BUREAU OF CANNABIS CONTROL
CALIFORNIA CODE OF REGULATIONS TITLE 16, DIVISION 42
MEDICINAL AND ADULT-USE CANNABIS REGULATION

FINAL STATEMENT OF REASONS AND UPDATED INFORMATIVE DIGEST

SUBJECT MATTER OF PROPOSED REGULATIONS: Medicinal and Adult-Use Cannabis Regulation

SECTION(S) AFFECTED:

Adopt

Cal. Code Regs., Tit. 16, §§5000, 5001, 5002, 5003, 5004, 5005, 5006, 5007, 5007.1, 5007.2, 5008, 5009, 5010, 5010.1, 5010.2, 5010.3, 5011, 5012, 5013, 5014, 5015 5016, 5017, 5018, 5019, 5020, 5021, 5022, 5023, 5024, 5024.1, 5025, 5026, 5027, 5028, 5030, 5031, 5032, 5033, 5034, 5035, 5036, 5037, 5038, 5039, 5040, 5040.1, 5041, 5041.1, 5042, 5043, 5044, 5045, 5046, 5047, 5048, 5049, 5050, 5051, 5052, 5052.1, 5053, 5054, 5300, 5301, 5302, 5303, 5303.1, 5304, 5305, 5305.1, 5306, 5307, 5307.1, 5307.2, 5308, 5309, 5310, 5311, 5312, 5313, 5314, 5315, 5400, 5402, 5403, 5403.1, 5404, 5405, 5406, 5407, 5408, 5409, 5410, 5411, 5412, 5413, 5414, 5415, 5415.1, 5416, 5417, 5418, 5419, 5420, 5421, 5422, 5423, 5424, 5426, 5427, 5500, 5501, 5502, 5503, 5504, 5505, 5506, 5506.1, 5507, 5600, 5601, 5602, 5603, 5604, 5700, 5701, 5702, 5703, 5704, 5705, 5706, 5707, 5708, 5709, 5710, 5711, 5712, 5713, 5714, 5715, 5717, 5718, 5719, 5720, 5721, 5722, 5723, 5724, 5725, 5726, 5727, 5728, 5729, 5730, 5731, 5732, 5733, 5734, 5735, 5736, 5737, 5738, 5739, 5800, 5801, 5802, 5803, 5804, 5805, 5806, 5807, 5808, 5809, 5810, 5811, 5812, 5813, 5814, 5815, 5900, 5901, 5902, 5903, 5904 and 5905

BACKGROUND

On December 7, 2017 the Bureau of Cannabis Control (Bureau) adopted emergency regulations to clarify and make specific licensing and enforcement criteria for commercial cannabis businesses under the Medicinal and Adult-Use Regulation and Safety Act (MAUCRSA or the Act). On June 6, 2018 the Bureau readopted the emergency regulations. On July 13, 2018 the Bureau issued a Notice of Proposed Rulemaking and began a 45-day comment period on the proposed regulations. The Bureau held public hearings on August 7, 2018, August 14, 2018, and August 27, 2018 in Oakland, Los Angeles, and Sacramento respectively. The Bureau received thousands of comments, both oral and written, on the proposed regulations. Based on review of the comments received, the Bureau determined that there were a number of sufficiently related changes to the proposed regulations that were necessary to clarify certain sections and provisions. These changes included clarifying sections and provisions of the regulations that were impacted by recent legislative changes to the Act, such as expanding the locations that temporary cannabis events can be held at and preventing the sell and transport of cannabis goods that are labeled with terms that would create a misleading impression that the product is an

alcoholic beverage. Additional changes included clarifying which individuals in a multi-layer business structure must be disclosed as owners or financial interest holders in an application for a commercial cannabis business and expanding on a distributor's ability to label or re-label cannabis goods with the amounts of cannabinoids and terpenoids after receiving a certificate of analysis for regulatory compliance testing. Pursuant to Government Code section 11346.8, subdivision (c) and section 44 of Title 1 of the California Code of Regulations the Bureau made substantive and sufficiently related changes to the proposed regulations and circulated them to the public for a 15-day comment period.

UPDATED INFORMATIVE DIGEST

There have been no substantial changes in applicable laws or to the effect of the proposed regulations from the laws and effects described in the Notice of Proposed Regulatory Action. However, several bills were passed during the legislative session that modify the Act. Each bill that impacted the Bureau's proposed regulations is summarized below. Further discussion of the bills and their impacts on specific proposed regulations is included in the summary of changes made to the proposed regulations.

Stats. 2018, Chapter 556 (SB 311), which became effective on September 19, 2018, amended Section 26110 of the Business and Professions Code and authorizes a licensed distributor to transport cannabis or cannabis products that are fit for sale to the premises of another licensed distributor for further distribution.

Stats. 2018, Chapter 857 (SB 1459), which became effective on September 27, 2018, added Section 26050.2 to the Business and Professions Code and, until January 1, 2020, authorizes a licensing authority to issue a provisional license for commercial cannabis activity if the applicant holds or held a temporary license for the same premises and the same commercial cannabis activity. The bill requires a provisional license to be valid for 12 months and prohibits the license from being renewed. The bill requires the provisions of the Act to apply to a provisional license in the same manner as an annual license, except as specified and exempts the issuance of a provisional license from the California Environmental Quality Act (CEQA). The bill also prohibits the refusal by the licensing authority to issue a provisional license or revocation or suspension by the licensing authority of a provisional license from entitling the applicant or licensee to a hearing or an appeal of the decision.

Stats. 2018, Chapter 827 (AB 2914), which becomes effective on January 1, 2019, adds Section 26070.2 to the Business and Professions Code and prohibits a licensee from selling, offering, or providing a cannabis product that is an alcoholic beverage, including, but not limited to, an infusion of cannabis or cannabinoids derived from industrial hemp into an alcoholic beverage.

Stats. 2018, Chapter 749 (AB 2020), which becomes effective on January 1, 2019, amends Section 26200 of the Business and Professions Code and authorizes a state temporary event license to be issued to a licensee for an event to be held at any other venue expressly approved by a local jurisdiction for events. The bill also amends Section 26200 of the Business and Professions Code to codify requirements that are similar to those provided in the Bureau's emergency regulations, including requiring that all participants who are engaged in the onsite retail sale of cannabis or cannabis products at the event to be licensed to engage in that activity, and requiring an applicant who submits an application for a state temporary event license to, 60 days before the event, provide the Bureau a list of all licensees that will be providing onsite sales of cannabis or cannabis products at the event and to update the list in a manner similar to what is provided in the existing emergency regulations. The bill also authorizes the Bureau to require the event and all participants to cease operations without delay if in the opinion of the Bureau or local law enforcement it is necessary to protect the immediate public health and safety of the people of the state. The bill also authorizes the Bureau to require the event organizer to immediately expel from the event any participant selling cannabis or cannabis products without a license from the Bureau that authorizes the participant to sell cannabis or cannabis products and authorizes the Bureau to require the event and all participants to cease operations immediately if the participant does not leave immediately. The bill also specifies that an order by the Bureau for the event to cease operations does not entitle the event organizer or any participant in the event to a hearing or an appeal of the decision and exempts an order by the Bureau for the event to cease operations from specified provisions related to the discipline of a license and from specified provisions related to the appeal of a decision by a licensing authority.

Stats. 2018, Chapter 971 (AB 2799), which becomes effective on January 1, 2019, amends Section 26051.5 of the Business and Professions Code and requires an applicant for initial licensure or renewal of a state license under the Act to provide a statement that the applicant employs, or will employ within one year of receiving a license or renewal, one supervisor and one employee who have successfully completed a Cal-OSHA 30-hour general industry course offered by a training provider that is authorized by an OSHA Training Institute Education Center.

Except as set forth above, there are no other changes in applicable laws or to the effect of the proposed regulations from the laws and effects described in the Notice of Proposed Action.

UPDATE OF INITIAL STATEMENT OF REASONS AND INFORMATIVE DIGEST

As authorized by Government Code section 11346.9, subdivision (d), the Bureau hereby incorporates the Initial Statement of Reasons prepared in this matter. Unless a specific basis is stated for any modification to the regulations as initially proposed, the necessity for the adoption of new regulations as set forth in the Initial Statement of Reasons continues to apply to the regulations as adopted.

All modifications from the initially proposed text of the regulations are summarized below.

MODIFICATIONS MADE AVAILABLE FOR A 15-DAY COMMENT PERIOD

Chapter 1. All Bureau Licensees

Changes Made to Article 1. Division Definitions:

§ 5000. Definitions

The Bureau has made amendments to this section, including the addition of new definitions. As such, the numbering of the subsections has changed beginning with subsection (b).

The Bureau has added a definition for "branded merchandise." Branded merchandise has been defined to mean clothing, hats, pencils, pens, keychains, mugs, water bottles, beverage glasses, notepads, lanyards, cannabis accessories, or other types of merchandise approved by the Bureau with the name or logo of a commercial cannabis business licensed pursuant to the Act. The definition further clarifies that branded merchandise does not include items containing cannabis or any items that are considered food as defined by Health and Safety Code section 10993.5. This addition was necessary because the Bureau has proposed to allow distributors to distribute and retailers to sell branded merchandise but had not clarified what constitutes branded merchandise. The Bureau limited branded merchandise to those items often used for marketing to allow licensees to avail themselves of this type of marketing, while not allowing licensees to sell other items that are not cannabis goods or accessories. It was necessary for the Bureau to identify branded merchandise because this broad range of customary branded items provides licensees with a great deal of flexibility, while also ensuring that the health and safety of the public is protected by ensuring that licensees are not using branded materials to appeal to underage persons

The Bureau has added a definition for "business day." Business day has been defined as a day Monday through Friday from 8:00 a.m. to 5:00 p.m. Pacific Time, excluding state holidays in which the Bureau is closed for business. This was necessary because the Bureau has clarified throughout the regulations its requirements related to a period of days whether the period is business days or calendar days. This change assures that licensees are aware of the appropriate timing associated with the Bureau's regulatory requirements.

The Bureau has amended the definition of "cannabis waste" to remove a reference to section 5055. This is necessary because the Bureau has amended the sections regarding waste and has removed section 5055 in whole. The Bureau has also removed the references to hazardous waste and organic waste. This change was necessary because the Bureau determined that the terms were not appropriate for all types of cannabis waste that may be generated by a licensee.

The Bureau has amended the definition of "delivery employee." Since a microbusiness may only engage in cannabis activities it has been authorized to engage in by the Bureau, the Bureau has modified the definition to clarify delivery employee includes an individual employed by a licensed microbusiness authorized to engage in retail sales who delivers cannabis goods. This change is also necessary for consistency of terminology throughout the regulations.

The Bureau has added a definition for "immature cannabis plant" or "immature plant." The Bureau has defined these terms to mean a plant that is nonflowering and is shorter and narrower than 18 inches. This addition is necessary because the Bureau allows retailers to sell immature cannabis plants but had not previously defined "immature cannabis plant." The Bureau determined that retailers currently offer small clones and thus, requiring such plants to be under 18 inches was consistent with what retailers were currently offering. This definition is intended to apply only to licensees authorized to engage in retail and clarifies the requirements for a plant to be considered immature and therefore eligible for retail sale.

The Bureau has amended the definition of "limited-access area" to change contractors to authorized individuals. This change was necessary for consistency of terminology throughout the regulations, related to limited-access areas.

The Bureau has removed the definition of "nonvolatile solvent." The Bureau determined that a definition for the term was unnecessary because the term is not used in the regulations.

The Bureau has added a definition for "promotional materials." The Bureau has defined "promotional materials" to mean written material other than permitted signs, displays, decorations, cannabis accessories, and the cannabis goods themselves furnished by any licensee under the Act to a retail licensee for advertising purposes. This addition was necessary because the Bureau has proposed to allow distributors to distribute and retailers to provide to customers promotional materials but had not clarified what constitutes promotional materials; the term was ambiguous and required further definition. Limiting promotional materials was necessary to provide licensees with clear guidance regarding what types of materials may be distributed and provided to customers.

The Bureau has amended the definition of "publicly owned land" to also include land that is leased or occupied by a city, county, state, federal, or other government entity. The Bureau recognized that cities, counties, state, federal, or other governmental entities often lease office space or other properties. This change was necessary to clarify that all publicly held land is included in the definition.

The Bureau has added a definition for "tamper-evident." The Bureau has defined "tamper evident" to mean that the cannabis goods packaging is sealed in a manner that prevents the packaging from being opened without obvious destruction of the seal. This change was necessary

because the Bureau has proposed to allow distributors to package pre-rolls in a tamper-evident package but had not clarified what constitutes tamper-evident packaging. To assure that commercial cannabis licensees that are packaging cannabis goods are held to the same standards, the Bureau's definition of "tamper-evident" is consistent with the definition promulgated by the California Department of Public Health (CDPH).

The Bureau has added a definition for "wholesale cost" which has the same meaning as the definition adopted by the California Department of Tax and Fee Administration (CDTFA) regarding cannabis taxes. This addition was necessary to ensure consistent use of the term by CDTFA and the Bureau.

Changes Made to Article 2. Applications:

§ 5001. Temporary Licenses

The Bureau has amended the title of this section from "Temporary License Application Requirements" to "Temporary Licenses" and removed subsections (a) through (d) related to application requirements. The Bureau's authority to issue temporary licenses ceases on January 1, 2019. As the Bureau will no longer be accepting temporary license applications after the proposed regulations become effective, these sections are no longer necessary. The rest of the subsections have been renumbered to reflect the deletion of the subsections.

The reference section has been revised to correct a typographical error.

§ 5002. Annual License Application Requirements

Subsection (c)(15) has been amended to clarify that all business formation documents must be provided to the Bureau to ensure the Bureau can properly evaluate the application. Additionally, the subsection has been amended to include bylaws in the list of business-formation documents that must be provided. This modification was necessary to clarify that the Bureau considers bylaws to be a part of the business-formation documents that must be disclosed with the application. The subsection was also amended to clarify that for a commercial cannabis business held in trust, the applicant shall provide the certificate of trust establishing trustee authority. The subsection previously stated the applicant shall provide a copy of the trust. The amendment clarifies the specific document that must be provided. Collectively, the information collected under this subsection is necessary because it enables the Bureau to determine how the commercial cannabis business will be organized and to ensure that all owners as defined in section 5003 and all financial interest holders in section 5004 are identified.

Subsection (c)(17) has been amended to include foreign limited liability company to account for this type of business structure. The subsection has also been amended to include a certificate of registration or certificate of status in addition to a certificate of qualification. The Bureau

determined that not all foreign business entities would have a certificate of qualification, and thus an amendment to the section was necessary to include the other certificates that a foreign corporation is issued by the Secretary of State. This subsection also made a grammatical change which amended "Secretary of State of California" to "California Secretary of State," and replaced "the" with "a."

Subsections (c)(19) and (c)(20) have been amended to reflect the appropriate cross reference to section 5003. This change was necessary to assure that the reader may accurately cross reference the appropriate language.

Subsection (c)(27) amends the term "provisional" to "interim" license for testing laboratories. This change is necessary to avoid terminology confusion due to a recent change in legislation that created a provisional license category for all commercial cannabis licensees.

Subsection (c)(29) was amended to correct a typographical error in the word "license". The subsection also incorporates by reference several forms to which changes have been made, including updating the "7/18" date to "10/18" for all of the forms to reflect the date the forms were amended. The Transportation Procedures Form, BCC-LIC-015 (New 10/18) was amended to correct for typographical and grammatical errors. Specifically, section 2(d) was amended to correct the spelling of "responsibilities," and section 2(g) was amended to correct for the removal of a comma after "parcel of land."

The Non-Laboratory Quality Control Procedures Form, BCC-LIC-017 (New 10/18) was amended to correct for typographical and grammatical errors. Specifically, section 1(a) was amended to correct the spelling of "transferring," and section 1(b) was amended to correct the spelling of "verifying", and to make a grammatical correction of adding "and" between primary panel labeling and informational panel labeling, to indicate that these are both inclusive in the materials to be verified. Section 1(d) was also amended to make consistent the heading format, and (1)(d)(i) was amended to correct the spelling of "including."

The Security Procedures Form, BCC-LIC-018 (New 10/18) was amended to correct for typographical and grammatical errors. Specifically, section 3(b) was amended to correct a typographical error that omitted language that was intended to be included. Language was added to complete the sentence in its entirety so as to clarify to applicants that the description to be provided under this subsection is pertaining to how the applicant will ensure that only authorized persons have access to the licensed premises and its limited access areas. Section 5(f) was amended to correct a typographical error that omitted language that was intended to be included. Language was added to complete the sentence in its entirety so as to clarify to applicants that the description to be provided under this subsection is pertaining to how the applicant will produce copies of video recordings at the licensed premises immediately upon request by the Bureau. Section 7(e) was amended to correct a typographical error that omitted language that was

intended to be included. Language was added to complete the sentence in its entirety so as to clarify to applicants that the description to be provided under this subsection is pertaining to how the applicant will be sharing the alarm system with other licenses (when sharing services at the same location), if applicable.

The Cannabis Waste Management Procedures Form, BCC-LIC-019 (New 7/18) has been removed to no longer require cannabis waste management procedures be submitted to the Bureau. Due to changes made to the sections on cannabis waste, this section is no longer necessary.

The Delivery Procedures Form, BCC-LIC-020 (New 10/18) was amended to correct for typographical and grammatical errors. Specifically, section 1 was amended to correct for the removal of a comma after "Provide" starting in the second sentence. This section was also renumbered to subsection (c)(29)(E) based on the removal of a subsection.

Subsection (c)(33) has been amended to add additional references to sections related to the California Environmental Quality Act for clarity. The section has also been amended to correct a grammatical error.

Subsection (c)(34) has been added to require applicants to provide their State Employer Identification Number (SEIN) issued by the California Employment Development Department. This number is necessary to ensure that all applicants that are required to obtain such a number have obtained it and are thus, in compliance with California law.

Subsection (c)(35) has been added to require applicants with more than one employee, to attest that they currently employ, or will employ within one year of receiving a license, at least one supervisor and one employee who have successfully completed a Cal-OSHA 30-hour general industry outreach course offered by a training provider that is authorized by an OSHA Training Institute Education Center. This addition is necessary to align with Assembly Bill 2799, amending Business and Professions Code section 26051.5 to include such a requirement. This will also provide the Bureau an application with the necessary attestations to ensure that the applicant meets the requirements for licensure.

§ 5003. Designation of Owner

Subsection (a) has been amended to clarify that reference to section 5002 is a reference to section 5002 of this division. This change was necessary for clarity and consistency throughout the regulations.

Subsection (b) has been amended to add an additional provision. Former subsection (b)(5) is now subsection (b)(6). All owners are required to be disclosed on the application and must submit fingerprint images to the Department of Justice. (Bus. & Prof. Code, § 26051.5.) Accordingly,

new subsection (b)(5) includes as an owner an individual who is entitled to a share of 20 percent of the profits of the commercial cannabis business. Inclusion of this provision is necessary because commercial cannabis businesses are seeking alternative methods to acquire capital to cover business costs due to traditional business loans being unavailable. Because of these nontraditional methods, some commercial cannabis businesses have owners that are entitled to profits but may not consider themselves as falling under the aggregate ownership interest of 20 percent because they did not personally provide that much capital to the startup costs. This provision makes clear that an aggregate ownership of 20 percent could be someone who is entitled to at least 20 percent of the profits regardless of how much of an investment they made into the company. This provision also assures that all individuals who meet the definition of "owner" are disclosed as part of an application for licensure.

New subsection (b)(6) contains those persons who fall under the statutory provision that an owner is an individual who will be participating in the direction, control, or management of the person applying for a license. Following the 45-day comment period, the Bureau proposed to add additional provisions to part (D). The Bureau proposed to expand this subsection by adding parts (D)(i)-(D)(iv) to provide examples of which individuals fall under the owner category of an "individual who assumes responsibility for a license." However, after reviewing comments regarding the section and receiving feedback from stakeholders, the Bureau determined that subsection (b)(6)(D) had created more confusion than clarity. Thus, the Bureau has withdrawn subsection (b)(6)(D).

Subsection (c) has been amended to clarify that when an entity has a 20 percent ownership interest in the commercial cannabis business, then all individuals who are owners of that entity shall be considered owners of the commercial cannabis business. This subsection has also been amended to provide examples such as all entities in a multi-level ownership structure are included as owners as well as persons that have control of a trust, chief executive officers, members of a board of directors, partners, trustees, and managing or non-member managers of the entity. Further clarification is provided by indicating the disclosures must trace back to the actual person holding an interest until only individuals remain. The Bureau has received numerous questions regarding this issue, with many applicants not understanding that the intent of this section was to reach the individual owners of an entity that owns a portion of the commercial cannabis business. Because all owners are required to be disclosed on an application for licensure, this modification is necessary to provide clarity to applicants on which individuals will be considered an owner of a commercial cannabis business when an entity owns a portion of the commercial cannabis business. To determine if a person has an aggregate interest of more than 20%, disclosure of actual individuals with ownership in entities is necessary. This provision assures that all individuals who meet the definition of "owner" are disclosed as part of an application for licensure.

§ 5004. Financial Interest in a Commercial Cannabis Business

Subsection (a) has been amended to remove the last sentence. This was necessary because the rule was repeated in subsection (d)(2). This subsection has also been amended to expand on what "an agreement to receive a portion of the profits" includes. The Bureau received comments and questions regarding this and determined it was necessary to expand on the provision by providing specific examples of agreements to receive a portion of the profits. The subsection now includes the following: an employee who has entered into a profit share plan with the commercial cannabis business; a landlord who has entered into a lease agreement with the commercial cannabis business for a share of the profits; a consultant who is providing services to the commercial cannabis business for a share of the profits; a person acting as an agent, such as an accountant or attorney for the commercial cannabis business for a share of the profits; a broker who is engaging in activities for the commercial cannabis business for a share of the profits, and a salesperson who earns a commission. With the expanded section, applicants will have clear guidance on which individuals need to be disclosed as financial interest holders.

A new subsection (c) has been added. The new subsection clarifies that if an entity has a financial interest in a commercial cannabis business, then all individuals who are owners of that entity shall be considered to have a financial interest in the commercial cannabis business. This subsection has also been amended to provide examples such as all entities in a multi-level ownership structure are included as having a financial interest as well as persons that have a profit-sharing plan, have a lease agreement for a share of the profits, are a consultant providing services for a share of the profits, are acting as an agent and receiving a share of the profits, are a broker receiving a share of the profits, and are a salesperson earning commission. Further clarification is provided by indicating the disclosures must trace back to the actual person holding an interest until only individuals remain. The Bureau has received numerous questions regarding this issue with many applicants not understanding that the intent of this section was to reach the individual owners of an entity that has a financial interest in the commercial cannabis business. Accordingly, this change was necessary to clarify which individuals need to be identified on the application as financial interest holders when an entity is a financial interest holder.

Former subsection (c) has been renumbered to subsection (d).

§ 5006. Premises Diagram

Subsection (c) has been amended to include the activity of infusion in the examples of commercial cannabis activities that must be included on the premises diagram. This change was necessary to provide additional examples of commercial cannabis activities that Bureau licensees may be engaged in on their premises. This addition will aid both applicants and Bureau staff in clearly identifying, with sufficient particularity, the characteristics of the premises.

Subsection (d) has been amended to provide a cross-reference to section 5315 which exempts from video surveillance requirements distributor transport only licensees who are operating on the same parcel of land as their manufacturing or cultivation licensed premises. This change was necessary to provide clarity to applicants so that they would know exactly what is required on the premises diagram for their license type. It also assures that readers may accurately reference the section regarding distributor transport only licensees.

Subsection (i) has been amended to remove the reference to subsections (b) through (g). The Bureau determined that this reference was not accurate and thus, it was necessary to make an amendment.

The reference section has been revised to correct a typographical error.

§ 5007.2 Use of Legal Business Name

This new section would require applicants and licensees to use their legal business name on all documents related to commercial cannabis activity. This section is necessary because the Bureau has found that applicants and licensees are using "doing business as" (DBA) names on some documents and their legal business names on others. This creates confusion for the licensing authorities and the licensees. Therefore, the Bureau determined it was necessary to require that licensees use their legal business name on all documents related to commercial cannabis activity.

§ 5008. Bond

This section has been amended to clarify that a bond is required for each license. The Bureau has received a number of questions regarding this requirement. This amendment was necessary to provide clarity to applicants regarding the requirement to have a bond for each license they apply for, as required by the Act.

§ 5010. Compliance with the California Environmental Quality Act (CEQA)

Subsection (c) of this section has been amended to require use of the CEQA Project-Specific Information Form, BCC-LIC-025 (New 10/18) which has been incorporated by reference. Prior to issuing a license, the Bureau must ensure the appropriate level of environmental review under CEQA has been completed. The inclusion of a form was necessary to guide applicants and ensure they provide sufficient information for the Bureau to determine whether the issuance of a license has the potential to generate significant adverse environmental impacts that might trigger further CEQA review. Specifically, the form will ensure that applicants adequately describe the location of their license; describe surrounding land uses and zoning designations; provide a vicinity map to show the license location; provide photographs of the existing visual conditions; describe the requested license activities and whether any physical modifications will be required;

describe related public agency permits and approvals; describe potential impacts to public services and utilities; and describe potential environmental impacts related to licensure.

Revised subsection (c) to correct several grammatical errors.

§ 5010.2 CEQA Exempt Projects

Section 5010.2 allows applicants to submit documentation to the Bureau demonstrating that a project is exempt from further environmental review pursuant to CEQA because the project falls within a class of projects under the CEQA Guidelines that have been determined not to have a significant effect on the environment. Subsection (a) has been amended to require use of the CEQA Exemption Petition Form, BCC-LIC-026 (New 10/18) which has been incorporated by reference. The inclusion of a form was necessary to guide applicants and ensure they provide adequate information to facilitate the Bureau's determination of whether a license may be exempt from further CEQA review. Specifically, the form ensures that applicants provide general information about the project location and an explanation as to how the applicant's licensed premises may fit into one of the categorical exemptions identified in the CEQA guidelines.

Subsection (c) has been amended to change 5 working days to 5 business days. This was necessary to provide consistency with the rest of the regulations that use the term business days rather than working days.

Changes Made to Article 3. Licensing:

§ 5014. Fees

The fees outlined in this section were revised based on updated recommendations from the economists at the University of California Resources Center (AIC). Such revisions were necessary due to newly available information regarding the type and number of prospective/active licenses, as well as feedback about how fees were calculated. The Bureau determined it was necessary to adjust the scaling and tiering of the fees to reflect the sizes and types of the business entities seeking licensure. The fees are now based on estimated revenue, specifically gross revenue for the 12-month license period, a calculation more easily performed by applicants and licensees that may be easily verified by the Bureau. This change is also reflected in the annual license fee table. Additionally, the fee table has been changed to remove "Distributor Transport Only" as a separate fee category from "Distributor." This change will allow all distributors, not simply transporting their own product, to be subject to the same fee schedule based on their revenue.

The license type classifications have been added to the annual fee schedule as well, under license type, to clarify and specify which license classifications correspond to each license type and fee. This is necessary to guide and streamline the process for applicants and licensees.

§ 5016. Priority Licensing

The reference section has been revised to correct a typographical error.

§ 5019. Excessive Concentration

Subsection (a) of this section has been amended to clarify that excessive concentration is evaluated in determining whether to grant, deny, or renew a license for a retail premises or microbusiness premises authorized to engage in retail sales. This change was necessary to provide clarity that the excessive concentration is based on the premises location, rather than license.

The reference section has been revised to correct a typographical error.

§ 5020. Renewal of License

Subsection (a) has been revised to request documentation consistent with the change in how a license fee is determined in section 5014. The reference to maximum dollar value of the licensee's operation has been replaced with a reference licensee's gross revenue.

The section was also revised to add an additional item, subsection (d)(5), for licensees to consider on the license renewal form. Subsequent subsections have been renumbered accordingly. In addition to the information previously enumerated, licensees for renewal would also need to submit documentation of any change to any item listed in the original application under section 5002 of the division that has not been reported to the Bureau through another process pursuant to the Act or this division. This is necessary to ensure that the Bureau is apprised of any changes to information initially listed on the application so that the Bureau may determine whether certain changes affect licensure status.

Subsection (d)(6) was revised to clarify that the attestation that all information provided to the Bureau is accurate and current is found on the license renewal form. This is necessary to ensure that licensees are aware of how to provide the required attestation. Including the attestation on the renewal form streamlines the license renewal process by assuring that licensees are able to fulfill this requirement without having to complete additional paperwork.

Subsection (d)(8) has been added to require multiple-employee licensees applying for a license renewal, to attest that they currently employ, or will employ within one year of license renewal, at least one supervisor and one employee who have successfully completed a Cal-OSHA 30-hour general industry outreach course offered by a training provider that is authorized by an OSHA

Training Institute Education Center. This addition is necessary to align with Assembly Bill 2799, amending Business and Professions Code section 26051.5 to include such a requirement. This will also provide the Bureau the necessary attestations to ensure that the licensee is fit for continued licensure.

The reference section has been revised to correct a typographical error.

§ 5021. Denial of License

The reference section has been revised to correct a typographical error.

§ 5022. Cancellation of License

This section revises the time period that the Bureau may cancel a license, from 10 business days to 14 calendar days. This is necessary to assure that notification timelines within the Bureau's proposed regulations are consistent. The Bureau determined that 14 calendar days not only ensures that the Bureau is apprised of changes to a license as soon as possible but provides a reasonable time period for licensees to reach out to the Bureau regarding their closure, quitting, or abandoning the licensed premises. Additionally, the Bureau has incorporated by reference a form to provide guidance on how to provide the required notification to the Bureau in subsection (a). The inclusion of a form was necessary to guide licensees and ensure they provide sufficient information to the Bureau for consideration. The form also streamlines the notification process by assuring that licensees are able to fulfill its notification requirements without having to complete additional paperwork.

The reference section has been revised to correct a typographical error.

§ 5023. Business Modifications

This section includes some grammatical edits to clarify to Bureau stakeholders that business modifications to items contained in an application for licensure may only be made in certain circumstances. This is necessary to ensure that licensees are aware of the circumstances for which notifications to the Bureau or new applications for licensure are required.

In addition, subsection (a) of this section has been revised to clarify that changes to standard operating procedures may be made without providing notification to the Bureau, except at renewal. This is necessary to ensure that the Bureau is apprised of changes to the standard operating procedures at the time of license renewal. The purpose of collecting this information at the time of license renewal is to ensure that the Bureau may make an informed determination as to whether the licensee's planned operations will comply with the various licensure requirements before a license is renewed.

Subsection (c) has been amended to clarify that licensees are not assignable to another person or owner. This was necessary to avoid confusion that nontransferable also includes assignment.

Subsection (c)(1) has been amended to clarify that in addition to not being transferable, licenses are not assignable. This is necessary to ensure that licensees are aware that they cannot allow another person to operate under their license as the statute requires qualification of individuals with specific roles in the business. This section also revises the time period during which an applicant must provide a new application and fee for licensure when one or more owners of a license changes from 10 business days to 14 calendar days. This is necessary to assure that all notification timelines within the Bureau's proposed regulations are consistent. The Bureau determined that 14 calendar days not only ensures that the Bureau is apprised of changes to a license as soon as possible but provides a reasonable time period for licensees to reach out to the Bureau when one or more owners of a license changes. The Bureau also added language to clarify that the business can continue to operate while the Bureau reviews the new ownership information and makes a determination if one owner remains the same. This is necessary to avoid confusion about whether the business can operate while the new application is pending. The Bureau has also clarified that when a new application is required, the new ownership cannot operate the business until the application has been submitted and approved by the Bureau and all fees have been paid. This is necessary to make clear that the application process must be completed and to avoid potential confusion. The Bureau also made grammatical corrections. The proposed changes to the subsection ensures that the Bureau can effectively determine whether new owners satisfy the requirements for licensure and whether certain changes in the licensee's ownership will affect licensure status.

Subsection (d) has been revised to clarify that when there are changes in persons with a financial interest in the commercial cannabis business that do not meet the requirements for a new application, the licensee must submit certain information to the Bureau within 14 calendar days, rather than 10 business days of the change. This is necessary to assure that notification timelines within the Bureau's proposed regulations are consistent. The Bureau determined that 14 calendar days not only ensures that the Bureau is apprised of changes to a license as soon as possible but provides a reasonable time period for licensees to reach out to the Bureau regarding changes to a licensee's operations. It also ensures that the Bureau can timely evaluate whether certain changes to the license will affect licensure status.

Subsection (e) of this section has been added to clarify that licensees must notify the Bureau of certain changes within 14 calendar days, rather than 10 business days as originally proposed; subsequent subsections have been renumbered. This is necessary to assure that notification timelines within the Bureau's proposed regulations are consistent. The Bureau determined that 14 calendar days not only ensures that the Bureau is apprised of changes to a license as soon as possible but provides a reasonable time period for licensees to reach out to the Bureau regarding

changes to a licensee's operations. It also ensures that the Bureau can timely evaluate whether certain changes to the license will affect licensure status.

Subsection (i) has been added to this section to require use of a form, Notification and Request Form, BCC-LIC-027 (New 10/18), incorporated by reference for all notifications to the Bureau required under this section, unless the change can be made through the Bureau's online system. The inclusion of a form was necessary to guide licensees and ensure they provide sufficient information for the Bureau to consider. The form also streamlines the notification process by assuring that licensees are able to fulfill its notification requirements without having to complete additional paperwork.

The remaining subsections are renumbered accordingly for consistency.

§ 5024. Death, Incapacity, or Insolvency of a Licensee

This section revises the timeframe a licensee, or the licensee's successor in interest, must notify the Bureau about the death, incapacity, or insolvency of the owner of a license from 10 business days to 14 calendar days. This is necessary to assure that all notification timelines within the Bureau's regulations are consistent. The Bureau determined that 14 calendar days not only ensures that the Bureau is apprised of changes to a license as soon as possible but provides a reasonable time period for licensees to reach out to the Bureau regarding the death, incapacity, or insolvency of the owner of a license. The Bureau has also incorporated by reference a form to be used for this notification, Notification and Request Form, BCC-LIC-027 (New 10/18). The inclusion of a form was necessary to guide the licensee, or the licensee's successor in interest, to ensure they provide sufficient information for the Bureau to consider. The form also streamlines the notification process by assuring that a licensee, or the licensee's successor in interest, is able to fulfill their notification requirements without having to complete additional paperwork.

§ 5024.1. Cannabis Goods After Termination of a License

This section has been added to provide licensees clarification on what they are allowed to do with cannabis goods on the licensed premises in the event a license is terminated for any reason. The Act provides that commercial cannabis activities can only be conducted by licensees; this is necessary to ensure that licensees are aware that their ability to conduct business under a license ceases once it has been terminated. This section is necessary because it enables the Bureau to minimize the potential for illegal diversion of cannabis goods once a license has been terminated.

Subsection (a) has been added to clarify that in the event a license has been terminated, the cannabis goods in the possession of the former licensee may be destroyed. This is necessary to ensure that illegal diversion of cannabis goods is minimized once a license has been terminated.

Subsection (b) has been added to clarify that in the event a license has been terminated, a licensed distributor or licensed microbusiness authorized to engage in distribution may be authorized by the Bureau to purchase and distribute the former licensee's entire inventory stock in certain circumstances. This is necessary to clarify the limited circumstances in which cannabis goods may be transferred to another licensee once a license has been terminated. This also ensures that illegal diversion of cannabis goods to unlicensed entities is minimized once a license has been terminated.

Subsection (b)(1) has been added to clarify that a licensed distributor or licensed microbusiness authorized to engage in distribution shall, within 14 calendar days of the termination of the former licensee's license, submit a written request to the Bureau for authorization to purchase the cannabis goods from the former licensee. This section is necessary to assure that cannabis goods once held by a valid licensee may be transferred to another Bureau licensee. The Bureau determined that 14 calendar days not only ensures that the Bureau is apprised of potential product transfers as soon as possible but provides a reasonable time period for licensees to reach out to the Bureau to request to transfer product held by a former licensee. Such requests must be submitted on the new Notification and Request Form, BCC-LIC-027- (New 10/18), which is incorporated by reference. This form is necessary to assure administrative ease for both licensees and Bureau staff by requiring that all requests submitted to the Bureau be done in a uniform manner.

Subsection (b)(2) has been added to clarify that the licensed distributor or licensed microbusiness authorized to engage in distribution shall transport the cannabis goods to their premises, arrange for laboratory testing, and perform quality assurance in accordance with Chapter 2 of the Bureau's proposed regulations. This section further recognizes that if cannabis goods have already been tested and have a valid certificate of analysis under 12 months old, they are not required to undergo additional testing if they are transferred to another distributor. This subsection is necessary to clarify that licensed distributors and licensed microbusinesses that are authorized to engage in distribution are still bound to the distribution requirements found in Chapter 2 of the proposed regulations. This assures that all cannabis goods that enter the retail market meet the quality assurance and testing requirements outlined in the Act and its implementing regulations. These changes are also necessary to clarify that only microbusinesses that are authorized to engage in distribution may transport cannabis goods in accordance with this section.

§ 5025. Premises

Subsection (c) has been amended to clarify that licensed retailers and licensed microbusinesses authorized to engage in retail sales shall only serve customers who are within the licensed premises. This change is necessary because it clarifies that only certain microbusinesses that

engage in retail activity must comply with this premises provision. This change is also necessary for consistency of terminology throughout the regulations.

Subsection (f) of this section has been clarified to state that the section shall not be interpreted to prohibit cannabis consumption on the premises of a "licensed" retailer or "licensed" microbusiness that is conducted in accordance with Business and Professions Code section 26200(g). This is necessary because it assures terminology consistency throughout the Bureau's proposed regulations. It also clarifies that in order to avail themselves of such activities allowed under Business and Professions Code section 26200(g), such businesses need to hold an active state license.

§ 5026. Premises Location

Subsection (c) has been amended and divided into two separate subsections, with the new subsection (d) containing the provision that the licensed premises shall not be in a location that requires persons to pass through the licensed premises in order to access a business that sells alcohol or tobacco or in a private residence. The remaining subsections are renumbered for consistency. The risk of the licensee losing control over the premises is minimized with the location restrictions identified in these subsections. These changes are necessary to clarify the restrictions on premises locations and make distinct these separate requirements.

Subsection (g) has been added to this section to clarify that nothing in this section shall be interpreted to prohibit two or more licensed premises from occupying separate portions of the same parcel of land or sharing common use areas, such as a bathroom, breakroom, hallway, or building entrance. The Bureau recognizes that some licensed operations may be located on properties with separate buildings or suites, which provide clear separation between licensed premises; many times, such buildings have shared bathrooms or hallways where no licensed activities would take place. This section is necessary to ensure that prospective licensees are aware of location considerations for licensed premises.

Subsection (h) has been added to this section to clarify that all structures included as part of a licensed premises shall be permanently affixed to the land by a method that would cause the structure to ordinarily remain affixed for an indefinite period of time. This section also clarifies what structures are not considered permanent structures, such as shipping containers that are not affixed to the land, structures that rest on wheels, or any structure that can be readily moved. The Act recognizes that it is integral for the Bureau to assure that a licensee's premises remains consistent with the premises diagram approved by the Bureau as part of its application process. The Bureau's review of the premises diagram assures that applicants are adhering to the requirements of the Act and its implementing regulations. As the Bureau is required to determine if the location of the premises is appropriate, it is important that a premises cannot be easily relocated or modified. This review also assures that, in a worst-case scenario, a premises cannot

be easily stolen while containing cannabis goods which could be diverted to the unregulated market. Finally, requiring premises to be permanently affixed assures that if Bureau staff conduct a site visit of the applicant's premises, the premises is where it was identified on the originally-submitted premises diagram and that it is safe to enter.

§ 5027. Physical Modification of Premises

Subsection (c) of this section has been amended to incorporate by reference new Notification and Request Form, BCC-LIC-027- (New 10/18), to be used by licensees to request permission from the Bureau to modify the premises. This form is necessary to provide clear guidance to licensees on what information must be provided to the Bureau to request a premises modification. The form also streamlines the notification process by assuring that licensees are able to fulfill its notification requirements without having to complete additional paperwork.

§ 5032. Commercial Cannabis Activity

The title of this section has been changed from "Designated M and A Commercial Cannabis Activity" to "Commercial Cannabis Activity" as it has been amended to encompass more than just A-designated and M-designated license activity.

Subsection (a) has been amended to clarify that licensed retailers or licensed microbusinesses authorized to engage in retail sales may conduct commercial cannabis activity in accordance with Chapter 3. This clarification is necessary for consistency of terminology throughout the regulations. This clarification also recognizes that only certain microbusinesses may engage in retail activities. Also, "chapter" was amended to "Chapter" for consistency throughout the regulations.

Subsection (b) was added to the regulations to clarify that commercial cannabis activity can only be engaged in by licensees as required by the Act. It specifies that a licensee shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with an unlicensed person. This change was necessary because the Bureau has received information and has observed that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial proposed change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more

confusion. Accordingly, the Bureau has decided not to move forward with the proposed changes which identify examples of specific commercial cannabis transactions.

Subsection (c) has been renumbered from subsection (b).

Subsections (d) and (e) of this section has been amended to clarify that licensed distributors or licensed microbusinesses authorized to engage in distribution shall only transport and sell cannabis goods designated as "For Medical Use Only," pursuant to the requirements prescribed by CDPH in regulation, to M-designated retailers or M-designated microbusinesses authorized to engage in retail. This clarification is necessary for consistency of terminology throughout the regulations. This clarification also recognizes that only certain microbusinesses may engage in distribution and/or retail activities. These subsections were also renumbered based on other amendments to the section.

§ 5034. Significant Discrepancy in Inventory

An introductory sentence has been added to this section to clarify that a determination by a licensee on whether a discrepancy in inventory is significant shall be made in consideration of certain factors. This new introduction to the section is necessary to ensure that licensees are aware that all of the subsequent subsections are relevant to the determination of a significant discrepancy.

Subsection (a) of this section has been revised to state that a significant discrepancy in inventory occurs when there is a difference in actual inventory compared to records pertaining to inventory of 3 percent of the average monthly sales of the licensee. The Bureau received several comments expressing concern about how significant discrepancy is determined. Specifically, individuals expressed concern about over-reporting for larger businesses. The adjustment of the threshold was necessary based on information available about the costs of cannabis goods and the typical losses licensees may have in the course of business.

§ 5035. Notification of Criminal Acts, Civil Judgements, Violations of Labor Standards, and Revocation of a Local License, Permit, or Other Authorization After Licensure

Subsection (e) has been added to this section to incorporate by reference the new Notification and Request Form, BCC-LIC-027- (New 10/18), to be used by licensees to provide the required notifications under this section. This is necessary for licensees to have clear guidance on how to provide to the Bureau the notifications required under this section. The form also streamlines the notification process by assuring that licensees are able to fulfill their notification requirements without having to complete additional paperwork.

§ 5036. Notification of Theft, Loss, and Criminal Activity

Subsection (b) has been revised to incorporate by reference the new Notification and Request Form, BCC-LIC-027- (New 10/18), to be used by licensees to provide the required notifications under this section. This is necessary for licensees to have clear guidance on how to provide to the Bureau the notifications required under this section. The form also streamlines the notification process by assuring that licensees are able to fulfill their notification requirements without having to complete additional paperwork.

§ 5038. Disaster Relief

Subsection (h)(4) of this section has been revised to clarify that a licensee must submit a request for temporary relief within 14 calendar days, rather than 10 business days as originally proposed. This is necessary to assure that notification timelines within the Bureau's proposed regulations are consistent. The Bureau determined that 14 calendar days not only ensures that the Bureau is apprised of changes to a license as soon as possible but provides a reasonable time period for licensees to reach out to the Bureau for temporary relief. Such requests must be submitted on the new Notification and Request Form, BCC-LIC-027- (New 10/18), which is incorporated by reference. This form is necessary to assure administrative ease for both licensees and Bureau staff, with all requests submitted to the Bureau done in a uniform manner. The form has also been incorporated by reference into subsection (h)(2) which requires notification to the Bureau when cannabis goods have been moved and the licensee is requesting relief from complying with specific licensing requirements.

Changes Made to Article 4. Posting and Advertising

§ 5040. Advertising Placement

Subsection (a)(2) of this section has been revised to provide that licensees shall not use any depictions or images of minors or anyone under 21 years of age. Subsection (a)(3) has been revised to provide that licensees shall not use certain advertising mechanisms that are likely to be appealing to minors or anyone under 21 years of age. This is necessary to assure consistency with Business and Professions Code section 26151(b), which requires licensees to demonstrate that any advertising or marketing shall only be displayed where at least 71.6 percent of the audience is reasonably expected to be 21 years of age or older. To remain consistent with the Act, the Bureau will change all references in this section of 18 years of age, to 21 years of age.

In addition, subsection (a)(4) has been clarified to state that licensees shall not advertise giveaways of any type of products, including non-cannabis products. This is necessary because a number of commenters sought clarity regarding the use of non-cannabis products in promotional giveaways. Advertisement of free cannabis goods is prohibited by Business and Professions Code section 26153, which does not allow for free cannabis goods as a part of business promotion. The Bureau has determined that such restrictions should be extended to non-

cannabis goods because Business and Professions Code section 26152 (e) prohibits licensees from advertising or marketing cannabis or cannabis products in a manner that is intended to encourage persons under 21 years of age to consume cannabis or cannabis products. The dissemination of promotional giveaways may appeal to underage persons.

Subsection (a)(4)(A) is also amended to clarify that "buy one product get one free" means "buy one product get one product free." This is necessary to clarify the meaning of this provision.

Subsection (b)(3) has been added to clarify that outdoor signs, including billboards, shall not be located within a 15-mile radius of the California border or an Interstate Highway or on a State Highway which crosses the California border. The Act prohibits certain advertisements along Interstate Highways and State Highways that cross the California border but does not clarify to what extent such prohibitions take place. This change is necessary to clarify the prohibitions found in section 26152(d) of the Business and Professions Code, by allowing the placement of outdoor signs or billboards along Interstate Highways or State Highways, provided that they are located further than 15-miles from the California border. The Bureau determined that a 15-mile radius was a necessary and appropriate distance from the California border because it satisfies that the intent of section 26152(d) of the Business and Professions Code, while assuring that Bureau licensees, including those located in jurisdictions along the California border, still have an opportunity to advertise and market their commercial cannabis operations along Interstate Highways and State Highways if they satisfy the identified radius limitations.

Subsection (b) has also been amended to separate the other requirements on outdoor advertising into subsections (b)(1) and (2) for clarity.

§ 5040.1. Marketing Cannabis Goods as Alcoholic Products

This section has been added to clarify that licensees shall not sell or transport cannabis goods that are labeled as beer, wine, liquor, spirits, or any other term that may create a misleading impression that the product is an alcoholic beverage. This addition is necessary because recently passed legislation prohibits licensees from selling, offering, or providing a cannabis product that is an alcoholic beverage and this provision will prevent consumer confusion that may be caused by use of these terms. The Bureau has determined that this prohibition should be extended to beverages labeled as "beer, wine, liquor, spirits, or any other term that may create a misleading impression that the product is an alcoholic beverage." The Bureau is charged with ensuring public health and safety and this provision will help prevent customer confusion that may be caused by the use of these terms.

§ 5041.1. Branded Merchandise Approval

This section has been added to provide licensees with a process to seek approval of branded merchandise. Subsection (a) indicates that if a licensee wants to sell branded merchandise that is

not specifically listed in section 5000, the licensee must obtain approval from the Bureau in writing. The Bureau has limited branded merchandise to those items that are commonly used for marketing to allow licensees to avail themselves of this type of marketing. However, the Bureau has determined that in order to ensure the health and safety of the public, and in particular the health and safety of minors is preserved, branded items must be limited in scope. Accordingly, the Bureau has provided a process in this section so that other items can be approved by the Bureau when appropriate. Further, as cannabis is still an illegal substance under federal law, the Bureau determined that restricting the items that can be used as branded merchandise is necessary.

Subsection (b) provides that to obtain approval, the licensee must submit a written request to the Bureau for approval to sell a specific item of branded merchandise and provide a photograph of the branded merchandise. It also informs licensees that requests may be emailed to the Bureau at bcc@dca.ca.gov or by mail to the Bureau office. This is necessary because it provides licensees clarity on how to seek approval from the Bureau and the information that the Bureau needs to evaluate the request.

Subsection (c) informs the licensee that the merchandise must not be sold prior to receiving written approval from the Bureau for the specific item of branded merchandise. This is necessary to clarify for licensees that each item of branded merchandise requires a separate approval from the Bureau before it is sold.

Changes Made to Article 5. Security Measures:

§ 5042. Limited-Access Areas

Subsection (b) has been amended to remove “individuals employed by the licensee as well as any” as the Bureau has determined that this edit is necessary for this section to be consistent with section 5000 subsection (m).

The reference section of this regulation has been amended to include a reference to Business and Professions Code section 26160. The Bureau determined this reference should also be included with this section.

§ 5044. Video Surveillance System

This section has been amended to remove the requirement that surveillance system storage devices or the cameras be transmission control protocol capable of being accessed through the internet. The Bureau determined that this requirement was not necessary to ensure the health and safety of the public as recordings are required to be saved for 90 days, which provides the Bureau and the licensee with sufficient time to review the surveillance footage in case a crime or

unauthorized act occurs on the premises that necessitates an investigation. With the removal of this requirement, the numbering of subsections (b)-(m) have been changed.

Subsection (e) which was formerly subsection (f) has been amended to clarify licensed microbusinesses authorized to engage in retail sales are required to record point-of-sale areas. This change was necessary because the requirement to record point-of-sale areas does not apply to all microbusinesses, it only applies to microbusinesses authorized to engage in retail sales.

Subsection (h) contains an amendment to the requirement that surveillance recordings be kept for a minimum of 90 days. The Bureau has amended this section to clarify that the 90- day requirement is 90 calendar days. This was necessary to provide consistency with other sections of the regulations where the Bureau has clarified business days and calendar days.

Subsection (j) has been amended to insert "of" into "United States National Institute of Standards and Technology." This change was necessary for accuracy. A grammatical change was also made to clarify the appropriate standards to be used.

Subsection (l)(3) amends a cross reference to subsection (i). This change was necessary due to the renumbering of the section.

§ 5045. Security Personnel

This section has been amended to clarify that security personnel must be on-site at the licensed premises of a licensed retailer or licensed microbusiness authorized to engage in retail sales during the hours of operation. This was necessary because the Bureau has received questions requesting clarity on whether the security personnel needed to be on-site and the hours that the security personnel is required to be on-site. This change also clarifies that these requirements only apply to licensed retailers or licensed microbusinesses authorized to engage in retail sales.

Changes Made to Article 6. Track and Trace Requirements:

§ 5048. Track and Trace System

Subsection (b)(2) is revised, by amending the requirement for a track and trace system account manager to sign up for and complete state mandated training, within five business days of license issuance, to five calendar days. This is necessary to keep the training requirement consistent among the licensing authorities.

Subsection (e)(2) has also been amended to incorporate by reference a form to be used by licensees to provide the required notification under this section. This is necessary for licensees to have clear guidance on how to provide to the Bureau the notification required under this section. The form also streamlines the notification process by assuring that licensees are able to fulfill its notification requirements without having to complete additional paperwork.

§ 5049. Track and Trace Reporting

Subsection (b)(3) is revised to remove the term "sale price" and replace it with "wholesale cost." This change is necessary to establish consistency in terms used in the Bureau's regulations and terms used in regulations promulgated by CDTFA.

Subsection (b)(6)(A)(i) is revised, to make consistent and clarify that the premises address on the shipping manifest is the licensed premises address. This is necessary to avoid any confusion or ambiguity as to the address that needs to be included. It also assures consistency of terminology throughout the regulations.

Subsection (b)(6)(B) is revised, by adding "receipt" to the activity to be recorded in the track and trace system, to clarify and specify that the licensee receiving cannabis goods for transport, storage or inventory, shall record either acceptance or receipt in the track and trace system. This is necessary to avoid any confusion or ambiguity as to whether one type of transfer is exempt from the track and trace system, and to clarify that either type of transfer, which may have different considerations, is subject to such requirements.

Subsection (b)(6)(C) is revised, by adding "cannabis goods" to clarify that the discrepancy between type or quantity in the shipping manifest pertains to cannabis goods. This is necessary to avoid any confusion or ambiguity as to the types of goods that need to be identified in the shipping manifest.

Subsection (b)(7)(B) is revised, to clarify and specify that the licensee is required to record both destruction and disposal of cannabis goods in the track and trace system. This is necessary to ensure that both activities are properly recorded in the track and trace system, and one activity does not obviate the need to record the other activity.

Subsection (b)(7)(C) is revised, to clarify and specify that the name of the entity collecting and processing cannabis waste is the entity disposing of cannabis waste, and to reflect the removal of section 5055 of the division.

Subsection (b)(8)(B) is revised, to clarify and specify damage of cannabis goods is an event for which the licensee is required to record in the track and trace system, and to align with section 5052.1, allowing for the return of cannabis goods damaged during transportation.

The reference section was amended to identify the accurate reference sections in the Business and Professions Code.

§ 5050. Loss of Access

Section is revised by amending "access" to "connectivity," to clarify and specify that loss of access is specific to connectivity and the licensee's ability to connect to the track and trace system. This is also necessary to keep track and trace provisions consistent among the licensing authorities.

Subsection (b) is revised, by removing the old subsection (b), and splitting the requirement to notify the Bureau, into a new subsection (b), and adding the requirement to document the cause for the loss of connectivity, and the date and time for when connectivity was lost and restored, into subsection (c)(2). Additionally, "transfer" has been removed from the section, to allow for certain commercial cannabis activities, such as retail sale to customers. Additionally, the Bureau has incorporated by reference a form to provide guidance on how to provide the required notification. The inclusion of a form was necessary to guide licensees to ensure they provide sufficient information for the Bureau to consider. The form also streamlines the notification process by assuring that licensees are able to fulfill its notification requirements without having to complete additional paperwork.

Subsection (c) is revised, to specify that licensees are required to enter into track and trace all commercial cannabis activity occurring during a loss of connectivity within three calendar days. The subsection has also been amended to require licensees to document the cause for the loss of connectivity and the dates and times when connectivity was lost and when it was restored. This will provide clarity to licensees on the requirements and is necessary to keep track and trace provisions consistent among the licensing authorities. It also assures that licensees update all cannabis activity in the track and trace system in a timely manner.

§ 5051. Track and Trace System Reconciliation

Subsection (a) is revised, from requiring a track and trace system inventory reconciliation every 14 calendar days, to every 30 calendar days. This revision was necessary to provide licensees more time in which to conduct a reconciliation of inventory in the track and trace system, while assuring that reconciliation happens on a regular basis.

§ 5052. Temporary Licenses; Licensees in Operation at Time of Licensure

Subsection (b) is revised, to correct a typographical error and clarify commercial cannabis activities, as defined under Business and Professions Code section 26001. The section has also been amended to add Section 26161 of the Business and Professions Code to the reference section, as well as to remove an unnecessary "and." These changes were necessary for accuracy and grammatical purposes.

Changes Made to Article 7. Returns and Destruction:

§ 5052.1 Acceptance of Shipments

Subsection (b) is revised, to allow for additional circumstances in which a licensee may reject a partial shipment of cannabis goods. Subsection (b)(2) has been added to allow for a licensee to reject a partial shipment of cannabis goods when those cannabis goods were damaged during transportation; subsection (b)(3) has been added to allow a licensee to reject a partial shipment of cannabis goods when it is non-compliant with labeling requirements or is expired. This is necessary to account for circumstances beyond the control of a licensee, necessitating the rejection of a cannabis good.

Subsection (c) is added to specify and clarify that these activities, including the specific reasons for rejection, must be recorded in the track and trace system. This is necessary to ensure that licensees are compliant with the track and trace system provisions, which ensures that cannabis goods are properly tracked, as required by statute.

The section has also been amended to add Section 26067 of the Business and Professions Code to the reference section. This change was necessary for accuracy.

§ 5053. Returns Between Licensees

Subsection (a) is revised, to clarify and specify that the cannabis goods that may be returned are manufactured cannabis goods. The Bureau has determined that returns should be limited to only defective products, to protect consumer safety and ensure that returned products are destroyed appropriately to minimize diversion and ensure that cannabis waste is handled in compliance with state law related to waste. This change is necessary to ensure that non-manufactured cannabis goods are not returned and makes licensees aware of the distinction.

§ 5054. Destruction of Cannabis Goods Prior to Disposal

The heading of this section is revised from use of the term "Cannabis Products" to "Cannabis Goods", to more accurately reflect that the section applies to both cannabis and cannabis products as defined under the Business and Professions Code, section 26001. This is necessary to avoid any confusion or ambiguity as to what needs to be destroyed prior to disposal.

Subsection (a) amends the cross reference from section 5000(e) to 5000(g) to reflect updates and renumbering of that section. This is necessary to assure that readers may accurately reference the definition of cannabis waste.

Subsection (b) is revised, by removing the old subsection (b), and adding the new provision specifying that licensees must comply with all applicable waste management laws, including those found under Division 30 of the Public Resources, when handling cannabis waste. This is an existing provision under the proposed regulations, however, removed from the now deleted section 5055, and placed under section 5054, to make clear to licensees the requirement to comply with all applicable laws and regulations relating to waste management, as the proposed regulations have been revised to remove any requirements as to how a licensee disposes of cannabis waste.

Subsection (c) is added, to require that cannabis goods intended for disposal shall remain on the licensed premises until it has been rendered cannabis waste. This is to clarify and specify that cannabis goods that must be disposed of, due to any specified reason, such as a customer return, or failed batch, must be secured and separated from other cannabis goods on the licensed premises, with access limited to the licensee, its employees or agents, until it is destroyed and ready for disposal. This is necessary to ensure that the cannabis goods that are designated for disposal are not diverted into the illicit market.

Subsection (d) was formerly subsection (b) and is revised, to clarify and specify how to render cannabis goods into cannabis waste. This subsection is revised to provide additional clarification, that there is no requirement that vape cartridges be emptied of cannabis oil prior to disposal, provided that the vape cartridge itself is unusable at the time of disposal. The Bureau has learned that some licensees have contemplated utilizing a chipper or grinder to render such cartridges unrecognizable and unusable. However, the Bureau has determined that the vape cartridge needs to be unusable but does not need to be unrecognizable. Accordingly, this change is necessary as a precaution against unsafe handling of vape cartridges, or other like products, and to prevent diversion.

The original subsection (e) is removed as it is duplicative of the requirement to comply with all waste management laws; thus, it is not necessary to refer to a subset of those laws. The new subsection (e) contains a requirement previously contained in section 5055, to require a licensee to secure cannabis waste in a receptacle or area, when on the licensed premises. Access to the secured receptacle or area shall be limited to the licensee, its employees, or an authorized waste hauler. This is necessary to preserve the requirements for securing cannabis waste, under the revised and removed former section 5055.

The original subsection (f) is removed as it is duplicative of the requirement to comply with all waste management laws; thus, it is not necessary to refer to a subset of those laws. The new subsection (f), and contains a requirement that licensees report all cannabis waste activities, up to and including disposal, into the track and trace system. This is necessary to provide clarity to licensees on what activities related to cannabis waste must be entered into the track and trace system.

§ 5055. Cannabis Waste Management

Section 5055, providing the ways in which a licensee may dispose of cannabis waste, such as composting or self-hauling, is removed in its entirety. Such methods are not prohibitive for licensees, but other laws and regulations on waste management will take precedence, as applicable, and require compliance by licensees. This was necessary, as the section may have been duplicative of existing laws and regulations relating to waste management.

Chapter 2. Distributors

Changes Made to Chapter 2:

§ 5301. Storage Services

Subsection (b) has been amended to clarify that storage services for other licensees for cannabis goods is limited to storage of cannabis goods that are packaged as they will be sold at retail. This amendment was necessary to ensure that cannabis goods are only stored after they have been packaged and thus protected from contamination.

Subsection (c) was added to require that cannabis goods stored under this section be stored in accordance with section 5302 regarding storage of batches for testing. This addition is necessary

to ensure that all cannabis goods and batches stored on a distributor's premises are stored in the same manner and readily identifiable. The addition of subsection (c) has required a renumbering of the former subsection (c), to subsection (d).

Subsection (d), formerly (c), has also been amended to clarify that the prohibition on storing live plants, does not apply to seeds. This change was necessary because the Act defines live plants to include seeds and the Bureau did not intend to prevent a distributor from storing seeds on the premises.

§ 5302. Storage of Batches for Testing

Subsection (b)(1) has been amended to require that the label that is attached to each batch include the licensed premises address of the licensed manufacturer or licensed cultivator who provided the batch. The amendment to include the premises address is necessary for consistency with the requirements for the certificate of analysis and chain of custody that testing laboratories must generate. The addition of the word "licensed" to the words "manufacturer" and "cultivator" is necessary for consistency in terms throughout the regulations.

§ 5303. Packaging, Labeling, and Rolling

The title of this regulation has been amended to include rolling as the Bureau allows distributors to roll pre-rolls.

Subsection (a) has been amended to provide clarity regarding how a licensed distributor may package, re-package, label, and re-label cannabis for retail sale. Specifically, subsection (a)(1) requires a distributor's packaging to meet certain requirements until January 1, 2020, including: packaging that shall protect the cannabis, including pre-rolls, from contamination; packaging that shall be tamper evident; packaging that shall be resealable if it contains more than one serving; and packaging that shall not imitate any package used for goods that are typically marketed to children. Subsection (a)(2) imposes additional requirements on a distributor's packaging starting January 1, 2020, including: packaging that shall be child-resistant until the package is first opened; packaging that is labeled with the statement, "this package is not child-resistant after opening;" and provides an exception to these requirements for immature plants and seeds. These changes were necessary for consistency between the licensing authorities regarding the packaging of cannabis goods. The changes were also necessary to provide additional clarity to licensees regarding how to satisfy the Act's packaging requirements. The Bureau determined that a transitional period assures that cannabis goods will be packaged in a child-resistant manner, while ensuring that licensees have an adequate amount of time to comply with packaging requirements.

The Bureau has amended subsection (b) to clarify that a distributor may not process cannabis but may roll pre-rolls that consist exclusively of any combination of flower, shake, leaf, or kief. This

amendment was necessary because the prior language was confusing and was not clear that the intent of the section was to allow distributors to roll pre-rolls and not simply package pre-rolls that had already been rolled. Additionally, subsection (b) specifies that pre-rolls shall be rolled prior to regulatory compliance testing. This is necessary, because the paper of a pre-roll will be consumed with the cannabis, thus the entire pre-roll must undergo regulatory compliance testing to ensure the pre-roll is safe for consumption. Subsection (b), which specified that distributors could only package, re-package, label, and re-label cannabis goods if they had a manufacturing license and were doing the activities on their manufacturing premises, has been deleted due to the changes in subsection (c) and to avoid confusion.

Subsection (c) has been amended to allow distributors to label and re-label a package containing manufactured cannabis goods with the amounts of cannabinoids and terpenoids based on laboratory testing results. The subsection previously only allowed distributors to re-label the package if the testing results were different than what was labeled. This was required because the CDPH required all manufactured products to be labeled at the manufacturer, however, the CDPH has proposed to amend their regulations to allow for labeling of cannabinoids and terpenoids to occur at the distributor premises after the distributor has received the testing results. This change was necessary because the Bureau and CDPH have determined that re-labeling was often necessary because the testing laboratory results did not match what was labeled on the package. Further, the certificate of analysis would often show that the cannabis goods had failed testing because of the label claim. This created confusion for licensees about whether a batch was able to be sold at retail. With this change, the label on the cannabis goods will match the certificate of analysis and the certificate of analysis will no longer show a batch failed for label claims on cannabinoids or terpenoids.

§ 5303.1 Net Weight of Dried Flower

This section has been amended to provide a 3% variance for moisture loss in dried flower instead of a 2.5% variance. The Bureau has conducted additional research and determined that 3% is consistent with the variance for other types of goods established by the United States National Institute of Standards and Technology, thus a change was necessary.

The reference section has been amended to add Business and Professions Code section 26152. This was necessary for accuracy.

§ 5304. Testing Arrangements

This section has been amended to add the term “licensed” in front of “testing laboratory.” This change was necessary for consistency of terminology used throughout the regulations. A grammatical change was also made after reference for this section.

§ 5305. Testing Sample

This section has been amended to clarify that the 90-day storage retention period for the video recordings of the sample selection is 90 calendar days. This was necessary to provide consistency with other sections of the regulations where the Bureau has clarified business days and calendar days.

§ 5305.1. Resampling

This section has been added to clarify that once a sample has been obtained from a batch for regulatory compliance testing, a licensed distributor may not arrange for or allow another licensed testing laboratory to sample or re-sample the same batch for regulatory compliance testing, unless all of the requirements of section 5705 subsection (g) have been met. This section is necessary to prevent licensees from "shopping" between testing laboratory licensees for favorable testing results. It also ensures the Bureau is kept apprised of any testing activities conducted by licensed testing laboratories.

§ 5306. Laboratory Testing Results

Subsection (a) has been revised to amend the word "sample" to "batch." This change is necessary for clarity because while a sample from the batch is tested, it is the whole batch that passes testing. Subsection (a) has also been revised to correct a typographical error.

Subsection (b) of this section has been amended to specify that a printed copy of the certificate of analysis for regulatory compliance testing shall accompany the batch and be provided to the licensee receiving the cannabis goods. This change was necessary to ensure that a licensee receiving a batch of cannabis goods that had been tested could verify the testing results by having a copy of the certificate of analysis.

Subsection (c) has been revised to amend the word "sample" to "batch." This change is necessary for clarity because while a sample from the batch is tested, it is the whole batch that passes testing. The subsection has also been amended to correct a typographical error.

Subsection (d) has been amended to clarify a failed batch and not failed sample may be remediated. This change is necessary for clarity because while a sample from the batch is tested, it is the whole batch that fails testing. The subsection has also been amended to include the term "licensed" in front of "manufacturer." This change was necessary for consistency of terminology used throughout the regulations. This subsection has also been amended to include requirements for remediation of cannabis goods that fail laboratory testing. The subsection requires distributors to ensure that a remediation plan is submitted by a licensed manufacturer to the CDPH or by a licensed microbusiness authorized to engage in manufacturing to the Bureau within 30 calendar days of issuance of the certificate of analysis. The subsection would also

require the distributor to ensure that the manufacturer, or microbusiness authorized to engage in manufacturing, begins remediation within 30 calendar days of receiving approval to remediate the goods. The subsection would also require that if the distributor cannot arrange for remediation within 30 calendar days of receiving a certificate of analysis then, the cannabis goods must be destroyed immediately. These changes are necessary to ensure that cannabis goods that have failed testing are remediated in a reasonable amount of time and do not remain on the premises of the distributor or microbusiness for an extended period of time. The Bureau determined that 30 calendar days was necessary as it provides a sufficient amount of time to remediate a batch, while minimizing the potential for failed product to be diverted into the illegal market.

Lastly subsection (e) of this section has been amended to specify in accordance with the new provisions of subsection (d) that a distributor shall destroy a batch that has failed laboratory testing and cannot be remediated within 30 calendar days of issuance of the certificate of analysis. The Bureau determined that 30 calendar days was necessary as it provides a sufficient amount of time to destroy a batch that cannot be remediated, while minimizing the potential for failed product to be diverted into the illegal market.

This section amends the references section to fix a typographical error.

§ 5307. Quality-Assurance Review

This section has been amended to clarify that the certificate of analysis is for regulatory compliance testing and to add the term “licensed” in front of “distributor” in the first paragraph of the section for consistency of terminology used throughout the regulations. This section has also been amended to replace the term “sample” with “batch.” This change is necessary for clarity because while a sample from the batch is tested, it is the whole batch that passes testing and is found to meet specifications required by law. This section has also been amended to clarify that cannabis goods that are being transported to retailers or microbusinesses authorized to engage in retail sales shall be packaged as they will be sold at retail. This inclusion was necessary for consistency with other regulatory sections and to provide clarity to licensees. This section has also been amended to clarify that in transporting cannabis goods to a retailer or microbusiness, the microbusiness must be one that is authorized to engage in retail. This change is necessary for clarity and consistency with terms used throughout the regulations.

Subsection (a) has been amended to specify the certificate of analysis is for regulatory compliance testing rather than referencing section 5714. The subsection has also been amended to add the term “licensed” before testing laboratory. These changes are necessary for clarity and consistency in terms used throughout the regulations. The section has also been amended to clarify that the cannabis goods may be transported to another distributor once the certificate of analysis has been received. This addition is also necessary to align with approved and filed

Senate Bill 311, amending Business and Professions Code section 26110 to enable licensed distributor to licensed distributor transfers.

Subsection (b) is a new subsection that has been added to require that in order to transport cannabis goods to another licensee with the certificate of analysis, the certificate of analysis must be less than 12 months old. This is necessary to place an end date on the time frame during which cannabis goods can be transported from licensed distributor to licensed distributor without undergoing new testing. The Bureau determined that 12 months is necessary because it assures that the results found on the certificate of analysis are accurate.

Former subsection (b) is now subsection (c) has been amended to clarify the quality assurance duties of a licensed distributor or licensed microbusiness authorized to engage in distribution. Specifically, this section provides that if the cannabis goods are labeled with the content for cannabinoids, terpenoids, Total THC, and/or Total CBD prior to receiving the certificate of analysis for regulatory compliance testing, the licensed distributor shall ensure that the labeled amounts are accurate in accordance with section 5307.1 of the Bureau's proposed regulations. If the cannabis goods are not labeled with the content for cannabinoids, terpenoids, Total THC, and/or Total CBD prior to receiving the certificate of analysis for regulatory compliance testing, the licensed distributor shall label the cannabis goods with the amounts listed on the certificate of analysis pursuant to section 5303 of the Bureau's proposed regulations. These changes were necessary to provide additional clarity regarding the requirements of a licensed distributor or licensed microbusiness authorized to engage in distribution when checking the labels of cannabis goods. These changes were also necessary for consistency with the CDPH's regulations.

Subsection (e) is a new section that specifies that cannabis goods cannot be transported if they have exceeded their best-by, sell-by, or expiration date if one is provided. This is necessary to ensure the safety of consumers by prohibiting expired cannabis goods from being transported to retail.

Subsection (d) is now subsection (f) and has been amended to specify that licensed distributors shall use scales as required by the Business and Professions Code and not the Act. The Bureau determined that the citation to the Act was incorrect and that scales are governed under Division 5 of the Business and Professions Code.

Subsection (g) has been amended to state that a licensed distributor or licensed microbusiness authorized to engage in distribution shall ensure that all events prior to the receipt of the certificate of analysis for regulatory compliance testing have been entered into the track and trace system. This change is necessary to assure that licensed distributors or licensed microbusinesses authorized to engage in distribution confirm that all transactions are accurately recorded into the track and trace system once they receive the certificate of analysis for regulatory compliance

testing. It also assures that the regulatory agencies are apprised of accurate data related to the movement of cannabis goods within the track and trace system.

§ 5307.1. Quality-Assurance Review for Labeling Cannabinoid Content

This section is a new section that is being proposed to provide variances for cannabinoid and terpenoid content from the labeled amount and the actual amount. This is necessary because the cannabinoid and terpenoid content is based on a sample from a batch. Each individual product of the batch is not tested, so there may be a variance in the labeled cannabinoid and terpenoid content and the actual content. The section allows for a plus or minus 10% variance. Subsection (c) provides the formula to calculate the difference in percent which is necessary to ensure licensees are calculating the difference in percent accurately and consistently.

Subsection (d) references the definitions for Total THC and Total CBD which are contained in chapter 6. This is necessary because the terms are used here but defined in chapter 6 as they primarily apply to the testing laboratory regulations and need to be included there for the convenience of the testing laboratories. Providing a cross-reference here will provide clear guidance to licensees on where to find these definitions.

§ 5307.2. Licensed Distributor to Licensed Distributor Transfers

This section is a new section that has been added to clarify that cannabis goods, packaged as they will be sold at retail, that have undergone and passed regulatory compliance testing and have a certificate of analysis may be transferred to another licensed distributor. The section specifies that cannabis goods that have not been transported to retail within 12 months of the date on the certificate of analysis must be destroyed or retested. This is necessary to ensure that the certificate of analysis accurately reflects the cannabis goods when they are transferred to retail. This addition is also necessary to align with approved and filed Senate Bill 311, amending Business and Professions Code section 26110 to enable licensed distributor to licensed distributor transfers of cannabis goods fit for sale.

§ 5308 Insurance Requirements

Subsection (e) of this section has been amended to allow for notification of a lapse in insurance within 14 calendar days instead of 10. This change is necessary for consistency with other notification requirements contained throughout the regulations. The subsection has also been amended to incorporate by reference new Notification and Request Form, BCC-LIC-027- (New 10/18), to be used by licensees to provide the notification to the Bureau that is required under this section. The form streamlines the notification process by assuring that licensees are able to fulfill its notification requirements without having to complete additional paperwork.

§ 5309 Inventory Accounting

This section has been revised to no longer require licensed distributors to perform inventory reconciliation every 14 days, therefore the title of the section has been amended to "Inventory Accounting" rather than "Inventory Reconciliation." This section now requires a licensed distributor to be able to account for all inventory and provide that information to the Bureau upon request. The section further specifies that a licensed distributor shall be able to identify the status of the all batches of cannabis goods that are on the licensed premises and specifies that the status shall include: that the batch is held in storage for another licensee; that the batch is awaiting sampling, that the batch has been sampled and is awaiting testing results; that the batch has passed testing; that the batch has failed testing and is awaiting approval for remediation, that the batch has failed testing and is awaiting destruction; and the batch is stored or held for any other lawful purpose under the Act or the regulations. This change was necessary to be consistent with the track and trace system requirements and to ensure that licensees were not being required to duplicate their accounting of inventory under this regulation and the track and trace requirements.

§ 5310. Records

Subsection (f) of this section has been amended to require records related to disposal of cannabis goods. The regulation already required records related to destruction, but disposal was not specifically listed despite the Bureau's intent that disposal records would be included with destruction. This change was necessary to provide clarity to licensed distributors on which records they must maintain.

Subsection (h) was amended to correct a grammatical error.

§ 5311. Requirements for the Transportation of Cannabis Goods

Subsection (a) of this section has been revised to clarify that all vehicles used for transportation shall be owned or leased, in accordance with the Vehicle Code, by the licensee. The Bureau already required this under section 5312, but there was confusion over the requirement including what it means to own or lease a vehicle. This section is necessary for consistency and clarity so that licensees know that they are required to own or lease the vehicles and that what constitutes ownership or lease of a vehicle is governed by the Vehicle Code.

Subsection (d) was amended to correct a grammatical error.

Subsection (f) has been amended to clarify that cannabis goods shall be in a fully enclosed box, container, or cage, and that no portion of the box, container, or cage shall be comprised of any part of the body of the vehicle or trailer. This change was necessary to address questions the

Bureau has received regarding what qualifies as a box, container, or cage by providing clarity on how a licensee may transport cannabis goods within a distribution vehicle.

Subsection (n) has been amended to correct the citation to the subsections. The Bureau determined upon review that it had made an error in the subsections it cited to, thus a change was necessary.

Subsection (o) has been added to this section to specify that notwithstanding the prohibition on certain means of transportation, cannabis goods may be transported via waterway to licensees located on Catalina Island. This amendment is necessary because there is no way to transport to Catalina Island by motor vehicle.

§ 5312. Required Transport Vehicle Information

This section requires applicants and licensees to provide proof that the licensed distributor owns or leases the vehicles used for transportation. The Bureau has received a number of inquiries regarding this requirement and has determined that the current language is confusing, and applicants and licensees are unsure of what they need to provide as evidence, therefore an amendment was necessary. Subsection (a)(1) has been amended to replace the phrase "owns or holds a valid lease" with "is the registered owner under the Vehicle Code." This will now clarify that licensed distributors may provide a copy of their vehicle registration as proof of ownership or lease.

Subsection (c) has also been amended to incorporate by reference new Notification and Request Form, BCC-LIC-027- (New 10/18), for licensees to use in providing to the Bureau the required notifications of this section. The form streamlines the notification process by assuring that licensees are able to fulfill its notification requirements without having to complete additional paperwork.

§ 5315. Distributor Transport Only License

Subsection (a) of proposed regulation has been amended to add the term "authorized to engage in retail sales" after "licensed microbusiness." This is necessary because the distributor transport only license requirements in this section only apply to microbusinesses that are authorized to engage in such activities. It is also necessary for consistency with terminology used throughout the regulations.

Subsection (g) has been amended to add the term "licensed" in front of manufacturing. This was necessary for consistency of terminology used throughout the regulations. Subsection (g) has also been amended to clarify that the citation to Article 5 is Chapter 1, Article 5. This change was necessary for accuracy and clarity.

Chapter 3. Retailers

Changes Made to Chapter 3:

§ 5400. Access to Retailer Premises

Revised subsection (b) to clarify that individuals who are at least 21 years old may enter the premises of a licensed retailer that has a medicinal designation. Prior to the proposed amendment, the language of the regulation could be read to indicate that only persons who were 18 or older and were in possession of a valid physician's recommendation are authorized to access the licensed premises of a medicinal retailer. This restriction may have been interpreted to prohibit any person who did not have a physician's recommendation for medicinal cannabis from accessing the premises of a medicinal retailer regardless of their age. This would have prevented employees, vendors, and contractors who did not possess a physician's recommendation from accessing the premises. This amendment is necessary to clarify that medicinally designated retailers may grant access to the premises to individuals who are at least 21 years old, in compliance with the provisions of Business and Professions Code section 26140. Additional grammatical changes have been made to the section for accuracy and clarity.

Revised subsection (c) to make grammatical corrections and to specify that the premises referred to in the regulation is the retailer's premises.

§ 5402 Customer Access to the Retail Area

Subsection (c) was amended to clarify that all sale of cannabis goods must occur in the retail area except for cannabis goods sold through delivery, a drive-in, or drive-through window. This amendment was necessary to specify the limited circumstances where authorized sales of cannabis goods may occur outside the retail area and to be consistent with section 5025 subsection (g).

§ 5403.1 Requirements While Not Open for Business

This section was amended to correct a grammatical error. Subsection (a) previously stated that the premises is required to use nonresidential door locks as defined in section 5046 and the Bureau meant as required by section 5046.

§ 5406. Cannabis Goods for Sale

Subsection (a) has been revised to clarify that licensed retailers may only sell cannabis goods that were received from a licensed distributor or a licensed microbusiness that is authorized to act as a distributor. The additional clarification is necessary to prevent readers from mistakenly interpreting the section to allow retailers to accept cannabis goods directly from any

microbusiness, instead of only from microbusinesses that are authorized to act as distributors. This change was also necessary to reflect consistency of terminology throughout the regulations.

Subsection (b) has been amended by replacing the phrase "expiration or sell-by date" with "best-by, sell-by, or expiration date." This change was necessary for consistency of terminology used in the regulations.

Subsection (c) has been revised to remove the word "and" which was repeated in error.

Additionally, subsection (e) has been added to specify that a licensed retailer shall not make any cannabis goods available for sale or delivery unless the batch number is labeled on the package of cannabis goods and matches the batch number on the corresponding certificate of analysis for regulatory compliance testing. These changes are necessary to ensure that cannabis goods can be matched to the corresponding certificate of analysis. Former subsection (e) is now subsection (f) and former subsection (f) is now subsection (g).

The reference section has been revised to correct a typographical error.

§ 5407. Sale of Non-Cannabis Goods

The title of the regulation section has been changed to remove the words "on premises." This change was necessary to clarify that the requirements applies to all sales, including sales by delivery, which do not occur on the premises.

The section was amended to clarify that licensed retailers may provide customers with promotional materials rather than sell promotional materials. Prior to the proposed amendment, the language of the regulation indicated that retailers may sell cannabis goods, cannabis accessories, branded merchandise, and promotional materials. In many instances, promotional materials such as flyers are not sold to customers. The proposed amendment is necessary to clarify that retailers may provide customers with promotional materials free of cost instead of indicating that a retailer may only sell promotional materials.

The reference section has also been amended to add sections 26151 and 26152 of the Business and Professions Code. This is necessary for accuracy.

§ 5408. Sale of Live Plants and Seeds

Subsection (a)(2) has been amended to clarify that the microbusiness cited to in this section must be a microbusiness authorized to engage in cultivation. This is necessary for clarity and consistency with terms used throughout the regulations.

§ 5409. Daily Limits

Subsection (a) has been revised to change the term "concentrated cannabis" to "cannabis concentrate." This is necessary for consistency with the Business and Professions Code.

This section adds subsection (e), which clarifies that the retailer is responsible for determining the amount of cannabis concentrates sold to customers in any form. In some instances, the amount of cannabis concentrates used in a manufactured product is not listed on the packaging. This has led to confusion regarding the application of this section. This new subsection clarifies that the retailer is the party responsible for identifying the total amount of cannabis goods sold to customers and ensuring that customers do not exceed the daily purchase limits set by the section, whether or not the amount of cannabis concentrates are listed on the product's packaging. A retailer may use any methods available for determining that the amount of cannabis goods sold to a customer does not exceed the daily limits, including obtaining information from the manufacturer.

§ 5410. Customer Return of Cannabis Goods

Subsection (e) has been deleted and replaced with a new section which clarifies that defective manufactured cannabis products returned by customers to a licensed retailer may be returned to the licensee the goods were obtained from pursuant to section 5053. Prior to this proposed amendment, the language of the regulation appeared to indicate that all cannabis goods returned to a retailer had to be destroyed. However, section 5053 allows licensees to make returns of cannabis goods to other licensees so long as the cannabis good is found to be a defective manufactured cannabis good. In most instances, a retailer is not aware that a manufactured cannabis good is defective until it is sold to a customer and subsequently returned. This amendment is necessary to clarify that in these cases, the retailer is authorized to return the defective product to the distributor the product was obtained from.

The reference section has been revised to correct a typographical error.

§ 5411. Free Cannabis Goods

Subsection (b) has been revised to correct a grammatical error.

Subsection (c) has been amended to remove equality and replace it with equity. This is necessary because equity was the intended term.

§ 5412. Prohibition on Packaging and Labeling by a Retailer

Subsection (c) has been revised to remove duplicative language. The language in subsection (c) prior to this amendment indicated that a licensee who holds another commercial cannabis license may engage in packaging and labeling of cannabis goods under that other license. The Bureau has determined that this language is duplicative and not necessary. The new language in subsection (c) recognizes that it is important for licensed retailers to be able to effectively track their inventory of cannabis goods. An effective way of doing this is by placing barcodes on each product that allow the retailer to track the product. This amendment is necessary to clarify that the prohibition on labeling would not prevent a retailer from using barcodes or similar stickers on the packaging of cannabis goods for the purposes of inventory tracking.

§ 5413. Exit Packaging

The title of this section has been changed from “Exit Packaging” to “Cannabis Goods Packaging and Exit Packaging” as this section now address both types of packaging. This section has been revised to add additional requirements for cannabis goods packaging and exit packaging.

During the 15-day comment period subsection (a) was added to provide the requirements for cannabis goods packaging on all cannabis goods sold by a licensed retailer. Subsection (a)(1) required that all cannabis goods sold prior to January 1, 2020 be tamper-evident. The subsection also provided that cannabis goods packaging is not required to be resalable or child resistant. The Bureau determined that this clarification actually created more confusion regarding packaging and therefore the Bureau withdrew the subsection (a)(1). The Act already requires cannabis goods to be in tamper-evident, child resistant, resealable packaging prior to sale or delivery; thus, either the packaging itself or the exit package must meet these criteria until 2020. Subsection (a)(2) was renumbered to subsection (b) following the 15-day comment period and clarifies that beginning January 1, 2020, all cannabis goods sold by a licensed retailer must be packaged in resealable, tamper-evident, child resistant packaging. This is necessary to comply with the packaging requirements in Business and Professions Code section 26120 while providing licensees with time to comply with packaging requirements.

Subsection (b) was renumbered to subsection (c) following the 15-day comment period and has been added to provide the requirements for exit packaging. For the 15-day comment period, the Bureau had subsection (b)(1) requiring that all cannabis goods sold prior to January 1, 2020 be placed in resealable, child-resistant, opaque exit packaging and subsection (b)(2) clarifying that beginning January 1, 2020, all cannabis goods sold by a licensed retailer be placed in opaque exit packaging. The subsection also clarified that beginning January 1, 2020, exit packaging is not required to be resealable or child-resistant. However, following the 15-day comment period, the Bureau determined that the section caused more confusion rather than providing clarity. Thus, former subsections (b)(1) and (b)(2) have been withdrawn. Subsection (c) now provides the requirement that cannabis goods shall be placed in an opaque exit package prior to leaving the retail premises. This is necessary to comply with the packaging requirements in Business and Professions Code section 26120.

Subsection (d), formerly subsection (c) during the 15-day comment period, has been added to clarify that immature plants and seeds, which are not required to go through quality assurance or laboratory testing pursuant to Business and Professions Code section 26110, are not required to be in resealable, tamper-evident, child-resistant packaging. This is necessary as the Bureau has received inquiries about what the packaging requirements are for these items. The Bureau has determined that these items do not need to be in resealable, tamper-evident, child-resistant packaging.

§ 5414. Non-Storefront Retailer

Subsection (a) has been revised to remove the word “cannabis” when describing the type of sales that a non-storefront retailer may engage in. By removing the word cannabis, the regulation no longer inadvertently prohibits non-storefront retailers from also engaging in the sale of cannabis accessories. This amendment is necessary to clarify that non-storefront retailers may sell any products that a storefront retailer is permitted to sell.

§ 5415. Delivery Employees

Subsection (d) has been revised to clarify that the process of delivery ends when the delivery employee returns to the retail premises even if a delivery attempt is unsuccessful and the attempted delivery is never completed. Prior to the proposed amendment, the language of the regulation indicated that the process of delivery ends after the completion of the delivery of cannabis goods. However, the regulation did not address instances where delivery is attempted and fails for some reason. This amendment is necessary to clarify that the process of delivery would still end after the delivery employee returns to the retail premises after a failed delivery attempt. The section has also been amended to add the term “licensed” in front of retailer, this is necessary for consistency of terminology throughout the regulations.

Subsection (f) has been revised to simplify the requirement for delivery employees. Rather than providing specific requirements in this subsection, the subsection now references section 5413 of this division. All sales of cannabis goods through delivery are required to comply with the requirements of section 5413. This revision is necessary to clarify that the requirements are the same for cannabis goods sold to customers at the retail premises and cannabis goods delivered to customers.

§ 5415.1 Deliveries Facilitated by Technology Platforms

Section 5415.1 is a new section that has been added to clarify the use of technology platforms by licensed retailers in the sale and delivery of cannabis goods. Business and Professions Code section 26001 defines delivery as the commercial transfer of commercial cannabis goods to a customer and includes the use by a licensed retailer of any technology platform. This section is added to clarify the use of technology platforms, as defined under the Act. The Bureau has found that a number of Bureau licensees engage in delivery services that are facilitated by technology platforms. However, use of such platforms has created confusion in customers as to whether a Bureau licensee is conducting the commercial cannabis activity. Moreover, some technology platforms may create the impression that they hold a Bureau license. Accordingly, the Bureau determined it was necessary to add section 5415.1 to clarify the responsibilities of Bureau licensees who engage in retail activities by using a technology platform to facilitate delivery activities.

Subsection (a) states that a licensed retailer or licensed microbusiness authorized to conduct retail activities shall not sell or transfer any cannabis goods through the use of an unlicensed third party, intermediary business, broker, or any other business or entity. This is necessary to clarify the statutory prohibition on licensed retailers using unlicensed third parties to deliver cannabis goods to customers. Business and Professions Code sections 26070(c) and 26090(a) allow only licensed retailers or licensed microbusinesses authorized to conduct retail activities to make deliveries and requires that any driver of a vehicle delivering cannabis goods be directly employed by the licensee authorized to deliver cannabis goods.

Subsection (b) clarifies that the use of a technology platform is allowed, with certain restrictions. Subsection (b)(1) states that licensed retailers may not allow the technology platform service provider to deliver cannabis goods on behalf of the licensed retailer. This is necessary to provide clear guidance to licensed retailers on the restrictions set in the Act that prohibit a licensed retailer from allowing another entity to deliver cannabis goods on its behalf. Subsection (b)(2), would prohibit a licensed retailer from sharing profits from cannabis goods sales with the technology platform service provider. This is necessary to ensure that the technology platform service provider is not engaging in unlicensed commercial cannabis activity by attempting to operate under the retailer's license through a profit-sharing agreement.

Subsection (b)(3) restricts the licensed retailer or licensed microbusiness authorized to conduct retail activities from advertising with the technology platform service provider, outside of the technology platform itself. This provision is necessary to align with advertising and marketing requirements under Business and Professions Code section 26150 et seq. The statutory provisions on advertising and marketing of cannabis goods prohibit a licensee from advertising or marketing in a manner that would be false, untrue, or would tend to create a misleading impression. The section would prevent any misleading impression that cannabis goods are sold by or purchased directly from a technology platform.

Subsection (b)(4) requires that licensees using technology platforms for the sale and delivery of cannabis goods ensure that customers accessing the technology platform receive specific information about the licensee selling the cannabis goods. Specifically, this subsection requires licensees to ensure that their legal business name, and license number, are associated with the cannabis goods displayed for sale on the technology platform. The subsection further specifies that the information must be available to the customer prior to the order being placed. Subsection (b)(5) requires that the legal business name and license number of the licensed retailer or licensed microbusiness authorized to conduct retail activities selling the cannabis goods, be included on the sales invoice or receipt, including any receipts provided to the customer. Subsection (b)(6) specifies and clarifies that licensees must comply with all other delivery, marketing, and advertising requirements.

This section is necessary to clarify that licensees, who are able to satisfy certain requirements to ensure customers know which Bureau licensee they are conducting business with, may contract with a service that provides a technology platform to facilitate the sale and delivery of cannabis goods. The proposed requirements not only ensure that the technology platforms used by licensees are not engaging in unlicensed commercial cannabis activity, but they ensure public health and safety by assuring that members of the public can readily identify the Bureau licensees that they are purchasing cannabis goods from.

§ 5416. Delivery to Physical Address

Subsection (d) of this section has been amended to clarify that a delivery employee may deliver to any jurisdiction within the State of California provided that such delivery is conducted in compliance with all delivery provisions of the regulations. This change was necessary for clarity as the Bureau received feedback that this section could be read that all of the delivery rules may not apply.

Subsection (e) was added to include a restriction on delivering cannabis goods to a school providing instruction in kindergarten or any grades 1 through 12, day care center, or youth center. This amendment is necessary to further prevent the exposure of minors to cannabis by prohibiting deliveries to locations that commercial cannabis businesses are required to maintain specific distance from under Business and Professions code section 26054.

§ 5417. Delivery Vehicle Requirements

Subsection (a) of this section was revised to clarify that vehicles used in delivery shall not have any markings or other indications that cannabis is being carried in the vehicle. This new restriction is intended to reduce the risk of the delivery vehicle becoming a target of theft or other crime. Subsection (a) was also amended to add the term “licensed” in front of retailer, this is necessary for consistency of terminology throughout the regulations. Subsection (b) was amended to add the term “licensed” in front of retailer, this is necessary for consistency of terminology throughout the regulations. Subsection (b) has also been amended to clarify that cannabis goods must be locked in a fully enclosed box, container, or cage. This change is necessary to provide clarity to licensees on how cannabis goods must be secured during delivery. Subsection (b) has also been amended to clarify that no portion of the box, container, or cage used to hold cannabis goods during delivery may be comprised of the body of the vehicle or trailer. This amendment is necessary to clarify potential confusion regarding the specific requirements of the box, container, or cage and serves to enhance public health and safety by limiting the potential for theft or other crimes while a delivery driver engages in the delivery process.

Subsection (c) was revised to clarify that any cannabis goods left in an unattended delivery vehicle shall be stored in a secure container as required in subsection (b) of the section. Prior to this proposed amendment, the regulations did not specify the requirements for cannabis goods left in an unattended delivery vehicle. This amendment is necessary to reduce the risk of theft of

the cannabis goods or other crime by ensuring that the cannabis goods are secured in the vehicle when left unattended. Subsection (c) was also amended to add the term "licensed" in front of retailer, this is necessary for consistency of terminology throughout the regulations

Subsection (d) was revised to clarify that the Global Positioning (GPS) device required to be used on all delivery vehicles be capable of maintaining a geographic record of all locations visited by the delivery vehicle while engaging in delivery. This is necessary to allow the Bureau and other law enforcement to verify that the delivery employee only was following all requirements while conducting deliveries. For example, the Bureau would be able to determine whether the delivery employee traveled out of state or performed a delivery of cannabis goods that was not properly documented by reviewing the delivery vehicle's travel history. The Bureau has determined that 90 days is a reasonable amount of time for the licensee to maintain this information as it is consistent with the time video surveillance footage must be obtained.

§ 5418. Cannabis Goods During Delivery

This section has been amended throughout by adding the term "licensed" in front of retailer throughout the section, this is necessary for consistency of terminology throughout the regulations.

Subsection (a) of this section has been amended to specify that the value of cannabis goods carried in the vehicle cannot exceed $5,000 at any time. Further, the subsection specifies that the value of cannabis goods carried in the delivery vehicle for which a delivery order was not received and processed by the licensed retailer prior to the delivery employee departing from the licensed premises may not exceed $3,000. This change is necessary to ensure that delivery employees are not driving around with a large amount of cannabis goods for which there are no orders, while still allowing retailers to have the flexibility of fulfilling orders while the delivery employee is out on the road.

Subsection (b) is a new subsection that specifies that the value of cannabis goods shall be determined using the current retail price of all cannabis goods carried by, or within the delivery vehicle. This requirement was removed from subsection (a) and separated into a new subsection. This is necessary to provide licensees with direction on how to calculate the value of cannabis goods that may be carried during delivery. Former subsection (b) is now subsection (c) and former subsection (c) is now subsection (d).

Former subsections (d) and (e) are now (e) and (f) respectively and have been revised to clarify that the delivery inventory ledger and the delivery log may be maintained electronically. Prior to the proposed amendment, the language did not specify whether these documents must be maintained in hard copy or electronic form. Subsection (e) has also been amended to clarify that the inventory ledger must clearly identify any cannabis goods carried by the delivery employee that are part of an order that was received and processed prior to the delivery employee leaving the retail premises. This clarification will better allow the Bureau to enforce the requirements of subsection (a) of this section.

Former subsections (f) through (i) are now subsections (g) and (j) respectively.

This section has also been amended to add Section 26160 of the Business and Professions Code to the references. This is necessary for accuracy.

§ 5419. Cannabis Consumption During Delivery

The term "licensed" has been added in front of retailer. This is necessary for consistency of terminology throughout the regulations.

§ 5420. Delivery Request Receipt

This section has been amended by adding the term "licensed" in front of retailer throughout the section, this is necessary for consistency of terminology throughout the regulations.

§ 5421. Delivery Route

This section has been amended by adding the term "licensed" in front of retailer throughout the section, this is necessary for consistency of terminology throughout the regulations.

§ 5422. Receiving Shipments of Inventory

Subsection (a) of this section has been amended to clarify that if a microbusiness is distributing cannabis goods to the retailer, the microbusiness must be one that is authorized to engage in distribution. This change is necessary for consistency of terminology used throughout the regulations. It also ensures that licensees are aware that only certain microbusinesses may engage in distribution activities.

Subsection (d) has been added which allows a retailer who only has one entry way to be exempt from the requirements of subsection (c) of this section if the retailer first obtains explicit authorization from the local jurisdiction. The Bureau recognizes that some local jurisdictions have approved premises with only one entryway onto their licensed premises. This proposed amendment is necessary to allow an alternate option for retailers who may have difficulty complying with the requirements of subsection (c) of this section due to the physical layout of a premises that has been approved by the local jurisdiction.

This section has also been amended to add Section 26012 to the reference section. This change is necessary for accuracy.

§ 5424. Inventory Reconciliation

Subsection (a) has been revised to remove the inventory reconciliation requirement from the section. This section now requires a retailer to be able to account for all inventory and provide that information to the Bureau upon request. However, the inventory reconciliation requirement has not been removed completely. Licensed retailers are still required to conduct regular inventory reconciliation every 30 days under section 5051.

§ 5425. Record of Sales

This section has been removed from the proposed regulation. This removal is necessary due to the changes made to the sections related to sales recordkeeping that have rendered this section unnecessary.

Chapter 4. Microbusiness

Changes Made to Chapter 4:

§ 5500. Microbusiness

Subsection (a) now allows for a Type N manufacturing license, which was created in regulation by the CDPH, to qualify as one of the activities for a microbusiness. This is necessary as the Bureau received comments that many jurisdictions will not allow businesses to engage in full Level 1 manufacturing in certain areas or in combination with certain cannabis activities but will allow for Type N license infusion only manufacturing activities. This is causing a barrier to entry for small businesses that have previously been in the industry or that want to enter the industry. The Bureau has determined that Type N activities are in fact manufacturing activities that are allowable under the Level 1 activity a microbusiness may engage in.

A cross reference has been changed for accuracy and grammatical correction has been made in this section as well.

The section has also been amended to add sections 26050 and 26051.5 of the Business and Professions Code to the reference section. This change is necessary for the accuracy.

§ 5502. Cultivation Plan Requirements

This section includes certain non-substantive grammatical revisions, including the removal of semi-colons and addition of periods to provide added clarity to readers.

Subsection (b) has been amended to include a statement that for the purposes of cultivation activities of a microbusiness, the definition of immature plants will be as it is defined by the CDFA in regulation. This is necessary to ensure that the definition used for cultivation activities is consistent amongst the state licensing authorities.

Subsection (e) has been removed from the proposed regulation. This removal is necessary due to the changes made to the sections related to cannabis waste that have rendered this section unnecessary.

§ 5504. License Issuance in an Impacted Watershed

This section has been revised to clarify that where a "licensed" microbusiness' cannabis cultivation is causing significant adverse impacts on the environment in a watershed or other geographic area, the Bureau shall not issue new microbusiness licenses that include cultivation activities or increase the total number of plant identifiers within that watershed or area. This is necessary because it assures terminology consistency throughout the Bureau's proposed regulations. It also clarifies that that such findings related to an impacted watershed involve active licensees.

The reference section has been revised to correct a typographical error.

§ 5505. Cultivation Records for Licensees Engaging in Cultivation Activities

This section has been revised to clarify that "licensed" microbusinesses must maintain the identified records in this section. This is necessary because it assures terminology consistency throughout the Bureau's proposed regulations. It also clarifies that the recordkeeping practices outlined in this section apply to active microbusiness licensees.

§ 5506. Microbusiness Applications Including Manufacturing Activities

This section includes certain non-substantive grammatical revisions, including the addition of commas and edits regarding capitalization, to provide added clarity to readers.

Subsection (f)(2) has been amended to now require a copy of the product quality plan that meets the requirements established in regulation by the CDPH. This change is necessary to align with changes made by the CDPH, as microbusinesses engaged in manufacturing are required to comply with those regulations for their manufacturing activities.

In addition, subsection (f)(4) has been removed. This removal is necessary due to the changes made to the sections related to cannabis waste that have rendered this section unnecessary.

Subsection (g) has been removed as unnecessary as the Bureau's regulations do not contain the process referred to in this section.

§ 5506.1. Microbusiness Failed Manufactured Cannabis Product Batches

This section has been added to the regulations to provide clarity to microbusinesses on what they can do with manufactured cannabis product batches that have failed testing. This section is necessary because the regulations did not have any provisions for microbusinesses that are engaging in manufacturing to be able to remediate failed manufactured cannabis product batches. This section is necessary to provide consistency with the regulations promulgated by the CDPH, which regulates manufacturers.

Subsection (a) specifies that a failed batch shall be destroyed unless a corrective action plan for remediation is approved by the Bureau. This is necessary to include as it is required under the Act. This is also necessary so that the Bureau is notified of the corrective actions that may be taken by a licensee so that the Bureau can ensure violations are corrected to ensure the quality of cannabis products and to protect public health.

Subsection (b) clarifies that remediation or reprocessing of a failed batch must be done in accordance with section 5727. This is necessary for clarity and consistency amongst the sections regarding remediation.

Subsection (c) clarifies that edible products that fail laboratory testing shall not be remediated or reprocessed and shall be destroyed. The subsection also clarifies that if an edible product is remediated, reprocessed, or mixed with another batch, the cannabis product will be considered adulterated. Reprocessing edible products poses a public health risk as it increases the potential for contamination to be introduced into the product. This section is necessary to make clear edible cannabis products cannot be remediated and to provide consistency amongst the sections regarding remediation and to be consistent with the CDPH which regulates manufacturers.

Subsection (d) specifies that remediation or reprocessing may not occur unless the Bureau has approved a corrective action plan. The section also specifies what the corrective action plan must contain. Given the variety of types of cannabis products and the range of contaminants for which the cannabis batch may fail testing, corrective action plans must be approved on a case-by-case basis. Accordingly, this subsection is necessary to provide direction to licensees on how to receive approval to remediate or reprocess a failed cannabis batch.

Subsection (e) specifies that all remediation of cannabis goods shall be documented in the microbusiness' manufacturing records. This is necessary to ensure that licensees are aware of the records they must retain regarding remediation. This subsection also ensures that the Bureau has access to accurate information regarding a licensee's actions to remediate or reprocess a cannabis batch.

Subsection (f) has been added to the section to provide an exception to subsection (c). Under subsection (f) orally dissolving products that have failed laboratory testing due to exceeding the per package THC limits for adult-use manufactured cannabis products may be remediated by repackaging the product as a medicinal cannabis goods if certain requirements are met. This exception is necessary to provide an avenue for some failed cannabis goods to be reintroduced into the market instead of having to be destroyed. Cannabis goods that have failed for exceeding adult-use THC levels but would be compliant under medicinal rules are not inherently dangerous to the public and may potentially be sold as medicinal cannabis goods under this subsection.

§ 5507. Microbusiness Records for Licensees Engaging in Manufacturing Activities

This section has been revised to clarify that "licensed" microbusinesses must maintain the identified records in this section. This is necessary because it assures terminology consistency throughout the Bureau's proposed regulations.

This section has also been revised to simplify the record keeping requirements for microbusiness licensees who are engaged in manufacturing. Rather than listing each record that may be maintained and indicating a specific section in the regulations developed by the CDPH, the section now simply indicates that microbusiness licensees that are engaging in manufacturing must maintain all records required for manufacturers by CDPH's regulations.

The reference section has been revised to correct a typographical error.

Chapter 5. Cannabis Events

Changes Made to Chapter 5:

§ 5600. Cannabis Event Organizer License

Subsection (b) has been revised to correct grammatical issues. Additionally, the section numbers indicating the regulation sections a temporary event organizer is exempt from has been amended to indicate the correct section numbers.

Subsection (d) has been revised to add the word licensee in order to provide additional clarity. In addition, a grammatical error was corrected in this subsection. This is necessary because it assures terminology consistency throughout the Bureau's proposed regulations.

Subsection (g) has been revised to change the source for the definition of the term "owner" from the statutory definition to the definition provided in section 5003 of the proposed regulations. The revision is necessary because the definition provided in the regulations provides more clarification than is provided in the statutory definition. Additionally, amendments were made to correct grammatical errors.

Subsection (g)(14) has been revised to include bylaws in the list of business-formation documents and clarified that for trusts the Bureau must receive a copy of the certificate of trust establishing trustee authority. These changes are necessary for clarity and consistency with the section on annual applications.

Subsection (g)(16) has been revised to include a certificate of registration or certificate of status in addition to a certificate of qualification. This change is necessary for consistency with the annual application requirements. The Bureau determined that not all foreign corporations would have a certificate of qualification, and thus amended the section to include the other certificates that a foreign corporation is issued by the Secretary of State. This subsection also made a

grammatical change and amended “Secretary of State of California” to “California Secretary of State” for consistency with other regulations that reference this office.

Subsection (g)(18) has been revised to change the source for the definition of the term “owner” from the statutory definition to the definition provided in section 5003 of the proposed regulations. The revision is necessary because the definition provided in the regulations provides more clarification than is provided in the statutory definition.

Subsection (g)(19) has been revised to change the source for the definition of the term “owner” from the statutory definition to the definition provided in section 5003 of the proposed regulations. The revision is necessary because the definition provided in the regulations provides more clarification than is provided in the statutory definition.

Subsection (g)(22) has been added to require applicant’s to provide their State Employer Identification Number (SEIN) issued by the California Employment Development Department. This number is necessary to ensure that all applicants that are required to obtain such a number have obtained it and are thus, in compliance with California law. It also assures consistency with the Bureau’s annual application requirements.

Subsection (g)(23) has been added to require applicants with more than one employee, to attest that they currently employ, or will employ within one year of receiving a license, at least one supervisor and one employee who have successfully completed a Cal-OSHA 30-hour general industry outreach course offered by a training provider that is authorized by an OSHA Training Institute Education Center. This addition is necessary to align with approved and filed Assembly Bill 2799, amending Business and Professions Code section 26051.5 to include such a requirement. This will also provide the Bureau a comprehensive application and the necessary attestations to ensure that the applicant is fit for licensure.

§ 5601. Temporary Cannabis Event License

Subsection (c) has been revised to indicate that the licensed organizer would be responsible for any violation of any requirement within the regulations or the Act committed by any licensee participating in the event. Prior to this proposed amendment, the regulation only listed violations of Business and Professions Code section 26070.5. The Business and Professions Code section was placed there in error. This amendment corrects the error.

Subsection (e) has been revised to clarify that the 60-day requirement is 60 calendar days. Prior to this proposed amendment it was unclear how licensees were to calculate the 60-day requirement.

Subsection (f) has been revised to allow a temporary cannabis event to take place at any venue expressly approved by the local jurisdiction. This amendment is necessary to align with approved

and filed Assembly Bill 2020, amending Business and Professions Code section 26200 to enable licensed temporary cannabis events to take place at any venue expressly approved by the local jurisdiction.

Subsection (h)(9) has been deleted to remove the requirement that a cannabis waste management plan be provided with the application. This change is necessary to be consistent with changes regarding cannabis waste. The remainder of subsection (g) has been renumbered to reflect the deletion of subsection (h)(9).

