

Assembly Bill No. 2385

Passed the Assembly August 29, 2016

Chief Clerk of the Assembly

Passed the Senate August 23, 2016

Secretary of the Senate

This bill was received by the Governor this _____ day
of _____, 2016, at _____ o'clock ____M.

Private Secretary of the Governor

CHAPTER _____

An act to amend Section 19320 of the Business and Professions Code, relating to marijuana.

LEGISLATIVE COUNSEL'S DIGEST

AB 2385, Jones-Sawyer. Medical Cannabis Regulation and Safety Act: state licenses: Measure D.

Existing law, the Medical Cannabis Regulation and Safety Act (MCRSA), provides for the licensure and regulation of medical cannabis and requires all commercial cannabis activity to be conducted between licensees. Existing law establishes the Bureau of Medical Cannabis Regulation within the Department of Consumer Affairs. Existing law authorizes licensing authorities to only issue state licenses to qualified applicants. Existing law, upon the date of implementation of regulations by the licensing authority, prohibits a person from engaging in commercial cannabis activity without possessing both a state license and a local permit, license, or other authorization.

This bill would instead prohibit a person from engaging in commercial cannabis activity without possessing both a state license and a local permit, license, or other authorization one year after the bureau posts a notice on its Internet Web site that the licensing authorities have commenced issuing licenses. The bill would also, with regard to commercial cannabis activity in the City of Los Angeles, prohibit licensing authorities from requiring a local license, permit, or other authorization, and would require the issuance of a state license, if the authorities determine, as specified, that the applicant meets all of the requirements of MCRSA and specified criteria relating to Measure D, which was approved by the voters of the City of Los Angeles at the May 21, 2013, general election. The bill would further provide that a license issued pursuant to the above provision has the same force and effect, and confers the same benefits and responsibilities, as licenses issued to licensees not subject to the above-described exception. The bill would require the exemption to the local licensing requirement provided by these provisions to be superseded by a subsequent initiative authorizing the City of Los

Angeles to issue local licenses to medical marijuana businesses in the city if the voters of Los Angeles approve the initiative prior to the time the State of California begins issuing state licenses.

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

SECTION 1. Section 19320 of the Business and Professions Code is amended to read:

19320. (a) All commercial cannabis activity shall be conducted between licensees, except as otherwise provided in this chapter.

(b) Licensing authorities administering this chapter may issue state licenses only to qualified applicants engaging in commercial cannabis activity pursuant to this chapter. One year after the Bureau of Medical Cannabis Regulation posts a notice on its Internet Web site that the licensing authorities have commenced issuing licenses, no person shall engage in commercial cannabis activity without possessing both a state license and a local permit, license, or other authorization. An entity seeking licensure pursuant to this chapter shall obtain a local license, permit, or other authorization prior to applying for state licensure. State licensing entities shall not issue a license to any applicant that is unable to provide documentation confirming authorization to operate from the local government in which the applicant proposes to operate. A licensee shall not commence activity under the authority of a state license until the applicant has obtained, in addition to the state license, a local license, permit, or other authorization from the local jurisdiction in which he or she proposes to operate, following the requirements of the applicable local ordinance.

(c) Each licensee shall obtain a separate license for each location where it engages in commercial medical cannabis activity. However, transporters only need to obtain licenses for each physical location where the licensee conducts business while not in transport or where any equipment that is not currently transporting medical cannabis or medical cannabis products permanently resides.

(d) Revocation of a local license, permit, or other required authorization shall terminate the ability of a medical cannabis business to operate within that local jurisdiction until the local jurisdiction reinstates or reissues the local license, permit, or other authorization. Local authorities shall notify the bureau upon

revocation of a local license, permit, or other authorization. The bureau shall inform relevant licensing authorities.

(e) Revocation of a state license shall terminate the ability of a medical cannabis licensee to operate within California until the licensing authority reinstates or reissues the state license.

(f) In addition to the provisions of this chapter, local jurisdictions retain the power to assess fees and taxes, as applicable, on facilities that are licensed pursuant to this chapter and the business activities of those licensees.

(g) Nothing in this chapter shall be construed to supersede or limit state agencies, including the Department of Food and Agriculture, the State Water Resources Control Board, and the Department of Fish and Wildlife, from establishing fees to support their medical cannabis regulatory programs.

(h) (1) Notwithstanding any other provision of this chapter:

(A) With regard to commercial cannabis activity in the City of Los Angeles, the licensing authorities shall not require a local license, permit, or other authorization and shall issue a state license to engage in commercial cannabis activity only if the licensing authorities determine the applicant satisfies all of the requirements of this act and demonstrates that it meets all of the following criteria established by Measure D, approved by the voters of the City of Los Angeles at the May 21, 2013, general election:

(i) The applicant was operating in the City of Los Angeles as a medical marijuana business by September 14, 2007, as evidenced by a business tax registration certificate issued by the City of Los Angeles on or before November 13, 2007.

(ii) The applicant registered with the City of Los Angeles city clerk by November 13, 2007, in accordance with all of the requirements of the City of Los Angeles' Interim Control Ordinance.

(iii) The applicant obtained a City of Los Angeles business tax registration for taxation as a medical marijuana collective (class L050).

(B) A state license issued pursuant to this paragraph for commercial cannabis activity shall have the same force and effect and shall confer the same benefits and responsibilities as licenses issued to licensees outside the City of Los Angeles that obtain a license, permit, or other authorization from the local jurisdiction.

(C) The determination of the licensing authority that an applicant for a state license meets the criteria listed in subparagraph (A) shall be based on a written or electronic notification provided to the licensing authority by the City of Los Angeles that the applicant has met the criteria. If the City of Los Angeles does not provide written or electronic notification to the licensing authority confirming an applicant has met the criteria, the licensing authority shall not issue a state license.

(2) Notwithstanding paragraph (1), if the voters of Los Angeles approve an initiative, after January 1, 2016, but prior to the time that the State of California begins issuing state licenses, that authorizes the City of Los Angeles to issue local licenses to medical marijuana businesses in Los Angeles, the exemption for local licensing in Los Angeles as set forth in paragraph (1) shall be superseded by the local licensing requirements as enacted by that initiative.

Approved _____, 2016

Governor