and beverages may be delivered to a consumption lounge. Finally, the proposed regulations would remove existing discussions regarding recordkeeping requirements, as they are being consolidated in Chapter 1 of the Department's regulations.

### **Chapter 4: Microbusinesses**

Under MAUCRSA, a microbusiness license allows a licensee to conduct multiple commercial cannabis activities under one license. A microbusiness licensee is permitted to: cultivate cannabis on an area less than 10,000 square feet; act as a licensed distributor; manufacture cannabis as a Level 1 manufacturer; and/or sell cannabis as a retailer. The overall purpose of the Department's proposed regulations is to lay out the minimum requirements for holding a state license to operate a microbusiness, including ensuring that the MAUCRSA supply chain requirements are adhered to.

The proposed regulations would eliminate all discussion of application requirements for microbusinesses in this chapter, as application requirements for all Department

licensees have been consolidated in Chapter 1 of the Department's regulations. The proposed regulations would also clarify that distributor-transport only activities would be considered a qualifying activity for the purposes of obtaining a microbusiness license. Finally, the proposed regulations have eliminated reference to recordkeeping requirements, as they are being consolidated in Chapter 1 of the Department's regulations.

### **Chapter 5: Cannabis Events**

Under MAUCRSA, state temporary event licenses may be issued, authorizing onsite cannabis sales to, and consumption by, persons 21 years of age or older at a location approved by the local jurisdiction, provided that certain conditions are met, including that all participants are licensed. The overall purpose of the proposed regulations is to lay out the minimum requirements for the operation of a temporary cannabis event, licensed by the Department.

The proposed regulations would eliminate both cannabis event organizer and temporary cannabis event application requirements, as the application requirements for all licensees have been consolidated in Chapter 1 of the Department's regulations. The proposed amendments provide for the disclosure of all participants, what each participant will sell, identification of licensee employees by badges, requirements for display of cannabis and cannabis products by non-retail licensees, and limited-access areas.

### **Chapter 6: Testing Laboratories**

Under MAUCRSA, all cannabis and cannabis products must meet certain health and safety standards before they can be sold to customers. To ensure that cannabis and cannabis products meet those standards, a representative sample of the cannabis and cannabis products must be tested by a licensed testing laboratory. Through the proposed regulations, the Department aims to ensure that cannabis goods sold to customers are safe for human consumption. The Department also aims to ensure that customers receive accurate information regarding the cannabis and cannabis products they consume.

The proposed regulations remove conflicting or duplicative definitions, as definitions that are applicable to all the Department's licensees have been consolidated in Chapter 1.

Moreover, the proposed regulations eliminate application requirements for testing laboratories from this chapter, as application requirements for all licensees have been consolidated in Chapter 1 of the Department's regulations. The proposed regulations clarify that laboratories can test items not regulated by the Department and contain record keeping requirements. The proposed regulations clarify evidence that the Department will consider as establishing proof of ownership of vehicles used for transporting samples and contains requirements for vehicles carrying samples. The proposed regulations remove language regarding the phase-in of testing requirements, as the date that certain tests were phased-in has already passed and this language is

no longer necessary. The proposed regulations amend language regarding the testing of tinctures containing alcohol for consistency throughout the Department's regulations. The proposed regulations clarify the variance for edible cannabis products to ensure consistency with statutory requirements. The proposed regulations have added a provision clarifying how testing laboratory licensees may submit a request to amend their certificates of analysis.

Finally, the proposed regulations have eliminated reference to recordkeeping requirements in this chapter, as they are being consolidated in Chapter 1 of the Department's regulations.

### **Chapter 7: Cultivators**

Cultivators grow all cannabis plants that enter the commercial cannabis supply chain. Under MAUCRSA, a cultivation license is required for the planting, growing, harvesting, drying, curing, grading, or trimming of cannabis. Through the proposed regulations, the Department aims to ensure that cultivators follow MAUCRSA supply chain requirements; protect public health and safety as a part of their cultivation practices; and limit the risk of diversion.