Subsection (h)(10) is now (h)(9) and has been revised to clarify that authorization from the local jurisdiction must also specify that the applicant is authorized to hold the event at the specific location. This amendment is necessary due to new provisions created by the passage of Assembly Bill 2020 which allows temporary cannabis events to be held at any location that have been explicitly approved by the local jurisdiction.

Subsection (h)(11) and (h)(12) have been renumbered to (h)(10) and (h)(11) respectively.

Subsection (i) has been revised to incorporate by reference new Notification and Request Form, BCC-LIC-027- (New 10/18), for licensees to use in providing to the Bureau notifications that are required under this section. This form is necessary to provide clear guidance to licensees on what information must be provided to the Bureau to request a premises modification. The form also streamlines the notification process by assuring that licensee able to fulfill its notification requirements without having to complete additional paperwork.

Subsection (j) has been revised to specify that the regulation applies to licensed cannabis event organizers. This proposed amendment provides additional clarity and assures terminology consistency throughout the regulations.

Subsection (k) was revised to specify that the regulation applies to licensed cannabis event organizers. This proposed amendment provides additional clarity and assures terminology consistency throughout the regulations.

Subsection (l) was revised to specify that the regulation applies to licensed cannabis event organizers. This proposed amendment provides additional clarity and assures terminology consistency throughout the regulations. Subsection (l) has also been amended to remove the reference to section 5055. Section 5055 has been removed from the division.

Subsection (m) was revised to specify that the regulation applies to licensed cannabis event organizers. This proposed amendment provides additional clarity and assures terminology consistency throughout the regulations.

Subsection (n) has been added to notify licensees who are participating in a temporary cannabis event that the Bureau may require all participants to cease operations to protect public health and

safety. This addition was necessary to reflect new language that was added to Business and Professions Code section 26200 by Assembly Bill 2020. The amended language of the statute is duplicated in this regulation to provide additional clarity to licensees regarding the terms and requirements for organizing and participating in a licensed temporary cannabis event.

Subsection (o) has been added to notify licensed event organizers that they must expel from the event any person who is engaging in the unlicensed sale of cannabis goods. This addition was necessary to reflect new language that was added to Business and Professions Code section 26200 by Assembly Bill 2020. The amended language of the statute is duplicated in this regulation to provide additional clarity to licensees regarding the terms and requirements for organizing and participating in a licensed temporary cannabis event. This subsection also requires the event organizer or their representative shall remain with a person being expelled at all times until the person vacates the premises. This is necessary to ensure that the person being expelled does actually leave the premises as required.

§ 5602. Temporary Cannabis Event Sales

Subsection (c) has been revised to clarify that licensed retailers, licensed non-storefront retailers, and licensed microbusinesses that have been authorized to engage in retail sales may sell cannabis goods at a licensed temporary cannabis event. Prior to this proposed amendment, the language of the regulation indicated that only a licensed retailer may engage in sales at a licensed cannabis event. This amendment is necessary because it provides additional clarity regarding the specific license types that may engage in the sale of cannabis goods at a licensed cannabis event.

Subsections (i) and (j) have been revised to clarify that all cannabis goods available for sale are subject to quality assurance and security requirements. Prior to this proposed amendment, all cannabis goods at a licensed cannabis event were subject to these requirements. This clarification is necessary to clarify that these requirements are intended to only apply to cannabis goods that are made available for sale.

Subsection (l) has been revised to simplify the requirement for cannabis goods sold at a temporary cannabis event. Rather than providing specific requirements in this subsection, the subsection now references section 5413 of this division. All sales of cannabis goods at a licensed cannabis event are required to comply with the requirements of section 5413. This revision is necessary to streamline the text of the regulation.

Subsection (p) has been revised to specify that the regulation applies to licensed cannabis event organizers. This proposed amendment is necessary because it provides additional clarity and consistency of terminology throughout the regulations.

Subsection (q) has been revised to specify that the regulation applies to licensed cannabis event organizers. This proposed amendment is necessary because it provides additional clarity and consistency of terminology throughout the regulations.

The reference section has been revised to correct a typographical error.

§ 5603. Temporary Cannabis Event Consumption

Subsection (e) has been revised to specify that the regulation applies to licensed cannabis event organizers. This proposed amendment is necessary because it provides additional clarity and consistency of terminology throughout the regulations.

Subsection (f) has been revised to specify that the regulation applies to licensed cannabis event organizers. This proposed amendment is necessary because it provides additional clarity and consistency of terminology throughout the regulations.

Subsection (g) has been removed. Removal of subsection (g) was necessary because it was duplicative of language in sections 5602 and 5603.

§ 5604. Informational or Educational Cannabis Events

This section has been added and clarifies that informational or educational cannabis events where no sales of cannabis goods or consumption of cannabis goods is occurring are not required to be licensed by the Bureau. The section also clarifies that a person may display cannabis goods for informational or educational purposes consistent with Health and Safety Code sections 11362.1 and 11362.77. This section is necessary because the Bureau has received multiple inquiries regarding requirements for these types of events and aa licensee's ability to participate in such events.

Chapter 6. Testing Laboratories

Changes Made to Article 1. Chapter Definitions:

§ 5700. Definitions

The numbering of the section has been modified to allow for the inclusion of additional definitions. The definitions for the terms "accreditation body" and "accredited college or university" have been reordered in order to properly place the terms in alphabetical order.

A definition of "cannabis concentrate" has been added to the section and defines a cannabis concentrate as cannabis that has undergone a process to concentrate one or more active cannabinoids, thereby increasing the product's potency. The definition clarifies that cannabis concentrates includes the following items: the separated resinous trichomes of cannabis, tinctures, capsules, suppositories, extracts, vape cartridges, inhaled products (such as dab,

shatter, and wax), and tablets as defined by the CDPH in regulation. This is necessary to clarify what a cannabis concentrate is, and to align with the term as it is used by other licensing authorities and in regulations.

The definition of "continuing calibration verification" has been revised to further clarify that a licensed testing laboratory must be able to test for each required analyte.

A definition of "good laboratory practice" has been added to the section and defines good laboratory practice as being a quality system of management controls for laboratories to ensure the uniformity, consistency, reliability, reproducibility, quality, and integrity of analyses performed by the testing laboratory. This definition is necessary because the term is used in the regulations to ensure that laboratories are operating in accordance with general laboratory standards.

The definition of "initial calibration verification" has been amended to remove "targeted" and replace it with "each of the targeted" for clarity. This is necessary to ensure that licensees understand that each analyte must be included.

The definition of "laboratory control sample" has been amended to clarify that spiked concentration must be at a mid-range concentration of the calibration curve for the target analytes. This change is necessary to ensure accuracy in testing procedures.

A definition of "linear regression" has been added to the section and defines linear regression as the determination, in analytical chemistry, of the best linear equation for calibration data to generate a calibration curve. The concentrate of an analyte in a sample can then be determined by comparing a measurement of the unknown to the calibration curve. A linear regression uses the following equation: $y = mx + b$, where m =slope and b=intercept. This definition is necessary because the term is used in the regulations and ensures laboratories analyze cannabis goods samples using accurate calibration data.

The definition of "matrix spike sample" has been revised to provide additional clarity. This is necessary to ensure standardization in the licensees' quality control procedures.

A definition for "orally-consumed product containing alcohol" has been added. This addition is necessary to clarify that an "orally-consumed product containing alcohol" means a liquid solution that contains more than 0.5% alcohol by volume as an ingredient, is not otherwise an alcoholic beverage as defined in Business and Professions Code section 23004, is packaged in a container no larger than two (2) fluid ounces and includes a capped calibrated dropper capable of accurately measuring servings. This definition is necessary to align with regulations promulgated by the CDPH which allows for certain products to contain alcohol as an ingredient. Without this definition testing laboratories would not be able to determine which cannabis products are exempt from the ethanol limit for residual solvent testing under section 5718.

A definition for “orally-dissolving product” has been added. This is necessary to clarify that the term “orally-dissolving product” as used in the regulations means an edible cannabis product that is intended to dissolve and release cannabinoids directly into the mouth, which allows them to enter the bloodstream through the tissue, such as sublingual lozenges or mouth strips. The definition further clarifies that orally dissolving products are not intended to be eaten or swallowed to enter the digestive system. This definition is also necessary to ensure consistency between regulations adopted by the Bureau and the CDPH.

A definition for pre-roll has been added to specify that for purposes of this chapter, pre-roll has the same meaning as in section 5000(q) and also includes pre-rolls infused with cannabis concentrate. This is necessary to ensure testing laboratories have accurate guidance to identify the type of cannabis goods being tested.

A definition for “quadratic regression” has been added to the section and defines quadratic regression as means the determination, in analytical chemistry, of the best parabola equation for calibration data to generate a calibration curve. The concentrate of an analyte in a sample can then be determined by comparing a measurement of the unknown to the calibration curve. A quadratic regression uses the following equation: $y = ax2 + bx + c$, where a, b, and c are numerical coefficients. This definition is necessary because the term is used in the regulations and ensures laboratories analyze cannabis goods samples using accurate calibration data.

The definition of “relative percent difference” has been amended to provide an abbreviation for the term defined, RPD, to allow for subsequent use of the abbreviated term in the regulations.

The definition of “relative standard deviation” to provide an abbreviation for the term defined, RSD, to allow for subsequent use of the abbreviated term in the regulations.

The definition of “representative sample” to clarify and specify what a “representative sample” comprises of, which is several sample increments of cannabis goods that are collected from a batch for testing.

The definition of “requester” has been amended to clarify and specify the requirement referenced in this subsection is a requirement under the Act, not under the proposed regulations.

The definition of “sampler” has been amended to clarify that a licensed microbusiness authorized to engage in distribution, not just any microbusiness, is included. This is necessary for clarity and consistency throughout the regulations.

A definition for “topical cannabis goods” has been added. This is necessary to clarify that the term “topical cannabis goods” means cannabis products intended to be applied to the skin and not intended to be ingested or inhaled. Liquid solutions shall only be considered topical cannabis goods if they are packaged in a container no larger than two (2) fluid ounces.

A definition for “total CBD” has been added and defines total CBD as the molar sum of CBD and CBDA. Total CBD is calculated using the following equation in which “M” is the mass or mass fraction of CBD and CBDA: M total CBD = M CBD + (0.877 x M CBDA). This definition is necessary so that laboratories have the correct formula to calculate total CBD.

A definition for “total THC” has been added and defines total THC as the molar sum of THC and THCA. Total THC is calculated using the following equation in which “M” is the mass or mass fraction of delta-9 THC or delta-9 THCA: M total delta-9 THC = M delta-9 THC + (0.877 x M delta-9 THCA). This definition is necessary so that laboratories have the correct formula to calculate total THC.

Changes Made to Article 2. Laboratory License:

§ 5701. General Laboratory License Requirements

This section has been amended by adding Section 26012 of the Business and Professions Code to the reference section. This change is necessary for accuracy.

§ 5702. Laboratory License Application

This section has been amended to require that the standard operating procedures for testing foreign material be included with an application for licensure. The section has been amended to remove foreign material and moisture content from the required method validation reports for certain testing methods. These amendments were necessary for consistency with regulations regarding testing for these items. The section has been renumbered to account for these amendments.

This section has also been amended to remove section 26051.5 of the Business and Professions Code from the reference section. This is necessary for accuracy.

§ 5703. Interim Testing Laboratory License

The title of this section has been amended from “Provisional Testing Laboratory License.” The term “provisional” has also been replaced with the term “interim” throughout the section. These changes were necessary due to a recent change in legislation that created a provisional license category for all commercial cannabis licensees. Subsection (a) has been revised by replacing “A laboratory” with “An applicant” to specify and clarify that the provision applies to an applicant. This change is necessary for consistency in the use of terms throughout the regulations.

Subsection (b) has been revised to clarify and specify that the annual license fee is determined pursuant to the requirements in section 5014 for annual license fees for a testing laboratory license. This change was necessary to provide applicants clarity on how their licensing fee is determined.

Subsection (i) has been amended to require licensed testing laboratories to notify the Bureau if the licensees application for ISO/IEC 17025 accreditation have been approved or denied within one day of receiving the decision. This is being changed from requiring the licensee to provide notice to the Bureau within five days of receiving the decision. This is necessary because the Bureau has determined that it is critically important that the Bureau be informed of a denial and for consistency with the statute. Additionally, the Bureau has determined that the additional burden to the licensee caused by this change is relatively small. Subsection (i) has also been amended to incorporate by reference a form for licensees to submit to the Bureau the required notification in this section. This is necessary to provide clear direction to licensees on how to submit the required notification.

The reference section has been revised to include section 26102 of the Business and Professions Code.

Changes Made to Article 3. Sampling Cannabis and Cannabis Products

The Sampling -Standard Operating Procedures Form, BCC-LIC-021 (New 10/18) was amended to correct for typographical and grammatical errors. Specifically, section 4 for the signature of the supervisory or management laboratory employee was amended to section 3, to correct the numbering of the section.

§ 5705. General Sampling Requirements

Subsection (c) and (d) of this section have been amended by adding “from each batch” to the representative sample collected under subsection (c), and thus removing the now redundant old subsection (d), renumbering the remaining subsections, and clarifying in the new subsection (d) that “laboratory” as used, is a licensed laboratory premises. This change was necessary for consistency of terminology used throughout the regulations.

Subsection (f) is added and specifies that once a representative sample has been obtained for regulatory compliance testing, the testing laboratory that obtained the sample must complete the testing and report the results on the certificate of analysis. This addition is necessary to clarify the requirement for licensees, as the Bureau frequently receives questions regarding sampling and testing.

Subsection (g) is added and specifies that if circumstances exist that make it necessary to have a batch re-sampled and tested by another licensed testing laboratory after a representative sample has been obtained, the licensed distributor may submit a written request to the Bureau and that no re-sampling may occur without prior written approval from the Bureau. This is necessary to address situations in which it is necessary to have a batch re-sampled. Without this section, there would be no provision for the batch to be re-sampled. This will allow re-sampling in situations where the licensed laboratory can no longer competently complete the regulatory compliance

testing while preventing "laboratory shopping" to obtain a different result. This subsection also provides guidance to licensees as to where to send the request and what information must be provided to the Bureau in writing for the Bureau to determine if re-sampling will be allowed. This includes the names and license numbers of the parties, the batch numbers, the type and quantity of cannabis goods, and the reason the laboratory that originally took the sample cannot complete the testing. The Bureau will review the information and make a determination as to whether the laboratory cannot competently complete the testing, then may allow re-sampling in whole or part. The subsection also provides that re-sampling shall not occur without receiving written approval of the request from the Bureau. These provisions are necessary so the Bureau has all the information relevant to the request and so that any approval is in writing to avoid confusion.

§ 5706. Chain of Custody

Subsections (b)(1) – (b)(4) of this section have been amended by adding "licensed premises" to address, to clarify and specify that the address is that of the licensed premises of the relevant licensee. This change was necessary for consistency of terminology used throughout the regulations.

Subsections (b)(9) and (b)(11) has been revised to correct a punctuation error.

Subsection (b)(10) has been revised to specify that the subsection applies to microbusinesses that have been authorized to engage in distribution. This is necessary to prevent potential confusion regarding which type of microbusiness the subsection may apply to.

Subsection (d) has been added to prevent any alteration to the chain of custody form after the custody of the sample has changed between licensees. This is necessary to prevent confusion and ensure forms are accurate.

The reference section has been revised to correct a typographical error.

§ 5707. Harvest Batch Sampling

Subsection (b) of this section has been amended to clarify and specify that the collection referred to is a representative sample and that the percentage given is of the total harvest batch weight.

Subsection (c) has been revised to change the term "may not" to "shall not." This is necessary for the consistent use of terms throughout the regulation.

Subsection (d) has been amended by adding "sample" before increments, to clarify and specify that the increments referred to are sample increments.

§ 5708. Cannabis Product Batch and Pre-Roll Sampling

Subsections (b) and (d) of this section have been amended, by adding "sample" before increments, to clarify and specify that the increments referred to are sample increments.

Subsection (c) has been revised to change the term "may not" to "shall not." This is necessary for the consistent use of terms throughout the regulation.

§ 5709. Laboratory Transportation of Cannabis Goods Samples

Subsection (a)(1) and (a)(2) have been deleted. New subsection (a)(1) consolidated the requirements of former (a)(1) and (a)(2) and revised them for clarity, to provide requirements for the transportation of cannabis samples. This is necessary to ensure that the rules for the movement of cannabis goods in a vehicle are consistent throughout the regulations.

Subsection (a)(4), formerly (a)(5), has been amended to remove vehicle from the term alarm system. This is necessary for consistency with other sections of the regulations.

Subsection (a)(6), formerly (a)(7) of this section has been amended by clarifying and specifying that the compliance referred to, is regulatory compliance, and by removing the language pertaining to travel from the laboratory's licensed premises when engaged in the transportation of cannabis goods. This is necessary to streamline the provision, as such language is unnecessary, in indicating that the laboratory employee may travel back to its own licensed premises.

Subsections (a)(7)-(a)(11) have been renumbered to account for the consolidation of subsections (a)(1) and (a)(2).

Subsection (b)(1) has been amended to require proof that the laboratory is the registered owner under the Vehicle Code for each vehicle used to transport samples. This change is necessary for consistency with changes made under section 5312.

Subsection (d) has been amended to clarify that the information licensees must provide to the Bureau is the information required under subsection (c) of the section. Subsection (d) has also been amended to incorporate by reference a form for licensees to use to submit to the Bureau the required notifications in this section.

The reference section has been revised to correct a typographical error.

§ 5710. Laboratory Receipt of Samples Obtained from a Distributor or Microbusiness

Subsection (a) has been revised to specify that the subsection applies to microbusinesses that have been authorized to engage in distribution. This is necessary to prevent potential confusion regarding which type of microbusiness the subsection may apply to.

Subsection (b) has been revised to specify that the subsection applies to microbusinesses that have been authorized to engage in distribution. This is necessary to prevent potential confusion regarding which type of microbusiness the subsection may apply to. Subsection (b) has also been revised to correct a typographical error.

Changes Made to Article 4. Standard Operating Procedures:

§ 5711. Laboratory Analysis Standard Operating Procedures

The Sample Preparation -Standard Operating Procedures Form, BCC-LIC-022 (New 7/18) was amended to correct for typographical and grammatical errors. Specifically, section 5 for the signature of the supervisory or management laboratory employee was amended to section 4, to correct the numbering of the section.

This section has been revised to reorganize the content into subsections. This is necessary to provide additional clarity.

§ 5712. Test Methods

This section has been amended by adding Section 26012 of the Business and Professions Code to the reference section. This change is necessary for accuracy.

§ 5713. Validation of Test Methods

Subsection (b) has been revised to provide additional clarification on how licensees are expected to use the table provided in the section to validate test methods for microbial analyses of samples. Subsection (b)(1) has been deleted as the information has not been included in subsection (b).

Subsection (c)(1)(C) has been amended by renumbering old subsection (c)(1)(C)(ii) to new subsection (c)(1)(C)(iii) and adding new subsection (c)(1)(C)(ii), to clarify and specify that linear regression or quadratic regression shall only be used for calibration curves. This is necessary to ensure that laboratories are appropriately calculating calibration curves. This section has also been amended to incorporate by reference the Notification and Request Form, BCC-LIC-027 (New 10/18), for licensees to use to submit to the Bureau the required notifications in this section.

Subsection (c)(D)(ii) has been revised to include the requirement that the percent recovery must be between 70% to 130%. This is necessary to ensure consistency with section 5730, subsection (g).

Subsection (d)(8) has been amended to incorporate by reference the Notification and Request Form, BCC-LIC-027 (New 10/18), for licensees to use to submit to the Bureau the required notifications in this section. This is necessary for consistency throughout the regulations.

Changes Made to Article 5. Laboratory Testing and Reporting:

§ 5714. Required Testing

The section has been amended by revising the numbering of the subsections and adding a new subsection (a) that specifies and clarifies that all sample increments collected must be homogenized prior to sample analyses, notwithstanding foreign material testing. This is necessary to ensure that sample increments are homogenized, to preserve the integrity of testing, and standardize sample preparation procedures.

A new subsection (d) has been added to clarify and specify that the laboratory collecting the representative sample, is to be the laboratory that completes all the required testing for each representative sample for regulatory compliance testing. This is necessary to ensure that representatives samples are not being tested by different licensed laboratories and are only being tested by the laboratory collecting the sample, and to preserve the integrity of testing.

The reference section has been revised to correct a typographical error.

§ 5715. Phase-In of Required Laboratory Testing

This section has been amended by adding Section 26110 of the Business and Professions Code to the reference section. This change is necessary for accuracy.

§ 5718. Residual Solvents and Processing Chemicals Testing

Subsection (a) has been amended to require the laboratory analyze at minimum 0.25 grams of the representative sample of cannabis products or pre-rolls to determine whether residual solvents or processing chemicals are present. This is necessary to set a minimum sample size to ensure consistency in laboratory testing. Subsection (c) has been deleted as it is no longer necessary.

Subsection (d) is now subsection (c) and has been amended by specifying that a sample shall be deemed to have passed the residual solvents and processing chemicals testing if the presence of any residual solvent or processing chemical listed in the tables in Category I and Category II does not exceed the indicated action levels. The proposed language would have required testing laboratories to establish a limit of quantification (LOQ) of 1.0 µg/g or lower. The Bureau received numerous comments that the proposed language is arbitrary and that it increases the variability in testing results from one laboratory to the next. Numerous commenters specifically requested that the Bureau establish specific action levels for Category I solvents, rather than allowing laboratories to establish a LOQ on their own. Thus, the Bureau determined that specific action levels are necessary to ensure standardization across the licensed laboratories.

The action level for ethanol has been revised from 1000 to 5000. This will maintain the action level that is currently in place under the Bureau's readopted emergency regulations. The Bureau received comments that the 5000 action limit should be maintained. This limit is

consistent with the recommendations in the US Pharmacopia and the Bureau has determined that this level will not negatively impact the public health and safety. The other action levels in the section for residual solvents and processing chemicals have also been revised to the levels that are currently in place under the Bureau's emergency regulations. This is necessary because the action levels previously adopted under the Bureau's emergency regulations are consistent with recommendations in the US Pharmacopia and the Bureau has determined that such levels will not negatively impact the public health and safety.

Subsection (c)(1) has been revised to clarify that rather than being applied to "tinctures" the subsection is to be applied to "orally-consumed products containing alcohol" as defined in section 5700. This is necessary to allow for the use of more precise terms within the proposed regulation.

Subsection (c)(2) has been amended to clarify and specify the exception to the action limits for Category I and Category II residual solvents and processing chemicals, applies to limits on ethanol for topical cannabis products, which is defined in section 5700. This is necessary to reflect the amendment to section 5700, adding new definitions for topical cannabis products.

Subsection (e) has been renumbered to (d).

§ 5719. Residual Pesticides Testing

Subsection (c) deleted the word "quantification" and replaced it with "quantitation".

Subsection (e) has been amended to add the term "residual" in front of pesticides. These changes are necessary for accuracy and clarity.

§ 5724. Cannabinoid Testing

Subsection (a) has been amended to remove the requirement that the laboratory must determine the cannabinoid profile for the purpose of determining whether the cannabinoid profile as presented on the package label conforms to the cannabinoid profile as determined through analytical testing. This amendment is necessary because some cannabis goods samples, namely flower, may be obtained and sampled prior to packaging and labeling in which case there is no package label available for comparison by the laboratory. In addition, the Bureau received comments requesting that the Bureau not require laboratories to perform label-verification and that this requirement is unconventional for analytical laboratories. The Bureau determined that label-verification by testing laboratories was unnecessary, thus the Bureau has amended the quality assurance provisions required of licensed distributors to ensure that cannabis goods labels are accurate.

Subsection (b) has been amended to establish a limit of quantitation (LOQ) of 1.0 mg/g or lower for all cannabinoids analyzed and reported. This change is necessary to ensure there is

consistency amongst all testing laboratories by establishing a standard LOQ. The term “limit of quantitation” is defined under section 5700 and used in section 5731 and is the correct term for use in this section. However, the Bureau discovered during the 15-day comment period that it had made a typographical error in the modifications to the text and notice regarding this section and typed “limit of quantification.” As the use of quantification was a typographical error, the Bureau has amended the section by replacing quantification with quantitation.

Subsection (c) has been amended to clarify how the result of cannabinoid testing on the COA is reported requiring a percentage for THC and CBD and providing how the amounts of cannabinoids are reported if it is by dry-weight or volume. The section also requires that the milligrams per package and per serving for THC and CBD be reported. These changes are necessary because under the previously proposed language laboratories were required to verify the cannabinoids on the cannabis goods label. With the changes in this chapter and in chapter 2, laboratories will now be simply testing the cannabis goods and reporting the cannabinoid profile and will not be verifying the label claim.

Subsection (d) has been revised to specify the maximum content of THC permitted based on product type. Subsection (d)(1) specifies that for edible cannabis products the milligrams per serving for THC cannot exceed 10 milligrams per serving which is necessary for consistency with regulations promulgated by the CDPH. Subsection (d)(2) establishes an allowable concentration of 100 mg per package for edible cannabis products that are not medicinal orally dissolving products which is necessary for consistency with regulations promulgated by the CDPH which restrict all edible cannabis products, except for medicinal orally dissolving products, to an allowable concentration of 100 mg or less per package. Likewise, subsection (d)(3) establishes an allowable concentration of 500 mg per package for edible cannabis products that are orally dissolving, such as sub-lingual concentrates, and labeled “FOR MEDICAL USE ONLY” which is necessary for consistency with regulations promulgated by the CDPH which restrict medicinal orally dissolving edible cannabis products to a concentration of 500 mg or less per package. Subsection (d)(4) specifies that cannabis concentrates and topical cannabis goods that are not labeled “FOR MEDICAL USE ONLY” shall not exceed 1000 milligrams per package. Subsection (d)(5) specifies that for cannabis concentrates and topical cannabis goods labeled “FOR MEDICAL USE ONLY” shall not exceed 2000 milligrams per package. Both changes in subsection (d)(4) and (d)(5) are necessary for consistency with regulations promulgated by the CDPH regarding the allowable concentration of THC for medical and non-medical cannabis concentrates and topical cannabis goods. Although the Bureau removed the allowable variances for testing in this section, a plus or minus 10% variance to these limits is now contained in section 5307.1 such that a batch passes testing if it is within this variance.

Subsection (e) will specify that the laboratory shall report the test results and indicate an overall pass or fail on the certificate of analysis. This is necessary so that licensees will clearly be able to tell if the cannabis goods have passed testing and can be sold.

Subsection (f) will specify how cannabinoids that are found to be less than the LOQ are reported. This is necessary because micro-dosed cannabis products often have levels that are undetectable or very low concentrations. Previously, the laboratories would report "ND" (non-detect) for such low levels, but "ND" is not easily understood by the general public, therefore not appropriate to use on the label. This will provide a consistent means of reporting these cannabinoids that are at microlevels.

Former subsection (e) has been renumbered and is now subsection (g).

§ 5725. Terpenoid Testing

This section has been amended to require laboratories to test for terpenoids and report the result on the certificate of analysis. The section previously provided a variance for label claims and the actual test result. The changes in this section have streamlined terpenoid testing and will allow for laboratories to simply report the test result and not be required to compare the results to labels. This section has also been amended to add the words "if requested" before the requirements for the laboratory. This is necessary for clarity as terpenoid testing is not required, however, if it is requested, certain requirements apply.

Although the Bureau removed the allowable variances for testing in this section, a plus or minus 10% variance to these limits is now contained in section 5307.1 such that a batch passes testing if it is within this variance.

§ 5726. Certificate of Analysis (COA)

Subsection (c) has been amended to specify the email address for which certificates of analysis (COA) are submitted to at the Bureau. This is necessary to ensure that licensees are correctly submitting the COAs, and that the Bureau is receiving them. Subsection (c) has also been amended to remove the requirement that the testing laboratories must provide the test results to other requestors.

Subsection (d) has been added to the section. The addition of subsection (d) has required the renumbering of subsequent subsections accordingly. New subsection (d) specifies and clarifies that the laboratory shall not release to any person any cumulative or individual test results prior to completing all analysis and providing the COA to the Bureau. This is necessary to ensure that test results remain confidential, pursuant to statutory requirements, and to preserve the integrity of the testing.

A new subsection (e)(1) has been added that requires the COA form to contain the term "Regulatory Compliance Testing" on the upper-right corner of each page of the COA, in a font

no smaller than 14-point, with no text or images appearing above that term on any page of the COA. This is necessary to ensure that those reviewing the COA are aware it is a COA for regulatory compliance testing, and to preserve the integrity of the testing.

Subsections (e)(2) through (e)(7) have been renumbered and revised to clarify and specify that the address referred to, is the licensed premises address. This is necessary to ensure that the COA contains correct information that accurately reflects the licensee information.

Subsection (e)(2) has been amended to remove the term "physical" and replace it with "licensed premises" for clarity.

Subsection (e)(3) has been revised to specify that the subsection applies to microbusinesses that have been authorized to engage in distribution. This is necessary to prevent potential confusion regarding which type of microbusiness the subsection may apply to.

Subsection (e)(4) has been amended to remove the term "physical" and replace it with "licensed premises" for clarity.

Subsection (e)(5) has been revised to clarify that packaged cannabis goods must have a labeled batch number that matches the batch number of the COA. This is necessary to ensure that licensees and the Bureau are able to clearly identify the batches held by the licensee as well. This will also reduce the risk of potential error and confusion in matching up COAs with their respective batches.

Subsection (e)(8) has been renumbered and revised to clarify and specify that the picture on the COA of a sample must include an unobstructed image of the packaging, if the sample is pre-packaged. This is necessary to ensure accurate identification of the sample and compliancy with testing and labeling.

Subsection (f)(5) has been amended to clarify that the section does not apply to the reporting of cannabinoid results. Former subsection (f)(5) has been removed because it is no longer necessary due to the changes in label claim review.

§ 5727. Remediation and Resting

Subsection (a) has been revised to remove the language indicating that edible cannabis products may not undergo additional processing after a failed laboratory test. This restriction is no longer in place. Although most edible cannabis products may not undergo remediation. In certain circumstances, limited forms of remediation may be performed on edible cannabis goods that have failed laboratory testing.

Subsection (b) of this section has been removed due to changes in the section 5303 which have rendered this subsection unnecessary. The other subsections of this section have been renumbered to account for the removal of subsection (b). Lastly clarification has been made in new subsection (b) to clarify that a microbusiness referenced in this section must be one that is authorized to engage in distribution. This change is necessary for consistency of terminology used throughout the regulations.

Subsection (c) has been revised to clarify that the subsection applies only to failed batches.

Subsection (e) has been revised to correct grammatical errors.

Subsection (f) has been added to clarify that the section would not prevent a cannabis goods batch from being retested when the COA is 12 months old or older. This is necessary to clarify that cannabis batches that have a COA that has expired due to time, may be retested and sold.

Changes Made to Article 7. Laboratory Quality Assurance and Quality Control:

§ 5729. Laboratory Quality Assurance (LQA) Program

Subsection (a)(2) has been amended to include good laboratory practice as a requirement that must be addressed in the LQA manual. This change is necessary to ensure laboratories are utilizing good laboratory practice and to preserve the integrity of laboratory testing.

§ 5730. Laboratory Quality Control (LQC) Samples

The section has been revised to clarify and specify that the laboratories must adhere to good laboratory practice, as defined under section 5700. This is necessary to ensure that laboratories maintain a quality system of management controls that preserves the integrity of testing, by ensuring consistency, reliability, and reproducibility. This is also necessary to ensure laboratories are reporting truthfully and adhering to quality assurance and quality control procedure.

Subsection (b) has been revised to clarify and specify that in addition to the negative and positive control used in each analytical batch during microbial testing, a laboratory replicate sample is also to be used. This is necessary to ensure laboratories are testing for microbials appropriately.

The section has been renumbered for clarity.

§ 5731. Limits of Detection (LOD) and Limits of Quantitation (LOQ) for Quantitative Analyses

The reference section has been revised to correct a typographical error.

§ 5732. Data Package

This section has been amended to incorporate by reference new Data Package Cover Page and Checklist, Form BCC-LIC-024 (New 10/18) to provide the items that must be included in a data package. The section has been amended to remove the requirements that are now included in the form. The form is necessary to provide clear guidance to laboratories on the required items that must be in the data package. It also ensures consistency amongst the data packages submitted by different laboratories.

§ 5733. Required Proficiency Testing

Subsection (h) has been revised to replace the acronym PT with the term "proficiency testing." This is necessary for additional clarity. Subsection (h) has also been revised to incorporate by reference a form for licensees to use to submit to the Bureau the notifications required under this section. This is necessary for consistency and clarity throughout the regulations.

§ 5735. Laboratory Audits

Subsection (e) has been amended to incorporate by reference new Notification and Request Form, BCC-LIC-027- (New 10/18), for licensees to use to submit to the Bureau the notifications required under this section. This is necessary for consistency and clarity throughout the regulations.

Chapter 7. Enforcement

Changes Made to Chapter 7:

§ 5800. Right of Access

Subsection (a)(5) was added for the 15-day comment period to specify that the Bureau may collect evidence related to any alleged violation of the Act or the regulations for the purpose of preserving such evidence during the course of investigation and subsequent disciplinary proceedings. However, the Bureau determined that the provision duplicated rights contained in the Administrative Procedure Act and therefore has withdrawn the subsection.

Subsection (c) has been revised, to clarify and specify the access rights of the Bureau, to full and immediate access, as allowed by law. This is necessary to clarify and specify that there are limited restrictions as to when and how the Bureau may conduct an inspection, audit, review, or investigation, and to ensure access allows the Bureau to appropriately address any immediate safety concerns.

The reference section has been revised to correct a typographical error.

§ 5801. Notice to Comply

Subsection (a) has been amended to add that the notice to comply may also be issued for violations discovered during an investigation as well as observed during an inspection. This is necessary to ensure that the Bureau has the ability to assist licensees in coming into compliance with all laws and regulations, and that licensees have an opportunity to correct any violations, however discovered, before fines are assessed through the citation process or disciplinary action, or other administrative or civil action.

Subsection (c) is revised, to streamline the language, regarding whom may be delegated by a licensee, employee, or agent for purposes of serving a notice to comply. This is necessary to provide clarification and avoid any confusion or ambiguity. This subsection is also revised to

make consistent the changes to subsection (a) relating to violations discovered during an investigation. This is necessary to clarify when a notice to comply can be served or delivered, specifically, 15 calendar days after the last date of inspection or discovery of the violation.

Subsection (d) has been revised to change the notification requirement from 15 days to 20 days. This is necessary as the Bureau has determined that requiring notice within 15 days may be too onerous and 20 days would allow the licensee more time while not negatively impacting the Bureau's ability to regulate effectively.

§ 5802. Citations; Orders of Abatement; Administrative Fines

Subsection (c) is revised, by restructuring the subsection to provide additional clarity about what each citation must contain. The revisions do not make any substantive changes to the requirements. This is necessary to avoid any confusion or ambiguity as to what information is to be contained in a citation.

Subsection (e) is revised, to clarify and specify that the factors under Business and Professions Code section 125.9 used to assess a fine, are for fines contemplated and issued under this section. Such changes are necessary for clarity and consistency of terminology within the Bureau's regulations.

The reference section has been revised to correct a typographical error.

§ 5803. Contesting Citations

Subsection (a) is revised, by restructuring the subsection to provide clarity about the process to contest a citation. The revisions do not make any substantive changes to process. This is necessary to avoid any confusion or ambiguity as to the process.

§ 5806. Attire and Conduct

Subsection (b) is revised, to correct a typing error, by amending "(a)(1)" to "(a)," as subsection (a)(1) does not exist.

§ 5807. Entertainers and Conduct

Subsection (b) is revised, by removing "above" and replacing with "in this section," for clarity regarding the prohibited activities.

§ 5809. Disciplinary Actions

Subsection (a) is revised, to clarify and specify that a license means a licensee. This revision is necessary for clarity and consistency of terminology in the regulations.

Subsection (c) has been revised to correct a typographical error.

The reference section has been revised to correct a typographical error.

§ 5810. Interim Suspension

Subsection (b) has been revised to correct a typographical error.

The reference section has been revised to correct a typographical error.

§ 5811. Posting of Notice of Suspension

This section has been amended to incorporate by reference new Notification and Request Form, BCC-LIC-027- (New 10/18), for licensees to use to submit to the Bureau the notifications required under this section. The inclusion of a form was necessary to guide licensees to ensure they provide sufficient information for the Bureau to consider. The form also streamlines the notification process by assuring that licensees are able to fulfill its notification requirements without having to complete additional paperwork.

§ 5812. Posting of Notice of Revocation

Subsections (a) and (c) are revised, to clarify and specify that the signage required for a revoked license is on the premises where the revoked license was held. This is necessary to avoid any confusion or ambiguity as to whether the revoked license remains active or in use during the requirement to post notice.

Subsection (e) is revised, by adding "the notice" to the item to be displayed, to clarify and specify, that the failure to display, pertains to the notice referenced in the section. This is necessary to avoid confusion or ambiguity as to what is required to be displayed under the subsection.

Subsection (f) has been revised to incorporate by reference new Notification and Request Form, BCC-LIC-027- (New 10/18), for licensees to use to submit to the Bureau the notifications required under this section. The inclusion of a form was necessary to guide licensees to ensure they provide sufficient information for the Bureau to consider. The form also streamlines the notification process by assuring that licensees are able to fulfill its notification requirements without having to complete additional paperwork.

§ 5814. Disciplinary Guidelines

This section has been revised to reflect the accurate date of the Disciplinary Guidelines. This is necessary as the proposed regulations and Disciplinary Guidelines are amended throughout the regulatory process.

Section I of the Disciplinary Guidelines provides a brief description of the guidelines as well as providing information regarding the intended use of the Disciplinary Guidelines. Section I has been revised to remove the phrase "against a registrant or licensee," from the third paragraph. This is necessary to provide additional clarity.

Section II of the Disciplinary Guidelines contains the factors to be considered in determining penalties. This section provides some level of consistency in determining penalties as the listed factors may all be considered when determining a penalty. The factors take into consideration things such as the actual or potential harm caused by the violation, the licensee's history of committing violations, and any mitigating circumstance. Section II of the Disciplinary Guidelines has been amended to add the nature and severity of the violations, as a factor to be considered. This is necessary to clarify that violations are included and considered part of the acts and offenses under consideration for discipline and probation. If a licensee has been convicted of a felony based on possession or use of cannabis goods that would not be a felony if the person was convicted during the time of licensure is one factor that will be considered. This is necessary for consistency with the factors considered when issuing a license.

Section III contains the disciplinary guidelines. The types of violations have been categorized into three tiers. Tier 1 contains a list of violations that have been determined to be the least potentially harmful. Penalties for tier 1 violations range from suspension or fine, to revocation. Tier 2 violations typically involve a more serious potential for harm or a greater risk and disregard for public safety. Tier 2 violations are potentially more harmful that tier 1 violations, but less harmful than tier 3 violations. The recommended penalty for a tier 2 violation is generally more severe than the penalty for a tier 1 violation. Tier 3 violations involve a knowing or willful violation of the rules or fraudulent acts relating to the licensee's business. Tier 3 violations are potentially the most harmful. The recommended penalty for tier 3 violations is generally a longer suspension, a larger fine, or revocation.

The Disciplinary Guidelines have also been amended to include and more accurately reflect the changes in the proposed regulations. This includes adding language to clarify the violations. This includes specifying and clarifying language under Section III, and the Disciplinary Order Guidelines, that failure to pay appropriate fees; failure to destroy a license; use of a cannabis diffuser or vaporizer on the licensed premises; failure of a licensee or employee to properly display a licensee-issued identification badge; giving away or furnishing of free cannabis accessories; failure to comply with security measures; unauthorized distribution activities; improper transfer of cannabis goods between retailer premises; allowing for the sale, storage or consumption of alcoholic beverages on licensed premises; failure to comply with accounting requirements; and making false or misleading health-related statements, may be considered violations subject to discipline under Tier 1 of the disciplinary order guidelines.

Testing procedures were also added to Tier 1 violation descriptions, including the failure to maintain proper chain of custody of a testing sample, failure to submit a certificate of analysis and results to the Bureau in a timely manner, and failure to supply requested data to the Bureau in a timely manner as it relates to the data package required under section 5732. This was

necessary to make distinct certain requirements and violations that would not fall under Tier 2, where violations of other testing requirements are encompassed.

Changes also include removal of certain violation descriptions, such as failure to comply with record of sales requirements under section 5425, and its ensuing authority reference, as well as the authority for cannabis destruction under section 5055, as these sections were removed from the proposed regulations. These violations descriptions are amended or added to tier 1 as serious offenses not rising to the level of tier 2 or tier 3 violations, based on, but not limited to, the seriousness of the offense and potential or resulting harm, the protection of the public as a priority, and the probable degree of intentional or willful misconduct.

Some violation descriptions were moved from Tier 2 violations to Tier 1 violations after consideration of comments as concerns and/or questions relating to certain operations and activities. Violation descriptions relating to the failure to confirm the age of customers, failure to properly display cannabis goods, and the unauthorized return of cannabis goods, were moved to Tier 1, as violations that are less potentially harmful, and may occur more frequently due to licensee confusion and/or education and training.

Additional violation descriptions added to Tier 2 of the Disciplinary Order Guidelines, include, holding an interest in a licensed testing laboratory and another non-laboratory commercial cannabis license, sale or delivery of cannabis goods to persons within a motor vehicle, unauthorized storefront activities with a non-storefront license, failure to ensure proper sampling, unauthorized remediation of failed sample batches, engaging in any prohibited restraint of trade or other prohibited act to create a monopoly or injure competitors, violating a building standard or regulation relating to hazardous materials, and failing to comply with manufacturing standards. These violations descriptions are added to tier 2 as serious offenses not rising to the level of tier 3 violations, based on, but not limited to, the seriousness of the offense, the protection of the public as a priority, and the probable degree of intentional or willful misconduct.

Changes to the violation description relating to the failure to verify age of customers, was changed to a failure to confirm age of customers, to more accurately reflect the language used in the proposed regulations, under section 5404.

Testing procedure violations were also added to Tier 2 violation descriptions, including the failure to present an entire cannabis goods batch with accurate information and in its final form, reporting results when laboratory quality control data is outside of acceptance criteria or not properly analyzed, failure to follow good laboratory practices, failure to obtain a representative sample, and unauthorized re-sample or re-testing. This was necessary to make distinct certain requirements and violations from other similar violations of testing requirements under Tier 2.

Additional violation descriptions added to Tier 3 of the Disciplinary Order Guidelines, include, engaging in business modification practices without Bureau approval, restricting or hindering the examination of equipment, failing to notify the Bureau of labor standards violations, false reporting of a disaster, retail sale of untested cannabis goods, unauthorized release of patient information, sale of customer-returned cannabis goods, failure to provide access for inspection, conviction of a crime substantially related to qualifications for licensure, and failure to pay taxes. These violations descriptions are added to tier 3 violations, based on, but not limited to, the seriousness of the offense, the protection of the public as a priority, and the probable degree of intentional or willful misconduct.

Testing procedure violations were also added to Tier 3 violation descriptions, including the unauthorized release of a cannabis goods batch for retail or distribution transfers, failure to complete all required analysis at one licensed laboratory premises or otherwise allowing for subcontracting of testing, and amending or changing a regulatory compliance certificate of analysis after issuance. This was necessary to make distinct certain requirements and violations of testing requirements that are more serious in nature than other violations of testing requirements under Tier 1 or Tier 2. Violation descriptions relating to the unauthorized release of a cannabis goods batch for retail sale was clarified to include dry-labbing, and false reporting of results.

These additional violation descriptions are not additional restrictions or prohibitions for licensees. They are existing rules and regulations, for which the Bureau may enforce and take action on. They are included in the Disciplinary Order Guidelines for clarification purposes, and any absence of a violation or description of a violation does not preclude the Bureau from taking necessary administrative, or other, action against a licensee.

The minimum and maximum fine amounts have also been amended to more accurately reflect the changes in the fee schedule under section 5014. Reference to section 5015 was also changed to section 5014, to more accurately reflect the license fee schedule. The section has also been clarified to add that the maximum fine amounts listed do not limit any statutorily provided fine amount that exceeds the maximum fine amount listed. This is clarified through Business and Professions Code section 26160 which provides that a licensee can be subject to up to $30,000 for violating the requirement to maintain or provide records. Additionally, the minimum fine amount is clarified as not being less than $1,000 for any violation. This is necessary to establish a base penalty amount for violating provisions of the Act or its implementing regulations.

The Cannabis Sales used in the fine formula was revised to gross revenue, a determination that will be more easily made by all licensees and which is used to calculate the fees. The Number of Days Open in Calculation Period was amended to The Number of Days During the Preceding 12 Months, to provide a more determinative figure in calculating the average daily sale amount. This was also necessary as there have been comments and concerns as to how to determine the

number of days open in a calculation period. Additionally, the formula was amended to use 50% of the average daily sale amount to determine the potential fine amount, a figure that creates a more reasonable calculation and potential fine amount, based off the changes to the annual license fee schedule.

The fine amount schedule was amended to reflect the changes in the annual license fee schedule, which was amended to adjust the calculation of the license fee based off of gross revenues, instead of the value of operations. The fine amounts were adjusted to a calculation of a minimum fine that is half of the associated license fee amount, and a maximum fine that is double the associated license fee amount. This was necessary to provide a more reasonable fee calculation and scale that reflects the operations of the licensee and its violations.

Typing and grammatical errors were addressed, and changes made, specifically, under the Disciplinary Order Guidelines authority, for all tiers, to remove reference to title 16 of the California Code of Regulations, as redundant, and to Section VI, Standards Conditions of Probation, including specifying that the required introductory language and conditions include sections 1 through 9.

Section IV of the Disciplinary Guidelines were amended, under the provision to obey all laws, to clarify that the respondent under criminal court orders applies to all individual owners of the licensee probationer, and that the provision pertaining to reporting in person, is amended to clarify that the respondent licensee on probation, through a designated owner-individual, is the responsible party to report in person. Additionally, the fifteen days under subsection 4, to Comply with Conditions of Probation was also amended to clarify that the days referenced are calendar days, to avoid confusion or ambiguity.

§ 5815. Emergency Decision and Order

Subsection (h)(3) is revised, by adding “licensed” before premises, to clarify and specify that the premises referred to are to be the licensed premises. This is necessary for clarity and consistency of terminology throughout the regulations.

Subsection (i) is revised, by adding “calendar” to clarify the interpretation of days as calendar or business days. This is necessary to avoid any confusion or ambiguity that the days are business days, for which the required action must take place, so no deadlines are missed.

The reference section has been revised to correct a typographical error.

Chapter 8. Other Provisions

Changes Made to Chapter 8:

§ 5902. Selection Process and Criteria

Subsection (c)(2) is revised, by adding the language "the scientific and technical merit of the proposed projects as evaluated by relevant experts." The addition of this language is necessary to clarify the research-based objectives of the proposals provided.

§ 5904. Reports to the Bureau

This section has been revised to reorganize the content into new subsections. This is necessary to provide additional clarity.

Subsection (a) is revised, to clarify that the performance reports provided in the section may be altered or modified in the grant agreement. This revision is necessary to clarify a grant recipient's duty to provide performance reports.

Subsection (b) has been removed. This revision is necessary to make any distinctions so as avoid any confusion or ambiguity as to whether a performance report may be deemed any other type of report, including statutorily-mandated reports. The provisions of the removed subsection were duplicative and are already statutory requirements that remain in place despite removal of the regulatory provision.

Subsection (c) is revised and removed, into new section 5905, to clarify and specify the distinction between reports and records. This is necessary to make clear that the requirements under providing performance reports, and maintaining records, are two distinct requirements. As subsection (c) has been revised and removed the heading of this section has been amended to more accurately reflect this provision.

The authority and reference section has been added as it was inadvertently deleted when section 5905 was created by revising former subsection (c) of section 5904. The authority for this section is Section 26013 of the Business and Professions Code and section 34019 of the Revenue and Taxation Code. The reference statute for this section is Section 34019 of the Revenue and Taxation Code.

§ 5905. Research Records

This section is new and was created by revising subsection (c) of section 5904. This new section was created to clarify and specify the distinction between reports and records. This is necessary to make clear that the requirements under providing performance reports, and maintaining

records, are two distinct requirements. The authority and reference section of this section has been amended to include as a reference Section 26160 of the Business and Professions Code.

In addition, the Bureau is also making several nonsubstantive punctuation, spelling, and grammatical changes to the text of the originally noticed regulations. These nonsubstantive changes will make the proposed regulation language consistent with the formatting in the existing California Code of Regulations.

ADDITIONAL FORMS

The Bureau has included four new forms for use by licensees. The forms were adopted from the proposed regulations and will provide clarification and guidance on items that need to be submitted to the Bureau by licensees. Incorporating these forms by reference is necessary, as publishing the documents in the California Code of Regulations would be cumbersome and otherwise impractical.

Notification and Request, Form BCC-LIC-027 (New 10/18)

The Notification and Request Form is a form by which licensees provide certain notifications to the Bureau of Cannabis Control (Bureau), or by which licensees makes certain written requests to the Bureau. The proposed regulations require licensees to provide written notifications and requests under certain circumstances and provisions. For instance, licensees are required to provide notification of any change to ownership or financial interest, and to submit a written request for any change to a physical modification of their licensed premises.

The proposed regulations require these written notices or requests for a number of changes or modifications relating to the licensee or an owner of a licensee, and the proposed regulations have been amended to require the use of this form when making such notices or requests. Thus, this form will make it convenient for the licensees to submit any notifications or requests, and also provides instructions on when and how to submit the form.

This form is added to the proposed regulations and incorporated by reference, as a required form for certain notifications and written requests. The purpose of this change in adding the form and incorporating it by reference, is to streamline and make consistent the method by which licensees notify the Bureau and make written requests to the Bureau, as required under certain regulatory provisions. Incorporating this form by reference is also necessary, as publishing the document in the California Code of Regulations would be cumbersome and otherwise impractical.

CEQA Exemption Petition, Form BCC-LIC-026 (New 10/18)

Section 5010.2 allows applicants to submit documentation to the Bureau demonstrating that a project is exempt from further environmental review pursuant to CEQA because the project falls within a class of projects under the CEQA Guidelines that have been determined not to have

significant effects on the environment. This section informs applicants about the type of information that the Bureau will need from applicants to determine whether a project is categorically exempt from CEQA, such that no further environmental review is required. For the convenience of applicants, the Bureau has prepared a CEQA Exemption Petition Form, which captures the information applicants must submit to the Bureau. The purpose of this form is to assure that any applicant who believes their project is exempt from further CEQA review provides the necessary information in a uniform manner to facilitate the Bureau's determination.

CEQA Project-Specific Information, Form BCC-LIC-025 (New 10/18)

Section 5010 informs applicants of the information necessary to fulfill the application requirement regarding the California Environmental Quality Act (CEQA). Prior to issuing a license, the Bureau must ensure that the appropriate level of environmental review under CEQA has been completed. This determination requires the Bureau to review specific information from applicants to determine what type of environmental document should be prepared. For the convenience of applicants, the Bureau has prepared a CEQA Project-Specific Information Form, which captures the information applicants must submit to the Bureau per section 5010. The purpose of this form is to assure that all applicants are able to provide project-specific information in a uniform manner for the Bureau to review and evaluate.

Data Package Cover Page and Checklist, Form BCC-LIC-024 (New 10/18)

Section 5732 of the proposed regulations previously contained the requirements for the data package that must be submitted for each representative sample of cannabis goods that are analyzed by testing laboratories. The Bureau has received numerous questions regarding the data package, including how the data package should be compiled and formatted. Due to this confusion and in an effort to establish consistency between licensed testing laboratories, the Bureau has developed the Data Package Cover Page and Checklist. The form contains all the requirements that were previously in section 5732. The first page of the form contains space for laboratories to provide required information about the laboratory, such as the name, premises, address, and license number. The first page also contains a chart for licensees to fill in with the name and signature of the laboratory of the laboratory employee that performed the analytical procedures. The second page contains a checklist of the minimum requirements for the data package. This will provide licensees with an easy guide for the data package and ensure that the laboratory is not missing anything that must be provided. The second page also contains space for the supervisory or management laboratory employee to confirm that the analytical results have been reviewed for technical correctness and completeness and that the results of each analysis carried out by the laboratory have been reviewed and determined to be reported accurately, clearly, unambiguously, and objectively. Lastly, the second page contains space for the supervisory or management laboratory employee to sign the checklist form and attest that

they have reviewed the complete data package and have approved the contents and laboratory results.

ADDITIONAL DOCUMENTS INCORPORATED BY REFERENCE

The following forms are incorporated into the regulations by reference and discussed in detail above:

1. Bureau Notification and Request, Form BCC-LIC-027 (New 10/18)
2. CEQA Exemption Petition, Form BCC-LIC-025 (New 10/18)
3. CEQA Project-Specific Information, Form BCC-LIC-026 (New 10/18)
4. Data Package Cover Page and Checklist, Form BCC-LIC-024 (New 10/18)

The following document is incorporated into the regulations by reference:

5. *Poison Prevention Packaging Act of 1970 Regulations,* (16 C.F.R. §1700.15(b)(1)) (Rev. July 1995)

ADDITIONAL DOCUMENTS AND INFORMATION TO THE RULEMAKING FILE

The documents and information added to the rulemaking file are as follows:

1. Cannabis Advisory Committee, Meeting Notes from the following:
    a. November 16, 2017—Sacramento
    b. January 18, 2018—Sacramento
    c. March 15, 2018—Los Angeles
    d. May 17, 2018—Oakland
2. Cannabis Advisory Committee, Status of Adopted Regulations <https://www.bcc.ca.gov/about_us/meetings/materials/20180820_cac_4.pdf> (as of Sept. 28, 2018).
3. University of California Agricultural Issues Center, Calculations and Suggestions on Bureau License Fees (Sept. 2018).
4. Cannabis Advisory Committee, Meeting Transcripts from the following:
    a. January 18, 2018—Sacramento
    b. March 15, 2018—Los Angeles
    c. May 17, 2018—Oakland
5. Cannabis Advisory Committee, Webcasts from the following:
    a. July 19, 2018—San Diego https://www.youtube.com/watch?v=_XZLfGDDwsM
    b. August 20, 2018—Sacramento https://www.youtube.com/watch?v=JBSp67I1neA
    c. September 20, 2018—Eureka https://www.youtube.com/watch?v=DxKBEbUQKjA

The Bureau has removed the website address for documents relied upon 48 and 49 in the listing contained in the regulatory package for accuracy.

LOCAL MANDATE DETERMINATION

The proposed regulations do not impose any mandate on local agencies or school districts.

SUMMARY AND RESPONSE TO COMMENTS RECEIVED DURING THE INITIAL NOTICE PERIOD OF JULY 13, 2018 THROUGH AUGUST 27, 2018

Written and oral comments were received during the 45-day comment period on the proposed regulations. For each comment submission the Bureau assigned a number. The number would apply to the whole of the submission whether it was an email, letter, or oral testimony. When a comment submission contained multiple comments, the Bureau assigned a sub number to the comment submission number which created the comment number. In the Bureau's summary and response to comments the comment numbers are included in the chart with the page numbers of the comments in parenthesis and the Bureau's response. In some cases, a comment number may appear in multiple responses where multiple responses were warranted. The Bureau's summary and response to relevant comments received are contained in Appendix A. The Bureau's summary and response to irrelevant comments received are contained in Appendix B. Within the copies of the 45-day comments, wholly relevant comment submissions or comment submissions with both relevant and irrelevant comments are included in the pages of relevant comments. Those comment submissions that are wholly irrelevant are included in the pages of irrelevant comments. All 45-day comment submission copies are numbered sequentially.

SUMMARY AND RESPONSE TO COMMENTS RECEIVED DURING THE PERIOD THE MODIFIED TEXT WAS AVAILABLE TO THE PUBLIC

Written comments were received during the 15-day comment period on modifications to the proposed regulations. For each comment submission the Bureau assigned a number. The number would apply to the whole of the submission whether it was an email, letter, or oral testimony. When a comment submission contained multiple comments, the Bureau assigned a sub number to the comment submission number which created the comment number. In the Bureau's summary and response to comments the comment numbers are included in the chart with the page numbers of the comments in parenthesis and the Bureau's response. In some cases, a comment number may appear in multiple responses where multiple responses were warranted. The Bureau's summary and response to relevant comments received are contained in Appendix C. The Bureau's summary and response to irrelevant comments received are contained in Appendix D. Within the copies of the 15-day comments, wholly relevant comment submissions or comment submissions with both relevant and irrelevant comments are included in the pages of relevant comments. Those comment submissions that are wholly irrelevant are included in the pages of irrelevant comments. All 15-day comment submission copies are numbered sequentially.

ALTERNATIVES DETERMINATION

In accordance with Government Code section 11346.5, subdivision (a)(13), the Bureau must determine that no reasonable alternative it considered or that has otherwise been identified and brought to the attention of the agency would be more effective in carrying out the purpose for which the action is proposed, or 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 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.

In considering the proposed regulations, the Bureau considered a lower-cost alternative and a higher-security alternative. The proposed regulations impose a 50-pound maximum batch size for testing. The proposed regulations also require the use of an enclosed vehicle for deliveries of cannabis and allow for one retailer employee to make deliveries on their own. Additionally, the proposed regulations require that licensees maintain security cameras in specific locations with at least a 1280 x 720 resolution at a minimum of 15 frames per second. The proposed regulations also require that video footage be stored for at least 90 days. The proposed regulations require that cannabis goods be rendered unrecognizable and unusable prior to disposal and that cannabis waste be disposed of by licensed waste haulers. The proposed regulations require that retailers only sell cannabis goods between the hours of 6 a.m. and 10 p.m.

The lower cost alternative would remove the maximum batch size for testing. The lower cost alternative would also allow for delivery using a bicycle, motorcycle, or scooter in addition to enclosed vehicles. Like the proposed regulations, the lower cost alternative would allow for one employee to make deliveries by themselves. The lower cost alternative does not have any security-video requirements. The lower cost alternatives have no waste storage and disposal requirements. The lower cost alternative also does not restrict the hours that a retailer may sell cannabis goods.

The higher-security alternative would lower the maximum batch testing size to 10 pounds. The higher-security alternative would also require the use of enclosed vehicles for delivery but would require that at least 2 employees make deliveries together. Additionally, the higher security alternative would require security cameras to be placed at specific locations. The higher-security alternative would require that the cameras record at least at a resolution of 1280 x 1024 at a minimum of 20 frames per second and that the footage be stored for at least 90 days. The higher-security alternative includes more stringent waste cannabis waste disposal requirements. The higher-security alternative also requires that prior to disposal, cannabis waste be disguised by blending with solid waste or soil, the waste be weighed and labeled with a bill of lading, and quarantined in a dedicated area on camera for 72 hours prior to disposal. Like the proposed regulations, the higher-security alternative requires that retailers only sell cannabis goods between the hours of 6 a.m. and 10 p.m.

The proposed regulations are expected to increase the total compliance cost by $408 per pound and are expected to result in an increase in the cannabis industry's revenue by $695 million with an increase in quantity sold by 33,765 pounds when compared to the non-regulated baseline. The regulations are expected to result in a total increase in cost of $6 billion and generate a total benefit of $6.4 billion. The lower-cost alternative is expected to increase compliance costs by $350 per pound, or $58 per pound less than the proposed regulations, and expected to result in an increase in the cannabis industry's revenue by $665 million with an increase in quantity sold by 43,755 pounds when compared to the non-regulated baseline. The lower-cost alternative is expected to result in a total increase in cost of $2.8 billion and generate a total benefit of $3 billion. The higher-security alternative is expected to increase compliance costs by $744 per pound or $336 per pound more than the proposed regulations, and is expected to result in an increase in the cannabis industry's revenue by $641 million with a decrease in quantity sold by 57,549 pounds when compared to the non-regulated baseline. The regulations are expected to result in a total increase in cost of $6.4 billion and generate a total benefit of $6 billion.

The lower-cost alternative was not chosen because the additional safety and security obtained from the proposed regulations are important enough to warrant the additional cost. Adequately monitoring the premises of licensees, preventing theft during deliveries, and ensuring adequate and accurate testing are all very important in maintaining the safety and security of the public. Additionally, the lower-cost alternative is expected to result in smaller industry revenue than the proposed regulations. Therefore, the Bureau elected to proceed with the proposed regulations over the lower-cost alternative.

The higher-security alternative was not chosen because the higher costs of this alternative are not warranted by the marginal increase in safety and security. Having at least 2 delivery employees make deliveries does decrease the risk of theft while making deliveries. However, this decrease in theft can be achieved through other methods without having to employ an additional employee. For example, if a delivery employee ensures that the vehicle they use for deliveries has all the required security features, and the employee does not leave cannabis goods in the vehicle unattended, the risk of theft can be decreased without the need for an additional employee. The smaller maximum batch limit of 10 pounds as compared to the 50-pound limit in the proposed regulations is expected to greatly increase cost, but provide very little benefit in terms of more accurate testing. Also, the higher-security alternative is expected to have a smaller increase in industry revenue when compared to the proposed regulation. Therefore, the Bureau has elected to proceed with the proposed regulations over the higher-security alternative.

The regulations adopted by the Bureau are the only regulatory provisions identified by the Bureau that accomplish the goal of ensuring that commercial cannabis activity is conducted by qualified persons in a manner that protects the health and safety of the public. Except as set forth

and discussed above and in the summary and responses to comments, no other alternatives have been proposed or otherwise brought to the Bureau's attention.

Final Statement of Reasons Appendix A

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5000	119.1 (p.267)	The Bureau should define the term "child-resistant" in regulation and should use the Oregon definition from Oregon Administrative Rule 845-025-7000(14).	The Bureau disagrees with this comment. "Child-resistant" is already defined in Business and Professions Code section 26001(j). Because this term is already clearly defined in the Act, there is no need for the Bureau to define it in regulations.
5000(i)	130 (p.317) 283 (p.741) 289.1 (p.753) 1614.1 (p.3595) 3385 (p.10054) 3419 (p.10097)	Commenters request that definitions for hash be added. One commenter requests that the term "cold-water hash" be added to the definitions. Such a term would be defined as "the separation of resinous trichomes from the cannabis plant using ice and water methods." Commenter also requests that the definition of kief be amended to mean "the collection of resinous trichomes using a dry abrasion of cannabis plant parts to separate and collect resinous trichomes." Another commenter states that the definition of kief is too broad and requests a definition for hash be added. Hash, cold water hash, and bubble hash are all forms of cannabis that is used in many products. Another commenter states that other forms of hashish or trichomes are not defined and should be as well as other processes and grading mechanisms.	The Bureau disagrees with this comment. The Bureau has defined kief in the regulations as the resinous trichomes of cannabis that have been separated from the cannabis plant. This definition was necessary because kief is a form of cannabis that is often used in pre-rolls and distributors may roll pre-rolls that contain cannabis, including kief. The definitions by commenters do not impact the Bureau's regulations as distributors, retailers, and testing laboratories cannot conduct the described activities to produce hash. While a microbusiness could conduct the described activities, the Bureau, in accordance with Business and Professions Code section 26070, requires that microbusinesses comply with the regulations developed by CDFA and CDPH for their cultivation and manufacturing activities. Thus, the definitions are more suitable for inclusion in the other agencies regulations. The Bureau does not have the authority to add definitions to regulations promulgated by CDFA or CDPH.
5000	288.1 (p.750) 1784.1 (p.4768) 1785.1 (p.4773) 1786.1 (p.4778) 1787.1 (p.4783) 1788.1 (p.4788)	Commenters recommend adding the following definitions: "A 'Cannabis Equity Program' may be included as part of any municipal (city) plan	The Bureau disagrees with this comment. Senate Bill 1294 (Bradford, 2018), effective January 1, 2019, will add definitions to the Act for "local equity program," "local equity applicant," and "local equity licensee." Because these definitions will be added to the Act once the bill becomes effective, the definitions by

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
	1789.1 (p.4792) 952.2 (p.1898) 952.4 (p.1898)	to tax and regulate the cultivation, manufacturing, distribution, and sale of medical and recreational cannabis. These programs are designed to provide information, training, resources, and reduced barriers of entry for those designated as "equity applicants" or from an "equity population." Equity programs are intended to function as a form of restorative justice to repair harms done to those most affected by decades of criminal prohibition." "'Equity Applicants' and 'Equity Populations' are necessarily defined by local cannabis equity programs as permit applicants who qualify to participate in that city's cannabis equity program. While each city sets specific qualifications for equity applicants, these qualifications typically include: living in low income neighborhoods historically targeted for drug war enforcement, having attended public school in that city, and/or having a cannabis arrest/conviction record." "State equity applicant" and "state equity licensee" were also requested by commenters to be added to the regulations.	commenters are unnecessary and would be in conflict with the statutory definitions. The Bureau disagrees with this comment with including definitions for "state equity applicant" and "state equity licensee." SB 1294 was recently passed and will add sections regarding equity to the Act, including definitions.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5000	952.2 (p.1898) 952.3 (p.1898)	Commenter requests that definitions for "priority processing" or "priority licensing" be added and defined to mean review and approval of cannabis related permit applications or renewals before any cannabis application or renewal received by the State that would otherwise be processed on a first come, first served basis. Commenter states currently the regulations only provide for priority licensing for veterans and cannabis businesses that were in operation on September 1, 2016.	The Bureau disagrees with this comment. The Bureau is required by Business and Professions Code section 115.4 to expedite applications submitted by veterans who provide evidence of an honorable discharge. Business and Professions Code section 26054.2 also requires the Bureau to give priority licensing to applicants that can demonstrate that they operated in compliance with the Compassionate Use Act of 1996 and its implementing laws before September 1, 2016. However, the requirements to expedite does not mean that the application is approved before other applications. The amount of time that it takes the Bureau to process an application is dependent on the completeness of the application that is submitted.
5000	855.17 (p.1702) 1267.29 (p.2485) 1548.28 (p.3215) 1603.26 (p.3540) 1719.26 (p.4089) 1720.28 (p.4107) 1735.30 (p.4307) 1799.32 (p.4880)	Commenters request that the section be amended to clarify that "cannabis products" is a term of art referring to "manufactured cannabis products." Other commenters asked that the definition be clarified in the regulations.	The Bureau disagrees with this comment. Business and Professions Code section 26001(i) defines "cannabis products" as having the same meaning as in Health and Safety Code section 11018.1 which defines cannabis products as "cannabis that has undergone a process whereby the plant material has been transformed into a concentrate, including, but not limited to, concentrated cannabis, or an edible or topical product containing cannabis or concentrated cannabis and other ingredients." Because "cannabis products" is already clearly defined in statute, the Bureau has determined that including it in regulation would be duplicative and unnecessary.
5000	233 (p.624) 283 (p.741) 289.1 (p.753)	Commenter recommends modifying the definition for ''KIEF'' to mean the resinous trichomes of cannabis that have been separated from plant material using a dry-sieving process and for "HASH" to mean the resinous trichomes of cannabis that have been separated from plant material	The Bureau disagrees with this comment in part. The regulations have been amended to add the definition of "cannabis concentrate" for clarification purposes. The additional terms proposed by commenters are terms for types of cannabis that have gone through processing. Kief on the other hand does not need to go through a process to be collected. The only Bureau licensees that can process cannabis are microbusinesses who will

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
		using an ice-water methodology and that both be defined as "cannabis concentrates". Commenter remarks that the term "hash" be given a similar definition to "kief" in that both materials are produced with a sieving methodology to collect cannabis resin heads in their whole state – resinous trichomes of cannabis that have been separated from cannabis plant material.	be processing cannabis in compliance with regulations established by CDFA or CDPH. Therefore, inclusion of the proposed terms is unnecessary in the Bureau's regulations as Bureau licensees cannot process cannabis.
5000	1029.4 (p.2059)	Commenter requests clarification of the term Limit of Detection (LOD) and "stated confidence limit".	The Bureau disagrees with this comment. Section 5700 (mm) contains a definition for LOD. The Bureau believes the terms are sufficiently clear and the commenter has not provided specifics as to how or why the terms require clarification.
5000	1739.13 (p.4320)	Commenter recommends defining ethanol as a non-volatile solvent.	The Bureau disagrees with this comment. The regulations already include ethanol as a non-volatile solvent. Section 5000(m) states, in relevant part that "For purposes of this division, a nonvolatile solvent includes carbon dioxide (CO2) used for extraction and ethanol used for extraction or post-extraction processing."
5000(q)	924.1 (p.1790)	Commenter requests that the definition of pre-roll be modified to allow for pre-rolls to be rolled in items other than paper such as leaves.	The Bureau disagrees with this comment. Nothing in the Act or the regulations prevents cannabis from being rolled in cannabis leaves. Pre-roll is defined as it is to specifically capture cannabis that is rolled in paper. Cannabis that is rolled in a cannabis leaf would fall under the definition of "cannabis" in the Act, as cannabis is defined as "all parts of the plant Cannabis sativa Linnaeus, Cannabis indica, or Cannabis ruderalis, whether growing or not." (Bus. & Prof. Code section 26001(f).) Based on the current definition, cannabis rolled in a cannabis leaf would be

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
			classified as cannabis, just as dried flower is classified as cannabis.
5000(p)	928.2 (p.1819)	Commenter requests that rolling be added to the definition of packaging. Alternatively, commenter recommends that section 5303 be amended to specify a distributor may "roll" pre-rolls.	The Bureau disagrees with this comment in part. Rolling cannot be considered part of packaging as the paper that encases the cannabis is also consumed. However, the Bureau agrees that distributors should be able to roll pre-rolls and has clarified that in section 5303.
5000(f)	1077.1 (p.2194) 1077.6 (p.2195)	Commenter requests that the definition of cannabis goods be expanded to include all propagated forms of cannabis up to and including immature plants. Commenter states expanding the definition would cover new techniques such as tissue culture propagation.	The Bureau disagrees with this comment. The Act regularly uses the phrase "cannabis and cannabis products." The Bureau found that this was burdensome to write in the regulations and therefore consolidated them into "cannabis goods". Both cannabis and cannabis products are terms that are defined in the Act and thus those definitions are incorporated into the meaning of cannabis goods. The definition of cannabis in the Act already includes the additions the commenter is requesting as the definition states cannabis includes all parts of the plant and the seeds, thus the Bureau has determined no amendments are necessary to the definition of cannabis goods.
5000(h)	1533.4 (p.3131)	Commenter states that the amendment in the definition of canopy of the word "premise" to "premises" is confusing and needs to be clarified. Commenter states the change creates confusion as to whether canopy calculated under one license or under multiple licenses held by an entity.	The Bureau disagrees with this comment. The use of the word "premise" in the prior draft was a typo as the word does not mean a singular premises. A premises is as defined in Business and Professions Code section 26001(ap). Canopy is calculated under one license, as section 5501 already indicates, a cultivation plan is required for an application, which is for one license.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5000(q)	1533.5 (p.3132)	Commenter objects to the definition of pre-roll and states that as written the section would seem to exclude the use of machinery to create a non-manufactured cannabis product. Commenter recommends amending the section to add that pre-rolls can be made manually or through a mechanized process.	The Bureau disagrees with this comment. As written the definition does not prevent the use of machinery to create pre-rolls.
5000(q)/5303	1546.2 (p.3192) 1668.2 (p.3906)	Commenters object to the inclusion of allowing infused pre-rolls to the regulations. Commenter states flavoring agents, including menthol, should be prohibited. Another commenter requested the Bureau consider banning infused pre-rolls.	The Bureau disagrees with this comment. The Bureau does not permit the creation of infused pre-rolls under its distribution license. The creation of infused pre-rolls is a manufacturing activity. The regulations for manufacturing are set by CDPH. While the Bureau does license microbusinesses that may engage in manufacturing, a microbusiness must comply with all the requirements for a manufacturer. (See Bus. & Prof. Code section 26070.) As such, CDPH promulgates regulations related to manufacturing activities and would be the entity responsible for implementing the recommended prohibition on infused pre-rolls.
5000(q)	1609.1 (p.3568)	Commenter requests clarification on the definition of pre-roll. Commenter states many companies roll the pre-roll in honey oil, hashish, or other oil. Including only kief does not reflect a true understanding of this cannabis good.	The Bureau disagrees with this comment. Distributors may only roll pre-rolls that contain flower, shake, leaf, or kief. Pre-rolls that are rolled in honey oil, hashish, or other oils are manufactured products and may only be created under a manufacturing license. While a microbusiness may engage in manufacturing activities, the Bureau, in accordance with Business and Professions Code section 26070, requires that microbusinesses comply with the regulations developed by CDPH for their manufacturing activities. Thus, the definition is more suitable for inclusion in CDPH's regulations. The Bureau does not have the authority to add definitions to regulations promulgated by CDPH.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5000(h)	1705.9 (p.3971)	Commenter states the regulations use the word "premises" but do not define it. Commenter recommends adopting the following definition: "Cannabis Licensed Premises" is an area that is licensed by the municipality and the state for cannabis business activity. 1. If the cannabis business is conducted within a multi-unit complex the CLP is confined only to the licensed suites within the complex. 2. CLP may be subdivided and sublet. 3. If at an event, CLP is defined within the area of the event premise diagram submitted to the state. Reason: a large event like SD Pride should have an avenue to have a cannabis consumption area and alcohol consumption at a separate area.	The Bureau disagrees with this comment. Premises is defined in Business and Professions Code section 26000(ap). The Bureau cannot change the statutory definition.
5000/5002(c)(23)	1649.1 (p.3769) 1664.1 (p.3853)	Commenter states the Bureau uses the term labor peace agreement in section 5002(c)(23) without defining it in section 5000, Commenter requests the Bureau include a definition for labor peace agreement or a citation to the definition in the Act.	The Bureau disagrees with this comment. Business and Professions Code section 26001(x) defines labor peace agreement. All definitions in the Act are applicable to the Bureau's regulations, thus its inclusion in the regulations is unnecessary and would be duplicative.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5000(c)	3405.1 (p.10078)	Commenter requests clarification on whether non-cannabis licensed entities can sell cannabis accessories. Commenter states there is no reason for someone to be licensed as a retailer to sell cannabis accessories. Commenter states that because the Bureau included a definition for cannabis accessories in the regulations that the Bureau is placing it in their scope.	The Bureau disagrees with this comment. The term "cannabis accessories" is defined in Business and Professions Code section 26001(g) and was repeated in the regulations because the term is used in the regulations and the Bureau regularly receives inquiries from the public asking what items are considered cannabis accessories. The Bureau has not changed the activities that must be licensed. Pursuant to the Act, a license is needed for commercial cannabis activity. (Bus. & Prof. Code section 26053.) Commercial cannabis activity does not include the sale of cannabis accessories. (Bus. & Prof. Code section 26001(k).)
5000(s)	1640.15 (p.3710)	Commenter states the definition should be amended to clarify that "publicly owned land" includes public rights-of-way to ensure that those activities generally prohibited on public lands do not take place on public roads.	The Bureau disagrees with this comment. The Bureau prohibits delivery of cannabis goods to an address located on publicly owned land. (See section 5416.) Thus, the term "publicly owned land" needed to be defined. However, including public-rights-of-way would not only not make sense for inclusion due to the way "publicly owned land" is used in the regulation, but would also run afoul of the Act which explicitly prohibits a local jurisdiction from preventing delivery, and transportation, of cannabis goods on public roads. (See Bus. & Prof. Code sections 26090(e) and 26080(b).)

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5001/5002/General	19.1 (p.24)	Commenter objects to the paperwork-oriented minutiae about every aspect of a cannabis business and states that has caused huge parts of the existing black-market cannabis industry to be unable or unwilling to participate in the legal market. Commenter states that he believes the reasoning behind the detailed regulations is that the public wants safety around cannabis, but the reasoning is faulty.	The Bureau disagrees with this comment. The Act requires that the Bureau only issue licenses to qualified applicants and that the Bureau deny an application if either the applicant or the premises do not qualify for licensure. (Bus. & Prof. Code sections 26055 and 26057.) In order determine if an applicant is qualified for licensure the Act requires that an application contain certain information about the premises, the owner, and the commercial cannabis business and its operations. (Bus. & Prof. Code section 26051.5.) The Bureau cannot waive the requirements of the Act and must fulfill its duty under the Act. Lastly, the Act requires that the protection of the public shall be the highest priority for all licensing authorities in exercising licensing, regulatory, and disciplinary functions under the Act. (Bus. & Prof. Code section 26011.5.) The Act also requires licensing authorities to make and prescribe reasonable rules and regulations as necessary to implement, administer, and enforce their duties under the Act. The regulations as drafted implement the Act and provide clear rules based on the best evidence available to ensure the protection of the public health and safety.
General	26 (p.35)	Commenter states that completion of license applications and regulatory compliance tasks may require specialized skills that are beyond the reasonable capabilities of a licensee or applicant. Commenter requests that the Bureau make a provision to allow for representation of applicants and licensees by third parties. Commenter requests the Bureau create a form like CDTFA and other agencies to	The Bureau disagrees with this comment. While the Bureau has not promulgated a form like those attached to the comment, nothing in the Bureau's regulations or the Act prohibits an applicant from receiving assistance with their application, including having a third-party professional advising them on how to complete their application or preparing certain documents that must be uploaded with the application. The Act defines an applicant as an owner applying for a state license. (Bus. & Prof. Code section 26001(c).) Because the Act specifically requires that the applicant be an owner, the Bureau

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		provide for authorization of a third party to act on behalf of an applicant or licensee.	may not waive that requirement and allow a representative to complete the application on behalf of the owner. Further, the Act and the regulations promulgated under it, require applicants to make certain attestations in their applications. These attestations are made under the penalty of perjury and therefore, must be made by the actual applicants.
5001(h)	924.3 (p.1792) 1010 (p.2024) 1360.1 (p.2609) 1443.5 (p.2779) 1533.6 (p.3132) 1609.2 (p.3568) 1649.33 (p.3769) 1711.25 (p.4016) 3460.2 (p.10154) 3549 (p.10266) 3565 (p.10284)	Commenters request that the Bureau amend the end date for temporary licenses. Some commenters request it be extended for 6 months because too many municipalities are backed up and taking more time to get through conditional use permits and the licensing process. One commenter requested the extension be until June 30, 2019. Some commenters requests that the Bureau renew all temporary licenses on December 31, 2018 for the maximum amount of time allowed under the law, 90 days, or until the applicant obtains annual licensure to address the problem with the temporary license section expiring at the end of the year and local jurisdictions not being ready to issue annual licenses before the expiration. Other commenters request that the Bureau request that the legislature or governor immediately extend the availability of temporary licenses. Commenter also asks that temporary licenses as of December 31,	The Bureau disagrees with this comment. Business and Professions Code section 26050.1 provides the Bureau with the authority to issue temporary licenses. This section currently is only in effect until January 1, 2019. The Bureau cannot change the statutory provision and extend the end date for the issuance of temporary licenses; therefore, the Bureau cannot continue issuing extensions after December 31, 2018.

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		2018 continue to be eligible for 90-day extensions until the application process is complete. One commenter requested that the date be extended for at least 6 months to account for local jurisdictions that are not ready to issue annual licenses. The commenter states that the final date for issuing or extending temporary licenses should be amended to include the condition that a functioning track and trace system is operational. Another commenter requested that temporary licenses be extended if the licensing authorities determine that an additional 45-day public comment period is necessary so that licensees can adjust to the new permanent regulations as they will be adopted and avoid some of the production delays and losses they have experienced. Commenter states that the rapid changes in regulation have led to substantial delays in production. Another commenter requested that another mechanism be established for licensees that have not received their annual license by March 2019 and cannot have further extensions.	

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5001	1547.3 (p.3193)	Commenter states that section 5001 is redundant with section 5002 and should be subsumed under section 5002. Commenter recommends that a 9-month provisional cultivation license be created.	The Bureau disagrees with this comment. Section 5001 is in accordance with Business and Professions Code section 26050.1 and sets the requirements for a temporary license. Section 5002 is in accordance with Business and Professions Code section 26051.5 and sets the requirements for an annual license. The Bureau must address both the temporary license provisions and the annual license provisions. The Bureau does not have the authority to create a provisional cultivation license.
5001(c)(11) 5002(c)(28	54.2 (p.94) 58.2 (p.104) 59.2 (p.105) 63.2 (p.110) 64.2 (p.111) 67.2 (p.154) 72.2 (p.165) 73.2 (p.167) 74.2 (p.169) 75.2 (p.172) 81.2 (p.177) 82.2 (p.179) 83.2 (p.180) 85.2 (p.185) 88.2 (p.192) 91.2 (p.195) 92.2 (p.198) 93.2 (p.202) 94.2 (p.204) 95.2 (p.205) 96.2 (p.207)	Commenters state the requirement that local jurisdictions respond to the Bureau's inquiry of the validity of a license within 10 calendar days before the license is deemed valid does not afford local jurisdictions with sufficient time to review license applications, ensure community standards are met, and respond to the Bureau. Most commenters recommend amending the requirement to 60 days. Some commenters have requested minimum verification review periods of 20 or 30 days. One commenter requested that the Bureau change the language to not include a time period but to simply state that the Bureau will verify with the local jurisdiction that the submitted permit is valid. One commenter recommended adding the following language to section 5002: "For purposes of this section, 'other	The Bureau disagrees with this comment. For regulation section 5001 regarding temporary licenses, the provision addressed in the comments has been removed by the Bureau as the Bureau will no longer be able to issue temporary licenses after December 31, 2018 and the regulations become effective after that date. For regulation section 5002 regarding annual applications, Business and Professions Code section 26055(e) provides that an applicant for an annual license may voluntarily provide proof of a license, permit, or other authorization from the local jurisdiction verifying that the applicant is in compliance with the jurisdiction and that an applicant that provides an unexpired license, permit, or other authorization from the local jurisdiction shall be considered to be in compliance with the local jurisdiction. This section requires the Bureau to notify the local jurisdiction but does not require the Bureau to wait a certain period of time before issuing the license. The Bureau has determined that it is appropriate to provide local jurisdictions with an opportunity to verify a local authorization, while providing a shorter response

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
	97.2 (p.209) 98.2 (p.212) 98.4 (p.213) 99.2 (p.216) 100.2 (p.218) 101.2 (p.222) 102.2 (p.224) 103.2 (p.228) 105.2 (p.232) 108.2 (p.235) 109.2 (p.238) 110.2 (p.241) 110.3 (p.241) 111.2 (p.244) 117.2 (p.261) 117.4 (p.262) 118.2 (p.264) 120.2 (p.287) 145.2 (p.360) 146.2 (p.363) 147.2 (p.365) 147.4 (p.366) 148.2 (p.368) 149.2 (p.371) 152.2 (p.379) 153.2 (p.382) 154.2 (p.384) 154.4 (p.385) 156.2 (p.388) 157.2 (p.390) 159.2 (p.393)	authorization' shall include, at a minimum, a written statement or reference that clearly indicates the local jurisdiction intended to grant permission for the commercial cannabis activity or to the person to conduct commercial cannabis activity at the premises."	time than for those who do not provide the documentation. Local jurisdictions should have a readily available record of which commercial cannabis businesses they have approved for licensure. As local jurisdictions must simply verify that the authorization was issued, the Bureau has determined that a 10-calendar day response time is appropriate. This provision is consistent with the time frame provided by the other licensing authorities. As some commenters point out, Business and Professions Code section 26055(g)(2)(D) does provide local jurisdictions with 60 business days to provide notification of compliance or noncompliance with local ordinances or regulations when the applicant has failed to provide evidence of local compliance with their application to the Bureau. However, this section does not specifically apply when the applicant has provided a valid license, permit or other authorization.

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	167.2 (p.505) 168.2 (p.507) 169 (p.510) 174.2 (p.516) 175.2 (p.518) 179.2 (p.525) 191.2 (p.553) 192.2 (p.554) 203.3 (p.566) 207.2 (p.576) 208.2 (p.574) 209 (p.582) 212.2 (p.589) 216.2 (p.599) 217.2 (p.602) 217.3 (p.602) 220.2 (p.606) 221.2 (p.609) 223.2 (p.610) 223.4 (p.611) 225.2 (p.613) 226.2 (p.615) 227.2 (p.617) 228.2 (p.618) 229.2 (p.619) 230.2 (p.620) 231.2 (p.621) 232.2 (p.622) 233.2 (p.624) 235.2 (p.627) 236.2 (p.629)		

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	237.2 (p.632) 239 (p.635) 240.2 (p.637) 241.2 (p.639) 255.2 (p.665) 263.2 (p.705) 265.2 (p.710) 271.2 (p.718) 278.2 (p.731) 279.2 (p.734) 282.2 (p.740) 287.2 (p.746) 296.2 (p.769) 301.2 (p.788) 304.2 (p.792) 339.2 (p.831) 535.2 (p.1086) 537.2 (p.1089) 538 (p.1092) 539.2(p.1093) 540.2 (p.1095) 541.2 (p.1097) 547.2 (p.1103) 593.2 (p.1155) 594.2 (p.1156) 598 (p.1164) 599.2 (p.1165) 600.2 (p.1166) 601.2 (p.1167) 630.2 (p.1198) 631.2 (p.1201)		

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	632.2 (p.1204) 633.2 (p.1206) 634.2 (p.1208) 646.11 (p.1227) 658.2 (p.1250) 660.2 (p.1255) 643.2 (p.1222) 661.2 (p.1257) 678.2 (p.1291) 752.2 (p.1414) 755.2 (p.1447) 758.2 (p.1461) 759.2 (p.1463) 760.3 (p.1467) 767.2 (p.1478) 768.2 (p.1479) 769.2 (p.1480) 770.2 (p.1481) 781.2 (p.1505) 856.2 (p.1703) 861.3 (p.1712) 862.2 (p.1713) 864.1 (p.1716) 865.2 (p.1717) 915.2 (p.1759) 919.2 (p.1771) 927.2 (p.1813) 934.2 (p.1853) 936.2 (p.1860) 939.2 (p.1872) 940.2 (p.1873)		

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	945.2 (p.1882) 948.2 (p.1888) 949.2 (p.1890) 963.2 (p.1914) 1008.2 (p.2022) 1019.2 (p.2036) 1023.2 (p.2046) 1027.2 (p.2055) 1037.2 (p.2085) 1050.2 (p.2149) 1064.2 (p.2171) 1110.2 (p.2257) 1264.2 (p.2476) 1351.2 (p.2582) 1368.2 (p.2649) 1370.2 (p.2654) 1378.2 (p.2667) 1412.2 (p.2708) 1415.3 (p.2734) 1545.12 (p.3187) 1545.15 (p.3187) 1573.2 (p.3389) 1590.2 (p.3465) 1591.2 (p.3467) 1592.2 (p.3470) 1593.2 (p.3474) 1595.2 (p.3502) 1596.2 (p.3504) 1597.2 (p.3509) 1598.2 (p.3522) 1599.2 (p.3525)		

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
	1600.2 (p.3531) 1708.2 (p.3997) 1727.2 (p.4132) 1761.2 (p.4522) 1777.2 (p.4715) 3379 (p.10046) 3449.2 (p.10138) 3460.1 (p.10154) 3527 (p.10239)		
5001(c)(11) 5002(c)(28)	55.1 (p.96) 55.2 (p.96) 61.1 (p.107) 61.2 (p.107) 69.1 (p.157) 69.2 (p.157)	Commenters state an application should not be deemed valid if a local agency has not responded within 10 days. The burden should be on the applicant to obtain "zoning verification" from the local agency which is the process used by the Department of Alcoholic Beverage Control (ABC). The Bureau should follow ABC's process. The Bureau should establish a secure method for local agencies to provide the verification requested in electronic format. The Bureau's proposal undermines the intent of Proposition 64 to preserve local authority.	The Bureau disagrees with this comment. For regulation section 5001 regarding temporary licenses, the provision addressed in the comments has been removed by the Bureau as the Bureau will no longer be able to issue temporary licenses after December 31, 2018 and the regulations become effective after that date. For regulation section 5002 regarding annual applications, Business and Professions Code section 26055(e) provides that an applicant for an annual license may voluntarily provide proof of a license, permit, or other authorization from the local jurisdiction verifying that the applicant is in compliance with the jurisdiction and that an applicant that provides an unexpired license, permit, or other authorization from the local jurisdiction shall be considered to be in compliance with the local jurisdiction. The Bureau cannot change statute. This section requires the Bureau to notify the local jurisdiction but does not require the Bureau to wait a certain period of time before issuing the license. The Bureau has determined that it is appropriate to provide local jurisdictions with an opportunity to verify a local authorization, while providing a shorter response time than for those who do

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
			not provide the documentation. Local jurisdictions should have a readily available record of which commercial cannabis businesses they have approved for licensure. As local jurisdictions must simply verify that the authorization was issued, the Bureau has determined that a 10- calendar day response time is appropriate. This provision is consistent with the time frame provided by the other licensing authorities. Business and Professions Code section 26055(g)(2)(D) does provide local jurisdictions with 60 days to provide notification of compliance or noncompliance with local ordinances or regulations when the applicant has failed to provide evidence of local compliance with their application to the Bureau. However, this provision does not specifically apply when the applicant has provided a valid license, permit or other authorization. The Bureau cannot adopt the ABC model because Business and Professions Code section 26055 lays out the process for the Bureau to follow when an applicant does not provide proof of a license, permit, or other authorization from the local jurisdiction verifying that the applicant is in compliance with the local jurisdiction. To maintain consistency the Bureau has determined that it should follow the same process of checking with local jurisdictions when an authorization is provided to avoid confusion and for efficiencies. The Bureau allows local jurisdiction to provide the verification electronically and is in fact the most common means by which local jurisdictions have provided verification thus far.

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5001(c)(11)/ 5002(c)(28)	860.1 (p.1707) 860.2 (p.1708)	Commenter recommends amending the sections to have the Bureau recognize tribal approval for a licensee to engage in commercial cannabis activities on land within the tribe's jurisdiction, in lieu of requiring that such local approval be provided by a local jurisdiction.	The Bureau disagrees with this comment. As commenter mentions, Business and Professions Code section 26001(ac) defines "local jurisdiction" as a city, county, or city and county, thus changing the definition of "local jurisdiction" in the Act would require a legislative action. The Bureau cannot change the statute.
5001/5002	1625.6 (p.3634) 1625.7 (p.3634)	Commenter supports the inclusion of the requirement that applicants provide documentation to verify their physical address when the Bureau is unable to verify the address. Commenter states that they support the requirement that an applicant provide proof of local authorization	The Bureau notes commenters support of the sections.
5001/5002	110.4 (p.242)	Commenter states that responding to the Bureau regarding the validity of a license, permit, or other authorization, within 10 days is further complicated because the Bureau does not provide municipalities a copy of the license application to determine if it meets local regulations. Commenter states local jurisdictions are forced to guess or provide a copy of the local regulations to the Bureau and request its staff evaluate the license to determine if it meets local zoning regulations. Commenter states if the Bureau wants to expedite the licensing process than the	The Bureau disagrees with this comment. Business and Professions Code section 26055(e) provides that an applicant for an annual license may voluntarily provide proof of a license, permit, or other authorization from the local jurisdiction verifying that the applicant is in compliance with the jurisdiction. An applicant that provides an unexpired license, permit, or other authorization from the local jurisdiction shall be considered to be in compliance with the local jurisdiction. This section requires the Bureau to notify the local jurisdiction but does not require the Bureau to wait a certain period of time before issuing the license. As this provision only applies to instances where the applicant provides the Bureau with a copy of a local authorization, that the local jurisdiction is simply verifying if it has issued the authorization. Thus, there is no reason for the local jurisdiction to

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		Bureau should provide a copy of each application for local jurisdictions to review.	receive a copy of the application submitted to the Bureau to respond to the inquiry. Additionally, regarding providing a copy of a local regulation to the Bureau, pursuant to Business and Professions Code section 26055(f) a local jurisdiction is required to provide a copy of any ordinance or regulation related to commercial cannabis activity and provide a copy every time there is a change to the ordinance or regulation so that the Bureau can verify the issuance of a license would not violate the local ordinance or regulations. The Bureau cannot change the statute. Lastly, if the applicant has not provided a copy of a valid local authorization, Business and Professions Code section 26055(g)(2)(D) provides local jurisdictions with 60 business days to respond to the Bureau about whether issuing the license would violate a local ordinance or regulation. The local jurisdiction is provided with the commercial cannabis activity the applicant seeks to engage in as part of the Bureau's notification for this determination. Therefore, providing the entire application is not necessary.
Licensing	1625.7 (p.3634)	Commenter objects to licensees being able to acquire multiple licenses.	The Bureau disagrees with this comment. Business and Professions Code section 26053(c) allows a person to apply for and be issued more than one license with limited exception. The Bureau cannot change statutory provisions.

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Licensing	182.1 (p.532)	Commenter states that licensing process for those who have a long running history of compliance prior to 2018, is far too lengthy and is creating liabilities for licensees as well as allowing the black market to continue. Commenter states the process should be streamlined or improved by hiring more analysts and advisors because the state is losing valuable revenue and the legal market as a whole is suffering.	The Bureau disagrees with this comment. Throughout 2018 the Bureau has been processing temporary applications which were intended to provide existing cannabis businesses a means to get licensed quickly with a showing of local approval, while giving the applicants time to acquire all the necessary items for an annual application. The process that governs the promulgation of regulations does not extend to the amount of staff or resources allocated to the Bureau.
Applications	184.5 (p.535)	Commenter requests the Bureau provide technical assistance in applications to prevent predatory consultants from taking advantage of equity candidates with exorbitant consultant fees and management fees.	The Bureau notes commenters request. While commenters comment is outside the bounds of these regulations, the Bureau does assist applicants with the application process. Each application submitted to the Bureau is assigned a licensing analyst. The analyst then works directly with the applicant to assist with completing the application when items are missing. Further, the Bureau maintains other customer service activites where applicants can send questions regarding the licensing process and requirements.
Public Disclosure of Licensee Information	262.1 (p.677)	Commenter requests that the Bureau add to the regulations the following language: Portions of applications or information derived from applications accurately showing at minimum, the date the application was filed, the license type designation, license type, business organizational structure, the legal business name, doing business as name, business premises address, mailing address, primary contact person, the identity of each owner,	The Bureau disagrees with this comment. The Bureau complies with all laws, including the PRA, regarding disclosure of licensee information. As such including a provision that essentially says the Bureau will comply with the law and make information public is unnecessary. The Bureau does provide some public information on its website about licensees. This information includes the license number, license designation, business name, doing business as name, status of license, expiration date of license, business organization structure and city.

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		and the answer to each declaration required by the Application, shall, beginning July 1, 2018, be disclosed from a link on [agency's] home page titled "Applications Filed." Commenter states the regulations should offer the public the opportunity, at minimum to discover the basic application information for a license without the expense and formality of filing periodic and repetitive requests pursuant to the PRA.	
Access to Database	201.2 (p.564) 564.4 (p.1122) 1363.6 (p.2627) 1555.5 (p.3283) 1603.21 (p.3540) 1719.21 (p.4009) 1720.23 (p.4107) 1735.25 (p.4304) 1799.27 (p.4877) 3421.4 (p.10100) 3573.3 (p.10295)	Commenters request that the Bureau allow licensees such as distributors to access the states database of approved and valid licenses to avoid transporting for an unlicensed company or for companies that have fake or expired licenses.	The Bureau disagrees with this comment. First, there is not a single database for all commercial cannabis licensees. CDPH and CDFA have separate licensing systems from the Bureau and the Bureau does not maintain information regarding licenses issued by CDPH or CDFA. However, the Bureau does provide public information on its website about licensees. This information includes the license number, license designation, business name, doing business as name, status of license, expiration date of license, business organization structure and city. Licensees may use the public information to verify a license. Further, licensees will be using the track and trace system once they receive an annual license which will allow them to verify that they are transporting for a licensed business.
5001/5002	1640.1 (p.3706)	Commenter objects to the definition of "license, permit, or other authorization" and states it is unclear regarding the type of documentation that will qualify under this provision. Commenter also states that the definition would deviate from the	The Bureau disagrees with this comment. There are 540 local jurisdictions in the state. Each jurisdiction has its own process for approving commercial cannabis activity. In conducting pre-regulation workshops the Bureau found the need to be flexible in what it accepted as each local jurisdiction is unique and what constitutes local authorization should be up to the jurisdiction

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		underlying statute which denotes an official document duly issued by the local jurisdiction through appropriate process, not a nebulous statement of reference to the jurisdiction's intent. Commenter stated as written it would allow anyone in the local jurisdiction to provide a nebulous statement of reference to the jurisdiction's intent. Commenter objects to the regulations not referencing the process that is set forth in statute for when an applicant does not submit local documentation. Commenter would like the regulation to repeat the statutory requirement that the Bureau shall deny an application when the applicant is not in compliance with a local ordinance or regulation. Commenter requests that the regulations also clarify the type of response the local jurisdictions are required to provide.	that is issuing the authorization. Further, most local jurisdictions are still in the process of developing their processes for cannabis licensing and hiring staff. Therefore, the Bureau kept the definition broad which has allowed local jurisdictions to provide authorizations in a manner that works for them. The Bureau determined that repeating the statutory requirements in regulation was unnecessary as the statute is clear. The Bureau has determined it is not necessary to clarify the type of response the local jurisdictions are required to provide. As mentioned above, local jurisdictions are still developing their processes and hiring staff. Therefore, the Bureau has not specified a required response and has allowed local jurisdictions to respond in whichever manner they choose.
5001/5002	115.1 (p.254) 116 (p.259) 430 (p.10380) 289.8 (p.754) 1614.8 (p.3596) 3382 (p.10050) 3393 (p.10063)	Commenters request that the Bureau remove local control from the local agencies. Some commenters requested the Bureau have oversight over local agencies. One commenter states that local governments do not seem to be on the same page as the state and are in many cases making it increasingly difficult to	The Bureau disagrees with this comment. Local control is established under Business and Professions Code sections 26200-26202. The Bureau is unable to change the statute.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
		obtain a license. Another commenter stated local control has been an unmitigated disaster and the Bureau should explore every avenue to take away local control. Another commenter stated the Bureau is not allowing everyone to participate by cities banning commercial cannabis activity. Another commenter states the Bureau should take over regulation in cities that voted in favor of Proposition 64 and have banned commercial cannabis activity.	
5002	1773.9 (p.10063)	Commenter requests that the Bureau require all operators to submit anti-retaliation, anti-harassment, and anti-discrimination policies and require them to be enforceable regardless of employee counts. Commenter asks that the Bureau appoint a third-party organization to oversee these practices and give them authority to temporarily halt operations when an investigation is underway.	The Bureau disagrees with this comment. Licensees must comply with all laws governing the workplace. The Bureau has already included provisions to require the reporting of labor standards violations which may be cause for discipline or license denial, but oversight of labor policies is not within the Bureau's jurisdiction. The Bureau does not have the authority to appoint a third-party organization to oversee labor standards.
5002	922.1 (p.1780)	Commenter requests that the Bureau exempt from disclosure under the PRA all financial records disclosed in the application.	The Bureau disagrees with this comment. In general, statements of personal worth or personal financial data required by a licensing agency and filed by an applicant with the licensing agency are exempt from disclosure under the PRA. The Bureau evaluates each request submitted under the PRA and diligently withholds information in accordance with the law.

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5002	629 (p.1196)	Commenter suggests the addition of "Scope of Accreditation" to the requirement as the scope is the document issued by the accrediting body which identifies the specific tests where are included in the accreditation and the methodology used when performing the test. This would be informative to The Bureau in identifying the range of testing performed and the technologies used by laboratories in the performance of cannabis testing.	The Bureau disagrees with this comment. The "scope of accreditation" is already addressed in section 5701 of the regulations.
5002(c)(15)	1022.1 (p.2040) 1030.41 (p.2071) 1051.11 (p.2151) 1077.22 (p.2198) 1124.1 (p.2272) 1131.36 (p.2307) 1375.1 (p.2659) 1380.1 (p.2669) 1413.41 (p.2721) 1425.1 (p.2744) 1507.26 (p.2857) 1507.42 (p.2863) 1512.26 (p.2912) 1512.42 (p.2918) 1520.26 (p.2957) 1520.42 (p.2963) 1523.26 (p.2991) 1523.42 (p.2997) 1609.3 (p.3569)	Commenters state that formation documents should only include those filed with the secretary of state and should not include operating agreements or partnership agreements that are not public record. Commenters also state that the regulation ignores bylaws and only takes into account partnerships and limited liability companies. Commenters are concerned that such documents would become public records.	The Bureau disagrees with this comment. The Bureau must review all formation documents to ensure that the applicant has disclosed all owners and financial interest holders. The section requires all formation documents and includes bylaws. However, in order to ensure absolute clarity, the Bureau has added bylaws to the list. In general, documents that contain confidential information and are required to be disclosed as part of the licensing process will be exempt from disclosure under the PRA. The Bureau evaluates each request submitted under the PRA and diligently withholds information in accordance with the law.

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	1651.26 (p.3792) 1651.42 (p.3798) 1767.41 (p.4607) 1768.41 (p.4633) 1769.41 (p.4659) 1770.41 (p.4685)		
5002(c)(15)	1778.3 (p.4720)	Commenter recommends amending the section in part to read: "If the commercial cannabis business is held in trust, the applicant shall provide a copy of the certificate of trust establishing trustee authority."	The Bureau agrees with this comment and has made the suggested change.
5002(c)(18)(A)	119.2 (p.268)	Commenter recommends allowing licensees to designate the financial information portion of the application as a confidential corporate financial record, exempt from disclosure under the PRA, by marking the list as a "Confidential Corporate Financial Record per Gov. Code Section 6254.15.	The Bureau disagrees with this comment. The Bureau is required by law to comply with the PRA. All requests for records are individually reviewed and responded to in accordance with the PRA. Including the recommended provision is unnecessary and may create confusion by specifically listing these documents as being exempt from the PRA, while not listing other documents and information that are exempt from the PRA and regularly collected by the Bureau.
5002(c)(20)(L)	196.2 (p.558) 1764 (p.4544) 3471.1 (p.10167) 3485 (p.10184) 3485.1 (p.10185) 3485.2 (p.10185) 3503.1 (p.10205)	Commenters state that the information required in the application regarding an applicant's prior convictions is too cumbersome. Commenters object to the inclusion of juvenile convictions and states that overall the Bureau should not have access to dismissals or expunged records. One commenter requested the Bureau disregard dismissals. Another commenter stated that requirements to declare	The Bureau disagrees with this comment. Business and Professions Code section 26051.5 provides the Bureau with the ability to obtain and receive criminal history information from the Department of Justice and the Federal Bureau of Investigation for an applicant for any state cannabis license. Further, Business and Professions Code section 26057 provides that the Bureau shall deny an application if the applicant does not qualify for licensure and that the Bureau may deny an application when the applicant has been convicted of an offense that is substantially related to the qualifications, functions, or

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		juvenile convictions for alcohol, dangerous drugs, or other controlled substances is an obstacle to licensure.	duties of the business or profession for which the application is made. Further, the section provides that if the Bureau determines that the applicant is otherwise suitable to be issued a license, then the Bureau shall conduct a thorough review of the nature of the crime, conviction, circumstances, and evidence of rehabilitation, and shall evaluate the suitability of the applicant to be issued a license based on the evidence found in the review. In order to conduct a thorough review of an applicant's suitability for licensure the Bureau must have the information requested in section 5002(c)(20)(L).
5002	262.6 (p.689) 1569.6 (p.3356) 1797.1 (p.4860)	Commenters recommend the Bureau require labor compliance procedures with the application as it cannot be taken for granted that freshly legal cannabis employers will comply with, or be knowledgeable about, labor standards and payroll obligations. Such procedures should include proof of baseline compliance with labor standards. Another commenter requested that the Bureau develop a labor standards compliance form that includes: the eight-digit employer payroll tax account number; proof of compliance with state payroll tax requirements for unemployment insurance, employment training tax, state disability insurance, and the California Personal Income tax; proof of a workers' compensation insurance policy; a copy of the applicant's Injury and Illness Prevention Program; procedures to provide safety training; if applicable, procedures for	The Bureau disagrees with this comment. The Bureau cannot include in its regulations all laws that licensees must comply with as there are many that are outside of the Bureau's purview and jurisdiction. While it may be true that cannabis employers are unfamiliar with labor requirements, the same can be said about any new business owner. However, the Bureau has determined that it is necessary to require applicants to provide their State Employer Identification Number (SEIN) to the Bureau in the application. This will ensure that applicants are aware of the requirement. This is also necessary to ensure that applicants are hiring and paying their employees in accordance with the law. A number of the provisions in the Act and the regulations require that certain functions be performed by the licensee or an employee directly employed by a licensee. Failure of an applicant to provide their SEIN number will alert the Bureau to the possibility that the applicant is unaware of the requirement or has misinterpreted the requirement. This allows the Bureau to address the issue at the application stage rather than after the license has been issued.

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		complying with Cal-OSHA's Heat Illness Prevention Standards; Cal-OSHA's guidelines for workplace violence prevention; a copy of the Material Safety Data Sheets listing hazards, safe handling procedures, and Personal Protection Equipment; an attestation to keep employee records including work injuries and illness and to keep records of harmful substances; a description of the applicant's procedures to prevent workplace discrimination and harassment as well as applicable leave laws; an attestation that the applicant will comply with existing minimum wages, hours of work, benefits, and required workplace postings.	Lastly, the state has created a cannabis portal at cannabis.ca.gov that provides education and resources to other agencies that govern other areas of law that California businesses must comply with, such as the Division of Occupational Safety and Health, the Department of Industrial Relations, and the Employment Development Department.
5002(c)(18)	1361.1 (p.2613)	Commenter objects to the requirement that applicants disclose, as part of the financial disclosures, a list of gifts given to the applicant for use in conducting commercial cannabis activity. Commenter claims the requirement is ambiguous and not required of any other business.	The Bureau disagrees with this comment. The section specifically requires the disclosure of gifts that were given to the applicant for use in conducting commercial cannabis activity. It does not include birthday gifts that an owner has received and may be used incidentally as part of his or her business activities (e.g. an engraved pen for signing documents). The requirement to disclose gifts is necessary because normal business loans are not available to cannabis operators because cannabis activity is illegal under federal law. Therefore, many cannabis businesses are relying on alternative ways to acquire capital, such as receiving gifts from business partner, friends and family. The Bureau must see who has provided funds to a business in order to determine who has a financial interest in the business, as well as who may be influencing the operation of the business by virtue of providing a gift.

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5002(c)(5)	288.2 (p.750) 1043 (p.2133) 1084 (p.2215) 1148.1 (p.2339) 1600.3 (p.3531) 1784.2 (p.4768) 1785.2 (p.4773) 1786.2 (p.4778) 1787.2 (p.4783) 1788.2 (p.4788) 1789.2 (p.4792) 3597.2 (p.10322)	Commenters recommend extending expedited application review for equity applicants similar to the expedited review that is available to veterans. One commenter recommends adding language similar to the following: "Whether the owner is designated as an "equity applicant" by their local municipal cannabis equity program. An applicant who can provide evidence of their designation applicant and participation in an equity program (using the same documentation required to participate in such program by the appropriate municipal body) shall have his or her application expedited pursuant to Business and Professions Code section XXXX."	The Bureau disagrees with this comment. The Bureau is required by Business and Professions Code section 115.4 to expedite applications submitted by veterans who provide evidence of an honorable discharge. However, the requirement to expedite does not mean that the application is approved before other applications. The amount of time that it takes the Bureau to process an application is dependent on the completeness of the application that is submitted.
5002(c)(5)	1773 (p.4700) 3468 (p.10163) 3468.1 (p.10163) 3468.2 (p.10163) 3468.3 (p.10163) 3525.1 (10228)	Commenters state the section is vague. One commenter states the section as written could allow the program to be vulnerable to exploitation with awards going to well-funded groups who have additional advantages over social equity applicants. The commenter stated the section provides the same preference for veterans who have a privileged background as those who are disadvantaged. Another commenter stated there is no prerequisite for anything showing	The Bureau disagrees with this comment. Business and Professions Code section 115.4 requires expedited application processing to all veterans that were honorably discharged. The Bureau cannot change the statute.

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		applicants what they should follow. Commenter asked the Bureau to consider: Should veterans have to prove their discharge saying they are honorable? Should the application fee be waived if they are 100 % service connected? Should they be felons? Should veterans be felons if you are honorably discharged. Another commenter stated that the section is too broad with the only qualification for expedited processing being that the veteran was honorably discharged. The commenter stated that in Arkansas social equity included veterans and ultimately all the licenses for the social equity plan went to five white veterans. Commenter is concerned something similar would happen in California.	
5002(c)(5)	3511 (p.10213)	Commenter offered support for the inclusion of veterans in the regulation.	The Bureau has noted commenters support for the subsection.

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5002(c)(7)	1597 (p.3513) 1778.1 (p.4719)	One commenter requested that the section be amended to include whether the applicant has been denied a license or has had a license suspended or revoked by "any local jurisdiction or any out of state licensing authority." Commenters state the addition will make it clear that violations should be reported from both outside states and local jurisdiction. Another commenter stated the section was unclear and recommended including California to clarify it is California licensing authorities.	The Bureau disagrees with this comment. The section as written requires disclosure of a denial or revocation of a license from any other state licensing authority. The section does not specify California licensing authorities. Thus, it would apply to out of state licensing authorities as well. The Bureau has determined it is not necessary to include local jurisdictions as the Bureau will be coordinating directly with the local jurisdictions to obtain information about the applicant's compliance in that jurisdiction, therefore there is no need to require additional information in the application regarding a prior denial or revocation of a license.
5002(c)(8)	1597 (p.3513)	Commenter recommends including the "assessor parcel number (APN) and map" into the examples of documents that will satisfy the requirement to provide a document that confirms the physical address of the premises when the Bureau is unable to confirm that the address provided is valid.	The Bureau disagrees with this comment. The examples provided for in the regulation are simply examples to assist applicants. An applicant could use an APN and map to satisfy the requirement. The Bureau limited its examples to documents that applicants are already submitting with their applications and that the Bureau has found to be easy for applicants to obtain.
5002(c)(18)(A)-(D)	1609.4 (p.3569)	Commenter objects to the inclusion of financial information with the application. Commenter states the availability of loans is limited, requiring disclosure will further limit the availability. Commenter states there are concerns that the federal officials will gain access to the information and use it against cannabis businesses and investors. Commenter states requiring the	The Bureau disagrees with this comment. Under Business and Professions Code section 26051.5(a)(7), applicants must provide "any other information" required by the licensing authority. The Bureau has determined that disclosure of financial information is necessary to ensure that all owners and financial interest holders have been identified. Identification of owners and financial interest holders is necessary to ensure that the persons qualified to have a license are the same persons that will be responsible for running the cannabis business. Additionally, it is necessary to

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		information is an invasion of privacy and applicants are already required to disclose owners and financial interest holders, so this information is unnecessary.	ensure that no one violates Business and Professions Code section 26053 which prohibits a person who holds a state testing laboratory license from licensure for any other commercial cannabis activity. The Bureau is required to follow laws related to disclosure of information in its possession.
5002(c)(19)	924.4 (p.1793)	Commenter requests that the section be amended to require the disclosure of every person who has a financial interest rather than every individual.	The Bureau disagrees with this comment. As clarified in section 5004, the Bureau must know the individuals that have a financial interest in a commercial cannabis business. Thus, to ensure clarity, the section must require every individual with a financial interest be disclosed.
5002(c)(20)(L)	288.3 (p.751) 1148.2 (p.2339) 1784.3 (p.4769) 1785.3 (p.4774) 1786.3 (p.4779) 1787.3 (p.4784) 1788.3 (p.4789) 1789.3 (p.4793)	Commenters request that the section be simplified, and less information be requested. One commenter objects to the inclusion of prior convictions for expunged/reduced cannabis convictions. One commenter objects to providing records related to cannabis convictions and states there is no reason for them unless it is to make a licensing decision which would be contradictory and disingenuous given that such a conviction would not occur now that the law has changed. One commenter suggests amending the section to read: "…There is no need to disclose convictions dismissed under Penal Code section 1203.4 or equivalent non-California law. There is no need to disclose convictions dismissed under Health and Safety Code section 11361.8 or equivalent non-California law…" One commenter requests that one	The Bureau disagrees with this comment. Business and Professions Code section 26051.5 provides the Bureau with the ability to obtain and receive criminal history information from the Department of Justice and the Federal Bureau of Investigation for an applicant for any state cannabis license. Further, Business and Professions Code section 26057 provides that the Bureau shall deny an application if the applicant does not qualify for licensure and that the Bureau may deny an application when the applicant has been convicted of an offense that is substantially related to the qualifications, functions, or duties of the business or profession for which the application is made. Further, the section provides that if the Bureau determines that the applicant is otherwise suitable to be issued a license, then the Bureau shall conduct a thorough review of the nature of the crime, conviction, circumstances, and evidence of rehabilitation, and shall evaluate the suitability of the applicant to be issued a license based on the evidence found in the review. In order to conduct a thorough review of an applicant's suitability for licensure the Bureau must have the information requested in section 5002(c)(20)(L).

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		statement of overall criminal record be required, and that juvenile offenses and dismissals not be required at all.	
5002(c)(20)(M)	1521.1 (p.2975)	Commenter objects to the requirement that applicants provide a description of labor standard violations. Commenter states that the provision exceeds the authority granted to the Bureau under state law. Commenter states that historic judgements of labor standard violations are not relevant to the ability of an applicant to be a responsible licensee, especially if the violations were either cured or otherwise satisfactorily concluded.	The Bureau disagrees with this comment. Business and Professions Code section 26051.5(a)(7) states that an applicant shall provide "any other information required by the licensing authority" with the application for licensure. Information regarding violations of labor standards is information that the Bureau has determined to be necessary in evaluating an applicant's fitness for licensure. The Act explicitly provides that failure to comply with any state law, as well as knowing violations of any state or local law, ordinance, or regulation conferring worker protections or legal rights on the employees of a licensee, are grounds for discipline. (Bus. & Prof. Code section 26030.) Lastly, under section 5018 a license may be denied for any violations of law related to the operation of a commercial cannabis business, thus the Bureau must be aware of what violations of law an applicant has committed.
5002(c)(20)(N)	1735.33 (p.4307) 1799.35 (p.4881)	Commenter requests that the requirement to sign under penalty of perjury be removed. Commenter states applicants are required to estimate their economic abilities. Commenter states alternatively applicants should pay a flat fee for licensing.	The Bureau disagrees with this comment. Commenter cites to section 5001 which is the Bureau's temporary license provision, however this section does not include fees. The annual application under section 5002 does include the requirement that licensing fees be paid. The Bureau cannot waive the attestation under the penalty of perjury as this is a requirement established under Business and Professions Code section 26051.5. Further, the Bureau cannot establish flat fees as Business and Professions Code section 26180 requires that all license fees be set on a scaled basis dependent on the size of the business. The Bureau cannot waive statutory requirements.

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5002(c)(23)	1533.7 (p.3132)	Commenter objects to the section and states that it does not reflect the reality of employer/labor relations. Commenter is concerned that delays on the union side will impact the applicant's ability to enter into such an agreement.	The Bureau disagrees with this comment. The Bureau included in the section a provision to address the specific concern commenter has. The section provides that for applicants who have not yet entered into a labor peace agreement they shall provide a notarized statement indicating that they will enter into and abide by the terms of a labor peace agreement as soon as reasonably practicable. This language allows the Bureau to consider all of the facts and circumstances of a particular situation to determine if the requirement is met.
5002(c)(23)	1443.6 (p.2779) 1759.18 (p.4509)	Commenter objects to the requirement of a labor peace agreement. Commenter requests the Bureau push back on labor peace items as they are too onerous on small, start-up businesses. Another commenter stated that companies should not be forced to sign a labor peace agreement as other businesses of this size are not required to have one. Commenter states it is an unreasonable and unfair requirement not seen in other industries. Commenter recommends changing the employee count to 200 instead of 20.	The Bureau disagrees with this comment. Business and Professions Code section 26051.5(a)(5) requires that an applicant with 20 or more employees provide a statement with the application that the applicant will enter into, or demonstrate that it has already entered into, and abide by the terms of a labor peace agreement. The Bureau cannot waive statutory requirements.
5002(c)(23)	1559.4 (p.3312) 1778.4 (p.4720) 1797.3 (p.4861)	Commenters support the section and thanks the Bureau for remaining flexible on the labor peace agreement requirement. One commenter stated allowing a new licensee the ability to do its due diligence on the organization with whom it will enter into such a contract with is necessary for the business to function properly.	The Bureau notes commenters support of the section.

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5002(c)(23)	1569.4 (p.3355)	Commenter requests that the section be amended to require that labor peace agreements be entered into within 30 days once an applicant employees more than 20 employees.	The Bureau disagrees with this comment. The Bureau has determined that setting a firm time frame will burden applicants who may need more time to find a union to enter into an agreement with. Additionally, there may be holdups on the union side that prevent an applicant from entering into an agreement within a certain amount of time. For these reasons the Bureau determined that it was necessary to provide flexibility and therefore requires that the labor peace agreement be entered into as soon as reasonably practicable.
5002(c)(29)	1778.5 (p.4721)	Commenter objects to the requirement that applicants provide operating procedures. Commenter states such detailed disclosure of a licensee's procedures, particularly for transportation, security, inventory, and waste management, creates an unnecessary risk to public health and the safety. Placing this information in the public domain exposes the licensee and its employees to unnecessary risk of theft and loss. For example, the Delivery Procedures form requires the disclosure of such personally identifiable information as each delivery employee's name, date of birth, and driver's license number. The disclosure of detailed operating procedures also risks the trade secret status of the licensee information, thereby damaging a well-established proprietary	The Bureau disagrees with this comment. Business and Professions Code section 26051.5 requires the disclosure of certain operating procedures with the application as required by the licensing authority. The Bureau has determined that in order to ensure applicants understand the requirements for operating a commercial cannabis business under the requested license type, the Bureau must review the applicant's operating procedures. The Bureau will evaluate every request under the PRA and will withhold documents from public disclosure as appropriate under the law.

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		right. Commenter recommends including explicit language to exempt the operating procedures from the PRA.	
5002(c)(29)(E)	211.2 (p.586)	Commenter states that question 2 on the Cannabis Waste Management Procedures should use the same terms for the types of solid waste as found in Section 5055. Commenter also states that question 10 should clarify that self-haulers should haul to facilities that recycle organic waste or be collected by haulers that recycle organic waste.	The Bureau disagrees with this comment. The Bureau determined that the form was no longer necessary due to the deletion of section 5055 and has therefore deleted the requirement to provide cannabis waste management procedures.
5002(c)(29) The Bureau-LIC-020	1443.14 (p.2780)	Commenter requests that the regulations clarify that the Delivery Procedures Form needs to be filled out only by retail applicants engaged in delivery.	The Bureau disagrees with this comment. Including additional language about which forms must be filled out in the text of the regulations becomes confusing. Applicants that are not engaged in retail do not have to complete a form that does not apply to their activities.
5002(c)(29) The Bureau-LIC-018	1443.15 (p.2780)	Commenter objects to disclosing the employees that will have access to the premises. Commenter states that it will be difficult for businesses to comply given the constantly changing personnel.	The Bureau disagrees with this comment. The Bureau must know which persons will have access to the premises. This is necessary in enforcement actions, particularly when there has been a reported theft of cannabis goods. To assist licensees, the Bureau has developed a form that must be submitted with the revised list of employees each time there is a change.
5002	3589 (p.10312)	Commenter requests that the Bureau review ways to reconcile data that is required to be provided in the applications and share the data with other licensing authorities. Commenter states it would be nice to lessen the amount and the time burden of applying and then receiving a license. Commenter states there is no	The Bureau disagrees with this comment. The Act divides the authority to issue licenses between the Bureau, CDPH, and CDFA. (See Bus. & Prof. Code section 26012.) Each licensing authority has created rules specific to the license types they are responsible for. Where possible, the three agencies have collaborated to ensure there is consistency amongst the requirements for licensure. Each premises must be licensed separately and each applicant must submit certain items for each

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		ability to submit the data one time and have the Bureau disburse it to the different licensing authority.	license application. (See Bus. & Prof. Code sections 26051.5 and 26053.)
5003	119.3 (p.269)	Commenter recommends striking from the definition of owner "any individual who assumes responsibility for the license." Commenter states that the provision is overbroad and blurs the line between those with "direction, control, or management" and other employees whose duties and responsibilities are critical to the operation of the business, but who have limited or no managerial authority and discretion. Commenter states that every manager and employee could qualify under the new classification.	The Bureau agrees with this comment. The Bureau originally determined that it was necessary to provide further clarity regarding this provision by providing examples. However, following the 15-day comment period the Bureau determined that inclusion of the clarifying provision was causing more confusion and has thus struck the subsection from the regulation.
5003	977.8 (p.1930) 1046.6 (p.2142) 1160.8 (p.2361) 1356.8 (p.2543) 1586.41 (p.3443) 1609.5 (p.3570) 1609.6 (p.3570) 1609.7 (p.3571) 1609.8 (p.3571) 1609.34 (p.3576) 1717.8 (p.4081) 3370.8 (p.10028)	Commenters requests that the definition of owner be expanded, or a new license type be created to capture the activities of ostensibly non-plant-touching businesses that are having a major impact on the regulated cannabis market. Another commenter simply requested that the Bureau address the situation of businesses using consultants and staffing companies to run their business and states all workers should be required to be W2 employees of the cannabis business. Commenter states that any company that exerts significant control in setting up contracts between or on behalf of licensees, designing inventory	The Bureau agrees in part with this comment. The Bureau has amended the section to include as owner an individual that is entitled to a share of 20% or more of the profits.

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		of licensees, branding and marketing or directing employees of a licensee should be a licensee or be listed as an owner of a licensee. Commenter claims that there are businesses that are essentially plant touching but hiding behind the veil of management or business services and able to circumvent the regulations by leaving the license in the hands of their contracted partners. Commenter asks for equal enforcement and a level playing field for all cannabis businesses.	
5003	1361.2 (p.2614)	Commenter objects to the inclusion of officers as owners. Commenter states that this requirement will inhibit businesses from replacing their officers and if officers are engaging in fraudulent or illegal behavior, a business may not replace them right away because of the burden of having to submit a new application.	The Bureau disagrees with this comment. The Act explicitly includes the chief executive officer of an entity as an owner. The Bureau cannot change the statutory provision. Further, the Act includes as an owner, "an individual that will be participating in the direction, control, or management of the person applying for a license." (Bus. & Prof. Code section 26001(al).) This impliedly includes officers; therefore, the Bureau has determined that it is necessary to include officers as owners.

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5003	1533.8 (p.3133)	Commenter objects to the definition of owner and states that it defines non-owners as owners. Commenter states that including the board of directors of a non-profit, an officer or director, or individuals assuming responsibility for the license, may not always be owners and defining them as such can have repercussions including that qualified people may choose not to assume a position because they will be designated as an owner. Commenter requests that the regulation be written so that only persons who self-define themselves as owners or are defined as owners within the business structure are designated as owners. Commenter states the definition should rest on the traditional definition of ownership, the right to receive the profits of a company.	The Bureau disagrees with this comment. The Act includes as an owner, "an individual that will be participating in the direction, control, or management of the person applying for a license." (Bus. & Prof. Code section 26001(al).) This impliedly includes members of the board of directors, officers, and directors. Therefore, the Bureau has determined it is appropriate to include them as owners. The Bureau cannot amend the section with commenter's suggestion that the definition of an owner only include those that self-define as owners or are defined as owners within the business structure because that conflicts with the statutory definition.
5003	1609.5 (p.3570) 1609.6 (p.3570) 1609.7 (p.3571) 1609.8 (p.3571)	Commenter states that the section lacks consistency across entity types and states the board of directors of any corporation should be disclosed, not just for nonprofits. Commenter states that managers of any limited liability company should be disclosed. Commenter also states that the Bureau is missing the point in the regulation which should be to learn who the individuals are behind the companies involved in the	The Bureau agrees with this comment in part. The Bureau has included in this section a restatement of the definition of owner from the Act for clarity. The Bureau cannot change the provisions from the Act, however in clarifying the definition the Bureau included an officer or director of a commercial cannabis business that is organized as a corporation. Additionally, the section already includes managers of limited liability companies. The Bureau's intention has always been to identify the individual owners. However, the Bureau agrees that the section needed further clarification regarding the intent to reach individual owners and has amended subsection (c) to make it clear that

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		license. Commenter states not identifying individuals allows them to hide behind their corporate structure. Commenter also requests clarification on the meaning of "any individual who assumes responsibility for the license." Commenter also requests that subsection (c) be amended to include managers of a limited liability company.	when an entity owns all or part of a commercial cannabis business the entity must disclose individual owners of the entity. The Bureau has amended the section to include as owner an individual that is entitled to a share of 20% or more of the profits. The Bureau has removed the provision related to a person who accepts responsibility for the license. The Bureau has not specifically included managers of a limited liability company but has instead re-written subsection (c) to clarify that the intent is to identify the individual owners of an entity that owns all or part of a commercial cannabis business.
5003	1640.6 (p.3709) 1640.7 (p.3709)	Commenter recommends amending the definition of owner to remove the word general from general partner and to amend subsection (c) to read: "When an entity has an aggregate ownership interest of 20 % or more in the commercial cannabis business, then all persons who are owners, as defined in this section, of that entity shall be considered owners of the commercial cannabis business.	The Bureau disagrees with this comment. The Bureau has left general partner in the section. However, any partner that has a 20 % or more interest or who is participating in the direction, control, or management of the business would be an owner.
5003/5004	1702.9 (p.3945) 1702.10 (p.3945) 1744.9 (p.4351) 1744.10 (p.4351) 1792.6 (p.4828) 1792.7 (p.4828)	Commenter recommends that the Bureau, CDFA, and CDPH use the exact same language and requirements for the sections on owners and financial interest holders.	The Bureau disagrees with this comment. The Bureau has coordinated with CDFA and CDPH to ensure that the sections align with each other even if phrased in a different manner. The Bureau does not have the authority to require CDFA and CDPH to adopt the exact same language as it adopts.
5004(c)(4)	924.5 (p.1793)	Commenter requests that the Bureau amend the section to provide a 10% threshold for disclosure of stockholders in	The Bureau disagrees with this comment. The Bureau set the threshold at 5% for publicly traded companies to be consistent with disclosure laws set by the United States Securities and

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		publicly traded companies. Commenter states that one client has approximately 22,000 shareholders and only receives regular reports of shareholders owning 10%. Commenter states it will be impossible to disclose that many individuals. Commenter also asks that minimum financial thresholds for limited liability companies and corporations.	Exchange Commission. Thus, the Bureau has determined 5% is the appropriate threshold. The Bureau has set a threshold for limited liability companies and corporations that have a financial interest in a commercial cannabis business. That threshold can be found in subsection (c) and requires the disclosure of all individuals that are owners of those entities.
5004	1384.1 (p.2679)	Commenter states that only shareholders who acquire more than 5% of the shares of a publicly traded company have to comply with federal securities law filings and shares of stock in publicly traded companies change hands frequently so a company may not be aware that a person has acquired 5% or more. Commenter recommends only requiring disclosure when the company has knowledge of the change.	The Bureau disagrees with this comment. The section explicitly limits from disclosure persons who hold a share of stock that is less than 5% to be consistent with disclosure requirements with the US Securities Exchange Commission. The Bureau cannot further limit the disclosure because Business and Professions Code section 26051.5 requires "a complete list of every person with a financial interest in the person applying for the license."

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5004	1361.3 (p.2615)	Commenter requests clarification on what is meant by "an agreement to receive a portion of the profits of a commercial business." Commenter asks if a lease agreement based on revenue would fall under this. Commenter states that if so, fewer properties will be available for lease as landlords will not want to be listed on a cannabis business. Commenter also asks if an employee profit share plan would fall under this and states new paperwork would have to be submitted each time employees change. Commenter makes the same argument for salespersons that earn a commission.	The Bureau disagrees with this comment. The section is clear on its face and would and is intended to capture all the situations that commenter has raised. Every person with a financial interest in a business holds the potential to influence the business. Therefore, the Bureau must be aware of who has a financial interest in the business. Further, Business and Professions Code section 26051.5 requires "a complete list of every person with a financial interest in the person applying for the license." The Bureau has determined that a complete list would include all persons with an agreement to receive a portion of the profits, including all those persons listed by the commenter.
5004	1533.9 (p.3133)	Commenter objects to the inclusion of "an agreement to receive a portion of the profits" in the definition of financial interest. Commenter states the definition is too broad and would require the disclosure of management agreements in which a portion of the operation or business is ceded to a management company. Commenter states the City of Los Angeles is concerned that comprehensive management contracts will make straw men out of social equity applicants. Commenter requests that the section be amended so that management agreements do not have to be disclosed unless the percentage of profits they receive is so	The Bureau disagrees with this comment. Business and Professions Code section 26051.5 requires "a complete list of every person with a financial interest in the person applying for the license." The Bureau has determined that a complete list would include all persons with an agreement to receive a portion of the profits, including management companies. Further, every person with a financial interest in a business holds the potential to influence the business. As commenter mentions, there is concern that persons who could not qualify for licensure will establish an agreement where they pay a licensee for use of the license. Such an agreement places the health and safety of the public at risk as the true identity of the person making decisions for the business is unknown; therefore, the Bureau must be aware of which individuals have a financial interest in the business. As such, the Bureau has amended the section to provide further clarity on what is considered a financial interest.

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		large it would constitute ownership. Commenter states this is necessary and should be state supported so that cannabis operators can use these management companies as a mechanism for banking, payroll, payment of taxes and orderly record keeping.	
5004	1735.34 (p.4308) 1799.36 (p.4881)	Commenter objects to the requirement to disclose financial interest holders and asks that the section be removed. Commenter states the operatives; the owners are all reviewed and approved at the local level prior to reaching the state licensing level. This is busy body work and provides no improvement to the state's ability to regulate the cannabis industry. These types of activities requested provide undue burdens on the industry, its operatives, the regulating bodies and those investors who wish to participate in this industry.	The Bureau disagrees with this comment. Business and Professions Code section 26051.5 requires "a complete list of every person with a financial interest in the person applying for the license." The Bureau cannot waive statutory requirements.
5005	297.1 (p.774) 1711.16 (p.4014) 1711.17 (p.4015) 3384 (p.10052) 3480.2 (p.10178)	Commenters request that the section be revised to reiterate the existing California restriction on revolving door employment issues by former public employees' having professional involvement in the cannabis industry. One commenter cites to other states that have revolving door provisions and requests that the Bureau include the following language in the regulation:	The Bureau disagrees with this comment. Commenter is recommending that language be added to the regulations that falls under the Political Reform Act. The Bureau does not have the authority to create regulations under the Political Reform Act. Further, the language one commenter suggested is already covered in statute by the Political Reform Act. Including the language in the regulations here would be duplicative and is unnecessary.

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		The post-employment activities of former state officials; air pollution control/air quality management district members, officers, and employers; and local officials are restricted under respective one-year bans. While there are subtle differences between the various one-year bans, generally, the bans restrict officials, for one year after leaving governmental service, from being paid to communicate with their former agency in an attempt to influence certain actions or proceedings. This recommended language is found on the website for the California Fair Political Practices Commission. Other commenters requested that there be a statewide one-to-two year cooling off period for state, county or city officials before they can be considered for a state license. Commenters stated that there should be required disclosure of any involvement in the implementation or enforcement of legislation from legislatures, regulators, and law enforcement. Commenter states no one wants the appearance of conflict of interest in the formation of the new industry.	
5005	668.2 (p.1266) 1552.4 (p.3251) 1594.8 (p.3482)	Some commenters request that the regulation be amended to also prohibit any cannabis licensee from maintaining a	The Bureau disagrees with this comment. Physicians are licensed by the Medical Board of California or the Osteopathic Medical Board of California and must comply with regulations established

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
	1707.1 (p.3992) 1709.1 (p.4003) 1714.5 (p.4044) 1597 (p.3514)	financial relationship with a physician or other prescriber involving prescribing of cannabis, prohibit a physician from working on the premises of the licensee, prohibit a physician from being in a business agreement with a licensee, and prohibit a physician recommending cannabis from being an applicant, owner, director, or manager of a licensed facility. Some commenters request that the prohibition be extend to persons employed by public health departments or environmental health departments as they will likely be involved in oversight or inspection. Some commenters request that the prohibition be extended for a defined period, such as one year, following a person's separation from a government agency. One commenter states that the regulation would allow a regulator to receive a license one day after terminating public employment. Commenter recommends adding the following language: "This restriction is also in effect for no less than one year after the person has left office or employment from the agency."	by these boards. The Bureau has determined that it is not appropriate to place restrictions on practitioners that fall under another agency's jurisdiction. The amendments are more suited for inclusion in regulations established by the medical boards. The Bureau also disagrees with the request that the prohibition be extended to persons employed by public health departments or environmental health departments. As written the section would apply to employees of public health departments or environmental health departments if their duties have to do with the enforcement of the Act, which would include conducting oversight or inspections of premises. Lastly, commenters are recommending that language be added to the regulations that falls under the Political Reform Act. The Bureau does not have the authority to create regulations under the Political Reform Act.

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5005	1252 (p.2465)	Commenter objects to the section in its entirety. Commenter states that the section is discriminatory and prohibits cannabis license holders from running for office. Commenter states that enforcement may be compromised by some in government, but these are the most knowledgeable people being completely left out. They should simply recuse themselves if a vote would favor their interests.	The Bureau disagrees with this comment. The section has been written to narrowly preclude only those persons that have duties related to the enforcement of the Act. Licensees are not prohibited from running for office. The Bureau does not have the authority to prevent anyone from running for an elected position.
5006	723.2 (p.1377)	Commenter provides comments on CDFA's and CDPH's regulations regarding common spaces. Commenter states that the issues with CDFA's and CDPH's regulations on the issue is not a problem under the Bureau's regulation as the regulation does not define premises and section 5006 addresses common spaces and does not require a premises to be contiguous. Commenter states this does pose a problem for anyone that wants a license from CDFA or CDPH and the Bureau.	The Bureau notes commenters support of section 5006 addressing common areas. The Bureau disagrees with commenters statement that the Bureau does not require a premises to be contiguous. Business and Professions Code section 26001 defines premises as "the designated structure or structures and land specified in the application that is owned, leased, or otherwise held under the control of the applicant or licensee where the commercial cannabis activity will be or is conducted." That section further provides that a premises shall be a "contiguous area" and shall only be occupied by one license. The licensing authorities cannot change the statutory definition. However, as commenter states, the Bureau does allow for licensees that have premises located on the same land parcel or building to share certain common spaces.
5006(d)	646.2 (p.1235) 1022.2 (p.2040) 1030.42 (p.2071) 1051.12 (p.2151) 1077.23 (p.2198) 1124.2 (p.2272)	Commenters request that the section be amended to include an explicit exception for distributor transport only applicants to list security cameras on the premises diagram. Commenters state that distributor	The Bureau disagrees with this comment. Distributor Transport Only applicants are only exempt from the video surveillance requirement if their premises will be on the same parcel of land that their cultivation or manufacturing premises is on. However, the Bureau agrees that the regulation should be clarified and has amended the subsection to state that the diagram shall show

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	1131.37 (p.2307) 1375.2 (p.2659) 1380.2 (p.2669) 1413.42 (p.2721) 1425.2 (p.2744) 1507.43 (p.2863) 1512.43 (p.2918) 1520.43 (p.2963) 1523.43 (p.2997) 1651.43 (p.3798) 1767.42 (p.4607) 1768.42 (p.4633) 1769.42 (p.4659) 1770.42 (p.4685)	transport only is exempt from security requirements.	where cameras are located "unless the premises is exempt from the video surveillance requirement pursuant to section 5315 of this division."
5006	1096 (p.2242)	Commenter requests clarification on whether the premises diagram must be of an existing premise, or whether it may reflect the changes that will be made upon at least temporary approval.	The Bureau disagrees with this comment. Business and Professions Code section 26057 requires the Bureau to deny an application if either the applicant, or the premises do not qualify for licensure. The Bureau cannot determine whether or not a premises qualifies unless it is already in existence. The Bureau may need to inspect the premises prior to approval, which would be impossible if the premises was not already in existence.
5006	1547.4 (p.3194)	Commenter requests clarity on how many premises diagrams a licensee has to prepare and submit. Commenter states applicants should only have to submit a single premises diagram and that it should be standardized across all applicants per the type of activity they are engaging in. Commenter also states it should be the same diagram submitted to the local authority.	The Bureau disagrees with this comment. As an applicant may only have one license per premises (Bus. & Prof. Code section 26001(ap), a premises diagram is necessary for each application and required under the Act. (Bus. & Prof. Code section 26051.5(c).) The Bureau has included the necessary items for the premises diagram for its licensees. Local jurisdictions may, at their discretion, require the same diagram as the Bureau.

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5006	1625.8 (p.3634)	Commenter supports the section requiring applicants to indicate what part of the property is used for cannabis activity. Commenter states they would like to see what the remaining property will be and hopes that consideration will be given to what other activities are occurring on the property in proximity and the potential influence on youth.	The Bureau notes the support for the section. Subsection (g) of the section requires the applicant to identify what the remaining property is used for when the premises is comprised of only a portion of the property. Section 5026 sets requirements on where a premises can be located in regards to schools, day care centers, and youth centers.
5006	1748.1 (p.4393)	Commenter requests that subsection (f) requiring that the premises diagram not contain any highlighting and that markings on the diagram be in black and white be stricken. Commenter states that there is no benefit to having architectural plans in black and white. Commenter states they have regularly used colored shapes to represent areas on a diagram.	The Bureau disagrees with this comment. The Bureau regularly has to print premises diagrams from its licensing system for application reviews and premises inspections. The Bureau cannot guarantee that a color printer will be available every time it needs to print the diagram. The Bureau must be able to clearly read a diagram, including when it is printed, thus the Bureau must require that the document be in black and white. The regulations do not require architectural plans specifically.
5007	753.1 (p.1416)	Commenter requests that the provision requiring a landowner or landowner's agent to acknowledge commercial cannabis activity be removed because landlords have used the provision to demand above market rents. Commenter states there should not be a requirement that the landlord provide evidence to the Bureau of his or her knowledge of cannabis activity; a lease should suffice as landowner approval.	The Bureau disagrees with this comment. Business and Professions Code section 26051.5(a)(2) states that an applicant shall provide to the Bureau "evidence of the legal right to occupy and use the location and provide a statement from the landowner of real property or the landowner's agent where the commercial cannabis activity will occur, as proof to demonstrate the landowner has acknowledged and consented to permit the commercial cannabis activities to be conducted on the property by the tenant applicant." The Bureau cannot waive or change statutory requirements.
5007	1427.1 (p.2752) 1427.2 (p.2753) 1427.3 (p.2753)	Commenter requests that the section be amended to include provisions regarding rent control. Commenter states that	The Bureau disagrees with this comment. The Bureau does not have jurisdiction to regulate rental rates, rental standards, or landlord practices.

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		cannabis businesses are paying 3-5 times the standard commercial market rate. Commenter recommends that the regulation require the following: that a landlord may not charge a rent higher than 35% above regional standard commercial-industrial rates; that the landlord must provide a financial affidavit to the Bureau demonstrating the rental agreement in place; and that current landlords with rent higher than 35% above the standard commercial rate must renegotiate the contract in good faith.	
5007	1597 (p.3514)	Commenter requests that the section be amended to require that all documents provided to the Bureau to verify landowner approval should be notarized. Commenter states this would reduce possible forgeries or other attempts to circumvent the rules.	The Bureau disagrees with this comment. Requiring lease agreements or landowner authorization letters to be notarized is overly burdensome on the applicant. Lease agreements are not notarized generally. In cases where a document appears to be forged or deficient, the Bureau has the ability to request additional information from the applicant.
5008	19.5 (p.25)	Commenter states that the Bureau could provide the useless bond to any applicant.	The Bureau disagrees with this comment. Each applicant for a commercial cannabis license is required to show proof of a bond in their application pursuant to Business and Professions Code section 26051.5(a)(10). The Bureau does not have the authority to issue bonds.
5008	21.1 (p.28) 3553 (p.10271)	Commenters state a $5,000 bond is unfair and a burden to small growers. Another commenter stated that the requirements for a bond is an obstacle to licensure.	The Bureau disagrees with this comment. While the comment is irrelevant to the Bureau's regulation as it is regarding a regulation by the CDFA, the Bureau also requires a $5,000 bond for all its licensees and is thus responding. Each applicant for a commercial cannabis license is required to show proof of a bond in their application pursuant to Business and Professions Code section 26051.5(a)(10). The Bureau, in coordination with the

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			CDFA and the CDPH, determined that the $5,000 amount was low enough to be attainable by an applicant yet high enough to cover the actual cost of destroying seized cannabis should such a seizure and destruction by the state be necessary.
5008	646.3 (p.1235) 646.4 (p.1235) 1022.3 (p.2040) 1030.43 (p.2071) 1051.13 (p.2151) 1077.2 (p.2194) 1124.3 (p.2272) 1131.38 (p.2307) 1131.39 (p.2307) 1139.4 (p.2327) 1375.3 (p.2659) 1380.3 (p.2669) 1413.43 (p.2721) 1425.3 (p.2744) 1507.44 (p.2863) 1512.44 (p.2918) 1520.44 (p.2963) 1523.44 (p.2997) 1547.5 (p.3195) 1651.44 (p.3798) 1767.43 (p.4607) 1768.43 (p.4633) 1769.43 (p.4659) 1770.43 (p.4685)	Commenters request that distributor transport only licensees be allowed to use the same bond for the Bureau and CDFA. Some commenters also request that distributor transport only licensees that are only transporting nursery products be exempt from the bond requirement as they claim there will never be a requirement that the nursery products be destroyed. Commenters requests that distributor transport only licensees be able to use the same bond as their underlying cultivation, nursery, or manufacturing license. Another commenter asks why a bond is needed for each license if all licenses are held by the same owner.	The Bureau disagrees with this comment. Business and Professions Code section 26051.5 requires that an applicant provide proof of a bond to cover the costs of destruction of cannabis and cannabis products if necessitated by a violation of licensing requirements. Thus, each licensing authority has established a bond form for their applicants. The Bureau cannot accept a bond on the CDFA or CDPH bond forms. Additionally, it is necessary for each license to have a bond to cover violations under each license. Further, the Bureau cannot possibly anticipate all situations where destruction of cannabis goods will be necessary, therefore it is impossible to say that any license type will never need to have products destroyed.

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5009	860.3 (p.1709)	Commenter states that for applicants that are not the tribe but are renting from the tribe are excluded from participating because they are only a tenant and cannot waive sovereign immunity. Commenter requests adding language to the section to include that a federally recognized tribe acting as a landlord to a cannabis business will specifically not assert its sovereign immunity on behalf of those businesses which are physically located on federally recognized tribal lands, while not being asked to waive its sovereign immunity with respect to any other element or situation.	The Bureau disagrees with this comment. The section requires a waiver of sovereign immunity if the licensee or applicant can assert sovereign immunity as a defense. This does not apply when a tribal government is only a landlord.
5009	1543 (p.3177)	Commenter objects to the requirement of a waiver of sovereign immunity and states it is a significant and unnecessary intrusion into tribal sovereignty by the state. Commenter recommends striking all of subsections (a) and (c). Commenter recommends adding to subsection (b) that the Bureau will not approve an application that would violate any tribal law.	The Bureau disagrees with this comment. The sovereign immunity defense provides exemptions from certain state laws. This section is necessary to ensure that all licensees who engage in commercial cannabis activity are required to follow the Act and the regulations implementing it. This section provides for fair and efficient regulation in the cannabis industry, while allowing tribal governments the opportunity to participate in the legal regulated industry. The Bureau disagrees with including the recommended language for subsection (b). Subsection (b) is a restatement of the law under Business and Professions Code section 26055(d) and was included for clarity. The Bureau cannot change or modify statutory provisions.

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5009	3523 (p.10225)	Commenter requests that the section be removed. Commenter states the requirement to waive sovereign immunity is leaving Native American growers exposed to having the Federal Government come in and take away their land and territories since cannabis is still federally illegal.	The Bureau disagrees with this comment. The sovereign immunity defense provides exemptions from certain state laws. This section is necessary to ensure that all licensees who engage in commercial cannabis activity are required to follow the Act and the regulations implementing it. This section provides for fair and efficient regulation in the cannabis industry, while allowing tribal governments the opportunity to participate in the legal regulated industry. The Bureau does not have jurisdiction to regulate the federal government.
5010	924.7 (p.1794)	Commenter requests clear direction to applicants and local jurisdictions as to required evidence of exemption from or compliance with CEQA and remarks that this topic is confusing for local governments. Commenter questions the prudence of the regulations if a local government conducted an environmental review and issued a certified or adopted environmental documentation in compliance with CEQA. Commenter remarks that the additional time and cost incurred by the applicants and by the Bureau to review previously- issued documents and to prepare new documents would be a significant barrier to entry and add to the Bureau's workload.	The Bureau disagrees in part with this comment. The regulations have been amended to incorporate forms for use by applicants to comply with the CEQA component of commercial cannabis license applications. CEQA compliance is required for the issuance of a state license. Therefore, the Bureau must review all relevant documentation to determine if CEQA has been complied with.
5010	925.1 (p.1804) 950.1 (p.1891)	Commenter remarks that cannabis business license applicants from local jurisdictions that approved a voter-sponsored ballot initiative will not be able to provide a copy	The Bureau disagrees with this comment. The Bureau clarifies that the regulations address this scenario by stating that 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, the applicant shall provide

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		of an environmental document previously certified by the local jurisdictions.	information to enable the Bureau to determine what type of environmental document should be prepared.
5010	1030.27 (p.2067) 1131.22 (p.2302) 1413.26 (p.2716) 1507.28 (p.2857) 1512.28 (p.2912) 1520.28 (p.2957) 1523.28 (p.2991) 1627.20 (p.3655) 1651.28 (p.3792)	Commenters recommend that the Bureau modify wording to make clear that "a project specific" Notice of Determination or Notice of Determination or Notice of Exemption refers to the determination made pursuant to adoption of an ordinance that allows for a commercial cultivation program and that the jurisdiction-wide commercial cannabis licensing program is the "project" (as opposed to the cultivation site at the applicant's premises being the "project" always requiring the review.) If a jurisdiction has evaluated the potential impact of a jurisdiction-wide commercial cultivation ordinance, then the CEQA document prepared by that jurisdiction should be the document to be submitted and this section should not infer that the CEQA review be conducted at the specific premises level unless the jurisdiction did not go through a CEQA analysis and the CDFA determines that the activity is not exempt.	The Bureau disagrees with this comment. The term "project" is defined consistent with the CEQA Guidelines and means the specific commercial cannabis activity for which an annual license application is submitted to the Bureau and which requires the Bureau to engage in discretionary review. Project-specific review, therefore, is the review of the specific commercial cannabis activity for which an annual license application is submitted and does not mean review of a city or county rule or ordinance. However, when the project has been evaluated in a previously certified or adopted environmental document, the Bureau will evaluate the project as a responsible agency as provided in the CEQA guidelines.

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5010	1514.12 (p.2932)	Commenter remarks that it would be helpful to include an appendix which listed each of the referenced statutory provisions related to CEQA (e.g. Health and Safety section 25260 for Hazardous Material Business Plan and section 25117 relating to hazardous waste; Public Resources Code 40191 solid waste).	The Bureau notes this comment.
5010	1620.1 (p.3609)	Commenter supports the regulatory changes regarding demonstrating compliance with CEQA.	The Bureau notes this comment of support of the changes.
5010	1640.4 (p.3707)	Commenter recommends revising the CEQA provisions to accommodate applicants in local jurisdictions that have performed CEQA review of cannabis activities on a programmatic, rather than site specific level. The Bureau may rely on such CEQA documents where the local jurisdiction has fully addressed. Further, even in cases where the "project" evaluated in a local CEQA document does not fully encompass the applicant's cannabis activities, that local CEQA document may nonetheless help streamline CEQA review of the application. Commenter notes that Appendix J to CDFA's Program EIR (PEIR) proposes a "Tiering Strategy" to screen individual cultivation projects to determine whether an earlier programmatic CEQA document adequately addressed all the impacts of the	The Bureau disagrees with this comment. The regulations already provide that where an applicant's commercial cannabis activity was evaluated in a previously certified or adopted environmental document, the Bureau will evaluate the project as a responsible agency pursuant to CEQA. The process for reviewing each commercial cannabis license application will be conducted in a manner consistent with CEQA, to include tiering from previously certified or adopted environmental documents when available and when appropriate.

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		applicant's project (in which case no further CEQA document is required) and remarks that this approach is equally applicable to local programmatic CEQA documents that fully address the effects of the commercial cannabis activities. Commenter requests that the regulations should utilize these approaches above, where appropriate, to avoid duplicative and unnecessary.	
5010	1748.2 (p.4393)	Commenter recommends using the CEQA-related regulatory language provided in the Emergency Regulations as by the Department of Food and Agriculture ("CDFA") and the State Department of Public Health ("CDPH"). Commenter remarks this section places significant burden on the Bureau to act in certain circumstances as the 'Lead Agency' and will place the industry and its operators in a precarious position when a local jurisdiction provides approval for a project at issue, but the State thereafter launches a full-scale CEQA assessment.	The Bureau disagrees with this comment. CEQA requires a site-specific analysis of project impact, provided those impacts were not previously evaluated; requiring the Bureau to act as lead agency. However, when an applicant's proposed commercial cannabis activity was evaluated in a previously certified or adopted environmental document pursuant, the Bureau will evaluate the project as a responsible agency pursuant to CEQA.
5010.1	119.4 (p.269)	Commenter recommends adding the clause "or because the premises is located in a local jurisdiction that has adopted an ordinance, rule, or regulation pursuant to Business and Professions Code section 26055(h)."	The Bureau disagrees in part with this comment. The exemption cited by the commenter is only applicable to a local jurisdiction's process for adopting an ordinance, rule, or regulation. It does not apply to the licensing of commercial cannabis activities and the Bureau cannot expand the meaning of this statutory provision.

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5011	1547.6 (p.3195)	Commenter states that that the section allowing the Bureau to request additional information and documents from the applicant is nonspecific and unbounded. Commenter requests that the section be changed to "appropriate and reasonable information and documents from the applicant."	The Bureau disagrees with this comment. The Bureau has broad authority under the Act to request "any other information." (See Bus. & Prof. Code section 26051.5(a)(7).) The Bureau has kept the language of this section broad because each application is unique. The Bureau cannot know what additional information may be needed from an applicant until it has reviewed the submitted application. Inclusion of commenter's language would create further confusion amongst licensees by requiring the Bureau to define what appropriate and reasonable is for each potential circumstance in the applications.
5014	5 (p.10326) 393 (p.928) 1007.4 (p.2020) 1011.2 (p.2025) 1080.15 (p.2210) 1090 (p.2225) 1190.3 (p.2394) 1196.3 (p.2403) 1289.1 (p.2510) 1663.2 (p.3847)	Commenters indicate that the Bureau is asking for too much in fees, which is paving the way to a black market. One commenter suggests that the high fees make no financial sense and the price for cannabis has dropped significantly. Several commenters ask that the Bureau lower costs/significantly reduce the costs for all licenses. One commenter asks the Bureau to reduce all fees by 50%. One commenter indicates that the Bureau should reduce all taxes and fees significantly. Several commenters ask the Bureau to lower fees in order to allow the legal market to succeed and stamp out the black market.	The Bureau disagrees with this comment in part. Business and Professions Code section 26012(b) authorizes the Bureau to collect fees in connection with the activities it regulates. Consistent with Business and Professions Code section 26180(c), all license fees are set on a scaled basis, dependent on the size of the business. In response to comments received, the fee schedule has been updated to reflect a greater number of tiers which will allow for smaller licensing fees for certain operators. The updated license fees are determined using the licensee's gross revenue and are appropriately scaled to the size of the business entity licensed. The fees are based on the anticipated costs of Bureau operations, including but not limited to its licensing, regulation, and enforcement activities, during the license period. The fees also take into account the cost of the licensee's operation of the track and trace system.
5014	119.5 (p.270)	Commenter indicates that a cannabis product that is self-distributed by a licensee's own distribution unit should not count towards its license fee calculations.	The Bureau disagrees with this comment in part. Commenter's change is not necessary. In response to the comments received regarding the difficulty in calculating fees in the regulation, the Bureau determined that measuring the appropriate size of a

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		To correct this, commenter suggests adding an exception when calculating the fee, for businesses that operate in multiple segments of the supply chain, to allow subtracting the value of goods that have already been included in the present year's license-fee calculations. Subsection(c) should thus be revised as follows: In determining the appropriate licensee fee to be charged, each applicant or licensee shall estimate the maximum dollar value of its planned operation in terms of the value of the product expected to be tested, distributed, transported, retailed, cultivated, and/or manufactured as determined in assessing the 15% excise tax pursuant to Revenue and Taxation Code section 34011. The applicant or licensee will use the maximum dollar value of its planned operation to determine the appropriate fee as outlined in the following fee schedule, minus the dollar value of product already included in a license fee estimation pursuant to this subsection during the present calendar year.	business for the purpose of setting license fees presented a practical challenge. The Bureau has incorporated revisions to reflect fees based on projected revenue of the licensee. In determining the appropriate size category for their license, each prospective licensee will provide an estimate of the size of its operation in terms of revenue expected from cannabis goods expected to be tested, distributed, transported, or retailed. This ensures that in determining their license fees, licensees are better able to accurately reflect their revenues at each stage of their supply chain without their revenues being "double counted".
5014	122.6 (p.293) 686.8 (p.1313) 754.8 (p.1427)	Commenters indicate that level fees for microbusinesses have been doubled and that this is not acceptable for the small operator. The Bureau has determined that manufacturing, distribution, and retail are	The Bureau disagrees with this comment in part with respect to commenter's remarks about microbusiness fees. Business and Professions Code section 26012(b) authorizes the Bureau to collect fees in connection with the activities it regulates. Consistent with Business and Professions Code section 26180(c),

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		unlimited activities for a microbusiness. One way to address this is by creating a home business license for the small operator.	all license fees are set on a scaled basis, dependent on the size of the business. In response to comments received, the fee schedule has been updated to reflect a greater number of tiers which will allow for smaller licensing fees for certain operators. The updated license fees are determined using the licensee's gross revenue and are appropriately scaled to the size of the business entity licensed. The fees are based on the anticipated costs of Bureau operations, including but not limited to its licensing, regulation, and enforcement activities, during the license period. The fees also take into account the cost of the licensee's operation of the track and trace system. The Bureau disagrees with this comment with commenter's suggestion to add a home business license as fees have been established for small operators. Licensees may hold a license on the same parcel that a private residence is located on, provided that the licensee does not engage in commercial cannabis activities within the private residence.
5014	141.10 (p.353) 165 (p.500) 756.3 (p.1450) 855.8 (p.1702) 953.4 (p.1901) 1054.6 (p.2160) 1077.26 (p.2198) 1267.18 (p.2482) 1548.17 (p.3214) 1623.23 (p.3630) 1774.14 (p.4705)	Commenter indicates that they cannot afford a microbusiness license. One commenter indicates that the fee schedule for microbusinesses does not encourage small businesses like theirs to grow. Several commenters ask the Bureau to create additional microbusiness fee tiers for businesses with revenues under $2.5 million. One commenter indicates that many microbusinesses want to enter the regulated market, but the fees are too	The Bureau disagrees with this comment in part. Business and Professions Code section 26012(b) authorizes the Bureau to collect fees in connection with the activities it regulates. Consistent with Business and Professions Code section 26180(c), all license fees are set on a scaled basis, dependent on the size of the business. In response to comments received, the fee schedule has been updated to reflect a greater number of tiers which will allow for smaller licensing fees for certain operators. The updated license fees are determined using the licensee's gross revenue and are

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	3505 (p.10207)	steep. Several commenters indicate that the fees are unrealistic and unobtainable for small operators; they pose a significant barrier for small operators from entering the market. Several commenters suggest that the Bureau lower the microbusiness fees and break the tiers up more.	appropriately scaled to the size of the business entity licensed. The fees are based on the anticipated costs of Bureau operations, including but not limited to its licensing, regulation, and enforcement activities, during the license period. The fees also take into account the cost of the licensee's operation of the track and trace system.
5014	184.4 (p.535) 288.4 (p.751) 668.3 (p.1266) 952.1-952.4 (p.1987) 1043 (p.2133) 1106 (p.2253) 1515.1 (p.2935) 1552.5 (p.3252) 1594.9 (p.3482) 1600.3 (p.3531) 1714.6 (p.4044) 1745.2 (p.4364) 1748.3 (p.4393) 1773.1 (p.4701) 1784.4 (p.4769) 1789.4 (p.4794) 3456 (p.10148) 3503.3 (p.10205) 3521 (p.10223) 3553 (p.10271) 3597.4 (p.10323)	Commenters indicate that the Bureau should waive fees for social equity candidates. Several commenters suggest that equity populations should be offered a license application fee waiver for all or a portion of licensing fees. Several commenters suggest a reduced (50%) annual license fee for the first two years of operation (first two annual license fees). Several commenters suggest that fees for equity applicants should be deferred by one year.	The Bureau disagrees with this comment. Business and Professions Code section 26012(b) authorizes the Bureau to collect fees in connection with the activities it regulates. Consistent with Business and Professions Code section 26180(c), all license fees are set on a scaled basis, dependent on the size of the business. The fee schedule has been updated to reflect a greater number of tiers which will allow for smaller licensing fees for certain operators. Additionally, Senate Bill 1294 (Bradford, 2018) provides a grant program to local jurisdiction equity programs and for the Bureau to provide technical assistance.

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5014	289.2 (p.754) 1022.4 (p.2041) 1030.44 (p.2071) 1051.14 (p.2151) 1077.15 (p.2196) 1077.25 (p.2198) 1077.26 (p.2198) 1124.4 (p.2273) 1327.6 (p.2554) 1375.4 (p.2660) 1380.4 (p.2670) 1413.44 (p.2721) 1425.4 (p.2745) 1507.45 (p.2863) 1512.45 (p.2918) 1520.45 (p.2963) 1523.45 (p.2997) 1526.5 (p.3022) 1558.1 (p.3306) 1649.2 (p.3770) 1651.45 (p.3798) 1664.2 (p.3854) 1767.44 (p.4608) 1768.44 (p.4634) 1769.44 (p.4660) 1770.44 (p.4686) 3434.2 (p.10116)	Commenters indicate that there appears to be a huge gap in the licensing fee schedule. Commenters also suggest that the Bureau create a tier structure with more gradations and closer price points. Commenters suggest breaking up the tiers more in general. Commenters indicate that the annual license fee within each license type has large fee steps and unfairly burdens smaller businesses and businesses that are just over an operations limit.	The Bureau agrees with this comment. Business and Professions Code section 26012(b) authorizes the Bureau to collect fees in connection with the activities it regulates. Consistent with Business and Professions Code section 26180(c), all license fees are set on a scaled basis, dependent on the size of the business. In response to comments received, the fee schedule has been updated to reflect a greater number of tiers which will allow for smaller licensing fees for certain operators. The updated license fees are determined using the licensee's gross revenue and are appropriately scaled to the size of the business entity licensed. The fees are based on the anticipated costs of Bureau operations, including but not limited to its licensing, regulation, and enforcement activities, during the license period. The fees also take into account the cost of the licensee's operation of the track and trace system.
5014	764.5 (p.1471) 765.5 (p.1475) 771.5 (p.1483) 772.5 (p.1487)	Commenters suggest that distributors are burdened by double taxation. Commenters recommend that if a licensed distributor is paying local taxes and fees at their primary	It is unclear if the commenter is recommending that licensed distributors be exempt from state annual license fees, or from additional taxes stemming from operating from multiple

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	1333.1 (p.2561)	location, they should be able to find a second warehouse location and pay only the local annual permit fee with no additional taxes.	locations. If the latter, the comment is not directly relevant to the regulations, as taxes are outside of the Bureau's jurisdiction. If the former, the Bureau disagrees with this comment. Business and Professions Code section 26012(b) authorizes the Bureau to collect fees in connection with the activities it regulates. Consistent with Business and Professions Code section 26180(c), all license fees are set on a scaled basis, dependent on the size of the business. Moreover, Business and Professions Code section 26053(d) requires a separate license for each location where an applicant intends to engage in commercial cannabis activity.
5014	923.8 (p.1787)	Commenter indicates that fees should be reduced in light of (i) the enormous tax burden that cannabis is subject to; (ii) the extraordinary costs associated with operationalizing regulations; and (iii) the provisions of the IRS, which prohibit cannabis from deducting standard business expenses.	The Bureau disagrees with this comment. Business and Professions Code section 26012(b) authorizes the Bureau to collect fees in connection with the activities it regulates. Consistent with Business and Professions Code section 26180(c), all license fees are set on a scaled basis, dependent on the size of the business. In response to comments received, the fee schedule has been updated to reflect a greater number of tiers which will allow for smaller licensing fees for certain operators. The updated license fees are determined using the licensee's gross revenue and are appropriately scaled to the size of the business entity licensed. The fees are based on the anticipated costs of Bureau operations, including but not limited to its licensing, regulation, and enforcement activities, during the license period. The fees also take into account the cost of the licensee's operation of the track and trace system.
5014	938 (p.1870) 942 (p.1877) 3617 (p.10922)	One commenter remarks that license fees are so exorbitant that some licensees find that it is not feasible to continue doing business.	The Bureau disagrees with this comment in part. Business and Professions Code section 26012(b) authorizes the Bureau to collect fees in connection with the activities it regulates. Consistent with Business and Professions Code section 26180(c),

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			all license fees are set on a scaled basis, dependent on the size of the business. In response to comments received, the fee schedule has been updated to reflect a greater number of tiers which will allow for smaller licensing fees for certain operators. The updated license fees are determined using the licensee's gross revenue and are appropriately scaled to the size of the business entity licensed. The fees are based on the anticipated costs of Bureau operations, including but not limited to its licensing, regulation, and enforcement activities, during the license period. The fees also take into account the cost of the licensee's operation of the track and trace system.
5014	1020.4- 1020.5 (p.2037) 1020.7 (p.2038) 3476.4 (p.10173)	Commenters indicate that the current fees price out the majority of cannabis events. The commenters also suggest that a new sub-category of 1-10 events with "under 200 attendees" have a lower fee of $1,500. Commenters also suggest that temporary cannabis event fees be dropped 50% for non-profits. One commenter indicates that there needs to be a smaller fee category for smaller cannabis events.	The Bureau disagrees with this comment in part. Business and Professions Code section 26012(b) authorizes the Bureau to collect fees in connection with the activities it regulates. Consistent with Business and Professions Code section 26180(c), all license fees are set on a scaled basis, dependent on the size of the business. In this case, the fees for event organizers are established based on the number of events held a year. Each event itself will also have a nominal licensing fee. The Act does not identify any fee exemptions to non-profit cannabis events. In response to comments received, the fee schedule has been updated to reflect a greater number of tiers which will allow for smaller licensing fees for certain operators. The updated license fees are determined using the licensee's gross revenue and are appropriately scaled to the size of the business entity licensed. The fees are based on the anticipated costs of Bureau operations, including but not limited to its licensing, regulation, and enforcement activities, during the license period.

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5014	1076.2 (p.2193) 1239.2 (p.2453)	Commenter indicates that the licensing fees for retailers (up to $120,000) is an unnecessary burden.	The Bureau disagrees with this comment in part. Business and Professions Code section 26012(b) authorizes the Bureau to collect fees in connection with the activities it regulates. Consistent with Business and Professions Code section 26180(c), all license fees are set on a scaled basis, dependent on the size of the business. In response to comments received, the fee schedule has been updated to reflect a greater number of tiers which will allow for smaller licensing fees for certain operators. The updated license fees are determined using the licensee's gross revenue and are appropriately scaled to the size of the business entity licensed. The fees are based on the anticipated costs of Bureau operations, including but not limited to its licensing, regulation, and enforcement activities, during the license period. The fees also take into account the cost of the licensee's operation of the track and trace system.
5014	1080.15 (p.2210)	Commenter indicates that the fees should be refundable. Commenter also states that there should be additional terms here.	The Bureau disagrees with this comment. The Bureau has determined that application fees are not refundable because the fees account for Bureau review time; the Bureau needs to review an application in order to determine that it is complete. The Bureau will require annual licensing fees to be remitted prior to the issuance of an annual license; the license fees are not refundable because they take into account the costs of Bureau operations during the licensing period and the costs of the licensee's operation of the track and trace system. Commenter provides no specificity as to what additional terms are recommended so the Bureau is unable to evaluate the recommendation.

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5014	1190.3 (p.2394) 1196.3 (p.2403) 1289.1 (p.2510) 1360.2 (p.2609) 1514.1 (p.2929) 1649.3 (p.3770) 1663.3 (p.3847)	Commenters indicate that annual fees should be allowed to be paid on a payment schedule or over time, perhaps quarterly, biennially, or monthly. Commenters also suggest payment with 50% down, and at 6 and 9-month intervals assist additional fees as appropriate. This will help to adjust their fees based on projections and no penalty would be assessed.	The Bureau disagrees with this comment. The Bureau will require the annual license fee to be remitted prior to the issuance of an annual license. Accepting payments on an incremental basis may hinder the Bureau's ability to carry out its role under the Act because the license fees take into account the costs of the Bureau's operations during the licensing period.
5014	1305.1 (p.2528)	Commenter indicates that the annual license fees for temporary cannabis event owners do not make sense. Is it $1,000 or $5,000 per event. Suggest 1-4 events have a fee of $1,000; more than 5 events have a fee of $4,000.	The Bureau disagrees with this comment in part. Business and Professions Code section 26012(b) authorizes the Bureau to collect fees in connection with the activities it regulates. Consistent with Business and Professions Code section 26180(c), all license fees are set on a scaled basis, dependent on the size of the business. In this case, the fees for event organizers are established based on the number of events held a year. Each event itself will also have a nominal licensing fee. In response to comments received, the fee schedule has been updated to reflect a greater number of tiers which will allow for smaller licensing fees for certain operators. The updated license fees are determined using the licensee's gross revenue and are appropriately scaled to the size of the business entity licensed. The fees are based on the anticipated costs of Bureau operations, including but not limited to its licensing, regulation, and enforcement activities, during the license period.
5014	1316.2 (p.2540)	Commenter is supportive of the Bureau having discretion over its licensing fees.	The Bureau has noted commenter's support for the section.

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5014	1361.11 (p.2617)	The commenter observes that the distributor-transport only fees are based on revenue, however, a self-distribution transporter would not have any revenue since they are only moving their own products. You don't charge yourself for work. Please clarify what this application amount is based on.	The Bureau disagrees with this comment. In response to the comments received regarding the difficulty in calculating fees in the regulation, the Bureau determined that measuring the appropriate size of a business for the purpose of setting license fees presented a practical challenge. The Bureau has incorporated revisions to reflect fees based on projected revenue of the licensee. In determining the appropriate size category for their license, each prospective licensee will provide an estimate of the size of its operation in terms of revenue expected from cannabis goods expected to be tested, distributed, transported, or retailed. This ensures that in determining their license fees, licensees are better able to accurately reflect their revenues at each stage of the supply chain.
5014	1355.5 (p.2588)	One commenter indicates that the annual license fees range from 1.3% to 4% and that all fees should be revised to be a fixed rate or be lowered to accommodate those who are at the lower end.	The Bureau disagrees with this comment in part. Business and Professions Code section 26012 (b) authorizes the Bureau to collect fees in connection with the activities it regulates. Consistent with Business and Professions Code section 26180 (c), all license fees are set on a scaled basis, dependent on the size of the business. In response to comments received, the fee schedule has been updated to reflect a greater number of tiers which will allow for smaller licensing fees for certain operators. The fee for each tier are fixed. The updated license fees are determined using the licensee's gross revenue and are appropriately scaled to the size of the business entity licensed. The fees are based on the anticipated costs of Bureau operations, including but not limited to its licensing, regulation, and enforcement activities, during the license period. The fees also take into account the cost of the licensee's operation of the track and trace system.

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5014	1514.2 (p.2929)	Commenter suggests it may be more appropriate to set a high initial licensing fee, and then assess a more reasonable annual renewal fee.	The Bureau disagrees with this comment. The fees were determined to be necessary to account for the Bureau's expected total operating costs and the cost of the licensee's operation of the track and trace system. The license fees are appropriately scaled to the size of the business entity licensed and are based on the costs of services. The license fees also take into account the costs of licensing and enforcement actions taken by the Bureau during the license period.
5014	1514.3 (p.2930)	Commenter indicates that testing laboratories provide a service to the industry; they do not engage in the buying and selling of cannabis goods. The income of the laboratory is based on the fees and the cost of testing. Assessing fees based on product value could encourage laboratories to pick and choose what they test in order to manage the cost of their licensing fees. There needs to be a more equitable way to assess laboratory licensing fees.	The Bureau disagrees with this comment. All cannabis goods must pass through a licensed testing laboratory before they can enter the retail market. Recognizing that laboratories may not have information regarding the market value of the products they test, the testing laboratory fees are now based on a testing laboratory's gross revenue and are appropriately scaled to the size of the licensed testing laboratory.
5014	1757.3 (p.4463)	Commenter suggests that the fee schedule disproportionately charges retailers with higher revenues. The fees are not charged in a manner that is fair or consistent with enforcement costs, as all retailers effectively abide by the same regulations and therefore do not necessarily require double or triple the enforcement costs of smaller retailers. Suggest maintaining the language in section 5407 as readopted in the emergency regulations, or a sliding	The Bureau disagrees with this comment in part. Business and Professions Code section 26012 (b) authorizes the Bureau to collect fees in connection with the activities it regulates. Consistent with Business and Professions Code section 26180 (c), all license fees are set on a scaled basis, dependent on the size of the business. In response to comments received, the fee schedule has been updated to reflect a greater number of tiers which will allow for smaller licensing fees for certain operators. The updated license fees are determined using the licensee's gross revenue and are appropriately scaled to the size of the business entity licensed.

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		scale that has smaller increments for fee increases.	The fees are based on the anticipated costs of Bureau operations, including but not limited to its licensing, regulation, and enforcement activities, during the license period. The fees also take into account the cost of the licensee's operation of the track and trace system.
5014	1558.2 (p.3308)	Commenter indicates that subsection (c) should be clarified in determining the max dollar value of the planned operation for retailers, to not include the 15% excise tax, local cannabis tax, and state sales tax.	The Bureau agrees with this comment. In response to comments received regarding the difficulty in calculating fees in the regulation, the Bureau determined measuring the appropriate size of a business for the purpose of setting license fees presented a practical challenge. Accordingly, the Bureau has changes to reflect fees based on projected revenue of the licensee. In determining the appropriate size category for their license, each prospective licensee shall provide an estimate of the size of its operation in terms of revenue expected from cannabis goods expected to be tested, distributed, transported, or retailed.
5014	3405.2 (p.10078)	Commenter points to Business and Professions Code section 16102, as exempting veteran-owned businesses from state fees, which the Bureau should follow. Commenter indicates he has been continuously ignored on this issue by Bureau attorneys.	The Bureau disagrees with this comment. Business and Professions Code section 16102 is not applicable to Bureau licensees; the Bureau communicates this in response to inquiries received through our customer service/public resources. The Bureau is unable to change the language and intent of Business and Professions Code section 16102.
5014	3484.3 (p.10184)	Commenter indicates that licensing prices should be at the same level for the different licenses (e.g., testing laboratory licenses should cost the same as distributor licenses).	The Bureau disagrees with this comment in part. Business and Professions Code section 26012 (b) authorizes the Bureau to collect fees in connection with the activities it regulates. Consistent with Business and Professions Code section 26180 (c), all license fees are set on a scaled basis, dependent on the size of the business. The fees are based on the anticipated costs of Bureau operations, including but not limited to its licensing, regulation,

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			and enforcement activities, during the license period. The fees also take into account the cost of the licensee's operation of the track and trace system. Because testing laboratories must comply with a number of technical specifications, it is the Bureau's experience that regulating such licensees takes more time and effort than other license types.
5014	1020.4 (p.2037) 1020.7 (p.2038) 3476.4 (p.10173)	Commenters suggest that the licensing fees should be based on the number of attendees with smaller fees for smaller events.	The Bureau disagrees with this comment. The costs for regulating an event are not reduced because a smaller number of people attend the event. It would be unreasonable to base the licensing fee schedule on the number of attendees.
5014	1126.3 (p.2288)	Commenter suggests that there be an additional cannabis event organizer license for an organizer who plans to hold 1-2 events for a license fee of $1,000.	The Bureau disagrees with this comment. The Bureau has established the licensing fees for event organizers based on the expected regulatory costs.
5014	1020.5 (p.2037) 1126.3 (p.2288)	Commenters suggest that there be a different type of event license for non-profit events with a 50% reduction or more on the licensing fees.	The Bureau disagrees with this comment. The event organizer is responsible for the cost of regulating the temporary cannabis event. Licensing fees are determined on the expected cost of regulating the event. Additionally, the Bureau has not addressed nonprofit licenses in the regulations. Business and Professions Code section 26070.5 requires the Bureau to investigate the feasibility of nonprofit licenses by January 1, 2020.
5015	998.1 (p.1965) 1551.1 (p.3238) 1649.3 (p.3770) 1664.3 (p.3854) 1735.35 (p.4308) 1748.4 (p.4394) 1757.4 (p.4464) 1799.37 (p.4881)	Commenters suggest that penalties for underpayment should be waived through 2020 due to the unpredictable nature of the emerging industry. The licensee should pay the difference along with a reasonable interest rate. If a licensee overpays, they should be issued a refund or credit towards the next year's fees as well as a credit for a reasonable interest rate. One commenter asks the Bureau to remove the 50% penalty	The Bureau disagrees with this comment. The Bureau is required to fund its operations through licensing operations. Failure to pay fees on time or pay fees in part creates an additional administrative workload for the Bureau. Thus, identifying penalties within its regulations serves as a deterrent and ensures that the appropriate licensing fees will be paid. In addition to deterring licensees from paying less than the appropriate annual license fee, this fee was determined to be nominal when compared to a licensee's lost revenue after having to cease their licensed operations.

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		fee for failing to pay an appropriate fee as it is a challenge for businesses entering into an industry to guess what their revenue streams will be. Commenter suggests that language in the subdivision be limited to those who "intentionally" failed to pay the appropriate licensing fee. One commenter indicates that there should not be any penalty fees, or the Bureau should reduce fees to a more appropriate amount, such as 5-10%. One commenter indicates that the Bureau should remove the 50% penalty fee for failing to pay the appropriate fee. Rather, the balance of the license fee should be remitted to be appropriate to come into compliance. Several commenters recommend the following language: If a licensee determines that they paid an amount less than the appropriate licensing fee under section 5014 of this division, due to unexpected growth in licensee operations, then the licensee can notify Bureau and pay the difference between that of the	The Bureau recognizes that the licensed market is evolving, and there may be extenuating circumstances which have resulted in underpayment of licensing fees. Accordingly, this section enables the Bureau to waive the penalty fee in certain circumstances which impeded the licensee's ability to pay on time.
5016	288.2 (p.750) 668.3 (p.1266) 1043 (p.2133) 1084 (p.2215) 1148.1 (p.2339)	Commenters suggest that to avoid transfer of wealth from low-income communities to wealthy investors, priority licensing is needed for equity applicants and those complying with a local equity program.	The Bureau disagrees with this comment. The section is consistent with Business and Professions Code section 26054.2, which requires that in issuing licenses, the Bureau shall grant priority in issuing licenses to applicants that can demonstrate the

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	1335 (2565) 1515.1-1515.6 (p.2935) 1552.5 (p.3252) 1594.9 (p.3482) 1600.3 (p.3531) 1707.2 (p.3992) 1709.2 (p.4003) 1714.6 (p.4044) 1745.1 (p.4364) 1784.2 (p.4768) 1785.2 (p.4773) 1786.2 (p.4778) 1787.2 (p.4783) 1788.2 (p.4788) 1789.2 (p.4792) 3465 (p.10160) 3597.3 (p.10323)	Some commenters state that "Priority licensing" is needed for State license applicants and reapplicants who are complying with a local equity program. Some commenters observe that expedited processing is granted to veterans, this benefit should be extended to people impacted by cannabis prohibitions. Some commenters suggest that the Bureau should provide priority licensing for WBE and MBE certified businesses. Some commenters suggest that the Bureau should create a new equity applicant category to ensure that majority ownership applications by persons in communities with high rates of cannabis related incarceration and that have experienced other social ill effects from the unequal enforcement of cannabis possession laws have prioritized application status to benefit from the legalization. Some commenters suggest that social equity and disadvantaged business owners need priority processing to access new opportunities in the California cannabis industry. The Bureau should provide priority processing for state applicants who are complying with a local equity program.	applicant operated in compliance with the Compassionate Use Act of 1996 and its implementing laws before September 1, 2016. The Bureau is also required to expedite applications submitted by veterans who provide evidence of an honorable discharge in accordance with Business and Professions Code section 115.4. However, the provisions regarding expedited and priority licensing do not mean that such applications are approved before other applications. The amount of time that it takes the Bureau to process an application is dependent on the completeness of the application that is submitted. There are no other statutory priority categories.

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5016	1361.4 (p.2615)	Commenter suggests that there needs to be a path to priority licensing for businesses that were in compliance with the Compassionate Use Act of 1996, but their local jurisdiction did not have an office "responsible for enforcing compliance."	The Bureau disagrees with this comment. The regulations provide two methods of showing compliance, one through a list provided by the local jurisdiction, or where no list is provided, the applicant provides evidence of compliance. Contrary to what commenter suggests, priority cannot be established without some form of local authorization; being in compliance with the Compassionate Use Act for priority licensing includes an applicant's ability to demonstrate compliance with the rules and regulations established by their local jurisdiction.
5016	1515.5 (p.2936)	Commenter suggests that priority licensing should be defined, meaning review and approval of applications or renewals before any cannabis application or renewal that would otherwise be first come, first served.	The Bureau disagrees with this comment. Delaying review and approval of other applications while Bureau staff wait for additional information from a priority applicant, may be inefficient, especially when an applicant has one year to correct deficiencies for an incomplete application. To the extent the Bureau receives complete applications that qualify for priority processing, such applications will be processed in a manner consistent with the regulation.
5016	1533.10 (p.3134)	Commenter indicates that the priority licensing deadline should be abolished, as many local jurisdictions have been slow to adopt regulations for cannabis activity. This artificial deadline is unfair to applicants with no control over the circumstances.	The Bureau disagrees with this comment. Priority licensing is provided for in statute, under Business and Professions Code section 26054.2. By law, this section ceases to be operative on December 31, 2019. The Bureau is unable to change provisions of the statute.
5016	1667.1 (p.3899)	Commenter discusses first-in-line licensing for cannabis medicine companies and the need to serve patients.	The Bureau disagrees with this comment. The section is consistent with Business and Professions Code section 26054.2, which requires that in issuing licenses, the Bureau shall grant priority in issuing licenses to applicants that can demonstrate the applicant operated in compliance with the Compassionate Use Act of 1996 and its implementing laws before September 1, 2016. The Bureau is also required to expedite applications submitted by veterans who provide evidence of an honorable discharge in

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			accordance with Business and Professions Code section 115.4. However, the provisions regarding expedited and priority licensing do not mean that such applications are approved before other applications. The amount of time that it takes the Bureau to process an application is dependent on the completeness of the application that is submitted.
5016	3468.1-3468.6 (p.10163)	Commenter indicates that social equity for veterans needs to be addressed, specifically: • Should veterans have to prove their discharge saying they are honorable? • Should the application fees be waived if they are 100% service connected? • Should they be felons? • Should they be felons if they are honorably discharged? • Is there a veterans' liaison that works with the Bureau? Commenter would like to be considered for social equity. Commenter also asks what the fundamental aspect of veterans is and inquiries about veteran's taxes.	Comment noted by the Bureau. Many of the comments are questions, which are not directed to any specific provision of the regulations. Notably, owners that have previously served in the military have the option of disclosing their service to receive expedited application processing if they can provide evidence of honorable discharge. This optional disclosure applies to all Department of Consumer Affairs boards and bureaus, which includes the Bureau, through Business and Professions Code section 115.4, and is included in the regulations at section 5002 for clarity. Commenter's remarks regarding taxes are not relevant to the Bureau's regulations, as taxes are under jurisdiction of CDTFA.
5016	3525.1 (p.10228)	Commenter indicates that the language regarding priority licensing for veterans in the Bureau's regulations is way too broad. To qualify for this priority, such veterans should be honorably discharged and have served in the armed forces.	The Bureau disagrees with this comment. Owners that have previously served in the military have the option of disclosing their service to receive expedited application processing if they can provide evidence of honorable discharge. This optional disclosure applies to all Department of Consumer Affairs boards and bureaus, which includes the Bureau, through Business and

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			Professions Code section 115.4, and is included in the regulations at section 5002 for clarity.
5017	184.2 (p.535) 288.3 (p.751) 1084 (p.2215) 1148.2 (p.2339) 1784.3 (p.4769) 1785.3 (p.4774) 1786.3 (p.4779) 1787.3 (p.4784) 1788.3 (p.4789) 1789.3 (p.4793) 3471.3 (p.10167) 3485.2 (p.10185) 3503.1 (p.10205) 3506 (p.10208) 3597.6 (p.10323)	Commenters suggest that dismissals for substantially related offenses should be disregarded as part of the application process. Commenters also indicate that dismissals and expungements for substantially related offenses should be disregarded as part of the application process. Commenters indicate that if a record has been dismissed or expunged, the Bureau should not have access to them or use them to deny an applicant for licensure.	The Bureau disagrees with this comment. The Bureau will consider an applicant's offenses that are substantially related to the qualifications, functions, or duties of operating a commercial cannabis business, consistent with Business and Professions Code section 26057. Specifically, Business and Professions Code section 26057 requires the Bureau to conduct a thorough review of the nature of an applicant's convictions, including evidence of rehabilitation from criminal acts that are substantially related to the qualifications, functions, or duties of conducting commercial cannabis activity. Section 5017 (c) requires the Bureau to consider evidence of dismissal or expungement of an offense. Evidence of a dismissal or expungement indicates that a court for one reason or another has determined that the offense be dismissed or expunged from the applicant's record. This is an important factor in determining whether an applicant is fit for licensure because a court has determined that the offense should not be included in the person's criminal history. As the Bureau is charged with protecting public health and safety, it is important to allow the Bureau to consider as much evidence as possible before determining an applicant's fitness for licensure.
5017	196.2 (p.558) 1084 (p.2215) 1148.2 (p.2339) 3471.2 (p.10167) 3485.1 (p.10185) 3506 (p.10208) 3597.7 (p.10323)	Commenters feel that what children did before they turned 18 should have no bearing on their adult life; this is onerous and cruel. Commenters suggest that things do not always accurately reflect the reality of the incident, for juvenile offenses; they are disadvantaged. Commenters ask why the Bureau is including juvenile offenses at all. What children did before they turned	The Bureau disagrees with this comment. Under Business and Professions Code sections 144 and 26051.5 (a)(1), the Bureau is required to request and conduct a criminal history record check on all applicants.

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		18 should never carry with them into adult life.	
5017	1084 (p.2215) 1148.2 (p.2339) 3471.1 (p.10167) 3597.5 (p.10323)	Commenters indicate that a detailed statement of rehabilitation for every conviction is unreasonable. People often have 15-30 convictions each; many don't even make sense or happened too long ago to remember. Commenters suggest applicants provide one statement of overall criminal record.	The Bureau disagrees with this comment. The Bureau will consider an applicant's offenses that are substantially related to the qualifications, functions, or duties of operating a commercial cannabis business, consistent with Business and Professions Code section 26057. Specifically, Business and Professions Code section 26057 requires the Bureau to conduct a thorough review of the nature of an applicant's convictions, including evidence of rehabilitation from criminal acts that are substantially related to the qualifications, functions, or duties of conducting commercial cannabis activity. Evidence of rehabilitation is an important factor in determining whether an applicant is fit for licensure. As noted in section 5017 (c)(4), the Bureau will consider the time that has elapsed since the commission of the act.
5017	1145.8 (p.2335)	Commenter suggests that the entire part about past criminal history has to be revised to only include recent serious offenses that would prohibit a person from qualifying for licensure. Minor offenses from decades ago have no bearing on a person's qualifications to run a cannabis business.	The Bureau disagrees with this comment. The Bureau will consider an applicant's offenses that are substantially related to the qualifications, functions, or duties of operating a commercial cannabis business, consistent with Business and Professions Code section 26057. Specifically, Business and Professions Code section 26057 requires the Bureau to conduct a thorough review of the nature of an applicant's convictions, including evidence of rehabilitation from criminal acts that are substantially related to the qualifications, functions, or duties of conducting commercial cannabis activity. An applicant's complete criminal history provides information regarding their fitness for licensure.

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5017	1357.5 (p.2595)	Commenter suggests that there should be strict enforcement of regulations preventing convicted felons from owning or operating drug operations.	The Bureau disagrees with this comment in part. The Bureau will consider an applicant's offenses that are substantially related to the qualifications, functions, or duties of operating a commercial cannabis business, consistent with Business and Professions Code section 26057. Specifically, Business and Professions Code section 26057 requires the Bureau to conduct a thorough review of the nature of an applicant's convictions.
5018	55.3 (p.69) 61.3 (p.108) 69.3 (p.158)	Commenters indicate that the Bureau should include as a ground for denial of licensure, a local agency's adoption of an ordinance prohibiting cannabis-related commercial uses within its jurisdiction.	The Bureau disagrees with this comment. Section 5018(f) already provides that an application for licensure may be denied if the applicant "has been denied a license, permit, or other authorization to engage in commercial cannabis activity by a state or local licensing authority." Moreover, Business and Professions Code section 26055(d) already provides that the Bureau may not approve an application for licensure that would violate the provisions of any local ordinance or regulation adopted in accordance with Business and Professions Code section 26200. Adding this as additional grounds for denial of licensure is not necessary and may be considered duplicative of language within the Act.
5018	262.7 (p.690) 1569.7 (p.3357)	Commenters indicate that the Bureau should add as an additional ground for denial, a licensee's refusal to allow any agency access to their business premises.	The Bureau disagrees with this comment. Business and Professions Code section 26055(d) already provides that the Bureau may not approve an application for licensure that would violate the provisions of any local ordinance or regulation adopted in accordance with Business and Professions Code section 26200. If a local agency's access is required by local ordinance or regulation and an applicant refuses, such violation would be considered grounds for denial. Similarly, the Act provides that a license may be denied for the enumerated reasons under Business and Professions Code

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			section 26057, including failure to comply with the Act and any of its regulations, and any other condition specified in law. Consistent with Business and Professions Code 26057(i) of the regulation provides that the applicant may be denied a license for any violations of law related to the operations of the commercial cannabis business or for any violations of law related to licensure. If an agency's access is required by law and an applicant refuses, such violation would also be considered grounds for denial. Accordingly, adding this as additional grounds for denial of licensure is duplicative and not necessary.
5018	1613.1 (p.3587)	Commenter suggests that licenses should be denied based on labor standard violations, within the past three years.	The Bureau disagrees with this comment. The Act provides that a license may be denied for the enumerated reasons under Business and Professions Code section 26057, including failure to comply with the Act and any of its regulations, and any other condition specified in law. Consistent with Business and Professions Code section 26057(i) of the regulation provides that the applicant may be denied a license for any violations of law related to the operations of the commercial cannabis business or for any violations of law related to licensure; such violations may include violations of labor standards. Accordingly, adding this as additional grounds for denial of licensure is duplicative and not necessary.
5018	1625.9 (p.3634)	Commenter indicates that grounds for denial should include denial based on a violation of the California Food Sanitation Act.	The Bureau disagrees with this comment. Business and Professions Code section 26001(h) states, cannabis goods with cannabis concentrates are not considered food as defined by Health and Safety Code section 109935. The Act provides that a license may be denied for the enumerated reasons under Business and Professions Code section 26057, including failure to comply with the Act and any of

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			its regulations, and any other condition specified in law. Consistent with Business and Professions Code 26057(i) of the regulation provides that the applicant may be denied a license for any violations of law related to the operations of the commercial cannabis business or for any violations of law related to licensure. Accordingly, adding this as additional grounds for denial of licensure is duplicative and not necessary.
5018	1662.2 (p.3840)	Commenter suggests that this section should be narrowly tailored, but subsections (h) and (i) are too broad, and do not allow for any extenuating circumstances, such as failure to file an extension for tax payments.	The Bureau disagrees with this comment. The Act provides that a license may be denied for the enumerated reasons under Business and Professions Code section 26057, including failure to comply with the Act and any of its regulations, and any other condition specified in law. This is important to allow the Bureau to consider as much evidence as possible before determining an applicant's fitness for licensure as a licensee is expected to obey all laws applicable to its business operations, including those of general application in the state, not just those of the Act and its implementing regulations.
5018	1778.2 (p.4719)	Commenter suggests that the regulation should clarify that it is within California, when referring to a state or local licensing authority.	The Bureau disagrees with this comment. The language of the relevant provisions clearly refers to denials within the State of California through the use of the terms "a state or local licensing authority." As commercial cannabis businesses located outside of the State of California are not eligible for licensure, it is not necessary to include this clarification.
5019	46.1 (p.80) 668.4 (p.1267) 1552.6 (p.3253) 1594.10 (p.3483) 1707.3 (p.3992) 1708.3 (p.3997) 1709.3 (p.4003) 1714.7 (p.4045)	Commenters indicate that there is no set limit on the number of retailers that can be licensed. Legalizing cannabis without creating an excess density of cannabis outlets, or an excess of sites concentrated on vulnerable communities, as has traditionally occurred with tobacco and alcohol outlets, is a critically important part	The Bureau disagrees with this comment. The Act does not provide for a cap on licenses issued by the State. Consistent with Business and Professions Code section 26051 (c), section 5019 of the regulations requires the Bureau to consider if an excessive concentration exists in an area where the annual licensee will operate. Business and Professions Code section 26190 (i)(2)(A) further requires the Bureau to consider whether not issuing a license would "unduly limit the development of the legal market

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		of getting cannabis legalization right. For this reason, the Bureau should not allow an unlimited number of licenses. Recommend capping retail licensees at 1,000; and no more than 1 per 30,000 inhabitants in any county, city or unincorporated county community. Commenters also suggest that the Bureau omit any consideration that allows licenses, where excessive concentration has been identified because over concentration will not discourage or mitigate the illegal market. Commenters suggest that license limits should be applied to retailers, both storefront and non-storefront, to ensure that an excess of sites is not concentrated in vulnerable communities as has happened with retail tobacco and alcohol outlets.	so as to perpetuate the illegal market for cannabis or cannabis products." The section is necessary for consistency with the Act and because it provides a mechanism for applicants to demonstrate why issuance of their license is warranted, even if they are located in an area with an excessive concentration of licenses.
5019	46.2 (p.80) 1437.2 (p.2769)	Commenters suggest that the Bureau must consider excessive concentration when granting all licenses (temporary and annual) to ensure public health and safety, for example, limiting the number of indoor cultivators to reduce the environmental impact. Another solution is to impose a progressive carbon tax and developing tax credits.	The Bureau disagrees with this comment in part. Consistent with Business and Professions Code section 26051 (c), section 5019 of the regulations requires the Bureau to consider if an excessive concentration exists in an area where an annual retail licensee or microbusiness licensee that is authorized to engage in retail will operate; this section does not apply to temporary retail licenses or microbusiness licenses authorized to engage in retail that are issued under Business and Professions Code section 26050.1. Commenter's remarks regarding taxes are not relevant to the Bureau's regulations, as taxes are under jurisdiction of CDTFA.

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5019	115.3 (p.256)	Commenter indicates that the inclusion of section 5019 as a consideration for state licensure will enact regulation for local businesses without the need for local jurisdiction approvals.	The Bureau disagrees with this comment. The commenter appears to misconstrue the use of section 5019. Business and Professions Code section 26055(d) provides that the Bureau may not approve an application for licensure that would violate the provisions of any local ordinance or regulation adopted in accordance with Business and Professions Code section 26200. Once an applicant can demonstrate that their commercial cannabis activities are authorized by their local jurisdiction, the section would require the Bureau to consider if an excessive concentration exists in an area where the annual licensee will operate, consistent with Business and Professions Code section 26051 (c). However, determining that an excessive concentration exists is not a complete bar from state licensure. Business and Professions Code section 26190 (i)(2)(A) requires the Bureau to consider whether not issuing a license would "unduly limit the development of the legal market so as to perpetuate the illegal market for cannabis or cannabis products." The section is necessary for consistency with the Act and because it provides a mechanism for applicants to demonstrate why issuance of their license is warranted, even if they are located in an area with an excessive concentration of licenses.
5019	249.2 (p.652) 996.1 (p.1958) 1518.1 (p.2945) 1534.1 (p.3194) 1533.11 (p.3135) 1534.1 (p.3149) 1586.9 (p.3437)	Commenters indicate that due to the issue of banned commercial cannabis activities in many of the localities in California, only about one third of local governments are permitting commercial cannabis businesses. In order for the industry to thrive and supply for the California	The Bureau disagrees with this comment. Consistent with Business and Professions Code section 26051 (c), section 5019 of the regulations requires the Bureau to consider if an excessive concentration exists in an area where annual retail or microbusiness licensee authorized to engage in retail will operate. The section is necessary for consistency with the Act and because it provides a mechanism for applicants to

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	1793.1 (p.4830) 3391 (p.10062)	cannabis market, many cannabis businesses must move to localities and areas that have licensing available and space to operate. This may cause excess concentration of businesses in these specific areas. The determination of whether to grant, deny, or renew a license for a retail or microbusiness in an area of "excess concentration" should be under the consideration of local government.	demonstrate why issuance of their license is warranted, even if they are located in an area with an excessive concentration of licenses.
5019	291 (p.760)	Commenter suggests that the Bureau will be able to use regulation 5019 to offset cities that will not comply with the will of the people.	The Bureau disagrees with this comment. The commenter appears to misconstrue the use of section 5019. Business and Professions Code section 26055(d) provides that the Bureau may not approve an application for licensure that would violate the provisions of any local ordinance or regulation adopted in accordance with Business and Professions Code section 26200. Once an applicant can demonstrate that their commercial cannabis activities are authorized by their local jurisdiction, the section would require the Bureau to consider if an excessive concentration exists in an area where the annual licensee will operate, consistent with Business and Professions Code section 26051 (c). However, determining that an excessive concentration exists is not a complete bar from state licensure. Business and Professions Code section 26190 (i)(2)(A) requires the Bureau to consider whether not issuing a license would "unduly limit the development of the legal market so as to perpetuate the illegal market for cannabis or cannabis products." The section is necessary for consistency with the Act and because it provides a

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			mechanism for applicants to demonstrate why issuance of their license is warranted, even if they are located in an area with an excessive concentration of licenses.
5019	297 (p.773)	Commenter suggests that the Bureau should maintain section 5019, which addresses excessive concentration, importing and reiterating the mandatory edict denoted by the "shall consider excessive concentration" language directly from the Act.	The Bureau has noted the commenter's support for the section.
5019	619 (p.1185)	Commenter suggests that the Bureau should expand what "excessive concentration" means by adding something that talks about the "Cumulative Effect", as with CEQA.	The Bureau disagrees with this comment. The "excessive concentration" determination required by Business and Professions Code section 26051 (c) pertains to the comparison of the ratio of a licensee to the population in the census tract or census division versus the ratio of licensees to the population in the county which the premises is located. This is separate from the review required under the California Environmental Quality Act, which already includes provisions for the analysis of a project's cumulative effects.
5019	652 (p.1243)	Commenter suggests that the Bureau should use 5019 to allow retailers in cities that passed Proposition 64 to implement it.	The Bureau disagrees with this comment. The commenter appears to misconstrue the use of section 5019. Business and Professions Code section 26055(d) provides that the Bureau may not approve an application for licensure that would violate the provisions of any local ordinance or regulation adopted in accordance with Business and Professions Code section 26200. Once an applicant can demonstrate that their commercial cannabis activities are authorized by their local jurisdiction, the section would require the Bureau to consider if an excessive concentration exists in an area where the annual licensee will

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			operate, consistent with Business and Professions Code section 26051 (c). However, determining that an excessive concentration exists is not a complete bar from state licensure. Business and Professions Code section 26190 (i)(2)(A) requires the Bureau to consider whether not issuing a license would "unduly limit the development of the legal market so as to perpetuate the illegal market for cannabis or cannabis products." The section is necessary for consistency with the Act and because it provides a mechanism for applicants to demonstrate why issuance of their license is warranted, even if they are located in an area with an excessive concentration of licenses.
5019	1088 (p.2222) 1547.8 (p.3196) 1586.9 (p.3437)	Commenter suggests that the Bureau should not institute state-mandated excessive concentration limits. Municipalities and counties have local control over cannabis business licensing and are better situated than the state to determine the appropriate areas for cannabis business activity. This section should be deleted. One commenter indicates that this section seems to preclude local authority from exercising its authority when "excessive concentration exists." One commenter indicates that excessive concentration should be something each community or municipality determines on their own. In the alternative, type 9 delivery-only retailers should be excluded as they do not create nuisance	The Bureau disagrees with this comment. Business and Professions Code section 26055(d) provides that the Bureau may not approve an application for licensure that would violate the provisions of any local ordinance or regulation adopted in accordance with Business and Professions Code section 26200. Local jurisdictions are not precluded from exercising their own excessive concentration determinations in their review and approval of commercial cannabis businesses. Once an applicant can demonstrate that their commercial cannabis activities are authorized by their local jurisdiction, the section would require the Bureau to consider if an excessive concentration exists in an area where the annual licensee will operate, consistent with Business and Professions Code section 26051 (c). Notably, determining that an excessive concentration exists is not a complete bar from state licensure. Business and Professions Code section 26190 (i)(2)(A) requires the Bureau to

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		from signage or customer traffic in the same way a storefront might.	consider whether not issuing a license would "unduly limit the development of the legal market so as to perpetuate the illegal market for cannabis or cannabis products." The section is necessary for consistency with the Act and because it provides a mechanism for applicants to demonstrate why issuance of their license is warranted, even if they are located in an area with an excessive concentration of licenses.
5019	1509.3 (p.2891) 1572.6 (p.3382)	Commenters indicate that the Bureau should also include language from Business and Professions Code section 23958.4, as related to "high crime areas" as part of the definition for undue concentration, along with public convenience or necessity determinations by the local jurisdiction.	The Bureau disagrees with this comment. Business and Professions Code section 26190, requires the Bureau to consider if an excessive concentration exists in an area where the annual licensee will operate, the regulation is consistent with the statutory requirement. The Bureau cannot expand this determination by adding additional requirements, such as those from Business and professions Code section 23958.4 as suggested.
5019	1547.8 (p.3196)	Commenter believes it would be helpful to make explicit whether this applies to a cultivator or microbusinesses with cultivation. "Excessive concentration" is an inexact term and there is debate as to its usefulness. Determination of excessive is a rigorous market test, not seen here. Regulations state the ratios were to be calculated beginning 7/2018, this should be released to potential licensees for investment purposes.	The Bureau disagrees with this comment. Consistent with Business and Professions Code section 26190, section 5019 of the regulations provides the requirements for when the Bureau considers if an excessive concentration exists in an area where an annual retail licensee or microbusiness licensee authorized to engage in retail activities will operate. Any clarification for cultivators would fall under CDFA's jurisdiction. CDFA licenses cultivation activities and jurisdiction and authority over licensed cultivators.
5019	3396 (p.10067)	Commenter believes that a ratio of cultivators to retailers is creating a problem of too much supply. The licensing authorities should allow cultivators to directly sell to consumers, like the wine	The Bureau disagrees with this comment. The Bureau licenses retailers, distributors, testing laboratories, microbusinesses and cannabis events. Under the Act, cultivators may not directly sell to consumers. Microbusiness licenses allow for multiple

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		industry where wineries are allowed to sell their product from their wineries. Microbusinesses have this, but it is poisoned by local control. This right should come from the state, not local control.	commercial cannabis activities under one license at the same premises.
5020	1533.12 (p.3135)	Commenter believes that a late fee is a tax and unwarranted punishment of a business. There should be a partial or full waiver of the late fee, with extenuating circumstances, and allow a business applying for late renewal to continue operations.	The Bureau disagrees with this comment. The Act provides that annual licenses are valid for one year. Pursuant to the Act, commercial cannabis businesses must operate with a valid license or permit. Allowing for businesses to operate without a valid license or permit, is in direct violation of the Act. As noted in the initial statement of reasons, the late fee not only aims to deter licensees from routinely submitting late renewal forms, but it was determined to be nominal when compared to a licensee's lost revenue after having to cease operations upon license expiration.
5020	1586.10 (p.3437)	Commenter indicates that while small fines are acceptable, asking all operations to cease or issuing excessive fines is extreme for what is likely to be an unintentional clerical error. This is particularly egregious, because renewal only involves reaffirming small details on paper by businesses that have already been inspected and gone through vigorous application processes. A failure to renew in a timely fashion under these regulations could lead to significant losses or even the permanent closure of a business if the Bureau cannot immediately affirm renewal.	The Bureau disagrees with this comment. The Act provides that annual licenses are valid for one year. Pursuant to the Act, commercial cannabis businesses must operate with a valid license or permit. Allowing for businesses to operate without a valid license or permit, is in direct violation of the Act. The late fee not only aims to deter licensees from routinely submitting late renewal forms, but it was determined to be nominal when compared to a licensee's lost revenue after having to cease operations upon license expiration.

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5020	1597 (p.3515)	Commenter believes that the regulation should clarify that it is a complete application that needs to be submitted, so as not to delay the expiration of the license.	The Bureau disagrees with this comment. The regulation provides that in order to timely renew a license, the licensee must submit a "completed license renewal form" and annual license fee no later than 11:59 p.m. on the last business day before the expiration of the license. The section further outlines what information is required for a complete renewal form. Accordingly, the change is not necessary and may be duplicative of language in the regulation section.
5021	1613.3 (p.3588)	Commenter suggests that the regulations should include Bureau notification to the local authorities upon denial of a license.	The Bureau disagrees with this comment. The regulation is consistent with the requirements of Business and Professions Code section 26058, which requires the Bureau to notify the applicant in writing upon denial of an application for licensure. In circumstances where the denial of a license is based on the local jurisdiction's indication that the commercial cannabis activity for which a license is sought is prohibited by local ordinance or regulation, the Bureau will notify the local jurisdiction in a manner consistent with Business and Professions Code section 26055 (g)(1). Including this language in the section would be duplicative and not necessary.
5022	1533.13 (p.3135) 1609.10 (p.3572) 1778.9 (p.4724)	Commenters indicate that this section provides the Bureau too much discretion, and fails to consider forced removal and seasonal activities, for example when landlords wish to refinance, or location is being sold. Licensees should be able to retain their licenses in such circumstances. Commenters believe that this should only be for those businesses who do not intend to reopen.	The Bureau disagrees with this comment. Business and Professions Code Section 26000 (ap) defines "premises" as the designated structure or structures and land specified in the application that is under the control of the licensee where the commercial cannabis activity will be or is conducted. Licensees who are removed from their premises or shut out of their premises for prolonged amounts of time, are no longer exercising privileges under their license. Additionally, the regulation allows owners to request reinstatement of licenses.

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5022	1597 (p.3515)	Commenter believes that the regulations should include provision that a license is cancelled once local authorization is revoked.	The Bureau disagrees with this comment. Business and Professions Code section 26200 (c) includes provisions for when a local jurisdiction revokes its local authorization. Upon notification, the Bureau shall begin the process of determining whether a license should be suspended or revoked; this revocation is not considered the same as a licensee's cancellation of their license.
5023(c)	119.6 (p.271) 922.2 (p.1780) 1394 (p.2691) 1560.2 (p.3330) 1609.11 (p.3572) 1609.31 (p.3575) 1623.14 (p.3623)	Commenters indicate that rather than requiring licensees to apply for a new license when there is a change in ownership, the regulations should require the licensee to notify the Bureau of any ownership changes. Directors resign, and new directors are elected, sometimes multiple times in a given year. The application process is lengthy and expensive. Commenters indicate that a company should be able to control internal changes and not be subject to additional fees for internal changes. Commenters indicate that ownership and financial interest changes happen frequently in a dynamic and growing industry. Needing to submit a new application and fee every time an ownership change occurs is onerous and costly. Suggest amending to allow for an easier path to amend licensee ownership, while preserving timely notification and authority of the state to accept or reject ownership changes based on a review of a new owner's	The Bureau disagrees with this comment. A new application is necessary to verify that owners satisfy the requirements for licensure. By requiring a new application for each ownership change, the Bureau will be able to verify ownership and conduct background checks on all owners consistent with Business and Professions Code section 26051.5. Section 5023 (c) enables businesses to continue conducting business where at least one owner will be remaining under the new ownership structure to allow for continuity of business, while allowing the Bureau to observe the statutory requirement to vet owners under Business and Professions Code section 26051.5. Moreover, the one-time $1,000 fee associated with the application process ensures that the costs associated with Bureau review of applications are appropriately captured.

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		qualifications. Commenters indicate that the Bureau should look to CDPH regulations, specifically, section 40178. Commenters indicate that the regulations discourage and do not provide for a transfer of a license. This restricts investment and reduces the incentive to develop efficient, productive businesses.	
5023(c)	141.7 (p.352)	Commenter indicates that licensees work so hard to create their businesses. Making it difficult or expensive to transfer the business does not make sense.	The Bureau disagrees with this comment. The Bureau has determined the most efficient means for a transfer of license via sale is to require a new application. A new application is necessary to verify that owners satisfy the requirements for licensure. By requiring new owners to submit information for each ownership change, the Bureau will be able to verify ownership and conduct background checks on all owners consistent with section 26051.5 of the Business and Professions Code. This subsection enables businesses to continue conducting business where at least one owner will be remaining under the new ownership structure to allow for continuity of business, while allowing the Bureau to observe the statutory requirement to vet owners under section 26051.5 of the Business and Professions Code. The purpose of collecting this information is to allow the Bureau to make an informed determination on whether the applicant's planned operations will comply with the various statutory and regulatory requirements prior to issuing a license.
5023(a)	262.3 (p.687)	Commenter indicates that the Bureau should not adopt the regulation and should retain the language in the November 2017 emergency regulations. The regulation undermines the transparency and notice	The Bureau disagrees with this comment. Regarding the commenter's general objection of the adoption of this section, the Bureau plans to adopt this section for the reasons explained in the initial statement of reasons.

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		offered by the application process and creates confusion as to the reporting of changes after the initial application process. The regulation exempts licensees from reporting changes to "operating procedures" yet no enabling legislation nor the regulations define what constitutes an "operating procedure." The term "operating procedure" is used inconsistently throughout the regulations to refer to anything from testing operating procedures to security operating procedures.	Business and Professions Code section 26051.5 (b) requires all applicants for annual licensure to include a detailed description of their operating procedures, as required by the licensing authority for: (1) Cultivation. (2) Extraction and infusion methods. (3) The transportation process. (4) Inventory procedures. (5) Quality control procedures. (6) Security protocols. Moreover, Business and Professions Code section 26102 (c) requires testing laboratories to establish standard operating procedures that provide for adequate chain of custody controls for samples transferred to the testing laboratory for testing. The Act does not specify what information is required to be included in the operating procedures included with an application for licensure. The Bureau has developed forms and incorporated them by reference in section 5002 in order to specify what information is required to be submitted to the Bureau to describe the applicant's inventory and quality control procedures. The purpose of collecting this information is to allow the Bureau to make an informed determination on whether the applicant's planned operations will comply with the various statutory and regulatory requirements prior to issuing a license.
5023(b)	262.4 (p.688) 1533.14 (p.3136) 1569.4 (p.3355)	Commenters indicate that this section does not reflect the reality of employer/labor relations, where it may take time to complete negotiations, such as staff	The Bureau disagrees with this comment. Business and Professions Code section 26051.5 (a)(5) requires applicants for licensure to provide a statement that the applicant will enter into or demonstrate that they have already entered into and will

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		considerations, or due diligence. Showing of good faith should be all that's required. Commenters suggest that this section should be amended to ensure that once an applicant employs more than 20 employees, it will enter into and abide by the terms of a labor peace agreement within 30 days.	abide by the terms of a labor peace agreement. However, no time frame for completing the labor peace agreement is identified in the statute. The Bureau recognizes that once a business has retained 20 employees it may take some time for the negotiating parties to enter into such an agreement; imposing stringent time limits may unnecessarily rush the negotiating process. This section assures the protection of employees by ensuring that once licensed, the licensee does not forgo or put off its responsibility to enter into such an agreement, without identifying any potentially restrictive timeframes. In addition, licensees are required to provide the copy of the signature page of the labor peace agreement, which will assure that the Bureau can confirm that the licensee entered into an agreement as required by Business and Professions Code section 26051.5(a)(5)(A).
5023	956 (p.1906) 1039.2 (p.2121) 1176 (p.2380) 1381.2 (p.2675) 1400.2 (p.2697) 1401.2 (p.2698) 1538.2 (p.3169) 1603.22 (p.3540) 1719.22 (p.4089) 1720.24 (p.4107) 1735.26 (p.4305) 1778.6 (p.4723) 1799.28 (p.4878) 3573.1 (p.10294)	Commenters indicate that a licensed operator wishing to move to a new location should not need to submit a new application. While it is understood that a new location will need approval of the municipality, there should not be a need to reapply if nothing in the ownership or operations of the business has changed. Operators risk a loss of operation that may be incurred by having to reapply again. Commenters would like the Bureau to consider instituting an expedited process for a single licensed distributor who has multiple licensed premises or for those who want to move to a nearby larger or smaller space within a certain radius of the existing	The Bureau disagrees with this comment. The commenter has not noted how the process is not streamlined, or how it could be more streamlined or expedited. The regulations provide for requirements to ensure adequate review by the Bureau for continued fitness for licensure, and compliance with the Act. Premises is defined by 1594.15Business and Professions Code section 26001(ap) as the designated structure or structures and land specified in the application that is owned, leased, or otherwise held under the control of the applicant or licensee where the commercial cannabis activity will be or is conducted." That section further provides that a premises shall be a "contiguous area" and shall only be occupied by one license. Moreover, Business and Professions Code section 26053 requires a separate license for each location at which commercial cannabis activity will be conducted.