The proposed regulations remove language regarding application requirements, fees, and general requirements, as this information has been consolidated for all licensees in Chapter 1 of the Department's regulations. The proposed regulations clarify that cannabis and cannabis products derived from plants grown in designated research and development areas cannot enter the commercial cannabis market or be transferred off the premises. The proposed regulations clarify that lights used for both safety and security shall be shielded downward. The proposed regulations provide clarification regarding greenhouse gas calculation and reporting requirements. The proposed regulations require seed, immature plants or propagated material received as trade samples be cultivated in a dedicated canopy that is included in the aggregate canopy. The proposed regulations clarify canopy, cultivation plan, and pest management plan requirements. The proposed regulations clarify that lights must be shielded from sunset to sunrise for both indoor cultivation and mixed light cultivation. Finally, the proposed regulations have eliminated reference to recordkeeping requirements in this chapter, as they are being consolidated in Chapter 1 of the Department's regulations.

### **Chapter 8: Manufacturers**

Under MAUCRSA, a manufacturing license is required to compound, blend, extract, infuse, package, label, or otherwise make or prepare a cannabis product. Manufacturers generally extract cannabinoids and terpenes from cannabis plants and make products out of the extract, including edible products, vape cartridges, lotions, balms, lozenges, sublingual sprays, pills, tablets, dab, shatter, and wax. The proposed regulations are intended to ensure that manufacturers follow the MAUCRSA supply chain requirements and protect public health and safety in their production of cannabis products for consumption.

The proposed regulations clarify general requirements for extraction and post-extraction requirements by consolidating current legal and regulatory requirements into one section. The proposed regulations clarify the requirements related to batch production records that are produced every time a batch of cannabis product is manufactured, or a batch of cannabis product is remediated. The proposed regulations provide further clarification regarding when written procedures are required for cannabis product components. The proposed regulations clarify that manufacturing licensees must adhere to closed-loop extraction system laws for verification and that they must be certified prior to use. The provisions related to ethanol have been clarified. Finally, the proposed regulations eliminated reference to general licensure requirements in this chapter, such as written personnel procedures and recordkeeping requirements, as these provisions are being consolidated in Chapter 1 of the Department's regulations.

### **Chapter 9: Other Responsibilities**

This chapter of the proposed regulations would identify and consolidate other generally applicable responsibilities for Department licensees. The proposed regulations would clarify what requirements Department licensees must satisfy when using weighing devices. The proposed regulations would identify Department licensees' responsibilities related to cannabis waste management at their licensed premises. The proposed regulations would outline procedures that licensees must adhere to when they receive product complaints. Further, the proposed regulations would establish guidelines for both voluntary and mandatory recalls of cannabis and cannabis products that are determined to be misbranded or adulterated.

### **Chapter 10: Cannabis and Cannabis Products**

The proposed regulations would consolidate requirements for cannabis and cannabis products. Specifically, Article 1 of the proposed regulations would enumerate standards for manufactured cannabis products. The proposed regulations would remove caffeine from the list of prohibited additives. The proposed regulations would identify types of products that shall not be sold as cannabis products. The proposed regulations would identify the requirements for edible cannabis products, including serving sizes. The proposed regulations would identify certain requirements for topical cannabis products, concentrates, and other cannabis products. Additionally, the proposed regulations would identify dosing mechanisms that may be used to package orally-consumed products containing alcohol and tinctures. The proposed regulations would add additional requirements for inhaled products. Article 2 of the proposed regulations would describe cannabinoid concentration limits related to THC. Article 3 of the proposed regulation would describe the process that licensees may follow to remediate cannabis products that have failed regulatory compliance testing.

### **Chapter 11: Labeling and Packaging Requirements**

The proposed regulations would specify the labeling and packaging considerations for all department licensees. Specifically, Article 1 of the proposed regulations would

provide the labeling and packaging requirements for bulk cannabis and cannabis products, live plants, and seeds. Article 2 of the proposed regulations would provide that cannabis product must be labeled and packaged in its final form prior to release to a licensed distributor. Article 3 of the proposed regulations would enumerate labeling requirements for all cannabis and cannabis products, including requirements for primary panel labeling, informational panel labeling, labeling restrictions, and universal symbol requirements. Additionally, Article 4 of the proposed regulations provides an overview of general packaging requirements and child-resistant packaging requirements, as well as packaging requirements for tinctures.