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		store. Suggesting a 1-mile radius. One commenter also suggests a simple form to inform the Bureau of changes, similar to at a municipal level. Resubmitting complete applications is excessive and an unfair burden on applicants.	
5023	1022.5 (p.2041) 1030.45 (p.2072) 1051.5 (p.2150) 1077.28 (p.2198) 1077.29 (p.2198) 1124.5 (p.2273) 1131.41 (p.2308) 1375.5 (p.2660) 1380.15 (p.2672) 1413.45 (p.2722) 1425.5 (p.2745) 1440 (p.2772) 1507.46 (p.2864) 1512.46 (p.2919) 1520.46 (p.2964) 1523.46 (p.2998) 1651.46 (p.3799) 1767.45 (p.4608) 1768.45 (p.4634) 1769.45 (p.4660) 1770.45 (p.4686)	Commenters indicate that this section is not clear as to whether a new application is required if a change in ownership occurs from members of a nonprofit. Commenters indicate that the Bureau should clarify that a change in business entity type does not require a new application if the change of ownership does not include a change from members of a nonprofit cooperative or mutual benefit corporation to a for-profit corporation.	The Bureau disagrees with this comment. Subsection (c) enables businesses to continue conducting business where at least one owner will be remaining under the new ownership structure to allow for continuity of business, while allowing the Bureau to observe the statutory requirement to qualify owners under section 26051.5 of the Business and Professions Code. This may include scenarios where a business entity is transitioning from a nonprofit model to a for-profit corporation.
5023	1373.2 (p.2656)	The Bureau should eliminate subsection (g) which requires microbusiness licensees to inform the Bureau of changes to their commercial cannabis activities. This is a	The Bureau disagrees with this comment. It is essential that the Bureau have the opportunity to determine whether a licensee's requested activities are allowed before the licensee begins engaging in them. Moreover, the Bureau must assure that the

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		local land use issue, which merely requires notification to the Bureau.	licensee can satisfy the various requirements to hold the privilege of a microbusiness license.
5023	1384.2 (p.2679)	The requirement to file an amendment to a public company's license should be limited to the public company's knowledge of such change of ownership. For example, stocks change hands daily, and companies may not be aware when persons acquire 5% or more of their shares.	The Bureau disagrees with this comment. An owner is defined under section 5003, to also include a person with an aggregate ownership of 20% or more. It is incumbent upon the licensee to be aware of individuals that hold an ownership interest in the commercial cannabis business.
5023	1609.12 (p.3572)	Regulations should allow a licensee who holds 3 or 4 licenses at the same premises to be able to apply for a microbusiness even without explicit local authority for a "microbusiness" license.	The Bureau disagrees with this comment. As noted in Business and Professions Code section 26055 (e), applicants may demonstrate that their commercial cannabis activities are in compliance with their local jurisdiction. It is not necessary that the local jurisdiction use the same terminology as the Bureau in its licensing regime. Rather, the Bureau will confirm with the local jurisdiction that the applicant may engage in the requested commercial cannabis activities.
5023	1640.2 (p.3707)	The section should include notification by the Bureau to the local authority similar to the initial application for licensure.	The Bureau disagrees with this comment. The regulations do not preclude local ordinances from requiring similar notifications from their licensees. Where a licensee is requesting an additional license designation, the Bureau would notify the local jurisdiction in a manner consistent with Business and Professions Code section 26200.
5025	253.1 (p.660) 253.2 (p.660) 1350 (p.2581)	Banning drive through dispensaries is unnecessary. A drive through dispensary is probably one of the safest ways to transact a sale. Drive through windows exist for pharmacies, alcohol and tobacco sales, so it seems fair that cannabis should be able to transact through a drive through window.	The Bureau disagrees with this comment. Under the Act individuals under 21 are only permitted to purchase cannabis goods at a retail premises if they are at least 18 years of age and in possession of a valid physician's recommendation, therefore retailers must verify the age and identity of the customer prior to selling them cannabis goods. Drive through windows make it easier for the identity of the purchaser to be obscured. This increases the risk that cannabis goods will be sold to a minor.

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		It's also great for teachers, coaches, or government, without having to be seen by the public.	Further, drive through windows pose a security risk as the vehicle can obscure weapons or other harmful items that may be used against the licensee and its employees. In order to ensure that the health and safety of the public is preserved by limiting the potential for minors to acquire cannabis goods from a licensed retailer and limiting the potential for criminal acts, the Bureau must ban drive through windows.
5025	564.3 (p.1122) 1363.5 (p.2627) 1555.4 (p.3283) 1603.22 (p.3540) 1719.22 (p.4089) 1720.24 (p.4107) 1735.26 (p.4305) 1799.28 (p.4878) 3421.3 (p.10100) 3425.3 (p.10106) 3435 (p.10116) 3573.1 (p.10294)	A single licensee should be able to register multiple facility locations under a single company license if the entity name and ownership are the same for each location. A single license number should be applied to all businesses within the same license type and whereby each facility is locally authorized for the same activity. For example, a distributor with multiple distribution hubs throughout the state would have one license number with multiple registered, approved and permitted facility. Or allow distributors to have satellite facilities at cultivator or manufacturer facilities. Also, suggest new language to section 5025 (a): Each license shall have a designated licensed premises, with a distinct street address and suite number if applicable, for the licensee's commercial cannabis activity. Each licensed premises shall be subject to inspection by the Bureau. A licensee with multiple licensed facilities of	The Bureau disagrees with this comment. Recognizing that Business and Professions Code section 26053 (d) provides that "[e]ach applicant or licensee shall apply for, and if approved, shall obtain, a separate license for each location where it engages in commercial cannabis activity," section 5025 (a) requires each license to have a designated premises. Business and Professions Code section 26001(ap) defines premises as "the designated structure or structures and land specified in the application that is owned, leased, or otherwise held under the control of the applicant or licensee where the commercial cannabis activity will be or is conducted." That section further provides that a premises shall be a "contiguous area" and shall only be occupied by one license. Allowing licensees to centralize their operations under one license number would make it difficult for the Bureau to track location-specific information. Each location may have individual considerations and/or constraints that may need to be considered during the licensure process. Requiring a separate license application for each location is consistent with the Act and ensures that the Bureau has the ability to review and inspect necessary information that is germane to each prospective premises.

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		the same license type may centralize/consolidate the licensed premises under a single license number, so long as each premise is individually licensed by the Bureau.	
5025(a)	646.5-646.6 (p.1235) 1004.1 (p.2012) 1004.2 (p.2012) 1004.3 (p.2012) 1004.5 (p.2013) 1005.1 (p.2014) 1005.2 (p.2014) 1005.3 (p.2014) 1005.5 (p.2015) 1022.7 (p.2042) 1022.8 (p.2042) 1030.2 (p.2061) 1030.3 (p.2061) 1030.6 (p.2062) 1030.38 (p.2070) 1030.47 (p.2072) 1030.48 (p.2073) 1051.17 (p.2152) 1051.18 (p.2153) 1066 (p.2713) 1075.9 (p.2190) 1077.27-1077.28 (p.2198) 1124.7 (p.2274) 1124.8 (p.2274)	Many rural farms are located in between the location of canopy areas, processing areas, dry sheds, etc. Operators need to use an office in their homes to securely store and keep records. The Bureau should allow non-contiguous licensed activities to co-locate on the same property or an adjacent property; allow storage of licensee records in a home office in the same premises; allow non-cultivation activities to be co-located on the same premises as the cultivation license activities. This will also allow for small farms who do not qualify for a microbusiness to share premises and repurpose rooms and/or buildings for different stages of cannabis activity. Also allow for shared facilities, like CDPH, and allow for shared activities that are not the same commercial cannabis activity, such as manufacturing and cultivation.	The Bureau disagrees with this comment. Recognizing that Business and Professions Code section 26053 (d) provides that "[e]ach applicant or licensee shall apply for, and if approved, shall obtain, a separate license for each location where it engages in commercial cannabis activity," section 5025 (a) requires each license to have a designated premises. Business and Professions Code section 26001(ap) defines premises as "the designated structure or structures and land specified in the application that is owned, leased, or otherwise held under the control of the applicant or licensee where the commercial cannabis activity will be or is conducted." That section further provides that a premises shall be a "contiguous area" and shall only be occupied by one license. The predominant ordinary and common use of the term "contiguous," is to describe items that are in actual contact; or touching along a boundary or at a point. Allowing microbusinesses to utilize "accessory" licenses at another property that is not connected to or touching the microbusiness premises would run counter to statutory requirements. Allowing a licensed premises that may only be accessed via a private residence may result in the licensee losing control over who enters the premises, which may lead to an increased risk of theft, diversion, or other unauthorized activity. Additionally, an unlicensed person is not subject to the rules and regulations for

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
	1131.42 (p.2308) 1219.1 (p.2428) 1219.2 (p.2492) 1220.1 (p.2430) 1220.2 (p.2431) 1225 (p.2436) 1375.7 (p.2661) 1375.8 (p.2661) 1380.7 (p.2671) 1380.8 (p.2671) 1413.2 (p.2709) 1413.6 (p.2710) 1413.47 (p.2723) 1413.48 (p.2723) 1425.7 (p.2746) 1425.8 (p.2746) 1507.2 (p.2850) 1507.6 (p.2851) 1507.39 (p.2861) 1507.48 (p.2864) 1507.49 (p.2865) 1512.2 (p.2905) 1512.6 (p.2906) 1512.48 (p.2919) 1512.49 (p.2920) 1520.2 (p.2950) 1520.6 (p.2951) 1520.48 (p.2964) 1520.49 (p.2965) 1523.2 (p.2984) 1523.6 (p.2985)		operating a cannabis business; the risk of the licensee losing control over the premises is minimized with this location restriction. Finally, this subsection assures that Bureau staff will not need to conduct inspections of a licensee's private residence if the licensee's operations carry over to their private residence. Notably, the regulations would not preclude licensees from operating on a parcel that also includes a private residence, provided that access to the licensed premises is not solely through the private residence and the private residence is not included as part of the licensed premises.

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	1523.48 (p.2998) 1523.49 (p.2999) 1547.10 (p.3197) 1547.11 (p.3197) 1627.8 (p.3650) 1627.31 (p.3659) 1651.2 (p.3785) 1651.3 (p.3785) 1651.6 (p.3786) 1651.48 (p.3799) 1651.49 (p.3800) 1764.2 (p.4550) 1764.3 (p.4552) 1767.2-1767.6 (p.4594-4595) 1767.47 (p.4609) 1768.2-1768.6 (p.4620-4621) 1768.47 (p.4635) 1769.2-1769.6 (p.4646-4647) 1769.47 (p.4661) 1770.2-1770.6 (p.4672-4673) 1770.47 (p.4687) 3430.2 (p.10113) 3630.9 (p.2190)		
5025(c)	668.1 (p.1265) 1552.3 (p.3251) 1594.7 (p.3481) 1714.4 (p.4044)	Commenter supports the change for prohibiting sale or delivery to any person in motor vehicle	The Bureau has noted the commenter's support for the section.

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5025	668.4 (p.1267) 668.6 (p.1268) 1552.7 (p.3254) 1552.9 (p.3255) 1594.10 (p.3483) 1594.12 (p.3485) 1707.5-1707.7 (p.3993) 1709.4 (p.4003) 1709.5 (p.4004) 1709.6 (p.4004) 1709.7 (p.4004) 1714.13 (p.4046) 1714.14 (p.4047) 1714.15 (p.4047)	A cannabis retailer should be required to display three other warning signs: • One warning immigrants that using or possessing cannabis or working in the cannabis industry is legally dangerous for any non-natural citizen. • One warning individuals on parole that their possession or use of cannabis could violate their probation or parole. • One warning individuals between 18 and 20 years of age that if they are caught possessing cannabis without medical authorization, they could face legal consequences.	The Bureau disagrees with this comment. Requiring the commenter's suggested signage may be duplicative of existing state laws, rules, and orders. Specifically, both citizens and non-citizens must comply with all relevant rules and laws. In addition, individuals on parole must comply with the terms of their individual parole agreements. Existing state law already informs individuals between 18 and 20 years of age regarding the legal consequences of possessing cannabis without the appropriate medical authorization. The possible benefit of additional warnings do not outweigh the duplicity and additional burden to retailers.
5025	668.5 (p.1268) 1552.8 (p.3254) 1594.11 (p.3484) 1707.4 (p.3993) 1709.4 (p.4003) 1714.8-1714.12 (p.4046)	A cannabis retailer should be required to display a health warning sign prominently behind the main dispensing counter. The sign should be at least 3 feet by 3 feet and be displayed at eye height (i.e., with mid-point 5 feet above the floor). Black letters on a yellow background with a black border should be required.	The Bureau disagrees with this comment. The Bureau has determined additional warnings within licensed retailers is unnecessary and may be duplicative of other state requirements. For example, Business and Professions Code section 26120 already mandates certain government warnings to be placed on cannabis and cannabis products which include warnings about: cannabis use for minors; cannabis use for those who are pregnant or nursing; and cannabis use while operating heavy machinery.
5025(a)	686.2 (p.1310) 754.2 (p.1425) 924.8 (p.1794) 1316.3 (p.2540) 1702.28 (p.3952)	Commenter expressed concern regarding the Bureau's requirement to have a distinct street address and suite number if applicable.	The Bureau disagrees with this comment. While the regulation requires a distinct suite number, it does not necessarily require that suite number to be a locally-recognized or United States Postal Service-recognized mailing address. Prospective licensees

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	1744.29 (p.4359)	To avoid conflicts with local government land use regulations, the commenter suggests: (a) Requiring a distinct street address "and/or" a distinct suite number (b) Exempt licensees with multiple uses and premises that are the sole occupant of their building. (c) Add clarifying language that suite numbers must be reflected in the premises diagram and posted in a manner visible to the Bureau inspectors but need not be locally-recognized mailing addresses. (d) Eliminate the language. One commenter suggested exempting equity licenses from suite requirements. Clarify that multiple licenses can have the same address.	may identify individual "suites" within a building for licensing purposes. Recognizing that Business and Professions Code section 26053 (d) provides that "[e]ach applicant or licensee shall apply for, and if approved, shall obtain, a separate license for each location where it engages in commercial cannabis activity," section 5025 (a) requires each license to have a designated premises. Business and Professions Code section 26001(ap) defines premises as "the designated structure or structures and land specified in the application that is owned, leased, or otherwise held under the control of the applicant or licensee where the commercial cannabis activity will be or is conducted." That section further provides that a premises shall be a "contiguous area" and shall only be occupied by one license. Having licensees identify a distinct address or suite number, which is occupied by one licensee, allows the Bureau to effectively inspect the area and allows for one responsible licensee who must ensure compliance with license conditions.

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5025(e)	800 (p.1548) 3547.2 (p.10264)	Commenter proposes that the language be amended to allow fencing to separate manufacturing and distribution premises. Fencing with locking gates ensures that only authorized personnel can access distribution premises, and that any cannabis transferred to and from the distribution premises is properly tracked, stored, and manifested as such. Requiring walls when a chain fence would suffice, is an unnecessary blanket policy.	The Bureau disagrees with this comment. The language helps to limit exposing employees and Bureau staff to chemicals and contaminants at manufacturing and cultivation premises. Moreover, the subsection limits contamination and cross-exposure of cannabis goods.
5025	1355.7 (p.2589)	Curbside deliveries should be allowed, considering that some customers are patients who have limitations on mobility, and do not live in a jurisdiction that allows deliveries. Commenter also notes that curbside deliveries are permitted in their jurisdiction.	The Bureau disagrees with this comment. Security is very important in operating a cannabis business, which is cash intensive. Allowing a licensee to make sales and deliveries curbside, exposes the licensee and the consumer to additional security risks, and potentially involves commercial cannabis activity on public streets or property.
5025	1547.9 (p.3197)	Commenter is confused as to the definition of “premise” and whether it applies to all license types and activities, specifically farms and cultivation. Anything addressing cultivation should be under CDFA regulations.	The Bureau disagrees with this comment. The Act provides for the Bureau to license and regulate microbusinesses allowing for multiple activities on the premises. Premises is defined in the Act and the regulations and applies to all commercial cannabis activity license types.
5025(c)	1609.13 (p.3572)	This section is meaningless and discriminates against those that live or vacation in RVs, or forced to live in their cars, or are homeless and mentally ill.	The Bureau disagrees with this comment. This section does not prevent those individuals from purchasing cannabis goods at a storefront retail shop if the requirements for delivery cannot be met.

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5025	1625.11 (p.3634)	Conducting both adult-use and medicinal-use cannabis activity could create issues not just with potential product confusion, but also in enforcement as there are different age allowances for both employees and purchasers.	The Bureau disagrees with this comment. The Act and the regulations clarify who may gain access to the licensed premises of a retailer. Such clarifications assure that access to licensed retailer premises is limited to authorized individuals. Business and Professions Code section 26140 allows retailers engaged in adult-use and medicinal sales to allow individuals who are at least 18 years of age and possess a valid physician's recommendation to access the licensed premises, as well as persons over 21 years of age.
5025	1640.11 (p.3710)	Commenter requests the Bureau improve the effectiveness and enforceability of the general regulatory requirements for licensees. Specifically, propose language prohibiting a licensee from allowing or permitting any unlicensed cannabis cultivation.	The Bureau disagrees with this comment. Business and Professions Code section 26053 (a) provides that all commercial cannabis activity shall be conducted between licensees. Incorporating this recommendation is unnecessary as it is considered duplicative of language in the statute.
5025(e)	1705.2 (p.3968) 1774.4 (p.4704)	The regulation should allow for cultivation, distribution transport-only, and/or manufacturing to be done from a residence, like wineries. The regulation could allow for such a business to occur in a local jurisdiction that allows for owners of businesses to live at the same location as their business	The Bureau disagrees with this comment. One of the underlying purposes of the Act is to ensure a comprehensive regulatory system that takes production and sales of cannabis away from an illegal market and curtails the illegal diversion of cannabis. Prohibiting a licensed premises that is located within or may be accessed via a residence may result in the licensee losing control over who enters the premises, which may lead to an increased risk of theft, diversion, or other unauthorized activity. Moreover, unlicensed persons are not subject to the rules and regulations for operating a cannabis business. The risk of a licensee losing control over their premises is minimized with the location restrictions. Under this section, it could be possible for a private residence to be located on the same parcel as a Bureau licensee, provided that the licensee does not engage in commercial cannabis activity within the private residence.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5025	1748.5 (p.4395)	The provisions on drive-throughs is in direct conflict with the spirit and intent of the Act. Commenter provides examples of drive-throughs in Colorado, Arizona. Additionally, if the prohibition on drive-throughs is to ban consumption while driving, it is no different than going to a retailer.	The Bureau disagrees with this comment. Under the Act individuals under 21 are only permitted to purchase cannabis goods at a retail premises if they are at least 18 years of age and in possession of a valid physician's recommendation, therefore retailers must verify the age and identity of the customer prior to selling them cannabis goods. Drive through windows make it easier for the identity of the purchaser to be obscured. This increases the risk that cannabis goods will be sold to a minor. Further, drive through windows pose a security risk as the vehicle can obscure weapons or other harmful items that may be used against the licensee and its employees. In order to ensure that the health and safety of the public is preserved by limiting the potential for minors to acquire cannabis goods from a licensed retailer and limiting the potential for criminal acts, the Bureau must ban drive through windows.
5025	1778.6 (p.4723) 1778.7 (p.4723) 1778.8 (p.4723) 1778.9 (p.4723)	Premises as defined in the Business and Professions Code is not limited to the parcel and does not prohibit the presence of multiple premises on one parcel. Suggest: (a) Each licensee [sic] shall have a designated licensed premises, ~~with a distinct street address and suite number if applicable~~, for the licensee's commercial cannabis activity. Each licensed premises shall be subject to inspection by the Bureau.	The Bureau disagrees with this comment. While the regulation requires a distinct suite number, it does not necessarily require that suite number to be a locally-recognized or United States Postal Service-recognized mailing address. Prospective licensees may identify individual "suites" within a building for licensing purposes. Recognizing that Business and Professions Code section 26053 (d) provides that "[e]ach applicant or licensee shall apply for, and if approved, shall obtain, a separate license for each location where it engages in commercial cannabis activity," section 5025 (a) requires each license to have a designated premises that is clearly distinct from the other premises. This language ensures that the location of each premises is clearly discernable.

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5026	46.3 (p.80) 1357.2 (p.2595)	There should be limitations on cannabis facilities and "grow sites," such as a 2,000 feet setback from all state parks. Or suggest adding language that states: A premises licensed under this division shall not be located within a 600-foot radius of parks, supportive and federally funded public housing, treatment, and recovery centers.	The Bureau disagrees with this comment. Section 5026 of the regulations is consistent with the premises location limitations identified in Business and Professions Code section 26054. The Bureau has determined that it may be more appropriate for local jurisdictions to impose additional land use and zoning limitations.
5026	55.4 (p.97) 61.4 (p.108) 69.4 (p.158)	The Bureau should include a new subsection, 5026 (f) that prohibits the conduct of cannabis-related commercial uses at a premises located within the boundaries of a local agency that prohibits the establishment of such a use within its jurisdiction.	The Bureau disagrees with this comment. Section 5018 (f) already provides that an application for licensure may be denied if the applicant "has been denied a license, permit, or other authorization to engage in commercial cannabis activity by a state or local licensing authority." Moreover, Business and Professions Code section 26055(d) already provides that the Bureau may not approve an application for licensure that would violate the provisions of any local ordinance or regulation adopted in accordance with Business and Professions Code section 26200. A new subsection prohibiting the conduct of cannabis-related commercial uses at premises located within a jurisdiction that prohibits commercial cannabis is not necessary and may be considered duplicative.
5026(a)	119.7 (p.271)	Suggest revising subsection (a) as follows: A premises licensed under this division shall not be located within a 600-foot radius of a school providing instruction in kindergarten or any grades 1 through 12, licensed day care center, or youth center that ~~is~~ was in	The Bureau disagrees with this comment. Section 5026 of the regulations is consistent with the premises location limitations identified in Business and Professions Code section 26054.

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		existence at the time the ~~license is issued~~ applicant commenced operations.	
5026(c)	122.1 (p.292) 686.3 (p.1310) 754.3 (p.1425)	Subsection (c) should allow licensed premises to be in a location that requires persons to pass through a private residence to access the licensed premises. Small farmers have the experience and desire to further the research on a smaller scale and further the industry.	The Bureau disagrees with this comment. Allowing a licensed premises that may only be accessed via a private residence may result in the licensee losing control over who enters the premises, which may lead to an increased risk of theft, diversion, or other unauthorized activity. Additionally, an unlicensed person is not subject to the rules and regulations for operating a cannabis business; the risk of the licensee losing control over the premises is minimized with this location restriction. Finally, this subsection assures that Bureau staff will not need to conduct inspections of a licensee's private residence if the licensee's operations carry over to their private residence. Notably, the regulations would not preclude licensees from operating on a parcel that also includes a private residence, provided that access to the licensed premises is not solely through the private residence and the private residence is not included as part of the licensed premises.
5026	141.2 (p.351)	A 600-foot distance from schools and youth centers is an arbitrary number.	The Bureau disagrees with this comment. Section 5026 of the regulations is consistent with the premises location limitations identified in Business and Professions Code section 26054.
5026(c)	141.14 (p.354) 1375.7 (p.2661) 1380.7 (p.2671) 1413.3 (p.2710) 1413.47 (p.2723) 1425.7 (p.2746) 1507.3 (p.2850) 1507.48 (p.2864) 1512.3 (p.2905)	The commenter indicates that their orchard is at their home. Homes are not allowed to be part of the premises. Many rural farms have homes in between the location of canopy areas, processing areas, etc. Operators also need to be able	The Bureau has interpreted this comment to suggest that there should not be a ban on having a licensed premises at a private residence. The Bureau disagrees with this comment. Allowing a licensed premises that may only be accessed via a private residence may result in the licensee losing control over who enters the premises, which may lead to an increased risk of theft, diversion, or other unauthorized activity. Additionally, an unlicensed person is not subject to the rules and regulations for operating a cannabis business; the risk of the licensee losing

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	1512.48 (p.2919) 1520.3 (p.2950) 1520.48 (p.2964) 1523.3 (p.2984) 1523.48 (p.2998) 1651.3 (p.3785) 1651.48 (p.3799) 1767.3 (p.4594) 1767.48 (p.4609) 1768.3 (p.4620) 1768.48 (p.4635) 1769.3 (p.4646) 1769.48 (p.4661) 1770.3 (p.4672) 1770.48 (p.4687) 1774.4 (p.4704)	to use their homes to securely store and keep records.	control over the premises is minimized with this location restriction. Finally, this subsection assures that Bureau staff will not need to conduct inspections of a licensee's private residence if the licensee's operations carry over to their private residence. Notably, the regulations would not preclude licensees from operating on a parcel that also includes a private residence, provided that access to the licensed premises is not solely through the private residence and the private residence is not included as part of the licensed premises.
5026	289.10 (p.755) 1614.10 (p.3597)	If having more than one license type in a premises does not pose a safety or health threat, why shouldn't companies be able to operate with several licenses in one facility? Licensees should be able to operate with several licenses in one facility.	The Bureau disagrees with this comment. Business and Professions Code section 26001(ap) defines premises as "the designated structure or structures and land specified in the application that is owned, leased, or otherwise held under the control of the applicant or licensee where the commercial cannabis activity will be or is conducted." That section further provides that a premises shall be a "contiguous area" and shall only be occupied by one license. Allowing multiple licensees to share licensed premises would run counter to the plain language of the Act. Notably, nothing in the regulations would preclude an applicant from holding multiple licensed premises within one property or structure provided that the premises requirements for each license are satisfied.

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5026(c)	337 (p.828) 393 (p.928) 3375 (p.10040) 3376 (p.10041)	The Bureau should support small growers and create laws that allow them to process from home under proper conditions. This is crucial for the small farmers and local economies. Licensees should be able to work out of their homes, there are thousands now working out of the shadows and scared.	The Bureau disagrees with this comment. Allowing a licensed premises that may only be accessed via a private residence may result in the licensee losing control over who enters the premises, which may lead to an increased risk of theft, diversion, or other unauthorized activity. Additionally, an unlicensed person is not subject to the rules and regulations for operating a cannabis business; the risk of the licensee losing control over the premises is minimized with this location restriction. Finally, this subsection assures that Bureau staff will not need to conduct inspections of a licensee's private residence if the licensee's operations carry over to their private residence. Notably, the regulations would not preclude licensees from operating on a parcel that also includes a private residence, provided that access to the licensed premises is not solely through the private residence and the private residence is not included as part of the licensed premises.
5026(d)	646.6 (p.1235) 1022. (p.2042) 1030.38 (p.2070) 1075.11 (p.2791) 1361.5 (p.2616) 1413.37- 1413.38 (p.2719-2720) 1507.39 (p.2861) 1507.53-1507.54 (p.2866) 1512.39 (p.2916) 1520.39 (p.2961) 1523.39 (p.2995) 1547.11 (p.3197) 1651.39 (p.3796)	Licensees should be able to use private residences for commercial cannabis activity. Commenter requests clarification on "located within a private residence," as many local jurisdictions allow home occupation uses, including use of the private residence for cannabis businesses. The state should not prohibit such permitted use. Small family farms often utilize a home-based office to keep business records across all licenses. Home offices are often	The Bureau disagrees with this comment. Allowing a licensed premises that may only be accessed via a private residence may result in the licensee losing control over who enters the premises, which may lead to an increased risk of theft, diversion, or other unauthorized activity. Additionally, an unlicensed person is not subject to the rules and regulations for operating a cannabis business; the risk of the licensee losing control over the premises is minimized with this location restriction. Finally, this subsection assures that Bureau staff will not need to conduct inspections of a licensee's private residence if the licensee's operations carry over to their private residence. Notably, the regulations would not preclude licensees from operating on a parcel that also includes a private residence, provided that access to the licensed premises is not solely through the private

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
	1649.4 (p.3770) 1664.4 (p.3854) 3630.11 (p.2191)	more likely to protect against debris, moisture, etc. This is un-American, like restricting homesteading. The restrictions on licensed premises from being located on a private residence has caused an undue hardship on small family cannabis farms. A recommended modification would be to restrict the premises location to 600 feet from the nearest residence. This would keep cannabis business out of residential neighborhoods but allow family farms. Allow exception to the prohibition on sharing premises of the Distributor Transport Only license records and the licensee's other record storage area for another onsite license. It is common for traditional cultivation sites to have unreliable or no internet access, and not have the ability to maintain records daily. Suggest that the Bureau allow records to be kept by third parties and be maintained on or offsite.	residence and the private residence is not included as part of the licensed premises.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5026	686.6 (p.1312) 1552.10 (p.3256) 1594.13 (p.3485) 1625.12 (p.3635) 1708.4 (p.3998) 1714.16 (p.4047)	Since sales of cannabis are prohibited to individuals under the age of 21, and neurological development is not mature until closer to 25, the prohibition on location of premises licensed should be increased to 1,000 feet and include community colleges and universities, given that a large part of the students at those institutions may be under age 21.	The Bureau disagrees with this comment. Section 5026 of the regulations is consistent with the premises location limitations identified in Business and Professions Code section 26054. The Bureau has determined that it may be more appropriate for local jurisdictions to impose additional land use and zoning limitations.
5026	688.4 (p.1334) 1708.3 (p.3997)	Suggest that there be a required distance of approximately 1,000 feet between licensed retailers to avoid irreversible harms in communities.	The Bureau disagrees with this comment. Section 5026 of the regulation is consistent with the premises location limitations identified in Business and Professions Code section 26054. The Bureau has determined that it may be more appropriate for local jurisdictions to impose additional land use and zoning limitations.
5026	721 (p.1374)	Applicants should not be able to start their businesses that are within 50-feet of residential houses. Families nearby may have concerns about the developing business of cannabis, which may result in problems for both the business and community.	The Bureau disagrees with this comment. Section 5026 of the regulation is consistent with the premises location limitations identified in Business and Professions Code section 26054. The Bureau has determined that it may be more appropriate for local jurisdictions to impose additional land use and zoning limitations.
5026	1028.1 (p.2057)	The Bureau should license retailers on state properties to increase adult and patient access, open the statewide market to licensed producers who are being kept out of large swathes of the state, and reduce illicit cultivation and sales.	The Bureau disagrees with this comment. The Bureau is responsible for administering and enforcing the Act and its regulations on commercial cannabis retail activities. Allowing licensed commercial cannabis retail on state-owned properties may present a conflict of interest.

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5026(a)	1080.16 (p.2210)	Cannabis is medicine, not pornography. It is important to teach cannabis is medicine so that the chance it will be abused will be diminished. The 600-foot radius requirement (from schools) should be removed from the regulations.	The Bureau disagrees with this comment. Section 5026 of the regulation is consistent with the premises location limitations identified in Business and Professions Code section 26054.
5026	1360.3 (p.2609)	Home day care centers should be excluded from this provision, as many localities have them.	The Bureau disagrees with this comment. Section 5026 of the regulation is consistent with the premises location limitations identified in Business and Professions Code section 26054.
5026	1552.11 (p.3256) 1708.4 (p.3998)	Any exception to the 600-foot buffer, by local jurisdictions, should also include the criteria that such licensee was in operation and compliance prior to January 1, 2017. This is to prevent risk of exploitation and exposure of youth to cannabis licenses	The Bureau disagrees with this comment. Section 5026 of the regulation is consistent with the premises location limitations identified in Business and Professions Code section 26054.
5026	1726.2 (p.4126)	Commenter does not believe local jurisdictions have the authority to allow a distance less than 600 feet, only to require a distance more than. The Bureau should not issue licenses to those licensees where local authority has approved them to operate within 600 ft of those prohibited locations.	The Bureau disagrees with this comment. Section 5026 of the regulation is consistent with the premises location limitations identified in Business and Professions Code section 26054. Per this section, the Bureau may approve a licensed premises that is within a 600-foot radius of a school if a local jurisdiction specifies a smaller radius.
5027	55.5 (p.97) 61.5 (p.108) 69.5 (p.158)	The Bureau should add requirements for licensees to obtain building permits from local jurisdictions as required under the California Building Standards Code (Cal. Code Regs., Title 24), as applicable.	The Bureau disagrees with this comment. Bureau licensees are already required to comply with all applicable state and local laws and regulations. Specifically, Business and Professions Code section 26030 (d) provides that licensees may be subject to disciplinary action for failing to comply with any state law. Moreover, Business and Professions Code section 26030 (f) provides that licensees may be subject to disciplinary action for failing to comply with any local ordinances regulating the

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			commercial cannabis activity. Accordingly, adding this as an additional requirement for the physical modification of a premises is duplicative and not necessary.
5027(a)	119.8 (p.272)	Suggest revising subsection (a) as follows: A licensee shall not, without ~~the prior written approval of~~ notifying the Bureau in writing at least 10 business days in advance, make a physical change, alteration, or modification of the licensed premises that materially or substantially alters the licensed premises or the use of the licensed premises from the premises diagram originally filed with the license application. A licensee whose licensed premises is to be materially or substantially changed, modified, or altered is responsible for filing a request for notification of premises modification with the Bureau at least 10 business days in advance of making the physical change, alteration, or modification. If the Bureau responds to the notification by denying the modification within 10 business days, then the licensee shall not make the physical change, alteration, or modification. If the Bureau does not respond to the notification within 10 business days or responds to the notification by approving the	The Bureau disagrees with this comment. Based on the Bureau's experience reviewing applications for temporary and annual licensure, 10-business days is not a sufficient amount of time for the Bureau to review and make a determination on a licensee's premises modifications. Without the affirmative duty of a licensee to inform the Bureau and obtain approval, a change may go a significant amount of time in noncompliance before discovery. Requiring licensees to apprise the Bureau of material changes assures that the Bureau is consistently aware of the shape, condition, and legality of the licensed premises. Such notification is consistent with Business and Professions Code section 26055 (c), which requires a licensee to obtain approval from the Bureau before materially or substantially altering or changing the licensed premises. It also ensures the Bureau has a sufficient opportunity to review changes consistent with Business and Professions Code section 26051.5 (c).

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
		modification, then the licensee may make the physical change, alteration, or modification.	
5027	1003.1 (p.2005) 1145.10 (p.2336) 1778.11 (p.4726)	The regulation should be changed to merely require the applicant to notify the Bureau, rather than require written approval from the Bureau. The section about notification of the agencies before modification of premises is excessive. Licensees cannot wait to ask for permission and pay fees every single time a plant needs to be arranged or a compost pile needs to be moved. Such requirements should exclude licensees that have a nursery.	The Bureau disagrees with this comment. Without the affirmative duty of a licensee to inform the Bureau and obtain approval, a change may go a significant amount of time in noncompliance before discovery. Requiring licensees to apprise the Bureau of material changes assures that the Bureau is consistently aware of the shape, condition, and legality of the licensed premises. Such notification is consistent with Business and Professions Code section 26055 (c), which requires a licensee to obtain approval from the Bureau before materially or substantially altering or changing the licensed premises. It also ensures the Bureau has a sufficient opportunity to review changes consistent with Business and Professions Code section 26051.5 (c).
5027(a)	1022.6 (p.2041) 1030.46 (p.2072) 1051.16 (p.2152) 1077.30 (p.2199) 1124.6 (p.2273) 1131.43 (p.2309) 1375.6 (p.2660) 1380.6 (p.2670) 1413.46 (p.2722) 1425.6 (p.2745) 1507.47 (p.2864) 1512.47 (p.2919) 1520.47 (p.2964) 1523.47 (p.2998) 1533.15 (p.3136)	This section does not state a timeframe. The licensee is unable to make plans and establish a lead time for changes or modifications. Clarify the timeframe that a licensee must notify the Bureau. And the timeframe for which the Bureau must respond.	The Bureau disagrees with this comment. In order for the Bureau to effectively carry its duties under the Act, it is necessary to have accurate and up-to-date information on licensed premises. Licensees are encouraged to submit this information as soon as they are aware of modifications. Recognizing that premises modifications vary on a case by case basis and the amount of time required for review may vary depending on the types of modifications, the Bureau does not identify a required timeframe. Requiring licensees to apprise the Bureau of material changes assures that the Bureau is consistently aware of the shape, condition, and legality of the licensed premises. Such notification is consistent with Business and Professions Code section 26055 (c), which requires a licensee to obtain approval from the Bureau before materially or substantially altering or changing the licensed premises. It also ensures the Bureau has a

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
	1651.47 (p.3799) 1767.46 (p.4608) 1768.46 (p.4634) 1769.46 (p.4660) 1770.46 (p.4686)		sufficient opportunity to review changes consistent with Business and Professions Code section 26051.5 (c).
5027(b)	1367.4 (p.2644)	It is unclear what type of modifications will require such prior written approval, and there is no stated timeframe for a Bureau response. Requiring prior written approval is an undue burden, especially for changes like adding walls, sinks, HVAC and other modifications as the regulations evolve. Commenter will go ahead and assume these activities are not included unless Bureau clarifies in writing.	The Bureau disagrees with this comment. In order for the Bureau to effectively carry its duties under the Act, it is necessary to have accurate and up-to-date information on licensed premises. Licensees are encouraged to submit this information as soon as they are aware of modifications. Recognizing that premises modifications vary on a case by case basis and the amount of time required for review may vary depending on the types of modifications, the Bureau does not identify a required timeframe. Requiring licensees to apprise the Bureau of material changes assures that the Bureau is consistently aware of the shape, condition, and legality of the licensed premises. In addition, it ensures the Bureau has a sufficient opportunity to review changes consistent with Business and Professions Code section 26051.5 (c). Notably, the Bureau has clarified in writing, through the regulations, what a material or substantial change, modification or alteration would include, and specifically states in non-inclusive subsection (b)(2), “removal, creation, or relocation of a wall or barrier….” To help licensees understand what substantial change would include.
5027(d)	1547.12 (p.3198) 1778.11 (p.4726) 3418.1 (p.10096)	This section should modify the language and requirement for additional documentation, with “reasonable.” This will help applicants understand what the	The Bureau disagrees with this comment. As suggested, recommended language would not provide additional clarification, as any additional documentation requested, will be used to evaluate the licensee’s request to modify the licensed premises.

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		Bureau is looking for. Or include "appropriate and reasonable"	
5027	1625.13 (p.3635)	Commenter supports this regulation requiring advanced permission for modifications.	The Bureau has noted the commenter's support for the section.
5028	119.9 (p.273)	Suggest modifying section as follows: A licensee shall not sublet any area designated as the licensed premises for the licensee's commercial cannabis activity, other than to an affiliated for-profit licensee that has identical ownership or an affiliated not-for-profit licensee that has identical board of directors membership, where local laws permit such co-location.	The Bureau disagrees with this comment. The section is consistent with Business and Professions Code section 26053 (d) provides that "[e]ach applicant or licensee shall apply for, and if approved, shall obtain, a separate license for each location where it engages in commercial cannabis activity." Allowing applicants to hold multiple licenses within one premises would run counter to the Act. Moreover, it ensures that the licensee will have sole control over the licensed premises. Allowing licensees to sublet any portion of the licensed premises may result in the licensee losing control over who enters the premises, which may lead to an increased risk of theft, diversion, or other unauthorized activity. It could also possibly lead to errors in tracking product between licenses and the potential for loss or diversion of cannabis goods.
5028	122.2 (p.292) 686.4 (p.1311) 754.4 (p.1426) 1075.6 (p.2189) 1289.14 (p.2512) 3630.6 (p.2189) 1533.16 (p.3137)	CDPH's Type S license for shared facilities should be allowed, especially for jurisdictions with specific zoning restrictions, and microbusinesses. Microbusinesses should be able to avail themselves of the S license and share licensed premises.	The Bureau disagrees with this comment. Business and Professions Code section 26001(ap) defines premises as "the designated structure or structures and land specified in the application that is owned, leased, or otherwise held under the control of the applicant or licensee where the commercial cannabis activity will be or is conducted." That section further provides that a premises shall be a "contiguous area" and shall only be occupied by one license. The predominant ordinary and common use of the term "contiguous," is to describe items that are in actual contact; or touching along a boundary or at a point. Allowing microbusinesses to utilize "S" licenses at another licensee's property that is not connected to or touching the

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			microbusiness premises would run counter to the plain language of the Act.
5028	1625.14 (p.3635)	Commenter supports this regulation prohibiting subletting of premises.	The Bureau has noted the commenter's support for the section.
5028	1705.1 (p.3967)	Commenter recommends removing this section because it puts a financial burden on any entrepreneur looking to invest in the cannabis industry.	The Bureau disagrees with this comment. The section is consistent with Business and Professions Code section 26053 (d) provides that "[e]ach applicant or licensee shall apply for, and if approved, shall obtain, a separate license for each location where it engages in commercial cannabis activity." Allowing applicants to hold multiple licenses within one premises would run counter to the Act. Moreover, it ensures that the licensee will have sole control over the licensed premises. Allowing licensees to sublet any portion of the licensed premises may result in the licensee losing control over all elements of operation.
5030	1625.15 (p.3635)	Commenter supports this regulation holding licensees responsible for their employees, agents, etc.	The Bureau has noted the commenter's support for the section.
5030	1636.1 (p.3683)	Employer liability may be overbroad for acts of employees, agents, etc. Cannabis businesses should not be singled out for special treatment. Language should reference applicable California standards for liability.	The Bureau disagrees with this comment. Business and Professions Code section 26012(a)(1) gives the Bureau the authority to regulate licenses for the transportation, testing, distribution, and sale of commercial cannabis. For the purposes of regulating and enforcing the actions of licensees, it is necessary for the Bureau to define and clarify when the actions of a person acting for or employed by a licensee will be considered the actions of the licensee. This will avoid situations in which licensees attempt to avoid responsibility for violations of the Act or regulations by having an agent or employee act for them. It will also ensure that the public safety is protected

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			through compliance with the regulatory scheme. The commenter's recommended language is duplicative.
5031	1537.12 (p. 3167) 1735.36 (p.4308) 1799.38 (p.4881)	Non-plant touching activities be allowed to be performed by those over 18, this is largely a family affair space.	The Bureau disagrees with this comment. Business and Professions Code section 26140(a)(3) prohibits an A-designated license from employing or retaining persons under 21 years of age. Oftentimes, an M-designated license is co-located with an A-designated license. The Bureau finds that extending A-designated licensee employee age restrictions to employees of M-designated licensees is integral for the protection of minors. The Bureau recognizes that there may be some non-management or non-cannabis activities, such as internet technology or multimedia services, which do not require an employee work within the licensed premises; this regulation would permit the retention of persons under 21 years of age, provided the employee or contractor does not work within the licensed premises .
5031	1625.16 (p.3635)	Commenter supports this regulation requiring employees to be 21 years or older.	The Bureau has noted the commenter's support for the section.
5031	3521.1 - 3521.2 (p.10224)	There is no representation in the industry of young people, and it is unclear the minimum age for ownership. Commenter has a 19-year-old brother and it is not clear whether he can be part of the family business.	The Bureau disagrees with this comment. Business and Professions Code section 26140(a)(3) prohibits an A-designated license from employing or retaining persons under 21 years of age. Oftentimes, an M-designated license is co-located with an A-designated license. The Bureau finds that extending A-designated licensee employee age restrictions to employees of M-designated licensees is integral for the protection of minors. The Bureau recognizes that there may be some which do not require an employee to handle cannabis or work within the licensed premises; this regulation would permit the retention of persons under 21 years of age, provided the employee duties do not

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			require them to be physically present within the licensed premises or handle cannabis products.
5032	141.11 (p.353) 289.5 (p.753) 1026.2 (p.2052) 1614.5 (p.3595)	A and M designations should be eliminated; they are the same. Another commenter suggests that the delineation for adult-use versus medicinal use should be done at the point of sale/retail level. Commenter suggests that the adult and medical use tags be dismissed from the regulations, and the determination between tax exempt or nonexempt purchases be made at the point of sale for any consumer product.	The Bureau disagrees with this comment. The Act contains a number of requirements for both adult-use (A-designated) and medicinal use (M-designated) licenses at the point of sale. Recognizing that the A-designation or M-designation does not otherwise impact the cannabis cultivation or supply chain, the regulations allow licensees to conduct business with each other irrespective of their designation. This allowance will allow licensees to pay one fee and will prevent the need for licensees to obtain both A-designated and M-designated licenses if they wanted to transact both lines of business on the same premises. However, if the local jurisdiction only allows for either medicinal or adult-use, then the state may only issue a license for that designation, making both necessary.
5032	189.2 (p.542)	Clarification is needed on section 5032 (c). Where are the State Department of Public Health's regulations found?	The Bureau agrees with this comment. The Bureau has included cross references to the relevant provisions of the State Department of Public Health regulations which identify what cannabis goods are designated as "For Medical Use Only."
5032	925.2 (p.1805) 950.2 (p.1892) 1625.17 (p.3635)	Commenter does not support this regulation, believes there should be separate designations for enforcement purposes. This is a new industry, need simplicity. Another commenter says the language is problematic for local governments, which have separate regulatory requirements for	Comment noted by the Bureau. To the extent that the commenters express general objections to the regulations, the Bureau plans to adopt this section for the reasons stated in the initial statement of reasons. In addition to satisfying state legal and regulatory requirements, licensees are expected to comply with the regulations established by their local agencies. Accordingly, the Bureau will restrict a licensee to just medicinal or adult-use activity if the local jurisdiction only allows for one type of activity.

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		medical and adult-use cannabis businesses. There is a potential for medical-only licenses to participate in the adult-use market without being subject to additional local regulations placed on adult-use licensees.	
5032	1025.1 (p.2049)	Allowing medical and adult-use licensees to exchange cannabis and cannabis goods will serve to prevent unnecessary gaps in the supply chain, which could be problematic for medical cannabis patients. Commenter supports the language in 5032 that makes these provisions permanent.	The Bureau has noted the commenter's support for the section.
5032(b)	1547.13 (p.3198)	This section should be changed to allow licensees to conduct business with other licensees irrespective of the M or A designation, including wholesale sales of product between licensees. Small producers need to have sources of materials to produce small-batch products.	The Bureau agrees with this comment. The Act contains a number of requirements for both adult-use (A-designated) and medicinal use (M-designated) licenses at the point of sale. Recognizing that the A-designation or M-designation does not otherwise impact the cannabis cultivation or supply chain, the regulations allow licensees to conduct business with each other irrespective of their designation. This allowance will allow licensees to pay one fee and will prevent the need for licensees to obtain both A-designated and M-designated licenses if they wanted to transact both lines of business on the same premises.
5032	1559.12 (p.3315) 1559.17 (p.3318) 1778.29 -1778.33 (p.4739)	Commenter suggests language stating that licensees may conduct cannabis activities with employees including providing limited amounts of cannabis goods at no cost as a sample for the purposes of product selection and customer education.	The Bureau disagrees with this comment. The commenter's remarks regarding the provision of cannabis goods to employees is not related to this section. Notably, before cannabis goods can enter the commercial retail market, they have to satisfy state mandated packaging, testing, and quality assurance requirements.

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		Commenter also suggests being able to provide free samples to customers.	The providing of free cannabis goods is prohibited by Business and Professions Code section 26153 which states "licensees shall not give away any amount of cannabis or cannabis products, or any cannabis accessories, as part of a business promotion or other commercial activity."
5032	1597 (p.3515)	The regulation should define "Medicinal customer" to make clear to whom products labeled "for Medical use only" can be sold, so there can be adequate enforcement.	The Bureau disagrees with this comment. The Act already defines both customer and medicinal cannabis to clearly indicate to who can purchase and/or be sold medicinal cannabis goods. The additional definitions that the commenter suggests are not necessary and duplicative.
5032	1609.14 (p.3572)	Commenter recommends a streamlined process for changing A or M designated licenses.	The Bureau disagrees with this comment. This comment is not relevant to this section. Section 5023 (e) outlines a process for licensees who want to change their license designation. Licensees are not allowed to engage in their requested designation until the Bureau approves their request. This is necessary because it is important for the Bureau to determine whether the requested activities conflict with a local ordinance.
5032	1612.1 (p.3583)	Commenter applauds the Bureau on the elimination of the A-Type and M-Type license designations.	The Bureau has noted the commenter's support for the section.
5032	1640.5 (p.3708)	This section is unclear, "other licensees" could condone activities beyond the scope of the applicable license type and should clarify it's only allowed under the applicable local ordinances.	The Bureau disagrees with this comment. Commenter is unclear as to how the regulations are unclear as to how licensees may conduct commercial cannabis activity with other licensees.
5033	122.3 (p.292) 686.5 (p.1311) 754.5 (p.1426) 3411 (p.10086)	An "accessory license" to the primary license may be an acceptable solution that would allow microbusinesses to engage in offsite storage.	The Bureau disagrees with this comment. Recognizing that Business and Professions Code section 26053 (d) provides that "[e]ach applicant or licensee shall apply for, and if approved, shall obtain, a separate license for each location where it engages in commercial cannabis activity," section 5033 (d) requires each location where cannabis goods are stored to be

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			separately licensed. The Bureau's existing license structure would enable prospective licensees to engage in storage activities. For example, prospective applicants who wish to store cannabis goods in separate locations may apply for the appropriate distribution license, which enables storage of cannabis goods onsite; a new license category is not necessary and may be duplicative. Moreover, for the purposes of microbusinesses, Business and Professions Code section 26001(ap) defines premises as "the designated structure or structures and land specified in the application that is owned, leased, or otherwise held under the control of the applicant or licensee where the commercial cannabis activity will be or is conducted." That section further provides that a premises shall be a "contiguous area" and shall only be occupied by one license. The predominant ordinary and common use of the term "contiguous," is to describe items that are in actual contact; or touching along a boundary or at a point. Allowing microbusinesses to utilize "accessory" licenses at another property that is not connected to or touching the microbusiness premises would run counter to the plain language of the Act. In addition, each location may have individual considerations/constraints that may need to be considered during the licensure process. Requiring a separate license application for each location is not only consistent with the Act but ensures that the Bureau has the ability to review and inspect necessary information that is germane to each prospective premises.
5033	201.1 (p.564)	Regulation 5033 (d) provides that "[e]ach location where cannabis goods are stored must be separately licensed. An "accessory	The Bureau disagrees with this comment. Recognizing that Business and Professions Code section 26053 (d) provides that "[e]ach applicant or licensee shall apply for, and if approved,

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		license" to the primary license might be an acceptable solution that would allow for offsite storage. Another option would be to allow licensees to "annex" other locations under one state license.	shall obtain, a separate license for each location where it engages in commercial cannabis activity," section 5033 (d) requires each location where cannabis goods are stored to be separately licensed. The Bureau's existing license structure would enable prospective licensees to engage in storage activities. For example, prospective applicants who wish to store cannabis goods in separate locations may apply for the appropriate distribution license, which enables storage of cannabis goods onsite; a new license category is not necessary and may be duplicative. Moreover, each location may have individual considerations that may need to be considered during the licensure process. Requiring a separate license application for each location is not only consistent with the Act but ensures that the Bureau has the ability to review and inspect necessary information that is germane to each prospective premises.
5033	289.3 (p.753) 1614.3 (p.3595)	The need to have separate permits for each cannabis storage location would be incredibly cost prohibitive. Is this poor wording? This would make it incredibly difficult for small companies and also seems like an unnecessary added cost.	The Bureau disagrees with this comment. Recognizing that Business and Professions Code section 26053 (d) provides that "[e]ach applicant or licensee shall apply for, and if approved, shall obtain, a separate license for each location where it engages in commercial cannabis activity," section 5033 (d) requires each location where cannabis goods are stored to be separately licensed. The Bureau's existing license structure would enable prospective licensees to engage in storage activities. For example, prospective applicants who wish to store cannabis goods in separate locations may apply for the appropriate distribution license, which enables storage of cannabis goods onsite; a new license category is not necessary and may be duplicative.

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			In addition, each location may have individual considerations that may need to be considered during the licensure process. Requiring a separate license application for each location is not only consistent with the Act but ensures that the Bureau has the ability to review and inspect necessary information that is germane to each prospective premises.
5033	305 (p.794)	Distributor licensees should be able to operate under one license for multiple locations within the same jurisdiction. Requiring separate licenses adds to the cost of operations and the regulatory burden on distributors without advancing any public policy goal. Distributors should be able to store product in its own rooms at a manufacturer's facility (in rooms held under the distributor's license and not the manufacturer).	The Bureau disagrees with this comment. Recognizing that Business and Professions Code section 26053 (d) provides that "[e]ach applicant or licensee shall apply for, and if approved, shall obtain, a separate license for each location where it engages in commercial cannabis activity," section 5033 (d) requires each location where cannabis goods are stored to be separately licensed. The Bureau's existing license structure would enable prospective licensees to engage in storage activities. For example, prospective applicants who wish to store cannabis goods in separate locations may apply for the appropriate distribution license, which enables storage of cannabis goods onsite; a new license category is not necessary and may be duplicative. In addition, each location may have individual considerations/constraints that may need to be considered during the licensure process. Requiring a separate license application for each location is not only consistent with the Act but ensures that the Bureau has the ability to review and inspect necessary information that is germane to each prospective premises.

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5033	646.7 (p.1235) 1022.9 (p.2042) 1030.49 (p.2073) 1051.19 (p.2153) 1077.3 (p.2194) 1077.8 (p.2195) 1124.9 (p.2275) 1131.44 (p.2309) 1145.1 (p.2333) 1375.9 (p.2661) 1380.9 (p.2671) 1413.49 (p.2723) 1425.9 (p.2746) 1507.50 (p.2865) 1512.50 (p.2920) 1520.50 (p.2965) 1523.50 (p.2999) 1547.14 (p.3198) 1651.50 (p.3800) 1767.49 (p.4609) 1768.49 (p.4635) 1769.49 (p.4661) 1770.49 (p.4687)	The prohibition on outside storage is not practical for nurseries. Nurseries produce stock outside during mild periods of the year. These plants are produced and stored outside prior to delivery. This section would require additional lighting to store plants inside prior to delivery. The Bureau should exempt nurseries from the prohibition of outdoor storage of cannabis goods. Plants are cannabis goods. If they are considered to be stored, then all outdoor nurseries are illegal. This must be clarified to indicate clearly that live plants can be stored outside.	The Bureau disagrees with this comment. The commenters confuse a licensed distributors "storage" activities with "cultivation activities." Microbusinesses engaging in cultivation activities may grow plants outside if such activities were properly identified in their cultivation plan submitted in support of an application for licensure. The regulation assures that opportunities for diversion are limited once a crop has been harvested.
5033	1625.18 (p.3635)	Commenter supports this regulation requiring separated storage areas.	The Bureau has noted the commenter's support for the section.
5034	40.2 (p.65) 119.10 (p.273) 177.7 (p.522) 923.6 (p.1786) 1623.10 (p.3621) 1663.7 (p.3850)	This section currently states that a significant discrepancy in inventory means a difference in actual inventory compared to records pertaining to inventory of at least $5,000 or 2 % of the average monthly sales of the licensee, whichever is less. This	The Bureau agrees with this comment. Business and Professions Code section 26070 recognizes the importance of the Bureau being aware of any inventory discrepancies to assist with preventing diversion. However, the statute does not define what are considered significant discrepancies in inventory. The Bureau has revised this section based on comments expressing concern

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	3554 (p.10272)	dollar amount is very low and could actually represent a minor error and not a major loss. The BCC will be inundated with discrepancy reports. Suggest BCC increase the dollar amount or remove the language "whichever is less." The regulation's figures of $5,000 or 2% of monthly sales are lower than necessary to serve the Bureau's purpose of detecting and preventing diversion. 5036 already requires prompt reporting, largely satisfying the policy rationale for this regulation. The Bureau should increase the dollar threshold that constitutes a significant discrepancy, from $5,000 to $10,000. Section 5034 defines a significant discrepancy in inventory as $5,000 or 2% of monthly sales, whichever is less. This is not equitable, larger retailers are held to a higher standard. Suggest removing "whichever is less." The Bureau should strike the $5,000 threshold – which is excessively low – and simply define a significant discrepancy as 2% of the average monthly sales of the	about how significant discrepancy is determined. This section has been revised to state that a significant discrepancy in inventory occurs when there is a difference in actual inventory compared to records pertaining to inventory of 3 % of the average monthly sales of the licensee. The adjustment of the threshold was necessary based on information available about the costs of cannabis goods and the typical losses licensees may have in the regular course of business.

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		license. Should be the higher of 2% or $5,000.	
5034	1514.4 (p.2930)	Commenter would like some clarification, through an example, as the section mixes calculations by making references to both cost of goods and sales.	The Bureau disagrees with this comment. The licensee calculates their average monthly sales, and then conducts an inventory check. If there is an inventory discrepancy of at least 3 % of the average monthly sales, there is a significant discrepancy.
5034	1547.15-1547.17 (p.3198) 3418.2 (p.10096)	This section erroneously assumes measuring inventory by sales measures a change in inventory. Significant discrepancy needs to be measured in volume, not price. Prices fluctuate and are dependent on economic and market forces.	The Bureau disagrees with this comment. The measure for a significant discrepancy is compared between actual inventory and records pertaining to the inventory.
5034	1625.19 (p.3636)	Commenter believes it should be $1,000 in 7 days or $2,000 in 30 days, as previously defined.	The Bureau disagrees with this comment. Business and Professions Code section 26070 recognizes the importance of the Bureau being aware of any inventory discrepancies to assist with preventing diversion. However, the statute does not define what are considered significant discrepancies in inventory. The Bureau has revised this section based on comments expressing concern about how significant discrepancy is determined. This section has been revised to state that a significant discrepancy in inventory occurs when there is a difference in actual inventory compared to records pertaining to inventory of 3 % of the average monthly sales of the licensee. The adjustment of the threshold was necessary based on information available about the costs of cannabis goods and the typical losses licensees may have in the regular course of business.
5034	1649.5 (p.3771) 1664.5 (p.3855)	Testing laboratories should be exempt from this section because there is no equivalent value to the samples tested.	The Bureau disagrees with this comment. This threshold was determined based on information available about the costs of cannabis goods and typical losses that occur to Bureau licensees during the course of business, including testing laboratories.

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5035	924.6 (p.1793) 1007.5 (p.2020) 1289.15 (p.2512)	The Bureau should provide a specific time frame for compliance as it is currently difficult or impossible to enforce a presumed late response by the licensee when the Bureau cannot determine when the licensee became aware of the situation requiring notification. One commenter suggested a standardized time requirement of 72-hours.	The Bureau disagrees with this comment. The regulation clearly indicates that licensees shall notify the Bureau about certain criminal acts, civil judgments, violations of labor standards, and revocations of a local license, permit, or other authorization within 48-hours of the act. The identified events are relevant and material to the on-going qualifications of a licensee. Requiring notification within 48-hours assures that licensees have enough time to provide notification and allows for the Bureau to receive prompt notification.
5035	1514.5 (p.2930)	Such a notification is an undue burden, and instead the Bureau should be responsible for accessing public records to check whether licensee's have any judgments against them.	The Bureau disagrees with this comment. Business and Professions Code section 26031 provides for discipline of a licensee for conviction of a crime or failure to comply with provisions of the Act or regulations adopted pursuant to the Act. Business and Professions Code section 26031(b) states that the revocation of a licensee's local license, permit, or other authorization terminates the ability of the licensee to operate in that jurisdiction. Section 26031(d) also requires the Bureau to inform other relevant licensing authorities when a licensee's local license, permit, or other authorization is revoked. Without the notification requirements, the Bureau may not be aware of these events. The Bureau would only potentially learn of these events at renewal; events that are relevant and material to the on-going qualifications of the applicant. Commenter does not state how this would be an undue burden. The Bureau does not anticipate being inundated with many notifications, as few licensed owners will need to provide such notifications. Requiring licensee notification is more comprehensive and efficient than having Bureau staff search public records for judgments against all licensees. It also ensures that the Bureau is able to confirm that a licensee's owners

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			continue to be fit for licensure. To streamline the notification process, the Bureau has revised this section to incorporate by reference a new Notification and Request Form, BCC-LIC-027-(NEW 10/18), to be used by licensees to provide the required notifications.
5035	1613.2 (p.3588)	Commenter commends the Bureau on the addition of violations of labor standards notification.	The Bureau has noted the commenter's support for the section.
5035	1640.14 (p.3710)	The commenter suggests that this section should require licensees to notify the Bureau upon commencement of state or local disciplinary proceedings – not just when those proceedings conclude. This would ensure that the Bureau is fully informed and can investigate any associated violations of the Act or public safety risks.	The Bureau disagrees with this comment. Requiring licensee notification at the conclusion of state or local disciplinary proceedings is more comprehensive and efficient than requiring notification at the commencement of such proceedings. It is possible that some disciplinary proceedings conclude that a licensee has not committed misconduct. Thus, requiring notification at the conclusion of a proceeding ensures that the Bureau is not prematurely notified before a decision has been rendered.
5035	1778 (p.4718) 1778.12 (p.4728) 3507.2 (p.10209)	This section exceeds the Bureau's authority, and there is no reason why the Bureau would need such information, such as a civil penalty. A civil penalty is not grounds for discipline. It should only be events related to the commercial cannabis activity for the license.	The Bureau disagrees with this comment. Business and Professions Code section 26031 provides for discipline of a licensee for conviction of a crime or failure to comply with provisions of the Act or regulations adopted pursuant to the Act. Business and Professions Code section 26031(b) states that the revocation of a licensee's local license, permit, or other authorization terminates the ability of the licensee to operate in that jurisdiction. Section 26031(d) also requires the Bureau to inform other relevant licensing authorities when a licensee's local license, permit, or other authorization is revoked. Without the notification requirements, the Bureau may not be aware of these events. The Bureau would only potentially learn of these events at renewal; events that are relevant and material to the on-going qualifications of the applicant.

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5035	3507.1 (p.10209)	48 hours for notification is aggressive, one recommends two business days, so if something happens on a Friday, and there's a Monday holiday…there's sufficient time.	The Bureau disagrees with this comment. The identified events are relevant and material to the on-going qualifications of a licensee. Requiring notification within 48-hours assures that licensees have enough time to provide notification, while allowing the Bureau to receive prompt notification.
5036	40.3 (p.65) 1007.6 (p.2020) 1289.16 (p.2513)	While it is reasonable that cannabis businesses report any theft, loss, or criminal activity as soon as possible, in many cases discrepancies turn out to be human error. It may take longer than 24 hours to investigate the discrepancy and to ascertain the cause. Suggest a minimum of 3 business days to investigate inventory discrepancies. Generally, discrepancies can be explained by human or computer error, and if given time to track down the reason, can be corrected in the system. The current 24-hour requirement poses an unreasonable time constraint. Suggest a 72-hour timeframe.	The Bureau disagrees with this comment. The section is consistent with Business and Professions Code section 26070, which requires licensed retailers to notify the Bureau and appropriate law enforcement authorities within 24-hours after discovering inventory discrepancies. Recognizing that other licensees within its jurisdiction also handle significant amounts of cannabis goods, the Bureau has extended this requirement to its other licensees. This not only assures that all Bureau licensees adhere to the same notification standards but assures that the Bureau is apprised of potential diversion, theft, loss, or any other illicit activity as soon as possible. It also assures that the Bureau can take swift action, if necessary to address the potential theft, loss, or illicit activity.
5036	1360.4 (p.2609) 1649.6 (p.3771)	There should be a threshold of theft, for which it does not trigger reporting to the Bureau.	The Bureau disagrees with this comment. The section is consistent with Business and Professions Code section 26070, which requires licensed retailers to notify the Bureau and appropriate law enforcement authorities within 24-hours after discovering any diversion, theft, loss or criminal activity.
5036	1597 (p.3515)	The regulation should include the requirement for the licensee to include the parties involved, so as to assist local law enforcement.	The Bureau disagrees with this comment. This information may not be available to the licensee. The section does not preclude the licensing authority from requesting additional information or documentation as needed to investigate whether additional action should be taken.

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5036	1613.7 (p.3590)	The regulation should include language that the Bureau will partner with local authority on any enforcement actions for situations under subsection (a)	The Bureau disagrees with this comment. The Bureau's response to each incident necessarily varies on a case-by-case basis. What may be an appropriate action in one situation, may not necessarily apply to all incidents reported to the Bureau. The Bureau has determined it is not appropriate to outline its investigation or enforcement procedures in the regulation. Notably, Business and Professions Code section 26070 requires licensed retailers to notify the Bureau and appropriate law enforcement authorities within 24-hours after discovering any diversion, theft, loss or criminal activity.
5036	1625.20 (p.3636)	Commenter supports notification to local law enforcement when there is discrepancy, diversion, theft, loss, or other criminal activity. Limiting diversion of cannabis into the illegal market is a high priority for health officers and ought to be a high priority of all involved in the regulatory process.	The Bureau notes commenter's support of this provision.
5037(a)	57.1 (p.100)	Since licensees do not have enough space to retain records for 6-8 years on site, recommend that record retention be changed to 5 years, comparable with other state agencies.	The Bureau disagrees with this comment. The language in section 5037 indicates that licensees should retain their records for seven years as dictated by Business and Professions Code section 26160(b). This amount of time ensures that licensing authorities have a sufficient amount of time to examine licensee records. It is also consistent with generally accepted accounting practices, which advise business owners to maintain records for at least seven years.

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5037	57.1 (p.100) 289.16 (p.757) 1330.2 (p.2559) 1514.6 (p.2930) 1614.20 (p.3599)	Making records available immediately upon request is an undue burden. There should only be commercially feasible requirements, not onerous. Recommend that the Bureau remove the word "immediately" from the section, as it may take licensees some time to pull records from off-site storage facilities. Suggest a "reasonable amount of time" instead, or within 12 hours for a dangerous condition. There should be a rural operator inspection revision. Requiring a representative to be available from 8 a.m. to 5 p.m., Monday through Friday is unreasonable. A two-day notification by best means, as stated by the operator, is a more feasible approach. Bureau pays for copies or credit to fees.	The Bureau disagrees with this comment. Licensees are to maintain records in a manner that complies with this section. This section does not prohibit a licensee from producing records electronically for the Bureau's review. This requirement is necessary to ensure that the Bureau is able to conduct timely inspections when needed and prevent the destruction of records requested. The Bureau's ability to inspect records in a timely manner also assures that the Bureau can effectively enforce its regulations and conduct thorough investigations, and without restrictions such as copying fees.
5037(e)	249.3 (p.652) 996.2 (p.1958) 1518.2 (p.2945) 1534.2 (p.3149) 1793.2 (p.4830) 3410 (p.10085)	Some businesses have internal procedures that require multiple steps in order to respond to a request for records, which could take several days to complete. Suggest revising this subsection to allow records to be produced for the Bureau to view immediately, but copies will be provided to the Bureau within 72-hours' time to allow for copying of documents.	The Bureau disagrees with this comment. Section 5037 (e) requires licensees to produce records "immediately upon request." This section does not prohibit a licensee from producing records electronically for the Bureau's review. The Bureau has determined that this requirement is necessary to ensure that the Bureau is able to conduct timely inspections when needed and prevent the destruction of records requested by the Bureau. The Bureau's ability to inspect records in a timely manner also assures that the Bureau can effectively enforce its regulations and conduct thorough investigations.

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5037	1514.6 (p.2930)	Depending on the method of delivery, additional expenses may be incurred to respond to a Bureau request for records. There is nothing to prevent "fishing expeditions", nor is there a compliance standard for production & delivery of documents.	The Bureau disagrees with this comment. Licensees are to maintain records in a manner that complies with this section. This section does not prohibit a licensee from producing records electronically for the Bureau's review. This requirement is necessary to ensure that the Bureau is able to conduct timely inspections when needed and prevent the destruction of records requested. The Bureau's ability to inspect records in a timely manner also assures that the Bureau can effectively enforce its regulations and conduct thorough investigations, and without restrictions such as copying fees.
5037	1533.17 (p.3138)	Language should be specifically re-written in to allow for off-site storage of paper records. There are too many records for cannabis businesses to physically maintain.	The Bureau disagrees with this comment. Business and Professions Code section 26160 provides that licensees shall keep records identified by the licensing authorities on the premises of the location licensed.
5037	1547.18 (p.3199)	Remove unreasonable retention periods for non-financial records and documents, like destruction of cannabis goods, which should be 1-2 years. Seven years is in line with standard practice for tax records.	The Bureau disagrees with this comment. The language in section 5037 indicates that licensees should retain their records for seven years as dictated by Business and Professions Code section 26160(b). This amount of time ensures that licensing authorities have a sufficient amount of time to examine licensee records. It is also consistent with generally accepted accounting practices, which advise business owners to maintain records for at least seven years.
5037(d)	1547.19 (p.3199)	The Bureau should provide at least 2 hours' notice prior to inspection. Not providing notice is intrusive, especially if outside business hours.	The Bureau disagrees with this comment. Providing notice of an inspection, may inhibit the ability of the Bureau to carry out its enforcement and regulatory duties. The Bureau has determined that this requirement is necessary to ensure that the Bureau is able to conduct timely inspections when needed and prevent the destruction of records requested by the Bureau.
5037	1778.13 (p.4728)	Language of "whichever the Bureau requests" should be deleted, as it pertains	The Bureau disagrees with this comment. This section is consistent with Bureau and Professions Code section 26160,

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		to providing hard copies or electronic records for inspection.	requiring licensees to provide and deliver copies of documents upon request.
5037	3530 (p.10243)	Recommends anonymous ordering for adult-users, because the regulations would require that a customer name be kept for seven years. If the purpose is to enforce daily limits, would recommend 24 hours.	The Bureau disagrees with this comment. The language in section 5037 indicates that licensees should retain their records for seven years as dictated by Business and Professions Code section 26160 (b). This amount of time ensures that licensing authorities have a sufficient amount of time to examine licensee records.
5038	923.7 (p.1787)	The Bureau should expand this section to include theft.	The Bureau disagrees with this comment. The definition of disaster is consistent with the state or local jurisdiction declaring a state of emergency pursuant to Government Code section 8571. Theft is generally not considered an event that causes a state of emergency.
5038	1007.7 (p.2020) 1289.17 (p.2513) 1649.7 (p.3771)	Commenter suggests that licensees notify the Bureau in writing of moving any cannabis goods within 72-hours.	The Bureau disagrees with this comment. The provisions allowing a licensee to move product to a location different than the original location approved by the Bureau is critical to public safety to ensure that cannabis goods are secured, thereby limiting diversion. The Bureau has determined that 24 hours to notify the Bureau is sufficient time for the licensee to immediately secure cannabis goods while providing prompt notice of the change in location to the Bureau.
5038	1547.20 (p.3201)	This section should be renamed “Disaster Relief from Licensing Requirements” since the term “disaster relief” implies monetary assistance would be available for those affected by a disaster.	The Bureau disagrees with this comment. The regulation specifies what is “disaster relief.” The definition of disaster is consistent with the state or local jurisdiction declaring a state of emergency pursuant to Government Code section 8571.
5038	1640.8 (p.3709)	The regulations should clarify that the Bureau does not have authority to waive statutory requirements.	The Bureau disagrees with this comment. The requested clarification is not necessary. The regulations specifically state: “temporary relief from specific regulatory requirements in this division and from other licensing requirements when allowed by law.”

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5038	1778.14 (p.4728)	The section should not limit the licensee to only those instances where the government has proclaimed an emergency.	The Bureau disagrees with this comment. The definition of disaster is consistent with the state or local jurisdiction declaring a state of emergency pursuant to Government Code section 8571; therefore, is consistent with existing law.
5040	46.4 (p.80)	Section must include restrictions on advertising/wrapping on vehicles (including delivery vehicles) and prohibit the use of images that are appealing to minors.	The Bureau disagrees with this comment. The language in section 5040 already captures commenter's restrictions. Specifically, section 5040 (a)(3) explicitly prohibits licensees' advertising from containing the use of objects, displays, depictions, or images that are likely to be appealing to minors under 21 years of age. In addition, section 5040 (b) requires that all signs or advertisements be affixed to a building or permanent structure. Finally, section 5040 (a)(1) requires a licensee to demonstrate that at least 71.6 % of the audience viewing the advertising or marketing is reasonably expected to be 21 years of age or older. Because cars are mobile and not considered permanent structures, it would be difficult for licensees to demonstrate that at least 71.6 % of their viewing audience is at least 21 years of age or older; thus, rendering it unlikely that mobile advertising would be possible without such proof. Additional restrictions within the section are not required.
5040 (a)(4)	138.1 (p.344) 189.4 (p.544) 750.1 (p.1406) 750.2 (p.1406) 750.3 (p.1406) 750.4 (p.1407) 780.6 (p.1501) 782.6 (p.1512) 799.6 (p.1544) 801.1 (p.1551) 801.2 (p.1551)	The section is vague and broad, the phrase "any type of products" is unclear in the context of product giveaways. Should be clarified to prohibit advertising giveaways of free cannabis goods. Does this apply primarily to cannabis goods, or any products for sale at a licensed retailer such as marketing gear, etc.? This should only apply to prohibiting the	The Bureau agrees with this comment. The Bureau has revised this section to clarify that the prohibition on giveaways includes non-cannabis products. Business and Professions Code section 26152 (e) prohibits licensees from advertising or marketing cannabis or cannabis products in a manner that is intended to encourage persons under 21 years of age to consume cannabis or cannabis products. The dissemination of promotional giveaways may encourage persons under 21 years of age to consume cannabis or cannabis products. Moreover, advertisement of free cannabis goods is prohibited by Business

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	807.6 (p.1628) 918.6 (p.1767) 1000.2 (p.1986) 1001.6 (p.1992) 1359.6 (p.2605) 1443.7 (p.2779) 1521.2 (p.2975) 1586.11 (p.3437) 1622.1 (p.3613) 1622.2(p.3613) 1639.5(p.3700) 1662.3 (p.3841) 1702.13 (p.3946) 1744.13 (p.4353) 1790.7 (p.4800) 1792.8 (4828)	advertising of giveaways of free cannabis goods. The suggested language is overly restrictive of common business promotion and marketing practices. Suggest revisions to subsection (a): (3) Shall not contain the use of objects, such as toys, inflatables, movie characters, cartoon characters, or include any other display, depiction, or image designed in any manner likely to be appealing to minors under 18 years of age; and (4) Shall not advertise free cannabis goods or giveaways of any type of (cannabis) products. This includes promotions such as: (A) Buy one (cannabis) product get one free; (B) Free (cannabis) product with any donation; and (C) Contests, sweepstakes, or raffles (to win cannabis or cannabis goods). Commenter asks whether a licensee can advertise free non-cannabis goods, as it is explicit that they cannot advertise free cannabis goods. Commenter suggests licensees should be allowed to offer and promote free non-cannabis goods.	and Professions Code section 26153, which does not allow for free cannabis goods as part of business promotion.

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		The restrictions on giveaways and raffles in section 5040(a)(4)(A) should be clarified to make clear that they apply to cannabis goods and cannabis accessories only, and do not apply to other goods or tickets to events. Businesses in all industries, including alcohol, use giveaways and contests for advertising and the cannabis industry should not be singled out and prevented from being able to do so. One commenter indicates that the subsection should be clarified to prohibit giveaways of free cannabis goods, consistent with the Act. Commenter says product demonstrations should be allowed.	
5040	189.3 (p.543)	Clarification is needed regarding the use of cartoon-like line drawings that do not consist of actual characters; Bureau pre-approval of advertising is requested.	The Bureau disagrees with this comment. Given the number of licensees within its jurisdiction, the Bureau does not have the capacity to pre-approve advertising. Consistent with Business and Professions Code section 26152 (f), the language in section 5040 explicitly prohibits licensees' advertising from containing the use of objects, displays, depictions, or images that are likely to be appealing to minors under 21 years of age.
5040 (a)(4)	289.17 (p.757) 921.6 (p.1777) 1614.21 (p.3599)	Commenter does not understand why cannabis companies should not be able to give product away for free or conduct any other sorts of promotions, sweepstakes, or giveaways provided that all other regulations are adhered to.	The Bureau disagrees with this comment. The Bureau interprets this comment as a general objection to the adoption of the advertising regulations. The Bureau has revised this section to clarify that the prohibition on giveaways includes non-cannabis products. Business and Professions Code section 26152 (e) prohibits licensees from advertising or marketing cannabis or cannabis products in a manner that is intended to encourage

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		Strongly urge the Bureau to amend the regulations to allow for limited free samples to be given away by businesses. Suggest boundaries such as limiting free goods to a certain size and to only one person can be instituted.	persons under 21 years of age to consume cannabis or cannabis products. The dissemination of promotional giveaways may encourage persons under 21 years of age to consume cannabis or cannabis products. Moreover, advertisement of free cannabis goods is prohibited by Business and Professions Code section 26153, which does not allow for free cannabis goods as part of business promotion.
5040	668.1 (p.1265) 931.1 (p.1831) 1552.1 (p.3250) 1594.1-1594.4 (p.3480) 1714.1 (p.4043)	The revised framework for advertising strengthens the regulations' ability to protect youth and communities, and makes some progress in catching up to other states which have more actively limited outdoor advertising, billboards, radio and television advertising. The addition of an explicit definition of advertising content appealing to minors gives marketers clear instruction and enables objective assessment of compliance.	The Bureau has noted the commenter's support for the section.
5040	668.6 (p.1268) 1552.12 (p.3256) 1594.14 (p.3486) 1709.12 (p.4004) 1714.17 (p.4047)	This rule as written will allow rampant advertising exposure of children and youth in broadcast, cable, print and digital media. The commenter recommends using a more stringent youth exposure threshold (i.e., 85%).	The Bureau disagrees with this comment. The regulation is consistent with Business and Professions Code section 26151(b), which mandates that any advertising or marketing shall only be displayed where at least 71.6 % of the audience is reasonably expected to be 21 years of age or older, as determined by reliable, up-to-date audience composition data. The Bureau does not have the ability to amend the threshold identified by statute.

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5040	668.7 (p.1269) 1509.2 (p.2881) 1552.13 (p.3257) 1572.2 (p.3372) 1594.15 (p.3486) 1714.18 (p.4048)	The prohibition against the use of images or depictions of minors under 18 years of age should be revised to be at least 21 years of age, and not be catered to the small subset of minors who are eligible to purchase medicinal cannabis goods at 18 years of age. Allowing marketers to target those aged 18-20 through the use of images or depictions of content appealing to that demographic may inadvertently target minors under 18 years of age.	The Bureau agrees with this comment. Business and Professions Code section 26151(b) requires licensees to demonstrate that any advertising or marketing shall only be displayed where at least 71.6 % of the audience is reasonably expected to be 21 years of age or older. To remain consistent with the Act, the Bureau will change all references of 18 years of age within this section, to 21 years of age.
5040	668.7 (p.1269) 1552.13 (p.3257) 1552.20 (p.3258) 1594.15 (p.3486) 1594.24 (p.3488) 1707.9 (p.3993) 1709.10 (p.3993) 1714.19 (p.4048) 1714.20 (p.4048) 1714.25 (p.4049)	The commenter recommends that no health-related statements be allowed in the advertising of cannabis of any type. Retailers should not be able to use certain health statements in their name, such as "holistic," "wellness," "medical," or "clinic."	The Bureau disagrees with this comment. The Bureau has determined that additional language banning health-related statements would be duplicative of Business and Professions Code section 26154. Specifically, this section prohibits licensees from disseminating advertising or marketing containing any health-related statements that are untrue in any particular manner or tends to create a misleading impression as to the effects of health of cannabis consumption.
5040	668.8 (p.1271) 1552.19 (p.3258) 1594.21-1594.24 (pp.3487-3488) 1707.8 (p.3993) 1709.8 (p 4004) 1709.9 (p.4004) 1714.21-1714.24 (p.4049)	Advertising and marketing materials should not be permitted to: (1) Display consumption of cannabis or cannabis products; (2) Contain material that encourages the use of cannabis because of its intoxicating effect; (3) Depict activities or conditions that could be considered risky when under the influence of cannabis, such as operating a	The Bureau disagrees with this comment. The language in section 5040 already captures commenter's restrictions. Specifically, section 5040 (a)(3) explicitly prohibits licensees' advertising from containing the use of objects, displays, depictions, or images that are likely to be appealing to minors under 21 years of age. Such imagery that the commenter describes could be considered attractive to minors under 21 years of age. Notably, section 5040 (b) requires that all outdoor signs or advertisements be affixed to a building or permanent structure.

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		motorized vehicle or boat, being pregnant, or breastfeeding. (4) Be on public property or transportation including school buses, buses, trains, transportation stops, benches or shelters.	Thus, additional language banning advertising or marketing on transportation vehicles is not necessary. Finally, section 5040 (a)(1) requires a licensee to demonstrate that at least 71.6 % of the audience viewing the advertising or marketing is reasonably expected to be 21 years of age or older. Because vehicles are mobile and not considered permanent structures, it would be difficult for licensees to demonstrate that at least 71.6 % of their viewing audience is at least 21 years of age or older. Additional restrictions within the section are not required.
5040(c)	668.8 (p.1271) 1552.21 (p.3259) 1594.25 (p.3488) 1714.26 (p.4049)	The definition should specify "reliable, up-to-date, local audience composition data." It is the local market data which needs to be assessed, not national, as research in alcohol advertising has shown there is considerable variation in audience composition across locales and relying on national data has resulted in overexposure of youth to harmful advertising.	The Bureau disagrees with this comment. The Bureau recognizes that the audience viewing advertising may be transitory and may not necessarily correspond to census or population estimates. Thus, it is integral for licensees to demonstrate that audiences actually viewing their marketing tools are of age. This necessarily requires licensees to supply data that corresponds to the local audience that views advertising; additional clarification is not required.
5040	750 (p.1406) 801 (p.1551) 1036 (p.2084) 1038 (p.2086) 1038.1 (p.2090) 1080.8 (p.2209) 1622 (p.3613) 1639.5 (p.3700) 1748.6 (p.4398) 1759.1 (p.4494)	The advertising and marketing provisions are too restrictive. The Bureau should retain the language in the readopted emergency regulations which already adequately safeguard against exposing cannabis to underage minors, while allowing responsible promotion of cannabis and cannabis products for educational purposes.	The Bureau disagrees with this comment. Consistent with Business and Professions Code section 26151, the advertising restrictions assure that advertising or marketing remains targeted to audiences that are reasonably expected to be 21 years of age or older. The Bureau plans to adopt the regulation because Business and Professions Code section 26152(e) prohibits licensees from advertising or marketing cannabis or cannabis products in a manner that is intended to encourage persons under 21 years of age to consume cannabis or cannabis products. The dissemination of certain marketing tools may

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	1763.1 (p.4529)		encourage persons under 21 years of age to consume cannabis or cannabis products. Moreover, advertisement of free cannabis goods is prohibited by Business and Professions Code section 26153, which does not allow for free cannabis goods as part of business promotion.
5040(b)	750.4 (p.1407) 780.6 (p.1501) 782.6 (p.1512) 799.6 (p.1544) 801.2 (p.1552) 807.6 (p.1628) 1001.6 (p.1992) 1001.7 (p.1993) 1038.1 (p.2089) 1359.6 (p.2605) 1359.7 (p.2606) 1622.3 (p.3614) 1790.8 (p.4800)	Subsection (c) is an unnecessary restriction on cannabis businesses who are in compliance with the Outdoor Advertising Act, the standard for every business and industry in California. Suggest revising subsection (c) as follows: (b) ~~In addition to the requirements for advertising and marketing in subsection (a) of this section, all outdoor signs advertising, including billboards, must be affixed to a building or permanent structure.~~ <u>All outdoor advertising must be in compliance with the Outdoor Advertising Act, commencing with Section 5200 of the Business and Professions Code.</u>	The Bureau disagrees with this comment. Requiring advertising to be affixed to a permanent building or structure assures that advertising or marketing remains placed in locations where the audience viewing the advertising or marketing is reasonably expected to be 21 years of age or older. Licensees would be expected to comply with all other relevant state and local laws, including the Outdoor Advertising Act.
5040(b)	750.4 (p.1407) 780.6 (p.1501) 782.6 (p.1512) 799.6 (p.1544) 807.6 (p.1628) 918.6 (p.1767) 1001.6 (p.1992) 1001.7 (p.1993) 1359.6 (p.2005)	The requirement in Section 5040 that billboards be affixed to a building or permanent structure is unduly restrictive and substantially limits advertising channels available to the cannabis industry. The changes in the regulation prohibit a number of advertising channels that the cannabis industry is currently using---including billboards on trucks, hand held	The Bureau disagrees with this comment. Consistent with the Act, section 5040 (a)(1) requires a licensee to demonstrate that at least 71.6 % of the audience viewing the advertising or marketing is reasonably expected to be 21 years of age or older. Because cars and trucks are mobile and not considered permanent structures, it would be difficult for licensees to demonstrate that at least 71.6 % of their viewing audience is at least 21 years of age or older. Accordingly, the Bureau has determined that the use of vehicles in the manner the

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	1359.7 (p.2006) 1586.12 (p.3437) 1702.15 (p.3947) 1748.7 (p.4398) 1744.15 (p.4353) 1759.1 (p.4494)	signs, etc.---which are in full compliance with current regulations regarding advertisement distance rules. This requirement should be removed and/or replaced with a requirement that all outside signs abide by all required distance rules. Licensees should be able to provide the Bureau with the routes of any mobile outdoor signs if requested.	commenter suggests is not appropriate as it cannot assure that advertising or marketing remains placed in locations where the audience viewing the advertising or marketing is reasonably expected to be 21 years of age or older.
5040(c)	750.5 (p.1407) 801.2 (p.1552) 1521.2 (p.2976) 1586.13 (p.3437) 1622.4 (p.3614) 1702.16 (p.3947) 1744.16 (p.4354) 1748.10-1748.11 (p.4398) 1790.9 (p.4801)	Both the California Department of Finance and United States special census are reputable and reliable demographic resources. The identified restrictions are unnecessary and should be eliminated. While the Bureau has indicated what it will not accept as reliable up-to-date data, it should indicate what it will accept.	The Bureau disagrees with this comment. The Bureau recognizes that the audience viewing advertising may be transitory and may not necessarily correspond to census or population estimates. Thus, it is integral for licensees to demonstrate that audiences actually viewing their marketing tools are of age. This necessarily requires licensees to supply data that corresponds to the local audience that views advertising, rather than data corresponding to residents within the vicinity of an advertisement that may or may not actually be considered a "viewer"; additional clarification is not required.
5040(d)	750.6 (p.1407) 801.2 (p.1552) 1622.5 (p.3614) 1702.17 (p.3947) 1744.17 (p.4354) 1790.10 (p.4801)	The Bureau should identify a minimum time period to supply evidence regarding an advertisement's minimum composition data as this phrase is vague. Recommend giving licensees at least 72 hours, or five (5) business days to comply.	The Bureau disagrees with this comment. Obtaining reliable up-to-date audience composition data demonstrating that at least 71.6 % of the audience viewing the advertising or marketing is reasonably expected to be 21 years of age or older is a condition precedent to displaying advertising or marketing as required by the Act. Accordingly, this information should already be in the licensee's possession when requested by the Bureau.

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5040(b)	784 (p.1518-1523)	The phrase "building or permanent structure" is ambiguous. It could be interpreted to limit cannabis advertising displays to those attached to stationary structures, such as building walls or fixed billboards. This would preclude the use of marketing vehicles. Suggest revising as follows: In addition to the requirements for advertising and marketing in subsection (a) of this section, all outdoor signs, including billboards, must be affixed to a building or other permanent structure or to (1) a commercial vehicle with a permanently affixed truck body that meets local and state commercial vehicle regulations and possesses navigational technology to avoid schools and other areas where cannabis advertising would not be appropriate; or (2) other forms of vehicular mobile displays that are not detachable and/or not stationary such as city busses, taxi cabs, and similar vehicles. All outdoor advertising must be in compliance with the Outdoor Advertising Act, commencing with section 5200 of the Business and Professions Code. The section could prohibit cannabis advertising on commercial vehicles throughout the state and preempt local	The Bureau disagrees with this comment. Consistent with the Act, section 5040 (a)(1) requires a licensee to demonstrate that at least 71.6 % of the audience viewing the advertising or marketing is reasonably expected to be 21 years of age or older. Because cars and trucks are mobile and not considered permanent structures, it would be difficult for licensees to demonstrate that at least 71.6 % of their viewing audience is at least 21 years of age or older. Accordingly, the Bureau has determined that the use of vehicles in the manner the commenter suggests is not appropriate as it cannot assure that advertising or marketing remains placed in locations where the audience viewing the advertising or marketing is reasonably expected to be 21 years of age or older.

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		regulatory systems which permit such advertising. A statewide prohibition would contravene the Act's policy of deference to local regulation.	
5040(b)	1509.2 (p.2882) 1572.3-1572.5 (p.3376-3381)	Outdoor advertisement affixed to vehicles, bicycles, airplanes, or other modes of transportation should be prohibited, and unable to satisfy criteria for audience composition. The Bureau should also clarify whether sign spinners and other types of advertisements using individuals are allowed, which commenter does not believe should be permitted.	The Bureau disagrees with this comment. Consistent with the Act, section 5040 (a)(1) requires a licensee to demonstrate that at least 71.6 % of the audience viewing the advertising or marketing is reasonably expected to be 21 years of age or older. Because cars and trucks are mobile and not considered permanent structures, it would be difficult for licensees to demonstrate that at least 71.6 % of their viewing audience is at least 21 years of age or older. Therefore, this type of advertising is effectively prohibited in most instances already. Accordingly, the Bureau has determined that the use of mobile advertisements is not appropriate as it cannot assure that advertising or marketing remains placed in locations where the audience viewing the advertising or marketing is reasonably expected to be 21 years of age or older. Additionally, any outdoor advertising must meet the requirements of the regulation; thus, an individual may not spin a sign as it would not be affixed as required.
5040	1000.2 (p.1986)	This language unduly limits qualified medicinal patients (those holding a valid MMIC) from being alerted to promotions they may be qualified to receive. Retailers have stiff competition in this new legal cannabis market, and limiting what retailers are able to advertise creates a burden for acquiring and retaining business.	The Bureau disagrees with this comment. The Bureau plans to adopt the regulation as stated in the initial statement of reasons because Business and Professions Code section 26152(e) prohibits licensees from advertising or marketing cannabis or cannabis products in a manner that is intended to encourage persons under 21 years of age to consume cannabis or cannabis products. The dissemination of certain marketing tools may encourage persons under 21 years of age to consume cannabis or cannabis products. Moreover, advertisement of free cannabis

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			goods is prohibited by Business and Professions Code section 26153, which does not allow for free cannabis goods as part of business promotion. Contrary to the commenter's remarks, certain communications to customers would be allowed under section 5041. That section provides that licensees may engage in certain direct, individualized communications or dialogues, provided they use age affirmation to verify the recipient of their advertising is 21 years of age or older.
5040	1075 (p.2189) 3630 (p.2189)	Farms are family affairs, and while a child may not be actively engaged in the cultivation of cannabis, their presence on an integrated (home-based) farm should be welcome and promoted.	The Bureau disagrees with this comment. Business and Professions Code section 26140(a)(3) prohibits an A-designated license from employing or retaining persons under 21 years of age. Oftentimes, an M-designated license is co-located with an A-designated license. The Bureau finds that extending A-designated licensee employee age restrictions to employees of M-designated licensees is integral for the protection of minors. The Bureau recognizes that there may be some non-management or non-cannabis activities, such as internet technology or multimedia services, which do not require an employee work within the licensed premises; this regulation would permit the retention of persons under 21 years of age, provided the employee or contractor does not work within the licensed premises .
5040(f)	1089.1 (p.2224)	If a licensee has gone through the effort of retaining supposedly advertising experts, it demonstrates due diligence. This section should be removed.	The Bureau disagrees with this comment. It is common for licensees to contract with other agents, representatives, or consultants for advertising and marketing services. It is necessary for the Bureau to assure that all advertising and marketing done on behalf of a licensee satisfies the provisions of the Act and its implementing regulations. This section helps to avoid situations where licensees attempt to avoid responsibility for violations of

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			the Act or regulations by having another party advertise or market on their behalf.
5040	1357.1 (p.2595)	Commenter is adamantly opposed to the Bureau's existence and believes the Bureau is relying on increasing drug addiction to pay for its salary and benefits. Commenter demands that marketing to minors be prohibited.	The Bureau disagrees with this comment. Additional clarifications to prohibit marketing to minors are duplicative and not necessary. Consistent with Business and Professions Code section 26151(b), the section requires licensees to demonstrate that any advertising or marketing shall only be displayed where at least 71.6 % of the audience is reasonably expected to be 21 years of age or older. The section also prohibits the use of certain advertising mechanisms that may be attractive to individuals under the age of 21.
5040(a)(1)	1514.7 (p.2931)	Commenter inquires as to whether the Bureau is kidding as to the requirement to demonstrate that 71.6% of the audience viewing the advertisement is 21 or older. Commenter suggests not advertising near schools, residential areas, or children's TV networks. Clear prohibitions are needed to make compliance and enforcement easier.	The Bureau disagrees with this comment. The section is consistent with Business and Professions Code section 26151, which requires advertising and marketing to only be displayed where at least 71.6% of the audience is reasonably expected to be 21 years or older. The Bureau does not have the ability to amend this statutory requirement.
5040	1521.2 (p.2976) 1533.18 (p.3138) 1586.12 (p.3437)	Advertising and marketing restrictions should be left to local jurisdictions, and state action should be confined to enforcement of existing state laws. The state does not have time or money to pursue this type of enforcement activity and should provide grants and assistance to local jurisdictions.	The Bureau disagrees with this comment. The Act imposes restrictions on the advertisement and marketing of commercial cannabis activity. The regulations implement and carry out the existing state law on advertisement and marketing. The Bureau is tasked with implementing and enforcing the Act and its implementing regulations.

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		For example, prohibition on outdoor advertisings would prevent events/fairs from offering sponsorships to cannabis licensees.	
5040	1552.14-1552.18 (p.3258) 1594.16-1594.20 (p.3487) 1625.4 (p.3633) 1625.5 (p.3633) 1714.20 (p.4048)	Advertisements and marketing materials should be required to contain messages on pregnancy and breastfeeding, that driving high is a DUI, not for kids or teens, increased risks for developing schizophrenia, and worsening breathing problems. These should be in equal and rotating proportions.	The Bureau disagrees with this comment. The Bureau has determined additional warnings on cannabis advertising and marketing is unnecessary and may be duplicative of other state requirements. For example, Business and Professions Code section 26120 already mandates certain government warnings to be placed on cannabis and cannabis products which include warnings about: cannabis use for minors; cannabis use for those who are pregnant or nursing; and cannabis use while operating heavy machinery. In addition, state licensees must comply with all other state laws, including compliance with Proposition 65 which mandates warnings regarding known carcinogens. Such requirements assure that prospective users are informed about the products they may purchase at state licensed retailers.
5040	1552.26-1552.27 (p.3260) 1594.30-1594.31 (p.3489) 1714.30-1714.32 (p.4050)	No cannabis business or cannabis product brand identification, including logos, trademarks or other names, should be used or licensed for use on clothing, toys, games, or game equipment, or other items typically marketed or used by persons under the age of 21 or attractive to children or youth. Moreover, any branded merchandise (hats, t-shirts, pens, etc.) bearing the name of a cannabis business or	The Bureau agrees with the commenter's suggestion that "No cannabis business or cannabis product brand identification, including logos, trademarks or other names, should be used or licensed for use on clothing, toys, games, or game equipment, or other items typically marketed or used by persons under the age of 21 or attractive to children or youth." The Bureau disagrees with commenter's suggestion that any branded merchandise should carry a mandatory warning box.

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		brand, cannabis, or a cannabis product, should be required to carry a mandatory warning box described above in at least the size of the business, brand, or product name, whichever is largest.	Requiring the commenter's suggested warning box may be duplicative of existing requirements. For example, Business and Professions Code section 26120 already mandates certain government warnings to be placed on cannabis and cannabis products which include warnings about: cannabis use for minors; cannabis use for those who are pregnant or nursing; and cannabis use while operating heavy machinery. In addition, state licensees must comply with all other state laws, including compliance with Proposition 65 which mandates warnings regarding known carcinogens. Such requirements assure that prospective users are informed about the products they may purchase at state licensed retailers. This section is consistent with the advertising and marketing restrictions identified in Business and Professions Code section 26150 et seq.
5040	1594.15 (p.3487)	Adult-use cannabis should not be allowed to make health claims in advertising. Recommend the Bureau adopt a requirement for a prominent rotating warning label statement on any and all cannabis advertising, similar to that on tobacco advertising, including on branded merchandise.	The Bureau disagrees with this comment. The Bureau has determined that additional language banning health-related statements would be duplicative of Business and Professions Code section 26154. Specifically, this section prohibits licensees from disseminating advertising or marketing containing any health-related statements that are untrue in any particular manner or tends to create a misleading impression as to the effects of health of cannabis consumption. Moreover, the Bureau has determined additional warnings on cannabis advertising and marketing is unnecessary and may be duplicative of other state requirements. For example, Business and Professions Code section 26120 already mandates certain government warnings to be placed on cannabis and cannabis products which include warnings about: cannabis use for minors;

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			cannabis use for those who are pregnant or nursing; and cannabis use while operating heavy machinery. CDPH is responsible for labeling requirements.
5040	1609.15 (p.3572)	The word "advertising" should be changed to "advertisement" so as not to restrict retailer's ability to effectively market. While "advertisement" is defined in Business and Professions Code section 26150, "advertising' is not.	The Bureau disagrees with this comment. The Business and Professions Code defines "advertise," which is generally used as a verb to describe an action or occurrence, and generally includes all tenses, such as present tense to past tense. Additionally, the regulation is consistent with Business and Professions Code section 26150 et seq., using similar language.
5040	1610.4 (p.3579)	Regulations should add subsection (g), as follows: **"**Social media posts made to the accounts of a licensee, their owners, affiliates, and customers, are not considered Advertising or Marketing so long as they are not "boosted" or promoted as paid-advertisements. Posts made to personal social media accounts by compensated "brand ambassadors" are not considered Advertising or Marketing."	The Bureau disagrees with this comment. The terms "advertisement" and "marketing" are defined by Business and Professions Code section 26150, and the regulations are consistent with advertising and marketing restrictions. Additional clarification is not necessary.
5040	1625.4 (p.3633)	The Bureau should prevent non-medical youth access. Strategies are needed to reduce the chance youth will use cannabis such as policies to address product visibility, glamorization of product use, advertising targeting youth, and discounting products to youth friendly price points.	The Bureau disagrees with this comment. The language in section 5040 already captures commenter's restrictions and includes mechanism to limit the exposure of minors to cannabis goods. Specifically, section 5040 (a)(3) explicitly prohibits licensees' advertising from containing the use of objects, displays, depictions, or images that are likely to be appealing to minors under 21 years of age. Such imagery that the commenter describes could be considered attractive to minors under 21 years of age.

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			This section is consistent with the advertising and marketing restrictions identified in Business and Professions Code section 26150 et seq.
5040	1625.21 (p.3636)	Commenter supports the requirement for audience composition over 21, and prohibition on advertising free samples, and promotional giveaways, however, believes there should be prohibition on merchandise promotion cannabis business, and prohibiting donating cannabis goods to promotional events, and advertising within 1,000 feet of schools or other youth centers, and advertising on highways.	The Bureau disagrees with this comment. The regulation is consistent with Business and Professions Code section 26150 et seq., restricting certain advertising and marketing activities, including prohibiting advertising or marketing within 1000 feet of a day care center, school providing instruction in kindergarten or any grades 1 through 12, playground, or youth center, and prohibiting free giveaways. Additional clarifying language is duplicative and not necessary.
5040	1702.14 (p.3946) 1744.14 (p.4353)	The section should create a specific advertising exception for M-type retailers advertising for compassion programs.	The Bureau disagrees with this comment. The Act imposes restrictions on the advertisement and marketing of commercial cannabis activity. The regulations implement and carry out the existing state law on advertisement and marketing. The Bureau is tasked with implementing and enforcing the Act and its implementing regulations.
5040	1707.11 (p.3994)	Cannabis or marijuana related product advertisements may not be placed on or in public transit vehicles.	The Bureau disagrees with this comment. The language in section 5040 already captures commenter's restrictions. Notably, section 5040 (b) requires that all outdoor signs or advertisements be affixed to a building or permanent structure. Moreover, section 5040 (a)(1) requires a licensee to demonstrate that at least 71.6 % of the audience viewing the advertising or marketing is reasonably expected to be 21 years of age or older. Because vehicles are mobile and not considered permanent structures, it would be difficult for licensees to demonstrate that at least 71.6 % of their viewing audience is at least 21 years of

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			age or older. Additional restrictions within the section are not required.
5040	1707.12 (p.3994)	Prohibit cannabis-related billboard advertisements. As precedence, billboards advertising tobacco products are currently prohibited in the Tobacco Master Settlement throughout the United States.	The Bureau disagrees with this comment. Business and Professions Code section 26151 does not prohibit outdoor advertising. The Bureau cannot modify the statute. However, for advertising a licensee must demonstrate that at least 71.6 % of the audience viewing the advertising or marketing is reasonably expected to be 21 years of age or older. Before a licensee could advertise on a billboard, they would have to demonstrate compliance with this requirement. Additional restrictions within the section are not required.
5040	1707.13 (p.3994)	Utilize language from the Institute of Medicine requiring an 85% adult target market threshold, in alignment with the State Advisory Commission.	The Bureau disagrees with this comment. Section 26151 (b) of the Business and Professions Code, mandates that any advertising or marketing shall only be displayed where at least 71.6 % of the audience is reasonably expected to be 21 years of age or older, as determined by reliable, up-to-date audience composition data. The Bureau does not have the ability to amend the threshold identified by statute.
5040	1740 (p.4323)	Commenter would like clarification, to save on extensive litigation, that the age verification provisions do not apply to outdoor advertising. Commenter does not believe there is any law requiring age verification data for outdoor advertising.	The Bureau disagrees with this comment. The Bureau is charged with ensuring public health and safety under the Act. Business and Professions Code section 26151(b) requires that advertising or marketing remains placed in locations where 71.6 % of the audience viewing the advertising or marketing is reasonably expected to be 21 years of age or older. The Act does not identify an exemption for outdoor advertisements. In addition, licensees would be expected to comply with all other relevant state and local laws, including the Outdoor Advertising Act.
5040	1748.8-1748.9 (p.4398)	There is ambiguity around the requirement to include a license number on outdoor advertisement. If there are multiple licenses within an area, or if they have	The Bureau disagrees with this comment. This requirement, while applicable to all licensees, is set out in statute, under Business and Professions Code section 26151. It is duplicative and unnecessary to include in the regulation.

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		licenses for different commercial cannabis activities, which license number should they include. Regulations should indicate a primary license number.	
5041	668.8 (p.1271) 1552.22 (p.3259) 1594.26 (p.3488) 1714.27 (p4049)	To ensure avoiding exposure of minors, no initial direct communication through any form, including in-person, telephone, physical mail, or electronic should be unsolicited, after which, age affirmation to verify the recipient is 21 years of age or older should occur.	The Bureau disagrees with this comment. Consistent with Business and Professions Code section 26151(c), the regulation does not permit direct, individualized communication without having first utilized a method of age affirmation to verify the recipient is 21 years of age or older. No additional clarification is required.
5041	1089.2 (p.2224)	There are other technologies and tools that can be used to label cannabis content/filter such content from minors.	Comment noted. The regulation is consistent with Business and Professions Code section 26151(c), restricting direct, individualized communication without having first utilized a method of age affirmation to verify the recipient is 21 years of age or older.
5041	1360.6 (p.2609) 1649.8 (p.3771)	This section should not apply to industrial marketing by ancillary businesses such as testing labs, packaging manufacturers, and distributors, who do not sell directly to consumers, and with no impact on consumer sales. Commenter indicates this section should not apply to testing laboratories, as they are not selling or promoting cannabis products. Laboratories tend to publish and otherwise disseminate scientific information that is crucial to public education, which is needed to curb youth consumption of cannabis products.	The Bureau disagrees with this comment. Consistent with Business and Professions Code section 26151, the regulation does not permit direct, individualized communication without having first utilized a method of age affirmation to verify the recipient is 21 years of age or older and is applicable to all licensees.

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5041	1559.5 (p.3312) 1778.14-1778.15 (p.4729)	Should be amended from 21 to 18 years of age, since medicinal cannabis is available to those 18 and older with a physician's recommendation, but even consultations may be considered "calculated to induce sales" and thus in violation of this section.	The Bureau disagrees with this comment. Consistent with Business and Professions Code section 26151 (c), the regulation does not permit direct, individualized communication without having first utilized a method of age affirmation to verify the recipient is 21 years of age or older.
5041	1625.22 (p.3636)	Supports restrictions on advertising to those who might be under 21.	The Bureau has noted the commenter's support for the section.
Security Measures	19.6 (p.25)	Commenter states that where the law gives the Bureau discretion to approve or disapprove of protective measures taken by applicants, the Bureau should generally approve, even without asking for or knowing the details of the useless protective measures.	The Bureau disagrees with this comment. The Act requires that the Bureau only issue licenses to qualified applicants and that the Bureau deny an application if either the applicant or the premises do not qualify for licensure. (Bus. & Prof. Code section 26055 and 26057.) In order to vet applicants and determine if they are qualified for licensure the Act requires that an application contain certain information about the premises, the owner, and the commercial cannabis business and its operations. (Bus. & Prof. Code section 26051.5.) The Bureau cannot waive the requirements of the Act and must fulfill its duty under the Act to fully vet applicants prior to issuing a license. Further, the Bureau is required to set certain minimum-security requirements under the Act. (See Bus. & Prof. Code section 26070.) In order to ensure that licensees are compliant with the requirements, the Bureau must have the details of the security measures. This ensures that only those applicants that are able to comply with the security measures are approved. This preserves the health and safety of the public by ensuring licensees conducting commercial cannabis activity have sufficient protective measures in place.
5042/5311	202 (p.565)	Commenter requests that UL rated safes be required for higher security in transport vehicles and vaults, and that the	The Bureau disagrees with this comment. The Bureau has determined that there currently is no justification for increasing

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		requirement be added to the required security plan in the application.	security requirements for safes, and that such an increase would result in increased costs for licensees and prospective licensees.
5042-5047	1051.7 (p.2150)	Commenter requests that the Bureau reduce security requirements for small, rural businesses.	The Bureau disagrees with this comment. The Bureau is required to set certain minimum-security requirements under the Act. (See Bus. & Prof. Code section 26070.) Additionally, the Bureau has determined that the security standards are necessary to protect the health and safety of the public. However, where possible, the Bureau has reduced security requirements for all licensees by removing the requirement that video surveillance storage devices and cameras be capable of connecting to the internet, allowing for shared security when multiple premises are in the same building or on the same parcel of land, and only requiring security personnel to be on-site during the hours of operation.
5042-5047	1547.23 (p.3202)	Commenter states it is unclear how the security sections apply to cultivation as it is a commercial cannabis activity. Commenter also states that the terms "premises" and "limited access" are used interchangeably, and commenter asks if a garden is a premises or a limited access area.	The Bureau disagrees with this comment. The Bureau does not regulate cultivation; thus, these security measures would not apply to a person holding a cultivator license. However, if commenter is referring to a microbusiness that includes cultivation, section 5500(g) requires the licensee to comply with security rules and requirements applicable to cultivation. Thus, the licensee would only need to comply with the security measures adopted by CDFA for the cultivation section of the microbusiness premises. Premises is defined in Business and Professions Code section 26001(ap) and refers to the entire licensed area where commercial cannabis activity will occur. Limited-access area is defined in section 5000(j) and is a portion of the licensed premises where cannabis goods are stored or held.

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			A garden where cannabis is grown would be a premises and would fall under the jurisdiction of CDFA, unless the person is applying for a microbusiness, which then it would fall under the Bureau.
5042	1547.24 (p.3202)	Commenter objects to subsection (d) which requires a licensee to make available records related to the limited-access area immediately upon request. Commenter requests that "immediately" be removed.	The Bureau disagrees with this comment. Licensees are required to maintain records in a manner that allows them to be produced immediately upon request. (See section 5037). This is necessary because during an inspection the Bureau may need to see records to ensure compliance. Requiring that they be produced immediately allows the Bureau to proceed with its regulatory activities for more efficient use of resources.
5042	1625.23 (p.3636)	Commenter supports the section.	The Bureau has noted commenter's support of the section.
5043	122.4 (p.293) 686.6 (p.1312) 754.6 (p.1426) 57.2 (p.100)	One commenter recommends that the requirement of identification badges for employees of a licensee should be left to the licensee to determine if they are necessary to ensure security of the premises. Other commenters state that employee identification badges should only be required if appropriate to ensure the security of the premises. Another commenter stated the requirement is an unnecessary burden on small and medium licensees without any	The Bureau disagrees with this comment. In California, commercial cannabis activity may only be conducted by persons that have received a state license. The badge requirement ensures that a licensee's employees are readily identifiable to customers and members of the public as well as to the Bureau staff and law enforcement. This requirement is necessary to reduce the risk of illegal or criminal activity on the licensed premises by accounting for individuals that are lawfully engaged in commercial cannabis activity.

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		benefit. Commenter recommends removing the requirement for licensees that employ less than 50 persons.	
5043	138.2 (p.344)	Commenter asks why licensees must issue employee badges if the city's police department has already required them to obtain city badges.	The Bureau disagrees with this comment. The Bureau must create regulations that have the minimum standards for engaging in commercial cannabis activity to implement the Act. While some local jurisdictions may require employee identification badges, the Bureau must require it of all licensees to ensure consistency. Nothing precludes a licensee from creating a badge that may simultaneously meet both requirements.
5043	1547.25 (p.3202) 3444.2 (p.10123)	One commenter states the section is not clear on whether it addresses cultivation. Commenter states the section refers to commercial cannabis activity which is not defined in the Bureau regulations. Commenter states that farmers do not need badges and a microbusiness' security requirements are situational and site specific. Another commenter objects to the badge requirement and asked why they would need badges for an operation with four permanent employees and three seasonal employees.	The Bureau disagrees with this comment. Commercial cannabis activity is defined in Business and Professions Code section 26001(k) and thus, does not need to be redefined in the Bureau's regulations. If commenter is a cultivator applying for a license from CDFA, the regulations would not apply to them. However, if commenter is a microbusiness then section 5500(g) requires the licensee to comply with security rules and requirements applicable to cultivation. Thus, the licensee would only need to comply with the security measures adopted by CDFA for the cultivation section of the microbusiness premises.

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5043	57.2 (p.100) 122.4 (p.293) 686.6 (p.1312) 754.6 (p.1426) 1547.25 (p.3202) 3444.2 (p.10123)	Having licensee's employees and agents display an identification badge is an unnecessary burden on small and medium licensees without any benefit. Recommend removing this requirement for licensees that employ less than 50 persons. Microbusiness security requirements are situational and site specific; farmers don't need badges.	The Bureau disagrees with this comment. The Bureau has determined that identification badges are necessary to minimize the risk of illegal or criminal activity on licensed premises, by accounting for individuals who engage in commercial cannabis activity. Such badges also aid members of the public and Bureau staff by identifying employees and their employer and serve as a mechanism to help provide for licensee accountability.
5043	138.2 (p.344)	Some municipalities require their licensees to obtain a city "badge" issued by the local police department. It seems very redundant to require licensees to issue a separate badge.	The Bureau disagrees with this comment. The Bureau has determined that identification badges are necessary to minimize the risk of illegal or criminal activity on licensed premises, by accounting for individuals who engage in commercial cannabis activity. Such badges also aid members of the public and Bureau staff by identifying employees and their employer and serve as a mechanism to help provide for licensee accountability. The regulation does not preclude the use of city "badges", provided they meet the minimum requirements identified by the Bureau.
5044	1547.26 (p.3203)	Commenter requests that the Bureau confirm that the section does not apply to a microbusiness that does not have a storefront retail function.	The Bureau disagrees with this comment. The Bureau is required to set certain minimum-security requirements under the Act. (See Bus. & Prof. Code section 26070.) Additionally, the Bureau has determined that the security standards are necessary to protect the health and safety of the public. Section 5500(g) which is under the microbusiness section, requires the licensee to comply with security rules and requirements applicable to cultivation if they are engaged in cultivation. Thus, the licensee would only need to comply with the security measures adopted by CDFA for the cultivation section of the microbusiness premises. If the licensee is engaged in manufacturing they would

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			comply with the security requirements established by CDPH, if the licensee is engaged in distribution, the distribution portion of their premises must comply with all security requirements. Further, if the licensee has a non-storefront retail portion of the microbusiness than the licensee must comply with the security measures, except for the requirement to have security personnel as they are explicitly exempted from the requirement under section 5045(b).
5044	1625.24 (p.3636)	Commenter supports the requirement of 24-hour video surveillance with requirements for record retention.	The Bureau notes the commenter's support for the section.
5044	1361.6 (p.2616) 1547.26 (p.3203) 3436.2 (p.10118) 3559 (p.10277) 3585 (p.10307)	Commenters requests that there be an exception to the requirement that the video surveillance system be transmission control protocol capable or that the requirement be removed. Some commenters state that licensees in remote areas do not have access to the internet. One commenter stated that Trinity County has deficiencies in regard to surveillance and internet connectivity. Another commenter states that it would cost $15,000 to $20,000 to set up a network configuration.	The Bureau agrees with this comment and has removed the requirement.
5044	119.11 (p.274) 855.2 (p.1700) 1039.3 (p.2121) 1190.6 (p.2395) 1196.5 (p.2404) 1289.8 (p.2511) 1289.9 (p.2511)	Commenters recommend revising the retention requirement for security footage. Commenters recommend changing the requirement to 30 or 60 days. One commenter did not provide a time frame but simply said 90 days is unnecessary and a high cost that could be redirected to	The Bureau disagrees with this comment. The Bureau has determined that security footage is an important tool in investigations. In order to ensure that such footage is available when an issue that needs to be investigated is discovered, the Bureau must require licensees to retain the footage for 90 days.

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	1360.7 (p.2609) 1373.3 (p.2656) 1381.3 (p.2675) 1400.3 (p.2697) 1401.3 (p.2698) 1538.3 (p.3169) 1547.26 (p.3203) 1560.3 (p.3330) 1649.9 (p.3771) 1739.14 (p.4320)	other compliance regulations. One commenter stated that 90 days' worth of storage can be upwards of 330 terabytes of data and onsite storage can cost upwards of $31,000. Many commenters state that when running 20+ HD cameras 24 hours a day, 90 days of footage takes up a lot of space and slows down the system. Other commenters stated there is a lack of services that keep security footage for 90 days and those that do are too expensive. Commenter states 60 days is longer than 30-day requirements found in other sections of the regulations but is less expensive than 90 days. Other commenters requests that section be amended to require cameras to record continuously 24 hours per day and at a minimum of 10 frames per second (FPS) instead of 15 FPS. Commenter also requests the section be amended to require storage of video surveillance for 60 days instead of 90. One commenter states that these two changes would reduce the storage burden on licensees by approximately 56% without perceptibly impacting security and the lessened volume of data would make regulatory requests to review copies easier for all parties. One commenter states that the TCP capability requirement should be removed, that there is no removable media	In conducting research, the Bureau reviewed footage with different frames per second capacities and determined that the 15 FPS is the least frames per second that will provide video clarity necessary to identify wrongful acts committed on the premises and the perpetrator of such acts. The Bureau cannot reduce the requirement at this time, because a lower FPS will not provide the necessary video clarity. However, the Bureau has removed the requirement that the video surveillance system be transmission control protocol (TCP) capable of being accessed through the internet. The Bureau determined that TCP capability is unnecessary at this time and will reduce the overall cost of a licensee's video surveillance system.

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		that will hold 90 days' worth of data, and requests that the time frame be limited or that licensees transmit to The Bureau their footage every 30 days. Another commenter requested that the pixel requirements be reduced.	
5044	141.8 (p.353) 3444.1 (p.10123) 3446.1 (p.10125)	Commenters object to the amount of video surveillance required. One commenter states they are cultivators and live in the premises, video surveillance should not be required in home. The commenter requests that the Bureau differentiate living quarters from orchard. Another commenter stated that they live on a farm and find video surveillance creepy. Commenter stated the issue needs to be addressed because they walk around their property outside of the garden. Another commenter stated that for small growers the cost to set up a system is too much as a system would cost $15,000 to $20,000.	The Bureau disagrees with this comment. First, the Bureau does not regulate cultivators, thus if commenter is a cultivator they would not need to comply with the Bureau's regulations as they will be licensed by CDFA. Second, video surveillance is not required in the home as the Bureau does not permit a premises to be located within a private residence for privacy and safety reasons. (See section 5026.) The Bureau only requires the licensed premises to be under video surveillance.
5044	262.8 (p.690) 1569.8 (p.3357) 1569.9 (p.3358) 1569.10 (p.3358) 1610.1 (p.3578)	Commenters recommend that the Bureau amend the language to explicitly exempt areas where union activities may occur from being under video surveillance or allow the cameras to be turned off when union activities are occurring in an area. One commenter requested the Bureau add language to exempt surveillance cameras from limited-access areas in employee break rooms or areas specially designated	The Bureau disagrees with this comment. Limited-access areas are areas where cannabis goods are stored or held and does not include areas such as break rooms where cannabis goods cannot be stored. Additionally, surveillance is only required in areas where commercial cannabis activity will be conducted or monitored and the exits and entrances to the premises. Surveillance is not required in areas where commercial cannabis activity cannot occur, such as employee breakrooms. Therefore, union activities could occur in a breakroom and surveillance cameras would never be required there. As to the

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		for use by workers to engage in union activities pursuant to the Agricultural Labor Relations Act (ALRA). Commenter also recommends that the Bureau add an attestation to the section that the licensee or applicant understands that it is a violation of the ALRA to spy or to engage in surveillance of employees engaging in union activities, that the licensee or applicant will undertake reasonable efforts to ensure that its employees have a location to engage in such activities which are not covered by surveillance, and that to the extent union activities are recorded, the employer shall not use the material to interfere, restrain, or coerce its employees.	recommendation to include a cite to the ALRA and an attestation, the Bureau cannot include in its regulations all laws that licensees must comply with as there are many that are outside of the Bureau's purview and jurisdiction. Further, the state has created a cannabis portal at cannabis.ca.gov that provides resources and links to other agencies that govern other areas of law that licensees must comply with.
5044	1323.3 (p.2549) 1664.6 (p.3855) 1702.8 (p.3944) 1744.8 (p.4351)	Commenters requested amendments to allow for motion detected video surveillance. One commenter requests that the section be amended to allow for motion detection software that reduces the frame rate from 15 to 1 frame per second when no action is detected. Another commenter requested clarity about the types of digital storage solutions that would be acceptable, allowing for technological advances that allow for the storage of any relevant frames, while overwriting frames that contain identical data during times where no motion is detected, stating that any video equipment that allows for	The Bureau disagrees with this comment. The Bureau has determined that security footage is an important tool in investigations. In conducting research, the Bureau reviewed footage with different frames per second capacities and determined that the 15 FPS is the least frames per second that will provide video clarity necessary to identify wrongful acts committed on the premises and the perpetrator of such acts. The Bureau cannot reduce the requirement at this time, because a lower FPS will not provide the necessary video clarity. However, The Bureau has removed the requirement that the video surveillance system be transmission control protocol (TCP) capable of being accessed through the internet. The Bureau determined that TCP capability is unnecessary at this time and will reduce the overall cost of a licensee's video surveillance system.

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		playback of otherwise compliant video footage should be sufficient, in order to allow for such advanced data storage solutions.	
5044/ 5045/ 5047	122.8 (p.295) 3424 (p.10103) 3436.1 (p.10117) 686.10 (p.1314) 754.10 (p.1429) 3376 (p.10041)	Commenters recommend that security measures should be left to the licensee to determine what is reasonable based on their operation and that such security measures should be approved by the local jurisdiction to be adequate, reasonable, and site-specific for their constituents. Commenters recommend amending the sections to require that security measures be approved by the local jurisdiction and not set by the Bureau.	The Bureau disagrees with this comment. The Bureau is required to set minimum security requirements under the Act. (See Bus. & Prof. Code section 26070.) The Bureau has determined that the security standards comply with the requirements of the Act and are necessary to protect the health and safety of the public. The Bureau has determined that in order to ensure that all its licensees have appropriate security measures in place to ensure the protection of the health and safety of the public, minimum security requirements must be included in the regulations.
5044/5305	3551.2 (p.10269)	Commenter states support of the revised holding periods for security recordings. Commenter cites to section 5305 which also includes a reduced retention timeframe for videos of the sampling process.	The Bureau has noted commenters support of the 90-day retention period for video surveillance and sampling process videos.
5045	1355.3 (p.2588)	Commenter request that local jurisdictions be allowed to determine whether or not security guards are required on the premises. Commenters states that small rural towns should not have the same security requirements as high foot traffic large city locations. Commenter stated the cost of security is between $20-$27/hour and since security is required during all	The Bureau disagrees with this comment. The Bureau is required to set minimum security requirements under the Act. (See Bus. & Prof. Code section 26070.) The Bureau has determined that the security standards comply with the requirements of the Act and are necessary to protect the health and safety of the public. The Bureau has determined that in order to ensure that all its licensees have appropriate security measures in place to ensure the protection of the health and safety of the public, minimum security requirements must be included in the regulations.

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		hours of business operation, companies must hire a second security guard to ensure that each break and lunches are covered.	However, the Bureau has limited the requirement for security personnel to retailers and microbusinesses engaged in retail storefront, as these are the only types of licensees that would have customers entering onto the premises to purchase cannabis goods. All other licensees, including non-storefront retailers and microbusinesses engaged in non-storefront retail are not required to have security personnel.
5045(a)	434 (p.969) 1022.10 (p.2042) 1030.50 (p.2073) 1051.20 (p.2153) 1077.13 (p.2196) 1124.10 (p.2275) 1131.45 (p.2309) 1131.46 (p.2309) 1218 (p.2427) 1327.7 (p.2554) 1375.10 (p.2661) 1380.10 (p.2671) 1413.50 (p.2724) 1425.10 (p.2746) 1507.51 (p.2865) 1512.51 (p.2920) 1520.51 (p.2965) 1523.51 (p.2999) 1526.6 (p.3022) 1558.3 (p.3307) 1651.51 (p.3800) 1767.50 (p.4610) 1768.50 (p.4636) 1769.50 (p.4662)	Commenters request that the section be amended to allow for local governments to set or allow less stringent requirements and allow for an alarm system response from the local licensee or licensee staff who can then contact law enforcement as appropriate. Some commenters state that there is no need for security personnel when video and alarm systems connected to security firms are already required. Some commenters also suggest that the alarm system emit a loud sound when windows or doors are broken so that individuals are alerted to the area and can call the licensee or law enforcement. Some commenters also recommend a panic button behind the counter as an optional security measure.	The Bureau disagrees with this comment. The Bureau is required to set minimum security requirements under the Act. (See Bus. & Prof. Code section 26070.) The Bureau has determined that the security standards comply with the requirements of the Act and are necessary to protect the health and safety of the public. The Bureau has determined that in order to ensure that all its licensees have appropriate security measures in place to ensure the protection of the health and safety of the public, minimum security requirements must be included in the regulations. However, the Bureau has limited the requirement for security personnel to retailers and microbusinesses engaged in retail as these are the only types of licensees that would have customers entering onto the premises to purchase cannabis goods. All other licensees, including non-storefront retailers and microbusinesses engaged in non-storefront retail are not required to have security personnel.

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	1770.50 (p.4688) 3412.3 (p.10088) 1022.10 (p.2042)		
5045	1610.2 (p.3578)	Commenter recommends clarifying the section to make clear security personnel is only required during hours of operation.	The Bureau agrees with this comment. The Bureau has amended the section to clarify that security personnel is only required to be on site during hours of operation.
5047	1077.18 (p.2197)	Commenter requests that the section be amended to allow for system response from the local licensee or licensee staff who can then contact law enforcement as appropriate. Commenter states that direct response by law enforcement or the alarm company operators in a rural county is impractical if not inoperable. Commenter also suggests that the alarm system emit a loud sound when windows or doors are broken so that individuals are alerted to the area and can call the licensee or law enforcement.	The Bureau disagrees with this comment. The Bureau does not specify that the alarm company must respond in person. Generally, alarm companies will receive notification that the alarm has been triggered and will respond by notifying the business owner and/or law enforcement. Further, nothing in the regulations prevents the alarm system from emitting a loud noise when triggered.
5047	1547.27 (p.3205)	Commenter objects to this requirement and says it is expensive and unreasonable for a cultivator to have an alarm system. Commenter states that alarm systems make sense for high-cost inventory areas in a building, but not for a grow operation.	The Bureau disagrees with this comment. If commenter is a cultivator licensed by CDFA, then the section is not applicable to them. If commenter is a microbusiness then the section would only apply to the portions of a microbusiness premises that are dedicated to distribution or retail. Pursuant to section 5500(g), microbusinesses are required to comply with the security requirements applicable to the corresponding license type suitable for the activities of the licensee. Thus, a microbusiness engaged in cultivation would comply with security requirements established by CDFA for the portion of the microbusiness premises that is used for cultivation.

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5048	1547.28 (p.3205)	Commenter requests all track and trace requirements be removed from CDFA and CDPH regulations, and addressed in the Bureau regulations for consistency purposes.	The Bureau disagrees with this comment. The Act requires CDFA, in consultation with the Bureau, to establish a track and trace program for the movement of cannabis in the distribution chain. All licensees must comply with track and trace requirements, to report the movement of cannabis goods from seed to sale. CDFA's regulations govern cultivators while CDPH's regulations govern manufacturers so it is necessary to address the requirements in all regulations. Any differences in the regulations between the licensing authorities do not adversely impact licensee's obligations or the track and trace system.
5048	1353.3 (p.2584)	Track and trace requirements are an abomination, because cannabis is not plutonium, in need of such safeguards, as not a single individual has ever died from use.	The Bureau disagrees with this comment. The Act sets requirements for track and trace, to report the movement of cannabis goods throughout the distribution chain. The regulation is consistent with Business and Professions Code section 26067 et seq.
5048	1625.61 (p.3642)	Along with the robust track and trade mechanisms, commenter encourages the Bureau to track, by local jurisdiction, the amount and type of cannabis products sold. For the purposes of planning for public health and public safety, it will be useful for local officials to know what percentage of products are sold in their jurisdiction are high potency, and which products are most popular.	The Bureau disagrees with this comment in part. This is not relevant to any specific provision of the regulations, which relate to licensee's obligations under the track and trace system. Research provisions for cannabis use and commercial cannabis activity are captured, in part, under Revenue and Taxation Code section 30149.
5048	289.14 (p.757) 753.2 (p.1416) 1316.4 (p.2540) 1364.1 (p.2633) 1545.16 (p.3188) 1547.28 (p.3205)	The regulations should allow a licensee to appoint a manager, employee, or director as a track and trace system account manager.	The Bureau disagrees with this comment. A track and trace system account manager is responsible for certain requirements relating to use of the track and trace system including, training, authorizing additional users, and maintaining a list of such users. These requirements are essential to ensuring that the track and trace system is properly utilized and should fall to an individual

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	1614.18 (p.3599) 1702.30 (p.3953) 1744.32 (p.4360) 1790.21 (p.4805) 3429 (p.10111)	Commenters request owner be changed to employee or CEO. Limiting the designation to an owner can be an undue burden.	who meets the definition of an owner and has complete oversight over those requirements. An owner is defined under section 5003 and includes any individual who will be participating in the direction, control, or management of the person applying for a license, such as a CEO.
5048	1547.21 (p.3201) 1547.28 (p.3205)	Commenter indicates the Bureau's regulations as to designation of an account manager is inconsistent with CDFA's and implies different requirements for a cultivator and a microbusiness. For example, CDFA allows for an owner, agent or other responsibility party to be designated as an account manager.	The Bureau disagrees with this comment. Pursuant to the Act, under Business and Professions Code section 26070, microbusinesses are licensed by the Bureau, and must comply with the Bureau's regulations, as well as the rules and requirements applicable to the cultivation activities. However, where there is a perceived conflict, the Bureau's regulations take precedence for its licensees.
5048	1756.9 (p.4456)	Track and trace implementation should improve understanding of how raw product can be packaged in a myriad of ways – single serving pouch, 10-serving tin, and variety pack.	The Bureau notes this comment. There is no recommendation as to how track and trace implementation could improve such understanding.
5048	1735.37 (p.4309)	Commenter requests owner as it relates to the track and trace system for account manager designation, be defined.	The Bureau disagrees with this comment. Owner is already defined in the Act, under Business and Professions Code section 26001, and under section 5003 of the regulations.
5048	1649.10 (p.3772) 1664.7 (p.3855)	The Bureau should require two-factor authentication for access to the track and trace system for security purposes (such as use of a FIDO key) – increasing cybersecurity.	The Bureau disagrees with this comment. The regulations provide certain requirements and measures to ensure that the system is not improperly used or accessed. Additionally, the Act requires the CDFA, in consultation with the Bureau, to establish a track and trace program for the movement of cannabis in the distribution chain.

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5048	1609.16 (p.3573)	Under subsection (b)(2), five days is too short for a training deadline, considering that METRC may not even be live, and will not allow anyone to train before an annual license is issued. Commenter believes 5 days is an arbitrary deadline and recommends 10 days.	The Bureau disagrees with this comment. The Act requires CDFA, in consultation with the Bureau, to establish a track and trace program for the movement of cannabis in the distribution chain. The Bureau's regulations are consistent with CDFA regulations, who have determined that the provided timeframe is sufficient for implementation.
5048	1360.22 (p.2612)	The Bureau shall provide training materials for METRC.	This comment is noted by the Bureau. The Act requires CDFA, in consultation with the Bureau, to establish a track and trace program for the movement of cannabis in the distribution chain. The Bureau's regulations are consistent with CDFA regulations, providing for training of METRC.
5048	1514.8 (p.2931)	Commenter would like the Bureau to comment or acknowledge third party, computer systems which interface with the State Track and Trace system to document and inform the Bureau of cannabis related activity.	This comment is not relevant to any specific provision of the regulations. The Act provides that CDFA, in consultation with the Bureau, shall establish a track and trace program, allowing for third party applications and platforms.
5048	1329 (p.2558)	Commenter is inquiring as to which regulated platforms are state-sanctioned for track and trace, as well as database management.	This comment is not relevant to any specific provision of the regulations. The Act provides that CDFA, in consultation with the Bureau, shall establish a track and trace program, allowing for third party applications and platforms.
5048	1361.7 (p.2616)	In regard to subsection (e)(1), requiring a licensee to keep a record of compliance notification from the track and trace system, and how compliance was achieved, is burdensome, and will likely require additional staff, adding to costs and making it hard to stay in business, especially for small farmers.	The Bureau disagrees with this comment. Generally, compliance notifications occur when the licensee is out of compliance within the track and trace system. Complying with the regulations and use of the track and trace system should limit or minimize the occurrence of compliance notifications. Recording such activity, is at a minimum, memorializing how and when such a notification was resolved.

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5048	1600.4 (p.3531)	The regulations should ensure that local jurisdictions have access to the track and trace system, to fully utilize its regulatory capabilities.	The Bureau disagrees with this comment in part. The Act provides that upon request of a local law enforcement agency, licensing authorities are to allow access to or provide information contained in the track and trace database, to assist in law enforcement duties and responsibilities. A regulatory provision consistent with the requirement under the Act would be duplicative and is not necessary.
5048	1623.2 (p.3618) 1711.7-1711.10 (p.4012-4013) 3414.1 (p.10090) 3480.1 (p.10177) 3529 (p.10242)	Commenter acknowledges that the Bureau is not responsible for the State's track and trace system, but all licensees must comply with the system requirements. METRC implementation should be staggered, and rolled out by license type, and not by date of annual license, to avoid massive friction and user error. First cultivators, then mid-stream supply chain license types, and finally retailers. This is to address inconsistencies in package tags when transferring from a temporary license to an annual. As to retailers and distributors, they should only be required to use track and trace after it has been shown to work successfully at cultivation.	The Bureau disagrees with this comment. All annual licensees must comply with track and trace requirements, including tagging and assigning unique identifiers to existing cannabis goods. As track and trace will assist with compliance and public safety, the Bureau has determined licensees should use the system upon annual licensure.
5048	855.18 (p.1702) 1267.30 (p.2485) 1533.3 (p.3131) 1548.29 (p.3215) 1623.3 (p.3618)	METRC should be Beta tested prior to release, and additionally, should be rolled out by license category.	The Bureau disagrees with this comment. This appears to be a general comment on the METRC system, which is not directed at any specific provision of the regulations. Additionally, the Act provides that CDFA, in consultation with the Bureau, shall establish the track and trace program.

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	1626.10 (p.3647)	One commenter indicates that METRC has never been operational in a market as large as California's and there are already issues in other states. Commenter suggests delaying implementation until beta testing has completed and allow paper records in the interim.	
5048	1623.3 (p.3618)	Lack of training or "sandbox" access creates risk of discrepancy in records, and commenter recommends allowing such access and training ahead of going live. Examples include confusion as to pre-packed 8ths as a unit, rather than content weight of 3.5g.	The Bureau disagrees with this comment. Track and trace training will be required prior to access and use of the track and trace system.
5049	66.1 (p.114)	Commenter has provided a flow chart, with his email titled "track and trace consumer reporting." Commenter also provides a published executive summary from the 2016 Label Insight Food Revolution Study indicating that their report discusses key findings from research to improve product transparency and foster long-term customer loyalty. The key findings are essentially that consumers want more transparency from brands and are open to digital communication.	The Bureau is unable to discern or interpret commenter's flow chart and its recommendations on the regulations. Additionally, the Act, under Business and Professions Code section 26067(b)(6), holds that information received and contained in records kept by licensing authorities for the purposes of administering the track and trace system and database, are confidential, and shall not be disclosed as a public record.
5049	18.1 – 18.2 (p.16-18)	All track and trace attached data, including testing results, should be made available to the end consumer, via a consumer report. This is important for public health and safety. This is already a law on the books.	The Bureau disagrees with this comment. The Act, under Business and Professions Code section 26067(b)(6), holds that information received and contained in records kept by licensing authorities for the purposes of administering the track and trace

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			system and database is confidential, and shall not be disclosed as a public record.
5049	1625.25 (p.3637)	Commenter supports strong track and trace regulations to prevent diversion and had previously supported the requirement for retailers to include customer names in track and trace reporting, for recall purposes.	The Bureau disagrees with this comment. Licensed retailers are already required to maintain a record for each sale, pursuant to Business and Professions Code section 26160 et seq.
5049	1363.8 (p.2628)	Commenter indicates there is no clear guidance as to how samples can be entered into track and trace, when given to other licensees, and not intended for final sale to the consumer.	The Bureau disagrees with this comment. All commercial cannabis activity must be entered into track and trace, including transfers of cannabis goods. Section 5048 provides that the designated account manager will receive mandatory training as to the use of the track and trace system.
5049	1609.17 (p.3573)	The requirement to record sale price of the cannabis goods in track and trace, under subsection (b)(3), should clarify whether this is the total sales price.	The Bureau agrees and has made changes consistent with the recommendation to clarify subsection (b)(3), to specify the information to be recorded as the wholesale cost.
5049	1778.16 (p.4730)	Under subsection (b)(6)(B), recording in the track and trace system, any cannabis goods shipment "acceptance" should be instead "delivery" or "receipt" to avoid unintended legal consequences.	The Bureau has made changes consistent with the recommendation to clarify subsection (b)(6)(B).
5049	925.3 (p.1805) 950.3 (p.1892)	Licensees should be required to record in the track and trace system whether a product is intended "For Medical Use Only" and the UID used for transferring packages and tracking of finished product should indicate whether a product is intended "For Medical Use Only."	The Bureau disagrees with this comment in part. The Act requires a unique identifier for every cannabis plant with associated information to be included in the track and trace system. Currently, regulations for the licensing authorities do not require cannabis plants to be designated for adult-use or medicinal use at the time a unique identifier is assigned and tagged to a cannabis plant.

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5049	1367.5 (p.2644)	Commenter is requesting clarification and guidance as to how all laboratory and testing information can be loaded to track and trace without the need for individual uploads of each sample. Commenter also notes that requiring a traceability package for each test result is an injurious burden to testing laboratories. Recommends a COA and picture of product as sufficient for upload, and when required by the Bureau, a traceability package can then be provided.	The Bureau disagrees with this comment. All annual license holders must comply with track and trace training requirements upon issuance of an annual license. The statutorily required track and trace program is intended to report on the movement of cannabis goods throughout the distribution chain. Uploading a COA and picture of a product will not generate a given testing result in the track and trace system.
5049	1364.2 (p.2633)	Commenter is confused as to the usage of the word "transfer." There is no definition of transfer under the regulations or state law, and commenter is inquiring as to whether transfer refers to section 5427, regarding retailer premises to retailer premises transfer. Recommends explicitly defining the term.	The Bureau disagrees with this comment. The word "transfer" is used numerous times in the Act and its implementing regulations, relating to the transfer of cannabis goods. It is not specifically defined in the regulations or state law, because it retains its standard usage and common definition.
5049	1007.8 (p.2020) 1289.18 (p.2513) 1360.8 (p.2609) 1649.11 (p.3772)	Subsection (9)(c) should be changed to allow licensees up to 72 hours to enter transactions into the track and trace system. 72 hours anticipates and prepares for bookkeeping staff taking off two days in a row. This would be especially pertinent to retailers, as they serve as the endpoint for traced products and have more information for each batch than other licensees.	The Bureau disagrees with this comment. The statutorily required track and trace program is intended to report on the movement of cannabis goods throughout the distribution chain. Reporting information that is not closely contemporaneous with the movement of cannabis goods would in part diminish the effectiveness of the track and trace program. Additionally, regulations contemplate events that are not within the control of the licensee, and under disaster relief provisions, provide that if a licensee is unable to comply with any licensing

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			requirements due to a disaster, the licensee may request relief from the specific licensing requirement.
5049	1547.29 (p.3206)	Commenter recommends testing laboratories be the only licensees that enter test results into Track and Trace, for data integrity.	The Bureau agrees. Only testing laboratories may enter regulatory compliance testing results.
5050	177.3 (p.521) 348 (p.840) 361 (p.896) 530 (p.1080) 565 (p.1125) 578 (p.1140) 713 (p.1364) 720 (p.1373) 931.7 (p.1831) 1038.7 (p.2097) 1065 (p.2172) 1093.2 (p.2233) 1149.1 (p.2342) 1404 (p.2700) 1428.2 (p.2755) 1434 (p.2765) 1533.19 (p.3138) 1586.14 (p.3438) 1609.18 (p.3573) 1623.4 (p.3619) 1665.1 (p.3864) 1666.1 (p.3882) 1713.1 (p.4025) 1728.1 (p.4137) 1729.1 (p.4155)	This regulation unnecessarily prevents licensees from doing business with each other or selling to consumers during a METRC outage, which has occurred before and is bound to occur again. Prohibiting commercial cannabis activity during such an outage is an unnecessary and costly shut-down of the entire legal marketplace and should be removed. For example, a retailer that has been delivered a physical product cannot enter that product into track and trace because access is lost. The distributor, however, has relinquished custody and can't return and collect the product. The product is now in a legal gray area with multiple parties unable to legally lay claim to the product.	The Bureau disagrees with this comment in part. The regulations do not prohibit all commercial cannabis activity during a loss of connectivity to the track and trace system. Track and trace is a reporting and recording system for the movement of cannabis goods, from seed to sale. A transaction that occurs must be recorded in the track and trace system. During a loss of connectivity, cannabis goods cannot move or transfer between licensees. Additionally, the Bureau has made changes relating to loss of connectivity to the track and trace system and prohibited commercial cannabis activity.

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	1730.1 (p.4173) 1731.1 (p.4191) 1732.11 (p.4218) 1733.11 (p.4245) 1734.11 (p.4272) 1741.1 (p.4326) 1748.12 (p.4398) 1753.1 (p.4429) 1758.11 (p.4476) 1759.7 (p.4476) 1763.2 (p.4530) 1765.1 (p.4570) 1778.17 (p.4731) 1791.1 (p.4809) 3495 (p.10197)		

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5050	1559.6 (p.3313)	This section, restricting commercial cannabis activity, during a loss of access, is unnecessary for the protection of the public safety. Licensees are already required to maintain comprehensive written records. The proposed rule ignores the reality that some licensees are in rural areas with sporadic Wi-Fi access. Commenter recommends allowing commercial cannabis activity and inputting the required information within 48 hours.	The Bureau disagrees with this comment. The commenter provides the explanation that the section is unnecessary for the protection of the public safety, as people have been maintaining paper records for hundreds of years successfully. The track and trace electronic database is a statutory requirement to report and record the movement of cannabis goods, from seed to sale. A transaction that occurs must be recorded in the track and trace system. Additionally, the regulations do not prohibit all commercial cannabis activity during a loss of connectivity to the track and trace system. However, the Bureau has made changes relating to loss of connectivity to the track and trace system and prohibited commercial cannabis activity. The licensing authorities have determined that three calendar days is an appropriate length of time for licensees to enter commercial cannabis activity occurring during the loss of connectivity, after connectivity is restored. This is a sufficient amount of time, given the activities prohibited during a loss of connectivity.

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	1075.2 (p.2189) 1221 (p.2432) 1222 (p.10434) 1355.6 (p.2588) 1145.2 (p.2333) 3630.2 (p.2189)	Subsection (d) prohibiting certain commercial cannabis activities during loss of access should be removed because there are areas with conditions that affect system access. Such areas include rural farms, who have intermittent internet access. Other areas are more prone to fires, stormy winters, and there are more rural areas where internet and electrical grids go down regularly. When that happens, truckload of plants could sit in the sun until the system is back online. Not everyone lives in urban cubicles with fast internet and reliable phone service.	The Bureau disagrees with this comment. The statutorily required track and trace program is intended to report on the movement of cannabis goods throughout the distribution chain. Reporting information that is not closely contemporaneous with the movement of cannabis goods would in part diminish the effectiveness of the track and trace program. Additionally, regulations contemplate events that are not within the control of the licensee, and under disaster relief provisions, provide that if a licensee is unable to comply with any licensing requirements due to a disaster, the licensee may request relief from the specific licensing requirement. the Bureau has made changes relating to loss of connectivity to the track and trace system and prohibited commercial cannabis activity.
5050	756.4 (p.1451) 855.13 (p.1702) 1267.25 (p.2484) 1548.24 (p.3215) 1603.28 (p.3540) 1626.4 (p.3646) 1626.5 (p.3646) 1702.31 (p.3953) 1719.28 (p.4089) 1720.30 (p.4089) 1735.32 (p.4307) 1744.33 (p.4360) 1774.16 (p.4705) 1790.23 (p.4805) 1799.34 (p.4881) 3573.2 (p.10295)	Commenters ask the Bureau to amend section 5050(d), which prohibits certain commercial cannabis activity during a licensee's loss of access to the track and trace system, to provide regulators discretion to allow normal commercial cannabis activity in the event of an extended METRC/system-wide outage.	The Bureau disagrees with this comment. The statutorily required track and trace program is intended to report on the movement of cannabis goods throughout the distribution chain. Reporting information that is not closely contemporaneous with the movement of cannabis goods would in part diminish the effectiveness of the track and trace program.

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5050	998.3 (p.1966) 1551.3 (p.3239)	Subsections (c) requiring commercial cannabis activity to be recorded within a certain timeframe after loss of access to the track and trace system is restored, and (d), prohibiting certain commercial cannabis activities, appear to be contradictory. Additionally, there are times when transactions are scheduled and in motion and difficult to stop/reschedule due to a brief glitch in the system, which subsection (c) should address, or be removed.	The Bureau disagrees with this comment. The regulations do not prohibit all commercial cannabis activity during a loss of connectivity. The statutorily required track and trace program is intended to report on the movement of cannabis goods throughout the distribution chain. Reporting information that is not closely contemporaneous with the movement of cannabis goods would in part diminish the effectiveness of the track and trace program.
5050	1623.4 (p.3619)	For events affecting more than 5% of METRC licensees, Franwell should be required to perform a thorough review of the causes of system loss of access.	This comment is not relevant to any specific provision of the regulations. Additionally, the recommended provision would not be a rule of general applicability falling under APA standards.
5050	1545.18-1545.20 (p.3188)	Commenter, the City of San Francisco, is interested in meeting with the State to help formalize cooperative agreements with its jurisdictions and understand the processes and protocols of the track and trace system, especially when there is a partial or system-wide loss of access. Requiring all commercial transactions to cease during such a loss of access could be unrealistic.	This comment is noted by the Bureau. The comment is not directly related to any specific provision in the regulations for licensees and is not a rule of general applicability. Additionally, the regulations do not prohibit all commercial cannabis activity during a loss of connectivity. The statutorily required track and trace program is intended to report on the movement of cannabis goods throughout the distribution chain. Reporting information that is not closely contemporaneous with the movement of cannabis goods would in part diminish the effectiveness of the track and trace program.
5050	1649.12 (p.3772) 1664.8 (p.3855)	Requiring the licensee to notify the Bureau immediately of a loss of access is overly burdensome and should be instead reportable only when the access is lost for	The Bureau disagrees with this comment. Generally, loss of connectivity to the track and trace system should be minimal. Where licensee has lost connectivity to the track and trace system, the licensee is required to notify the Bureau. This helps

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		more than 24 hours or expected to exceed 24 hours.	ensure the Bureau can carry out its duties in implementing and enforcing the Act.
5050	998.2 (p.1965) 1551.2 (p.3238)	Under subsection (c), three business days to record in the track and trace system all commercial cannabis activity occurring during a loss of access is unreasonable if access is lost for days or weeks due to a catastrophic event. Recommends three days if system was down for less than 5 days, and an additional day to report for each additional day in excess of the five days without access.	The Bureau disagrees with this comment. The statutorily required track and trace program is intended to report on the movement of cannabis goods throughout the distribution chain. Reporting information that is not closely contemporaneous with the movement of cannabis goods would in part diminish the effectiveness of the track and trace program. Additionally, regulations contemplate events that are not within the control of the licensee, and under disaster relief provisions, provide that if a licensee is unable to comply with any licensing requirements due to a disaster, the licensee may request relief from the specific licensing requirement. The Bureau has made changes relating to loss of connectivity to the track and trace system and prohibited commercial cannabis activity and the number of days to record such information.
5050	1559.6 (p.3313) 1778.17 (p.4731)	Commenter recommends providing licensees 48 hours to update the track and trace system with commercial cannabis activity after access is restored.	The Bureau disagrees with this comment. The statutorily required track and trace program is intended to report on the movement of cannabis goods throughout the distribution chain. Reporting information that is not closely contemporaneous with the movement of cannabis goods would in part diminish the effectiveness of the track and trace program. The Bureau has made changes relating to loss of connectivity to the track and trace system and prohibited commercial cannabis activity and the number of days to record such information. The licensing authorities have determined that three calendar days is an appropriate length of time for licensees to enter

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			commercial cannabis activity occurring during the loss of connectivity, after connectivity is restored. This is a sufficient amount of time, given the activities prohibited during a loss of connectivity.
5050	1586.14 (p.3438)	Commenter recommends providing licensees 36 hours to update the track and trace system with commercial cannabis activity after access is restored. This will allow for the same level of security and prevention of diversion while not placing undue burdens on licensees.	The Bureau disagrees with this comment. The statutorily required track and trace program is intended to report on the movement of cannabis goods throughout the distribution chain. Reporting information that is not closely contemporaneous with the movement of cannabis goods would in part diminish the effectiveness of the track and trace program. The licensing authorities have determined that three calendar days is an appropriate length of time for licensees to enter commercial cannabis activity occurring during the loss of connectivity, after connectivity is restored. This is a sufficient amount of time, given the activities prohibited during a loss of connectivity.
5050	1790.22 (p.4805)	Commenter recommends providing licensees seven days to update the track and trace system with commercial cannabis activity after access is restored, rather than three.	The Bureau disagrees with this comment. The statutorily required track and trace program is intended to report on the movement of cannabis goods throughout the distribution chain. Reporting information that is not closely contemporaneous with the movement of cannabis goods would in part diminish the effectiveness of the track and trace program. The licensing authorities have determined that three calendar days is an appropriate length of time for licensees to enter commercial cannabis activity occurring during the loss of connectivity, after connectivity is restored. This is a sufficient amount of time, given the activities prohibited during a loss of connectivity.

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5050	1025.5 (p.2050)	The regulation should allow a licensee that loses access to the track and trace system for two hours or more to complete a transfer of cannabis goods which is already initiated with a distributor. The licensee would document the transfer of cannabis goods using a paper shipping and transportation manifest, to be transmitted to the Bureau in advance. The licensee would enter the information into the track and trace system as soon as access is restored. As written, the regulations would pose unnecessary risk of loss, and is expensive.	The Bureau disagrees with this comment. The statutorily required track and trace program is intended to report on the movement of cannabis goods throughout the distribution chain. Reporting information that is not closely contemporaneous with the movement of cannabis goods would in part diminish the effectiveness of the track and trace program.
5050	1547.30 (p.3206)	Commenter questions why the Bureau would need to know the cause of a licensee's loss to access of the track and trace system. This information is problematic as there can be any number of reasons why the system is down. Knowing that the outage is because of internet connectivity will not compel the Bureau to intercede with Internet Service Providers (ISPs).	The Bureau disagrees with this comment. Knowing the cause of a problematic issue can help to address the issue, especially if it is related to a system-wide issue. While the Bureau has no authority or control over ISPs, the Bureau is tasked with regulating commercial cannabis activity for its licensees, including the use of the track and trace system. The Bureau has authority and jurisdiction over its licensees.
5050	1547.31 (p.3206)	Commenter questions why activities are restricted if there is a paper alternative and licensees are required to enter data at specified times.	The Bureau disagrees with this comment. The statutorily required track and trace program is intended to report on the movement of cannabis goods throughout the distribution chain. Reporting information that is not closely contemporaneous with the movement of cannabis goods would in part diminish the effectiveness of the track and trace program.

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5051	1625.26 (p.3637)	Inventory reconciliation with the track and trace system should occur at least every 7 days, instead of the required 14 calendar days, for dispensaries, who should also provide notification of any discrepancies.	The Bureau disagrees with this comment. The Act requires the track and trace program to track data points for inventory. For commercial cannabis businesses, inventory reconciliation, amended to every 30 calendar days, is reasonable and necessary to ensure compliance with the Act and the regulations, including the requirement to report any significant discrepancy identified during inventory within 24 hours of discovery. Additionally, the regulations are consistent with Business and Professions Code section 26070 which requires notification of significant discrepancy to the Bureau.
5051	40.1 (p.65) 119.12 (p.274) 1316.5 (p.2540) 3401 (p.10073)	Commenters request inventory reconciliation should be quarterly, or if necessary, every 30 days. The recommendation for inventory reconciliation every month or 30 days, is because requiring inventory reconciliation every 14 calendar days is an undue financial burden, especially for large companies.	The Bureau agrees with this comment in part. The Bureau has made changes consistent with the recommendations to provide a timeframe of 30 calendar days for inventory reconciliation in the track and trace system.
5051	1533.20 (p.3139)	Inventory reconciliation every two weeks is excessive and should be left at the discretion of the licensee, and material discrepancies trigger automatic inventory reconciliation. One commenter alternatively suggests reconciliation with new orders or cyclical reconciliation if the Bureau does not revise reconciliation to 30 days.	The Bureau disagrees with this comment in part. The Act requires the track and trace program to track data points for inventory. The Bureau has made changes consistent with recommendations, to require inventory reconciliation every 30 calendar days.

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5051	1361.8 (p.2617) 1361.12 (p.2617) 1547.32 (p.3207) 1623.6 (p.3620)	The requirement to reconcile inventory every 14 days within the track and trace system is burdensome and costly, and inconsistent among the licensing authorities and for microbusinesses, with CDFA's requirements for every 14 business days. One commenter indicates such an inconsistency creates an unfair advantage for microbusinesses. Reconciliation should be at least every 30 days, as it is in CDPH regulations.	The Bureau agrees with this comment in part. The Bureau has made changes consistent with the recommendation to provide a timeframe of 30 calendar days for inventory reconciliation in the track and trace system.
5052.1	25.5 (p.33) 177.4 (p.522) 249.4 (p.653) 564.2 (p.1122) 996.3 (p.1958) 1363.4 (p.2626) 1518.3 (p.2945) 1521.3 (p.2976) 1534.3 (p.3150) 1555.3 (p.3282) 1564.1 (p.3340) 1586.15 (p.3438) 1603.20 (p.3540) 1623.9 (p.3621) 1713.2 (p.4026) 1719.20 (p.4089) 1720.22 (p.4107) 1735.24 (p.4304) 1793.3 (p.4831) 1799.26 (p.4877)	Several commenters indicate that this regulation is too sweeping and requires a licensee to reject an entire shipment of products if one product or individual item isn't correct or desirable, there are many reasons why a shipping manifest may be inaccurate. Licensees, such as distributors, will incur tremendous costs of restocking and redelivery. Instead, licensees should be allowed to reject that part of the shipment that isn't correct, desirable, or expected, and adjust the shipping manifest on site and update track and trace with those changes. Several commenters indicate that if there are specific circumstances the Bureau is concerned about, the regulation should reflect those circumstances instead of making a sweeping requirement.	The Bureau disagrees with this comment in part. Section 5052.1(b) allows a licensee to reject portions of a shipment, that are not accurately reflected on the sales invoice or receipt. The Bureau has made changes consistent with the recommendations to allow for acceptance and rejection of partial shipments under specific circumstances.

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	3427 (p.10108) 3545.1 (p.10263) 3567.1 (p.10288) 3573 (p.10294)		
5052.1	3536 (p.10251) 1623.9 (p.3621)	Commenter ships to over 250 retailers in the state and getting the manifest and physical shipment to match perfectly doesn't always happen. So, if a licensee orders 60 cases of product x and 40 cases of product y and gets 40 cases of product x and 60 cases of product y, the licensee would need to reject the entire shipment. Recommends rejecting partial portions of the shipment or correct the manifest with what's shipped.	The Bureau disagrees with this comment in part. Subsection (b) provides that the licensee may reject that portion of the shipment not reflected on the manifest. With the example commenter has provided, it appears that the extra 20 cases of "product y" would not be accurately reflected on the manifest, subject to partial rejection. The Bureau has made changes consistent with the recommendations to allow for acceptance and rejection of partial shipments under specific circumstances.
5052.1	3427 (p.10108)	Commenter believes that subsections (a) and (b) are in conflict with section 5311, pertaining to distributor transportation requirements.	The Bureau disagrees with this comment. Commenter is not specific as to how sections 5052.1 and 5311 are in conflict. The sections are aligned to ensure the proper and accurate delivery of cannabis goods as reflected on the shipping manifest.
5052.1	1748.13 (p.4399)	Commenter supports the Bureau's language allowing for the acceptance or rejection of portions of a cannabis shipment, which can account for human error leading to a discrepancy between the shipment and sales invoice.	The Bureau has noted commenter's support for this section.
5052.1	998.4 (p.1966) 1551.4 (p.3239)	Retailers should be allowed to reject specific "cases" of items, if they do not feel confident [excepting] one item, but should not reject individual items, if for instance one bottle of kombucha is damaged.	The Bureau disagrees with this comment in part. Section 5052.1(b) allows a licensee to reject portions of a shipment, that are not accurately reflected on the sales invoice or receipt. Confidence as an indicator of whether a portion of a shipment can be rejected is ambiguous and would not meet APA standards.

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		Commenter asks the Bureau to imagine if a grocery retailer was required to reject an entire delivery from a distributor because there was one questionable bag of fish.	If a grocery retailer was required to reject an entire delivery from a distributor because there was one questionable bag of fish, such rejection may be reasonable if that questionable bag of fish is toxic and/or would contaminate the whole shipment with a food borne illness, resulting in a risk to public health and safety. Additionally, the movement and transfer of cannabis goods is regulated to the extent that Bureau staff and law enforcement have the ability to sufficiently and efficiently determine the cannabis goods being transferred, which in part must be determined by the shipping manifest. The Bureau has made changes consistent with the recommendations to allow for acceptance and rejection of partial shipments under specific circumstances.
5052.1	753.3 (p.1417)	Subsections (a), requiring licensees to accept and reject whole shipments of inventory, and (b), allowing a licensee to reject a portion that is not accurately reflected on the sales invoice, contradict each other, and should be amended for consistency, and to allow licensees to accept or reject shipments in part without limitation.	The Bureau disagrees with this comment. The language of the regulation is clear such that subsection (b) states that notwithstanding subsection (a), a licensee may reject a portion of the shipment not accurately reflected on the sales invoice. The standard and common usage of the term "notwithstanding" applies to this regulation.
5052.1	924.9 (p.1796) 1002.1 (p.1996) 1149.2 (p.2343) 1665.2 (p.3865) 1666.2 (p.3883) 1702.18 (p.3948) 1728.2 (p.4138)	Commenters request retailers be allowed to reject any non-compliant or damaged cannabis goods in a shipment. The transaction should be accurately reflected on a return manifest and/or amended invoice or receipt.	The Bureau disagrees with this comment in part. Section 5052.1(b) allows a licensee to reject portions of a shipment, that are not accurately reflected on the sales invoice or receipt. The Bureau has made changes consistent with the recommendations to allow for acceptance and rejection of partial shipments under specific circumstances. Therefore, the Bureau

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	1729.2 (p.4156) 1730.2 (p.4174) 1731.2 (p.4192) 1732.12 (p.4219) 1733.12 (p.4246) 1734.12 (p.4273) 1741.2 (p.4327) 1744.18 (p.4354) 1753.2 (p.4430) 1758.12 (p.4477) 1765.2 (p.4571) 1778.18 (p.4731) 1790.11 (p.4801) 1791.2 (p.4810)		has determined that only defective manufactured products may be returned.
5053	119.13 (p.275) 1744.18 (p.4354)	Licensee purchasers should be allowed to return cannabis goods and be allowed to recover their payment without restrictions or limitations, including return of non-manufactured goods. One commenter suggests that if track and trace is capable of tracking returns for manufactured goods, same should be for non-manufactured goods.	The Bureau disagrees with this comment. Proper tracking and access to cannabis goods, as well as maintaining testing integrity, requires limitations on the ability to return and exchange cannabis goods between licensees, in part to ensure minimal risk of diversion into the illicit market.
5053	753.4 (p.1417)	The regulations should clarify the definition of a defective product. Clarification will allow the distributors to efficiently process returns from retailers.	The Bureau disagrees with this comment. A defective product is a term that has a standard definition and common usage, especially in commercial industries and relating to products.
5053	1702.19 (p.3948) 1744.19 (p.4355) 1790.12 (p.4801)	Commenter recommends allowing for the return of defective or damaged non-	The Bureau disagrees with this comment. CDFA provides the regulatory framework for cultivators, however, the licensing authorities coordinate closely.

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		manufactured goods, in coordination and conjunction with CalCannabis.	Non-manufactured goods do not lend themselves to being defective.
5053	1514.9 (p.2931) 1748.14 (p.4399)	Commenter would like the Bureau to clarify or expand on the section, that a credit is an appropriate interim stage for licensees to handle returns until an actual replacement is available for exchange.	The Bureau disagrees with this comment. The regulations provide for the return of a defective product in exchange for a non-defective version of the same type of cannabis good or in exchange for a cannabis good of equal value. The regulations do not address the method of payment or credit between licensees in the event of an exchange, as a provision is unnecessary to the regulations, as long as the defective product is exchanged for a non-defective version of the same type of cannabis good, or in exchange for a cannabis good of equal value.
5053	1443.10 (p.2779)	Commenter questions whether they are allowed to return defective goods for a refund of any payment/deposits, as where they could not confirm compliance with the purchase of distillate and were bound to continuing cycling through batches until one met compliance, and in the meantime, they have found other licensees to satisfy their needs. Commenter believes the relevant term here to determine a solution is, “purchase”.	The Bureau notes this comment as a question, without recommendation as to any change of the regulations. The regulations provide for the return of a defective product in exchange for a non-defective version of the same type of cannabis good or in exchange for a cannabis good of equal value.
5053	189.1 (p.541)	Licensees should be given more flexibility for product returns, and this regulation should address when a retailer wants to return a substandard product, such as including a process for reimbursement of over-payment of excise tax, like alcohol.	The Bureau disagrees with this comment. Proper tracking and access to cannabis goods, as well as maintaining testing integrity, requires limitations on the ability to return and exchange cannabis goods between licensees. Taxation is under the authority and jurisdiction of CDTFA.

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5053	1603.6 (p.3539) 1719.6 (p.4088) 1720.8 (p.4106) 1735.9 (p.4297) 1799.8 (p.4868) 3548.1 (p.10265)	Upon a product recall, each receiving party, or each party in the chain of custody, must notify the party from whom they received the cannabis goods, or be notified.	The Bureau disagrees with this comment in part. Recall procedures are provided for primarily under the CDPH regulatory framework.
5053	1719.6 (p.4088) 1720 (p.4106)	Commenters recommend that upon product recall, each receiving party must notify the party from whom they received the cannabis goods.	The Bureau disagrees with this comment in part. Recall procedures are established by CDPH regulations.
5054	211.1 (p.586) 211.3 (p.586) 211.4 (p.586) 1702.20 (p.3948) 1744.20 (p.4355) 1790.13 (p.4802)	This regulation should contain a prescribed manner for rendering cannabis unusable and unrecognizable, including for products like oil cartridges. Some examples may be helpful.	The Bureau disagrees with this comment. The Bureau believes the regulations are sufficient to provide clarification on rendering cannabis good unusable and unrecognizable. Because there are many types of cannabis goods, a certain prescribed method or manner in the regulations will not provide clarification for licensees. Licensees must render cannabis goods unusable, as in it cannot be used in its cannabis goods form, or for its intended purposes, and unrecognizable, as in it is not recognizable as a cannabis good. Licensees are required to comply with all applicable waste management laws, including Division 30 of the Public Resources Code.
5054	926.4 (p.1810)	The regulations should require the licensee to destroy cannabis waste prior to collection in a way that allows it to be recycled, such as mixing it with non-cannabis organic waste prior to collection.	The Bureau disagrees with this comment in part. Recycling is not prohibited provided it is performed in compliance with all waste laws and Bureau regulations. Licensees are required to comply with all applicable waste management laws, including Division 30 of the Public Resources Code.

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5054	926.4 (p.1810) 3402.3 (p.10075)	Regulations should provide that licensees be allowed to accept return of used cannabis goods, and destroy the contaminated portion of the cannabis goods, separating the salvageable non-cannabis components for recycling or proper disposal.	The Bureau disagrees with this comment in part. The regulations provide for customer returns to licensed retailers under section 5410. Under the regulations, other licensees not authorized to engage in retail sales, and are not allowed to accept returns of used cannabis goods from customers or other licensees. The Bureau's regulations do not specifically prohibit the recycling suggested by the comment provided such is done in compliance with waste laws and the Bureau's regulations. Licensees are required to comply with all applicable waste management laws, including Division 30 of the Public Resources Code.
5054	1756.13-1756.14 (p.4457-4459)	Companies should have the ability to donate off-spec cannabis goods, rather than destroy them.	The Bureau disagrees with this comment. The regulations are consistent with the Act. Additionally, pursuant to the Act, the protection of the public is the highest priority of the Bureau, even when inconsistent with other interests to be promoted. Off-spec cannabis goods, or deemed off-specification of required standards, could pose health and safety concerns for consumers, because they do not meet set standards that have been established to ensure health and safety.
5054	1743.7- 1743.10 (p.4346)	Commenter would like clarification as to how cannabis destruction and waste management would occur at an event, e.g., can the event organizer provide a secured area for vendors to deposit cannabis waste and arrange for hauling, can they render cannabis waste unrecognizable and unusable, and could displayed cannabis be donated.	The Bureau disagrees with this comment. The regulations provide for waste management at cannabis events. Additionally, all licensees must comply with rules and regulations for cannabis waste management. A licensee in possession of cannabis goods that are to be disposed of, must first render it as cannabis waste. Cannabis waste must be secured in a manner that makes it only accessible to the licensee, its employees or any authorized waste hauler.

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			Additionally, the Bureau has made changes to clarify provisions of the regulations relating to cannabis waste management. These same requirements apply at events. Additionally, cannabis on display must be destroyed the same way it must be destroyed when displayed at any retail premises.
5054	659.1 (p.1252) 1662.1 (p.3839) 941.1 (p.1875)	Commenter requests that the phrase "and is organic waste" be removed from the definition. Commenter states that all cannabis products that must first be rendered into waste are not all organic (ex: vape pens, vape cartridges). Commenter also recommends that the Bureau, CDPH, and CDFA adopt the same definition as vertical integration is common and reference to multiple sets of regulations is necessary. The regulations define cannabis waste as organic waste, which is concerning, because organic waste is defined as food waste under the referenced Public Resources Code, and many cultivators use Rockwool, a soilless growing medium that comes in various forms and sizes. It's an inorganic material and does not meet the definition of organic waste.	The Bureau agrees with this comment. The Bureau has removed the reference to organic waste in the regulations. This is consistent with CDPH's definition of cannabis waste. CDFA's definition is specific to the type of cannabis waste generated by its licensee. Licensees are required to comply with all applicable waste management laws, including Division 30 of the Public Resources Code.
5054	926.3 (p.1809)	Commenter supports the requirement that cannabis waste be destroyed and rendered unrecognizable and unusable prior to collection, however, believes that such a	The Bureau disagrees with this comment. Licensees are required to comply with all applicable waste management laws, including Division 30 of the Public Resources Code.

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		requirement makes the extra precautions on collection and transportation unnecessary.	The Bureau has made changes to provisions of the regulations relating to cannabis waste management.
5055	1592.2 (p.3471)	The commenter clarifies that cannabis waste is organic waste if it is not combined with any hazardous or toxic materials. There are different requirements for cannabis waste and solid waste and composting on-site. As to organic waste, beginning 1/19, there are certain requirements for businesses generating organic waste. Additionally, CalRecycle has oversight over all solid waste, with delegated oversight to local jurisdictions.	The Bureau agrees with this comment in part. The Bureau has removed the reference to organic waste in the regulations. Licensees are required to comply with all applicable waste management laws, including Division 30 of the Public Resources Code. The Bureau has made changes to provisions of the regulations relating to cannabis waste management and removed section 5055 to avoid confusion.
5055	185.2 (p.537)	The regulation needs to address upcycling of waste canna biomass as a viable alternative to destruction (i.e. canna to bioplastics, paper, fiber, etc.)	The Bureau disagrees with this comment. Licensees are required to comply with all applicable waste management laws, including Division 30 of the Public Resources Code. The Bureau has made changes to provisions of the regulations relating to cannabis waste management and removed section 5055.
5055	211.4 (p.586)	This regulation should contain a prescribed manner for rendering cannabis unusable and unrecognizable.	The Bureau disagrees with this comment. The Bureau believes the regulations are sufficient to provide clarification on rendering cannabis goods unusable and unrecognizable. Because there are many types of cannabis goods, a certain prescribed method or manner in the regulations will not provide clarification for licensees. Licensees must render cannabis goods unusable, as in it cannot be used in its cannabis goods form, or for its intended purposes, and unrecognizable, as in it is not recognizable as a cannabis good. Licensees are required to comply with all

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			applicable waste management laws, including Division 30 of the Public Resources Code. Additionally, the Bureau has made changes to provisions of the regulations relating to cannabis waste management and removed section 5055. This requirement is now in section 5054.
5055	211.5 (p.586)	"Transfer processing facility" should be instead, "transfer/processing facility," under section 5055(c)(2)(D).	The Bureau agrees with this comment; however, the Bureau has made changes to provisions of the regulations relating to cannabis waste management and removed section 5055.
5055	659.2 (p.1252) 941.2 (p.1875)	Cannabis waste should only be stored on licensed premises for a maximum of 30 days, to deter stockpiling and ensure timely disposal.	The Bureau disagrees with this comment. Licensees are required to comply with all applicable waste management laws, including Division 30 of the Public Resources Code. The regulations require licensees to store cannabis waste in a secured waste receptacle or a secured area of the licensed premises, to ensure proper handling and storage. Imposing a regulatory timeframe for the disposal of cannabis waste is not indicated at this time. Additionally, the Bureau has made changes to provisions of the regulations relating to cannabis waste management and removed section 5055. This requirement is now in section 5054.
5055	1126.6 (p.2288)	The Bureau should consider sustainability options, such as addressing recyclable, reusable, and/or biodegradable labeling and packaging. Consider phasing in such requirements or allow licensees who sell batteries to accept those batteries for safe recycling and in accordance with CalRecycle.	The Bureau notes this comment. The regulations do not prohibit the use of such packaging and labeling, and/or the accepting batteries for recycling, as long as they are authorized to do so by CalRecycle or any other appropriate state and/or local agency. Licensees are required to comply with all applicable waste management laws, including Division 30 of the Public Resources Code.

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			The Bureau has made changes to provisions of the regulations relating to cannabis waste management and removed section 5055.
5055	659.3 (p.1252) 941.3 (p.1875)	The regulations should include the option for licensees to utilize a "licensed third-party cannabis waste management service provider" to pick up cannabis products, render it cannabis waste, and dispose of the cannabis waste. Doing so is also a more sustainable solution to cannabis waste, with the ability to destroy waste in eco-friendly ways. Rendering waste on-site and self-hauling or utilizing a third-party to haul waste creates problems and is atypical in a commercial industry.	The Bureau disagrees with this comment in part. Licensees are required to comply with all applicable waste management laws, including Division 30 of the Public Resources Code. This would include the use of waste management services consistent with waste laws. Cannabis goods to be disposed of, must first be rendered as cannabis waste on the licensed premises. Such provisions limiting the transfer and movement of cannabis goods and cannabis waste is necessary to prevent diversion of such goods. Additionally, the Bureau has made changes to provisions of the regulations relating to cannabis waste management and removed section 5055. The requirement to comply with waste laws is now in section 5054.
5055	1289.10 (p.2511)	Composting is a waste of money and viable product, and there should be consideration for allowing items to be reused, donated, or put back in stock.	The Bureau disagrees with this comment. The regulations do not specifically require compositing. The regulations prohibit licensees from reusing, donating or placing back into stock cannabis goods that have been returned, which is a health and safety concern. Such prohibitions limit the exposure of unsafe and unknown contaminants to consumers, as the cannabis goods have been introduced outside of the licensee distribution chain. Licensees are required to comply with all applicable waste management laws, including Division 30 of the Public Resources Code.

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			Additionally, the Bureau has made changes to provisions of the regulations relating to cannabis waste management and removed section 5055.
5055	1639.3 (p.3699)	This comment is directed to CDPH, to provide guidance for ancillary cannabis companies and licensees regarding waste disposal practices for cannabis utilized in research and development.	The Bureau notes this comment, which is addressed to CDPH and not the Bureau.
5055	1289.11 (p.2512)	Commenter requests the Bureau should expand the recycling program for vape pens. Previously, customers would return vape pens to the retailer, who would in turn, return it to the manufacturers, people experienced in recycling such products. This will remove bulky waste from landfills and protect the environment in the long run.	The Bureau disagrees with this comment in part. The regulations do not prohibit the return of cannabis goods by customers, however, licensees are required to destroy cannabis goods into cannabis waste prior to disposal. This does not prevent recycling consistent with waste laws. Additionally, licensees are restricted in the return of cannabis goods between licensees. Acceptance of cannabis goods or accessories by manufacturers is within the jurisdiction of CDPH. Licensees are required to comply with all applicable waste management laws, including Division 30 of the Public Resources Code. Additionally, the Bureau has made changes to provisions of the regulations relating to cannabis waste management and removed section 5055.

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5055	690.2-690.3 (p.1338-1339) 924.10 (p.1796) 926.4 (p.1810) 3402.2 (p.10075)	Regulations should allow distributors to pick up contaminated hardware products (allowing customers to return such used products to retailer) for return to another licensee without the need to destroy the cannabis good before transport. The contaminated hardware would be transported to a licensee that could properly destroy and render the cannabis good into cannabis waste.	The Bureau disagrees with this comment. The regulations do not prohibit the return of cannabis goods by customers, however, licensees are required to destroy cannabis goods into cannabis waste prior to disposal to prevent diversion. Additionally, licensees are restricted in the return of cannabis goods between licensees. Licensees are required to comply with all applicable waste management laws, including Division 30 of the Public Resources Code. Additionally, the Bureau has made changes to provisions of the regulations relating to cannabis waste management and removed section 5055.
5055	1022.11 (p.2043) 1030.51 (p.2074) 1051.21 (p.2153) 1124.11 (p.2275) 1131.47 (p.2309) 1215 (p.2424) 1216 (p.2425) 1375.11 (p.2662) 1380.11 (p.2672) 1413.51 (p.2724) 1425.12 (p.2747) 1507.52 (p.2866) 1512.52 (p.2921) 1520.52 (p.2966) 1523.52 (p.3000) 1651.52 (p.3801) 1767.51 (p.4010)	The regulations do not allow for transportation to a licensed farmer who already conducts composting and should allow for a distributor-transport only licensee to remove cannabis waste from a licensee's premises to a cultivation licensee for purposes of composting the material.	The Bureau disagrees with this comment. Licensees are required to destroy cannabis goods into cannabis waste prior to disposal to prevent diversion. Licensees are required to comply with all applicable waste management laws, including Division 30 of the Public Resources Code. Additionally, the Bureau has made changes to provisions of the regulations relating to cannabis waste management and removed section 5055.

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	1768.51 (p.4636) 1769.51 (p.4662) 1770.51 (p.4688)		
5055	926.3 (p.1809)	Commenter believes that the regulations have onerous requirements for third-party waste haulers, treating cannabis waste like hazardous waste instead of organic waste, as defined. Organic waste does not have special collection requirements, and as such, neither should cannabis waste. Doing so would conflict with Public Resources Code section 40059, and local jurisdiction.	The Bureau disagrees with this comment. Licensees are required to comply with all applicable waste management laws, including Division 30 of the Public Resources Code. However, the Bureau has removed references to organic and hazardous waste in the regulations. Additionally, the Bureau has made changes to provisions of the regulations relating to cannabis waste management and removed section 5055.
5055	1576.1 (p.5396) 1708.5 (p.3998)	Under subsection (e), the regulations should require the licensee to obtain both a certified weight ticket (which is required by law), and other documentation associated with waste hauling. This would be a change in the language from “or” to “and.”	The Bureau disagrees with this comment. The regulations are consistent with the applicable waste management laws. Licensees are required to comply with all applicable waste management laws, including Division 30 of the Public Resources Code. Licensees are required to maintain accurate records of all commercial cannabis activity, including waste and disposal activities. Additionally, the Bureau has made changes to provisions of the regulations relating to cannabis waste management and removed section 5055.
5055	926.2 (p.1808) 1545.21-1545.23 (p.3189) 1610.3 (p.3579) 1702.21 (p.3949) 1744.21 (p.4355) 1790.14 (p.4802)	Providing a certified weight ticket, as required under subsection (e), is not practical nor necessary. Reasons why include, (1) one can’t be generated at the time of collection, (2) it is hard to determine what is cannabis and non-cannabis organic waste, (3) it is onerous depending on the number of customers,	The Bureau disagrees with this comment. Licensees are required to comply with all applicable waste management laws, including Division 30 of the Public Resources Code. The regulations do not require a certified weight ticket at the time of collection at the licensed premises, and the Bureau does not have authority or jurisdiction to promulgate regulations for third-party waste haulers or local agencies.

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		and (4) the regulations don't require recording in the track and trace system after cannabis waste is collected. Waste haulers or collection services should also provide quarterly reports to each cannabis waste generating customer showing level of collection services provided, so as to prove that cannabis waste is collected and received at a solid waste facility, since no information is required to be entered after collection of the cannabis waste by a third-party waste hauler. Eliminate subsection (e)(3)(B) and/or (e)(3)(C) entirely or consult with licensed waste haulers about appropriate documentation.	Licensees are required to record in the track and trace system activity relating to cannabis waste disposal, which will reflect the unique identifier of the cannabis being disposed as cannabis waste. Any errors in the track and trace system must be corrected within the given time frame. Additionally, the Bureau has made changes to provisions of the regulations relating to cannabis waste management and removed section 5055.
5055	926.3 (p.1809)	Commenter recognizes the potentially sensitive nature of cannabis waste and supports the requirement for cannabis waste to be disposed of in a secured waste receptacle or area, however, recommends cannabis waste always be in a secured area on the premises inaccessible to the public, even when waiting for collection.	The Bureau notes commenter's support of this provision which is now contained in section 5054.

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5055	1075.1 (p.2189) 3630.1 (p.2189)	The regulations should allow for sale of cannabis waste, as prohibited under subsection (a). Licensees should be able to recoup costs for further processing of cannabis waste, or credit producers in returned product. Prohibiting the ability to convert cannabis waste into other products, such as fertilizer or paper, discourages cradle to grave research and encourages egregious waste stream.	The Bureau disagrees with this comment. Licensees are required to comply with all applicable waste management laws, including Division 30 of the Public Resources Code. Allowing for cannabis waste to be sold or for licensees to recoup costs for converting cannabis waste creates opportunities for cannabis goods and cannabis waste to be improperly used or diverted into the illegal market. Additionally, the Bureau has made changes to provisions of the regulations relating to cannabis waste management and removed section 5055.
5055	1080.17 (p.2210)	Subsection (a) prohibiting the sale, transfer, donation, or give-away of cannabis waste is extreme. Cannabis that is pesticide free could be used as fertilizer or something else and doesn't need to be destroyed.	The Bureau disagrees with this comment. Allowing for cannabis waste to be sold or for licensees to recoup costs for converting cannabis waste creates opportunities for cannabis goods and cannabis waste to be improperly used and/or diverted into the illegal market. Additionally, the Bureau has made changes to provisions of the regulations relating to cannabis waste management and removed section 5055.
5055	1078 (p.2205)	Green waste recycling should be addressed, as an option in track and trace, and the ability to drop cannabis green waste at a manufacturing facility for further processing before being disposed of. This would be beneficial to the environment, by reducing toxins and the amount of flower grown to support demand. This is similar to processes in Arizona and Nevada.	The Bureau disagrees with this comment. Licensees are required to comply with all applicable waste management laws, including Division 30 of the Public Resources Code. Additionally, the Bureau has made changes to provisions of the regulations relating to cannabis waste management and removed section 5055.

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5055	1468 (p.2808)	Waste management companies should be able to sell non-psychoactive agricultural waste, for sustainability. Licensing authorities should also set goals to begin using hemp paper and expand.	The Bureau disagrees with this comment. The sale of cannabis goods and cannabis waste is a commercial cannabis activity requiring a license to engage in such activities. The recommendation to set goals on the use of hemp paper is not relevant to the regulations, the Bureau does not regulate hemp or paper products. Additionally, the Bureau has made changes to provisions of the regulations relating to cannabis waste management and removed section 5055. The requirement to comply with waste laws is now in section 5054.
5055	1545.23 (p.3189)	Commenter supports cannabis waste being destroyed to allow it to be recycled as organic material, such as grinding or mixing with non-cannabis organic waste.	The Bureau notes commenter's support. The Bureau has made changes to provisions of the regulations relating to cannabis waste management and removed section 5055. The requirement to comply with waste laws is now in section 5054.
5055	926.1 (p.1808) 1545.21 (p.3189)	The regulations conflict with local jurisdictions, such as San Francisco, which requires the use of a licensed refuse hauler. Local agencies may contract with private waste haulers for services.	The Bureau disagrees with this comment. The regulations do not require or prohibit the use of locally permitted refuse haulers. Licensees are required to comply with all applicable waste management laws, including Division 30 of the Public Resources Code. Additionally, the Bureau has made changes to provisions of the regulations relating to cannabis waste management and removed section 5055. The requirement to comply with waste law is now in section 5054.

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5055	1545.22 (p.3189)	Commenter recommends required documentation for date and time that cannabis is being picked up, sufficient to reflect appropriate disposal of cannabis waste.	The Bureau disagrees with this comment in part. Licensees are required to ensure sufficient records and documentation of commercial cannabis activity, including waste and disposal, in part under the track and trace system provisions, as to activity that must be recorded. Additionally, the Bureau has made changes to provisions of the regulations relating to cannabis waste management and removed section 5055.
Distribution	289.15 (p.757) 1614.19 (p.3599)	Commenter states that the packaging license under CDPH's jurisdiction should be under the Bureau. Commenter states that the packaging license and distribution license share some of the same basic fundamental roles and therefore should be able to be held on one premises.	The Bureau disagrees with this comment. Business and Professions Code section 26130(a) states that CDPH "shall promulgate regulations governing the licensing of cannabis manufacturers and standards for the manufacturing, packaging, and labeling of all manufactured products." Because only CDPH can establish regulations for the packaging of manufactured products, the Bureau cannot allow distributors to package manufactured products and cannot create a separate license that would allow for this. The Bureau does allow for distributors to package dried flower, including pre-rolls. The Act requires that each premises be occupied by one licensee only. (Bus. & Prof. Code section 26001(ap).) Because of this requirement, the Bureau cannot allow two licensed activities to occur on the same premises, however nothing prohibits more than one license on a parcel of land.
Distribution	305 (p.794)	Commenter request that the Bureau allow distributors that are operating with local authorization to hold only one state license for all their facilities within the jurisdiction.	The Bureau disagrees with this comment. Business and Professions Code section 26053(c) requires an applicant or licensee to apply for, and if approved, obtain a separate license for each location where it engages in commercial cannabis activity. The Bureau is unable to waive statutory requirements.

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Distribution	186 (p.538)	Commenter requests clarification regarding a distributor's ability to purchase cannabis from a cultivator and re-sell it to retailers.	The Bureau disagrees with this comment. Business and Professions Code section 26001(r) defines distribution as the procurement, sale, and transport of cannabis and cannabis products between licensees. This definition means that a distributor may purchase cannabis wholesale from a cultivator and then sell it to a retailer. As the ability of a distributor to purchase cannabis wholesale is clear in the Act and clear in the definition of distribution, the Bureau has determined that including a section on this in the regulations is unnecessary.
Distribution	201.1 (p.564) 753.9 (p.1419) 1012.1 (p.2026) 3408 (p.10082) 3421.3 (p.10100) 3435 (p.10116)	Commenters request to have one license for all of a distributor's locations throughout the state. One commenter states that if they had distribution hubs around the state, they could test product at a centralized hub and send it to a cross-docking facility and then have the products delivered to retail. Another commenter stated it is extremely onerous for a distributor to be required to have a separate license for every hub it delivers to.	The Bureau disagrees with this comment. Pursuant to Business and Professions Code section 26053(d), a separate license is required for each location where a licensee engages in commercial cannabis activity. The Bureau cannot change statutory provisions. However, the Bureau has clarified in section 5307 of the regulations that cannabis goods that have been tested and received a COA may be transported with the COA to another distributor for distribution to retail. Thus, the last distributor in the supply chain before the cannabis goods go to retail does not have to be the one to arrange for testing.
Distribution	1051.2 (p.2150)	Commenter requests that self-distribution cultivation licenses up to 10,000 square feet be allowed.	The Bureau disagrees with this comment. Under the Act, CDFA is responsible for licensing cultivators (see Bus. & Prof. Code section 26061) and the Bureau is responsible for licensing distributors (see Bus. & Prof. Code section 26070). The Bureau cannot change the requirements of the Act and merge distribution with cultivation. However, the Bureau does license microbusinesses which allow the licensee to cultivate cannabis on an area less than 10,000 square feet, and to act as a licensed distributor, Level 1 manufacturer, and retailer. (Bus. & Prof. Code Section 26070(a)(3).)

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Distribution	636 (p.1211)	Commenter asks if it is still the case that a Type 11 (distributor) licensee cannot hold a license in cultivation, manufacturing, dispensing, or testing and not have an ownership interest in a facility licensed in those categories.	Pursuant to Business and Professions Code Section 26053, a person that holds a state testing laboratory license under this division is prohibited from licensure for any other activity, except testing. However, all other licensees, such as distributors, are not prohibited from holding other non-testing licenses such as for cultivation and manufacturing.
Distribution/ Wholesale	1035.1 (p.2082) 1035.2 (p.2082)	Commenter requests that the regulations provide clear guidance on wholesale transactions. Commenter would also like the regulations to include a provision that allows distributor and retailer licensees to sell and buy cannabis goods from one another and for all others in the licensed supply chain to be able to access wholesale markets to manage business risks. Commenter states that in other agriculture markets participants can buy and sell wholesale throughout the supply chain. Another commenter appears to object to licensees having to transfer title to cannabis goods at each step in the supply chain.	The Bureau disagrees with this comment. The Act provides for cannabis goods to move through the supply chain and to be tracked in the track and trace system. The Act provides for very limited circumstances when cannabis goods may go back in the supply chain. For instance, products that require remediation after failing testing may only be transported to a manufacturer for further processing. (See Bus. & Prof. Code section 26110(c)(2).) Additionally, under the Act retailers are licensed for the retail sale and delivery of cannabis goods to customers but are not provided with the privilege to sell cannabis goods to another licensee. (See Bus. & Prof. Code section 26070(a)(1).) The Bureau cannot allow cannabis goods to go backwards in the supply chain where prohibited by the Act and the Bureau cannot allow the sale of cannabis goods by a retailer to another licensee when it is prohibited by the Act. The Bureau disagrees with this comment with the recommendation that the regulations clarify that a distributor may engage in wholesale transactions. Under the Act, distributors may purchase cannabis and cannabis products wholesale, however licensees are not required to sell their cannabis goods to a distributor and may directly contract for sale with a licensee authorized to sell cannabis and cannabis products to purchasers. (See Bus. & Prof. Code section 26110(h).) The Bureau has determined that whether a licensee sells their

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			cannabis goods wholesale to a distributor or directly to another licensee are business decisions that do not require regulations.
Distribution	1333.1 (p.2561)	Commenter requests that if a licensed distributor is paying local taxes and fees at their primary location they should be allowed to find a second warehouse location and pay only the local annual permit fee with no additional taxes. Commenter states that the second site can be specific to warehousing.	The Bureau disagrees with this comment. The Bureau does not have the authority to waive taxes. Additionally, the Act requires a license for each location where a person engages in commercial cannabis activity. (Bus. & Prof. Code §26053(d).) The Bureau cannot waive the statutory requirement and allow a distributor to have an unlicensed secondary premises.
Distribution	1414.2 (p.2733)	Commenter requests that they not be required to set hours and have an employee on staff M-F 8-5. Commenter states this encourages the public to come to their office and they are a private company not open to the public.	The Bureau disagrees with this comment. The Bureau does not set hours of operation for distributors and has no such provision in the regulations.
Distribution	1574.3 (p.3393)	Commenter recommends adopting a provision for distributors that is similar to section 5427 allowing retailer to retailer transfer of products.	The Bureau agrees with this comment and has included section 5307.2.
Distribution	3409 (p.10084) 3540.2 (p.10257)	Commenter objects to the requirement that distributors collect the taxes from the different entities. Commenter states that there is a safety concern with distributors taking cash. Another commenter states that distributors should only be required to remit taxes when the collection is complete.	The Bureau disagrees with this comment. The requirement that distributors collect taxes from other licensees is contained in the Revenue and Taxation Code. (See Rev. & Tax Code sections 34010-34021.5) The Bureau cannot change statutory requirements.
Distribution	1609.32 (p.3576)	Commenter recommends that CDTFA regulations be included in the distribution	The Bureau disagrees with this comment. The Bureau cannot duplicate CDTFA's regulations in its regulations. Doing so would

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		regulations at a cursory level at least so that the distribution process is clear.	be duplicative and unnecessary. The Bureau cannot include every law and regulation a distributor needs to comply within these regulations.
Distribution/Recalls	3429.2 (p.10112) 3563 (p.10282)	Commenter requests that the regulations include guidance on recalls so that distributors who have multiple touching points can write other SOPs on how to handle the recall. Commenter states that it is a scary subject because they don't know what the state wants to see from a proper recall. Another commenter stated that manufacturers are not equipped to handle recalls because they do not have quarantine rooms and they are not equipped to handle or destroy recalled products. Commenter requests the Bureau and CDPH work together to require distributors to handle recalls.	The Bureau disagrees with this comment. The Bureau has worked with licensees on voluntary recalls when cannabis goods were mistakenly released to the market. CDPH has authority under the Act to require recalls. (See Bus. & Prof. Code section 26132.) As such, CDPH has included a recall process in their regulations.
Distribution	3551 (p.10268)	Commenter states that they would like the Bureau to clarify that when transferring or selling products to a microbusiness, the transferring distributor is responsible for collecting excise tax unless the transfer is designated on the manifest as being transferred to the distribution portion of the microbusiness, which releases the transferring distributor of the liability to remit the excise tax.	The Bureau disagrees with this comment. The requirement that distributors collect taxes from other licensees is contained in the Revenue and Taxation Code. (See Rev. & Tax Code sections 34010-34021.5) The Bureau does not have authority to create regulations regarding the collection of taxes. CDTFA is the department responsible for promulgating regulations regarding the collection of taxes by a distributor.

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Distribution	1277.3 (p.24926)	Commenter states that small cultivators should be allowed to distribute their own products under their cultivation license.	The Bureau disagrees with this comment. Under the Act, distribution may only be conducted by a licensed distributor or licensed microbusiness authorized to engage in distribution. The Bureau cannot waive the requirements of the Act. However, nothing in the Act or the regulations prevents a small cultivator from obtaining a full distribution license and distributing their own products.
Distribution	1609.33 (p.3576)	Commenter request that the Bureau add regulations for those businesses that will be branding white labeled cannabis products so long as the distributor does not also engage in manufacturing.	The Bureau disagrees with this comment. There is no prohibition under the Act for a licensee to hold both a distribution and manufacturing permit. Further, a distributor may purchase cannabis products from a manufacturer that have been produced and labeled in accordance with the distributor's brand. Such a distributor would have to comply with the regulations governing distribution and the manufacturer would have to comply with the regulations regarding manufacturing.
5300	119.14 (p.275) 182.8 (p.532) 1080.11 (p.2209) 1521.4 (p.2976) 1586.16 (p.3438) 1603.25 (p.3540) 1644.6 (p.3754) 3401 (p.10073)	Commenters recommend amending the section to allow distributors to distribute non-cannabis products, with the exception of alcohol and tobacco, if the distributor remains in compliance with any city, county, and state laws or regulations related to those products. One commenter asks why they cannot distribute gum and snacks too. Another commenter recommended reverting to the prior language that was in the readoption. One commenter requested that the section be amended to allow cannabis-related goods, including but not limited to, cannabis accessories, and licensees' branded merchandise or promotional material.	The Bureau disagrees with these comments. The Bureau has determined that allowing for the distribution of non-cannabis goods degrades the ability of the Bureau to enforce and administer the provisions of the Act. The Bureau must inspect licensed premises and transportation vehicles to ensure licensees are acting in compliance with the Act. Having to inspect around boxes of products that are not cannabis related makes it more difficult for the Bureau staff to conduct thorough investigations and increases the likelihood that something may be missed, including something that poses a threat to the health and safety of the public. Because additional products impact the ability of the Bureau to conduct thorough inspections, these items cannot be allowed on the distributor's premises or in the transport vehicle. Further, in regard to hemp-based products, in the Act the definition of cannabis explicitly excludes hemp. (Bus. & Prof. Code section 26001(f).) The Bureau does not have jurisdiction or

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		Some commenters state that it is unnecessary under current law for the Bureau to exclude hemp CBD products. One commenter stated that the market will grow to include lifestyle products that combine well with direct cannabis products. Some commenters requested that the regulation be clarified regarding products containing hemp-derived CBD.	authority to regulate hemp-based products and therefore cannot allow these products to be distributed by licensed distributors.
5300	1126.6 (p.2288)	Commenter recommends that the Bureau create a phase-in requirement that all packaging and labeling materials be made from materials that are 100% recycled and 100% recyclable. Commenter also requests the Bureau adopt a regulation forbidding distributors and retailers from distributing and selling disposable vape pens. Alternatively, commenter recommends requiring distributors and retailers to accept used batteries back and recycle them.	The Bureau disagrees with this comment. The Bureau does not have the authority to create these regulations at this time. However, nothing in the regulations prevents a licensee from using packaging and labeling that is made from recycled materials or is recyclable. Further, nothing in the regulations prevents a distributor or retailer from accepting and recycling used batteries.
Supply Chain Sampling	931.18 (p.1831) 997.1 (p.1962) 1038.17 (p.2118) 1040.4 (p.2124) 1041.4 (p.2130) 1077.35 (p.2201) 1085.5 (p.2219) 1091.5 (p.2228) 1095.5 (p.2240) 1267.4 (p.2479)	Commenters requested that distributors be allowed to provide samples throughout different parts of the supply chain. Some commenters simply asked that rules regarding samples between businesses be clarified. One commenter requested an amendment to the section to allow distributors to also distribute vendor, educational, and	The Bureau disagrees with this comment. Distributors may carry samples as they fall under cannabis goods. However, the samples must comply with all provisions in the Act and the regulations promulgated under it, including the prohibition of a licensee giving away any amount of cannabis goods or cannabis accessories as part of a business promotion or other commercial activity. (See Bus. & Prof. Code section 26153.) Because the Act explicitly prohibits the giving away of cannabis goods for any commercial activity, the Bureau cannot allow distributors or any other licensees under the Act to provide free product samples to

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	1363.8 (p.2628) 1428.10 (p.2757) 1547.2 (p.3193) 1548.3 (p.3214) 1555.7 (p.3284) 1559 (p.3311) 1619.1 (p.3607) 1623.18 (p.3626) 1705.7 (p.3970) 1716.14 (p.4076) 1728.20 (p.4150) 1729.20 (p.4168) 1730.18 (p.4186) 1731.18 (p.4204) 1732.28 (p.4231) 1733.28 (p.4258) 1734.28 (p.4285) 1741.20 (p.4339) 1748.34 (p.4410) 1753.18 (p.4442) 1756.4 (p.4454) 1756.15 (p.4459) 1756.19 (p.4461) 1758.28 (p.4489) 1759.19 (p.4509) 1763.14 (p.4542) 1765.18 (p.4583) 1791.18 (p.4822) 3425.6 (p.10106)	employee samples for internal quality control. Commenter states business to business vendor samples are an important part of sale negotiation. Educational samples are important for educating the sales force in retailers on the types of products they will be recommending to the public. Internal quality control sampling is important for cannabis businesses to ensure they are putting out a product that meets the rising demands of the growing industry. Another commenter requested that distributors be allowed to provide samples to retailers so that retailers can sample the product and determine if it meets their consumer and sales needs. The commenter also stated that cultivators should be able to provide samples to distributors, retailers, and manufacturers to demonstrate the quality or consistency of the plant line. The commenter requested that the Bureau provide guidance that expressly permits licensed distributors to provide free product samples to retailers as part of its normal business activity. Another commenter stated that there is no mechanism for the retailer to sample and then make an informed decision and staff	other licensees or non-licensees. However, the Bureau does not mandate what a distributor must charge for cannabis goods. Lastly, under the Act only retailers may sell cannabis to consumers. The Act does not allow for licensees to have company stores where they provide cannabis goods on site to their employees.

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		are not made familiar with the products they are selling. Some commenters request that sampling for business to business purposes be allowed and distinguished from samples to customers. Commenters state the samples could be labeled "Sample Not Intended For Resale." Other commenters requested that samples be allowed to be given to persons including: buyers, consultants, the media, PR representatives, lobbyists, influencers, R&D product beta-testers, staff, and other marketing agencies for business purposes. Another commenter requested that something be added to the regulations regarding direct sales or a company store for manufacturing and distribution directly to their associates in a store.	
5300	1625.27 (p.3637)	Commenter objects to licensee-branded merchandise or promotional materials.	The Bureau disagrees with this comment. Business and Professions Code sections 26150-26156 contain the statutory rules for advertising and marketing of cannabis goods. Nothing in these sections prohibits a licensee from having branded merchandise or promotional materials. Further, the definition of marketing includes the act or process of promoting which indicates the statutory intent was to allow cannabis businesses to have and display promotional materials. However, the Bureau has limited the items that may be used as branded merchandise

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			and provided a process for approval of branded items in section 5041.1.
5301	6 (p.7) 256.3 (p.667) 1041.7 (p.2130) 1609.19 (p.3573) 1705.5 (p.3969)	Commenters request that distributors be allowed to store live plants. One commenter stated distributors need to conduct storage services of immature plants to supply them to retailers. Subsection (c) prohibits distributors from storing live plants and should be removed to ensure retailers have as expansive access to immature cannabis plants. Another commenter requests that the language banning the storage of live plants be removed because the language makes it unclear that if a nursery, also in possession of a distributor license, moves a clone from one are of a licensed premises to another licensed premises would be in violation because distributors cannot move live plants. The commenter also states that it prohibits nurseries from storing clones on their licensed premises. Another commenter states that the Bureau cannot expect the distributor to make a special trip and that this will not allow for testing prior to going to retail.	The Bureau disagrees with this comment. Generally, a distributor is required to store cannabis goods on the premises while they undergo testing and quality assurance review. However, immature cannabis plants and seeds are exempt from testing and quality assurance under Business and Professions Code section 26110 and may be transported directly from a nursery to retailers, therefore there is no need for a distributor to store the plants on the premises. Further, under the distributor transport only license, distributor transport only licensees are prohibited from transporting cannabis goods to retail, except for immature cannabis plants and seeds because these items do not need to go through quality assurance review and testing. Nursery licensees may obtain a distributor transport only license and transport their immature cannabis plants directly to the retailer or a retailer could obtain a distributor transport only license and transport their own immature cannabis plants from the nursery. Given the numerous ways that a retailer may obtain immature cannabis plants, it is not necessary for a distributor to store the plants on its premises. Additionally, nurseries that also have a distribution license are not prohibited from storing clones on the nursery premises; they simply may not store the clones on their distribution premises which must be a separate premises.

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5301(b)	119.15 (p.276)	Commenter recommends amending the section to allow distributors to provide storage services of non-cannabis products, with the exception of alcohol and tobacco, if the distributor remains in compliance with any city, county, and state laws or regulations related to those products.	The Bureau disagrees with this comment. The Bureau has determined that allowing for the distribution of non-cannabis goods degrades the ability of the Bureau to enforce and administer the provisions of the Act. The Bureau must inspect licensed premises to ensure licensees are acting in compliance with the Act. Having to inspect around boxes of products that are not cannabis related makes it more difficult for the Bureau staff to conduct thorough investigations and increases the likelihood that something may be missed, including something that poses a threat to the health and safety of the public. Because additional products impact the ability of the Bureau to conduct thorough inspections, these items cannot be allowed on the distributor's premises.
5301/5315	686.15 (p.1324) 1627.61 (p.3668)	Commenters state that nurseries with a distribution transport only license should be able to deliver to licensed cultivators and licensed cultivators with a distributor transport only license should be able to pick up clones for their cultivation site. Transfers of plants should not have to go through distribution and be held on the distribution premises.	The Bureau agrees with this comment. The Bureau allows distributor transport only licensees to transport between nurseries and cultivation sites without going through distribution for laboratory testing and quality assurance as immature cannabis plants and seeds are exempt from testing. (See Bus. & Prof. Code section 26110(a).) Additionally, section 5301 prohibits the storage of live plants on a distributor's premises. Commenters support of these regulations is noted.
5301	1586.17 (p.3438)	Commenter states the section is a critically important change to increase safety and operational flexibility, and the commenter is in support of flexible storage services.	The Bureau notes commenter's support of the section.

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5302/5304/5305	8 (p.9) 1756.9 (p.4456)	One commenter stated cannabis batch testing should occur at the cultivation premises from which the batch originated. Another commenter stated that testing should occur at the manufacturing level as opposed to the distribution level.	The Bureau disagrees with this comment. Business and Professions Code section 26110 (c) states that the distributor shall store cannabis batches on the premises of the distributor before testing and continuously until either: 1) the cannabis batch passes the testing requirements and is transported to a licensed retailer; or 2) the cannabis batch fails the testing requirements and is destroyed or transported to a manufacturer for remediation. Further, Businesses and Professions Code section 26110(d) states that the distributor shall arrange for a testing laboratory to obtain a representative sample of each cannabis batch at the distributor's licensed premises. The Bureau is unable to change the requirement that cannabis batch testing originate at the distributor premises because this requirement is established in statute.
5302	131.1 (p.318)	Commenter requests that the producer's premises address be included on the label that is attached to each batch stored on the distributor's premises so that it is consistent with the chain of custody and certificate of analysis requirements.	The Bureau agrees with this comment and has amended the section accordingly.
5302	1625.28 (p.3637)	Commenter states they support storage by individual batches.	The Bureau has noted commenter's support of the section.
5303	136.2 (p.339) 136.3 (p.340)	Commenter requests that the Bureau modify the regulations to interface with cannabis businesses by conducting inspections on behalf of the regulatory bodies.	The Bureau disagrees with this comment. The Bureau would not use cannabis industry members to implement its regulatory functions.

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5303	161 (p.395) 1077.42 (p.2202) 1267.21 (p.2483)	Commenter recommends specifying in the regulations that immature plants and seeds are exempt from child-resistant packaging as they are exempt from quality-assurance and testing as well.	The Bureau agrees with this comment and has amended the section to clarify that immature plants and seeds are not required to be packaged in child-resistant, tamper evident, and resealable packaging.
5303	923.5 (p.1786)	Commenter references CDPH regulation section 40401 but addresses the comment to the Bureau. Commenter requests that the regulation be amended to allow THC and CBD potency labeling by the distributor following testing.	The Bureau agrees with this comment. While the comment addresses CDPH's regulation, the comment letter itself is addressed to the Bureau and thus, the Bureau is responding to it in regard to the Bureau's section regarding the labeling of manufactured products with THC and CBD potency. The Bureau in conjunction with CDPH has amended the regulations to allow for a distributor to label cannabis products with the THC and CBD potency levels after the regulatory compliance testing has occurred.
5303	1625.29 (p.3637)	Commenter opposes the provision allowing a distributor to repackage and relabel cannabis. Commenter states this is a function of manufacturers and should require a manufacturing license. Commenter also states that the purpose of requiring a license is to ensure adherence to regulations and prevent diversion. Commenter states any person performing cannabis business operations, including the packaging of cannabis products, should possess a license.	The Bureau disagrees with this comment. Distributors are required to be licensed by the Bureau. Thus, no person is allowed to package cannabis without a license to engage in commercial cannabis activity. Further, the Bureau does prohibit a distributor from packaging or re-packaging cannabis products, with the limited exception of allowing labeling and re-labeling for cannabinoid and terpenoid content after receiving testing results. These provisions were developed in consultation with CDPH, who requires in their regulations that manufacturers package and label (with the exception of cannabinoid and terpenoid content) manufactured products prior to release to a distributor. The Act does not require a manufacturing license for the packaging and labeling of cannabis and grants the Bureau with the authority to set standards, thus the Bureau has determined that distributors may package and label cannabis. (See Bus. & Prof. Code section 26120.)

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5303(a)	855.16 (p.1702) 922.3 (p.1781) 928.1 (p.1816) 1267.28 (p.2485) 1363 (p.2629) 1548.27 (p.3215) 1555.9 (p.3285) 1603.10 (p.3539) 1623.17 (p.3625) 1644.3 (p.3753) 1719.10 (p.4088) 1720.12 (p.4106) 1735.13 (p.4299) 1778.19 (p.4732) 1799.12 (p.4870) 3558.2 (p.10276)	Commenters request that the Bureau clarify that the intent of the regulation is to allow distributors to produce pre-rolls from dried flower or if not, the intent then request an amendment to allow the activity. Other commenters requested that distributors be allowed to create pre-rolls. Other commenters simply offered support of the section as written.	The Bureau agrees with this comment and has amended the section to clarify that distributors may roll pre-rolls from dried flower as well as package them.
5303(a)-(b)	924.11 (p.1797)	Commenter requests that subsection (a) of the section be amended to allow distributors to roll pre-rolls as well as package them. Commenter recommends that subsection (b) be kept as it was at the readoption allowing distributors that hold a manufacturing license as well to re-package and re-label their own cannabis goods on the distribution site.	The Bureau agrees with the comment on subsection (a) and has amended the subsection to reflect that distributors may roll pre-rolls as well as package them. The Bureau disagrees with this comment with the comment on subsection (b). The language was meant to clarify the current requirement under the readopted emergency regulations that distributors must move cannabis goods to their manufacturing premises to re-package and re-label their cannabis goods. Distributors have never been permitted to package and label or re-package or re-label, except for relabeling for cannabinoid and terpenoid content manufactured cannabis products on the distribution premises as CDPH requires that the packaging and labeling occur on the manufacturer's premises. The Bureau cannot waive CDPH requirements.
5303	925.4 (p.1805) 950.4 (p.1892)	Commenter requests that the section be amended to require distributors to label	The Bureau disagrees with this comment. Distributors may only re-label over the cannabinoid and terpenoid section and may not

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		medicinal cannabis goods with "For Medical Use Only" when they re-label the cannabis goods for cannabinoid content.	cover any other portion of the label. Therefore, since the "For Medical Use Only" phrase will never be covered up, there is no need to re-label.
5303	688.2 (p.1334) 688.3 (p.1334)	Commenter requests that topical cannabis goods be given a 20% variance without requiring permission to relabel. Commenter requests that the products be automatically eligible for relabeling due to failed potency. Commenter requests that edible cannabis goods have a 15% variance so that people can enjoy the types of products that are associated with California.	The Bureau disagrees with this comment. The Bureau has determined that a 10% variance is appropriate for label claims. However, in conjunction with CDPH, the regulations have been amended to allow for potency labeling at distribution and after the certificate of analysis for regulatory compliance testing has been received. Cannabis goods will still have to go through remediation if they exceed the allowable limits established by CDPH, but if they are within the limits allowed by CDPH then the distributor can label or re-label with the potency after laboratory testing.
5303	688.4 (p.1334) 1058.4 (p.2166) 1058.6 (p.2166)	Commenter requests that final labeling of packaged products occurs after completion of state certified testing with values generated by the laboratory. Commenter also requests that distributors be allowed to re-label products with failed label claims to match the final COA. Commenter requests that distributors email before and after images of remediated product, followed by a receipt from the Bureau that the product is compliantly remediated. Commenter states that this will enable the distributor and the Bureau to validate the quality of the remediation prior to the sale of the product. Commenter states it also continues to close the loop on the quality assurance process.	The Bureau agrees with this comment in part. In coordination with CDPH, the Bureau has amended this section to allow for distributors to label packages with cannabinoid and terpenoid content after regulatory compliance testing. This change will allow manufacturers to send packages to the distributor without a label with the cannabinoid and terpenoid content. The Bureau also allows for distributors to re-label manufactured products that have failed testing because the labeled cannabinoid or terpenoid amount did not match the testing results. (See section 5303(c).) However, this is the only labeling and re-labeling that is permitted on manufactured products. The Bureau disagrees with the proposal that the distributor email before and after images of the remediated product, as the only re-labeling a distributor may do is for the cannabinoid and terpenoid amount in the product. Requiring that the Bureau receive before and after images and issue a receipt would be too burdensome on the Bureau resources and is unnecessary. All other remediations will be done in accordance with CDPH's regulations. The requirement that

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		Other commenters state that edible cannabis products should not have to be destroyed simply because of miniscule potency variations. Commenters also object to an edible cannabis product having to be destroyed if it is greater than 10 mg per serving since edibles cannot be remediated.	each serving be 10mg or less as it is established in statute under Business and Professions Code section 26130. Further, the Bureau cannot allow for remediation of edible cannabis products as CDPH has authority over manufactured products and determines whether or not they can be remediated. The Bureau does not have the authority to modify CDPH's requirements.
5303(b)	646.12 (p.1236) 855.12 (p.1702) 1025.3 (p.2049) 1077.43 (p.2203) 1267.23 (p.2483) 1547.22 (p.3202) 1548.22 (p.3215) 1603.9 (p.3539) 1626.8 (p.3646) 1702.5 (p.3944) 1702.6 (p.3944) 1719.9 (p.4088) 1720.11 (p.4106) 1735.12 (p.4298) 1735.14 (p.4300) 1744.5 (p.4350) 1744.6 (p.4350) 1758.7 (p.4471) 1789.13 (p.4795) 1790.2 (p.4798) 1790.3 (p.4798) 1792.1 (p.4827) 1792.2 (p.4827) 1799.11 (p.4870)	Commenters request that the section be amended to allow distributors to relabel manufactured products in general and not just for mislabeled potency. Other commenters stated that cultivators and manufacturers should be allowed to provide initial labels to distributors after the certificate of analysis is received from the testing laboratory, but before the quality assurance review is complete. Commenters state it may be more efficient to allow a distributor to receive packaged manufactured cannabis goods without a product label.	The Bureau disagrees with this comment in part. CDPH has required its manufacturers to ensure that all products are in the finished form and are labeled and packaged in their final form for sale before they can be released to a distributor. The Bureau cannot allow distributors to relabel as all products coming from a manufacturer will have to comply with the regulations established by CDPH. However, in conjunction with CDPH, the Bureau has amended this section to allow for distributors to label packages with cannabinoid and terpenoid content after regulatory compliance testing. This change will allow manufacturers to send packages to distributors without a label identifying the cannabinoid and terpenoid content.

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	1799.13 (p.4871)		
5303(b)	1417 (p.2736) 1438 (p.2770)	Commenter requests that the section be removed and that distributors be allowed to package manufactured products as long as the raw product is in its final form prior to its final packaging. Commenter states this is for white label purposes.	The Bureau disagrees with this comment. Business and Professions Code section 26130(a) states that CDPH "shall promulgate regulations governing the licensing of cannabis manufacturers and standards for the manufacturing, packaging, and labeling of all manufactured products." CDPH requires that all products from a manufacturing premises be packaged and labeled, except for cannabinoid and terpenoid content, in the final form that they will be sold in at retail. Because only CDPH can establish regulations for the packaging of manufactured products, the Bureau cannot allow distributors to package manufactured products.
5303(b)	3558.1 (p.10276)	Commenter requests the Bureau clarify that distributors may re-label manufactured products. Commenter states that due to the significant label claim discrepancies, re-labeling after testing has become essential and commonplace for distributors. Commenter states huge bottlenecks would arise without the ability to re-label manufactured products.	The Bureau agrees with this comment in part and in conjunction with CDPH has revised the regulations to allow for distributors to label cannabis goods with the cannabinoid and terpenoid amounts on the distribution premises after the certificate of analysis has been received.
5303(c)	3548.4 (p.10265)	Commenter states that re-labeling cannabis goods that failed due to the labeled cannabinoid content should not require approval from the regulatory agency.	The Bureau agrees with this comment and in conjunction with CDPH has revised the regulations to allow distributors to label cannabis goods with the cannabinoid and terpenoid amount after the certificate of analysis has been received.
5303	1739.15 (p.4320)	Commenter requests that the Bureau allow licensees to send packaging and label prototypes for approval before money is spent on printing. Commenter states this will also help distributors and retailers have	The Bureau disagrees with this comment. CDPH is responsible for establishing packaging and labeling criteria so it would be the appropriate entity to implement such a program.

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		confidence that the cannabis goods they are buying are compliant with packaging and labeling requirements.	
5303.1	177.6 (p.522) 564.7 (p.1123) 855.11 (p.1702) 998.5 (p.1967) 1002.2 (p.1996) 1267.22 (p.2483) 1363.9 (p.2629) 1443.11 (p.2779) 1548.21 (p.3215) 1551.5 (p.3240) 1555.8 (p.3285) 1574.2 (p.3393) 1576.2 (p.3396) 1597 (p.3516) 1603.11 (p.3539) 1623.11 (p.3621) 1626.8 (p.3646) 1708.6 (p.3998) 1711.29 (p.4018) 1719.11 (p.4088) 1720.13 (p.4106) 1735.15 (p.4300) 1774.18 (p.4706) 1778.20 (p.4732) 1799.14 (p.4872) 3558.3 (p.10277)	Commenters suggest changing the variance for the net weight of dried flower to 10% for small quantities and 5% for larger quantities. Commenters state that a 2.5% threshold is too strict for individual grams or eighths of flower. One commenter recommended the variance be 5-10% above the labeled weight but not below. Other commenters stated there should be a greater tolerance for weight that exceeds the labeled content than one that would "short" the consumer. One commenter recommended 10% for one gram or less, 5% for one-eighth or less, and 2.5% for an ounce or less. Some commenters asked that The Bureau ensure that 2.5% is a reasonable amount of variation given packaging methods and equipment. Another commenter offered support for the weight variance. Another commenter asked that The Bureau make sure the amount is reasonable given the variation in packaging methods and equipment and stated the operational ramifications are that flower moisture content will have to be measured very accurately and maintained throughout the time needed to package.	The Bureau disagrees with this comment but notes commenter's support for the inclusion of a weight variance for dried flower. The Bureau disagrees with the variances by commenters, however, the Bureau has done further research and determined that a 3% variance for the net weight of dried flower is appropriate. The National Institute of Standards and Technology (NIST) 2018 includes moisture allowances to account for loss of weight in packaged goods. The moisture allowance for these goods is 3%, therefore the Bureau has determined that to be consistent with NIST standards, a 3% variance in the net weight of dried flower for moisture loss is appropriate. The Bureau disagrees with this comment with the language by commenters. The Bureau has determined the language is not in conflict with the law. Business and Professions Code section 12024 makes it a misdemeanor to sell products in less quantity than represented. Given that cannabis flower tends to lose water over time which impacts the weight, the Bureau must create a variance for the labeled weight on a package of dried flower. With this variance a licensee would only be violating the law by selling a package of cannabis whose net weight was outside the allowable variance. The language by commenters is unnecessary and would confuse licensees and the public.