### **Chapter 12: Enforcement**

Under the MAUCRSA, the Department has the authority to create, issue, deny, renew, suspend, revoke, place on probation with terms and conditions, or otherwise discipline a licensee for any acts or omissions constituting grounds for disciplinary action. The Department is responsible for establishing the regulatory framework for disciplinary action for certain licensed and unlicensed commercial cannabis activities. The proposed regulations establish the overarching framework for which the Department will initiate or undertake enforcement action, including disciplinary action for all licensees.

Enforcement of MAUCRSA is essential to carrying out the duties of the Department in ensuring the protection of the public as the highest priority.

The proposed regulations would consolidate and clarify the enforcement provisions applicable to all Department licensees, as well as make consistent the Department's enforcement procedures and disciplinary guidelines. Disciplinary guidelines, including proposed penalties and fines, would be consolidated as a part of the proposed regulations.

### **Chapter 13: Other Provisions**

Revenue and Taxation Code section 34019, subsection (b), provides that a sum of ten million dollars (\$10,000,000), will be disbursed annually to public universities in California, beginning with the 2018-2019 fiscal year until the 2028-2029 fiscal year, to research and evaluate the implementation and effect of the Act. While the Revenue and Taxation Code provides the Department the authority to select the universities that will be eligible for this disbursement, much of the implementation specifics were left to the Department. The proposed regulations would relocate the regulations currently in place from Chapter 8 to Chapter 13.

### **Incorporated by Reference**

**The following documents are incorporated into the regulations by reference:**

Department of Cannabis Control Disciplinary Guidelines for All Commercial Cannabis Licenses, Amended February 2022.

**The following forms are incorporated into the regulations by reference:**

DCC-LIC-019 Standard Operating Procedures (New 2/22)

DCC-LIC-021 Sampling Standard Operating Procedures (Amended 2/22)

DCC-LIC-022 Sample Preparation Operating Procedures Form (Amended 2/22)

DCC-LIC-023 Test Methods Operating Procedures Form (Amended 2/22)

DCC-LIC-024 Data Package Cover Page and Checklist (Amended 2/22)

DCC-LIC-027 Notification and Request Form (Amended 2/22)

DCC-LIC-028 Licensee Notification and Request Form, Notifications and Requests Regarding Regulatory Compliance (New 2/22)

DCC-LIC-029 Licensee Notification and Request Form, Notifications and Requests Regarding Testing Laboratories (New 2/22)

**Evaluation of Inconsistency/Incompatibility with Existing State Regulations:**

As required by Gov. Code section 11346.5(a)(3)(D), the Department has conducted an evaluation of these proposed regulations and has determined that they are not inconsistent or incompatible with existing regulations.

**Evaluation of Inconsistency with Federal Regulation Statute**

The United States Drug Enforcement Administration (DEA) under the Controlled Substances Act lists cannabis as a Schedule 1 Drug. This means that commercial cannabis activity is illegal under federal law. However, California, through the MAUCRSA and other laws, has decriminalized the cultivation, sale, and possession of cannabis and cannabis products for persons aged 21 or older and for medicinal patients.

**Plain English Requirement**

Department staff prepared these proposed regulations pursuant to the standard of clarity provided in Gov. Code section 11349 and the plain English requirements of Gov. Code sections 11342.580 and 11346.2, subsection (a)(1). The proposed regulations are written to be easily understood by the persons that will use them.

**Disclosures Regarding the Proposed Action**

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The Department has made the following initial determinations:

Local mandate: There will be no local mandate.

Cost to any local agency or school district requiring reimbursement pursuant to Gov. Code section 17500, et seq: None.

Any other non-discretionary cost or savings imposed upon local agencies: None.

Cost or savings to any state agency: None

Cost or savings in federal funding to the state: None.

Effect on Housing Costs: The proposed regulations will have no fiscal or other effect upon housing in the state.

Significant Statewide Adverse Economic Impact Directly Affecting Businesses: The Department has determined there will not be a significant, statewide adverse economic impact directly affecting businesses, including the ability of California businesses to compete with businesses in other states.