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		Another commenter states that the section is inconsistent and in conflict with Business and Professions Code section 12024 which prohibits selling in less quantity than represented. Commenter proposes that the section be modified to state: "For purposes of this division, the actual net weight of dried flower contained in packages in any lot (collection of identically labeled packages available for inspection at one time) shall on average meet or exceed the labeled net weight. Any single package within a lot or evaluated as a single standalone package of dried flower shall not be considered inaccurate if the actual weight is within plus or minus 2.5% of the labeled weight." Another commenter states that applying what amounts to a tolerance on the contents of a packaged commodity is a departure from standards applied to any other commodity in the overall marketplace. Commenter states cannabis should be measured like any other product. Commenter recommends amending the section to state: "For purposes of this division, the actual net weight of dried flower contained in packages in any lot (collection of identically labeled packages available for inspection at one time) shall,	

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		on average, meet or exceed the labeled net weight on any single package within a lot or evaluated as a single, standalone package of dried flower shall not be considered inaccurate if the actual weight is within plus or minus 2.5% of the labeled weight."	
5303.1	753.5 (p.1418) 1316.8 (p.2540)	Commenter requests the regulation be amended to allow distributors to weigh a sample amount from a batch of packaged dried flower to meet this requirement. Commenter states the regulation requires the distributor to weigh each package.	The Bureau disagrees with this comment. The section does not require a distributor to weigh each individual product. The section merely provides that when the net weight is on a package of dried flower, as required under Business and Professions Code section 26120(c)(2), the net weight listed on the product shall not be considered inaccurate if the actual weight is within plus or minus 2.5% of the labeled weight.
5304	1609.20 (p.3573) 1277.4 (p.2496)	Commenter states that the regulation implies testing at every transfer of the cannabis goods. Commenter recommends adding language to include that it is after taking possession of the cannabis goods for purposes of distributing them to a retailer. Another commenter also seems to assume that testing is required at every stage.	The Bureau disagrees with this comment. This section must be read in conjunction with the provisions of the Act and the other regulation sections. The Act makes clear in Business and Professions Code section 26110 that testing occurs prior to retail sale. The regulation does not imply testing must occur at every transfer. The section simply makes clear that when making testing arrangements, the distributor contacts the testing laboratory and arranges for the laboratory to come to the distribution premises to select a sample.
5304	3435 (p.10117)	Commenter requests that distributors have satellite facilities under their distribution license at cultivation and manufacturing premises. Commenter states the distributor would have a separate room and conduct the testing at that room.	The Bureau disagrees with this comment. Under the Act a licensee must have a separate license for each location where it engages in commercial cannabis activity. (Bus. & Prof. Code section 26053.) The Bureau cannot waive statutory requirements. However, nothing would prevent a distributor from having a premises on the same parcel of land as a cultivation or manufacturing premises.
5304/5305	3397 (p.10069)	Commenter requests that microbusinesses/home businesses be	The Bureau disagrees with this comment.

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		allowed to send samples to a testing laboratory and select the sample themselves. Commenter states that trips to obtain samples can be extremely costly due to travel time and the cost of the test. Commenter states the sampling process could be filmed on a smartphone.	Under the Act distributors are responsible for arranging for a testing laboratory to obtain a sample of each cannabis batch at the distributor's premises and then the testing laboratory representative is required to maintain custody of the sample and transport it to the testing laboratory. (Bus. & Prof. Code section 26110(d).) The Bureau cannot waive statutory requirements. Testing is one of the more integral parts of quality assurance as testing ensures that cannabis goods are suitable for use by consumers. In order to ensure that samples are appropriately acquired from a batch, the Bureau must have a mechanism to review the sampling. Video recording ensures that the Bureau can review the sampling procedure and ensure that it was conducted in accordance with the Act and the regulations. Licensees may use any type of video recording device, including a smartphone, so long as the recording complies with the requirements of subsection(c).
5305	289.22 (p.758) 1614.26 (p.3600)	Commenters object to the requirement that the acquisition of the sample be video recorded. Commenters state that distributors should not be the ones responsible for the laboratory testing. Testing should be handled directly from the manufacturer or cultivator.	The Bureau disagrees with this comment. Testing is one of the more integral parts of quality assurance as testing ensures that cannabis goods are suitable for use by consumers. In order to ensure that samples are appropriately acquired from a batch, the Bureau must have a mechanism to review the sampling. Video recording ensures that the Bureau can review the sampling procedure and ensure that it was conducted in accordance with the Act and the regulations. Under the Act distributors are responsible for arranging for a testing laboratory to obtain a sample of each cannabis batch at the distributor's premises. (Bus. & Prof. Code section 26110(d).) The Bureau cannot waive statutory requirements.

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5305	1316.9 (p.2540)	Commenter recommends allowing a licensed security guard to monitor the sample process via live recording.	The Bureau disagrees with this comment. Commenter appears to suggest that the Bureau allow a security guard to watch the sampling with live footage rather than requiring the distributor to record the sampling. Testing is one of the more integral parts of quality assurance as testing ensures that cannabis goods are suitable for use by consumers. In order to ensure that samples are appropriately acquired from a batch, the Bureau must have a mechanism to review the sampling. Video recording ensures that the Bureau can review the sampling procedure and ensure that it was conducted in accordance with the Act and the regulations.
5305	1367.6 (p.2645)	Commenter requests clarification on who is responsible for the sampling video, distributors or testing laboratories.	The Bureau disagrees with this comment. Subsection (c) states clearly that the sampling video "shall be maintained for 90 calendar days by the licensed distributor."
5305	3519 (p.10221)	Commenter requests that laboratory testing originate at the manufacturing level rather than the wholesale distribution level. Commenter states it would increase efficiency in testing and pricing.	The Bureau disagrees with this comment. Business and Professions Code section 26110(c) states that the distributor shall store cannabis batches on the premises of the distributor before testing and continuously until either: 1) the cannabis batch passes the testing requirements and is transported to a licensed retailer; or 2) the cannabis batch fails the testing requirements and is destroyed or transported to a manufacturer for remediation. Further, Business and Professions Code section 26110(d) states that the distributor shall arrange for a testing laboratory to obtain a representative sample of each cannabis batch at the distributor's licensed premises. The Bureau is unable to change the requirement that cannabis batch testing originate at the distributor because this requirement is established in statute.
5305	289.22 (p.758) 1614.26 (p.3600)	Commenter recommends removing the requirement to video record the sampling process. This is excessive and not occurring in any other industry.	The Bureau disagrees with this comment. The Bureau is statutorily required to place the protection of the public as the highest priority. Video recording of the sampling process will

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			allow the Bureau to review the process if there is a concern that it was not conducted properly.
5305	289.22 (p.758) 1614.26 (p.3600)	Commenter believes distributors should not be the ones responsible for laboratory testing, which should be handled directly by the manufacturer or cultivator.	The Bureau disagrees with this comment. Licensed laboratories are responsible for state-mandated compliance testing. Distributors are responsible for certain sampling procedures and quality assurance procedures related to testing. This process is required by Business and Professions Code sections 26110. The Bureau cannot change statute.
5305	1548.35 (p.3215)	Commenter supports decreasing the sampling video storage requirement to 90 days.	The Bureau has noted commenter's support of this requirement.
5305(c)	855.4 (p.1701) 1548.35 (p.3215) 1603.17 (p.3540) 1719.17 (p.4089) 1720.19 (p.4107) 1735.21 (p.4303) 1799.23 (p.4875)	Commenters support subsection (c)'s modification from the emergency regulations to require only 90 days of sampling video storage.	The Bureau notes commenters support of the section.
5306	350.1 (p.842) 350.2 (p.842)	Commenter requests the Bureau include in the regulations a provision that allows cannabis that fails testing for microbial contamination to be remediated through the use of ozone oxidation techniques without requiring the failed batch to undergo extraction or any other manufacturing process that transforms the cannabis into a cannabis product. Commenter also requests that the Bureau include in the regulations authorization for post-testing cannabis microbial treatment via ozone oxidation.	The Bureau disagrees with this comment. Business and Professions Code section 26110(c)(2) only allows for cannabis to be transported to a manufacturer for remediation. The Bureau cannot amend statutory provisions. The Bureau does not include acceptable remediation methods in the regulations as remediation will be determined on a case by case basis.

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5306	624 (p.1190)	Commenter addressed the comment to CDFA in reference to CDFA's regulations and asks that CDFA specify in cases where cannabis is packaged and labeled prior to distribution, who, and how, cannabis is to be tested.	While the comment is addressed to CDFA and about CDFA's regulation, the Bureau is responsible for distributors and testing laboratories, and is thus responding to the comment to clarify that all cannabis and cannabis products must go through distribution and samples for testing must be collected at the distributor's premises. Under the Act, distributors are responsible for arranging for a testing laboratory to obtain a sample of each cannabis batch at the distributor's premises. (Bus. & Prof. Code section 26110(d).) There is no provision for any other licensee, except microbusinesses authorized to engage in distribution, to arrange for regulatory compliance testing. Further, if cannabis arrives at the distributor already packaged and labeled, the testing laboratory can still sample from packaged cannabis.
5306	1072.3 (p.2179) 1117 (p.2264)	Commenters request that cannabis that fails laboratory testing be sent back to the cultivator for remediation.	The Bureau disagrees with this comment. Business and Professions Code section 26110(c)(2) only allows for cannabis to be transported to a manufacturer for remediation. The Bureau cannot amend statutory provisions.
5306	3509 (p.10211)	Another commenter states small farms in the Emerald Triangle are being destroyed by fires. The commenter states they have also found that organic farms are being contaminated by adjacent farms using Bayer or Monsanto weed killer. Commenter states the farms are in danger of losing their livelihood or having their crops destroyed for not meeting guidelines. Commenter asks that something for these crops specifically be included in the regulations that would allow them to be remediated by extractors and repurposed for use by consumers.	Business and Professions Code section 26110(c)(2) allows for cannabis to be transported to a manufacturer for remediation. As the Act already contains the provision commenter is requesting, no changes to the regulations are necessary.

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5306	1126.1 (p.2286) 1343 (p.2573)	Commenters object to the requirement that cannabis goods that have failed testing must be remediated prior to retesting. One commenter requests the section be amended to allow for retesting to rule out laboratory error. One commenter requested that if a harvest batch fails testing for any reason then two additional sample batches should be required to be tested to confirm or dispute the first batch test.	The Bureau disagrees with this comment. Business and Professions Code section 26110(c)(2) requires that a batch that fails testing be destroyed or transported to a manufacturer for remediation as allowed by the Bureau or CDPH. The Bureau cannot change the statutory requirement and allow a batch to be retested without remediation first.
5306	1126.1 (p.2286) 1603.4 (p.3539) 1719.4 (p.4088) 3539.4 (p.10256)	Commenter recommends establishing an appeal process to contest laboratory results and allow for a retest.	The Bureau disagrees with this comment. When a laboratory identifies a "fail" result for any testing, the laboratory is required to conduct additional testing to identify any intra-laboratory problems that may have caused the result pursuant to section 5730. Business and Professions Code section 26110 provides that a cannabis batch which fails testing is to be destroyed or transported to a manufacturer for remediation.
5306	1799.6 (p.4867)	Commenter recommends that producers should have the right to appeal the result and request a retest at the cost of the producer. The retest should be done at the same laboratory, and if there is a different (passing) result, the COA would be amended, the only time allowing for it. Also, the agencies should develop an audit and evaluation process for the laboratories to test for false positive scenarios.	The Bureau disagrees with this comment. When a laboratory identifies a "fail" result for any testing, the laboratory is required to conduct additional testing to identify any intra-laboratory problems that may have caused the result pursuant to section 5730. The laboratory is required to maintain a data package for each batch that is tested which contains all the information relative to the tests conducted. The regulations also require proficiency testing and allow the Bureau to have testing conducted when appropriate.
5306	1705.10 (p.3971)	Commenter recommends forming a committee of laboratory testing experts and other industry professionals to	The Bureau disagrees with this comment. There is no indication that such a committee is needed at this time. Additionally, the Act provides for a Cannabis Advisory Committee to advise on the

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		investigate if standard testing procedures are needed to obtain consistent, reliable results.	development of standards and regulations by the licensing authorities, which convened a subcommittee to address testing laboratories.
5306	42 (p.68) 688.1 (p.1333) 1362 (p.2619) 1516 (p.2938) 1367.7 (p.2645) 3443 (p.10122) 3383 (p.10050) 3417.1 (p.10094) 1548 (p.3229)	Commenter recommends that laboratories must be standardized, and this should include calibration of machines used for testing.	The Bureau agrees with this comment. The regulations and statute require ISO/IEC 17025 accreditation. This accreditation and the regulations require laboratories to implement quality assurance procedures, including calibration of instruments.
5306	972 (p.1924) 978 (p.1932) 997.2 (p.1963) 1735.3 (p.4290) 1126.1 (p.2286) 1126.2 (p.2287) 1443.1 (p.2778)	Commenter suggests allowing for a retest before issuing a certificate of analysis (COA) and recommends resample/retest to a second or third laboratory due to inherent variability in laboratory testing. Commenter urges the Bureau to consider allowing a retest of a failed batch prior to remediation. The Bureau should allow the laboratory, upon request, to make up two new analytical samples from the same batch and reanalyze to arrive at a more accurate number, then average the result.	The Bureau disagrees with this comment. When a laboratory identifies a "fail" result for any testing, the laboratory is required to conduct additional testing to identify any intra-laboratory problems that may have caused the result pursuant to section 5730. However, the regulations have been amended so where a licensed laboratory that is unable to competently complete the regulatory compliance testing after sampling and before a COA is issued, the licensed distributor who arranged for the testing of the batch, may request approval from the Bureau to have the impacted batch re-sampled and tested by another licensed laboratory.
5306(b)	1570.1 (p.3361)	Commenter states that product in transportation can be tampered or adulterated prior to arriving at retail. Commenter states they believe distributors should test product prior to retail and	The Bureau disagrees with this comment. Because all products must be packaged in their final form before being distributed to retail, the Bureau has determined that there is no harm in allowing cannabis goods that are in their final form and packaged as they will be sold at retail to be transported with a COA to another distributor for distribution to retail. The Bureau has not

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		require the last distributor in the supply chain to conduct the testing.	specified which distributor (first or last) must arrange for testing and has left it to the licensees to determine as a business decision.
5306(d)	1792.4 (p.4827)	Commenter requests that the Bureau include clear standards for remediation and a timeline for approval, so licensees are not waiting on approvals from agencies.	The Bureau agrees with this comment in part. The Bureau has clarified in the section the timelines for remediation. However, part of the remediation process is for the manufacturer to submit a corrective action plan to CDPH and receive approval from CDPH prior to conducting the remediation. The Bureau cannot place a time limit on when CDPH issues approval to their licensees.
5306(e)	1559.7 (p.3313-3314) 1778.21 (p.4734)	Commenter recommends deleting the section requiring the distributor to destroy a failed batch that cannot be remediated.	The Bureau disagrees with this comment. Business and Professions code 26110(c)(2) states that a batch that fails testing must either be destroyed or transported to a manufacturer for remediation. The section does not permit retesting. The Bureau has determined that the section is necessary to provide distributors with clear direction on what to do with a batch that fails testing.
5306(b)/5307	2.1 (p.2) 289.12 (p.756) 764.2 (p.1470) 765.2 (p.1474) 771.2 (p.1482) 772.2 (p.1486) 999.1 (p.1975) 1046.8 (p.2139) 1160.2 (p.2359) 1267.31 (p.2485) 177.2 (p.521) 564.8 (p.1124)	Commenters wrote in support of the provision allowing distributor to distributor transfers of cannabis goods that have been tested and received a COA. Other commenters requested that this provision be added and were unaware that it already had been added to the language. One commenter requested that distributors be permitted to move product that has undergone required oversight to different locations across the state that are under the distributor's direct management.	The Bureau agrees and notes the commenters support of the provision. The Bureau has to allow distributor to distributor transfers with a COA in the regulations. The Bureau has not specified which distributor in distributor to distributor transfers must do the mandated quality assurance and laboratory testing and has left this determination up to distributors as a business decision. However, the Bureau has specified that if cannabis goods have not been transferred to retail within 12 months of the date on the COA, the cannabis goods must be destroyed or retested.

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	855.1 (p.1700) 977.2 (p.1928) 1012.1 (p.2026) 1333.2 (p.2561) 1356.2 (p.2591) 1363.12 (p.2630) 1414.1 (p.2733) 1466.2 (p.2804) 1508.2 (p.2875) 1525.2 (p.3012) 1527.2 (p.3029) 1528.1 (p.3032) 1548.31 (p.3215) 1555.12 (p.3286) 1556.1 (p.3289) 1578.2 (p.3404) 1580.2 (p.3410) 1581.2 (p.3414) 1582.2 (p.3418) 1583.2 (p.3422) 1584.2 (p.3426) 1585.2 (p.3430) 1586.2 (p.3434) 1587.2 (p.3445) 1588 (p.3459) 1603.1 (p.3539) 1614.16 (p.3598) 1623.2 (p.3617) 1626.9 (p.3647) 1642.1 (p.3744) 1644.4 (p.3753)	Some commenters suggest requiring the first distributor to be the one to do the testing. Some commenters propose a limit to the number of transfers that can be made once the cannabis goods have a corresponding COA. Some commenters recommended changing the first part of the section to: "When a licensed distributor receives a certificate of analysis from the licensed testing laboratory or upon transfer from another licensed distributor stating that the sample meets specifications required by law, the distributor shall ensure the following before transporting the cannabis goods, packaged as they will be sold at final sale, to one or more licensed distributors, licensed retailers, or licensed microbusinesses."	The Bureau also agrees with the recommended change to the text and has amended the text. The Bureau determined that the recommended change was necessary to clarify that cannabis goods must be packaged in their final form before they can be transported to another licensee, including a distributor, with the COA.

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	1717.2 (p.4078) 1718.2 (p.4083) 1720.2 (p.4104) 1735.4 (p.4294) 1774.19 (p.4706) 1779.3 (p.4757) 1789.8 (p.4795) 1799.3 (p.4864) 3370.2 (p.10026) 3403.2 (p.10076) 3408 (p.10082) 3420.1 (p.10098) 3421.2 (p.10100) 3425.3 (p.10106) 3539.1 (p.10255)		
Quality Assurance	1012.4 (p.2026)	Commenter states everyone can anticipate mistakes being made on listing batch numbers when they come out of testing. Commenter asks that the Bureau demonstrate flexibility when it occurs due to human error and permit the distributorship to push the batch-affected product onto the market with the approval and oversight of the Bureau otherwise the costs to re-test and re-label will be extremely burdensome.	The Bureau disagrees with this comment. The Bureau will evaluate circumstances where batch numbers are printed incorrectly on documents on a case by case basis. Where appropriate under the law and the specific circumstances of a case, the Bureau may allow for corrections to be made to fix mistakes so that the cannabis goods can move forward in the supply chain.

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Quality Assurance	1603.13 (p.3539) 1719.13 (p.4088) 1720.15 (p.4106) 1735.17 (p.4301)	Commenters cite to Business and Professions Code section 26120 and request the Bureau clarify that cannabis goods in compliance at the time of packaging will satisfy requirements, despite new labeling compliance changes. One commenter states that Business and Professions Code section 26120 does not require the universal symbol, but CDPH requires it on the primary panel.	The Bureau disagrees with this comment. First, the only labeling changes a distributor can perform is to label or re-label cannabis products with the cannabinoid and terpenoid amount after laboratory testing. No other labeling requirements have been changed. Further, the statute cited to by commenters has not changed labeling requirements. Lastly, the labeling change mentioned by one commenter for the universal symbol occurred in the first issuance of the emergency regulations. Labeling requirements have not changed since the emergency regulations were readopted, thus licensees are already required to comply with labeling requirements thus, no transition period language is required for labeling.
5307	1514.10 (p.2931)	Commenter objects to quality assurance being a distributor activity. Commenter requests that sampling be done at the origination point of the product and not at distribution. Commenter states that manufacturers and cultivators should be responsible for their products and distributors should just be distributing.	The Bureau disagrees with this comment. The requirement for distributors to conduct quality assurance, including arranging for laboratory testing, on all cannabis goods before they are transported to retail is established in the Act. (Bus. & Prof. Code section 26110.) The Bureau cannot waive or change statutory requirements.
5307	1576.3 (p.3397) 1597.7 (p.3516) 1708.7 (p.3998)	Commenter recommends that the following language be added to the text "Chapter 5 (commencing with Section 12500) of Division 5 of the Business and Professions Code and registered with the county sealer consistent with Chapter 2 (commencing with 12240) of Division 5 of the Business and Professions Code."	The Bureau disagrees with this comment. Licensees are required to comply with all state laws. The Bureau cannot possibly include references to all laws licensees must comply with. Further, inclusion of such references confuses readers and is duplicative and unnecessary.
5307	1603.1 (p.3539)	Commenter states support of distributor to distributor transfers but asks that if the Bureau determines that a reasonable cap	The Bureau notes commenters support of distributor to distributor transfers. The Bureau disagrees with this comment with commenters language as the language is unnecessary. The

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		be placed on the number of times a single tested cannabis good may be transferred, that the Bureau adopt the following language: "Packaged, tested cannabis goods from a single test batch may be distributed to multiple licensed distribution premises, in which case each receiving distributor shall be responsible for conducting a Quality Assurance Review in accordance with section 5307. After the certified test is conducted, the same cannabis good may only be transferred to up to X [three to five] licensed distribution premises, except for transfers between licensed distribution premises that are owned by the same licensee which may be transferred an unlimited number of times between premises with the exact same ownership structure. Prior to certified testing, cannabis goods may be transferred without limitation to the number of transfers between licensees. Once a cannabis good is packaged in its final, packaged form it may not be transferred backwards in the supply chain, except for remediation provided in §5306(d)."	Bureau has determined that a cap on the number of transfers is unnecessary, however the Bureau has specified that if the cannabis goods have not been transported to retail within 12 months on the date of the certificate of analysis than the cannabis goods shall either be destroyed or retested. Further, section 5307 requires each distributor that receives the cannabis goods to conduct quality-assurance review. The regulations do not place a limit on the number of transfers of cannabis goods that can occur prior to laboratory testing for regulatory compliance.
5307	256.2 (p.667) 289.12 (p.756) 1735.3 (p.4290) 1719.1 (p.4088)	Commenter recommends allowing distributors to sell compliant tested product to other distributors before going to retailers. Commenter recommends that	The Bureau agrees with this comment and has added section 5307.2 governing distributor to distributor transfers.

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	1720.1 (p.4106) 1644.4 (p.3753) 1645.1 (p.3758) 1414.1 (p.2733) 1580.2 – 1587.2 (8 consecutive comments) (p.3412-3445) 1603.1 (p.3539) 1735.4 (p.4294) 3539.1 (p.10255) 3409 (p.10084) 3420.1 (p.10098) 3421.2 (p.10100) 3408 (p.10082)	the COA accompany the product after testing. Commenter recommends that licensed distributors should be able to sell cannabis goods between one another without requiring another testing.	
5308/5315	1022.12 (p.2043) 1022.13 (p.2043) 1030.7 (p.2062) 1030.8 (p.2063) 1030.9 (p.2063) 1030.52 (p.2074) 1030.53 (p.2074) 1051.22 (p.2154) 1051.23 (p.2154) 1077.2 (p.2194) 1077.7 (p.2195) 1077.24 (p.2198) 1077.30 (p.2199) 1077.31 (p.2199) 1077.32 (p.2199) 1124.12 (p.2276)	Commenters request that authority to issue a distributor transport only license be transferred to CDFA. Some commenters request that they be allowed to share a premises with the cultivation license and record storage. Commenters state the distributor transport only license has onerous requirements without the full benefit of a distribution license, which unfairly burdens the small operator who is merely transporting cannabis goods already licensed under a different license. Some commenters recommend in the alternative that the insurance requirement be removed and allow an exception to the prohibition on sharing a premises.	The Bureau disagrees with this comment. Under the Act the Bureau is responsible for licensing and regulating distributors. (Bus. & Prof. Code section 26070(a).) Additionally, all transportation must be conducted by a distributor. (Bus. & Prof. Code section 26070(b).) The Bureau and CDFA cannot change statutory requirements, therefore the distributor transport only license cannot be transferred to CDFA. Business and Professions Code section 26070(a)(2) requires distributors to be insured. The Bureau has determined that the specified amount is the minimum amount of insurance necessary to ensure the health and safety of the public is protected in potential incidents involving the transportation of cannabis. The Bureau does not permit multiple licenses on one premises as the Act limits the occupation of a premises to one licensee.

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	1124.13 (p.2276) 1124.14 (p.2276) 1131.7 (p.2298) 1131.8 (p.2298) 1131.49 (p.2310) 1131.50 (p.2310) 1131.51 (p.2311) 1327.8 (p.2555) 1327.9 (p.2555) 1327.10 (p.2555) 1375.12 (p.2662) 1375.13 (p.2662) 1375.14 (p.2662) 1380.12 (p.2672) 1380.13 (p.2672) 1380.14 (p.2672) 1413.7 (p.2711) 1413.8 (p.2711) 1413.9 (p.2711) 1413.52 (p.2725) 1413.53 (p.2725) 1413.54 (p.2725) 1425.13 (p.2747) 1425.14 (p.2747) 1425.15 (p.2747) 1507.7 (p.2852) 1507.8 (p.2852) 1507.9 (p.2852) 1507.53 (p.2866) 1507.54 (p.2866) 1507.55 (p.2867)	Some commenters recommend allowing distributor transport only licensees to have a storage premises that is separate from their record premises. Commenters state that many self-distributors have farms in Northern California and contracts with manufacturers in Southern California. They would like to be able to store their cannabis goods somewhere in between their farm and the manufacturing facility or closer to the manufacturing facility. Commenters state this is necessary because of the transportation requirements to travel directly and the hours of operation on the manufacturing side.	However, nothing in the Act or the regulations prevents more than one premises from being on a single parcel of land or within a single building provided the requirements for a premises can be met. The Bureau created the distributor transport only license to allow cultivators and manufacturers to easily transport cannabis to their premises without going through a distributor. Storage is not permitted because the cannabis is being transported from one premises to another and can be stored on either the originating or end premises. The full distribution license is available for any licensee that wants to engage in storage. Further, section 5311(k) allows for distributor transport only licensees to stop for necessary rest. During a rest period the licensee must comply with the other requirements of section 5311, including that the transport vehicle be locked and secured while unattended, and that a vehicle containing cannabis goods cannot be left unattended in a residential area or parked overnight in a residential area. Nothing in the regulation would prevent a licensee from staying at a hotel in a commercial area along their route with their transport vehicle locked and secured in the parking lot.

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	1512.7 (p.2907) 1512.8 (p.2907) 1512.9 (p.2907) 1512.53 (p.2921) 1512.54 (p.2921) 1512.55 (p.2922) 1520.7 (p.2952) 1520.8 (p.2952) 1520.9 (p.2952) 1520.53 (p.2966) 1520.54 (p.2966) 1520.55 (p.2967) 1523.7 (p.2986) 1523.8 (p.2986) 1523.9 (p.2986) 1523.53 (p.3000) 1523.54 (p.3000) 1523.55 (p.3000) 1526.7 (p.3023) 1526.8 (p.3023) 1526.9 (p.3024) 1651.7 (p.3787) 1651.8 (p.3787) 1651.9 (p.3787) 1651.53 (p.3801) 1651.54 (p.3801) 1651.55 (p.3802) 1767.7 (p.4596) 1767.8 (p.4596) 1767.52 (p.4611) 1767.53 (p.4611)		

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
	1768.7 (p.4622) 1768.8 (p.4622) 1768.52 (p.4637) 1768.53 (p.4637) 1769.7 (p.4648) 1769.8 (p.4648) 1769.52 (p.4663) 1769.53 (p.4663) 1770.7 (p.4674) 1770.8 (p.4674) 1770.52 (p.4689) 1770.53 (p.4689)		
5308/5315	1330.1 (p.2559) 1533.21 (p.3139) 1789.11 (p.4795) 3434.1 (p.10116) 1077.48 (p.2204)	Commenters request that distributor transport only licensees be exempt from the insurance requirement. One commenter states that transporting their own material is not a liability issue. One commenter states that the majority of cultivation properties are being used for residential purposes and the majority have homeowners insurance and potentially a mortgage which could become jeopardized due to the federal restrictions on cannabis. One commenter stated that it was unclear that the section applies to self-distribution transport only licensees.	The Bureau disagrees with this comment. Business and Professions Code section 26070(a)(2) requires distributors to be insured. Distributors include self-distribution transport only and distribution transport only licensees. The Bureau cannot waive statutory requirements. Further, the Bureau has determined that the specified amount is the minimum amount of insurance necessary to ensure the health and safety of the public is protected in potential incidents involving the transportation of cannabis.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5309	1026.1 (p.2052)	Commenter requests clarification on whether the requirement to conduct an audit when a discrepancy between the inventory of stock and the inventory log or track and trace system is discovered applies to just cultivating distributors or to manufacturing producers as well. Commenter asks if it does apply to manufacturing producers what is the acceptable or normal weight loss caused by moisture loss?	The Bureau agrees with this comment. The Bureau has amended the section to require that distributors be able to account for all inventory and provide that information to the Bureau upon request but has removed the requirement that distributors conduct inventory reconciliation every 14 days. The Bureau determined that inventory reconciliation was duplicative with the track and trace system reconciliation and has thus amended the section to require distributors to be able to account for their inventory. There is no variance for moisture loss for manufactured products as these items are already packaged when they reach the distributor and thus are counted by unit and not net weight.
5309	1533.22 (p.3140) 1586.18 (p.3438)	Commenters requests that inventory reconciliation be left to the discretion of the licensee. One commenter states that every two weeks is expensive, disruptive and serves no purpose.	The Bureau agrees with this comment. The Bureau has amended the section to require that distributors be able to account for all inventory and provide that information to the Bureau upon request but has removed the requirement that distributors conduct inventory reconciliation every 14 days. The Bureau determined that inventory reconciliation was duplicative with the track and trace system reconciliation and has thus amended the section to require distributors to be able to account for their inventory.
5309/5310	40.1 (p.65) 753.6 (p.1418) 1316.6 (p.2540) 1360.9 (p.2609) 1521.6 (p.2977) 1560.1 (p.3330) 1564.2 (p.3340) 1586.2 (p.3434) 1623.12 (p.3622) 3401 (p.10073)	Commenters suggests amending regulation to require inventory reconciliation every 30 days instead of every 14 days. Commenters state that inventory reconciliation every 14 days is impractical, expensive, and redundant. One commenter recommended reconciliation happen quarterly and states the Bureau's requirement is out of sync	The Bureau agrees with comment. Inventory reconciliation every 14 days is unnecessary. The Bureau has amended the section to require that distributors be able to account for all inventory and provide that information to the Bureau upon request but has removed the requirement that distributors conduct inventory reconciliation every 14 days. The Bureau determined that inventory reconciliation was duplicative with the track and trace system reconciliation and has thus amended the section to require distributors to be able to account for their inventory.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
	3544 (p.10261)	with all other industries including the pharmaceutical industry. Another commenter recommended that inventory reconciliation be done similarly to the pharmacy industry. One commenter also states that it is unnecessary to maintain accurate records. Commenter states their current practice is to conduct store wide reconciliations semi-annually on a day when the store will already be closed using a full 8-hour shift with 15-20 people. Once the counts are submitted it typically takes 2 inventory specialists several days to investigate discrepancies and clean up miscounts. One commenter states that it is already industry best practice to reconcile inventory every month in coordination with the sales cycle and standard record keeping.	Records are required so that the Bureau can verify that the licensee is complying with the Act and the regulations. Further, Business and Professions Code section 26160 states that records related to commercial cannabis activity as defined by the licensing authorities shall be maintained for a minimum of seven years. The Bureau cannot waive the requirement to maintain such records.
5311	1516 (p.2938)	Commenter objects to having to use a distributor to transport R&D samples to a laboratory for testing. Commenter also objects to having to use a distributor to transport samples to retailers for sale purposes. Commenter states they have to pay their sales force commissions and also have to pay distributors which means they lose more than quadruple the cost of the inputs in the sample process.	The Bureau disagrees with this comment. Under the Act, distributors are the only licensees that are authorized to transport cannabis with the exception of testing laboratories transporting samples from the distributor premises to the laboratory premises. (See Bus. & Prof. Code sections 26070 and 26110.) The Bureau cannot change statutory requirements.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5311	189.5 (p.545) 1046.3 (p.2141) 1356.5 (p.2592) 1358.2 (p.2595) 1466.5 (p.2805) 1508.5 (p.2876) 1525.5 (p.3013) 1527.5 (p.3030) 1533.23 (p.3140) 1578.5 (p.3465) 1580.5 (p.3411) 1581.5 (p.3415) 1582.5 (p.3419) 1583.5 (p.3423) 1584.5 (p.3427) 1585.5 (p.3431) 1586.5 (p.3435) 1587.5 (p.3446) 1718.5 (p.4084) 3578.1 (p.10299)	Commenters object to the prohibition of alternative transport methods. One commenter requests that the regulation be amended to allow localities to fashion their own rules relating to methods of cannabis delivery. Commenters stated that the section would cut off Catalina Island from commercial cannabis.	The Bureau disagrees with this comment in part. Section 5311 prohibits the use of aircraft, watercraft, drone, rail, human powered vehicle, and unmanned vehicles for the transportation of cannabis goods by a distributor. Distributors often transport large amounts of cannabis goods as well as cash. The Bureau determined that it was necessary to require that cannabis goods be transported inside of a vehicle or trailer to reduce the risk of loss or theft, and to limit potential conflicts with federal law and regulation. However, the Bureau has amended the section to create an exception for the transportation of cannabis goods to Catalina Island. Lastly, this section only applies to the transportation of cannabis goods and does not apply to the delivery of cannabis goods which falls under retailers.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5311/5315	53 (p.92)	Commenter recommends allowing any cannabis licensee in the state to transport cannabis goods that they produce in their licensed facility. Commenter states that they are limited to four licenses and should not have to waste one in order to obtain a distributor transport only license. Commenter also states that they are not suggesting cultivators be allowed to distribute their own product, but simply be allowed to transport their product to a processor, and from the processor to a distributor.	The Bureau disagrees with this comment. Business and Professions Code section 26070(b) provides that with limited exception, the transportation of cannabis goods shall only be conducted by persons holding a distributor license. Because the Act specifically limits the transportation of cannabis goods to distributors, The Bureau cannot waive the requirement. However, commenter is mistaken about a restriction on the number of licenses a person may hold. Under the Act cultivators may also hold a distributor license and there is no limitation on the number of licenses a person may hold. (see Bus. & Prof. Code §26053(c).) Thus, a person may have more than four licenses. The Bureau has created the distributor transport only license for licensees that do not wish to engage in all distribution activities and simply want to transport between cultivators, manufacturers, and distributors with limited exception.
5311-5315	289.11 (p.756) 1614.11 (p.3598) 1614.12 (p.3598) 1614.13 (p.3598) 1614.14 (p.3598) 1614.15 (p.3598) 3559 (p.10278)	Commenter objects to the requirement that transportation be conducted by a distributor. Requests that manufacturers and cultivators be able to transport if they adhere to the same rules that are applied to distributors or the distributor transport only licensees. Another commenter requested that cultivators, who are legacy outdoor growers that built the California brand over decades, be able to participate with county regulations regarding distribution and transport only and self-distribution to help keep the supply chain moving as there are no distributors in Trinity County.	The Bureau disagrees with this comment. Business and Professions Code section 26070(b) provides that with limited exception, the transportation of cannabis goods shall only be conducted by persons holding a distributor license. Because the Act specifically limits the transportation of cannabis goods to distributors, the Bureau cannot waive the requirement.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5311	855.3 (p.1700) 1603.19 (p.3540) 1719.19 (p.4089) 1720.21 (p.4107) 1735.23 (p.4303) 1799.25 (p.4876) 3561.1 (p.10280) 3561.2 (p.10281) 3561.3 (p.10281) 3567.2 (p.10287) 1012.3 (p.2026)	Commenters request the section be amended to clarify the following: 1. Who is required to obtain a motor carrier permit. Commenter recommends including the language "whereby "for hire" refers to the transporting of cannabis goods that are not owned or titled to the Distributor conducting the transportation service." 2. Commenters state operators should understand that they are required to register their California number with the DMV and states operators have been confused about whether or not a U.S. DOT number is required. Commenter states a U.S. DOT number should not be required given these operators are only operating within California borders. 3. The vehicle code requires motor carriers to display on both sides of each vehicle or on both sides of one of the vehicles in each combination of vehicles the name or trademark of the person under shoe authority the vehicle or combination of vehicles is being operated. Commenters object to this requirement and state distributors are worried about being followed back to vehicles or to their premises because of the marked vehicle. Commenters also state the California Highway Patrol will ticket motor carriers without the name or trademark designation	The Bureau disagrees with this comment. The Bureau does not have authority to amend or clarify requirements in the vehicle code, therefore the Bureau cannot adopt the definition of "for hire." The Bureau cannot waive the requirement of a U.S. DOT number to obtain a motor carrier permit as this is outside the Bureau's jurisdiction. The Bureau cannot amend or exempt licensees from complying with the vehicle code, therefore the Bureau cannot waive the vehicle labeling requirements.

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		on the vehicle however, some local ordinances prohibit having identification on the vehicles that are used for cannabis business. One commenter suggests eliminating the federally linked requirements as they represent a giant contradiction due to federal restrictions on cannabis or incorporating the federal language into the regulations without requiring federal entanglements.	
5311	1012.5 (p.2026)	Commenter requests that distributors be permitted to transport very small samples from cultivators and manufacturers to the testing facilities.	The Bureau agrees with this comment. Distributors are already permitted to do this activity. The Bureau has determined that clarifying this in the regulation is unnecessary. The regulation states that distributor transport only licensees may transport between licensees; including specific examples of what they can transport between licensees will cause confusion as not every possible scenario could be included in the regulation.
5311	1569.2 (p.3350)	Commenter states they support the section and believe it will positively affect cannabis workers, will protect them against worker misclassification and wage theft, and mandate the safe and secure storage and transport of cannabis products.	The Bureau notes commenter's support of the section.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5311	1609.21 (p.3573)	Commenter states the section does not allow for transportation of cannabis goods other than pre-ordered goods. Commenter states that this is contrary to the Bureau's prior statements that distributors may fill orders while on the road. Commenter recommends the Bureau allow distributors to carry tested cannabis goods in their final packaging in their vehicles so that mobile orders may be filled.	The Bureau disagrees with this comment. The Bureau has never allowed a distributor to run what would essentially be a mobile distribution operation. Commenter may be confusing distribution with delivery of cannabis goods from licensed retailers direct to consumers. Dynamic delivery, which is where orders may be filled while out for delivery, is allowed for the delivery of cannabis goods to consumers. Under the Act, prior to transporting cannabis goods, the distributor is required to complete an electronic shipping manifest and securely transmit the manifest to the Bureau and the licensee that will receive the cannabis goods. Distributors are allowed to transport multiple shipments of cannabis goods at once.
5311	1640.9 (p.3709)	Commenter requests that the section be amended to explicitly prohibit transportation vehicles from being marked or displaying advertising.	The Bureau disagrees with this comment. The Bureau has developed advertising regulations that licensees must comply with under section 5040. The Bureau cannot prohibit a transport vehicle from being marked as certain requirements related to transporting goods for hire include requiring a vehicle be marked. The Bureau cannot waive requirements that are outside of its jurisdiction.
5311	1613.9 (p.3592)	Commenter recommends amending the reference to subsection (d) and (e) to (e) and (f).	The Bureau agrees with the addition of subsection (f) being referenced but disagrees with the removal of subsection (d) being referenced.
5311	1625.31 (p.3637)	Commenter states that in the interest of minimizing diversion to the black market, they support the prohibitions on unmanned delivery vehicles, requirements for cannabis good to be secured inside the vehicle and unidentifiable from outside the vehicle, and requirements for vehicles to be subject to inspection.	The Bureau has noted commenter's support of the section.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5311(k)	1080.7 (p.2208) 1586.37 (p.3442)	Commenter objects to section and states that it is very inconvenient and unnecessary, makes more congestion on the roads and more smog in the air. Commenter states transporters should not have to return to a warehouse after their last shipment. Another commenter stated rules guiding delivery routes must create multiple exemptions and employ vague wording making it a pointless rule and ripe for abuse. All transactions and GPS tracking already allow for significant oversight of operations by regulators and police. Diversion at point of sale is already at a low risk because it's so much more expensive and unsafe to conduct diversion versus operating within the legal and regulated market once all the costs of regulated and taxed production and distribution have already been built into the product. By trying to formalize normal routing delivery services are already following, this rule makes it difficult to innovate further efficiencies in delivery logistics and routing, is vague enough to allow abuse by bad actors, creates poor enforcement outcomes by confused regulators, and creates frustration for those licensees trying to follow unclear and unjustified rules.	The Bureau disagrees with this comment. The Bureau requires that a distributor travel between licensees shipping or receiving cannabis goods and its own licensed premises. This ensures that cannabis goods are not traveling in a distribution vehicle while the driver runs personal errands or engages in some other activity unrelated to the distribution of cannabis goods. Further, transportation vehicles may be marked with the company name. Allowing these vehicles to go home with the driver after the shipment has been delivered would place the public health and safety at risk as it is possible that a marked transport vehicle parked in a residential area would be a target for break-ins due to the anticipated product inside the vehicle. Lastly, returning a distribution vehicle to the warehouse is a common practice in other commercial areas and the Bureau has determined it is a good practice that should be required of its licensed distributors.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5311(k)	1715.1 (p.4062) 1715.2 (p.4062)	Commenter requests that the section be amended to permit distributors to make bank deposits while transporting between licensees. Commenter also requests that the section be amended to allow for distributors to deviate from their itinerary for security reasons, such as a need to drive to a police station if suspicious activity is observed.	The Bureau disagrees with this comment. The Bureau determined it was necessary to limit where a vehicle transporting cannabis goods can go, to reduce the situations where vehicles containing large amounts of cannabis are left unattended. The Bureau determined that stops for the driver for rest, fuel, and vehicle repairs were necessary and cannot be avoided, and thus permits those stops. While a licensee cannot make bank deposits while transporting cannabis goods, nothing in the section would prevent a distributor from making bank deposits after unloading all cannabis goods from the transport vehicle and before returning to the licensed premises. Further the section does not prohibit a licensee from adjusting the route they are taking while transporting cannabis goods for safety reasons, including driving to a police station.
5311(n)	1034 (p.2081)	Commenter states transporting cannabis goods within the same building/on the same parcel of land does not require following subsections (d) (only by vehicle) or (e) (goods not visible or identifiable). Are there no visibility restrictions on manual transport of cannabis goods between licensees on the same parcel of land? This subsection states a hand truck, fork lift, or "other similar means" is adequate. Are there no constraints upon containers used for transport between licensees on the same parcel of land (e.g. plastic bags or clear barrels)? What about situations where the transport between licensees involves outdoor exposure?	The Bureau disagrees with this comment. The section as written contains the requirements for transporting cannabis goods between licensees on the same parcel of land. The Bureau has determined that in these cases as licensees are only transporting cannabis goods a short distance on the same parcel of land and because the cannabis goods cannot be left unattended, there is no need to require visibility restrictions or place constraints on the containers.

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5311/5315	1720.2 (p.4104)	Commenter requests the regulations be clarified to state that prior to COA testing a distributor may make product transfers between any licensed cultivator, processor, manufacturer, or distributor licensee also to include cultivator to processor and back to cultivator.	The Bureau disagrees with this comment. Both sections clearly state that distributor and distributor transport only licensees may transport cannabis goods between licensees. However, it is not within the Bureau's jurisdiction to say whether or not cannabis goods may be transferred from a cultivator to a processor and back to a cultivator. Only CDFA may allow that activity as the licensing authority responsible for licensing and regulating cultivators.
5312	1544.6 (p.3182) 1586.21 (p.3439)	Commenter states that distributors should be allowed short term rentals of vehicles or trailers they are using for cannabis transportation in addition to ownership or lease. Commenter states that distribution channels must sometimes deal with seasonal variations in supply of product, and particularly during harvest, large amounts of product need to be moved to secure locations and tested. Some distributors may want the flexibility of being able to rent vehicles.	The Bureau disagrees with this comment with this requirement. Distributors may be transporting large amounts of cannabis goods as well as cash when they collect taxes from cultivators. Because of the likelihood of large amounts of cannabis goods and cash being transported, the Bureau must have specific information about the vehicles that will be doing the transporting. This is necessary so that the Bureau can readily confirm that a particular vehicle is authorized to transport cannabis. This allows for ready identification of transport vehicles by the Bureau staff and law enforcement. Further, requiring the vehicle to be owned or leased by the distributor ensures that the distributor's insurance covers the vehicle. This is necessary to ensure that vehicles transporting cannabis goods are properly insured and thus covered if an accident should occur.
5313	1625.32 (p.3638)	Commenter states that in the interest of minimizing diversion to the black market, they support the requirement that only licensee employees and security personnel should be in the vehicle during transportation of cannabis goods.	The Bureau has noted commenters support of the section as written.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5314	1026.5 (p.2053)	Commenter objects to having to have a shipping manifest every single time a batch or production run of goods moves from one production location to another.	The Bureau disagrees with this comment. All cannabis goods must be transported by a distributor, including when the goods are moving from one manufacturing premises to another. Business and Professions Code section 26070(e) requires that prior to transporting cannabis goods, a distributor shall complete an electronic shipping manifest and transmit that manifest to the Bureau and the licensee that will receive the cannabis goods. The Bureau is unable to waive the statutory requirement that a distributor transport the cannabis goods and generate a shipping manifest every time the cannabis goods are moved, even when it is just from one premises controlled by a manufacturer to another premises controlled by the same manufacturer.
5314	1443.9 (p.2779)	Commenter requests that the licensee not be required to transmit a manifest to the Bureau unless the Bureau has invested in a very simple solution that will satisfy this requirement such as an email address.	Business and Professions Code section 26070(e) requires that prior to transporting cannabis goods, a distributor shall complete an electronic shipping manifest and transmit that manifest to the Bureau and the licensee that will receive the cannabis goods. The Bureau is unable to waive the statutory requirement that a distributor transport the cannabis goods and generate a shipping manifest every time the cannabis goods are moved. However, the manifest is created in track and trace which should provide the commenter with the simple solution they request.
5314	1443.12 (p.2779)	Commenter requests that a minimum weight be set before a manifest is required as related to testing and sampling. Commenter states that requiring a manifest to be generated for half of a zip lock bag of trim taken as an opportunistic sample from a cultivator is unduly burdensome. Commenter states that if a consumer is allowed to possess and transport a certain amount, then a professional should be	Business and Professions Code section 26070(e) requires that prior to transporting cannabis goods, a distributor shall complete an electronic shipping manifest and transmit that manifest to the Bureau and the licensee that will receive the cannabis goods.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
		allowed to transport the same amount without a manifest.	
5314(a)	1649.13 (p.3772) 1664.9 (p.3856)	Commenter states it should be the responsibility of the laboratory to prepare the shipping manifest, not the distributor and recommends moving subsection (a) to the testing laboratory section.	The Bureau disagrees with this comment. Section 5314 relates to a distributor's transportation of cannabis goods and does not apply to a testing laboratory transporting a sample back to the laboratory. Distributors are required to generate a shipping manifest under the Act; not testing laboratories. (See Bus. & Prof. Code §26070.)
5315	1 (p.1)	Commenter requests that distributor transport only licensees be allowed to transport to only cultivators, manufacturers, and distributors. Commenter also requests that distributor licensees be allowed to transport to only retail and no other license type.	The Bureau disagrees with this comment. Under the Act distributors are the only licensees that may conduct transport and are permitted to transport cannabis goods between all licensees. (Bus. & Prof. Code §26070(b).) The Bureau cannot limit the privileges granted to a distributor in statute and ban a distributor from transporting to cultivators, manufacturers, and other distributors.
5315	1443.13 (p.2780)	Commenter requests clarification on whether a fully licensed distributor may also act as a "transport only" distributor as a means to provide sales and logistical support to a licensed distributor that does not want to transport.	The Bureau disagrees with this comment. Distributors may engage in all privileges afforded under their license. A distributor is not limited in scope and may transport cannabis goods for all other licensees under the Act. (See Bus. & Prof. Code section 26070.)
5315	756.1 (p.1450) 855.6 (p.1701) 998.6 (p.1967) 1002.3 (p.1997) 1077.36 (p.2201) 1077.37 (p.2202) 1077.38 (p.2202) 1139.2 (p.2327) 1149.3 (p.2343) 1267.5 (p.2479)	Commenters request that the distributor transport only licensees be exempt from premises-based security requirements. Some commenters requested that they also be allowed to share a premises with another licensee. Some commenters also request the section be amended to clarify that distributor transport only licensees may transport products for non-certified	The Bureau disagrees with this comment. In cases where a licensee has two premises on the same parcel the Bureau determined it was reasonable for security to be shared, therefore the Bureau has allowed for an exemption to security already for licensees that are operating on the same parcel of land as their cultivation or manufacturing premises. However, if a licensee is the only licensee on the parcel, they must have their own security to protect the records of their transportation activities which must be maintained for seven years under the Act.

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	1267.6 (p.2480) 1267.7 (p.2480) 1267.8 (p.2480) 1267.9 (p.2481) 1548.4 (p.3214) 1548.5 (p.3214) 1548.6 (p.3214) 1548.7 (p.3214) 1548.8 (p.3214) 1551.6 (p.3240) 1603.16 (p.3540) 1665.3 (p.3865) 1666.3 (p.3883) 1710.4 (p.4008) 1710.5 (p.4008) 1710.6 (p.4008) 1710.7 (p.4008) 1713.3 (p.4026) 1719.16 (p.4089) 1720.18 (p.4107) 1728.3 (p.4138) 1729.3 (p.4156) 1730.3 (p.4174) 1731.3 (p.4192) 1732.13 (p.4219) 1733.13 (p.4246) 1734.13 (p.4273) 1735.20 (p.4430) 1741.3 (p.4327) 1753.3 (p.4430) 1758.13 (p.4477)	testing and requests that they receive reduced insurance requirements.	The Bureau has determined that including language clarifying that distributor transport only licensees may transport products for non-certified testing is unnecessary. Distributors are already permitted to do this activity. The Bureau has determined that clarifying this in the regulation is unnecessary. The regulation states that distributor transport only licensees may transport between licensees, including specific examples of what they can transport between licensees will cause confusion as not every possible scenario could be included in the regulation. The Bureau is required to set a minimum level of insurance for distributors under Business and Professions Code section 26070. In consultation with the California Department of Insurance, the Bureau determined the amount is the minimum amount to ensure the health and safety of the public is protected in cases of any harms caused by the transportation of cannabis.

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	1765.3 (p.4571) 1774.3 (p.4703) 1774.4 (p.4704) 1774.5 (p.4704) 1774.6 (p.4704) 1791.3 (p.4810) 1799.22 (p.4875) 3445 (p.10124) 3551.1 (p.10269)		
5315	1077.4 (p.2195) 1077.9 (p.2195)	Commenter states that nurseries are allowed to deliver to a microbusiness that is engaged in cultivation but not to a cultivator. Commenter requests that nurseries with a distribution transport only license should be allowed to deliver nursery products to retailers and cultivators.	The Bureau disagrees with this comment. The regulation already allows for the activities that the commenter is requesting. As stated in the regulation, distributor transport only licensees may transport cannabis goods between licensees. (See section 5315(a).) This means that a distributor transport only licensee may transport nursery products to cultivators. Additionally, the regulation allows for the transportation of immature plants and seeds directly from a nursery to a retailer. (See section 5315(a).)
5315	1550 (p.3235)	Commenter objects to the requirement that a distributor be used to transport immature plants from a nursery to a cultivator. Commenter also objects to the requirement that vehicle operator be the license holder or an employee which eliminates the option of hiring 3rd party trucking companies to move the plants. Commenter states that cultivators should be able to transport plants themselves after the nursery sells the plants directly to them without going through a distributor, or they should be able to hire a commercial hauler.	The Bureau disagrees with this comment. Business and Professions Code section 26070(b) provides that with limited exception, the transportation of cannabis goods shall only be conducted by persons holding a distributor license. Because the Act specifically limits the transportation of cannabis goods to distributors, the Bureau cannot waive the requirement. However, nurseries or cultivators may obtain distribution transport only licenses from the Bureau which would allow cultivators to pick up immature plants from nurseries. Additionally, just like 3rd party trucking companies, distributors and distributor transport only licensees may be hired to transport the plants.

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5315	1748.15 (p.4399)	Commenter states retail licensees should be allowed to have a self-distribution transport only license and transport cannabis goods between retailer premises so long as the retail premises are owned by the same owners.	The Bureau disagrees with this comment. Distribution transport only licensees are prohibited from transporting cannabis goods to retail. Requiring transportation to retail to be conducted by a distributor is necessary to ensure that all cannabis goods being transported to retail have undergone quality-assurance review, are fit for sale, and are safe for consumption. Even though the cannabis goods would have gone through quality-assurance before being transported to the first retailer, the Bureau determined that it was necessary for a distributor to re-do the quality-assurance before transporting to a second retailer to ensure that the cannabis goods are still fit for sale and consumption, have not passed sell-by dates, and are packaged in accordance with the law.
5315(e)	1702.4 (p.3943) 1744.4 (p.4350) 1790.1 (p.4798)	Commenter requests the Bureau clarify in regulation that transfer of product does not necessarily mean transfer of title.	The Bureau disagrees with this comment. The Act clearly provides that licensees are not required to sell their cannabis goods to a distributor and may directly contract for sale with a licensee authorized to sell cannabis and cannabis products to purchasers. (See Bus. & Prof. Code section 26110(h).) Additionally, the section referenced by commenter clearly states that distributor transport only licensees shall not acquire title to the cannabis goods they are transporting unless they also have a cultivation, manufacturing, retailer, or microbusiness license which would allow them to acquire title. Therefore, it is already clear that not all transfers are transfers of title.
5400	189.7 (p.547) 1636.2 (p.3683) 1636.3 (p.3684)	Commenter suggests that the regulation clarify that access to a medicinally designated retailer should be limited to individuals with a valid physician's recommendation or a valid Medical Marijuana Identification Card (MMIC).	The Bureau disagrees with this comment. The regulation has not been amended to include the MMIC as an alternative to a valid physician's recommendation. Only a qualified patient may receive a MMIC. A valid physician's recommendation is required to be a qualified patient. Since all individuals with an MMIC should also possess a valid physician's recommendation, there is

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			no need to allow for the MMIC as an alternative to a physician's recommendation.
5400	189.8 (p.548)	Commenter suggests that the regulation specify who certain products may be sold to.	The Bureau disagrees with this comment. This issue is already addressed in section 5404.
5400/5402	1087 (p.2221) 1355.9 (p.2589)	Commenters request that young children who are medicinal cannabis patients should be allowed to enter the retail premises with a parent or primary caregiver when purchasing their medicine. Another commenter requested that young children be allowed to enter the waiting room.	The Bureau disagrees with this comment. Business and Professions Code section 26140 prohibits any person under the age of 18 from entering a licensed premises authorized to sell cannabis goods to medicinal patients.
5400	1625.33 (p.3638)	Commenter supports the age restrictions on accessing the licensed premises.	The Bureau has noted the commenter's support for the section.
5402	1625.34 (p.3638)	Commenter supports the age verification process in this section.	The Bureau has noted the commenter's support for the section.
5403	25.2 (p.33) 70.1 (p.160) 668.8 (p.1271) 977.4 (p.1929) 1002.4 (p.1998) 1046.1 (p.2140) 1149.4 (p.2344) 1160.4 (p.2360) 1356.4 (p.2592) 1358.1 (p.2597) 1466.4 (p.2805) 1508.4 (p.2876) 1525.4 (p.3031)	Commenters believe that the selling hours currently allowed in the regulations are too restrictive and limit the access that some patients may have to cannabis. Another commenter suggests that the retail hours be the same as alcohol. A number of commenters recommend extending the selling hours from 6:00 a.m. to 12:00 a.m.	The Bureau disagrees with this comment. The Bureau has determined that restricting business hours as done in the regulation will likely reduce the risk of theft and other crime that occurs at an increased rate during the later hours of the night. Additionally, patients and customers have many methods of accessing cannabis, including through delivery.

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	1527.4 (p.3030) 1578.4 (p.3405) 1580.4 (p.3411) 1581.4 (p.3415) 1582.4 (p.3419) 1583.4 (p.3423) 1584.4 (p.3427) 1585.4 (p.3431) 1586.4 (p.3435) 1586.22 (p.3439) 1587.4 (p.3446) 1665.4 (p.3866) 1666.4 (p.3884) 1711.30 (p.4018) 1713.4 (p.4027) 1717.4 (p.4079) 1718.4 (p.4084) 1728.4 (p.4139) 1729.4 (p.4157) 1730.4 (p.4175) 1731.4 (p.4193) 1732.14 (p.4220) 1733.14 (p.4247) 1734.14 (p.4724) 1741.4 (p.4328) 1753.4 (p.4431) 1758.14 (p.4478) 1765.4 (p.4572) 1791.4 (p.4811) 3370.4 (p.10027)		

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5403	1594.27 (p.3488) 1625.35 (p.3638) 1714.28 (p.4049)	Commenter suggests that operating hours be further reduced to 7 am to 8 pm.	The Bureau disagrees with this comment. The Bureau is interested in limiting the risk of theft and other crime. However, this risk must be balanced with allowing customers access to cannabis. Restricting the operating hours too much may negatively impact customers' ability to access cannabis goods. Additionally, local jurisdictions are free to further limit operating hours within their jurisdiction if shorter operating hours are required in that area.
5403	1521.8 (p.2977) 1545.10 (p.3186) 1545.11 (p.3186) 1600.5 (p.3532) 3401 (p.10073) 3572 (p.10294)	Commenters suggest that the hours of operation align with local jurisdiction rules which allow for longer operating hours.	The Bureau disagrees with this comment. The Bureau has determined that restricting business hours as done in the regulation will likely reduce the risk of theft and other crime that occurs at an increased rate during the later hours of the night. Local jurisdictions are free to require more restrictive hours if the local jurisdiction feels more restrictive operating hours are necessary.
5403	1012.2 (p.2026)	Commenter suggests that the hours of operation not apply to cultivators.	The Bureau agrees with this comment. The hours of operation requirements found in section 5403 of the Bureau's regulations only apply to retailers and do not apply to cultivators.
5404	668.8 (p.1271) 1552.24 (p.3529) 1594.28 (p.3488) 1709.11 (p.4004) 1714.29 (p.4050)	Commenters suggest that retailers be required to use ID scanning technology.	The Bureau disagrees with this comment. The Bureau will not require the use of any specific brand of technology for the verification of identification documents. Retailers are provided the flexibility to use any effective methods of verifying identification documentation.
5404(c)	1509.5 (p.2894) 1572.8 (p.3385)	Commenters request that the Bureau not allow customers to use a military ID at a retail location to verify their age and identity. The military prohibits the use of cannabis. Use of cannabis by members of the military should not be encouraged.	The Bureau disagrees with this comment. The Bureau would like to provide customers with as much flexibility as possible in providing acceptable documentation of their age and identity. Allowing the use of military ID does not necessarily promote the use of cannabis by members of the military, it simply allows for an additional method of verifying a customer's age.

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5404	189.9 (p.549)	Commenter suggests that the regulations clarify the difference between medicinal cannabis goods and adult-use cannabis goods.	The Bureau disagrees with this comment. There is a small risk of confusion as the regulations clearly indicate that cannabis goods that are not sold to medicinal patients would be considered adult-use cannabis goods.
5404	1711.21 (p.4016)	The commenter requests that the regulations clarify how a customer without a valid form of identification will be able to purchase cannabis goods.	The Bureau disagrees with this comment. The regulations are clear that customers who do not have proper identification documentation will not be allowed to purchase cannabis goods from a licensed retailer.
5405	1625.36 (p.3638)	Commenter offered support for the requirement that cannabis goods for sale can only be displayed inside retail areas, that goods cannot be readily accessible to the customers, that only employees may remove products from packaging, who must then put the products in a container and not hand it to the customer, and that if a product is removed from packaging, that product cannot be sold.	The Bureau has noted the commenter's support for the section.
5405	1039.4 (p.2121) 1080.14 (p.2210) 1373.4 (p.2656) 1381.4 (p.2675) 1400.4 (p.2697) 1401.4 (p.2698) 1538.4 (p.3169)	Commenters request that cannabis goods that have been used for display be allowed to be provided for free to medicinal cannabis patients with a disclaimer that the cannabis goods were used for display.	The Bureau disagrees with this comment. Cannabis goods that have been used for display have likely been touched by potential customers or may have been contaminated or adulterated in some way. The testing laboratory results for the display product no longer represent the state of the cannabis good after it has been on display for some time. Since the safety of the product is uncertain, a retailer shall not be allowed to provide the cannabis good to patients.
5405	119.16 (p.277) 119.17 (p.277)	Commenters request that cannabis goods used for display be made available for purchased by the customer who requested the goods be removed from the packaging for inspection.	The Bureau disagrees with this comment. The cannabis goods used for display are intended to be removed from the packaging by the retailer and used for display and inspection by all customers over a period of time. The cannabis used for display is not intended to apply to every single item in the store.

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5406	1361.9 (p.2617)	Commenter requests that the regulation be clarified to indicate whether a microbusiness that is authorized for both distribution and retail may sell cannabis goods at retail that were received from its distribution side.	The Bureau disagrees with this comment. A microbusiness licensee that is authorized for distribution has all the rights of a licensed distributor. It does not appear that further clarification of this issue is necessary.
5407	1707.14 (p.3994) 1709.13 (p.4005) 1714.30 (p.4050)	Commenters suggest that cannabis businesses should be prohibited from using their logo brand, etc. on toys, games, or other products that are typically marketed to children.	The Bureau agrees with this comment. Licensees are already prohibited from engaging in this type of marketing by Business and Professions Code 26152. Therefore, amending section 5407 to include this requirement would be unnecessary and duplicative.
5407	330.1 (p.820) 330.2 (p.820)	Commenters requests clarification on whether a non-storefront retailer may sell cannabis accessories, branded merchandise, and promotional material as a storefront retailer is allowed to do under proposed section 5407.	The Bureau disagrees with this comment. The regulations clearly indicate that a retailer may sell the items listed in section 5407 and therefore further clarification is not necessary.
5407	19.9 (p.25)	Commenter requests that retailers be able to sell anything including alcohol and tobacco products.	The Bureau disagrees with this comment. Business and Professions Code section 26054 specifically prohibits licensees from also selling tobacco and alcohol. The Bureau does not have the authority to change statute.
5407	330.2 (p.820)	Commenter suggests that the regulations clarify that a non-storefront retailer may sell things like cannabis accessories or branded merchandise.	The Bureau agrees with this comment. Under the regulation, a non-storefront retailer may sell any items that a storefront retailer may sell.
5407	119.18 (p.278) 170 (p.511) 171 (p.512) 172 (p.514) 250 (p.655) 266 (p.711)	Commenters request that retailers be able to sell non-cannabis goods if compliant with all other laws with the exception of alcohol and tobacco.	The Bureau agrees in part with this comment. Section 5407 has been amended to clarify what items a retailer may and may not sell. A retail license from the Bureau authorizes the retailer to sell cannabis goods and cannabis accessories. A retail license from the Bureau does not authorize licensees to sell items that are unrelated to cannabis.

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	267 (p.713) 281 (p.737) 381 (p.916) 400 (p.935) 566.1 (p.1126) 609.1 (p.1175) 646.8 (p.1235) 648 (p.1239) 668.1 (p.1266) 680 (p.1294) 685.2 (p.1306) 688.6 (p.1335) 708.1 (p.1357) 709.1 (p.1359) 710.1 (p.1361) 921.4 (p.1777) 922.4 (p.1781) 924.12 (p.1797) 931.2 (p.1831) 999.3 (p.1976) 1002.5 (p.1998) 1003.2 (p.2006) 1022.14 (p.2044) 1030.54 (p.2075) 1038.2 (p.2091) 1039.5 (p.2121) 1051.24 (p.2155) 1124.16 (p.2277) 1131.52 (p.2311) 1149.5 (p.2344) 1175 (p.2379)		

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	1267.24 (p.2484) 1327.12 (p.2555) 1355.8 (p.2589) 1364.3 (p.2634) 1373.5 (p.2656) 1375.16 (p.2663) 1380.16 (p.2673) 1381.4 (p.26750 1400.5 (p.2697) 1401.5 (p.2698) 1413.56 (p.2725) 1425.17 (p.2748) 1426 (p.2750) 1443.8 (p.2779) 1507.57 (p.2867) 1510.1 (p.2899) 1512.57 (p.2922) 1520.57 (p.2967) 1521.5 (p.2976) 1523.57 (p.3001) 1526.11 (p.3024) 1528.3 (p.3033) 1538.5 (p.3169) 1547.33 (p.3207) 1548.23 (p.3215) 1556.2 (p.3290) 1558.4 (p.3307) 1586.23 (p.3439) 1613.4 (p.3589) 1626.3 (p.3646) 1636.4 (p.3685)		

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	1651.57 (p.3802) 1662.4 (p.3842) 1665.5 (p.3866) 1666.5 (p.3884) 1702.32 (p.3954) 1713.5 (p.4027) 1728.5 (p.4139) 1729.5 (p.4157) 1730.5 (p.4175) 1731.5 (p.4193) 1732.15 (p.4220) 1733.15 (p.4247) 1734.15 (p.4274) 1741.5 (p.4328) 1748.16 (p.4400) 1753.5 (p.4431) 1758.15 (p.4478) 1759.2 (p.4495) 1765.5 (p.4572) 1767.55 (p.4611) 1768.55 (p.4637) 1769.55 (p.4663) 1770.55 (p.4689) 1774.11 (p.4705) 1790.24 (p.4806) 1791.5 (p.4811) 3502 (p.10204) 3597.11 (p.10324) 3630.3 (p.2189)		
5407	1364.3 (p.2634)	Commenter recommends that if retailers are permitted to sell non-cannabis goods,	The Bureau agrees with this comment. Business and Professions Code section 26120 requires certain labels to be placed on all

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		there should be a requirement that the cannabis goods sold are clearly indicated.	cannabis goods for sale. Included in this required labeling is a label identifying the cannabis good as containing cannabis. Therefore, changing the regulation is unnecessary and duplicative.
5407	28.2 (p.51) 182.8 (p.532) 218 (p.603) 570.1 (p.1130) 642.1 (p.1218) 688.6 (p.1335) 708.1 (p.1357) 709.1 (p.1359) 710.1 (p.1361) 999.2 (p.1976) 1506.1 (p.2848) 1528.2 (p.3033) 1556.2 (p.3290) 1609.22 (p.3573) 3401 (p.10073) 3566 (p.10285)	Commenters request that licensed retailers be allowed to sell products made from industrial hemp.	The Bureau disagrees with this comment. Cannabis retailers are licensed to sell cannabis goods. The definition of cannabis within the Act explicitly excludes industrial hemp products. Industrial hemp is regulated by the California Industrial Hemp Program under the California Industrial Hemp Farming Act.
5407	297.4 (p.774) 668.8 (p.1271) 1552.25 (p.3260) 1594.29 (p.3489) 1625.37 (p.3638) 1714.30 (p.4050)	Commenters suggest that retailers be prohibited from selling or giving away any branded merchandise. Cannabis is an age-restricted product and cannabis advertising to minors should be prevented.	The Bureau disagrees with this comment. Although the Bureau agrees that cannabis advertising to minors should be prevented, there are more effective methods for achieving that goal. Prohibiting licensees from using any branded merchandise would not only prevent them from marketing to minors but would also prevent them to marketing to adults who are legally allowed to purchase their products.
5407	1714.32 (p.4050)	Commenter suggests that any branded merchandise be required to have a warning box that is larger than the brand or logo.	The Bureau disagrees with this comment. Under current law, advertisements are not required to have warning boxes. It would be unreasonable to require branded merchandise to have these warnings.

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5407	923.2 (p.1785)	Commenter offers support for the prohibition on the sale of hemp products by licensed cannabis retailers. Hemp products are required to be laboratory tested and may be confused with cannabis goods.	The Bureau has noted the commenter's support for the section.
5407	1552.2 (p.3251) 1559.12 (p.3315) 1594.5 (p.3481) 1714.2 (p.4043) 1757.1 (p.4463)	Commenters offered support for the requirement limiting cannabis retailers to only selling cannabis goods.	The Bureau has noted the commenter's support for the section.
5407	1779.6 (p.4758)	Commenter requests that licensed retailers be allowed to sell "cannabis related products" in addition to just cannabis goods, cannabis accessories, and branded merchandise.	The Bureau disagrees with this comment. Using a vague term such as "cannabis related products" will likely lead to confusion regarding what may and may not be sold.
5408	1576.4 (p.5397) 1708.8 (p.3999)	Commenter suggests that section 5408 be amended to require labeling of cannabis seeds to comply with CDFA Code section 52451 – 52456.	The Bureau disagrees with this comment. Cultivation is regulated by CDFA. Retailers licensed by the Bureau do not have the authority to package or label cannabis goods.
5408	1594.32 (p.3492) 1594.33 (p.3493) 1707.15 (p.3994) 1709.14 (p.4005) 1714.33 (p.4053)	Commenters suggest placing a limit on the amount of THC potency allowable for sale in plants, seeds, and concentrates.	The Bureau disagrees with this comment. There are daily limits which govern the maximum amount of cannabis goods a customer may purchase. These limits are based on quantity rather than THC content, as live plants and seeds are not required to be tested under the Act. Potency for manufactured cannabis goods falls under the jurisdiction of CDPH.
5408	1707.15 (p.3994) 1709.14 (p.4005) 1714.34 (p.4054)	Commenters suggest that infused pre-rolls should be prohibited.	The Bureau disagrees with this comment. The creation of infused pre-rolls is a manufacturing activity. The regulations for manufacturing are set by CDPH. While the Bureau does license microbusinesses that may engage in manufacturing, a microbusiness must comply with all the requirements for a manufacturer. (See Bus. & Prof. Code section 26070.) As such,

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			CDPH promulgates regulations related to manufacturing activities and would be the entity responsible for implementing the recommended prohibition on infused pre-rolls.
5408	1625.38	Commenter offered support for the prohibition on retailers using pesticides.	The Bureau has noted the commenter's support for the section.
5408	1576.5(p.3397) 1708.9(p.3399)	Commenters suggest that the prohibition on retailers using pesticides should be removed as it may be necessary to use pesticides to treat pests on live plants.	The Bureau disagrees with this comment. In order to protect the health and safety of customers purchasing live plants and other cannabis goods, the prohibition on the use of pesticides is appropriate at a licensed retail premises.
5408	1145.3(p.2333)	Commenters request that retailers and microbusinesses be allowed to sell other plants. This allows the licensee to sell other plants when cannabis plants are not in season.	The Bureau disagrees with this comment. Licensees are licensed to sell cannabis goods. This does not include the sale of non-cannabis plants.
5408	161(p.395) 855.10(p.1702) 998.7(p.1968) 1002.6(p.1999) 1267.21(p.2483) 1551.7(p.3421) 1548.20(p.3215) 1778.25(p.4736)	Commenters recommend that the regulation be amended to specify the packaging requirements for live plants and seeds.	The Bureau disagrees with this comment. The packaging and labeling of live cannabis plants and cannabis seeds is regulated by CDFA.
5408	1778.24(p.4736)	Commenter suggests that the retailer be required to place a label on live plants and seeds for sale that indicates the license numbers of the cultivator who provided the plant or seeds and the distributor who transported the plant or seed. Additionally, the label should indicate the UID of the cannabis goods.	The Bureau disagrees with this comment. The packaging and labeling of live cannabis plants and seeds is regulated by CDFA. Retailers are not allowed to label cannabis goods under their licenses.

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5408(b)	1066(p.2173)	Commenter recommends that the regulation be amended to clarify whether a retailer/microbusiness may sell live non-cannabis plants in an adjacent, yet separate business location.	The Bureau disagrees with this comment. Section 5408 clearly prohibits a cannabis retailer/microbusiness from selling other types of plants on the licensed premises. The Bureau does not have the authority to regulate any other non-cannabis businesses held by the licensee.
5409	25.3(p.33)	Commenter suggests that there be no limit on the amount of cannabis goods a customer may purchase at a retailer. Purchase limits should be consistent with those for alcohol and tobacco.	The Bureau disagrees with this comment. The daily limits in the regulations mirror the possession limits found in Health and Safety Code sections 11362.1 and 11362.77. Retailers should not be allowed to sell a customer an amount of cannabis goods that is over the statutory possession limits.
5409	1663.6(p.3849)	Commenter suggests that the daily sales limit be removed. The requirement for daily limits is ineffective as there is no statewide tracking system that tracks the amount that a single customer purchases at multiple retailers.	The Bureau disagrees with this comment. The daily limits in the regulations mirror the possession limits found in Health and Safety Code sections 11362.1 and 11362.77. Retailers should not be allowed to sell a customer an amount of cannabis goods that is over the statutory possession limits, even if there is not a statewide tracking system to monitor purchases by one person at each retailer.
5409	1656(p.3819)	Commenter believes that the daily limits requirement unfairly places the burden of tracking on the retailer. The burden should be placed on the customer.	The Bureau disagrees with this comment. It is the licensee's responsibility to conduct its operations to prevent violations of law and in compliance with the Bureau's regulations.
5409	1427.4(p.2753)	Commenter has requested that customers be allowed to purchase twice the amount allowed in this section.	The Bureau disagrees with this comment. The daily limits in the regulations mirror the possession limits found in Health and Safety Code sections 11362.1 and 11362.77. Retailers should not be allowed to sell a customer an amount of cannabis goods that is over the statutory possession limits.
5409	1640.17(p.3710)	Commenter suggests that the language of the regulation clarify if a primary caregiver may purchase cannabis for multiple patients.	The Bureau disagrees with this comment. The language in section 5409 is clear that a primary caregiver may purchase cannabis goods on behalf of patients they are providing care for.

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5409	189.10(p.550) 922.5(p.1782) 1711.1(p.64012) 1711.2(p.4012) 1711.4(p.4012) 1711.5(p.4012) 1711.6(p.4012) 3458.1(p.10151)	Commenters request that the daily limits for concentrates be specified further. Further guidance on how to apply the limits to cannabis in concentrated form found in products is necessary.	The Bureau disagrees with this comment. The daily sales limits are based on the legal possession limits found in the Health and Safety Code. The Bureau aims to prohibit retailers from selling amounts of cannabis goods that would exceed the legal possession limits. However, the amounts will need to be determined on a case by case basis. The retailer is in the best position to make that determination prior to the sale.
5409	297.3(p.774)	Commenter believes that additional research be conducted, and the daily limits should be more clearly stated. Under the rules it is not possible to determine the amount of cannabis concentrate used in a manufactured cannabis product, making it impossible to accurately measure the amount of cannabis concentrate the customer is purchasing.	The Bureau disagrees with this comment. The daily sales limits are based on the legal possession limits found in the Health and Safety Code section 11362.1 and 11362.77. The Bureau aims to prohibit retailers from selling amounts of cannabis goods that would exceed the legal possession limits. However, the amounts will need to be determined on a case by case basis. The retailer is in the best position to make that determination prior to the sale.
5409	668.8(p.1271) 1552.28(p.3264) 1552.29(p.3265) 1594.34(p.3493) 1594.35(p.3494) 1594.36(p.3494) 1709.15(p.4005) 1714.35(p.4054) 1714.36(p.4054) 1714.37(p.4055) 1714.38(p.4055)	Commenters have indicated that the daily limits provided in the regulation are excessive.	The Bureau disagrees with this comment. The purchase limits found in the regulations are based on the possession limits found in the Health and Safety code. If a person is legally allowed to possess a certain limit, there is no reason why they should not be able to purchase that amount from a licensed retailer.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5409(c)	1148.3(p.2339)	Commenter believes that medical patients will be required to obtain a doctor's recommendation indicating that they are in need of cannabis in quantities that exceed the daily purchase limits in order to be allowed to purchase quantities above the purchase limit. Most patients will not need more than the 8 ounces allowed in the regulation.	The Bureau agrees with this comment. The regulations indicate that a patient may be sold an amount of cannabis goods consistent with the recommendation.
5409	1625.39(p.3639)	Commenter suggests that the purchase limits should not be set based on the weight of the cannabis, but rather the amount of active ingredients.	The Bureau disagrees with this comment. The purchase limits found in the regulations are based on the possession limits found in the Health and Safety code.
5409	3407(p.10081)	Commenter suggests that the daily limits as written are not legal and should be amended to allow medicinal patients to purchase any amount that they require without any indication on their recommendation that they require such an amount.	The Bureau disagrees with this comment. The purchase limits found in the regulations are based on the possession limits found in the Health and Safety code. However, the regulation that sets a limit on the amount of cannabis goods that a retailer may sell to a single patient are very different from a law that imposes criminal liability on medicinal patients who possess cannabis over a certain amount. The Bureau is authorized to set a sales limit on retailers to protect public safety.
5410	690.1(p.1338) 1603.27(p.3540) 1711.31(p.4018) 1719.27(p.4089) 1720.29(p.4107) 1735.31(p.4307) 1748.17(p.4400) 1799.33(p.4880) 3402.1(p.10075)	Commenters request that customers be allowed to return defective manufactured cannabis products to any retailer instead of only the retailer they purchased it from. Retailers can still choose whether they will accept returns.	The Bureau disagrees with this comment. There is no reason for a retailer to accept a return of a defective product that was not purchased from them. A return customarily involves taking an item back to where it was purchased. The seller will have the information related to the product necessary for track and trace purchases; thus, another retailer does not seem feasible.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5410	1625.40(p.3639)	Commenter offers support for the prohibition on reselling cannabis goods that have been returned.	The Bureau has noted the commenter's support for the section.
5410	1145.4 (p.2334)	Commenter suggests that the requirement to destroy cannabis goods that have been returned by customers not apply to live plants, which a retailer should be able to resell.	The Bureau disagrees with this comment. A licensed retailer should not sell any cannabis goods to customers unless the retailer can verify that the product has not been adulterated in any way. This may not be possible for goods that have been returned.
5410	119.19 (p.279) 921.2 (p.1776) 1360.10 (p.2609) 1649.14 (p.3773)	Commenters suggest that cannabis goods returned by a customer should be able to be resold by the retailer if the tamper evident seal on the cannabis good has not been broken. One commenter notes the policy creates unnecessary waste and additional costs.	The Bureau disagrees with this comment. Once the cannabis good has left the possession of the retailer, the retailer cannot be sure if the cannabis has been tampered with.
5410	1364.4 (p.2634)	Commenter suggests that retailers be allowed to resell cannabis goods that have been returned by a customer. Retailers should not have to consider abandoned cannabis goods as returned. Retailers should not be required to destroy returned cannabis goods. Commenter recommends striking subsections (c),(d) and (e) and notes that the whole point of the tamper evident packaging is to ensure its integrity so should be able to resell.	The Bureau disagrees with this comment. Once the cannabis good has left the possession of the retailer, the retailer cannot be sure if the cannabis has been tampered with. Section 5410 provides the requirements for cannabis goods found abandoned on the licensed premises. Similar to cannabis goods returned, a retailer may not be able to effectively determine if the abandoned cannabis good has been tampered with.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5410(e)	1002.7 (p.1999)	Commenter suggests that the regulation clarify that defective manufactured cannabis products returned to the retailer by a customer may be returned by the retailer to the manufacturer or distributor.	The Bureau agrees in part with this comment. Section 5410(e) has been amended to clarify that defective manufactured cannabis product returned by a customer to a retailer may be returned by the retailer to the distributor they purchased the product from.
5411	189.11 (p.551) 1663.5 (p.3848-3849)	Commenters suggest that the regulation should specify if taxes must be collected for donated cannabis goods and how licensees may collect these taxes. One commenter suggests collecting taxes for free cannabis goods, paving the way for more compassionate care and the taxes to the state.	The Bureau disagrees with this comment. CDTFA is the state agency administering the cannabis tax program.
5411	1552.31 (p.3266) 1594.37 (p.3495) 1625.41 (p.3639) 1714.39 (p.4056)	Commenter offered support for the prohibition on free cannabis goods.	The Bureau has noted the commenter's support for the section.
5411	1625.41 (p.3639)	Commenter suggests that the regulation prohibit the donation of cannabis to promotional events such as non-profit fundraisers.	The Bureau disagrees with this comment. The regulations limit donations to events, except as part of a local equity program.
5411	668.8 (p.1275) 1552.31 (p.3266) 1594.37 (p.3495) 1625.41 (p.3639) 1707.16 (p.3994) 1709.16 (p.4005) 1714.39 (p.4056)	Commenter suggests that retailers be prohibited from selling cannabis goods for less than retail price, or offering discounts.	The Bureau disagrees with this comment. The Bureau does not regulate retailer prices.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5411	1439 (p.2771) 1743.4 (p.4345)	Commenters suggest that manufacturers and distributors be allowed to create samples of cannabis goods that can be provided to retailers. The products should be labeled "not for resale." One commenter suggests allowing distributors on cultivators to allow product sampling only at temporary events. One commenter suggests addressing the tax required by the state.	The Bureau disagrees with this comment. Business and Professions Code section 26153 prohibits licensees from providing free cannabis goods to anyone as part of a promotion or other commercial activity. However, the Bureau does not regulate process; therefore, a distributor can set the price it charges a retailer for samples on small quantities of cannabis goods. Manufacturers are regulated by CDPH. The Bureau disagrees with this comment. CDTFA is the state agency administering the cannabis tax program.
5411	1586.24 (p.3440) 1559.17 (p.3318) 1586.24 (p.3440) 1778.28 (p.4738)	Commenter requests an exception on the prohibition on free cannabis for employees. One commenter suggests allowing employees free samples, which are entered into the track and trace system and only in limited access areas.	The Bureau disagrees with this comment. Business and Professions Code section 26153 prohibits licensees from providing free cannabis goods to anyone as part of a promotion or other commercial activity. This practice would be prohibited by the statute.
5411	119.20 (p.279-280) 294.2 (p.764) 95 (p.765) 315 (p.805) 316 (p.806) 422.2(p.958) 564.6 (p.1123) 922.6 (p.1782) 1075.4 (p.2189) 1079.2 (p.2206) 1145.5 (p.2334) 1521.9 (p.2977)	Commenters request the removal of the prohibition on free cannabis goods to allow customers to try new products for free. Multiple commenters have indicated that providing free products or samples is an effective method of marketing products, or is part of normal business practices, should be tracked and traced.	The Bureau disagrees with this comment. The prohibition on providing free cannabis goods for a commercial purpose is found in the Business and Professions Code section 26153. The Bureau does not have the authority to change statute. The Bureau's Regulations allow for free cannabis goods to patients if certain criteria are met.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
	1559.2 (p.3311) 1559.13-1559.17 (p.3317-3318) 1586.24 (p.3440) 1609.9 (p.3571-3572) 1619.2 (p.3607) 1702.22 (p.3949) 1739.4 (p.4318) 1744.22 (p.4356) 1756.4 (p.4454) 1756.5 (p.4454) 1756.6 (p.4454) 1756.15 (p4459) 1756.16 (p.4459) 1756.19 (p.4461) 1756.20 (p.4461) 1756.21 (p.4461) 1778.27 (p.4738) 1778.28 (p.4739) 1779.7 (p.4758) 1790.14 (p.4802) 3568.1 (p.10288) 3630.4 (p.2189)	Several commenters have expressed that medicinal patients need to be able to receive free cannabis goods. One commenter notes these need to be an exemption for live male plants, as they're not capable of being used for anything other than pollen collection or juice by patients. Some commenters recommend allowing giveaways and promotions from cultivators and manufacturers and note it may entice consumers away from the illegal market. Some commenters suggest limiting free cannabis goods to a set amount per month or day. One commenter suggests free samples to press, influencers, beta-testers, buyers and consultants, and staff with COA results.	
5411(b)	138.4 (p.344) 141.6 (p.352) 249.5 (p. 653) 270 (p.715) 292 (p.762) 293 (p.763) 300 (p.786)	Commenters have suggested that all medical cannabis patients should have access to free cannabis goods. Commenters have requested that obtaining a State Medical Marijuana Identification Card should not be a requirement for obtaining free cannabis goods. Retailers should be	The Bureau disagrees with this comment. The requirement for the provision of free cannabis goods mirrors the requirements for exemption from the cannabis sales and use tax in the Revenue and Taxation Code section 34011.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
	308 (p.798) 309 (p.799) 564.5 (p.1123) 711 (p.1362) 719 (p.1371) 780.1 (p.1497) 782.1 (p.1508) 786 (p.1525) 799.1 (p.1540) 806 (p.1622) 807.1 (p.1624) 855.5 (p.1701) 918.1 (p.1763) 965 (p.1916) 996.4 (p.1959) 998.8 (p.1968) 1001.1 (p.1988) 1002.8 (p.2000) 1002.12 (p.2002) 1009 (p.2023) 1014 (p.2030) 1018 (p.2034) 1045 (p.2136) 1077.34 (p.2199) 1082 (p.2214) 1114 (p.2261) 1115 (p.2262) 1122 (p.2270) 1125 (p.2284) 1129 (p.2294) 1142 (p.2330)	able to provide free cannabis goods to any medicinal cannabis patient. Some commenters note that having to obtain a medical marijuana ID card for free cannabis goods is a violation of their constitutional rights and impacts their freedoms, such as owning a firearm or right against self-incrimination. Commenters note that this section imposes barriers to compassionate use donation preventing severely ill patients from obtaining affordable medicine. Some commenters note that the cannabis advisory committee voted 15-0 to have this requirement removed.	

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
	1148.6 (p.2339) 1151 (p.2348) 1153 (p.2350) 1155 (p.2353) 1158 (p.2357) 1161 (p.2362) 1168 (p.2368) 1169.1 (p.2369) 1177 (p.2381) 1178 (p.2382) 1187 (p.2391) 1189 (p.2393) 1190.4 (p.2394) 1191.1 (p.2396) 1193 (p.2400) 1196.8 (p.2403) 1205 (p.2414) 1224 (p.2435) 1228 (p.2442) 1237 (p.2450) 1267.3 (p.2479) 1279 (p.2498) 1289.13 (p.2512) 1308 (p.2532) 1320 (p.2544) 1340 (p.2569) 1352 (p.2583) 1359.1 (p.2601) 1363.7 (p.2628) 1374 (p.2658) 1382 (p.2677)		

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
	1387 (p.2683) 1393 (p.2689) 1407 (p.2703) 1442 (p.2776) 1453 (p.2791) 1464 (p.2802) 1475 (p.2815) 1480 (p.2822) 1518.4 (p.2946) 1533.24 (p.3140) 1534.4 (p.3150) 1541 (p.3175) 1548.2 (p.3214) 1549.1 (p.3232) 1549.2 (p.3232) 1551.8 (p.3241) 1555.6 (p.3284) 1559.16 (p.3318) 1568 (p.3347) 1609.23 (p.3573) 1612.3 (p.3584) 1623.25 (p.3631) 1626.1 (p.3645) 1657 (p.3820) 1658 (p.3822) 1659 (p.3823) 1660 (p.3824) 1702.23 (p.3957) 1711.22 (p.4016) 1711.27 (p.4017) 1711.32 (p.4019)		

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
	1737 (p.4315) 1739.7 (p.4319) 1744.24 (p.4357) 1747.4 (p.4389) 1754.4 (p.4449) 1774.2 (p.4703) 1778.26 (p.4737) 1789.5 (p.4794) 1793.4 (p.4831) 3371 (p.10030) 3373 (p.10032) 3403.4 (p.10077) 3404 (p.10077) 3438 (p.10119) 3555 (p.10273) 3564 (p.10283) 3568.2 (p.10288) 3570 (p.10292) 3582 (p.10303)		
5411(b)	119.21 (p.280)	Commenter has suggested that exit packaging should not be required for cannabis goods that have already been packaged in a child resistant opaque package. Commenter notes this section should be deleted because it lacks legislative authority, or in the alternative provide an exception for goods already in resealable, child-resistant packaging, and define child-resistant.	The Bureau disagrees with this comment. Business and Professions code Section 26070.1 requires that all cannabis goods purchased at a retailer's premises be placed in an opaque package before leaving the premises. The Bureau does not have the authority to change statute.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5411	1549.1 (p.3232)	Commenter has requested that cannabis goods donated to medicinal patients should be tax exempt.	The Bureau disagrees with this comment. The Bureau does not have the authority to alter the taxation rules.
5411(c)	119.22 (p.281)	Commenter has suggested that the term equality should be replaced with the term equity in section 5411(c).	The Bureau agrees with this comment. Section 5411 has been amended to include the change.
5411	16 (p.15) 184.6 (p.536) 193.2 (p.555) 953.2 (p.1901) 1028.3 (p.2057) 1061 (p.2169) 1148.4 (p.2339) 1332.1 (p.2560) 3471.3 (p.10167) 3476.2 (p.10172) 3523.2 (p.10226) 3597.8 (p.10324) 3597.9 (p.10324)	Commenter has suggested that compassionate care programs should be legalized.	The Bureau agrees with this comment. The regulations do not prohibit compassionate care activities consistent with the regulations.
5411	1702.22 (p.3950) 1744.22 (p.4357) 1744.23 (p.4357) 1790.15 (p.4803)	Commenters have requested that the regulation allows for more instances where licensees may provide free cannabis goods if certain requirements are met.	The Bureau disagrees with this comment. At this time, the Bureau has determined that circumstances of allowing free cannabis goods are appropriate and consistent with statute. It is unclear what other instances the commenters are recommending.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5412	20 (p.26) 22 (p.29)	Commenters have requested that retailers should be able to receive product in bulk and package it themselves. Commenters have expressed that requiring that all products be pre-packaged results in an excess amount of packaging and waste. One commenter notes this section contributes to the illegal market. Commenter recommends for flower, it be released in bulk to retailers with COA. Retailers could receive a package ID and download the data to METRC, and the POS system would track weight sold and apply taxes. Packaging would be sold on an as-needed basis for a state required fee of $2-$5. Customers can bring is reusable containers.	The Bureau disagrees with this comment. Requiring all products to be packaged by a manufacturer, cultivator, or distributor prior to transporting to a retailer ensures that the cannabis goods are not contaminated, adulterated, or altered from the time the laboratory test results were performed to the time the product is sold to customers. Additionally, this allows for easier tracking of product through the supply chain. The increase in waste may not be significant as cannabis goods may be packaged in varying quantities.
5412	1625.42 (p.3639)	Commenter offered support for the requirement that cannabis be packaged for sale prior to being transported to the retailer.	The Bureau has noted the commenter's support for the section.
5412	56 (p.98)	Commenter has suggested that the regulation be amended to specifically prohibit retailers from placing bar codes on cannabis goods. Commenter has expressed that there may not be enough space on the packaging to put the barcodes in addition to all the required labeling.	The Bureau disagrees with this comment. Providing licensees with the flexibility to use various methods of inventory tracking is beneficial so long as none of the required labeling is obstructed.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5412(c)	924.13 (p.1797)	Commenter has suggested removing the requirement that a retailer that also holds a distribution, manufacturing, or cultivation license may package and label cannabis goods as permitted under the license. The language is not necessary and may cause confusion. Commenter recommends clarifying to specifically prohibit a licensed retailer from packaging or labeling on retail premises.	The Bureau agrees with this comment. Section 5412(c) has been amended to remove the potentially confusing language.
5412	1364.5 (p.2635) 1613.10 (p.3593)	Commenters have suggested that subsection (b) of section 5412 contain the phrase "except as provided under subdivision (c)," to avoid inconsistencies in the language.	The Bureau agrees with this comment. Section 5412(c) has been amended to correct the potentially confusing language.
5412(b)	119.23 (p.281) 1711.23 (p.4016)	Commenters have suggested that retailers should be allowed to add additional labels to cannabis goods for purposes such as tracking inventory or proposition 65 warnings. Commenter recommends striking this regulation or in the alternative; an exception be added for packaging and labeling above and beyond the packaging and labeling otherwise required.	The Bureau agrees with this comment. Section 5412 has been amended to clarify this requirement.
5413	9 (p.10) 10 (p.11) 70.2 (p.161) 124 (p.306)	Commenters have suggested that exit bags should not be required. Commenters believe that exit bags increase costs and are not required in other industries and that	The Bureau disagrees with this comment. The requirement to have opaque "exit package" is found in Business and Profession Code section 26070.1. The Bureau does not have the authority to change the statute.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
	125 (p.307) 126 (p.308) 127 (p.310) 128 (p.312) 129.1 (p.314) 129.2 (p.316) 140.1 (p.349) 141.12 (p.353) 289.4 (p.753) 424 (p.960) 453 (p.1007) 526 (p.1076) 613 (p.1179) 712 (p.1363) 805 (p.1621) 1002.10 (p.2001) 1022.16 (p.2044) 1030.56 (p.2075) 1051.26 (p.2155) 1062 (p.2170) 1077.12 (p.2196) 1124.18 (p.2277) 1131.53 (p.2311) 1239.3 (p.2453) 1373.6 (p.2656) 1375.18 (p.2663) 1380.18 (p.2673) 1406 (p.2702) 1413.58 (p.2726) 1425.19 (p.2748) 1435 (p.2766)	many cannabis goods are already in child proof packages. Commenters also add that exit bags increase the amount of waste generated. Some commenters note exit bags offer a false sense of security and discriminate against the poor. One commenter recommends all products be sold in the child-resistant packaging and for some brands not ready for such packaging, have brands supply the retailer with temporary exit bags.	

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
	1507.59 (p.2868) 1512.59 (p.2923) 1520.59 (p.2968) 1523.59 (p.3002) 1609.24 (p.3574) 1651.59 (p.3803) 1663.1 (p.3846) 3412.2 (p.10088)		
5413	1007.3 (p.2019)	Commenter suggests that retailers have the ability to place all cannabis goods purchased in a single child resistant package instead of requiring child resistant packaging for each item.	The Bureau agrees in part with this comment. Section 5413 has been amended to require all cannabis goods be placed in individual child resistant packaging beginning January 1, 2020.
5413	19.3 (p.24) 25.4 (p.33) 164 (p.498) 166.1 (p.502) 166.2 (p.502) 166.3 (p.502) 177.5 (p.522) 182.2 (p.531) 119.24 (p.282) 214 (p.594) 215 (p.596) 252 (p.659) 257 (p.668) 258 (p.670) 261 (p.674) 264 (p.707) 272 (p.721) 273 (p.722)	Commenters suggest that exit packages should not be required to be child resistant. Commenters believe that child resistant exit packaging increases the waste generated and has no use. Commenters also express that exit packages are not as effective as child resistant packaging as products are rarely placed back in the exit packaging after purchase. Commenters recommend that child resistant packaging should instead be required for each item. One commenter notes CRP is redundant because it is already required at point of production. One commenter recommends striking the requirement for the opaque packaging, or	The Bureau agrees in part with this comment. Section 5413 has been amended to require all cannabis goods be placed in individual child resistant packaging beginning January 1, 2020.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
	274 (p.724) 275 (p.726) 276 (p.728) 341 (p.834) 668.8 (p.1276) 716.1 (p.1368) 716.4 (p.1368) 766 (p.1477) 858 (p.1706) 861.2 (p.1712) 962 (p.1912) 974 (p.1926) 1000.1 (p.1984) 1002.10 (p.2001) 1003.3 (p.2008) 1011.4 (p.2025) 1025.2 (p.2049) 1039.6 (p.2121) 1053 (p.2158) 1076.3 (p.2193) 1190.1 (p.2394) 1196.1 (p.2403) 1202.2 (p.2410) 1381.5 (p.2675) 1400.6 (p.2697) 1401.6 (p.2698) 1429 (p.2759) 1441.1 (p.2775) 1476 (p.2816) 1536.1 (p.3159) 1536.2 (p.3159)	in the alternative the goods are in a resealable or opaque exit package or placed in a resealable or opaque exit package. Commenters suggest the reasoning by the licensing authorities for policy is not adequate and not supported, and thus costs should be considered when crafting policy. Companies will allocate capital to packaging for branding.	

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
	1537.1 (p.3165) 1537.2 (p.3165) 1537.3 (p.3165) 1538.6 (p.3169) 1552.32 (p.3266) 1559.3 (p.3311) 1559.18 (p.3322) 1559.19 (p.3322) 1565.1 (p.3342) 1565.2 (p.3342) 1594.38 (p.3495) 1604 (p.3356) 1609.24 (p.3574) 1612.2 (p.3583) 1614.4 (p.3595) 1668.1 (p.3906) 1702.24 (p.3951) 1706.1 (p.3973) 1706.2 (p.3974) 1706.3 (p.3974) 1707.17 (p.3994) 1709.17 (p.4005) 1710.8 (p.4009) 1714.40 (p.4056) 1744.25 (p.4358) 1749.1 (p.4413) 1749.2 (p.4414) 1749.3 (p.4414) 1757.5 (p.4464) 1767.57 (p.4612) 1768.57 (p.4638)		

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
	1769.57 (p.4664) 1770.57 (p.4690) 1775.1 (p.4707) 1775.2 (p.4708) 1775.3 (p.4708) 1776 (p.4713) 1778.34 (p.4742) 1778.35 (p.4742) 1778.36 (p.4742) 1778.37 (p.4742) 1790.16 (p.4804) 3377 (p.10043) 3388 (p.10057) 3416 (p.10098) 3446.2 (p.10125) 3461 (p.10154) 3568.3 (p.10289) 3583 (p.10305)		
5413	29 (p.55) 37 (p.62) 38 (p.63) 134.1 (p.335) 290 (p.759) 294.1 (p.764) 310 (p.800) 311 (p.801) 394 (p.929) 422.1 (p.958) 469 (p.1019) 499 (p.1049) 523 (p.1073)	Commenters offered support for the regulations requiring exit packages to be child-resistant coupled with the elimination of the requirement that each individual product be placed in a child resistant package. Commenters believe that this will result in a reduction in the amount of waste generated and reduce costs to manufacturers and consumers. Some commenters note it will reduce youth access, provide education, proper storage and reusability.	The Bureau has noted the commenters' support for allowing products to be placed in child resistant exit packaging.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
	524 (p.1074) 525 (p.1075) 641 (p.1216) 676 (p.1288) 677 (p.1289) 729 (p.1384) 730 (p.1385) 731 (p.1386) 732 (p.1387) 753.7 (p.1418) 756.2 (p.1450) 760.1 (p.1466) 764.4 (p.1471) 765.4 (p.1475) 771.4 (p.1483) 772.4 (p.1486) 778 (p.1494) 779 (p.1495) 783 (p.1515) 790 (p.1529) 791 (p.1530) 792 (p.1531) 793 (p.1532) 794 (p.1533) 795 (p.1534) 808 (p.1631) 809 (p.1632) 810 (p.1633) 812 (p.1636) 813 (p.1637) 814 (p.1638)	One commenter recommends that if the Bureau is to only require CRP at point of sale, make it explicit that the CRP may be reused by consumers if clean, working and empty. Also recommends adopting sanitation standards. One commenter recommends efforts that encourage use of recyclable and biodegradable exit bags by January 1, 2022, and development of a consumer education program to promote responsible storage and deter underage access, as well as protecting cannabis businesses from strict liability.	

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	1499 (p.2841) 1500 (p.2842) 1501 (p.2843) 1502 (p.2844) 1503 (p.2845) 1504 (p.2846) 1505 (p.2847) 1521.10 (p.2977) 1528.4 (p.2847) 1544.3 (p.3181) 1548.9 (p.3214) 1551.9 (p.3241) 1554 (p.3778) 1556.3 (p.3290) 1602 (p.3536) 1625.43 (p.3639) 1628 (p.3671) 1646 (p.3765) 1650 (p.3783) 1652 (p.3809) 1665.6 (p.3867) 1666.6 (p.3885) 1713.6 (p.4028) 1728.6 (p.4140) 1729.6 (p.4158) 1730.6 (p.4176) 1731.6 (p.4194) 1732.16 (p.4221) 1733.16 (p.4248) 1734.16 (p. 4275) 1735.16 (p.4300)		

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
	1741.6 (p.4329) 1748.17 (p.4400) 1750 (p.4418) 1753.6 (p.4432) 1758.16 (p.4479) 1759.3 (p.4495) 1763.3 (p.4530) 1765.6 (p.4573) 1774.7 (p.4704) 1791.6 (p.4812) 3394 (p.10064) 3400 (p.10072) 3401 (p.10073) 3415.2 (p.10092) 3425.4 (p.10106) 3426 (p.10107) 3512.1 (p.10214) 3548.2 (p.10265) 3586 (p.10308)		
5413	1289.12 (p.2512) 1355.1 (p.2587) 1555.10 (p.3286) 1623.13 (p.3622) 1705.6 (p.3970) 1719.12 (p.4088) 1720.14 (p.4106) 1799.15 (p.4872) 3421.1 (p.10099)	Commenters suggest that cannabis goods that are already packaged in child resistant packaging should not be required to be placed in a child resistant exit bag. One Commenter suggests that a paper bag should suffice as an exit bag.	The Bureau agrees with this comment. Business and Professions Code section 26120 requires that all cannabis goods sold by a retailer be placed in child resistant packaging prior to sale or delivery by the retailer but does not specify the exit packaging be child resistant. The Bureau removed the language requiring child resistant exit packaging until January 1, 2020.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5413	1662.5 (p.3843)	Commenter suggests that edible cannabis products containing more than one serving should be required to be placed in its own child resistant packaging.	The Bureau agrees in part with this comment. Business and Professions Code section 26120 requires that all cannabis goods sold by a retailer be placed in child resistant packaging prior to sale or delivery by the retailer. However, the regulation will require cannabis goods be in individual child resistant packaging beginning January 1, 2020. This will ensure that all cannabis goods sold are in some form of child resistant packaging.
5413	49 (p.84) 62 (p.109)	The commenter expresses concern that the Bureau's regulations will result in an excess amount of plastic that will end up polluting the ocean and suggest the regulations be environmentally conscious.	The Bureau disagrees with this comment. The Bureau's regulations do not require the use of plastic packaging. Licensees may use any material for packaging. Additionally, all licensees are required to comply with all applicable environmental laws.
5413	136.1 (p.339) 136.4 (p.341) 136.5 (p.342)	Commenters recommend that the regulations ban the use of single use plastics and allow packaging exchanges to offer incentives to businesses who do not use single-use plastics.	The Bureau agrees in part with this comment. The current regulations do not mandate the use of single use plastics. Licensees may re-use exit packages made from any material. Additionally, all licensees are required to comply with all applicable environmental laws.
5413	297.2 (p.774) 1103 (p.2250) 1437.3 (p.2769)	Commenters suggest that the regulation be amended to require that packaging be made of recyclable, compostable, or reusable materials to limit the amount of waste being generated.	The Bureau disagrees with this comment. The Bureau will not prescribe the use of a specific material for exit packaging. This allows licensees more flexibility in the types of exit packages that may be used. Additionally, all licensees are required to comply with all applicable environmental laws.
5413	592 (p.1154) 1415.2 (p.2734) 1546.1 (p.3192)	All cannabis goods sold should be required to be placed in child resistance packages.	The Bureau agrees with this comment. Business and Professions Code section 26120 requires that all cannabis goods sold by a retailer be placed in child resistant packaging prior to sale or delivery by the retailer. However, the regulation will require cannabis goods be in individual child resistant packaging beginning January 1, 2020. This will ensure that all cannabis goods sold are in some form of child resistant packaging.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5413	679 (p.1293) 716.2 (p.1368) 3477 (p.10173) 3478 (p.10175) 3515 (p.10217) 1190.2 (p.2394) 1196.2 (p.2403) 1281.3 (p.2500)	Commenters suggest that childproof bags should only be required for edible cannabis products. Raw flower is not psychoactive if eaten. The requirement for all cannabis goods to be in child resistant packaging creates unnecessary waste.	The Bureau disagrees with this comment. Business and Professions Code section 26120 requires that all cannabis goods be placed in child resistant packaging before sale or delivery. The Bureau does not have the authority to eliminate this requirement contained in the statute.
5413	197.1 (p.559)	Commenter suggests that child-resistant packaging not be required for vape cartridges as the product cannot be used without a battery.	The Bureau disagrees with this comment. Business and Professions Code section 26120 requires that all cannabis goods be placed in child resistant packaging before sale or delivery. The Bureau does not have the authority to eliminate this requirement contained in the statute.
5413	224 (p.612) 245 (p.645) 246 (p.648) 247 (p.649) 248 (p.650)	All cannabis goods should be required to be sold with child resistant packaging.	The Bureau agrees with this comment. The regulations require this.
5413	1558.5 (p.3308)	Childless households should not be required to have child resistant packaging, or those with physical issues that make opening such packaging difficult.	The Bureau disagrees with this comment. Business and Professions Code section 26120 requires that all cannabis goods be placed in child resistant packaging before sale or delivery. The Bureau does not have the authority to eliminate this requirement contained in the statute.
5413	685.1 (p.1306) 756.2.1 (p.1450) 855.7 (p.1701) 1267.11 (p.2481) 1363.10 (p.2630) 1545.2 (p.3185) 1545.3 (p.3185) 1548.10 (p.3214)	Commenters suggest that packaging be allowed to either be in child resistant packaging, or child resistant exit bags.	The Bureau agrees in part with this comment. Business and Professions Code section 26120 requires that all cannabis goods sold by a retailer be placed in child resistant packaging prior to sale or delivery by the retailer. However, the regulation will require cannabis goods be in individual child resistant packaging beginning January 1, 2020.

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	1603.12 (p.3539) 1774.7 (p.4704)		
5413	685.1 (p.1306) 756.2.2 (p.1450) 855.7 (p.1701) 1040.3.1 (p.2124) 1085.4.1 (p.2218) 1149.8 (p.2345) 1267.12 (p.2481) 1548.11 (p.3214) 1735.16 (p.4300) 1753.6 (p.4432) 1758.16 (p.4479) 1765.6 (p.4573) 1774.8 (p.4705) 1791.6 (p.4812) 1799.16 (p.4873)	Commenters request that by 2020 or 2022 all exit bags be required to be durable, intended for multiple uses, and made of compostable material.	The Bureau disagrees with this comment. There is currently no prohibition on exit bags being used multiple times.
5413	685.1 (p.1306) 756.2.3 (p.1450) 855.7 (p.1701) 1267.13 (p.2481) 1548.12 (p.3214) 1735.16 (p.4300) 1774.9 (p.4705) 1799.17 (p.4873)	Commenters request that customers be allowed to reuse exit bags.	The Bureau agrees with this comment. This practice is currently allowed under the regulations. There is no prohibition on reusing exit bags.
5413	685.1 (p.1306) 756.24 (p.4452) 855.7 (p.1701) 924.14 (p.1798) 1267.26 (p.2481) 1548.13 (p.3214)	Commenters suggest that retailers be required to make exit bags available on request. Retailers may charge a fee for the bags to encourage reuse.	The Bureau agrees with this comment. Retailers are currently required to provide exit packaging for purchases of cannabis goods. There is no prohibition on retailers charging customers for the exit packaging.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
	1735.16 (p.4300) 1774.10 (p.4705) 1799.18 (p.4873)		
5413	1346 (p.2576) 1348 (p.2578)	Child resistant packaging or exit bags should not be required for dried cannabis flower.	The Bureau disagrees with this comment. Business and Professions Code section 26120 requires that all cannabis goods be placed in resealable, child resistant packages prior to sale. This would apply to dried flower as well as manufactured cannabis goods. The Bureau does not have the authority to eliminate this requirement contained in the statute.
5413	716.3 (p.1368)	Commenter suggests that if cannabis goods are required to be sold in child resistant packaging, so should alcohol.	The Bureau disagrees with this comment. The Bureau does not have the ability to regulate the packaging of alcohol.
5413	1017.1 (p.2033) 1028.4 (p.2057)	Commenters suggest that the regulations should require the use of biodegradable packaging material.	The Bureau disagrees with this comment. The Bureau has determined that requiring the use of a specific type of packaging material is not appropriate at this time.
5413	1702.25 (p.3951) 1744.26 (p.4358) 1790.17 (p.4804)	Commenters suggest that the Bureau consult with CalRecycle on packaging standards to ensure cannabis packaging requirements assist with CalRecycle's 75 % initiative.	The Bureau notes commenters' suggestion to consult with CalRecycle; however, commenters do not make a recommendation regarding the content of the regulation.
5413	1260.3 (p.2473)	Commenter requests that child resistant packaging not be required unless it is also applied to tobacco and alcohol.	The Bureau disagrees with this comment. Business and Professions Code section 26120 requires that all cannabis goods be placed in resealable, child resistant package prior to sale or delivery. The Bureau does not have the authority to eliminate this requirement contained in the statute.
5413	1722.5 (p.4122)	Commenter recommends that child resistant packaging not be required for products that require decarboxylation to be activated.	The Bureau disagrees with this comment. Business and Professions Code section 26120 requires that all cannabis goods be placed in resealable, child resistant package prior to sale. The Bureau does not have the authority to eliminate this requirement contained in the statute.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5414	998.10 (p.1971) 1002.9 (p.2000) 1075.5 (p.2189) 1149.6 (p.2344) 1551.10 (p.3244) 1665.7 (p.3868) 1666.7 (p.3886) 1713.7 (p.4029) 1728.7 (p.4141) 1729.7 (p.4159) 1730.7 (p.4177) 1731.7 (p.4195) 1732.17 (p.4222) 1733.17 (p.4249) 1734.17 (p.4276) 1741.7 (p.4330) 1753.7 (p.4433) 1758.17 (p.4480) 1765.7 (p.4574) 1791.7 (p.4813) 3630.5 (p.2189)	Commenters suggest that the regulation should be clarified to indicate that a retailer non-storefront licensee may engage in the sale of cannabis goods at a licensed temporary cannabis event.	The Bureau agrees with this comment. The language in section 5414 has been amended to clarify that a retailer non-storefront licensee may engage in the sale of cannabis at a licensed cannabis event.
5414	1748.18 (p.4401) 1748.19 (p.4401)	Commenters suggest that the regulation be amended to clarify that retailer, retailer non-storefront, and microbusinesses authorized to engage in retail may engage in the delivery of cannabis good.	The Bureau agrees with this comment. The language of the regulations has been amended to clarify this issue.
5414 5415	1663.4 (p.3847)	Commenter recommends that there be more requirements to ensure the safety and security of delivery employees.	The Bureau disagrees with this comment. The regulations contain a number of requirements to provide security to delivery employees. There is nothing preventing licensees from employing additional security measures.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5415	70.3 (p.161) 1586.26 (p.3340)	Commenters request that deliveries end when the final products are delivered and there are no more cannabis goods to deliver. This would allow delivery employees to more reliably finish conducting deliveries before the 10:00 pm end time in the regulations.	The Bureau disagrees with this comment. Delivery employees are required to follow all rules pertaining to delivery while out conducting deliveries. It is important that all the rules are followed from the time the employee leaves the licensed premise with cannabis goods to the time the delivery employee returns to the licensed premises with the cannabis goods.
5415	1625.44 (p.3640) 668.1	Commenter offered supports for requirements for delivery employees to be 21 or over, requirements for delivery employees to be directly employed by retailers, and requirements for delivery employees to verify that the individual receiving the delivery is the person who placed the order.	The Bureau has noted the commenter's support for the section.
5415	976 (p.1927) 977.4 (p.1929) 1046.2 (p.2140) 1160.4 (p.2360) 1356.4 (p.2592) 1358.1 (p.2597) 1466.4 (p.2805) 1525.4 (p.3013) 1527.4 (p.3030) 1578.4 (p.3405) 1580.4 (p.3411) 1581.4 (p.3415) 1582.4 (p.3419) 1583.4 (p.3423) 1584.4 (p.3427) 1585.4 (p.3431)	Commenters believe that the requirement that a delivery officially ends when the delivery driver returns to the retail premises restricts the operating hours of a retailer engaging in delivery since time has to be allotted for the delivery employee to return. Commenters suggest that the hours of operation should only apply to the last order delivered and should not include travel time back to the premises, or the delivery should end upon providing the cannabis goods to the final customer.	The Bureau disagrees with this comment. Delivery employees are required to follow all rules pertaining to delivery while out conducting deliveries. It is important that all the rules are followed from the time the employee leaves the licensed premise with cannabis goods to the time the delivery employee returns to the licensed premises with the cannabis goods.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
	1586.4 (p.3435) 1587.4 (p.3446) 1717.4 (p.4074)		
5415(d)	1778.38 (p.4743)	Commenter suggests amending this subsection to include the phrase "or attempting delivery," to capture instances where a delivery employee attempts a delivery but is unable to complete it for some reason.	The Bureau agrees with this comment. Section 5415 has been amended to include this change.
5415	780.2 (p.1498) 782.2 (p.1509) 799.2 (p.1541) 807.2 (p.1625) 918.2 (p.1764) 1001.2 (p.1989) 1359.2 (p.2602)	Commenters offered support for the clarification in the regulations indicating that only a person directly employed by the licensee may engage in delivery.	The Bureau has noted the commenter's support for the section.
5415	1711.24 (p.4016)	Commenter suggests that the "borrowing" of retail license should not be allowed by unlicensed entities.	The Bureau agrees with this comment. Use of another business' license by an unlicensed entity is not allowed. Additional language is not required for this section.
5415	1552.3 (p.3251) 1594.6 (p.3481) 1714.3 (p.4043)	Commenters offered support for the change in the regulation requiring delivery employees to verify the age and identity of the customer.	The Bureau has noted the commenters' support for the section.
5414(g)	1613.5 (p.3589)	Commenter suggest that the regulation requiring licensees to provide lists of delivery employees to the Bureau should clearly indicate that the Bureau will communicate with local government.	The Bureau disagrees with this comment. The regulations are intended to provide the requirements for state licensees. Local governments can require commercial cannabis businesses in their jurisdiction to provide the same information to the local government if desired.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5415/5421	1022.17 (p.2044) 1030.57 (p.2075) 1051.27 (p.2155) 1131.54 (p.2312) 1375.19 (p.2663) 1380.19 (p.2673) 1413.59 (p.2726) 1425.20 (p.2748) 1507.60 (p.2868) 1512.60 (p.2923) 1520.60 (p.2968) 1523.60 (p.3002) 1651.60 (p.3803) 1767.58 (p.4612) 1768.68 (p.4638) 1769.58 (p.4664) 1770.58 (p.4690)	Commenters suggest that delivery drivers should be allowed to carry commonly ordered products in their vehicles up to the limit specified in regulation and be able to receive delivery assignments from a dispatcher while on route.	The Bureau agrees with this comment. Both of these practices are allowed under the language of the regulation.
5415-5421	1569.1 (p.3350)	Commenter offered support for the changes made to section 5415-5421.	The Bureau has noted the commenter's support for the sections.
5416	289.18 (p.758) 1614.22 (p.3600) 3428.1 (p.10109)	Commenters believe that the current language appears to prohibit deliveries to people living in Section 8 or federally funded housing. Commenters suggest that this not be prohibited.	The Bureau disagrees with this comment. Cannabis activity is still illegal under federal law.
5416	1571 (p.3361)	Commenter suggests that retailers should be allowed to deliver medicinal cannabis goods to any jurisdiction. Delivery of adult-use cannabis goods should be up to local jurisdiction regulations.	The Bureau disagrees with this comment. The language of section 5416 allows the delivery of adult-use and medicinal cannabis goods in any jurisdiction. Creating different rules for medicinal and adult-use deliveries would likely create additional confusion. The statute does not distinguish between the two types of delivery; therefore, the regulations do not.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5416	1625.45 (p.3640)	Commenter suggests that deliveries to all public places be prohibited.	The Bureau agrees in part with this comment. It would be inappropriate to allow deliveries to all public locations. The Bureau believes that the limitation that deliveries may only occur at a physical address will sufficiently limit the potential risk of diversion or theft.
5416	1586.25(p.3440)	Commenter suggests that deliveries be allowed statewide.	The Bureau agrees with this comment. The regulations do not prohibit statewide delivery.
5416(d)	23 (p.30) 27 (p.49) 36 (p.60) 39 (p.64) 47 (p.82) 54.1 (p.93) 55.6 (p.97) 58.1 (p.104) 59.1 (p.105) 60 (p.106) 61.6 (p.108) 63.1 (p.110) 64.1 (p.111) 65 (p.112) 67.1 (p.154) 68 (p.155) 69.6 (p.158) 72.1 (p.165) 73.1 (p.167) 73.3 (p.167) 74.1 (p.169) 74.3 (p.170) 75.1 (p.172) 81.1 (p.177)	Commenters request that local governments have the authority to regulate commercial cannabis activity in their jurisdiction as provided in Business and Professions Code section 26200, including prohibiting delivery in their jurisdiction.	The Bureau agrees in part with this comment. Local jurisdictions have the authority to regulate commercial cannabis businesses operating in their jurisdiction. However, Business and Professions Code section 26090 provides that a local jurisdiction shall not prevent delivery of cannabis goods on public roads.

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5416(d)	44 (p.76) 51 (p.89) 77 (p.173) 78 (p.174) 79 (p.175) 84 (p.183) 106 (p.233) 119.25 (p.282) 158 (p.391) 176 (p.519) 177.1 (p.521) 188.2 (p.540) 210 (p.584) 238 (p.633) 251 (p.656) 259 (p.672)	Commenters offered support for the regulation allowing retailers to deliver to any jurisdiction. This will ensure access for medicinal patients, allow for licensees to conduct business in areas where there is a lack of local control, and reduces the complexity in having to learn and follow many different sets of rules.	The Bureau has noted the commenters' support for the sections.

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5416	1364.7 (p.2636) 1636.6 (p.3687)	Commenters suggest that the regulations clearly indicate whether a retailer may deliver cannabis goods into a jurisdiction that has explicitly prohibited delivery.	The Bureau agrees with this comment. The language of section 5416 specifically addresses this issue.
5416	668.8 (p.1271) 1594.39 (p.3496) 1714.41 (p.4056)	Commenters suggest that the delivery of adult-use cannabis should not be allowed. Commenters also suggest that if delivery is allowed, it should be limited to residential addresses. Delivery should also be prohibited to "youth serving facilities" and to areas where youth typically reside.	The Bureau disagrees with this comment. The Act specifically allows for retailers to engage in the sale of cannabis goods through delivery in Business and Professions Code Section 26070. The regulations requiring the verification of the age and identity of the person receiving the delivery should limit the risk of inadvertently selling cannabis goods to a minor.
5416(b)	1586.27 (p.3440)	Commenter requests that the licensee should not be responsible for a delivery employee leaving the state with cannabis goods.	The Bureau disagrees with this comment. Licensees are responsible for the actions of their employees as the license holder.
5417	46.5 (p.81)	Commenter suggests that delivery vehicle requirements include restrictions on advertising/wrappings on vehicles and prohibit the use of images that are appealing to minors.	The Bureau disagrees with this comment. There are rules in place prohibiting advertising to minors that apply to all aspects of a licensee's business, including delivery vehicles, and the use of images that are attractive to children.

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5417(a)	1778.39 (p.4744)	Commenter suggests that the language of subsection (a) should read: "Only the licensee or employees of the retailer licensee for whom delivery is being performed shall be in the delivery vehicle," instead of: "Only the licensee or an employee of the retailer licensee for whom delivery is being performed shall be in the delivery vehicle."	The Bureau disagrees with this comment. The suggested change is not necessary.
5417	1625.46 (p.3640)	Commenter provided support for the requirements for delivery vehicles to be GPS tracked and equipped with an alarm, and for the cannabis goods in delivery vehicles to not be visible.	The Bureau has noted the commenter's support for the section.
5417(c)	1748.21 (p.4403)	Commenter suggests that the language of the regulation be amended to clarify that cannabis goods left unattended in a motor vehicle be locked in a secure container.	The Bureau agrees with this comment. The language of section 5417 has been amended to clarify this requirement.
5417	1625.46 (p.3640) 1640.9 (p.3709) 3495.3 (p.10198)	Commenter suggests that delivery vehicles be required to be unmarked and not display any indication that the vehicle may be carrying cannabis.	The Bureau agrees with this comment. The language of section 2417 has been amended to include this requirement.
5417	70.4 (p.161) 1586.30 (p.3341)	Commenter requests that the trunk of a vehicle be considered a locked container, rather than requiring an additional locked container within the trunk. Commenters believe that this would allow ease of access for delivery employees while maintaining the security of the cannabis goods.	The Bureau disagrees with this comment. The Bureau believes that cannabis goods carried by a delivery employee should be kept in a more secure container than a standard vehicle's trunk.

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5417	203.1 (p.566) 1586.29 (p.3441) 1739.10 (p.4319) 1739.11 (p.4320) 3460 (p.10153) 3490.1 (p.10191)	Commenters suggest that deliveries by other means besides enclosed motor vehicles be allowed. Commenters believe that use of motor vehicles is difficult in urban areas where parking is limited and that limiting deliveries to motor vehicles also increases traffic congestion and emissions.	The Bureau disagrees with this comment. The Bureau has determined that requiring the use of enclosed motor vehicles for the delivery of cannabis goods is appropriate in order to maintain a certain level of security. Other vehicles such as bicycles and unenclosed motor vehicles are significantly less secure than an enclosed motor vehicle.
5417	977.5 (p.1929) 1046.3 (p.2141) 1160.5 (p.2360) 1356.4 (p.2592) 1358.3 (p.2597) 1466.5 (p.2805) 1508.5 (p.2876) 1525.5 (p.3013) 1527.5 (p.3030) 1578.5 (p.3405) 1580.5 (p.3411) 1581.5 (p.3415) 1582.5 (p.3419) 1583.5 (p.3423) 1584.5 (p.3427) 1585.5 (p.3431) 1586.5 (p.3435) 1587.5 (p.3446) 1717.5 (p.4079) 1718.6 (p.4084) 3370.5 (p.10027)	Commenters suggest that there be a tiered delivery vehicle system that allows for the delivery driver to carry larger amounts of cannabis goods depending on the level of security on the vehicle.	The Bureau disagrees with this comment. The Bureau's regulations require the minimum amount of vehicle security for all vehicles used in the delivery of cannabis goods. Typically, a person who may engage in theft would not know the amount of cannabis goods within the vehicle, so security concerns are the same for all delivery vehicles.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5417	977.5 (p.1929)	Commenter requests that water vehicles should be allowed to be used in certain areas such as Catalina.	The Bureau agrees with this comment. Section 5311 has been amended to allow for the use of water vehicles in transporting cannabis goods to Catalina Island. However, this exception would not apply to delivery.
5417	1533.26 (p.3144)	Commenters suggest that certain areas of the state or areas affected by disaster may require delivery by aircraft or water craft.	The Bureau disagrees with this comment. Delivery through ground transportation can reach almost all areas of the state.
5417	1079.4 (p.2206)	Commenter suggests that the GPS requirements should be allowed to be an application on the driver's phone.	The Bureau disagrees with this comment. The requirement for a dedicated GPS device is intended to ensure that the GPS device remains in the vehicle when the delivery driver leaves the vehicle unattended. Allowing the delivery driver to use a GPS device on their cell phone may potentially lead to the delivery employee removing the device from the vehicle while conducting a delivery. This would severely limit the device's ability to track the vehicle and the cannabis goods in the vehicle if an incident were to occur.
5417(a)	1533.26 (p.3144)	Commenter requests that deliveries not be required to be conducted with enclosed motor vehicles. Commenter believes that vehicles such as bicycles should be allowed to be used in deliveries.	The Bureau disagrees with this comment. The Bureau has determined that in order to ensure the security of the cannabis goods being carried, an enclosed motor vehicle is required. Other vehicles such as bicycles and unenclosed motor vehicles are significantly less secure than an enclosed motor vehicle.
5417	1719.18 (p.4084) 1735.22 (p.4303)	Commenters suggest that there be additional security requirements for delivery employees packaging orders on the road.	The Bureau agrees with this comment. The regulations have been amended to include additional security requirements for delivery employees who are preparing orders away from the licensed premises.
5418	1559.1 (p.3311) 1795 (p.4842) 1796 (p.4851)	Commenter believes that the regulation allows an unlimited number of vehicles without a present delivery destination carrying $10,000 of cannabis while being able to process and package orders on the street.	The Bureau disagrees with this comment. The regulation only allows delivery employees employed by licensed retailers to engage in delivery. There are a number of rules in place that limit the amount of cannabis a delivery employee may carry and where deliveries may occur.

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5418	1533.26 (p.3144) 1703.5 (p.3958)	Commenters suggest that the requirement for a locked container encourages theft as thieves know to look for a locked container.	The Bureau disagrees with this comment. The presence of a locked container that is not visible from outside the vehicle will certainly do more to prevent theft than encourage it.
5418	289.19 (p.758) 1614.23 (p.3600)	Commenters suggest that the requirement be changed to require the delivery driver to update the log at the end of their shift rather than at the end of each delivery.	The Bureau disagrees with this comment. Requiring a delivery driver to update the log after each delivery ensures the accuracy of the log. This is necessary to properly track and trace cannabis goods and will assist the Bureau and law enforcement in inspecting a vehicle.
5418	566.2 (p.1126) 570.2 (p.1130) 609.2 (p.1175) 642.2 (p.1218) 685.3 (p.1307) 688.8 (p.1335) 707.2 (p.1356) 708.3 (p.1357) 709.3 (p.1359) 710.2 (p.1361) 780.4 (p.1499) 782.4 (p.1510) 799.4 (p.1542) 807.4 (p.1626) 918.4 (p.1765) 1001.4 (p.1990) 1359.4 (p.2603) 1426 (p.2750) 1510.3 (p.2900) 1521.12 (p.2978) 1586.31 (p.3441) 1644.1 (p.3752) 1655 (p.3816)	Commenters offered support for the ability to conduct dynamic delivery instead of being required to conduct point to point delivery.	The Bureau has noted the commenters' support for the section.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
	1759.5 (p.4498) 1779.4 (p.4757)		
5418	708.3 (p.1357) 709.3 (p.1359) 780.4 (p.1499) 782.4 (p.1510) 799.4 (p.1542) 807.4 (p.1626) 918.4 (p.1765) 1001.4 (p.1990) 1124.19 (p.2277) 1359.4 (p.2603) 1506.2 (p.2848) 1533.26 (p.3144) 1586.33 (p.3441) 1778.40 (p.4744)	Commenters suggest that delivery employees be allowed to also deliver cannabis accessories and branded merchandise in addition to cannabis goods.	The Bureau agrees with this comment. The language of section 5418 has been amended to clarify that a delivery employee may deliver cannabis accessories and branded merchandise in addition to cannabis goods.
5418	1625.49 (p.3640)	Commenter offered support for the requirement for the production of delivery receipts.	The Bureau has noted the commenter's support for the section.
5418	811 (p.1634) 954.1 (p.1902) 1625.47 (p.3640)	Commenters suggest that the amount of cannabis goods that a delivery employee may carry should be reduced from $10,000 to $3,000. Commenters believe that this would reduce the risk of theft or loss while still allowing retailers to effectively conduct business.	The Bureau agrees in part with this comment. Section 5418 has been amended to reduce the amount of cannabis goods a delivery employee may carry to $5,000. Additionally, a delivery employee may only carry a smaller amount of cannabis goods for orders that have not been received and processed prior to leaving the licensed premises.
5418	931.5 (p.1831) 1038.5 (p.2094) 3550 (p.10267)	Commenters suggest that the technology platforms used by retailers to aid in delivery should be regulated as well.	The Bureau disagrees with this comment. Any person who engages in the sale of cannabis goods to the public is required to obtain a retailer license from the Bureau. Retailers are required to follow specific requirements while engaging in the sale of cannabis goods. Retailers may use technology platforms to aid in

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
			delivery. However, retailers are still required to comply with all requirements.
5418	976 (p.1927) 977.3 (p.1928) 1046.9 (p.2139) 1160.3 (p.2360) 1356.3 (p.2592) 1466.3 (p.2805) 1508.3 (p.2875) 1525.3 (p.3012) 1527.3 (p.3029) 1578.3 (p.3404) 1580.3 (p.3410) 1581.3 (p.3414) 1582.3 (p.3418) 1583.3 (p.3422) 1584.3 (p.3426) 1585.3 (p.3430) 1586.3 (p.3434) 1586.32 (p.3441) 1587.3 (p.3445) 1609.26 (p.3574) 1717.3 (p.4078) 1718.3 (p.4083)	Commenters support the increase of the maximum amount of cannabis goods that a delivery employee may carry from $3,000 to $10,000.	The Bureau agrees in part with this comment. The Bureau has amended section 5418 to allow delivery employees to carry more than $3,000 worth of cannabis goods so long as those cannabis goods are from orders received and processed prior to leaving the licensed premises.
5418	1611.2 (p.3580)	Commenter suggests that delivery employees be able to carry cannabis goods and provide it to other deliver employees while out on the field.	The Bureau disagrees with this comment. Allowing this practice would defeat the purpose of the maximum amount of cannabis a driver is allowed to carry. To ensure security and accurate reporting, delivery drivers are required to return to the retail premises to obtain additional cannabis goods.

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5418	1751 (p.4421)	Commenter suggests that the maximum amount of cannabis goods carried for delivery be reduced. Commenter believes that if an immigrant is stopped by the Federal government in possession of that much cannabis, they may face negative consequences.	The Bureau agrees in part with this comment. The requirement in section 5418 has been amended to decrease the amount of cannabis goods a delivery employee may carry.
5418(a)	1559.22 (p.3327) 1778.42 (p.4748)	Commenters suggest that the average market price of cannabis goods be used to determine the amount of cannabis goods carried by a delivery employee.	The Bureau disagrees with this comment. In all cases, the current retail price of cannabis goods is readily available to the retailer and easy to confirm by the Bureau. Using the average market price would be problematic as the figure may not be available to the delivery employee.
5418(b)	1559.23 (p.3327) 1760.3 (p.4748)	Commenters suggest that the delivery employee should not be allowed to engage in any activity outside the scope of the licensee's regulated activity while in possession of cannabis goods. Commenters suggest that the delivery employee should be required to return to the licensed premises before doing anything else.	The Bureau disagrees with this comment. Delivery employees may need to take restroom and meal breaks while conducting deliveries. It would be inappropriate to prohibit employees from doing these things while carrying cannabis goods.
5418(b)	1564.4 (p.3341)	Commenter suggests that the requirement that a delivery employee only be allowed to perform deliveries for one retailer at a time be removed.	The Bureau disagrees with this comment. Allowing delivery employees to engage in deliveries for multiple retailers will make it more difficult to effectively track the movement of cannabis goods and may lead to confusion about which license the activity is conducted on behalf of.

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5418(c)	757.2 (p.1454) 757.3 (p.1456) 811 (p.1634) 954.2 (p.1902) 1003.5 (p.2009) 1559.23 (p.3328) 1559.25 (p.3328) 1640.16 (p.3710) 1748.22 (p.4404) 1748.23 (p.4405) 1748.25 (p.4407) 1760.2 (p.4514) 1760.4 (p.4517) 1760.7 (p.4517) 1778.43 (p.4748) 1778.45 (p.4748) 1795 (p.4842) 1796 (p.4851) 3551.3 (p.10269) 3574 (p.10295)	Commenters suggest that all customer requests for delivery be required to be received and prepared by the retailer prior to the delivery employee leaving the licensed premises with the cannabis goods to be delivered.	The Bureau disagrees with this comment. Requiring that every order for cannabis goods be received and prepared by the retailer prior to the delivery employee leaving the licensed premises would result in inefficiencies and a greater number of delivery trips, resulting in excess use of fuel.
5418(d)	1559.24 (p.3328) 1760.6 (p.4517) 1778.44 (p.4748)	Commenters suggest that the inventory ledger be required to contain the delivery address and customer information in addition to inventory information.	The Bureau disagrees with this comment. The inventory ledger is meant to document the cannabis goods carried by the delivery employee. Information regarding the customer who purchased cannabis goods from the delivery employee are not required on the inventory ledger and can be found in other records.
5418(c)	1760.5 (p.4517) 1778.43 (p.4748)	Commenter suggests that delivery request receipts be required to be placed on the outside of the exit package.	The Bureau disagrees with this comment. The delivery request receipt may be provided to the customer separate from the package of cannabis goods. There is no reason to require the receipt to be placed on the outside of the package.

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5418(d)(e)	780.4 (p.1499) 782.4 (p.1510) 799.4 (p.1542) 807.4 (p.1626) 918.4 (p.1765) 1001.4 (p.1990) 1359.4 (p.2603)	Commenters suggest that the regulation be amended to clarify that the inventory ledger and the log of delivery locations required to be maintained by a delivery driver may be maintained electronically.	The Bureau agrees with this comment. Section 5418 has been amended to clarify that the documents may be kept electronically.
5418(h)	122.5 (p.293) 686.7 (p.1312) 754.7 (p.1427) 1077.16 (p.2197)	Commenters believe that the requirement that if a retailer's delivery driver does not have any delivery requests to be performed for a 30-minute period, the retailer's delivery driver shall not make any additional deliveries and shall return to the licensed premises, is difficult for delivery employees who are making long distance deliveries and may require overnight rest.	The Bureau disagrees with this comment. The regulation is an attempt to prevent mobile retailers from being able to sell cannabis goods from any location. Allowing delivery drivers to drive around without a destination or idle while waiting for additional orders, limits environmental impacts and opportunities for theft or other crimes.
5418(h)	977.7 (p.1930) 1046.5 (p.2142) 1160.7 (p.2361) 1358.4 (p.2598) 1356.7 (p.2593) 1466.7 (p.2806) 1508.7 (p.2877) 1525.7 (p.3014) 1527.7 (p.3031) 1578.7 (p.3406) 1580.7 (p.3412) 1581.7 (p.3416) 1582.7 (p.3420) 1583.7 (p.3424) 1584.7 (p.3428)	Commenters believe that the requirement that if a retailer's delivery driver does not have any delivery requests to be performed for a 30- minute period, the retailer's delivery driver shall not make any additional deliveries and shall return to the licensed premises, disproportionately affect smaller delivery operations who cannot maintain the level of volume to keep the delivery driver on the road. Commenters suggest that this requirement should be removed.	The Bureau disagrees with this comment. The regulation is an attempt to prevent mobile retailers from being able to sell cannabis goods from any location. Allowing delivery drivers to drive around without a destination or idle while waiting for additional orders, limits environmental impacts and opportunities for theft or other crimes.

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	1585.7 (p.3432) 1586.7 (p.3436) 1587.7 (p.3447) 1586.34 (p.3441) 1717.7 (p.4080) 1718.7 (p.4085) 1778.46 (p.4749)		
5418(h)	780.4 (p.1499) 782.4 (p.1510) 799.4 (p.1542) 807.4 (p.1626) 918.4 (p.1765) 1001.4 (p.1990) 1359.4 (p.2603) 1609.26 (p.3574)	Commenters suggest that a delivery driver that is returning to the licensed premises after 30 minutes of inactivity should be allowed to accept a delivery request prior to reaching the retail premises. Commenters suggest that If this occurs, the delivery driver should be able to resume conducting deliveries.	The Bureau disagrees with this comment. The regulation is an attempt to prevent mobile retailers from being able to sell cannabis goods from any location. Allowing delivery drivers to drive around without a destination or idle while waiting for additional orders, limits environmental impacts and opportunities for theft or other crimes. It is necessary to have a clear criteria for when a delivery driver must return to the licensed premises such as the 30 minute requirement.
5418	1559.26 (p.3328) 1578.10 (p.3408) 1578.11 (p.3408) 1578.12 (p.3408) 1760.8 (p.4517) 3370.7 (p.10028)	Commenters believe that the requirement that if a retailer's delivery driver does not have any delivery requests to be performed for a 30- minute period, the retailer's delivery driver shall not make any additional deliveries and shall return to the licensed premises, may require a delivery driver to pass through a federal checkpoint multiple times in a day. Commenters suggest that the requirement be removed.	The Bureau disagrees with this comment. The regulations do not require delivery employees to pass through federal checkpoints at any time. The decision to do so is entirely on the retailer. A retailer is free to choose when and where they will conduct deliveries.
5418	1778.41 (p.4745)	Commenters suggest that the language of subsection (g) be amended to require the retailer to provide the information to the	The Bureau disagrees with this comment. Since the delivery employee is the person in possession of the information, it is appropriate to require the specific delivery employee to provide the information to the Bureau upon request.

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		Bureau rather than the specific delivery employee.	
5418(h)	1748.29 (p.4407)	Commenter suggests that the language of section 5418(h) should be moved to section 5421.	The Bureau disagrees with this comment. This change is not necessary.
5418	1748.26 (p.4407)	Commenter suggests that the assembly of an order of cannabis goods by a delivery employee should be required to be conducted in a legally parked, secured vehicle where the cannabis goods are not visible to the public and should not be conducted outside the vehicle.	The Bureau disagrees with this comment. The regulations do not allow the removal of cannabis goods from the vehicle to be assembled elsewhere, thus this provision would not be necessary.
5418	1748.28 (p.4407)	Commenter suggests that deliveries should only be allowed in "commercial vehicles" as required in Section 260 of the California Vehicle Code.	The Bureau disagrees with this comment. The Bureau does not believe that this requirement is necessary. Licensees are required to comply with all other applicable laws.
5418	1748.27 (p.4407)	Commenter suggests that delivery vehicles be required to have surveillance equipment on board while conducting deliveries.	The Bureau disagrees with this comment. At this time, the Bureau does not believe that having such a costly requirement for every delivery vehicle is required.
5419	1625.48 (p.3640)	Commenter offered support for the prohibition on employees consuming cannabis goods while conducting deliveries.	The Bureau has noted the commenter's support for the section.
5420	780.5 (p.1501) 782.5 (p.1512) 799.5 (p.1544) 807.5 (p.1628) 918.5 (p.1767) 1001.5 (p.1992)	Commenters suggest that the delivery request receipt be required to include the license number and contact information of the retailer.	The Bureau agrees with this comment. It is important that customers have the contact information for the licensed retailer. The delivery receipt is required to contain the contact information for the retailer.
5420	46.6 (p.81)	Commenter suggests that age verification must be included in the delivery request receipt as well.	The Bureau disagrees with this comment. Under the regulations, delivery employees are already required to verify the customers age and identity before providing the customer with the cannabis

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
			goods ordered. It is not necessary to require this on the delivery request receipt.
5420	70.5 (p.161) 780.6 (p.1501) 782.6 (p.1512) 799.6 (p.1544) 807.6 (p.1628) 918.6 (p.1767) 1001.6 (p.1992) 1359.5 (p.2605) 1533.27 (p.3145) 1586.35 (p.3442)	Commenters suggest that delivery request receipts not contain the address for non-storefront retailers as this creates a security risk. The public cannot access the licensed premises, so there is no reason to provide the address. Commenters suggest that license number and contact information, such as a phone number may be sufficient.	The Bureau disagrees with this comment. Providing this information to customers allows the customers to more easily verify that the retailer is properly licensed and which retailer is making the sale.
5421	1079.5 (p.2206)	Commenters suggest that delivery employees be allowed to work for multiple licensees so long as all the licenses are held by the same license holder.	The Bureau disagrees with this comment. Each license is responsible for maintaining its own separate records. Allowing a delivery employee to engage in delivery for multiple licenses greatly increases the risk of confusion, commingling of cannabis goods, and inaccurate reporting.
5421	1586.36 (p.3442)	Commenter believes that the rule regarding delivery routes contains many exceptions making it pointless and ripe for abuse. Commenter believes that the rule discourages innovations in delivery logistics and routing. Commenter suggests that the rule should be removed.	The Bureau disagrees with this comment. Although the rule requires many exceptions and may be violated, that does not justify the elimination of the rule. The rule is still important to ensure that delivery employees are actively engaging in delivery. The rule itself does not discourage innovation. In fact, it may encourage licensees to innovate to discover more efficient delivery logistics and routes.
5421	1625.50 (p.3641)	Commenter offered support for the delivery route requirements.	The Bureau has noted the commenter's support for the section.
5421	1748.24 (p.4406)	Commenter suggests that the name of the section should be changed to Delivery Route Planning.	The Bureau disagrees with this comment. The title of the section is clear without the need for additional words.

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5422	289.13 (p.756) 1614.17 (p.3598)	Commenters suggest that licensees not have to reject an order because one part of it is incorrect. Commenters believe that requiring the distributor to take all the cannabis goods back to their premises, reprocess the order, and then transport again is very wasteful.	The Bureau disagrees with this comment. Business and Professions Code section 26070 requires that a transport manifest be produced for each transportation of cannabis goods. The manifest is used as proof of the licensee's authorization to engage in the transportation of cannabis goods. If the manifest were not accurate or the manifest was allowed to be edited at any point, the tracking of cannabis goods being transported would become very difficult.
5422(b)	289.20 (p.758) 662 (p.1258) 1586.38 (p.3442) 1732.18 (p.4222) 1733.18 (p.4249) 1734.18 (p.4276)	Commenters requests that retailers be permitted to accept shipments of inventory outside of business hours.	The Bureau disagrees with this comment in part. The Bureau allows for shipments from 6AM to 10PM. There is no requirement that the licensee be open to the public during this entire timeframe.
5422	1625.51 (p.3641)	Commenters suggest that the hours a retailer should only be allowed to accept shipment of cannabis goods should be from 6 am to 9 pm.	The Bureau disagrees with this comment in part. The Bureau allows for shipments from 6AM to 10PM.
5422(c)	119.26 (p.283) 289.20 (p.758) 753.8 (p.1419) 924.15 (p.1798) 998.11 (p.1971) 1002.11 (p.2002) 1039.1 (p.2121) 1145.6 (p.2334) 1149.7 (p.2345) 1373.7 (p.2656) 1381.1 (p.2675) 1400.1 (p.2698) 1401.1 (p.2698)	Commenters suggest that the requirement that shipments of cannabis goods only be received through an entry way that is not accessible to the public should be removed.	The Bureau disagrees with this comment. However, section 5422 has been amended to allow a licensee to obtain an exemption from this requirement by obtaining authorization from their local jurisdiction in certain circumstances.

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	1538.1 (p.3169) 1551.11 (p.3244) 1586.39 (p.3442) 1665.8 (p.3868) 1666.8 (p.3886) 1702.26 (p.3952) 1713.8 (p.4029) 1728.8 (p.4141) 1729.8 (p.4159) 1730.8 (p.4177) 1731.8 (p.4195) 1741.8 (p.4330) 1744.28 (p.4359) 1753.8 (p.4433) 1758.18 (p.4480) 1765.8 (p.4574) 1790.18 (p.4804) 1791.8 (p.4813) 3495.1 (p.10198)		
5422(c)	1003.6 (p.2010) 1614.24 (p.3600)	Commenters suggest that retailers who only have one entryway into the premises should be allowed to receive shipments of cannabis goods through the entryway.	The Bureau agrees in part with this comment. Retailers who only have one entryway may receive cannabis goods through that entryway so long as the entryway is not open to the public at the time the shipment of cannabis goods is being received. Section 5422 has been amended to allow for retailers to be exempt from this requirement if explicitly allowed by the local jurisdiction.
5422(c)	1545.11 (p.3186) 1744.28 (p.4359) 1790.18 (p.4804)	Commenter suggests that retailers should be allowed to use an entryway that is open to the public to accept shipment of cannabis goods if they are explicitly allowed to do so by the local jurisdiction.	The Bureau agrees with this comment. Section 5422 has been amended to allow for retailers to be exempt for this requirement if explicitly allowed by the local jurisdiction under certain circumstances.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5424	40.1 (p.65) 922.7 (p.1782) 1077.17 (p.2197) 1316.7 (p.2540) 1327.14 (p.2556) 1375.20 (p.2664) 1380.20 (p.2674) 1425.21 (p.2749) 3401 (p.10073)	Commenters believe that requiring inventory reconciliation to be performed every 14 days is impractical, expensive, and redundant. Commenter suggests that inventory reconciliation should be performed less frequently, such as quarterly or every 30 days.	The Bureau agrees with this comment. The language of section 5424 has been amended to require a licensee to be able to account for inventory. The regulations require inventory reconciliation at least once every 30 calendar days for track and trace system pursuant to section 5051.
5424	1625.52 (p.3641)	Commenter suggests that inventory reconciliation be required every seven days.	The Bureau disagrees with this comment. Section 5051 requires commercial cannabis businesses to perform inventory reconciliation every 30 calendar days for track and trace system. Additionally, retailers are required to be able to account for their inventory at all times.
5424	1022.18 (p.2044) 1030.58 (p.2076) 1051.28 (p.2156) 1124.20 (p.2278) 1131.55 (p.2312) 1413.60 (p.2727) 1507.61 (p.2868) 1512.61 (p.2923) 1520.61 (p.2968) 1523.61 (p.3002) 1526.13 (p.3025) 1558.6 (p.3308) 1651.61 (p.3803) 1767.59 (p.4613) 1768.59 (p.4639) 1769.59 (p.4665) 1770.59 (p.4691)	Commenters suggest that inventory reconciliation should only be required annually or semi-annually. Commenters suggest that a transition period can also be implemented requiring monthly or quarterly inventory reconciliation with the time period between reconciliations increasing over time.	The Bureau disagrees with this comment. Section 5051 requires commercial cannabis businesses to perform inventory reconciliation every 30 calendar days for track and trace system. Additionally, retailers are required to be able to account for their inventory at all times.

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5424	1521.7 (p.2977)	Commenter suggests that inventory reconciliation should be required quarterly, similar to the Board of Pharmacy's requirements.	The Bureau disagrees with this comment. Section 5051 requires commercial cannabis businesses to perform inventory reconciliation every 30 calendar days for track and trace system. Additionally, retailers are required to be able to account for their inventory at all times.
5424	1533.28 (p.3145) 1586.19 (p.3438)	Commenters believe that requiring inventory reconciliation every 14 days is too frequent. Commenters suggest that retailers be allowed to choose when to do inventory reconciliation unless a discrepancy is discovered.	The Bureau disagrees with this comment. Section 5051 requires commercial cannabis businesses to perform inventory reconciliation every 30 calendar days for track and trace system. Additionally, retailers are required to be able to account for their inventory at all times.
5425	289.21 (p.758) 1536.11 (p.3161) 1536.12 (p.3161) 1537.11 (p.3167) 1537.12 (p.3167) 1614.25 (p.3600)	Commenters suggest that customers not be required to provide their name on the receipt.	The Bureau agrees with this comment. Section 5425 has been removed.
5425	1625.53 (p.3641)	Commenter offered support for strong track and trace regulations to prevent diversion.	The Bureau has noted the commenter's support for the section.
5425	1625.53 (p.3641)	Commenter suggests that the name of the customer should be required on the sales record for ease of recall.	The Bureau disagrees with this comment. Section 5425 has been removed.
5426	1377.2 (p.2666) 1526.15 (p.3026) 1536.11 (p.3161) 1536.12 (p.3161) 1537.11 (p.3167) 1537.12 (p.3167) 1539 (p.3173) 1614.25 (p.3600)	Commenters suggest that retailers not be required to collect personal information on customers.	The Bureau agrees with this section. Section 5425 has been removed.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
	1711.11 (p.4013) 1711.12 (p.4013) 1711.13 (p.4013) 1711.14 (p.4013) 1778.47 (p.4750) 3458.2 (p.10151) 3530 (p.10243)		
5427	1327.13 (p.2555)	Commenter suggests that the regulations allow the transportation of cannabis goods between retailers.	The Bureau disagrees with this comment. Section 5427 already allows the transportation of cannabis goods between licensed retailers held by the same licensee.
5427	924.16 (p.1794) 1586.40 (p.3442)	Commenters suggest that licensed retailers should be allowed to transfer cannabis goods to other retailers regardless of ownership so long as transportation and inventory tracking requirements are met.	The Bureau disagrees with this comment. Distributors are licensed to provide cannabis goods to retailers. Retailers are licensed to sell cannabis goods to customers and not to other licensees.
5427	1544.4 (p.3182)	Commenter suggests that the regulations allow for cannabis goods to be transported from one store to another if there is common ownership.	The Bureau agrees with this comment. Section 5427 allows for the transfer of cannabis goods from one retail premises to another if the same licensee owns both retail locations.
5427	931.6 (p.1831) 1038.6 (p.2095) 1609.27 (p.3574) 1640.18 (p.3710) 1748.31 (p.4409) 1758.6 (p.4470) 1759.6 (p.4498)	Commenter suggests that the section should be amended to clarify “may arrange,” to indicate whether transportation must be performed by a licensed distributor.	The Bureau disagrees with this comment. The transfer of cannabis goods from one retail premises to another retail premises is required to comply with all transportation requirements as indicated in subsection (c) of section 5427. No change in the regulatory language is required.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
General	977.6 p.1929 1046.4 p.2141 1160.6 p.2361 1356.6 p.2593 1358.3 p.2598. 1466.6 p.2806 1508.6 p.2877 1525.6 p.3014 1527.6 p.3031 1578.6 p.3406 1580.6 p.3412 1581.6 p.3416 1582.6 p.3420 1583.6 p.3424 1584.6 p.3428 1585.6 p.3432 1586.6 p.3436 1587.6 p.3447 1717.6 p.4080 1718.6 p.4085 3370.6 p.10028 3582.1 p.10304	Commenters suggest that the Bureau develop two separate sets of rules for "premises-based fulfillment delivery" where delivery employees only carry cannabis goods that have already been ordered by customers prior to leaving the premises and are unable to receive additional orders while in the field; and "mobile fulfillment delivery" where delivery employees leave the licensed premises carrying cannabis goods in excess of the current orders and are able to receive additional orders to fill while in the field.	The Bureau disagrees with this comment. The two activities are very similar. There does not appear to be a benefit to having two separate sets of requirements for two activities that are similar versions of the same activity. The safety and security concerns remain the same regardless of what type of delivery the retailer is operating.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
General	86.1 p.186 86.2 p.186 86.3 p.187 1112 p.2259 1619.3 p.3607 1625.59 p.3642 1739.5 p.4319 3476.3 p.10172	Commenters suggest that the regulations include specific requirements for on-site consumption. Local jurisdictions do not know how to regulate this activity without Bureau regulations. Commenter requests that consumption on-site be allowed on the retail premises. Commenter expresses concern over the expansion of locations where cannabis may be smoked. On-site consumption rules in certain jurisdictions also increase the amount of smoking. Commenter believes that Assembly Bill 2020 would expand the locations where temporary cannabis events can take place. Commenter believes that this would increase the risk of other being exposed to second hand smoke. Commenter suggests that the Bureau prohibit indoor marijuana smoking and vaping. Commenter requests that on-site consumption be prohibited.	The Bureau disagrees with this comment. Under Business and Professions Code Section 26200, on-site consumption of cannabis goods is already allowed on the premises of a retailer or microbusiness if authorized by the local government. The Bureau cannot change the statute.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
General	1250 p.2463	Commenter suggests that the sale of cannabis goods from a truck, van, or food truck at public places, private events, or festivals be allowed. Commenter believes that legalized selling of cannabis at music festivals and other public places would make it more difficult for illegal sellers to operate.	The Bureau disagrees with this comment. Business and Professions Code section 26070 authorizes only licensed retailers to engage in the retail sale of cannabis goods either on their licensed premises or through delivery. In addition, the Business and Professions Code section 26053 requires that a licensee obtain a separate license for each location where it engages in commercial cannabis activity.
General	1739.6 p.4319	Commenter suggests that a shipping manifest not be required for patient deliveries.	The Bureau agrees with this comment. Shipping manifests are only required for transportation, not deliveries. However, Business and Professions Code section 26090 requires that a retailer provide a customer with a copy of the delivery request. This requirement cannot be changed by the Bureau.
General	1756.7 p.4454	Commenter suggests that non-storefront retailers should be allowed to sell cannabis goods at private events.	The Bureau disagrees with this comment. Business and Professions Code sections 26070 and 26200 only authorizes the sale of cannabis goods at a licensed retail facility, through delivery, by a licensed retailer, or at a licensed cannabis event.
General	3405.1 p.10078	Commenter suggests that the regulations should provide clarification on what type of products, such as cannabis accessories, an unlicensed retailer may sell.	The Bureau disagrees with this comment. The Bureau's regulations are rules for the operation of licensed commercial cannabis businesses. The regulations do not provide the rules for businesses that are not licensed.
General	289.5 p.753 1026.2 p.2052 1614.5 p.3595 3425.5 p.10106	Commenter believes that the distinction of whether a cannabis good is medicinal or adult-use should be determined at retail. Cannabis goods should be able to move through the supply chain as either medicinal or adult-use.	The Bureau agrees in part with this comment. The proposed regulations allow for this with the exception of certain higher potency manufactured cannabis products that may only be purchased and sold by medicinal licensees.
General	1145.9 p.2335	Commenter suggests that licensed nurseries should be authorized to sell to retail customers and licensed cultivators.	The Bureau disagrees with this comment. The Act allows for licensed nurseries to sell other licensed cultivators. However, under the Act, only licensed retailers may sell to retail customers. The Bureau cannot change statute.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
General	1323.6 p.2549 1555.11 p.3286 3425.5 p.10106	Commenters suggest that small farmers and manufacturers have a method of selling to customers such as a tasting room or membership.	The Bureau disagrees with this comment. Under the Act, only licensed retailers may sell to retail customers. The Bureau cannot change statute.
General	1369.1 p.2651 1708.14 p.4001	Commenters suggest that edible cannabis goods that require refrigeration to prevent growth of pathogenic bacteria should be required to be stored in a temperature-controlled environment to protect public health.	The Bureau disagrees with this comment. CDPH is the licensing authority for manufactured cannabis goods and the requirements for edibles.
General	1369.2 p.2651 1708.15 p.4001	Commenters suggest that retail sales of cannabis goods should be subject to safety standards similar to the California Retail Food Code.	The Bureau disagrees with this comment. Business and Professions Code section 26001, subsection (t) indicates that edible cannabis goods are not food. Additionally, CDPH is responsible for regulating edible cannabis goods.
General	1369.3 p.2651 1708.16 p.4001	Commenters suggest that cannabis goods be subject to oversight to include robust retail inspection program administered by CDPH.	The Bureau disagrees with this comment. Business and Professions Code section 26070 provides that the Bureau is the licensing authority for retailers. The Bureau cannot change statute.
General	1707.9 p.3993 1709.10 p.3994 1714.25 p.4049	Commenters suggest that retailers be prohibited from using words such as: health, wellness, holistic, medical, or clinic.	The Bureau disagrees with this comment. Business and Professions Code section 26154 prohibits Licensees from making "health related statements" that are untrue in any marketing material. The Act does not prohibit the use of any terns in the name of a licensed entity.
General	668.5 (p.1268) 668.6 (p.1268)	Commenter suggests that retailers should be required to place signs by the register, and on the floor, that warn of the following: cannabis is addictive, cannabis is harmful to pregnant women or women who are breastfeeding, cannabis smoke is a carcinogen, driving while high is a DUI,	The Bureau disagrees with this comment. There are warning labels required for all cannabis products under Business and Professions Code section 26120. At this time, the Bureau does not believe that additional warning signs on the retail premises are necessary.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
		cannabis is not for minors, and smoking cannabis may worsen breathing problems.	
General	668.6 (p.1268)	Commenter suggests that additional warning signs should be required to be posted by retailers warning of: it is legally dangerous for non-natural citizens to use or possess cannabis or work in the cannabis industry, it may be a violation of parole to possess or use cannabis, and minors using or possessing cannabis may face legal consequences.	The Bureau disagrees with this comment. The information on the signs suggested in this comment is not factual information appropriate to require retailers to post in the licensed premises. In the case of the warning to minors, this issue is better addressed through other means such as prohibiting minors from entering the licensed premises.
5500	14 (p.13)	The mandatory social component of the California state law is not addressed within the regulations text. The permanent application for microbusinesses and other categories of licenses does not require any type of proof of the social mandate from the applicants.	The Bureau disagrees with this comment. The Act does not include a mandatory social component for microbusiness license applicants.
5500	114.4 (p.253) 122.9 (p.296) 133.2 (p.329) 686.10 (p.1314) 754.11 (p.1430) 937 (p.1862) 995 (p.1949) 1051.3 (p.2150) 3386 (p.10055) 3412.1 (p.10087)	Commenter indicates that the intent of this license type seems to have been lost. There is really nothing “micro” about this license. The Bureau seems to have misinterpreted the intent. There is a real need for a new license for the small, home-based operator. In an effort to further the intent of the statute while reducing diversion, commenter suggests the Bureau adopt a new license that encourages the contributions of the small farmer as the cottage tier or home business license.	The Bureau disagrees with this comment. Business and Professions 26070 (a)(3)(A) defines microbusiness as a license “for the cultivation of cannabis on an area less than 10,000 square feet and to act as a licensed distributor, Level 1 manufacturer, and retailer . . ., provided such licensee can demonstrate compliance with all requirements imposed by [the Act] on licensed cultivators, distributors, Level 1 manufacturers, and retailers to the extent the licensee engages in such activities.” Prospective microbusiness licensees may engage in at least three of the following activities: cultivation, manufacturing, distribution, and/or retail provided they identify them as the commercial activities in their application for a microbusiness license.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
		The Bureau should consider creating a new license – the Home Business License. When a microbusiness is defined as up to 4.5 million dollars, and requires new buildings and warehouse type structures, even new roads, the cottage industries are left behind. A reasonable and affordable path to the legal market is essential if the Bureau's anti-diversion efforts are to be taken seriously. There needs to be a Home Business License in order to protect the "established industry." Commenter requests the Bureau keep the microbusiness small. This must be a small business advantage and not be available for licensees to skirt requirements of large cultivators, manufacturers, distributors, or retailers.	Microbusiness licensees may not circumvent the rules associated with the licensed activities they engage in. In fact, such licensees would be required to comply with all relevant rules and regulations associated with the activities being conducted under their licenses. Notably, the regulations would not preclude licensees from operating on a parcel that also includes a private residence, provided that access to the licensed premises is not solely through the private residence and the private residence is not included as part of the licensed premises.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5500(d)	122.2 (p.292) 686.4 (p.1311) 754.4 (p.1426) 1289.14 (p.2512)	Commenter indicates CDPH's Type S license should apply to microbusinesses. Microbusinesses should be able to avail themselves of the S license and shared licensed premises.	The Bureau disagrees with this comment. Business and Professions Code section 26001, subsection (ap) defines premises as "the designated structure or structures and land specified in the application that is owned, leased, or otherwise held under the control of the applicant or licensee where the commercial cannabis activity will be or is conducted." That section further provides that a premises shall be a "contiguous area" and shall only be occupied by one license. The predominant ordinary and common use of the term "contiguous," is to describe items that are in actual contact; or touching along a boundary or at a point. Allowing microbusinesses to utilize "S" licenses at another licensee's property that is not connected to or touching the microbusiness premises would run counter to the plain language of the Act.
5500(d)	122.7 (p.294) 289.9 (p.755) 686.9 (p.1313) 754.9 (p.1428) 1054.7 (p.2160) 1710 (p.4006) 3430.2 (p.10113)	Commenter indicates that microbusinesses should be able to operate in multiple locations. Things that are contiguous are near or next to but not actually touching. Because "contiguous" has multiple meanings, the Bureau's regulations could support small operators where local zoning issues may inhibit prospective microbusiness licensee's ability to conduct multiple commercial cannabis activities at one location. CDPH's Type S license should apply to microbusinesses. Microbusinesses should not have to all be in one building. For some locations, this does not make sense. In Oakland, for example, all licensees except retail must be	The Bureau disagrees with this comment. Business and Professions Code section 26001, subsection (ap) defines premises as "the designated structure or structures and land specified in the application that is owned, leased, or otherwise held under the control of the applicant or licensee where the commercial cannabis activity will be or is conducted." That section further provides that a premises shall be a "contiguous area" and shall only be occupied by one license. Allowing microbusinesses to utilize offsite properties that are not connected to or touching the microbusiness premises would run counter to the plain language of the Act.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
		located in a "Green Zone." Space is a huge commodity in the sense that either there is not enough, or it is extremely expensive. You should be able to have each part of your microbusiness in separate locations – this would even the playing field. The Bureau should consider allowing a business who qualifies otherwise for the microbusiness to not be required to have all activities on the same premises. Some local agencies prohibit retail where cultivation, manufacturing and/or distribution is otherwise allowed.	
5500	122.9 (p.296) 434 (p.969) 686.10 (p.1314) 754.10 (p.1429) 756.3 (p.1450) 855.8 (p.1702) 1022.10 (p.2042) 1030.50 (p.2073) 1051.20 (p.2153) 1077.13 (p.2196) 1077.32 (p.2199) 1077.40 (p.2202) 1124.10 (p.2275) 1131.45 (p.2309) 1218 (p.2427) 1267.16 (p.2482) 1327.7 (p.2554)	Commenters suggest microbusinesses should be exempt from security requirements upon a positive finding from a local government that they are not necessary. Security measures should be approved by the local jurisdiction to be adequate, reasonable, and site-specific for their constituents and not impose an undue burden on the applicant. Reduce security requirements for small, rural businesses, especially small farmers, for example, security surveillance is not required for some cultivators.	The Bureau disagrees with this comment. The Bureau has determined that licensees must adhere to certain security requirements to ensure the safety of individuals and customers involved in cannabis activities. The regulation requires microbusinesses to comply with the appropriate security rules and requirements applicable to the corresponding license type suitable for the activities of the license. This is necessary to assure that all licensees engaging in similar commercial cannabis activities are bound to the same requirements.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
	1330.4 (p.2559) 1375.10 (p.2661) 1380.10 (p.2671) 1413.50 (p.2724) 1425.10 (p.2746) 1507.51 (p.2865) 1512.51 (p.2920) 1520.51 (p.2965) 1523.51 (p.2999) 1526.6 (p.3022) 1547.35 (p.3208) 1548.15 (p.3214) 1558.3 (p.3307) 1623.22 (p.3629) 1651.50 (p.3800) 1651.51 (p.3800) 1774.12 (p.4705) 3424 (p.10103)	Commenter requests the Bureau allow local governments to allow less stringent security requirements. California is very large and diverse. One size does not fit all. It makes more sense for the local jurisdiction to determine the adequate, reasonable, and site-specific security measures for their constituents engaging in microbusiness activities with a manufacturing component. The security requirements are onerous. This regulation is a one-size-fits-all regulation that doesn't fit all license types. Consider a streamlined microbusiness license, with limited requirements for security and premises.	
5500	133.1 (p.328)	The microbusiness license needs to be scrapped and redefined with its own set of regulations because of its scale.	The Bureau disagrees with this comment. This is a general objection to the adoption of the microbusiness regulations. Additionally, Business and Professions Code section 26070 establishes a microbusiness license.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5500	137 (p.343) 3380 (p.10047)	Commenter requests clarification regarding a microbusiness' manufacturing limitations on: premises; ethanol extraction; and ethanol storage.	The Bureau disagrees with this comment. Section 5500 is consistent with Business and Professions Code section 26070 (a)(3)(A); it requires prospective microbusinesses who wish to engage in manufacturing activities to limit their activities to non-volatile activities. Furthermore, the section is consistent with Business and Professions Code section 26070 (a)(3)(A) because it requires microbusiness applicants who wish to engage in manufacturing activities to demonstrate compliance with the manufacturing regulations adopted by CDPH. The Bureau does not need to adopt additional manufacturing regulations beyond those developed by CDPH.
5500	289.9 (p.755) 646.9 (p.1236) 756.3 (p.1450) 855.8 (p.1702) 1022.19 (p.2045) 1030.59 (p.2076) 1051.29 (p.2156) 1054.1-1054.4 (p.2159) 1077.19 (p.2197) 1077.32 (p.2199) 1077.41 (p.2202) 1124.21 (p.2278) 1131.56-1131.57 (p.2312) 1267.17 (p.2482) 1327.15 (p.2556) 1375.21 (p.2664) 1380.21 (p.2674) 1413.61 (p.2727)	Commenters suggest that microbusinesses should be any of the 3 license types. What benefit does it pose to limit the license types? The Bureau should remove the limits on qualifying microbusiness activities in the regulations. It is unclear why license types created by the CDFA or the CDPH are not considered qualifying commercial cannabis activities for the purposes of obtaining a microbusiness license. Any license issued by a state regulatory agency should apply toward the microbusiness license. Each activity under the microbusiness license must meet the separate requirements pertaining to their activity	The Bureau disagrees with this comment. Business and Professions 26070 (a)(3)(A) defines microbusiness as a license "for the cultivation of cannabis on an area less than 10,000 square feet and to act as a licensed distributor, Level 1 manufacturer, and retailer . . ., provided such licensee can demonstrate compliance with all requirements imposed by [the Act] on licensed cultivators, distributors, Level 1 manufacturers, and retailers to the extent the licensee engages in such activities." The Bureau has determined that microbusinesses must identify licensed activities that are outlined by statute. The Act is silent as to how many commercial cannabis activities an applicant must engage in to qualify for a license. Thus, section 5500 identifies how many licensed activities a licensee must engage in to qualify for microbusiness licensure. This requirement is necessary to ensure that applicants are actually microbusinesses, rather than using the license as a substitute for other licensed activities.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
	1425.22 (p.2749) 1507.62 (p.2869) 1512.62 (p.2924) 1520.62 (p.2969) 1523.62 (p.3003) 1526.14 (p.3026) 1547.34 (p.3208) 1548.16 (p.3214) 1614.9 (p.3597) 1651.62 (p.3786) 1767.60 (p.4613) 1768.60 (p.4639) 1769.60 (p.4665) 1770.60 (p.4691) 1774.13 (p.4705)	under the regulations created by those agencies. Both Nurseries and Processing are activities that should be included as qualifying activities for a microbusiness license as they represent distinct yet inter-related and essential activities for small operators seeking to participate in the seed to sale commercial cannabis marketplace. Both nurseries and processing activities should be included microbusiness. Commenters suggest allowing processing and shared facilities manufacturing to qualify for the microbusiness license. Also, nurseries should be a qualifying activity if under 10,000 square feet. A commenter seeks clarity regarding the intent of this section and why certain licensed activities are prohibited.	The regulations do not preclude prospective microbusiness licensees from conducting manufacturing and processing activities, provided they are identified in the application as part of the licensee's activities. Processing is generally a cultivation activity that is covered by the cultivation licenses identified in the Act. Processing by itself would not be considered one of the three activities. Nurseries qualify as a microbusiness cultivation activity. Allowing certain licenses created by CDFA or CDPH may lead to conflicts with the Act.
5500	435 (p.6970) 1211 (p.2420) 1396 (p.2693)	Commenter indicates it is unclear as to why only non-volatile manufacturing is allowed under the microbusiness; volatile manufacturing should be allowed.	The Bureau disagrees with this comment. The limitations on the manufacturing activities a microbusiness licensee may conduct are explicitly outlined in Business and Professions Code section 26070 (3)(A).

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5500	686.2 (p.1310) 754.2 (p.1425)	Commenters state that under the regulation, a farmer with a microbusiness license cannot use their dry room as a manufacturing room or vice versa. A cultivator with a microbusiness license cannot re-purpose a room or building that was needed at one stage of the cannabis business activity, but not needed for that purpose during the next stage of the cannabis business cycle if it crosses license types, even if that cultivator holds the proper licenses for each activity. This is impractical, inefficient, and onerous for the small operator. This regulation seems to be more about a bureaucratic authority for the activity and for their agency inspectors.	The Bureau disagrees with this comment. The purpose of this subsection is to limit contamination and cross-exposure of cannabis goods. Cultivation and manufacturing are commercial cannabis activities involving cannabis goods that have not gone through quality assurance or testing. This subsection is necessary to ensure that there are measures in place to limit and reduce the possibility of cannabis goods that have been tested, being contaminated or adulterated, thereby negating any testing and testing results for cannabis goods that are available to consumers or the public and increasing their exposure to unsafe cannabis goods.
5500	686.12 (p.1317) 754.13 (p.1431) 3397 (p.10069)	Commenters suggest, as to testing and harvest batch samples, microbusinesses should be allowed to transport samples to a testing laboratory and create a manifest within track and trace. Alternatively, the entire batch could be brought to the laboratory for testing.	The Bureau disagrees with this comment. Business and Professions Code section 26110 requires the distributor to arrange for sampling at the distributor premises, and for a testing laboratory to maintain custody of the sample after obtaining it and transporting it back to the testing laboratory.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5500(d)	756.3 (p.1450) 855.8 (p.1702) 1548.18 (p.3215) 1623.24 (p.3630) 1774.15 (p.4705)	Commenters suggest allowing microbusinesses that include outdoor cultivation to conduct manufacturing at a nearby but non-identical premises.	The Bureau disagrees with this comment. Business and Professions Code section 26001, subsection (ap) defines premises as "the designated structure or structures and land specified in the application that is owned, leased, or otherwise held under the control of the applicant or licensee where the commercial cannabis activity will be or is conducted." That section further provides that a premises shall be a "contiguous area" and shall only be occupied by one license. Allowing microbusinesses to utilize offsite properties that are not connected to or touching the microbusiness premises would run counter to the plain language of the Act.
5500	1022.20 (p.2045) 1030.60 (p.2076) 1051.30 (p.2156) 1077.20 (p.2197) 1124.22 (p.2279) 1131.58 (p.2312) 1375.22 (p.2664) 1380.22 (p.2674) 1413.62 (p.2728) 1425.23 (p.2749) 1507.63 (p.2869) 1512.63 (p.2924) 1520.63 (p.2969) 1523.63 (p.3003) 1651.63 (p.3804) 1767.61 (p.4613) 1768.61 (p.4639) 1769.61 (p.4665) 1770.61 (p.4691)	Commenter indicates Water Board denial of a manufacturing license is onerous and irrelevant to the manufacturing process.	The Bureau disagrees with this comment. The commenter inappropriately identifies Water Board denial of a license as a condition for a microbusiness engaging in manufacturing activities. In fact, this requirement applies to microbusinesses that seek to engage in cultivation activities, as noted in section 5501(a) of the regulations. The regulation is consistent with the Act's requirements for licensees engaging in cultivation at Business and Professions Code section 26051.5.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5500	1054.5 (p.2160) 1764.3 (p.4552)	Commenters suggest only issuing microbusiness licenses to operators whose main activity is cultivation of less than 10,000 square feet and whose secondary business is in support of the cultivation activities performed by the licensee. This will further the intent of the creation of this license. Another commenter suggested that cultivation under 10,000 square feet be a mandatory qualifier for microbusiness licensing.	The Bureau disagrees with this comment. Business and Professions 26070 (a)(3)(A) defines microbusiness as a license "for the cultivation of cannabis on an area less than 10,000 square feet and to act as a licensed distributor, Level 1 manufacturer, and retailer . . ., provided such licensee can demonstrate compliance with all requirements imposed by [the Act] on licensed cultivators, distributors, Level 1 manufacturers, and retailers to the extent the licensee engages in such activities." The Bureau has determined that microbusinesses must identify licensed activities that are outlined by statute. The Act is silent as to how many commercial cannabis activities an applicant must engage in to qualify for a license. It also does not require cultivation to be one of the qualifying licensed activities. Thus, section 5500 identifies how many licensed activities a licensee must engage in to qualify for microbusiness licensure. This requirement is necessary to ensure that applicants are actually microbusinesses, rather than using the license as a substitute for other licensed activities.
5500	1077.21 (p.2197) 1131.58 (p.2312)	Commenters state that the regulation stipulates that revocation or suspension of a microbusiness license shall affect all commercial cannabis activities allowed pursuant to that license. Commenters state this should not be automatic but left to the discretion of local or state regulatory authorities on a case-by-case basis. Minor infractions by one activity need not shut down the business of the other distinct activities under this license. This regulation is overly punitive.	The Bureau disagrees with this comment. The activities conducted under a microbusiness license are not severable for the purposes of enforcement, as it is considered one license. Moreover, infractions associated with one activity associated with the license may impair the licensee's ability to carry out its other duties under the license. This assures that enforcement activities on licensees are applied consistently across the board. It also informs licensees that certain infractions may impair their ability to continue conducting the remaining activities under their license.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5500(h)	1145.7 (p.2335)	Commenter indicates that there needs to be an explicit exception from subsection (h) for retail outdoor microbusiness nurseries or regular nurseries when you allow regular nurseries to sell retail with no walls or doors. These are plants, not plutonium. Security guards and surveillance equipment should not be required.	The Bureau disagrees with this comment. Microbusinesses are expected to comply with the relevant security provisions associated with the licensed activities they are conducting under their license, the same as other licensees engaging in those activities security guards are only required for storefront retail operations during open hours. With respect to retail operations, the cash-intensive nature of the business leads to a higher potential for robbery and other criminal acts. Requiring microbusinesses engaging in retail to comply with the relevant security provisions ensures that potential crime risks are minimized, thereby ensuring protection of the licensee and the public to the extent possible.
5500	1267.15 (p.2481) 1548.14 (p.3214) 1710.2 (p.4008)	Commenters recommend ensuring that microbusiness licenses serve their intended purpose of facilitating small cultivators as recommended by the Cannabis Advisory Committee. Commenters indicate that the microbusiness should be an on-ramp to limited vertical integration for small urban and rural producers that seek direct retail access to consumers. It's not too late to make microbusiness licenses accessible to the businesses that they were created to help but achieving this goal will require significant regulatory changes. If the microbusiness license was opened to those who want or need to cultivate at a rural site outdoors, it would serve the very small businesses the state created the microbusiness license for.	The Bureau disagrees with this comment. This is a general objection to the adoption of the microbusiness regulations.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5500	1316.11 (p.2540) 3408 (p.10082)	Commenters suggest regulations should contain a provision requiring microbusinesses to delineate whether they are buying product as a distributor or retailer, when buying product from a Type 11 Distributor.	The Bureau disagrees with this comment. All licensees must comply with the appropriate track and trace and manifesting requirements. Additional notification requirements are not necessary.
5500	1547.1 (p.3193)	Commenter suggests the Bureau regulations should not be over-arching and should not promulgate cultivation regulations. It would be prudent to put all cultivation regulations in CDFA regulations.	The Bureau disagrees with this comment. The section is consistent with Business and Professions Code section 26070 (a)(3)(A) because it requires microbusiness applicants who wish to engage in cultivation activities to demonstrate compliance with the cultivation regulations adopted by the CDFA.
5500	1547.36 – 1547.40 (p.3210)	Commenter inquires as to whether the draft microbusiness regulations are consistent with CDFA Regulations. The microbusiness regulations should be a part of CDFA regulations.	Commenter has not provided how the licensing authorities' regulations are inconsistent. The section is consistent with Business and Professions Code section 26070 (a)(3)(A) because it requires microbusiness applicants who wish to engage in cultivation activities to demonstrate compliance with the cultivation regulations adopted by CDFA. The Bureau does not need to adopt additional cultivation regulations beyond those developed by CDFA.
5500	1764.3 (p.4552)	Commenter indicates the retail sales component should be allowed to be conducted at temporary events without the need for a retail sales location or approval of a delivery service.	The Bureau disagrees with this comment. The temporary cannabis event regulations allow for microbusinesses authorized to engage in retail to participate in temporary cannabis events, provided that their cannabis goods satisfy state packaging, testing, and quality assurance requirements.

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5500	3396 (p.10067)	Commenter states that microbusiness licenses are being poisoned by local control, e.g., there is an oversupply of cannabis goods because there are too many cultivators in relation to retailers. One way to address this issue is to allow cultivators to sell directly from their premises, which could be accomplished under the microbusiness license, but there is too much control.	The Bureau disagrees with this comment. The Bureau licenses retailers, distributors, testing laboratories, microbusinesses and cannabis events. Microbusiness licenses allow for multiple commercial cannabis activities under one license. The microbusiness regulations allow for microbusinesses authorized to engage in retail to sell product to customers, provided that their cannabis goods satisfy state packaging, testing, and quality assurance requirements.
5501(i)	1640.12 (p.3710)	Commenter asks the Bureau to require that microbusiness indoor cultivation sites receive an actual inspection for Fire Code compliance – not merely notification to the Fire Department.	The Bureau disagrees with this comment. Licensees already must comply with all state laws and regulations, including the Fire Code.
5502	924.17 (p.1799) 1021 (p.2039) 1121 (p.2268) 1383 (p.2678)	Commenter indicates that limiting all cultivation activities to less than 10,000 square feet will incentivize operators to make all cultivation activities (other than the canopy) as small as possible in order to maximize canopy space. This may present numerous safety risks. Limiting canopy size presents no incentive to minimize all non-canopy cultivation activities. The cultivation area should reflect “canopy” rather than all cultivation activities. If the definition includes immature plant areas, processing and packaging areas, and the aisles in the mature plant areas, the actual canopy will be overly restricted.	The Bureau disagrees with this comment. The Act provides that microbusinesses are limited to the cultivation of cannabis on an area less than 10,000 square feet. Cultivation is defined by Business and Professions Code section 26001 (l) as any activity involving the planting, growing, harvesting, drying, curing, grading, or trimming of cannabis. Accordingly, the regulation appropriately limits all cultivation activities within a microbusiness to 10,000 square feet.

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		Microbusinesses with distribution will have separate packaging/processing areas; this area should not count against potential canopy. Another commenter states that the regulations do not address protections for small and medium businesses. The microbusiness license needs to have the 10,000 square foot cultivation added back into the regulations. The microbusiness license needs to have the 10,000 square foot cumulative cultivation added back into the regulations. It was the only things that would give the small businesses a way to compete. This would allow such businesses to save money by getting the most value for products, and could also save money by doing distribution, retail, and manufacturing with one license.	
5502	1139.3 (p.2327)	Commenter indicates that delays caused by the California Department of Fish and Wildlife has delayed licensees ability to get a license. Perhaps proof of payment and applicable paperwork to the California Department of Fish and Wildlife should be enough for the issuance of an annual license, until such time as the California	The Bureau disagrees with this comment. The section is consistent with Business and Professions Code section 26070 (a)(3)(A) because it requires microbusiness applicants who wish to engage in cultivation activities to demonstrate compliance with the cultivation regulations adopted by CDFA. Consistent with the cultivation licensure requirements outlined in the Act and its implementing regulations, the Bureau requires that microbusiness licenses allowing cultivation are not effective until a licensee has demonstrated compliance with section 1602 of the

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		Department of Fish and Wildlife catches up on their processing of applications.	Fish and Game Code or receives written verification from the Department of Fish and Wildlife that a streambed alteration agreement is not required. This requirement is outlined in statute and the Bureau does not have the ability to amend it.
5502(b)	1361.10 (p.2617)	Commenter is requesting clarification as to why hoop house walls are the boundary, and if there are garden beds within a hoop house, which boundary will apply.	The Bureau disagrees with this comment. Identifiable boundaries include those listed in section 5502, to separate canopy areas that may be noncontiguous. All areas of commercial cannabis activity should be clearly identified on the premises diagram, pursuant to section 5006.
5502(a)	1576.6 (p.3398) 1708.10-1708.11 (p.4000)	Commenter recommends removing subsection (a) and eliminating any requirement to identify and utilize pesticide storage areas at their farms. Should follow Department of Pesticide Regulation and County Agricultural Commissioner's rules and standards. Farmers may choose to store pesticides off-site.	The Bureau disagrees with this comment. Business and Professions Code section 26001, subsection (ap) defines premises as "the designated structure or structures and land specified in the application that is owned, leased, or otherwise held under the control of the applicant or licensee where the commercial cannabis activity will be or is conducted," and section 26051.5 provides that an applicant must provide a detailed premised diagram to include the activity within. This necessarily requires the identification of pesticide storage. This requirement is consistent with CDFA's requirements, which recognize the risk to the environment of improper pesticide use and storage.
5502(d)	1576.7 (p.3398)	Commenter indicates that applicants should not be required to include the required information on pesticides used. It is impossible for any farmer to accurately predict what pests will be problematic in any growing season. There are also concerns on how this information will be used, i.e. will the Bureau use this information to deny an application?	The Bureau disagrees with this comment. A licensee may notify the Bureau of any changes to the application, including any changes in the information required by this section per section 5023.

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5502	1625.54 (p.3641)	Commenter supports requirement for a premises diagram, and strong regulations on pesticide use.	The Bureau has noted the commenter's support for the section.
5503	1625.55 (p.3651)	Commenter supports controls covering water supply, plumbing, sewage disposal, toilet facilities, washing facilities, and rubbish disposal.	The Bureau has noted the commenter's support for the section.
5502	1640.10 (p.3709)	Commenter states that canopy should be defined so that activities outside the canopy area do not allow opportunities for diversion and unlicensed activities that would be difficult to prevent and detect.	The Bureau disagrees with this comment. Business and Professions Code section 26001, subsection (ap) defines premises as "the designated structure or structures and land specified in the application that is owned, leased, or otherwise held under the control of the applicant or licensee where the commercial cannabis activity will be or is conducted," and section 26051.5 provides that an applicant must provide a detailed premises diagram to include the activity within, including identifying its canopy area where cultivation will be taking place.
5506(g)	924.18 (p.1800) 1625.56 (p.3641)	Commenters indicate that consistency should be implemented among the agencies regarding trade secrets or confidential operating procedures or protocols, permitting all licensees, including cultivators, to claim confidentiality for trade secrets as defined in Civil Code section 3426.1. Commenter is concerned with how applicants will mark information confidential (as trade secrets or proprietary information), and even if information is not shared with the public, it should be	The Bureau disagrees with this comment. The regulations do not prohibit prospective licensees from identifying information within their applications that may be considered proprietary or trade secrets. Existing state law protects certain trade secrets from disclosure under the Public Records Act. If the Bureau receives an inquiry regarding the disclosure of potentially sensitive trade secrets, the Bureau will review the relevant records on a case by case basis.

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		reviewed by the Bureau. It is important to have public health input.	
5600	1748.32 (p.4409)	Commenter suggests that temporary cannabis events should not require local authorization.	The Bureau disagrees with this comment. The requirement for local approval for temporary cannabis events is found in Business and Professions Code section 26200. The Bureau does not have the authority to change this requirement.
5601(e)	1705.3 (p.3968)	Commenters states that the regulation currently requires applications for cannabis events to be submitted at least 60 days before the date of the event. Commenter suggests that this requirement should be reduced to a shorter time period.	The Bureau disagrees with this comment. The Bureau has determined that 60 days prior to the event is the amount of time required to properly process the cannabis event license.
5601	55.7 (p.97) 61.7 (p.108)	Commenters suggest that the regulations prohibit the issuance of temporary event licenses in jurisdictions where the commercial cannabis activity is prohibited.	The Bureau agrees with this comment. The regulations would prohibit an applicant from obtaining a cannabis event license without authorization from the local jurisdiction. Additional amendments are not required.
5601	185.1 (p.537) 188.1 (p.540) 190.1 (p.552) 199 (p.561) 1020.1 (p.2037) 1075.2 (p.2184) 1097 (p.2243) 1126.4 (p.2288) 1373.1 (p.2656) 1609.28 (p.3574) 1705.3 (p.3968) 1743.2 (p.4345) 3428.3 (p.10111) 3469.1 (p.10165)	Commenters suggest that cannabis events should not be limited to county fairs and district agricultural association events.	The Bureau agrees with this comment. Section 5601 has been amended to allow for cannabis events to occur at any venue authorized by the local jurisdiction beginning January 1, 2019, as allowed in the recently passed Assembly Bill 2020.

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	3483 (p.10181) 3499.2 (p.10201)		
5601	3428.2 (p.10110)	Commenter suggests that the regulations clarify which local authorization is required; the city/county, the agency with control over the facility, or both.	The Bureau disagrees with this comment. The government entity that is required to provide authorization for a cannabis event may differ based on the situation. Applicants are required to obtain the proper authorization from whichever government agency has the authority to authorize such an event.
5601	190.2 (p.552)	Commenter suggests that retailers who are participating in a cannabis event be allowed to submit a list of their employees on the day of the event, instead of with the application of the event license.	The Bureau disagrees with this comment. Section 5601, subsection (i) allows for the event organizer to submit a new list of retailers and employees up to 72 hours before the event. As some events will take place on the weekend, it is impractical to allow submission on the day of the event.
5601	1640.3 (p.3707)	Commenter suggests that local approval for a temporary cannabis event be verified in the same manner as a local permit under section 5002 (b)(28).	The Bureau disagrees in part with this comment. The section requires written approval from local jurisdiction and the Bureau intends to confirm the authorization. The timelines for other applications are not necessarily the same as for events so section 5002(b)(28) does not specifically apply to events.
5601	1020.6 (p2038) 1267.14 (p.2481) 1548.25 (p.3215) 1626.6 (p.3646) 1743.3 (p.4345) 3496 (p.10199)	Commenters suggest that the Bureau should remove the requirement for retailer to submit a list of employees who will be participating in the sale of cannabis goods in a temporary cannabis event.	The Bureau disagrees with this comment. The Bureau requires retailers to provide the Bureau with a list of employees who engage in the sale of cannabis at their licensed premises. There is no reason the same requirement would not apply to sales occurring at a temporary cannabis event.
5601	3428.3 (p.10111)	Commenter suggests that the regulations specify when an event license is required and when an event is a private event that does not require an event license.	The Bureau disagrees with this comment. Whether a license is needed depends on the specific facts and circumstances of the event.

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5601	668.8 (p.1271) 1552.35 (p.3269) 1594.41 (p.3498) 1708.12 (p.4000) 1714.43 (p.4058)	Commenters suggest that cannabis events be limited to trade events which can only be attended by those over 21.	The Bureau disagrees with this comment. Cannabis events are already limited to those over 21. Business and Professions Code Section 26200, subsection (e) allows for the onsite cannabis sales to, and consumption by, persons 21 years of age or older. The Bureau does not have the authority to override the statute.
5601	1077.5 (p.2195) 1077.10 (p.2195)	Commenters suggest that the regulations be amended to clarify whether or not a licensed nursery may participate in license temporary cannabis event.	The Bureau disagrees with this comment. The regulations clearly indicate that only licensees authorized to engage in retail sales may sell cannabis goods at a cannabis event. Licensed retailers may sell immature plants and seeds at a cannabis event.
5601	1603.23 (p.3540) 1719.23 (p.4089) 1720.25 (p.4107) 1735.27 (p.4306)	Commenters recommend that additional clarification is needed for the requirements for distribution for licensed events.	The Bureau disagrees with this comment. Under the regulations, only licensed retailers may sell cannabis goods at licensed events. Retailers are required to comply with all rules pertaining to transportation. Amendment of the regulatory language is not necessary.
5602	1020.2 (p.2037)	Commenter suggests that the language specify that no exit packages are required for sales at a temporary cannabis event.	The Bureau disagrees with this comment. Business and Professions Code Section 26070.1 requires the use of an exit package for all sales of cannabis goods by a retailer. There is no reason why this requirement should not apply to sales at a temporary cannabis event.
5602	1743.6 (p.4346)	Commenter suggests that live cannabis plants and cannabis seeds be allowed to be sold at cannabis events.	The Bureau agrees with this comment. Live plants and seeds are considered cannabis goods which can be sold at licensed cannabis events. Further amendment to the regulation is not necessary.
5602	1743.5 (p.4345)	Commenter suggests that age verification only be required to be conducted once. Age verification should not be required prior to each sale if the customer's age has already been verified.	The Bureau agrees with this comment. A customer's age is not required to be verified more than once.

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5602	1799.29 (p.4879)	Commenter suggests that the regulations be amended to indicate where cannabis goods sold at an event may originate from and where they must return to after the event.	The Bureau disagrees with this comment. Only licensed retailers may sell cannabis goods at an event. Licensed retailers are required to transport and store cannabis goods in their possession in accordance with the requirements in the regulations. Since the cannabis goods may only come from the retailer and return to the retailer, further clarification is not required.
5603	1020.3 (p.2037)	Commenter suggests that language be added to the regulation to allow the event organizer to sign liability waivers with the participating licensed vendors.	The Bureau disagrees with this comment. The licensed event organizer is ultimately responsible for the event.
5600-5603	114.3 (p.253)	Commenter requests that access be increased in conjunction with social opportunities for small businesses to be able to profit from these events if they cannot afford to obtain a retail license.	The Bureau disagrees with this comment. Under the Act, only a licensed retailer may engage in the sale of cannabis goods. This requirement applies to all sales of cannabis goods, including sales conducted at a cannabis event. Businesses that do not hold a retail license may not sell cannabis goods at an event.
5600/5601/5602/5603	182.5 (p.532)	Commenter suggests that cannabis event licensing be simpler. Commenter suggests creating various levels of events depending on how many people will attend. Commenter believes that it should be easier to find a venue that allows for cannabis events.	The Bureau disagrees with this comment. It is very difficult to predict the number of attendees prior to an event. Additionally, the regulatory costs for the event do not necessarily scale with the number of attendees. The requirement for the use of specific locations to hold cannabis events is found in statute.
5600-5603	190.3 (p.552) 3469 (p.10164)	Commenters suggest that the cannabis event regulations should be more like the rules for wine tastings.	The Bureau disagrees with this comment. Cannabis events and wine tastings are very different types of events with different statutory requirements. Many of the provisions for wine tasting events do not apply to cannabis events.

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5600/5601/5602/5603	122.10 (p.296) 686.11 (p.1316) 754.12 (p.1431)	Commenters suggest that the prohibition on the sale of alcohol at a cannabis event be removed. Commenters believe that a designated and separate beer and wine area at the event would be appropriate.	The Bureau disagrees with this comment. Business and Professions Code section 26200 explicitly prohibits the sale and consumption of alcohol or tobacco on the premises of a licensed temporary cannabis event.
5600/5601/5602/5603	953.3 (p.1901)	Commenter suggests that cannabis consumption at cannabis events should be allowed.	The Bureau agrees with this comment. The regulations allow for the consumption of cannabis goods in designated areas within a licensed cannabis event.
5600/5601/5602/5603	1625.57 (p.3642)	Commenter opposes temporary cannabis events. Commenter recommends a ban on temporary cannabis events.	The Bureau disagrees with this comment. Temporary cannabis events where on-site sale and consumption is allowed is specifically permitted in the Business and Professions Code section 26200. The Bureau does not have the authority to prohibit this activity.
5600-5603	1075.1 (p.2182) 1073.1 (p.2186) 1743.1 (p.4345) 3439 (p.10120) 3628.1 (p.2186)	Cannabis cultivators and manufacturers should be allowed to sell cannabis goods directly to a customer at a licensed cannabis event.	The Bureau disagrees with this comment. Under the Act, only a licensed retailer may engage in the sale of cannabis goods. This requirement applies to all sales of cannabis goods, including sales conducted at a cannabis event. Businesses that do not hold a retail license may not sell cannabis goods at an event.
5600-5603	3398 (p.10070)	Commenter offered support for rules limiting consumption of cannabis goods to specific areas where smoking is allowed.	The Bureau has noted the commenter's support for the section.
5600-5603	3398 (p.10070)	Commenter offered support for the limited locations where a cannabis event may take place.	The Bureau disagrees with this comment. Section 5601 has been amended to allow for cannabis events to occur at any venue authorized by the local jurisdiction as allowed in the recently passed Assembly Bill 2020, which becomes effective January 1, 2019.
5600-5603	3487 (p.10187)	Commenter believes that it is unreasonable that any gathering of people where cannabis consumption is occurring is required to be a licensed cannabis event.	The Bureau agrees with this comment. Not all gatherings of people where cannabis is consumed is considered a cannabis event.

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5600-5603	1711.19 (p.4015)	Commenter suggests that only events that have the sale of cannabis goods should be required to obtain a temporary event license.	The Bureau disagrees with this comment. The Act requires temporary event licensing for any event where the sale or consumption of cannabis goods is occurring.
5600-5603	1363.11 (p.2630) 3432.4 (p.10115)	Commenter suggests that cannabis event licenses should be available for small growers from small communities.	The Bureau agrees in part with this comment. Small businesses are not prohibited from organizing or participating in a cannabis event. Only retailers may engage in the sale of cannabis goods to customers as provided in Business and Profession Code section 26070.
5600-5603	1332.2 (p.2560)	Commenter suggests that cannabis events should be legalized.	The Bureau agrees with this comment. The Act and the regulations provide for licensed cannabis events.
5600-5603	1756.18 (p.4460)	Commenter requests that licensed retailers should be authorized to sell cannabis goods at unlicensed educational events.	The Bureau disagrees with this comment. Under Business and Professions Code section 26200, a temporary event licensed is required to hold an event where cannabis goods are sold.
5700	1360.11 (p.2609); 1649.15 (p.3774)	Commenters recommend redefining "analytical batch" from 20 to 100 to save the laboratories on unnecessary costs. Commenters state that for every analytical batch, quality control samples must be performed to validate the method data at the lab's expense. Commenters state raising the number to 100 would significantly reduce the cost to the lab with only a minimal reduction in quality control samples supporting the lab's results. Commenters state that to give an example, 5/20 samples means the lab is shouldering the cost of 25% of the samples, whereas with 5/100 samples means the lab is	The Bureau disagrees with this comment. The number of samples for the analytical batch is consistent with industry norms, such as environmental laboratory analysis procedures and the Food and Drug Administration (FDA) laboratory analysis procedures. A batch of 20 samples is standard in environmental testing laboratories, as mandated by Environmental Protection Agency (EPA) methods, such as EPA method 538 for the determination of pesticides in drinking water. This definition enables the regulated public to distinguish between an analytical batch and other "batches" as that word is used elsewhere in the regulations.

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		shouldering the cost of only 5% of the samples.	
5700	1645.15 (p.3759) 1645.16 (p.3759)	Commenter recommends adding the term "drug substance" and defining it to mean "any cannabinoid containing material or derivative of cannabis sativa used as an ingredient in the manufacture of Drug Product." Commenter recommends adding the term "drug product" and defining it to mean any formulated mixture, processed, or packaged unit containing Drug Substance in the final dosage form, which may or may not include excipients or other inactive ingredients." Commenter states consumers, manufacturers, and the Bureau could benefit if only "Drug Product" testing was required and "Drug Substance" were exempt from repeat of California compliance testing upon change in custody, and only requiring a COA to verify the identity of the original material be produced under less onerous conditions (e.g. sampling protocol, sample size and repeat full testing). Commenter states the anticipated benefits would be in lower costs, less backlog at qualified test labs, and the Bureau would have a reduced number of tests results to review, navigate, and archive. Commenter states that GMP compliant operators would insist that "Drug Substance" be tested under less onerous	The Bureau disagrees with this comment. Commenter appears to suggest that testing only be required on cannabis products once they are in their final form. However, this is already required under Business and Professions Code section 26100(b) which requires all testing of samples. Thus, the terms and definitions proposed by commenter are unnecessary.

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		research conditions or risk possible batch failure when tested as drug product. Commenter states they strongly recommend that the Bureau consider adopting mandatory compliance testing for "drug product" only.	
5700	1645.2 (p.3758)	Commenter recommends amending the definition of "Inhalable" to mean any solid particle, liquid droplet, gas or vapor that is administered to the lungs via oral inhalation. Current definition does not include new products based on particles or nebulized droplets engineered for lung delivery. Expanded definition considers dry powder and nebulized liquid modes of inhalation delivery.	The Bureau disagrees with this comment. The definition of inhalable is included in the regulations as section 5700 (bb) and is sufficient to promote public health.
5715	1367.3 (p.2643)	Commenter asks that the text of the regulation be amended to reflect the easy-to-understand categories of "inhalable cannabis", "inhalable cannabis product", and "other cannabis and cannabis products" which are used in the guidance table to cover all cannabis goods.	The Bureau disagrees with this comment. Not all cannabis goods that fall under each of commenter's proposed categories will be required to comply with the same testing standards, therefore it is not appropriate to lump all cannabis goods into one of the three proposed categories.
5700	131.3 (p.319)	Commenter notes that "reference material" is not part of the list of Laboratory Quality Control (LQC) samples required for each analytical batch. Commenter notes that laboratory control samples are required for each analytical batch which prohibits the laboratory from using internally characterized cannabis	The Bureau disagrees with this comment. The purpose of the regulation is to require laboratories to implement industry standard, quality control measures. In addition, the regulations require laboratories to produce LQC reports that include the LQC acceptance criteria, measurements, analysis dates, and matrix types. This is necessary because it enables the Bureau to evaluate how the laboratory achieves accurate results while ensuring the data from the quality control samples are precise. Moreover, the

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		flower or any other cannabis products. Commenter notes that the definition for Laboratory Control Sample (LCS) specifically states a "blank matrix." Commenter notes that the purpose of LQC is not clear and that the unique information it could provide for quality assurance is unclear.	regulations do not require the collection of a duplicate field sample. As such, the Bureau's LQC regulation establishes a minimum quality control standard that might otherwise be provided by requiring the collection of duplicate field samples from each batch.
5700	1124.25 (p.2280)	Commenter recommends adding a definition of "THCA" to mean the compound known as tetrahydrocannabinolic acid.	The Bureau disagrees with this comment. THCA is already defined in the regulations at section 5700 (www).
5700	1649.34 (p.3774) 1664.10 (p.3856)	Commenter recommends improving the definition of "water activity" as the ratio between the vapor pressure of the product and vapor pressure of pure water. Water activity is reported in the unit Aw. Water activities above 0.7 support fungal growth, and above 0.9 supports bacterial growth.	The Bureau disagrees with this comment. The definition of water activity is sufficient to promote public health. Section 5717(b) provides the water activity action level of .65 Aw, which is the level at which cannabis can potentially harbor pathogenic bacteria and mold.
5700	1645.13 (p.3758) 1645.14 (p.3758)	Commenters comment that "water activity" is poorly defined and is arbitrary. Commenters remark that water activity of a solution has a different meaning within physical chemistry, and while water activity may be relevant to food products, it should not be applied to inhalable products. Commenter proposes adopting "water content" to mean the quantity of water present as a percentage of the weight of drug product, reported in %.	The Bureau disagrees with this comment. The definition of water activity is sufficient to promote public health. Section 5717(b) provides the water activity action level of .65 Aw, which is the level at which cannabis can potentially harbor pathogenic bacteria and mold.

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5701/5703	55.8 (p.97) 61.8 (p.108) 69.8 (p.158) 55.9 (p.97) 61.9 (p.108) 69.9 (p.158)	Commenter suggests that the Bureau should add a new subsection to prohibit a laboratory license from being issued in a jurisdiction where the local agency has adopted an ordinance prohibiting the establishment of cannabis-related commercial uses.	The Bureau disagrees with this comment in part. The statute and regulations already provide for whether licenses may be issued in jurisdictions that prohibit establishment of commercial cannabis businesses.
5702	1029.2 (p.2059) 1080.3 (p.2207) 1748.33 (p.4410)	Commenter recommends that laboratories should be required to have liability insurance. Lack of insurance could lead to confusion about responsibility and liability, and this is a serious gap in coverage.	The Bureau disagrees with this comment. The Act requires that distributors have insurance but does not have similar provisions for laboratories.
5702	1443.4 (p.2779) 1367.7 (p.2645)	Commenters request clarification on the protections the Bureau provides licensees regarding information they submit.	The Bureau notes this comment. The Bureau is required to comply with all necessary laws relating to confidentiality of information and disclosure of public records, such as the Public Records Act, as well as the Information Practices Act. Additionally, under section 26067(b)(6) of the Business and Professions Code, information collected as part of the Certificates of Analysis and the data packages for sample batches are considered confidential and shall not be disclosed pursuant to the Public Records Act.
5702	3459.1 (p.10152)	Commenter requests a clear and exhaustive list of required testing for each license application so that the SOPs are clearly stated for each test.	The Bureau disagrees with this comment. The required tests are clearly set forth in sections 5702(a) and 5714. The corresponding SOPs that must be submitted for an annual application are set forth in section 5702(b).
5703(j)	1703.2 (p.3958)	Commenter recommends that the Bureau should not be able to revoke a provisional license without first affording the licensee due process.	The Bureau disagrees with this comment. Provisional license provisions are statutorily set. Section 5703(j) now establishes an interim license for laboratories. This license allows laboratories to obtain a license for a brief period while engaging in the

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			accreditation process and is intended to be of a temporary nature.
5705	2.2 (p.2) 204.2 (p.568) 131.6 (p.319) 134.2 (p.336) 155 (p.386) 931.12 (p.1831) 924.19 (p.1800) 997.3 (p.1963) 999.7 (p.1979) 1556.6 (p.3293) 1557.3 (p.3303) 1528.7 (p.3036) 1038.11 (p.2105) 1038.12 (p.2107) 1716.7 (p.4070) 1620.5 (p 3610) 3451.4 (p.10141) 3425.1 (p.10105)	Commenters recommend allowing sampling of bulk batch concentrate in final form (unpacked cannabis concentrate batch sampling), prior to packaging. Commenters state the regulations result in an abundance of physical waste and man-hours spent to breakdown packaging. Commenters state once oil has been added to a vape pen, usually in ½ gram or 1-gram quantities, the cannabis product is very difficult to remove for testing. One commenter states once sealed, these products are not meant to be opened and doing so poses a serious risk to laboratory technicians because the struggle to open containers can result in broken glass and exploding batteries and utilizes tools that can potentially contaminate the product within.	The Bureau disagrees with this comment. This recommendation conflicts with regulations established by the CDPH for manufactured cannabis goods.
5705	1641.6 (p.3742)	Commenter states laboratories should be allowed to sample from inhalable cannabis product in bulk form. Commenter also supports adding a requirement for biannual packaging testing to ensure that the chosen packaging does not contaminate the sample.	The Bureau disagrees with this comment. This recommendation conflicts with regulations established by the CDPH for manufactured cannabis goods. Additionally, testing on products in their final form is statutorily mandated by Business and Professions Code section 26100 et seq.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5705	1051.6 (p.2150)	Commenter recommends requiring testing of retail products only, or at a licensee's discretion.	The Bureau disagrees with this comment. Business and Professions Code section 26100 requires all cannabis goods to be tested. The Bureau cannot change statute.
5705	1756.2 (p.4452)	Commenter recommends moving testing to the manufacturing stage, consistent with other industries, rather than pulling from finished goods. Moving product that hasn't been tested into yet another facility location with other non-tested products increases risk of contamination.	The Bureau disagrees with this comment. Business and Professions Code section 26100 provides that cannabis goods cannot be sold unless a representative sample is tested. This recommendation conflicts with regulations established by the CDPH for manufactured cannabis goods. Distributors are required to have cannabis goods tested in final form pursuant to Business and Professions Code sections 26100 and 26110.
5705	1026.6 (p.2053)	Commenter recommends reducing the sample quantity required to be obtained from product batches.	The Bureau disagrees with this comment. The Bureau has determined the appropriate sample size to ensure accurate testing results. ISO 2859 standards were used to determine the number of sample increments relative to batch size.
5705	1739.8 (p.4319)	Commenter recommends that testing, such as for pesticides, should be done on cannabis ingredients, not the final product. For non-cannabis ingredients, adopt the USDA Organic rules, which allows for residual amounts of pesticides.	The Bureau disagrees with this comment. Business and Professions Code section 26100 requires cannabis goods to be tested in final form. The Bureau cannot change statute.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5705	178.2 (p.523) 914.1 (p.1755) 1532.4 (p.3124) 1563.2 (p.3337)	Commenter recommends adding the requirement to collect a primary and duplicate sampling. Commenter remarks that this is a critical quality control technique that must remain in the regulations. It's the key component of calculating a percent Relative Standard Deviation (RSD).	The Bureau disagrees with this comment. Laboratories are required to produce and test replicate laboratory samples as part of the laboratory's quality control procedures. The regulations define laboratory replicate sample as a second sub-sample taken from the representative sample during sample preparation and analyzed in an identical manner to the first sub-sample. The results from replicate analyses are used to evaluate analytical precision. Analyzing a laboratory replicate sample per analytical batch is standard procedure in environmental test methods. Preparation of a laboratory replicate sample is a necessary component of quality-control procedures, and providing the definition lends clarity to the regulations.
5705	1759.12 (p.4503) 1763.5 (p.4532) 3451.2 (p.10141)	Commenters note that the financial overhead that is required to fully package vape cartridges and other vape products and then require the testing facility to re-extract the product for testing is "beyond comprehension." Commenter comments that there is a high degree of testing result variability introduced by requiring laboratories to dis-assemble hardware to extract the cannabis product contained within. Commenters also indicate that this process creates a significant increase in time to analyze the sample.	The Bureau disagrees with this comment. Business and Professions Code section 26100 requires cannabis goods to be tested in final form. This recommendation also conflicts with regulations established by the CDPH for manufactured cannabis goods.
5705	204.2 (p.568) 961.1 (p.1911) 3557.3 (p.10275)	Commenters recommend setting an oil batch limit. Commenters note that Nevada and Massachusetts have similar provisions and that many of the inconsistencies in product batches come from lack of uniformity in oil batches.	The Bureau disagrees with this comment. This recommendation conflicts with regulations established by the CDPH for manufactured cannabis goods.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5705	194 (p.556)	Commenter comments that small batch, hand-made products within 5 mg of difference are failing testing because they are not all exactly the same.	The Bureau notes this comment. There is no recommendation made by commenter.
5705	3519 (p.10221)	Commenter suggests that the testing requirements be shifted to the manufacturers. Commenter states that if a manufacturer sends 100 units of a batch to five distributors, the test costs $5,000 which translates to ten dollars in added cost per unit. Commenter states that if instead, testing is done at the manufacturing level, the $1,000 testing cost is spread over all 500 units, adding only two dollars cost per unit. Commenter states it would increase efficiency in testing and pricing with no downside to testing integrity.	The Bureau disagrees with this comment. Business and Professions Code section 26110 requires that distributors arrange for testing by testing laboratories. The Bureau cannot change statutory provisions.
5705	8 (p.9)	Commenter recommends allowing for product batch testing at the farm where the flowers originate. Commenter comments that this allowance will "solve all problems" and remarks that requiring sampling and testing from the distribution site "is a terrible idea, as a fresh product as an expiration date."	The Bureau disagrees with this comment. Business and Professions Code section 26110 requires that distributors arrange for testing by testing laboratories. The Bureau cannot change statutory provisions.
5705	855.9 (p.1702) 1267.20 (p.2482) 1536.4 (p.3160) 1537.4 (p.3166) 1548.19 (p.3215)	Commenter recommends skip-lot or process validation rules to address testing capacity issues.	The Bureau disagrees with this comment. Business and Professions Code section 21600, setting forth testing requirements, provides that a cannabis good cannot be sold, unless a representative sample has been tested. The Bureau believes that each batch of cannabis goods offered for sale in

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
	1623.21 (p.3628) 1626.11 (p.3647)		California should be tested for potency, contaminants, and terpenoids, if requested.
5705	1766.2 (p.4589) 1366 (p.2640)	Commenters recommend that sampling be done on a random basis. One commenter states random basis testing is commonly used in other industries such as tobacco, pharmaceutical, and food. One commenter indicates that the sampling methods enumerated discuss non-random sampling because samples of equal weight are to be collected, which is considered a non-random scientific method. Commenter recommends that a random method of collecting samples whereby every cannabis batch, independent of size or weight, is randomly sampled. The values are then normalized and represented per weight to be representative of each batch and capable of inter-batch comparison.	The Bureau disagrees with this comment. The regulations require that the laboratory obtain a representative sample by obtaining sample increments from random and varying locations of the unpacked harvest batch, both vertically and horizontally.
5705	931.15 (p.1831)	Commenter recommends that the Bureau allow for a distributor to conduct a visual inspection using objective standards and uniform guidelines that can be implemented at the distribution facility to occur prior to release to the testing laboratory. The comment suggests that the distributor can detect contamination by visual inspection and that this would obviate the need for subsequent testing thereby reducing cost and testing time for the testing laboratories.	The Bureau disagrees with this comment. Business and Professions Code section 26100 requires a licensed laboratory to obtain a representative sample for testing and to conduct testing at the laboratory. However, there is nothing that prohibits a distributor from visually inspecting a batch before having it tested. After testing, the distributor is required to conduct quality assurance review prior to releasing a cannabis goods batch for retail sale. During quality assurance review, if a distributor discovers that the goods are adulterated or otherwise not fit for retail, the distributor may not release the batch.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5705(b)	921.3 (1776) 1710.10 (p.4009) 1711.28 (p.4018) 1364.9 (p.2636) 1428.4 (p.2756) 1526.2 (p.3018) 3482.1 (p.10180) 3518 (p.10220) 3400 (p.10072) 1739.8 (p.4319) 1739.9 (p.4319)	Commenters recommend allowing batch sampling and testing of cannabis and cannabis concentrates that will be infused cannabis goods. Commenters note common ingredients used in manufactured cannabis goods (e.g. herbs, oils, creams, etc.) are subject to comparatively less strict contaminant action levels and therefore use of these ingredients in cannabis goods causes the goods to fail the mandated testing and remarks that this occurs even where "100% organic" ingredients are used because California organic regulations for pesticides are comparatively less stringent.	The Bureau disagrees with this comment. Business and Professions Code section 26100 requires cannabis goods to be tested in final form. Therefore, the Bureau does not have discretion to allow for non-final form testing of cannabis goods for complying with the regulatory compliance testing.
5705(a)	132.3 (p.323) 204.8 (p.573) 931.17 (p.1831) 1038.16 (p.2117) 1289.4 (p.2510) 1360.12 (p.2609) 1367.1 (p.2643) 1428.9 (p.2757) 1532.1 (p.3123) 1649.16 (p. 3774) 1664.11 (p.3856) 1665.19 (p.3877) 1666.19 (p.3895) 1713.19 (p.4038) 1716.12 (p.4075) 1728.19 (p.4150) 1729.19 (p.4168)	Commenters recommend removing the requirement that all tests must be performed at one laboratory site. Commenters recommend allowing laboratories to subcontract with other laboratories that are accredited and hold a Bureau license. Commenters indicates that allowing for subcontracting of select tests will optimize laboratories' testing capabilities and would be a cost efficiency for laboratories and consumers.	The Bureau disagrees with this comment. The Bureau believes that holding a cannabis testing license should require competency in all the required test methods. The Bureau notes that while sub-contracting may be an established practice among environmental laboratories, as noted by some of the commenters, the privileges associated with an environmental laboratory operation have been established over several years through regulation by both the state and federal environmental agencies. Cannabis is a newly regulated industry and still a controlled substance at the federal level. Therefore, it is necessary that testing results come from one laboratory which is ultimately responsible for the sample and test results.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
	1730.17 (p.4186) 1731.17 (p.4204) 1732.27 (p.4231) 1733.27 (p.4258) 1734.27 (p.4285) 1741.19 (p.4339) 1753.17 (p.4442) 1758.27 (p.4489) 1759.17 (p.4508) 1763.6 (p.4533) 1765.17 (p.4583) 1791.17 (p.4822) 3395 (p.10066)		
5705(b)	1715.3 (p.4062) 3422.1 (p.10101) 3406.2 (p.10080)	Commenters recommend testing in final form, but not final packaging. Commenters note that the most accurate potency results are not received until after the product is tested.	The Bureau disagrees with this comment. Business and Professions Code section 26100 requires testing in final form. CDPH's regulations for manufactured cannabis products requires them to be packaged before being transferred to a distributor for testing.
5705(b)	1099 (p.2246) 1101 (p.2249) 1136 (p.2324) 1327.2 (p.2553) 1377.1 (p.2666) 1428.4 (p.2756) 1526.2 (p.3018) 1711.28 (p.4018) 3400 (p.10072)	Commenters propose "testing at the point of maximum concentration" whereby concentrate and distillate products are tested for compliance with the regulations before incorporation/infusion into a manufactured product. Commenters recommend requiring the final product tested for potency and microbial impurities.	The Bureau disagrees with this comment. Business and Professions Code section 26100 requires testing in final form. CDPH's regulations for manufactured cannabis products requires them to be packaged before being transferred to a distributor for testing.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5705(b)	921.3 (p.1776) 1739.8 (p.4319) 1739.9 (p.4319)	Commenters recommend requiring only the cannabis portions of the product to be tested for residual pesticides. Commenters comment that many essential oils, creams, and other products that are used as a base for cannabis products are not pesticide-free and therefore use of these products in the manufacturing of cannabis goods result in failed regulatory compliance testing results.	The Bureau disagrees with this comment. Business and Professions Code section 26100 requires testing in final form. CDPH's regulations for manufactured cannabis products requires them to be packaged before being transferred to a distributor for testing.
5705(b)	1052 (p.2157)	Commenters recommend allowing third-party testing of "in-process" cannabis goods. Commenters suggest allowing flower that passes regulatory compliance testing to be transported to a processor without requiring additional testing.	The Bureau disagrees with this comment. Regulatory compliance testing must take place once the cannabis good is in final form as required by Business and Professions Code section 26100. However, the regulations do not prohibit a licensed manufacturer, retailer, distributor, or microbusiness from requesting testing for quality-assurance purposes.
5705(b)	1093.1 (p.2232)	Commenter recommends reducing the sampling unit size by 30% taking into consideration that compliance testing begins with harvest batch sampling and allow R&D testing to be sufficient. Commenter also recommends removing subsection (b) of the section which requires that laboratories analyze samples only from batches in final form.	The Bureau disagrees with this comment. The general sampling requirement is necessary to ensure the following: the laboratory obtains a representative sample from a licensed distributor or licensed microbusiness and performs all the required testing at one licensed laboratory premises; the laboratory follows a sampling SOP; the laboratory transports and stores samples in a manner that prevents degradation, contamination, commingling, and tampering; and the laboratory completes a chain of custody. The Bureau has determined that 0.35% is the minimum necessary sample size to ensure that all required testing can be performed. Business and Professions Code section 26100, and following, require specific testing for regulatory compliance; thus, research and development sampling is not sufficient.