Small Business Determination: The Department has determined that the proposed regulations will not affect small business. The proposed regulations consolidate the existing regulatory requirements from the three former regulatory agencies. The requirements for operating a commercial cannabis business will generally remain the same under the consolidated regulations.

Cost Impacts on a Representative Private Person or Business: The Department is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

### **Results of the Economic Impact Analysis/Assessment**

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The proposed regulations will consolidate the regulations from the three former commercial cannabis regulatory agencies. This consolidation will bring all the regulations into one place within one unified regulatory agency. This will result in added clarity, consistency, and efficiency across all commercial cannabis business requirements. As such, many of the existing requirements applicable to commercial cannabis businesses remain the same.

The Department does not anticipate the creation or elimination of jobs or businesses within the state. The Department does not anticipate the proposed regulations to have an effect or impact on the creation of new businesses or the expansion or elimination of existing businesses within the state. As stated under “Regulation Objectives and Anticipated Benefits of the Proposed Regulations” above, the consolidation of these regulations will benefit the health and welfare of California residents by allowing the Department to better educate licensees as well as provide for consistent and fair enforcement. The Department does not anticipate the proposed regulations will affect worker safety or the state’s environment. The proposed regulations are to consolidate and clarify the existing regulations for the former commercial cannabis regulatory agencies.



## Consideration of Alternatives

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The Department must determine that no reasonable alternative it considered or that has otherwise been identified and brought to its attention would be more effective in carrying out the purpose for which the action is proposed, would be as effective and less burdensome to affected private persons than the proposed action, or would be more cost-effective to affected private persons and equally effective in implementing the statutory policy or other provision of law.

The Department invites interested persons to present statements or arguments with respect to alternatives during the written comment period or at the hearing.

## Contact Person

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Inquiries concerning the proposed administrative action may be directed to:

Kaila Fayne  
Department of Cannabis Control  
Legal Affairs Division  
2920 Kilgore Road  
Rancho Cordova, CA 95670  
916-465-9025  
[Kaila.Fayne@cannabis.ca.gov](mailto:Kaila.Fayne@cannabis.ca.gov)

The backup contact person for these inquiries is:

Ashlynn Blackshire  
Department of Cannabis Control  
Legal Affairs Division  
2920 Kilgore Road  
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916-251-4499  
[Ashlynn.Blackshire@cannabis.ca.gov](mailto:Ashlynn.Blackshire@cannabis.ca.gov)

Please direct requests for copies of the proposed text (the “express terms”) of the regulations, the initial statement of reasons, the modified text of the regulations, if any, or other information upon which the rulemaking is based to the contact persons listed above.

## Availability of Statement of Reasons, Text of Proposed Regulations, and Rulemaking File

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The Department will have the entire rulemaking file available for inspection and copying, throughout the rulemaking process, at its office at the address above. As of the date this Notice is published in the Notice Register, the rulemaking file consists of this Notice, the proposed text of the regulations, and the Initial Statement of Reasons. Copies of

materials may be obtained by contacting Kaila Fayne at the address, email or phone number listed above.

### **Availability of Changed or Modified Text**

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After considering all timely and relevant comments received, the Department may adopt the proposed regulations, substantially, as described in this Notice. If the Department makes modifications that are sufficiently related to the originally proposed text, it will make the modified text (with the changes clearly indicated) available to the public for at least 15 days before the Department adopts the regulations, as revised. Please send requests for copies of any modified regulations to the attention of Kaila Fayne at the address, email, or phone number indicated above.

The Department will accept written comments on the modified regulations for at least 15 days after the date on which they are made available.

### **Availability of The Final Statement of Reasons**

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Upon its completion, copies of the Final Statement of Reasons may be obtained by contacting Kaila Fayne at the above address, email, or phone number indicated above.

### **Availability of Documents on the Internet**

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Copies of the Notice of Proposed Action, the Initial Statement or Reasons, and the text of the proposed regulations can be accessed through the Department's website at: [www.cannabis.ca.gov/resources/rulemaking/](http://www.cannabis.ca.gov/resources/rulemaking/).