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5705(b)	1367.8 (p.2645)	Commenters recommend that the Bureau clarify whether licensed growers and manufacturers should be able to contact laboratories for research and development testing services outside of compliance testing.	The Bureau notes this comment. The regulations do not prohibit licensees from conducting research and development testing services.
5706 (a)	1703.3 (p.3958)	Commenters recommend that the Bureau make clear that the chain of custody (COC) form applies from point of sampling to when received by the laboratory. Commenters comment that subsamples will be impossible to track on a single form.	The Bureau disagrees with this comment. Section 5706(c) clearly states that each time a sample changes custody between licensees this must be recorded on the COC. The regulations do not require tracking of subsamples within the laboratory on the COC.
5706(d)	1645.1 (p.3758)	Commenters recommend adding a requirement that the COC form be stored at the licensed distributor's site for a minimum of 90 days.	The Bureau disagrees with this comment. All licensees are required to maintain and store accurate records relating to commercial cannabis activity for a minimum of seven years, pursuant to Business and Professions Code section 26160.
5707	302 (p.789)	Commenter recommends adding round and square brackets to the weight ranges identified for cannabis harvest batch sizes. Commenter comments that this change is necessary to clarify for laboratory analysts the one tenth pounds at the margin of the harvest batch size range (e.g. 10.01-10.09 pounds, 20.01-20.09 pounds, 30.01-30.09 pounds, and 40.01-40.09 pounds).	The Bureau disagrees with this comment. The weight ranges established for harvest batch sizes and cannabis product batch or pre-roll batch sizes are written in standard, commonly understood, numbers. The Bureau believes that the 0.1 pounds between each weight range, in the case of harvest batches, is appropriate. In the event of a harvest batch size that is on the margin, for example 20.06 pounds, the Bureau expects that laboratory analysts will exercise fundamental mathematical reasoning and round to the nearest one tenth of a pound, in this case 20.1 pounds.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5707	1570.2 (p.3361)	Commenter recommends limiting the pre-roll batch size to 50 lbs., even if the pre-roll units are infused with oil. Commenter recommends prohibiting pre-roll batch sizes of 150,000 units per batch and comments that this quantity is too large to adequately manage product quality assurance.	The Bureau disagrees with this comment. Business and Professions Code section 26100 requires the laboratories to conduct testing of cannabis goods in their final form. Pre-roll cannabis goods may contain cannabis and other additives such as kief, terpene extract, and cannabis extracts. In addition, both the contents of the pre-roll cannabis goods and the exterior used to roll the goods (rolling paper) are consumed during the consumption process. Thus, the final form in which the good is consumed is the pre-roll and this is the item that must be sampled and tested for contaminants and potency. In addition, the per-unit manufacturing capability and capacity is determined by the licensee conducting this activity and is not prescribed by the Bureau.
5707	1360.13 (p.2609)	Commenter recommends requiring a representative sample size of "0.35% of the batch or 30 grams, whichever is least." Commenter states that requiring a minimum sampling quantity of 0.35% per harvest batch is excessive for larger batches.	The Bureau disagrees with this comment. The Bureau has determined that 0.35% is the minimum necessary sample size to ensure that all required testing can be performed and that the sample is representative of the entire batch.
5707	119.27 (p.283)	Commenters recommend increasing the batch harvest size limit to 100 pounds to help cannabis producers and distributors save money on testing costs and reduce wait times for receiving COAs from laboratories.	The Bureau disagrees with this comment. In determining the maximum batch size of 50 pounds, the Bureau considered many factors including: the time and labor required to sample a 50-pound batch, the amount of flower that equates to 0.35% of the batch size, the proper amount to ensure reliable results, and the potential volume of waste produced if a whole batch could not be remediated. Considering these factors, the Bureau determined that 50 pounds should be the maximum allowable batch size.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5707	1537.9 (p.3166)	Commenter suggests that composite sampling of harvest batches should be permitted. Commenter states that many of the pesticides that laboratories are required to test for are rarely used. Commenter further indicates that pesticides that are not detected in actual test samples should be removed from the list of required analytes. Commenter recommends that crops that consist of multiple batches should not be required to undergo pesticide testing for each batch if all batches are harvested at the same time.	The Bureau disagrees with this comment. Highly contaminated "sub" batches can be masked by compositing with "clean" batches. Composite sampling for multiple strains would make the remediation process onerous because subsequent full-panel contaminant testing would be necessary to identify the specific "sub" batch that caused the failed result.
5707	1703.4 (p.3958)	Commenters recommend reducing the maximum harvest batch or using the term "a sample taken without bias" in place of "a representative sample." Commenter comments that it is difficult to obtain a representative sample from harvest batches as large as 50 lbs. that are packaged in drums or other containers and filled to the max.	The Bureau disagrees with this comment. Business and Professions Code section 26100(a) prohibits the sale of cannabis goods unless a representative sample of the cannabis goods has been testing by a licensed testing laboratory. Thus, the Bureau has no discretion to remove the requirement that laboratories obtain a representative sample. In addition, in determining the maximum batch size of 50 pounds, the Bureau considered many factors including the projected volume of harvest batches produced by cultivators and the corresponding need for expedient testing options. Considering these factors, the Bureau determined that 50 pounds should be the maximum allowable batch size. However, cultivators are not required to produce only 50-pound harvest batches. Lesser quantity harvest batches may be produced and sampled for regulatory compliance testing.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5707	1783.1 (p.4764)	Commenter indicates that batch testing is restrictive and cost-prohibitive. Commenter states that, for cultivators, testing could cost $52,000 in testing fees. Commenter believes that testing each 50 lb. harvest batch is overly burdensome in terms of economic viability and results in repetitive testing that shows the same result for every batch in the greenhouse.	The Bureau disagrees with this comment. Testing of each batch is mandated by Business and Professions Code section 26100. In addition, in determining the maximum batch size of 50 pounds, the Bureau considered many factors including the projected volume of harvest batches produced by cultivators and the corresponding need for expedient testing options. Considering these factors, the Bureau determined that 50 pounds should be the maximum allowable batch size. However, cultivators are not required to produce only 50-pound harvest batches. Lesser quantity harvest batches may be produced and sampled for regulatory compliance testing.
5707(a)	1649.17 (p.3774) 1664.12 (p.3857)	Commenters recommend that "a minimum of" be added to before "0.35%", to be consistent with section 5707 (b), to read "The sampler shall obtain a representative sample from each prepacked or unpacked harvest batch. The representative sample must weigh a minimum of 0.35% of the total harvest batch weight."	The Bureau disagrees with this comment. Subsections (a) and (b) are not in conflict or inconsistent.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5707(c)	178.1 (p.523) 1563.4 (p.3338) 1638.1 (p.3694) 3457.1 (p.10149)	Commenters recommend reducing the maximum harvest batch size to 10 pounds to ensure that the laboratory collects a representative sample of the batch. Commenters recommend sampling requirements be changed to include a maximum batch size of 10 pounds with a primary and duplicate sample, and that cannabis testing laboratories be required to obtain a manufacturer certificate regarding the capabilities of their instrumentation as well as insurance to protect the city/state from liability.	The Bureau disagrees with this comment. In determining the maximum batch size of 50 pounds, the Bureau considered many factors including the projected volume of harvest batches produced by cultivators and the corresponding need for expedient testing options. Considering these factors, the Bureau determined that 50 pounds should be the maximum allowable batch size. However, cultivators are not required to produce only 50-pound harvest batches. Lesser quantity harvest batches may be produced and sampled for compliance testing. The regulations already require a representative sample sufficient for regulatory compliance testing. At this time, the Bureau has not determined a need for the recommended certificate as licensees must maintain all records related to commercial cannabis activities. MAUCRSA requires distributors to have insurance, however, other licensees are not prohibited from obtaining insurance. Any insurance obtained by a licensee insures the licensee, not the city or State.
5707(c)	914.3 (p.1756)	Commenters recommend reducing the maximum harvest batch size to 15 pounds to ensure that the laboratory collects a representative sample of the batch.	The Bureau disagrees with this comment. In determining the maximum batch size of 50 pounds, the Bureau considered many factors including the projected volume of harvest batches produced by cultivators and the corresponding need for expedient testing options. Considering these factors, the Bureau determined that 50 pounds should be the maximum allowable batch size. However, cultivators are not required to produce only 50-pound harvest batches. Lesser quantity harvest batches may be produced and sampled for compliance testing.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5707(c)	1532.5 (p.3124)	Commenters recommend reducing the maximum harvest batch size to 20 pounds or less, to ensure that the laboratory collects a representative sample. In Oregon, batches over 15 lbs. were non-homogenous.	The Bureau disagrees with this comment. In determining the maximum batch size of 50 pounds, the Bureau considered many factors including the projected volume of harvest batches produced by cultivators and the corresponding need for expedient testing options. Considering these factors, the Bureau determined that 50 pounds should be the maximum allowable batch size. However, cultivators are not required to produce only 50-pound harvest batches. Lesser quantity harvest batches may be produced and sampled for compliance testing.
5707(c) 5708(c)	178.1 (p.523) 195 (p.557) 914.3 (p.1756) 1563.1 (p.3337) 1532.5 (p.3124) 1716.13 (p.4075) 1703.4 (p.3958) 1532.5 (p.3124) 1638.1 (p.3694) 3457.1 (p.10149) 3489 (p.10189)	Commenter comments that the 50-pound maximum batch size is too large. A few ounces to represent a 50 lb. batch is a miniscule sample and leaves too much room for error. But too large of a lot size creates monetary pressures on testing laboratories to falsify results. Commenter recommends a smaller batch size to allow for an increased likelihood of a more homogeneous and representative sample. This is a public safety issue.	The Bureau disagrees with this comment. In determining the maximum batch size of 50 pounds, the Bureau considered many factors including: the time and labor required to sample a 50-pound batch, the amount of flower that equates to 0.35% of the batch size, and the potential volume of waste produced if a whole batch could not be remediated. Considering these factors, the Bureau determined that 50 pounds should be the maximum allowable batch size.
5707(c)	119.27 (p.283) 134.2 (p.336) 1366 (p.2640) 141.15 (p.354)	Commenters recommend increasing the batch harvest batch size limit to 100 pounds to help cannabis producers and distributors save money on testing costs and reduce wait times for receiving COAs from laboratories.	The Bureau disagrees with this comment. In determining the maximum batch size of 50 pounds, the Bureau considered many factors including: the time and labor required to sample a 50-pound batch, the amount of flower that equates to 0.35% of the batch size, the appropriate amount for reliable results and the potential volume of waste produced if a whole batch could not be remediated. Considering these factors, the Bureau determined that 50 pounds should be the maximum allowable batch size.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5707(d)(3)	302 (p.789) 1354 (p.2586)	The commenters propose to clarify the intervals used for unpacked harvest batch sizes. Commenters advise that the real number intervals should be listed with round and square brackets; round to be exclusive and square to be inclusive.	The Bureau disagrees with this comment. The unpacked harvest batch sizes are represented in commonly understood ranges of ≤ 10.0; 10.1 – 20.0; 20.1 – 30.0; 30.1 – 40.0; 40.1 – 50.0. The Bureau believes that the change would confuse, rather than clarify, this section.
5708	922.8 (p.1782) 1007.1 (p.2019) 1190.5 (p.2395) 1196 (p.2403) 1570.2 (p.3361) 1289.6 (p.2511) 1367.9 (p.2646)	Commenter recommends that pre-rolls that do not contain manufactured cannabis should be treated as flower and placed under the testing sampling requirements for unpacked harvest batches. The unpacked pre-roll materials should be testing in bulk batches up to 50 pounds before being rolled into pre-rolls. Commenter requests removing the requirement to test pre-rolls in production batches. Pre-rolled joints should not be required to be tested in production batches. Commenter comments that there is no reason to require batch testing of pre-rolls, if they are made with pre-tested flowers. This is not required in CO, OR, WA, NV, or MA.	The Bureau disagrees with this comment. Business and Professions Code section 26100 requires the laboratories to conduct testing of cannabis goods in their final form. Pre-roll cannabis goods may contain cannabis and other additives such as kief, terpene extract, and cannabis extracts. In addition, both the contents of the pre-roll cannabis goods and the exterior used to roll the goods (rolling paper) are consumed during the consumption process. Thus, the final form in which the good is consumed is the pre-roll and this is the item that must be sampled and tested for contaminants and potency.
5708	3442 (p.10121)	Commenter requests clarification on sampling and testing of pre-rolls. Commenter notes that the weight of the sample is dependent on whether the product has a filter and the paper used to roll the product.	The Bureau disagrees with this comment. The regulations clearly indicate that pre-rolls must be tested in increments not by weight.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5708	3422.2 (p.10101)	Commenter recommends requiring residual solvent testing of enhanced pre-rolls and "moonrocks" to ensure detection of residual solvents that may have been used in the extraction of the enhancement with oil, rosin, shatter, kief, etc.	The Bureau agrees with this comment. The regulations require pre-rolls to be tested for residual solvents.
5708	3454.2 (p.10145) 3459.3 (p.10153)	Commenters request clarification of the term "increment."	The Bureau disagrees with this comment. The term sample increment is defined in section 5700(ooo), therefore further clarification is not necessary.
5708	1029.3 (p.2059) 1080.4 (p.2207)	Commenters request clarification on whether discrete testing is needed at each increment or combined; need required procedures to ensure uniform sampling; increments need to be 100% dispensed to make a composite test sample.	The Bureau disagrees with this comment. The regulations clearly indicate the number of increments for the size of the batch. The regulations contain sampling requirements for all laboratories.
5708	3457.1 (p.10149)	Commenter indicates that from a scientific perspective, the sampling requirements are not capable of providing accurate and representative results. The batch size is too large to accurately represent, and should be reduced to ten pounds, which is the standard for other states.	The Bureau disagrees with this comment. In determining the maximum batch size of 50 pounds, the Bureau considered many factors including: the time and labor required to sample a 50-pound batch, the amount of flower that equates to 0.35% of the batch size, the appropriate amount for reliable results, and the potential volume of waste produced if a whole batch could not be remediated. Considering these factors, the Bureau determined that 50 pounds should be the maximum allowable batch size.
5708(c)	131.7 (p.319)	Commenter notes that the term "pre-roll" is unclear and that the lack of clarity makes it difficult for the laboratory to know how to sample and test these products. Commenter asks what pre-rolls containing concentrated cannabis such as hash are considered to be.	The Bureau disagrees with this comment. The term "pre-roll" is defined in section 5000(q) for purposes of defining the pre-rolls that distributors can make. Pre-roll, including infused pre-roll, is also defined by the CDPH for purposes of defining the pre-rolls that manufacturers can produce. As used in the testing regulations, pre-roll applies to all products that meet the

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
			definition of pre-roll under the Bureau's regulations or under one of the other licensing authorities' regulations.
5708(d)	1649.18 (p.3774) 1664.13 (p.3857)	Commenter recommends that the minimum number of increments of a representative sample be 5 and not 2, to obtain a sufficient number of increments to determine the homogeneity of the cannabis product batch.	The Bureau disagrees with this comment. The increment table outlined in section 5708 is based on ISO 2859.
5709	122.11 (p.297)	Commenter requests that the Bureau allows a microbusiness to transport samples.	The Bureau disagrees with this comment. Business and Professions Code section 26104 requires that samples be transported by laboratory personnel. The Bureau cannot change statutory requirements.
5709	219 (p.604)	Commenter recommends that the Bureau remove the mandates that all testing laboratories are required to own/lease a vehicle and can only drive to licensed distributors and other licensed cannabis businesses.	The Bureau disagrees with this comment in part. MAUCRSA provides that licensed laboratories collect and transport samples for testing. The Bureau has determined that in order to properly regulate the transportation of samples, licensees must have ownership and control of the vehicle used for commercial cannabis activity. Destinations have been determined by those necessary to conduct the commercial cannabis activity the laboratory license authorizes.
5709	914.4 (p.1756)	Commenter recommends that an employee of a laboratory who has been hired to perform sampling or transportation of cannabis goods samples shall be required to provide the laboratory and/or the Bureau with proof of ownership or lease of the vehicle used to transport cannabis goods samples.	The Bureau disagrees with this comment. The regulations provide that the laboratory must provide proof of its registered ownership of vehicles used to collect and transport samples. The Bureau has determined that to properly regulate the transportation of samples, licensees must have ownership and control of the vehicle used for commercial cannabis activity.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5709	1645.3 (p.3759)	Commenter recommends adding the requirement that "The manufacturing site is responsible for defining suitable transport and storage conditions and their disclosure to the laboratory."	The Bureau disagrees with this comment. Business and Professions Code section 26104 requires that the sample be collected and transported by the testing laboratory and its employees.
5709	1664.15 (p.3857)	Commenter recommends that the laboratory should be responsible for prepare the shipping manifest for sample transportation, not the distributor or microbusiness. This would allow the laboratory to optimize the route, and correctly fill-in the estimated date and time of arrival.	The Bureau disagrees with this comment. Business and Professions Code section 26104 requires that the sample be collected and transported by the testing laboratory and its employees. However, the sample will be removed from the distributor's inventory and must be appropriately documented.
5709	1703.5 (p.3958)	Commenter objects to the requirement that samples be locked in a fully enclosed box, container, or cage that is secured to the inside of the vehicle or trailer. The risk of vehicle break-in or sample diversion is overstated given the relatively small quantities of product transported by laboratories. Requiring locks on coolers or cages where coolers are stored is excessive and brings more attention to transport vehicles.	The Bureau disagrees with this comment. The Bureau is statutorily mandated to hold the protection of the public as the highest priority. Additionally, the regulations provide that cannabis goods and samples shall not be visible during transport.
5709	1703.6 (p.3958)	A vehicle alarm system is unnecessary and will result in added costs, especially if a laboratory employee is required to remain in the vehicle except for short stops.	The Bureau disagrees with this comment. The Bureau is statutorily mandated to hold the protection of the public as the highest priority. A vehicle alarm deters theft and alerts persons to a break in to the vehicle.

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5709	1703.7 (p.3958)	Laboratories should be permitted to aggregate samples in intermediary locations prior to transport to the laboratory. Requiring vehicles to go directly from distributors to the laboratory is costly and unnecessary for maintaining sample integrity.	The Bureau disagrees with this comment. The regulations, under section 5709, do not prohibit testing laboratories from going to multiple distributors to obtain samples before returning to the laboratory. However, any deviation is prohibited as to maintain security and integrity of the cannabis goods samples.
5709(a)	1649.19 (p.3775) 1664.14 (p.3857)	Commenter requests clarification as to whether a laboratory can collect samples from one distributor, and then travel to a second or third distributor to collect samples from them, and then return to the laboratory's licensed premises. Language should clarify that a laboratory can travel between licensees to collect samples.	The Bureau notes this comment. The regulations specify, under section 5709 that the laboratory may transport multiple cannabis goods samples obtained from multiple licensees at once.
5709(b)(1)	15 (p.14)	Commenter proposes that the laboratories register cars that will be used for sample pick up (which will also be reflected in the chain of custody forms) without the car having to be owned by the laboratory.	The Bureau disagrees with this comment. The regulations include the recommended provisions as Section 5709(b)(1) requires the laboratory to be the registered owner of the vehicle to ensure the licensee has control over the vehicle.
5709(b)(1)	1703.8 (p.3958)	Commenters object to the requirement that licensees own the vehicles that are used for transporting samples. Commenters state that as long as the vehicle is insured and registered with the Bureau, they are unsure of what risk is mitigated by this requirement.	The Bureau disagrees with this comment. The regulations provide that the laboratory must provide proof of its registered ownership of vehicles used to collect and transport samples. The Bureau has determined that to properly regulate the transportation of samples, licensees must have ownership and control of the vehicle used for commercial cannabis activity.
5710	924.19 (p.1800) 1752.1 (p.4424) 1752.2 (p.4424) 1752.3 (p.4424)	Commenters recommend explicitly allowing laboratories to test samples of cannabis goods at any time upon request by a licensee, provided that mandatory quality	The Bureau disagrees with this comment. Compliance testing must be done at final form of a representative sample obtained at a licensed distributor. However, the regulations do not prohibit a licensed manufacturer, retailer, distributor, or

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		assurance testing is still performed in accordance with all applicable laws and regulations. Commenters state that for intermediate and in-process samples, testing laboratories should be permitted to either collect samples from the requesting licensee's site or accept drop-off samples by the requesting licensee.	microbusiness from requesting testing for quality-assurance purposes.
5710	686.12 (p.1317) 754.13 (p.1431)	Commenters state that microbusiness should be allowed to deliver samples to the laboratory in an appropriate vehicle or trailer after creating a manifest in Track & Trace as well as a Chain of Custody (COC) document.	The Bureau disagrees with this comment. Business and Professions Code section 26104 requires that the sample be collected and transported by the testing laboratory and its employees.
5710(a)	914.5 (p.1756)	Commenter recommends that sampling is performed only by licensed and accredited laboratories and notes that this section indicates that the section permits licensed distributors and microbusinesses to perform their own compliance sampling.	The Bureau disagrees with this comment. Business and Professions Code section 26104 requires The Bureau to develop procedures that ensure that a testing laboratory employee obtains the sample of cannabis good from the distributor's premises for regulatory compliance testing and that the testing laboratory employee transports the sample to the testing laboratory. Thus, the Bureau has no discretion to allow a licensee, other than the testing laboratory, to obtain and deliver samples for testing required under MAUCRSA.
5711	1029.1 (p.2059) 1080.2 (p.2207) 3459.1 (p.10153)	Commenter requests clarification on whether a Standard Operating Procedure must be submitted for each analytical test that the laboratory will perform, and how detailed should the applicant be.	The Bureau disagrees with this comment. The regulations list the specific Standard Operating Procedures that must be submitted by a laboratory, in the application for an annual license.
5711	855.20 (p.1702) 1077.47 (p.2204)	Comment is in support of efforts to reduce variance in testing through requiring laboratories to submit SOPs.	The Bureau notes commenters' support of the section.

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	1267.34 (p.2486) 1548.34 (p.3215)		
5712	1638.3 (p.3694)	Commenter recommends further clarifying that it is preferred to qualitatively assess the presence of microbiological coat without the use of enrichment microbes.	The Bureau disagrees with this comment. The regulations require that laboratories develop, validate, and implement methods for microbial testing that, to the extent possible, comport with the FDA BAM. The Bureau does not mandate a specific method for analysis.
5713	34.1 (p.59) 34.2 (p.59)	Commenters recommend requiring spectroscopic techniques for cannabinoid and terpene testing. Commenter states that requiring recovery and spiking tests discriminates against any testing method where the sample is not placed into solution, including spectroscopy.	The Bureau disagrees with this comment. The Bureau has performance, rather than prescriptive, standards. Thus, the Bureau does not mandate the use of specific instrumentation or techniques. The Bureau mandates that the laboratories are capable of competently performing the required testing. The Bureau also notes that the required criteria for chemical analyses must be applied for all analysis, regardless of method type the laboratory selects.
5713	1641.1 (p.3741)	Commenter recommends clarifying the term “reproducibility” to help decrease inter-laboratory discrepancies.	The Bureau disagrees with this comment. The Bureau believes this term is sufficiently defined in its usage for testing. Reproducibility is unambiguous in analytical chemistry. Similar, common laboratory terms are elaborately defined in the method that are incorporated by reference in the regulations and ISO/IEC 17025 accreditation documents.

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5713	1360.21 (p.2611)	Commenter indicates the method stated for finding LOQ is designed for trace analysis and does not work on background-subtracted analyses. A more apt method would then be to use repeated, low level matrix spikes perform 10xSTDev. A common mistake is to base ASQL solely on signal-to-noise ratio (S/N) whereby ASQL is set equal to ten times the standard deviation of the blanks (i.e., ASQL=10s). Therefore, this LOQ method is not recommended for metals or potency.	The Bureau disagrees with this comment. The Bureau believes the provided method is sufficient. Background subtraction would not be permitted because the subtracted levels would most likely be greater than the LOQ. Pursuant to section 5730, no analytes in the MB can be greater than the LOQ.
5713(a)	119.29 (p.284) 1639.7 (p.3701) 3484.4 (p.10184)	Commenter proposes disallowing laboratories from developing their own unique methods. Commenter suggests prohibiting laboratories from using a nonstandard, amplified, or modified test method or a method that is designed or developed by the laboratory to validate the methods for analyses of samples. Commenter comments that laboratories should use standard methods to be consistent with one another as well as accurate. Commenter notes that the laboratories are returning widely differing results for the same sample, indicating that some testing methods are imprecise, and some results are inaccurate and states that this phenomenon may be partly attributable to laboratories' development	The Bureau disagrees with this comment in part. The regulations require laboratories use methods standards that have been independently validated including USFDA BAM Manual, 2016; AOAC International's Official Methods of Analysis for Contaminant Testing, 20th Edition, 2016; and USP-NF, 2016. The Bureau disagrees with this comment that laboratories should be prohibited from developing their own unique methods because there are no validated methods for all the tests required to be performed by licensed cannabis testing laboratories. Therefore, laboratories shall develop methods for the matrices being tested and the specific contaminants or compounds being detected.

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		and use of nonstandard testing methods for analyzing cannabis samples.	
5713(c)	1531 (p.3119)	Commenter indicates a 17025 certified laboratory may be able to show adequate detection limits using manufacturer standards by either of the two methodologies, but still may not meet detection limits in collected plant or extracted matrices but is limited by required State methodology specifications. Because there are no certified "cannabis" reference materials containing a specified concentration of pesticides, the laboratory will use what's available, which is certified reference materials in non-cannabis matrices such as acetonitrile.	The Bureau notes this comment, there is no recommendation provided.
5713(c)(1)(C)(ii)	1553.1 (p.3274)	Commenter recommends removing the R2 calibration curve requirements for MS based detection methods. Matrix spike (MS) calibration curves that have an R2 value of 0.99 for all 66 pesticides is difficult to achieve. In addition, a linear calibration curve is not optimal for MS detection. Instead a polynomial curve achieves the best results.	The Bureau disagrees with this comment. The Bureau has determined that the regulations requiring an r^2 value of 0.99 or greater is appropriate for residual pesticide analysis. A linear calibration curve is a typical requirement in EPA and DOD methods as an indication of a "good" calibration curve and is appropriate for the residual pesticide analysis of cannabis and cannabis products. Linear or quadratic regression is permitted pursuant to section 5713(c)(1)(C)(ii).

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5713(c)(2)	1766.1 (p.4589)	Commenters comment that legislation should make clear that random sampling methods are to be used and attempt to harmonize language to be more consistent with other organizations. Samples should be selected without targeting uniform samples and each sample should be non-uniform in size and weight. Statutory language should be changed from supporting scientifically non-random sampling to supporting scientifically random sampling.	The Bureau disagrees with this comment. The Bureau is unable to effectuate legislative or statutory change in the regulations.
5713(c)(2)	931.10 (p.1831) 999.5 (p.1997) 1038.9 (p.2101) 1068.1 (p.2174) 1093.5 (p.2235) 1360.20 (p.2611) 1428.3 (p.2755) 1528.5 (p.3034) 1556.4 (p.3291) 1620.2 (p.3609) 1649.28 (p.3780) 1665.13 (p.3872) 1666.13 (p.3890) 1713.13 (p.4033) 1728.13 (p.4145) 1729.13 (p.4163) 1730.13 (p.4181) 1731.13 (p.4199) 1732.23 (p.4226)	Commenters recommend revising the percent recovery for all samples by requiring a percent recovery of 70% to 130%. The comments imply that the percent recovery of 80% to 120% for certified reference material LQC samples is unacceptable. Commenters indicate that there is “no impact to product safety” and that the required percent recovery is narrow and could lead to delays in samples passing compliance and quality control checks. Commenters also comment that the recommended change is necessary for consistency with all other LQC samples, the percent recovery for which is 70% to 130%.	The Bureau disagrees with this comment in part. The Bureau agrees with this comment as it relates to the laboratory control sample, the matrix spike sample, and the continuing calibration verification sample and has made the recommended change in the text. The Bureau disagrees with this comment as it relates to certified reference material LQCs. The Bureau believes that the acceptance criteria for certified reference materials is reasonable and achievable because certified reference materials are of precise concentrations, often with a meniscal amount of uncertainly.

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	1733.23 (p.4253) 1734.23 (p.4280) 1741.13 (p.4334) 1753.13 (p.4437) 1758.23 (p.4484) 1765.13 (p.4578) 1791.13(p. 4817) 1716.5 (p.4069) 1759.10 (p.4501) 1763.7 (p.4533)		
5713(c)(2)	1641.3 (p.3742)	The Certified Reference Material (CRM) is required to have a RPD 80% - 120% and this is crucial. Reference Material (RM) was removed from the list of required LQCs per batch and replaced with Laboratory Control Sample. The validation should be done with a decreased recovery range of 80% to 120% for all required analytes, instead of the recovery of RPD 70% - 130%, since a CRM is made by an ISO certified manufacturer and the LCS is made in house. Commenter agrees with the text.	The Bureau notes commenter's support of this provision.
5714	2.3 (p.2)	Commenter believes that the regulations require too many tests of cannabis goods.	The Bureau disagrees with this comment. The number of tests that cannabis goods must undergo prior to being sold at licensed retailers is directly correlated to the number of tests prescribed by Business and Professions Code section 26100.
5714	1702.27 (p.3952) 1744.29 (p.4359) 1790.19 (p.4805)	Commenter recommends the Bureau amend the action levels for topicals, because the medium used to bind the cannabis is not subject to the same residual testing standards.	The Bureau disagrees with this comment. The levels for residual solvents are consistent with the standards contained in USP NF.

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5714	50.1 (p.86)	The commenter recommends that the Bureau require an analytical screening method to allow for the identification of synthetic cannabinoids.	The Bureau disagrees with this comment. Business and Professions Code section 26100 and following, require potency testing and allows the Bureau to establish the specific cannabinoids that a laboratory must include in its cannabinoid testing panel. Synthetic cannabinoids are prohibited from use in commercial cannabis goods and therefore are not required to be analyzed by licensed laboratories. Laboratories also have the ability to test for additional analysts not contained in the regulations.
5714	1782.2 (p.4761)	Commenter appears to be suggesting adding a requirement for ad-hoc proficiency testing, stating that results from "ring testing" should be published on the Bureau's website for public viewing. Commenter explains that this is a test in which identical samples are sent to various testing facilities to compare results.	The Bureau disagrees with this comment. The regulations require each laboratory to successfully participate in a proficiency testing study provided by a third-party.
5714	1049 (p.2148)	Commenter asks Bureau to not add more intensive guidelines and maintain the current testing standards, which are more than adequate and expensive.	The Bureau notes this comment.
5714	1349.2 (p.2580)	Commenter states that testing should be allowed for products with no potency claim so that they can be labeled after test results are received.	The Bureau agrees with this comment. This is now allowed in section 5303(c).
5714	1076.1 (p.2192)	Commenter requests that the Bureau remove all testing requirements.	The Bureau disagrees with this comment. Testing is statutorily required by Business and Professions Code section 26100.
5714	185.3 (p.537)	Commenter indicates that the Bureau should provide flexibility in meeting testing standards for smaller license holders.	The Bureau disagrees with this comment. Testing is statutorily required by Business and Professions Code section 26100 and

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			cannabis goods are subject to the same standards irrespective of the size of the licensee's business.
5714	1367.3(p.2643)	Commenter recommends that the Bureau modify the phrasing "laboratory shall test each sample for the following" to read "shall test where applicable."	The Bureau disagrees with this comment. Where testing is applicable, the regulations state "if applicable." All other testing is required and, thus is applicable.
5714	914.2(p.1755) 1364.10 (p.2636) 1597.3 (p.3510) 1613.8 (p.3592) 3406.1 (p.10080)	Commenter recommends requiring homogeneity testing as part of the required compliance testing.	The Bureau disagrees with this comment. Business and Professions Code section 26130 requires that all edible products be homogenized to ensure uniform disbursement of cannabinoids throughout the product and that the standards imposed on manufacturers be set by the CDPH. The Bureau believes this requirement is best managed at the manufacturing level by the CDPH implementing regulations.
5714	1038.21 (p.2119) 1041.8 (p.2131)	Commenter recommends that the testing standards should be "liberalized" where perceived risks are shown to be unwarranted, and changes to increased testing standards are only in response to demonstrated consumer safety threats.	The Bureau disagrees with this comment. The comment is not specific as to when or how perceived risks are shown to be unwarranted or how testing standards should be "liberalized." Additionally, Business and Professions Code Section 26100 requires testing of cannabis goods for potency, residual solvents, foreign material, microbiological impurities, and any other compounds or contaminants.
5714(a)	961.2(p.1911) 1068.2 (p.2174) 1068.3 (p.2174)	Commenter recommends raising the moisture content threshold or that moisture content testing should not be required. Commenter remarks that this test serves no relevant purpose to the industry.	The Bureau disagrees with this comment. Moisture content testing is necessary to determine the percent of water in a sample and is used to calculate potency. However, the requirement to fail a batch based on moisture content has been removed.
5715	1649.20 (p.3775) 1664.16 (p.3858)	Commenter recommends removing provisions on phase-in testing for January 1 to June 30, 2018, as that has already passed.	The Bureau disagrees with this comment. The regulations provide clarification as to when each phase begins or ends.

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5715	1367.3 (p.2643)	Commenter requests to include in the regulations the Bureau phase-in testing chart.	The Bureau disagrees with this comment. The narrative text is sufficient to provide specificity and clarification on phase-in testing requirements. The regulations do not prohibit persons from drafting charts for self-use and reference.
5715	921.7(p.1778) 1149.8 (p.2346) 1190.8 (p.2395) 1196.7 (p.2404) 1364.8 (p.2636) 1289.2 (p.2510) 1665.9 (p.3869) 1666.9 (p.3887) 1711.15 (p.4014) 1713.9 (p.4030) 1728.9 (p.4142) 1729.9 (p.4160) 1730.9 (p.4178) 1731.9 (p.4196) 1732.19 (p.4223) 1733.19 (p.4250) 1734.19 (p.4277) 1741.9 (p.4331) 1741.11 (p.4333) 1753.9 (p.4434) 1758.19 (p.4481) 1765.9 (p.4575) 1791.9 (p.4814) 3383.1 (p.10051)	Commenters recommend that the Bureau delay Phase III testing. A grace period is needed as consumers will inevitably turn to the illicit market because of the very limited inventory that will be available in licensed retail stores, due to the bottleneck at the testing laboratories.	The Bureau disagrees with this comment. The Bureau's phase-in for testing allowed a year period which is a reasonable amount of time.

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5715(e)	1703.9 (p.3958)	Commenter indicates that laboratories will have no criteria from which to judge whether the additional tests pass or fail. They should be able to issue their findings and the Bureau can evaluate the product stability.	The Bureau disagrees with this comment. Product stability is part of the manufacturing process, and should be addressed in manufacturing procedures, which are overseen and regulated by CDPH.
5717	3628.5 (p.2186) 3628.6 (p.2186) 3628.7 (p.2186)	Commenter recommends excluding water activity testing from manufactured edibles or topicals as some have large weight/volume ratio which requires use of full spectrum preservatives.	The Bureau disagrees with this comment. Water activity testing is necessary to ensure that the cannabis good does not contain excess water content that could result in fungal or bacteriological growth. This test is necessary for the protection of public health.
5718/5719	1664.17 (p.3859) 1664.18 (p.3859)	Commenter remarks that the action levels in the Category II table did not consider the wide variation in the weight of the product for a given dose in that product. Commenter recommends that for cannabis goods the weight of the product be used in setting the action level concentrations of hazardous materials (e.g., residual solvent and pesticides) that can be in that product. Commenter states the values in the Category II table in section 5718 and 5719 would be changed from a concentration in µg/g to the maximum weight of the hazardous material that an individual can take in a day. Commenter states the action level concentration would be determined by dividing the maximum weight of the hazardous material by the weight of the product and then converting a microgram	The Bureau notes this comment.

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		per gram (µg/g) by multiplying 1,000,000 µg/g.	
5718	122.13 (p.299) 686.14 (p.1319) 686.16 (p.1319) 754.15 (p. 1434)	Commenter recommends that testing laboratories be "given the authority to use their common sense in interpreting the regulations as it applies to product descriptions" to ensure that the product is not an alcoholic beverage.	The Bureau disagrees with this comment. The determination of whether a cannabis good contains a prohibited substance requires quantitative analysis. Thus, "common sense" is an insufficient measure for the determination of whether a cannabis good contains a prohibitively high concentration of alcohol.
5718	1548.26 (p.3215)	Commenter requests that the Bureau extend the rule that tinctures cannot fail ethanol test to the Emergency Regulations.	The Bureau disagrees with this comment. The Emergency Regulations have been adopted and approved by the Office of Administrative Law and cannot be changed.
5718(c)	751.2 (p.1409)	Commenter recommends using "NR" (non-report) instead of an LOQ because LOQ varies based on each laboratory's instruments and methods (Ex: a laboratory with a higher LOQ for contaminants or potency.) Anything under this uniform reporting limit, would be reported as "NR". If the reporting limit were set at 0.5 mg, a report of NR would agree with the label claim of 0 and not induce a failure and the need to relabel many units of product for an insignificant amount.	The Bureau disagrees with this comment. The regulations require laboratories to indicate "NT" for not tested and "ND" for not detected. The suggested "non-report", as described by the commenter, is akin to the "ND" nomenclature.

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5718(c)	1360.14 (p.2610) 1360.15 (p.2610)	Because the regulations require an LOQ of 1 µg/g (subsection c) and there are no action levels on Category 1 for residual solvents, it is recommended that each Category I residual solvent have a 1 µg/g action level associated with it for reasons of simplifying the liability on the laboratory. Proceeding without defined action levels will inevitably cause the laboratories who can detect to a lower threshold to lose clients to laboratories who cannot, because these clients will want to lose less batches of product.	The Bureau agrees with this comment. The regulations have been amended to establish a specific action level for Category I Residual Solvents and Processing Chemicals of 1.0 ug/g. The amended action levels are consistent with USP NF.
5718(c)	931.11 (p.1831) 999.6 (p.1978) 1038.10 (p.2103) 1093.6 (p.2235) 1528.6 (p.3035) 1556.5 (p.3292) 1428.5 (p.2756) 1068.4 (p.2174) 57.3 (p.101) 3451.2 (p.10141) 1662.6 (p.3843) 1716.6 (p.4069) 1753.14 (p.4438) 1763.8 (p.4534)	Commenter recommends establishing specific action levels for residual solvents testing. Commenters recommend against using the LOD and note that using LOD results in laboratories with "better" equipment being penalized because such laboratories would be able to detect the presence of a contaminant at a level lower than most other laboratories. This wide range makes it impossible to measure the contaminant in a single run and requires either additional dilution steps or separate methods to be created. Replace minimum limits of quantitation with specific action levels. Concerned that the residual solvent levels are too high. The LOD method is likely to unnecessarily cause	The Bureau agrees with this comment. The regulations have been amended to establish a specific action level for Category I Residual Solvents and Processing Chemicals of 1.0 ug/g. The amended action levels are consistent with USP NF.

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		more testing to fail. Specific action levels with a pass/fail outcome provide a more clear-cut threshold.	
5718(d)	914.6 (p.1757)	Commenter proposes expanding testing requirements of residual solvents to include 1,4 Dioxane, 2-Butanol, 2-Ethoxyethanol, Cumene, Dichloromethane, Ethylene Glycol, Isopropyl acetate, Tetrahydrofuran.	The Bureau disagrees with this comment. The added analytes are categorized by USP NF as Class 2 which contain non-genotoxic animal carcinogens, or environmental hazards or Class 3 which contain compounds that have a low toxicity potential to humans and no health- based exposure limits. Thus, the Bureau believes that there is not added public safety benefit by adding these analytes to the residual solvents list. Dichloromethane is required to be CAS # tested and is listed as methylene chloride 75-09-2.
5718(d)	1653.1 (p.3811) 1654.1 (p.3814)	Commenter requests that the Bureau remove ethanol from Category II residual solvents.	The Bureau disagrees with this comment. However, action levels for Category II Residual Solvents and Processing Chemicals have been revised to conform to USP NF standards for Class 3 solvents for which the action level is 5,000 ppm. Ethanol is categorized as a Class 3 solvent under the USP NF.
5718(d)	851 (p.1695) 1511 (p.2903) 1529 (p.3041) 3628.3 (p.2186)	Commenters recommend an ethanol action limit of 5000 ppm for food and beverages. Commenters note that flavor concentrates and distillates used in beverage are ethanol-based and would fail or be unreasonably challenged by a 1000 ppm action limit. Commenter advises that prohibiting cannabis edibles and drinks above 1000 ppm would eliminate many smokeless cannabis options.	The Bureau agrees with this comment. The action levels for Category II Residual Solvents and Processing Chemicals have been revised to conform to USP NF standards for Class 3 solvents for which the action level is 5,000 ppm. Ethanol is categorized as a Class 3 solvent under the USP NF.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5718(d)(2)	681 (p.1295) 1058.3 (p.2165) 1647 (p.3767) 1669 (p.3908) 1670 (p.3909) 1671 (p. 3910) 1672 (p.3911) 1673 (p.3912) 1674 (p.3913) 1675 (p.3914) 1676 (p.3915) 1677 (p.3916) 1678 (p.3917) 1679 (p.3918) 1680 (p.3919) 1681 (p.3920) 1682 (p.3921) 1683 (p.3922) 1684 (p.3923) 1685 (p.3924) 1686 (p.3925) 1687 (p.3926) 1688 (p.3927) 1689 (p.3928) 1690 (p.3929) 1691 (p.3930) 1692 (p.3931) 1693 (p.3932) 1694 (p.3933) 1695 (p.3934) 1696 (p.3935)	Commenters recommend establishing a 5,000 ppm action level for ethanol.	The Bureau agrees with this comment. The action levels for Category II Residual Solvents and Processing Chemicals have been revised to conform to USP NF standards for Class 3 solvents for which the action level is 5,000 ppm. Ethanol is categorized as a Class 3 solvent under the USP NF.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
	1697 (p.3936) 1698 (p.3937) 1699 (p.3938) 1700 (p.3939) 1443.3 (p.2778) 1588 (p.3449) 1536.8 (p.3160) 1537.8 (p.3166) 1653.2 p.3811) 1654.2 (p.3814)		
5718(d)(2)	131.9 (p.320)	Commenter recommends removing propane from the Category II residual solvents list. Commenters state propane is very volatile and not toxic to humans. Commenter states research shows concentrations as high as 100,000 ppm to be harmless. Commenter states high volatility makes it hard to recover in spiked samples, so it is unlikely that a final product will have harmful levels. Commeter also states that initial NIOSH limit of 2,100 ppm was established as an explosive hazard and not as a human exposure limit.	The Bureau disagrees with this comment. Propane is a solvent commonly-used for extracting cannabinoids and terpenoids from plant material. It is necessary for the protection of public health to require testing for propane in cannabis goods.

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5718(d)(2)	1570.4 (p.3361)	Commenter states that the action levels for Butane are extremely low compared with the acceptable USP limits. Commenter states the unique terpene profile that is found in butane extracts will no longer be allowed for consumption, even though most smokers will be exposed to more butane within the flame of a lighter. Commenter recommends 5000 µg/g instead of 1000 µg/g.	The Bureau disagrees with this comment. Butane is a solvent commonly-used for extracting cannabinoids and terpenoids from plant material. It is necessary for the protection of public health to require testing for butane in cannabis goods.
5718(d)(2)	1532.11 (p.3126)	Commenter recommends requiring laboratories to establish a limit of quantitation (LOQ) of 100 µg/g or lower for all Category I Residual Solvents or Processing Chemicals, except that laboratories shall establish an LOQ for benzene of 3 µg/g or lower.	The Bureau disagrees with this comment. The Bureau notes that the action levels for Category I residual solvents has been amended to 1.0 µg/g and the action level for Category II has been amended reflect USP NF standards. Commenter provided no basis for the recommended action levels therefore the Bureau has no further comment.
5718(d)(2)	1535.2 (p.3154) 1735.39 (p.4310)	Commenters comment that the action levels for residual solvents are prohibitively low. Commenters state the lower level has required the acquisition of new, expensive, hardware for some labs. Commenter states the limit set in the emergency regulations were adequate from a toxicological point of view and request going back to those limits to make analysis methods more available and less costly.	The Bureau disagrees with this comment. The Bureau notes that the action levels for Category I residual solvents has been amended to establish a specific action level of 1.0 µg/g and the action level for Category II has been amended reflect USP NF standards. The Bureau believes that the new, amended and specific action levels are achievable of detection.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5718(d)(2)	999.8 (p.1980) 1528.8 (p.3037)	Commenter recommends leaving the allowable limits for residual solvents and process chemicals as currently set under emergency regulations.	The Bureau agrees with this comment in part and notes that the action limits for Category II Residual Solvents and Processing Chemicals have been amended consistent with USP NF standards.
5718(d)(1)	57.3 (p.101) 204.1 (p.568) 931.11 (p.1831) 999.6 (p.1978) 1741.14 (p.4335) 1068.4 (p.2174) 1068.5 (p.2175) 1080.5 (p.2208) 1093.6 (p.2235) 1665.14 (p.3873) 1528.6 (p.3035) 1556.5 (p.3292) 1521.13 (p.2979) 1038.11 (p.2105) 1716.6 (p.4070) 1641.4 (p.3742) 1367.10 (p.2646) 1759.11 (p.4503) 3451.1 (p.10141) 3451.2 (p.10141) 1665.14 (p.3873) 1666.14 (p.3891) 1713.14 (p.4034) 1728.14 (p.4146) 1729.14 (p.4164) 1730.14 (p.4182) 1731.14 (p.4200)	Commenters recommend establishing specific action levels for residual solvents testing. Commenters recommend against using the LOD and note that using LOD results in laboratories with "better" equipment being penalized because such laboratories would be able to detect the presence of a contaminant at a level lower than most other laboratories. Commenters comment that this wide range makes it impossible to measure the contaminant in a single run and requires either additional dilution steps or separate methods to be created.	The Bureau agrees in part with this comment to retain the action levels for Category I Residual Solvents and Processing Chemicals established under the emergency regulations and notes that a specific action level of 1.0 µg/g is established for analytes in this category. The Bureau has also established action levels for all residual solvents.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
	1732.24 (p.4227) 1733.24 (p.4254) 1734.24 (p.4281) 1741.14 (p.4335) 1758.24 (p.4485) 1765.14 (p.4579) 1791.14 (p.4818)		
5718(d)(1)	1649.21 (p.3776) 1649.22 (p.3776) 1360.14 (p.2610) 3451.2 (p.10141)	Commenters recommend that each Category I residual solvent have a 1.0 µg/g action level. Commenters comment that the lack of a specific action level will cause the laboratories that can detect to a lower threshold to lose clients to laboratories that have less sensitive instrumentation because fewer batches will fail testing if performed by laboratory with less sensitive instrumentation.	The Bureau agrees with this comment. The regulations have been amended to establish a specific action level for Category I Residual Solvents and Processing Chemicals of 1.0 µg/g .
5718(d)(1)	1662.6 (p.3843)	Commenter recommends establishing a limit of quantitation (LOQ) of 1.0 µg/g for all Category I Residual Solvents or Processing Chemicals. This change would require deletion of the term “or lower.”	The Bureau agrees with this comment. The regulations have been amended to establish a specific action level for Category I Residual Solvents and Processing Chemicals of 1.0 ug/g.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5718(d)(2)	686.14 (p.1319) 686.15 (p.1319) 686.17 (p.1319) 754.15 (p.1433) 855.15 (p.1702) 924.20 (p.1800) 1016.1 (p.2031) 1024 (p.2047) 1267.27 (p.2484) 1267.33 (p.2486) 1318 (p.2541) 1321 (p.2545) 1322.1 (p.2547) 1326.1 (p.2551) 1327.1 (p.2552) 1511 (p.2903) 1526.1 (p.3016) 1548.26 (p.3215) 1548.33 (p.3215) 1626.7 (p.3646) 1672 (p.3911) 1704 (p.3963) 1710.9 (p.4009) 1744.29 (p.4359) 3423 (10102) 3528.1 (p.10241) 855.19 (p.1702) 1077.44 (p.2203) 1077.46 (p.2203) 1267.33 (p.2486)	Commenter recommends clarifying that tinctures will not fail testing due to ethanol content. Exempt topicals and tinctures from ethanol fails, as ethanol can act as a cannabinoid delivery through the skin. Commenters further remark that the regulations create an exemption from ethanol testing for tinctures, recognizing that ethanol is a core ingredient - rather than an unwanted "residual solvent" - in certain product classes. Many cannabis topicals contain ethanol as an essential ingredient, either as a solvent to dissolve active ingredients into a homogenous product, or to hasten evaporation from the skin's surface. Ethanol is also a common ingredient in non-cannabis topicals, such as Purell and cosmetics.	The Bureau agrees with this comment and orally-consumed products have been exempt from the ethanol testing. However, the Bureau notes that the action level for this analyte has been amended to reflect USP NF standards. The Bureau believes that the amended action level is appropriate considering that ethanol and isopropyl are commonly-used ingredients in transdermal and topical cannabis goods. These solvents quickly evaporate when exposed to air and therefore do not present any known consumer health risks when applied as intended.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5719	131.11 (p.320)	Commenter asks the Bureau to review the action level ranges for pesticides.	The Bureau notes this comment. The Bureau has reviewed the ranges and has determined they are appropriate based on guidance from the Department of Pesticide Regulation (DPR).
5719	1532.12 (p.3127)	Commenter indicates the requirement of 0.1 µg/g for Category I pesticides is slightly too low for accurate data in the complex cannabis matrix based on our experience in Oregon. We recommend 0.2 µg/g considering the cannabis matrix effects. For Category II pesticides, in Oregon we have seen cannabis matrix issues for several of the pesticides. To obtain accurate data, recommend the following pesticides levels be set at 1 ug/g: Acequinocyl 1 µg/g Chlorfenapyr 1 µg/g Chlordane 1 µg/g Pentachloronitrobenzene (PCNB) 1 µg/g. These would be close to but lower than levels in Oregon that were derived by a committee of pesticide experts from around the country and with findings from previous medicinal cannabis testing. They are based on toxicology and quantifiability of measurement found in the cannabis matrix over the last 2 years. Lower LOQs/action levels can result in false positives, causing unnecessary rejection of product.	The Bureau disagrees with this comment. The Bureau has reviewed the LOQ requirement and has determined they are appropriate based on guidance from the Department of Pesticide Regulation (DPR).
5719	52.2 (p.90) 1551.12 (p.3245)	Commenter recommends that the laboratory testing/label verification should not use mg/g for products that are liquid	The Bureau notes this comment. The regulations require quantitation in volume or weight, depending on the type of good being tested.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
		and therefore measured in volume, not weight.	
5719	1528.6 (p.3035) 1753.14 (p.4438) 1763.8 (p.4534) 1093.6 (p.2235)	Commenter indicates specific action levels should be instituted rather than minimum LOQ requirements. Further, the pass-fail criteria should be based on the statistically more significant LOQ values rather than LOD values.	The Bureau disagrees with this comment. The Bureau has reviewed the LOQ requirement and has determined they are appropriate based on guidance from DPR.
5719	1360.15 (p.2610)	Commenter stated that because regulations require an LOQ of 1 µg/g and because there are no action levels for those listed in category I, it is recommended that each Category I residual solvent have a 1 µg/g action level associated with it for reasons of simplifying the liability on the laboratory. Proceeding without defined action levels will inevitably cause the laboratories who can detect to a lower threshold to lose clients to laboratories who cannot, because these clients will want to lose less batches of product.	The Bureau agrees with this comment. The regulations have been amended to establish a specific action level for Category I Residual Solvents and Processing Chemicals of 1.0 µg/g.
5719	42.1 (p.68) 42.2 (p.68)	Commenter comments that flavoring agents, like orange oil, have not been able to pass pesticide testing. Commenter comments that California requires testing to a higher standard than both FDA and EPA which causes loss of failed products for pesticide contamination where no contamination was detected before.	The Bureau disagrees with this comment. The pesticide residue tolerance levels established under 40 CFR 180 are commodity-specific. Moreover, neither the EPA nor the FDA have established tolerances for residual pesticides in cannabis goods. Rather, the DPR has guided The Bureau in establishing levels for testing which are based, in part, on FDA levels established for similar (surrogate) commodities.

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5719	25.6 (p.33)	Commenters recommend that the laboratory testing/pesticide rules should at least be the same as tobacco and wine standards. Commenter comments that the pesticide testing and reporting requirements are onerous.	The Bureau disagrees with this comment. Contrary to the implication raised by this comment, there are no tobacco and wine industry laboratory testing standards that are transferable to cannabis goods testing.
5719	303 (p.790)	Commenter notes that laboratories are not performing pesticide analysis in a consistent manner; noting that some laboratories utilize liquid chromatography-mass spectrometry (LCMS) instrumentation whereas others utilize gas chromatography (GC) instrumentation for detection of the same pesticides.	The Bureau notes this comment.
5719	717.1 (p.1369)	Comment is in support of limits on pesticide and herbicide levels and recommends that the testing standards "should stay but be loosened some."	The Bureau notes this comment. Commenter did not recommend specific, actionable changes for the Bureau to address.
5719	1076.1 (p.2192) 1239.1 (p.2452)	Commenter recommends eliminating the pesticide screening all together or until laboratories are ISO/IEC 17025 accredited to perform these tests. Commenter also states that it is a problem that there is no way to contest these tests noting that remediation or destruction are the only options.	The Bureau disagrees with this comment. Residual pesticides are contaminants that may cause harm to human health if present in excessive concentrations in cannabis goods. Therefore, screening for these contaminants is necessary to protect public health, and remediation or destruction should be the only options for cannabis goods that do not meet testing standards. In addition, the Bureau requires laboratories to develop and implement standard operating procedures for the detection of pesticides.
5719	1076.1 (p.2192) 1239.1 (p.2452) 3454.3 (p.10146)	Commenters recommend eliminating parts per billion testing for residual pesticides and replacing it with parts per million testing.	The Bureau disagrees with this comment. The regulations require action levels in units (µg/g) which is equivalent to ppm, as recommended.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5719	1355.4 (p.2588)	The pesticide threshold on any inhalable product should be zero. While this may slow down some producer's ability to enter the market, California should require the safest pesticide threshold possible on inhalable products since there is not long-term research done on many of the pesticides used in cannabis cultivation.	The Bureau disagrees with this comment. The pesticide residue tolerance levels established under 40 CFR 180 are commodity-specific. Moreover, neither the EPA nor the FDA have established tolerances for residual pesticides in cannabis goods. Rather, the DPR has guided the Bureau in establishing levels for testing which are based, in part, on FDA levels established for similar (surrogate) commodities.
5719	1443.1 (p.2778)	Commenter notes that two of the difficulties with trace pesticide screening are sample preparation and instrument uncertainty. If a final product fails residual pesticide screening within a +/- 20% window, there should be a mechanism to re-examine the results. Commenter recommends that if a batch of cannabis goods fails residual pesticide screening within a +/- 20% window of the action level, the laboratory, upon request and payment from the manufacturer, make up two new analytical samples (not simply reanalyze the existing sample) from the same batch and reanalyze those to arrive at a more accurate number. The average of these results will be the accepted final analysis.	The Bureau disagrees with this comment. The regulations have been amended so where a licensed laboratory that is unable to competently complete the regulatory compliance testing after sampling and before a COA is issued, the licensed distributor who arranged for the testing of the batch(s), may request approval from The Bureau to have the impacted batch(s) re-sampled and tested by another licensed laboratory.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5719	1536.9 (p.3160)	Commenter recommends removing residual pesticides that are not detected in actual test samples from the list of required analytes and notes that many of the listed pesticides are rarely , if ever, used.	The Bureau disagrees with this comment. Residual pesticides are contaminants that may cause harm to human health if present in excessive concentrations in cannabis goods. Therefore, screening for these contaminants is necessary to protect public health.
5719	1364.9 (p.2636)	Commenter notes that there are many essential oils, creams, etc. that are organic but are not necessarily pesticide-free that may test positive for these residual pesticides. It will be extremely difficult to decipher if a sample tested positive due to the cannabis in the product or the non-cannabis item in the product. Commenter recommends that the Bureau create testing standards for residual pesticides that are consistent with those for non-cannabis products in other industries.	The Bureau disagrees with this comment. The pesticide residue tolerance levels established under 40 CFR 180 are commodity-specific. Moreover, neither the EPA nor the FDA have established tolerances for residual pesticides in cannabis goods. Rather, the DPR has guided The Bureau in establishing levels for testing which are based, in part, on FDA levels established for similar (surrogate) commodities.
5719	3482.1 (p.10180)	Commenter notes that the level of pesticides for infused products needs to be reconsidered and based on what the product is. Topical products that are not transdermal should have different units for pesticides than infused products.	The Bureau disagrees with this comment. The pesticide residue tolerance levels established under 40 CFR 180 are commodity-specific. Moreover, neither the EPA nor the FDA have established tolerances for residual pesticides in cannabis goods. Rather, the DPR has guided The Bureau in establishing levels for testing which are based, in part, on FDA levels established for similar (surrogate) commodities.
5719	624 (p.1190)	Commenter indicates the regulations are silent with regards to when and/or how packaged and labeled cannabis and nonmanufactured cannabis goods are to be tested for pesticide contamination. Commenter recommends specifying in cases where product is packaged and	The Bureau disagrees with this comment. The regulations are clear as to the distributor responsibility for arranging for testing and conducting quality assurance review. Section 5304 clearly indicates that the distributor arranges for laboratory testing.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
		labeled prior to distribution who and how products are to be tested.	
5719	3587 (p.10310)	Commenter indicates that the reporting and the LOD is developed as one of four or five different methods, and it's different for every laboratory, for every instrument, for every analyst, so by reporting down to the LOD, there will be reports based on levels differing across the entire state. Commenter recommends reporting down to the LOQ, which is the limit of quantitation. At that level, there is a reasonable result.	The Bureau agrees with this comment. Laboratories must establish an LOQ of 0.10 µg/g for Category I pesticides. This is consistent with guidance provided by DPR.
5718(a)/5719(a)/ 5721(a)/5723(a)/ 5724(a)/5725(a)	961.3 (p.1911) 998.12 (p.1972) 1551.12 (p.3245) 1735.38 (p.4309) 1026.6 (p.2053) 1716.2 (p.4066) 1553.3 (p.3274) 1570.3 (p.3361) 1535.1 (p.3153) 1645.6 (p.3761) 1645.11 (p.3762)	Commenters object to the representative sample size. Commenters state that requiring 0.5 g of samples for testing is too much to run on an analytical instrument. One commenter proposes that for products sold by volume, such as beverages, the lab shall analyze a minimum of 15ml of the representative sample of cannabis to determine whether the cannabinoid profile of the sample conforms to the labeled content. One commenter states regulations should not dictate the amount of sample, they should require validation of the test method and that process will effectively determine sample quantities necessary for proper analysis. Commenter states large quantities of samples will lead towards	The Bureau agrees with this comment in part and the regulations have been amended to require laboratories to use a minimum of 0.25 grams of the representative sample of cannabis goods for Residual Solvent and Processing Chemicals testing. The Bureau disagrees with this comment that requiring laboratories to use 1.0 grams of the representative sample for microbial impurities analysis and 0.5 grams of the representative sample for residual pesticides, mycotoxins, heavy metals, cannabinoids, and terpenoids analysis is excessive or beyond the capability of current laboratory instrumentation. Moreover, the Bureau notes that the required minimum quantity is the quantity that must be used in the sample preparation however it is not necessary for the minimum quantity to be used, in its entirety, in the instrumentation itself. Rather, laboratories are expected to use an aliquot of the quantity used for the sample preparation, as appropriate, to perform the required analysis.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
		requiring dilution steps be introduced in the process and serve to create additional and unwanted areas for errors and diminished accuracy. One commenter recommends allowing laboratories to develop the best sample preparation methodologies as required by each analytical method. Commenter states the validation data that supports the sample size would be required for ISO certification anyway and it makes restriction on actual sample size unnecessarily burdensome on labs. One commenter recommends using a sliding scale based and the quantity of cannabis goods being tested and requests clarification as to whether or not the entire 0.5 grams must be used for each cannabinoid test.	
5719(c)	751.2 (p.1409)	Commenter recommends using "NR" (non-report) instead of an LOQ because LOQ varies based on each laboratory's instruments and methods. Ex: a laboratory with a higher LOQ for contaminants or potency. Regarding CBD potency to be listed, business might list "0" and currently would fail for label claim if any amount is detected, even 0.1% or 0.1 mg CBD. A report of NR would agree with the label claim of 0 and not induce a failure and the need to relabel many units of product for an insignificant amount.	The Bureau disagrees with this comment. The regulations require laboratories to indicate "NT" for not tested and "ND" for not detected. The suggested "non-report", as described by the commenter, is akin to the "ND" nomenclature.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5719(d)	131.10 (p.320) 1620.3 (p.3609)	Commenters recommend removing captan from the list of residual pesticide list and all other pesticides that are not used for pest control on cannabis. Commenter notes that captan is difficult to detect on gas chromatography-mass spectrometry. If not removed, the commenters recommend increasing the action level to 50 ug/g.	The Bureau disagrees with this comment. Captan is a harmful fungicide that has harmful effects on humans if ingested and should remain on the residual pesticide list. Additionally, residual pesticide testing would be required for pesticide active ingredients that are identified as being currently used on cannabis, regardless of the legal status of such ingredients. The list of such active ingredients, which includes the pesticide active ingredient captan, was established based on factors including evidence that the active ingredients are currently used or have been found through testing in California and other states. The levels are calculated using currently available scientific data and methods used in conventional pesticide residue programs to protect human health and the environment. The pesticide residue tolerance levels established under 40 CFR 180 are commodity-specific. Moreover, neither the EPA nor the FDA have established tolerances for residual pesticides in cannabis goods. Rather, the DPR has guided the Bureau in establishing levels for testing which are based, in part, on FDA levels established for similar (surrogate) commodities.
5719(d)	1080.5 (p.2208)	Commenter recommends banning chlorpyrifos, a horrible toxic chemical causing brain damage in children.	The Bureau disagrees with this comment. Comments regarding the legal use of pesticide products are outside the scope of this rulemaking and within the jurisdiction of DPR.
5719(d)	923.3 (p.1786)	Commenter recommends that the Bureau ban the use of imidacloprid and acetamiprid and notes that the regulations set limits for these two pesticides that are neonicotinoids.	The Bureau disagrees with this comment. Comments regarding the legal use of pesticide products are outside the scope of this rulemaking and within the jurisdiction of DPR.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5719(d)	1570.5 (p.3361)	Commenter states that the inclusion of Chlordane on the pesticide list is unnecessary.	The Bureau disagrees with this comment. Chlordane is a highly chlorinated cyclodiens, classified as organic pollutants hazardous to human health, and should remain on the residual pesticide list. The pesticide residue tolerance levels established under 40 CFR 180 are commodity-specific. Moreover, neither the EPA nor the FDA have established tolerances for residual pesticides in cannabis goods. Rather, the DPR has guided the Bureau in establishing levels for testing which are based, in part, on FDA levels established for similar (surrogate) commodities.
5719(d)	1703.1 (p.3957)	Commenter recommends increasing the action levels for abamectin and acequinocyl to 0.3 ppm.	The Bureau disagrees with this comment. The pesticide residue tolerance levels established under 40 CFR 180 are commodity-specific. Moreover, neither the EPA nor the FDA have established tolerances for residual pesticides in cannabis goods. Rather, the DPR has guided the Bureau in establishing levels for testing which are based, in part, on FDA levels established for similar (surrogate) commodities.
5719(d)(1)	57.3 (p.101) 204.1(p.568) 931.11 (p.1831) 999.6 (p.1978) 1068.4 (p.2174) 1068.5 (p.2175) 1080.5 (p.2208) 1093.6 (p.2235) 1665.14 (p.3873) 1666.14 (p.3891) 1713.14 (p.4034) 1728.14 (p.4146) 1729.14 (p.4164) 1730.14 (p.4182)	Commenters recommend establishing specific action levels for residual pesticide testing. Commenters recommend against using the LOD and note that using LOD results in laboratories with better equipment being penalized because such laboratories would be able to detect the presence of a contaminant at a level lower than most other laboratories. Commenters indicate that this wide range makes it impossible to measure the contaminant in a single run and requires either additional dilution steps or separate methods to be created.	The Bureau disagrees with this comment. The pesticide residue tolerance levels established under 40 CFR 180 are commodity-specific. Moreover, neither the EPA nor the FDA have established tolerances for residual pesticides in cannabis goods. Rather, the DPR has guided the Bureau in establishing levels for testing which are based, in part, on FDA levels established for similar (surrogate) commodities. Specifically, Category I Residual Pesticides (Category I) includes pesticides that the DPR identifies as having human health or environmental concerns. Any detectable level of Category I pesticide is considered a failed test.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
	1731.14 (p.4200) 1732.24 (p.4227) 1733.24 (p.4254) 1734.24 (p.4281) 1741.14 (p.4335) 1758.24 (p.4485) 1765.14 (p.4579) 1791.14 (p.4818) 1528.6 (p.3035) 1556.5 (p.3292) 1038.11 (p.2105) 1716.6 (p.4069) 1641.4 (p.3742) 1367.10 (p.2646) 1759.11 (p.4502) 3451.2 (p.10141)		
5719(d)(1)	1649.22 (p.3776) 1664.18 (p.3859) 1360.15 (p.2610) 3451.2 (p.10141)	Commenters recommend that each Category I residual pesticide have a 0.1 µg/g action level. Commenters assert that the lack of a specific action level will cause the laboratories that can detect to a lower threshold to lose clients to laboratories that have less sensitive instrumentation because fewer batches will fail testing if performed by laboratory with less sensitive instrumentation.	The Bureau disagrees with this comment. The pesticide residue tolerance levels established under 40 CFR 180 are commodity-specific. Additionally, Category I includes pesticides that DPR identifies as having human health or environmental concerns. DPR has not recommended any acceptable residue level for Category I pesticides that could be used as a regulatory action level, and any detectable level of Category I pesticide is considered a failed test. Moreover, neither the EPA nor the FDA have established tolerances for residual pesticides in cannabis goods. Rather, the DPR has guided the Bureau in establishing levels for testing which are based, in part, on FDA levels established for similar (surrogate) commodities.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5719(d)(1)	1532.6 (p.3125) 1735.42 (p.4311)	Commenter recommends that category I pesticides are reported if they are detected above the LOQ.	The Bureau disagrees with this comment. The pesticide residue tolerance levels established under 40 CFR 180 are commodity-specific. Additionally, Category I includes pesticides that DPR identifies as having human health or environmental concerns. DPR has not recommended any acceptable residue level for Category I pesticides that could be used as a regulatory action level, and any detectable level of Category I pesticide is considered a failed test. Moreover, neither the EPA nor the FDA have established tolerances for residual pesticides in cannabis goods. Rather, the DPR has guided the Bureau in establishing levels for testing which are based, in part, on FDA levels established for similar (surrogate) commodities.
5719(d)(1)	1532.12 (p.3127) 1535.4 (p.3154) 1535.5 (p.3154) 1735.41 (p.4310)	Commenters recommend increasing the allowable pesticide limits.	The Bureau disagrees with this comment. The pesticide residue tolerance levels established under 40 CFR 180 are commodity-specific. Any detectable level of Category I pesticide is considered a failed test. Additionally, Category I includes pesticides that DPR identifies as having human health or environmental concerns. DPR has not recommended any acceptable residue level for Category I pesticides that could be used as a regulatory action level, and any detectable level of Category I pesticide is considered a failed test. Moreover, neither the EPA nor the FDA have established tolerances for residual pesticides in cannabis goods. Rather, the DPR has guided the Bureau in establishing levels for testing which are based, in part, on FDA levels established for similar (surrogate) commodities.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5719(d)(2)	1752.4 (p.4425)	Distinct Category II Residual Pesticide action levels should be established for dried cannabis flower and for cannabis concentrates within the existing category of Inhalable Cannabis and Cannabis Products. Residual chemical components contained on and within dried cannabis flower material are often concentrated, along with cannabinoids and other cannabis plant constituents, during extraction processes. As a result, cannabis concentrate produced from a batch of dried cannabis flower will often contain a greater quantity of any residual pesticides than the flower itself. Given that cannabis flower and cannabis concentrates are held to the same Category II Residual Pesticide Action Level standards, manufacturers and processors face a significantly greater risk of receiving failing laboratory testing results for concentrated cannabis products. An approximately 8–to–1 equivalency ratio may be a productive benchmark for the Bureau in establishing safe levels of residual pesticides for the subtypes of inhalable cannabis goods. The Bureau may also consider establishing residual pesticide and residual solvent action levels for different types of cannabis goods within the "Other Cannabis Goods" category.	The Bureau disagrees with is comment. The criteria for residual pesticides are sufficient to ensure detection of such contaminants. The pesticide residue tolerance levels established under 40 CFR 180 are commodity-specific. Moreover, neither the EPA nor the FDA have established tolerances for residual pesticides in cannabis goods. Rather, the DPR has guided The Bureau in establishing levels for testing which are based, in part, on FDA levels established for similar (surrogate) commodities.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5720	131.5 (p.319)	Commenter notes that the regulations only distinguish microbial impurities testing from other assays as requiring different LQCs. Commenter further notes that moisture and foreign material could not possibly have the same LQCs as the chemical analysis assays.	The Bureau disagrees with this comment. LQC samples are not appropriate for foreign material and moisture testing.
5720	688.9 (p.1336) 1190.7 (p.2395) 1196.6 (p.2404) 1716.1 (p.4065)	Commenter recommends broadening the microbiological testing standards like the OHA, World Health Organization, the American Products Association and the American National Standards Institute, which have adopted a standard of 10,000 CFUs/gram for total yeast and mold (TYMC), 100 CFUs/gram for *E. coli* and 1,000 CFU/g for Coliform. Commenter notes that AHP published recommended microbial and fungal limits for orally consumed products in the Cannabis Inflorescence monograph. Commenter also recommends testing for visible microbial growth after incubation, even if the sample passed other microbial compliance testing.	The Bureau disagrees with this comment. TYMC and total aerobic plate count (APC) are antiquated quantitative methods and it would unjustifiably burden laboratories to require adding this test. Clients may request, on their own, TYMC or APC, if desired. Many non-pathogenic and non-harmful microbes could cause a fail result if the Bureau required TYMC or APC. There is not empirical evidence to suggest that requiring TYMC or APC would benefit consumers by reducing risk of exposure to harmful microbes. The Bureau believes that the regulations sufficiently address microbiological contaminants and are protective of public health.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5720	852 (p.1696) 967 (p.1918) 969 (p.1920) 973 (p.1975) 1006 (p.2016) 1047 (p.2144) 1056 (p.2163) 1113 (p.2260) 1116 (p.2263) 1118 (p.2265) 1119 (p.2266) 1120 (p.2267) 1133 (p.2320) 1143 (p.2331) 1154 (p.2351) 1156 (p.2355) 1157 (p.2356) 1162 (p.2363) 1164 (p.2365) 1165 (p.2366) 1169.2 (p.2370) 1170 (p.2372) 1191.2 (p.2397) 1227 (p.2440) 1236 (p.2449) 1267.32 (p.2486) 1283 (p.2502) 1311 (p.2535) 1315 (p.2539) 1327.4 (p.2553) 1342 (p.2571)	Commenters are in support of the microbiological testing standards that involve testing for specific identified pathogens, and in opposition to changes that would involve generalized tests such as those for Total Yeast and Mold Count and Total Aerobic Plate Count.	The Bureau notes commenters' support for this section.

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	1344 (p.2574) 1398 (p.2694) 1390 (p.2687) 1385 (p.2681) 1408 (p.2704) 1436 (p.2767) 1478 (p.2819) 1517 (p.2942) 1524 (p.3010) 1526.3 (p. 3020) 1542 (p.3176) 1548.32 (p.3215) 1629 (p.3673) 1631 (p.3674) 1634 (p.3677) 1635 (p.3679) 1641.5 (p.3742) 1711.26 (p.4017) 1735.3 (p.4290) 1747.1 (p.4386) 1754.1 (p.4446) 1771 (p.4697) 1774.17 (p.4705) 1800 (p.4883) 3369 (p.10025) 3594 (p.10320)		

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5720	112 (p.247) 183.2 (p.534) 204.5 (p.570) 595 (p.1158) 1289.3 (p.2510) 3474.1 (p.10171)	Commenters recommend adding a test for TYMC with a limit of 10,000 CFU/gram. Commenter notes that TYMC test can detect dangerous fungi and bacteria such as *Mucor, Cryptococcus, and Actinomycetes,* in addition to *Aspergillus.* Commenters recommend addressing visibly contaminated product and prohibiting such product from being sold. Commenters note that culture methods for TYMC do not culture many microorganisms that could be harmful to human health (e.g. powdery mildew and botrytis.) Commenters recommend requiring molecular methods that allow for the full and specific enumeration of all microbial risks that fall within the total yeast and mold class. Commenters note that commercially available kits have not been independently verified and validated.	The Bureau disagrees with this comment. TYMC and APC are antiquated quantitative methods and it would unjustifiably burden laboratories to require adding this test. Clients may request, on their own, TYMC or APC, if desired. Many non-pathogenic and non-harmful microbes could cause a fail result if the Bureau required TYMC or APC. The Bureau believes that the regulations sufficiently address microbiological contaminants and are protective of public health. Additionally, there is not empirical evidence to suggest that requiring TYMC or APC would benefit consumers by reducing risk of exposure to harmful microbes. The Bureau believes that the regulations sufficiently address microbiological contaminants. Further, laboratories are required to validate methods.
5720	3494.1 (p.10196)	Commenters indicate that any of the commonly used techniques for total yeast and mold testing has some innate flaws that could become defective and impede products from making it to the shelf. One of these flaws is that it is only 99 percent of microbes culture so it's missing a whole host of microorganisms that could be harmful to the end user. Some of these species that do not culture include common contaminants such as mildew and botrytis.	The Bureau disagrees with this comment. TYMC and APC are antiquated quantitative methods and it would unjustifiably burden laboratories to require adding this test. Clients may request, on their own, TYMC or APC, if desired. Many non-pathogenic and non-harmful microbes could cause a fail result if the Bureau required TYMC or APC. The Bureau believes that the regulations sufficiently address microbiological contaminants and are protective of public health.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
		The Bureau should adopt methodology for all total yeast and mold class.	
5720	183.1 (p.533)	Commenter requests that the Bureau add a requirement to address visible contamination and also notes that the techniques for TYMC have some flaws.	The Bureau disagrees with this comment. The regulations require visible examination of cannabis goods during testing procedures, for foreign materials, including mold. Clients may request, on their own, TYMC or APC, if desired.
5720	183.2 (p.534)	Commenter recommends establishing a mandatory incubation time of 60 hours for TYMC testing.	The Bureau disagrees with this comment. TYMC and APC are quantitative methods that do not identify the specific types of contaminates. The Bureau requires specific mold testing. The Bureau does not prohibit also conducting TYMC and APC tests.
5720	3560 (p.10278)	Commenter indicates cannabis products have passed the microtests for E. coli, salmonella, and Aspergillus, but covered with mold, and this is a concern. Commenter recommends adding the total yeast and mold count test to get a better handle on total issues. Testing should also catch Aspergillus, Mucor and cryptococcus, which can cause vomiting and meningitis.	The Bureau disagrees with this comment. The Bureau believes that the regulations sufficiently address microbiological contaminants and are protective of public health. TYMC and APC are quantitative methods that do not identify the specific types of contaminates. The Bureau requires specific mold testing. The Bureau does not prohibit also conducting TYMC and APC tests. Additionally, the Bureau notes that testing is required for Aspergillus. The regulations require visible examination of cannabis goods during testing procedures, for foreign materials, including mold.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5720	3474.1 (p.10170)	Commenter indicates testing standards are too narrow and create a loophole that allow several harmful pathogens into the supply chain. Food, pharma, cosmetics, and other consumer consumable product industries all utilize total [yeast] and mold to encompass the over 100,000 species of mold and yeast that could be potentially harmful to users. Focusing on only four aspergillus is going to get an immune-compromised patient killed. Total yeast and mold is less expensive, less prone to error, and there is not logical reason to need to utilize a species of specific mold tests.	The Bureau disagrees with this comment. TYMC and APC are quantitative methods that do not identify the specific types of contaminates. The Bureau requires specific mold testing. The Bureau does not prohibit also conducting TYMC and APC tests. There is not empirical evidence to suggest that requiring TYMC or APC would benefit consumers by reducing risk of exposure to harmful microbes. The Bureau believes that the regulations sufficiently address microbiological contaminants
5720	1638.3 (p.3694)	Commenter recommends adding Clostridium botulinum to the list tested for as it is a producer of the life-threatening botulinum toxin. It is a relatively common bacterium found in soil samples and it has been associated with outbreaks involving food oil products, and ingestion of C. botulinum cells/spores can find niches within the digestive tract to permit growth and production of the botulinum toxin.	The Bureau disagrees with this comment. The criteria for microbial impurities are sufficient to ensure detection of such contaminants.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5720	1645.7 (p.3761)	Commenter recommends creating an exception for sample preparation size which would require a minimum of 0.1 grams of the representative sample of inhalable cannabis containing powder product to be analyzed. Commenter comments that requiring a minimum sample preparation size of 0.1 grams will help offset the prohibitive costs of the mandatory regulatory compliance testing.	The Bureau disagrees with this comment. In addition, the Bureau notes that the required minimum quantity is the quantity that must be used in the sample preparation however it is not necessary for the minimum quantity to be used, in its entirety, in the instrumentation itself. Rather, laboratories are expected to use an aliquot of the quantity used for the sample preparation, as appropriate, to perform the required analysis.
5720(a)	3528.1 (p.10241)	Commenter recommends that testing requirements for topicals should be different than ingestible products.	The Bureau disagrees with this comment. The testing requirements are based, in part, on whether the cannabis good was manufactured and therefore subject to chemical alteration or the addition of ingredients. Topicals are a manufactured cannabis good and, therefore, could potentially contain residual solvents and processing chemicals from the extraction process. This is also true for edible cannabis goods (a type of ingestible) and extracts (a type of inhalable cannabis good).
5720(a)	1068.4 (p.2174) 1068.6 (p.2175) 1068.7 (p.2175) 1068.5 (p.2175) 1068.8 (p.2176) 1068.9 (p.2176) 1068.10 (p.2176) 1068.11 (p.2176) 3557.2 (p.10275)	Commenters recommend eliminating the mandatory sample preparation minimum and comments that method validation should dictate the appropriate sample preparation quantities.	The Bureau disagrees with this comment. A minimum sample preparation quantity is necessary for laboratory process standardization and consumer confidence in testing results.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5720(c)(1)	1703.11 (p.3959)	Commenter recommends requiring testing for generic Escherichia coli instead of Shiga toxin–producing Escherichia coli.	The Bureau disagrees with this comment. STEC strains are of concern because a low infection dose can cause disease in both healthy and immunocompromised individuals by producing a toxin called Shiga toxin. Moreover, the regulations do not prohibit laboratories from testing for additional microbial contaminants.
5720(c)(3)	112 (p.247) 183.1 (p.533) 204.5 (p.570) 1342 (p.2571)	Commenters support the strain specific *Aspergillus species* non-detect threshold.	The Bureau notes commenters' support for this section.
5720(c)(3)	1703.12 (p.3959) 1638.2 (p.3694)	Commenters request that the Bureau clarify whether the four species of aspergillus must be reported individually or in aggregate.	The Bureau disagrees with this comment. The regulations provide that the laboratory shall report the result of microbial impurities testing by indicating "pass" or "fail" on the COA. Testing passes if the conditions in this section are met. All required analytes must be analyzed and reported to complete regulatory compliance testing.
5720(c)(3)	1779.1 (p.4756)	Commenter recommends removing aspergillus from the list of microbials or confirm if the aspergillus spore is alive through plating (opposed to a pass/fail).	The Bureau disagrees with this comment. Aspergillus can cause negative health effects therefore; the Bureau has determined it is necessary to test for it to protect the public safety.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5720(c)(3)	1638.2 (p.3694)	Commenter recommends that the Bureau amend the statement: "Pathogenic Aspergillus species A. fumigatus, A. flavus, A. niger, and A. terreus are not detected in 1 gram," to "Pathogenic Aspergillus species A. fumigatus, A. flavus, A.niger, and A. terreus are not detected in 1 gram and, if detected, will be reported as to which specific species was detected" in order to provide information which can be used to determine if any detected mycotoxin contamination is consistent with the presence of the Aspergillus species detected, if any.	The Bureau disagrees with this comment. The criteria for such analytes are sufficient to ensure detection of such contaminants. All required analytes must be analyzed and reported to complete regulatory compliance testing.
5720 (c)-(d)	1367.11 (p.2646)	Commenter is requesting limits of detection for microbiological methodologies.	The Bureau disagrees with this comment. The microbial impurities testing is pass or fail only.
5722	1360.16 (p.2610) 1649.23 (p.3777)	Commenter states that allowing for 1/4 of the surface area of a plant in consumable form to be covered in mold is too high, as mold is hazardous when smoked. Visible mold is problematic and not fit for human consumption. Commenter recommends including language for a 1/4 surface area for mildew and lower surface area for mold, such as 1/32, or remove all together.	The Bureau disagrees with this comment. The Bureau has determined that the set testing limits are appropriate to detect such foreign materials, consistent with US FDA Macroanalytical Procedures Manual (MPM). Specifically, the action level specified in regulations is based on the FDA's mold levels for agricultural products and plant-based products.
5722	1190.7 (p.2395) 1196.6 (p.2404) 1289.3 (p.2510)	The mold testing limits set by Bureau are too high, and do not relate to similar requirements in other legal states. A better standard is 10,000 colony forming units per gram.	The Bureau disagrees with this comment. The Bureau has determined that the set testing limits are appropriate to detect such foreign materials, consistent with US FDA Macroanalytical Procedures Manual (MPM). Specifically, the action level specified

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
			in regulations is based on the FDA's mold levels for agricultural products and plant-based products.
5722 (c)	1570.6 (p.3362)	Commenter recommends allowing laboratories to conduct subsampling of the field sample to homogenize the required amount of mass needed to conduct each analysis.	The Bureau disagrees with this comment. Homogenization of the entire representative sample amount, after foreign material testing, is necessary to ensure that the test results are representative of the entire batch.
5722(d)	931.15 (p.1831) 1038.14 (p.2113) 1360.16 (p.2610) 1641.7 (p.3742)	Commenters recommend including guidelines for visual inspection. More clear instruction will help, especially when not standardized between laboratories. This is important for consumer safety.	The Bureau disagrees with this comment. The criteria for foreign material testing are sufficient to ensure detection of foreign material contaminants.
5722(d)	1759.15 (p.4506) 1716.10 (p.4073)	Commenters recommend including guidelines for visual inspection or remove such a requirement. This requirement results in additional costs for testing laboratories. Additionally, distributors will seek out laboratories with less sophisticated equipment.	The Bureau disagrees with this comment. The criteria for foreign material testing are sufficient to ensure detection of foreign material contaminants. The Bureau has established action levels for all laboratories.
5722(d)	1703.14 (p.3959) 1703.15 (p.3959)	Commenter comments that the foreign material testing (detection of macro-contaminants) is too loose. Commenter recommends adding the criteria that a batch fails if one or more live insects is found.	The Bureau disagrees with this comment. The criteria for foreign material testing are sufficient to ensure detection of foreign material contaminants. Additionally, the regulations provide that a sample passes if no more than 1 insect fragment is found. The action levels are based on the FDA's levels for insect and rodent contaminants in agricultural produce and plant-based products.
5722(d)	1068.8 (p.2176)	Commenter comments that foreign material testing is subjective and should not be included as a laboratory testing requirement.	The Bureau disagrees with this comment. MAUCRSA, at Business and Professions Code section 26100, requires testing of contaminants, including foreign materials.

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5722(d)(3)	131.2 (p.318)	Commenter notes that clarity is needed to determine "insect fragment." Commenter notes that it is cumbersome to perform foreign material testing on liquids and concentrates such as distillates.	The Bureau recognizes that cannabis goods may contain natural or unavoidable foreign material that present no human health hazard and which primarily impact product quality. The FDA guidelines on macroanalytical procedures for detecting foreign matter in food products includes in the description of excreta, hair or insect fragments. Thus, the Bureau has determined that using the criteria of 1 count mammalian excreta per 3.0 grams is likely to include hair or insect fragments but that it is unnecessary to require the quantitation of those fragments.
5722(e)	1703.13 (p.3959)	Commenter recommends requiring different contaminant testing for harvest batches compared to cannabis product batches. Comment suggests that there should be little or no tolerance for contaminants in manufactured products.	The Bureau disagrees with this comment. Certain testing requirements, such as contaminant testing, are statutorily established, pursuant to Business and Professions Code section 26100 et seq. Moreover, contaminants may be introduced at various stages in the production process because of human error, therefore it is necessary to require contaminant testing for manufactured cannabis goods, in addition to harvest cannabis.
5723	923.4 (p.1786) 1536.6 (p.3160)	Commenters recommend eliminating the heavy metals test from the batch testing protocol. Commenter notes that cannabis materials will only test positive for heavy metals if the cultivation site itself is contaminated. Commenter recommends requiring annual or biannual soil tests for heavy metals at cultivation sites.	The Bureau disagrees with this comment. Heavy metals testing is necessary to ensure protection of the public. While the Bureau acknowledges that a source of heavy metal contamination could be soil in which cannabis is cultivated, other sources of contamination include ambient air and water. In addition, the Bureau notes that regulating soil testing is not within the Bureau's statutory mandate.

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5723	1537.10 (p.3167)	Commenter comments that the need for heavy metal testing is questionable, as they occur naturally in the food supply. Commenter recommends that a single test from each grow site should suffice to establish presence and multiple tests are unwarranted. Commenter notes that farms whose crops have consistently tested heavy metals free should be exempt.	The Bureau disagrees with this comment. Heavy metals testing is necessary to ensure protection of the public. While the Bureau acknowledges that a source of heavy metal contamination could be soil in which cannabis is cultivated, other sources of contamination include ambient air and water. Testing standards must apply to all cannabis goods, to ensure cannabis goods are safe for public consumption, and as required by MAUCRSA, under Business and Professions Code section 26100.
5723	50.3 (p.87)	Commenter recommends requiring testing for elemental sulfur contamination. Commenter comments that products containing elemental sulfur, which are used to treat cannabis crops, are adulterating the taste of cannabis goods as well and are a component of the reaction creating Hexahydrocannabinol, a synthetic cannabinoid.	The Bureau disagrees with this comment. In selecting the specific elements required for testing, the Bureau considered, among other factors, heavy metals required for testing in other states with legalized cannabis use. Currently, the Bureau is unaware of any research establishing that the set of heavy metals for which testing is required is insufficient for the detection of commonly found contaminants in cannabis goods.
5723	50.3 (p.87)	Commenter recommends that nickel should be included in the heavy metals panel because it was linked to the production of Hexahydrocannabinol.	The Bureau disagrees with this comment. Currently the Bureau is unaware of any published reports indicating that nickel is a contaminant of concern in cannabis goods sold in California.

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5723	50.2 (p.86) 50.3 (p.87)	Commenter recommends that the panel of heavy metals should be expanded to include metals that enable synthesis or pose a health risk. Commenter notes that these metals may be considered GRAS when ingested but could pose a significant risk when inhaled. Commenter recommends that the Bureau refer to NIOSH guidelines for STEL limits and the metals that pose the greatest risk.	The Bureau disagrees with this comment. There Bureau is unaware of any current research establishing that the analyte is a contaminate of concern for cannabis flower, concentrates, or edibles.
5723(a)	1551.12 (p.3245)	Commenters recommend requiring laboratories to use a specific volume of the representative sample (i.e. minimum of 15 milliliters) for testing of cannabis goods that are sold by volume, such as beverages, tinctures, and topicals. Commenters note that tinctures, beverages, and topicals are typically sold by volume and are labeled as such. Commenters comment that the testing standards should conform to the way these products are sold.	The Bureau disagrees with this comment. The amount of sample analyzed, in grams, is consistent with other amounts of representative samples used for analyte testing. This is standardized to ensure accurate testing results. These should conform to ensure safe consumption by the public, not how the products are sold as most sample preparation is done gravemetrically by weighing samples in the laboratory.
5724	3.1 (p.3)	Commenter recommends statutory change to remove CBD potency from the required label unless it is the primary cannabinoid and is over a certain threshold.	The Bureau notes this comment. This comment is not relevant to the regulations in that the Bureau is not able to effectuate statutory change within the regulations. Additionally, labeling requirements are established by CDPH.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5724	43 (p.75) 298 (p.784)	Commenter tests their cannabis goods prior to state mandated testing, and in almost every test for THC and CBD is 10% off so that distributors are having to relabel every jar. The regulations should reflect the inability for batches to consistently be within a 10% range and perhaps should be a number change rather than percentage, such as 30 mg or higher. This is an issue with unnecessary costs and time delays in getting the products to the retailers.	The Bureau disagrees with this comment and notes that the allowable potency variance has been amended to allow for a variance of plus or minus 10%. This degree of variance protects consumers while allowing for variation in manufacturing processes and cannabis plant heterogeneity. The Bureau notes that the amended variance consistent with FDA guidelines established for the pharmaceutical industry.
5724	104.1 (p.229)	Commenter notes that manufacturers should be allowed to label CBD products as "high ratio CBD" but require the THC milligrams to be listed as "less than or equal."	The Bureau disagrees with this comment. This comment is not relevant to the regulations. Labeling requirements are established by CDPH.
5724	104.2 (p. 230)	Commenter requests clarification on the allowable variances for THC and CBD in the same product.	The Bureau disagrees with this comment. The regulations provide for allowable variances of 10%.
5724	751.7 (p.1410) 998.13 (p.1972) 1551.13 (p.3245)	Commenters recommend prohibiting the use of the term "total THC" to mean the sum of THC and THCA. Commenters note that total THC does not properly inform the consumer about the composition of the product being offered for sale. Total THC can also be misleading because depending on ingestion method, only a subset of THCA, if any, will be converted and contribute to "THC" effects. Commenter notes that for some forms of consumption, including oral, enteral, topical, or internal	The Bureau disagrees in part with this comment. The term "total THC" properly refers to the sum of THC and THCA. However, the calculation for total THC accounts for the weight difference between THC and THCA, allowing for a representative value. The total THC calculation assumes 100% conversion which is the maximum estimate.

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		use, where typically significant heating does not occur as a part o*f* consumption, little THCA will convert to THC.	
5724	998.13 (p.1972) 1551.13 (p.3245)	Commenter recommends modifying language as follows: For concentration expressed in volume on products that will be smoked or vaped: Total cannabinoid concentration (mg/mL) = (cannabinoid acid form concentration (mg/mL) x 0.877) + cannabinoid concentration (mg/mL). For concentration expressed in volume on products that will not be smoked or vaped: Total cannabinoid concentration (mg/mL) shall be expressed based on the actual content of the raw cannabinoids.	The Bureau disagrees with this comment. The regulations have been amended to only require the laboratories to calculate Total THC and Total CBD using the indicated 0.877 conversion factor, if applicable. In addition, the regulations have been amended to require reporting of cannabinoid concentration in milligrams per gram (mg/mL) for concentration expressed in weight and milligram per milliliter (mg/mL) for concentration expressed in volume. These reporting requirements are specific to the laboratory analyses and do not dictate how products that are smoked or vaped must be labeled.
5724	751.11 (p.1411) 1551.13 (p.3245) 998.13 (p.1972)	Commenter notes that requiring the decarboxylation factor is an inaccurate representation of the quantity of cannabinoids present within the product. Commenter suggests that cannabinoid potency must be labeled according to the intended method of consumption. For inhaled forms of cannabis, any cannabinoid potency listed must appear as both a percent concentration (mass fraction; weight/weight) and a net weight (grams). For orally consumed forms of cannabis (edibles, tinctures, pills, sprays), any cannabinoid potency listed must appear as a net weight. For other forms of consumption, including dermal and	The Bureau notes that, consistent with the commenters remark, not all cannabis goods are intended to go through decarboxylation of THCA to THC when consumed/used. The Bureau disagrees that the used of the decarboxylation factor (0.877) should be removed because this conversion factor is necessary for laboratories to determine Total THC and Total CBD, if the product being tested is labeled as such. CDPH establishes labeling requirements and the Bureau's required laboratory reporting requirements do not dictate how products must be labeled.

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		internal, any cannabinoid potency listed must appear as both a percent concentration and a total net weight. Commenter recommends removing the quotient (0.877) used in calculating potency for products that are not smoked or are not otherwise intended to undergo combustion prior to, or as a part of, the consumption process.	
5724	751.2 (p.1409)	Commenter recommends establishing a standardized reporting limit for cannabinoids detected in low concentrations.	The Bureau agrees with this comment. The regulations have been amended to state that any cannabinoids found to be less than the LOQ shall be reported on the COA as "<1 mg/g" if by weight or "<1 mg/g" if by volume.
5724	3479 (p.10176)	Commenter notes that although the tiered acceptance criteria for cannabinoids content in edible -- edibles consider viability as low levels, 10 percent is narrow -- too narrow a concentration at all cannabis goods. It is of utmost importance to consider increasing overall variability requirements and widen the acceptance criteria until more standardization of testing is established. The F.D.A. guidance on bio method variations, validation suggests that the perception consists at each concentration level should not exceed 10 percent of the co-effective variance C.B. acceptance, and the lowest limit of quantitation, LLOQ, where it should not exceed 20%.	The Bureau disagrees with this comment and notes that the allowable potency variance has been amended to allow for a variance of plus or minus 10%. This degree of variance protects consumers while allowing for variation in manufacturing processes and cannabis plant heterogeneity. The Bureau notes that the amended variance consistent with FDA guidelines established for the pharmaceutical industry.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5724	751.3 (p.1409)	Commenter recommends increasing the allowed variance from 10% to 25%, at least until laboratory testing is better standardized and can be demonstrated to be consistent between laboratories within a 10% variance under every day, commercial operating conditions.	The Bureau disagrees with this comment and notes that the allowable potency variance has been amended to allow for a variance of plus or minus 10%. This degree of variance protects consumers while allowing for variation in manufacturing processes and cannabis plant heterogeneity. The Bureau notes that the amended variance consistent with FDA guidelines established for the pharmaceutical industry.
5724	3557.1 (p.10275) 52.3 (p.91) 961.4 (p.1911)	Commenter notes that there is a tolerance for labeling errors, but there is no set tolerance for "zero percent" label claims. One commenter provides the example that if a product is claimed to contain "zero percent THC" but analytical testing results report that the product contains 0.3 percent THC, then the product would fail testing. One commenter notes that a label verification test needs a mathematical reasoning for any product labeled 0 mg CBD, when in fact there is >1 mg cannot pass the +/- 10% standard.	The Bureau disagrees with this comment. The regulations have been amended to state that any cannabinoids found to be less than the LOQ shall be reported on the COA as "<1 mg/g" if by weight or "<1 mg/g" if by volume.
5724	751.8 (p.1410)	Commenter recommends continuing to require that laboratories report to their clients the concentration of each cannabinoid separately, a single percentage for each. Laboratories should also be able to provide "total THC". Some laboratories have been, by default, reporting to their clients "total THC". Additionally, "Total THC" should be defined for standardization, as well as "Total CBD"	The Bureau agrees with this comment. The regulation requires separate percentages for specified cannabinoids. The regulations have been amended to include definitions for total THC and total CBD in section 5700.

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		and six other cannabinoid pairs. The term can be misleading and misrepresented depending on usage and may not accurately represent what a consumer is being offered for sale.	
5724	751.9 (p.1410) 751.10 (p.1411)	Commenter recommends requiring any cannabinoid reported by analytical testing to be present in an amount greater than or equal to some threshold amount [e.g. 2% (w/w) or 1 mg per serving] to appear on the label. Commenter recommends requiring the primary panel to contain only those cannabinoids present in an amount greater than a threshold amount.	The Bureau agrees in part with this comment and the regulation has been amended to allow any cannabinoids found to be less than the LOQ shall be reported on the COA as "<1 mg/g" if by weight or "<1 mg/g" if by volume. Labeling requirements are established by CDPH.
5724	924.2 (p.1791)	Commenters recommend changing the CBD labeling requirement to only require content listed if above a threshold amount. Commenters recommend that the Bureau and MCSB coordinate to provide operators with clarity regarding the distinction of THC and CBD content and concentration in cannabis products, and to specify when each must be displayed on a product label.	The Bureau disagrees with this comment. Labeling requirements are established by CDPH.
5724	955 (p.1904)	Commenter has submitted an article titled "How Accurate is Potency Testing?	The Bureau notes this comment.

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5724	1766.1 (p.4588)	Commenter recommends "softening" the labeling requirements for cannabinoid values to align with FDA requirements for food and dietary supplements. Commenter comments that the relative difference between testing results and the value on the labeled goods should be between +/- 20%, similar to FDA rules on Class II naturally occurring indigenous nutrients and Third Group nutrients. Commenter comments that this recommendation is supported by a scientific study using uniform samples at the 90th percentile by weigh, which is a non-random sampling method, and this 20% recommendation mitigates costs from relabeling.	The Bureau disagrees with this comment and notes that the allowable potency variance has been amended to allow for a variance of plus or minus 10%. This degree of variance protects consumers while allowing for variation in manufacturing processes and cannabis plant heterogeneity. The Bureau notes that the amended variance consistent with FDA guidelines established for the pharmaceutical industry.
5724	1766.4 (p.4590)	Commenter recommends requiring testing for all cannabinoids with a Chemical Abstracts Service (CAS) number especially tetrahydrocannabivarin (THCV) and tetrahydrocannabivarin acid (THCVA) requiring these values to be printed on the cannabis goods package label. Commenter indicates that requiring analysis of both the cannabinoid acid molecular form and non-acid molecular form, a heightened standard of practice is encouraged in the industry. Commenter further recommends that the reporting of these molecular forms should be stored and accessible by consumers, doctors, patients, and scientists.	The Bureau disagrees with this comment. Potency testing is required as set forth in MAUCRSA, at Business and Professions Code section 26100, and allows the Bureau to establish cannabinoid-specific testing requirements. In addition, labeling criteria are established by CDPH.

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5724	1782.3 (p.4762)	Commenter recommends that potency testing should be informational until a baseline for cannabinoid potency is established.	The Bureau disagrees with this comment. Potency testing is required as set forth in MAUCRSA, at Business and Professions Code section 26100.
5724	1516 (p.2939)	Commenter appears to be commenting on the issue of the mandatory CBD labeling, even if 0.0 mg CBD. Commenter states that "7% is a low number when applied to items that are low in absolute value. Something that tests at 3% CBD shouldn't fail because the laboratory says it has 3.3%, that is de minimums. It should fail because of laboratory variances."	The Bureau disagrees with this comment and notes that the allowable potency variance has been amended to allow for a variance of plus or minus 10%. This degree of variance protects consumers while allowing for variation in manufacturing processes and cannabis plant heterogeneity. The Bureau notes that the amended variance consistent with FDA guidelines established for the pharmaceutical industry.
5724	1799.9 (p.4868) 3548.4 (p.10265)	Commenter recommends adding a requirement that the COA specify "Cannabinoid Claim Failure - Remediation Method: Relabel." Commenter comments that this additional requirement will expedite remediation by removing the requirement to receive approval from a State agency of the remediation plan. Commenter also notes that this additional requirement will indicate to the retailer that the failure is not for a contaminant thereby encouraging the retailer to look for the adjusted label and confidently accept the cannabis goods.	The Bureau disagrees with this comment. Laboratory analysts are not responsible for determining the type of remediation needed or permitted for a batch that fails regulatory compliance testing. Rather, a remediation plan must be submitted to, and approved by, a licensing agency. Additionally, the regulations have been amended to allow cannabis goods labels to leave the cannabinoid content blank and add it after testing, or to correct it after testing.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5724	1719.7 (p.4088)	Commenter recommends adding language to allow for remediation of failed laboratory results due to cannabinoid testing. The COA should specify "cannabinoid Claim failure – remediation method: relabel" and the distributor is responsible to sign off on the COA for remediation.	The Bureau disagrees with this comment. Laboratory analysts are not responsible for determining the type of remediation needed or permitted for a batch that fails regulatory compliance testing. Rather, a remediation plan must be submitted to, and approved by, a licensing agency. Additionally, the regulations have been amended to allow cannabis goods labels to leave the cannabinoid content blank and add it after testing, or to correct it after testing.
5724	1536.7 (p.3160) 1537.7 (p.3166)	Commenter comments that a 10% potency variance is unnecessarily tight. Commenter recommends allowing a 15% potency variance for "standard high-THC cannabis." Commenter comments that a potency variance that occur at low levels of just one or two per cent, a 10% variation is meaningless (≤ 0.2%), and that cannabinoids detected at levels below 5%, allow reporting of "detectible ≤ 0.5%.".	The Bureau disagrees with this comment and notes that the allowable potency variance has been amended to allow for a variance of plus or minus 10%. This degree of variance protects consumers while allowing for variation in manufacturing processes and cannabis plant heterogeneity. The Bureau notes that the amended variance is consistent with FDA guidelines established for the pharmaceutical industry.
5724	1555.2 (p.3282) 1799.7 (p.4867)	Commenters recommend allowing a potency variance of between 10% and 20%, especially for cannabis flower and non-infused pre-rolls. Commenters comment that cannabis flower is inherently heterogeneous in potency, unlike manufactured cannabis goods.	The Bureau disagrees with this comment and notes that the allowable potency variance has been amended to allow for a variance of plus or minus 10%. This degree of variance protects consumers while allowing for variation in manufacturing processes and cannabis plant heterogeneity. The Bureau notes that the amended variance is consistent with FDA guidelines established for the pharmaceutical industry.
5724(a)	931.9 (p.1831) 1735.10 (p.4297) 1741.12 (p.4333) 1763.9 (p.4536) 1068.12 (p.2177)	Commenters recommend removing the requirement for laboratories to verify label claims. Commenter recommends that if label claim verification is necessary, then standards must be established pertaining to units and number of claims so that the	The Bureau agrees with this comment. The regulations have been amended to have laboratories simply report the results of cannabinoid and terpenoid content.

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	3628.4 (p.2186) 1093.4 (p.2234) 1665.12 (p.3871) 1532.7 (p.3125) 1623.15 (p.3624) 1038.9 (p.2101) 1716.4 (p.4068) 1557.1 (p.3298) 1620.4 (p.3610) 1532.7 (p.3125) 1535.6 (p.3155) 1735.10 (p.4297) 1641.2 (p.3741) 1367.12 (p.2647) 1735.43 (p.4312) 1759.9 (p.4500) 3417.2 (p.10095) 1703.17 (p.3959) 1735.10 (p.4297)	verification process can be automated and easily incorporated in the COA.	
5724(a)	1553.3 (p.3274)	Commenter recommends using a sliding scale in the quantity of the representative sample used for sample preparation. Commenter recommends requiring a quantity based on the quantity of cannabis goods being tested.	The Bureau disagrees with this comment. The Bureau notes that the regulations have been amended to require laboratories to use a minimum amount of the representative sample of cannabis goods for various analyses. Moreover, the Bureau notes that the required minimum quantity is the quantity that must be used in the sample preparation however it is not necessary for the minimum quantity to be used, in its entirety, in the instrumentation itself. Rather, laboratories are expected to use an aliquot of the quantity used for the sample preparation, as appropriate, to perform the required analysis

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5724(a)	1744.11 (p.4352) 1790.5 (p.4799) 1792.5 (p.4827) 1702.11 (p.3945)	Commenters recommend standardizing sample preparation methodology by analysis type. Commenter indicates that if this process is not standardized among the laboratories, testing results may vary. Another comment suggests that standardization of sample preparation methodology is necessary to overcome challenges of matrix and thus to achieve a truly representative analytical sample.	The Bureau disagrees with this comment. The regulations required adherence to procedures and practices consistent with ISO/IEC 17025 accreditation and the guidelines incorporated by reference, which include USFDA BAM, AOAC International's Official Methods of Analysis for Contaminant Testing, and the USP NF Methods of Analysis for Contaminant Testing. The Bureau believes that these are the best available standards, in lieu of standards specific to cannabis good analysis which are not yet available for all cannabis goods types.
5724(b)	3628.4 (p.2186)	Commenter formally requests that the self-distributed manufacturer or microbusiness not be required to label finished product at time of providing samples for state mandated testing. Distributors will label once tests results are in, and additionally, it will impact white labeling. Commenter also supports the deviation for cannabinoids error margin.	The Bureau disagrees with this comment in part. Labeling requirements are established by CDPH. The Bureau's regulations have been amended to allow distributors to insert or correct cannabinoid and terpenoid content after testing. The Bureau notes the commenter's support for the deviation for cannabinoids error margin.
5724(c)	1649.24 (p.3778) 1664.19 (p.3859)	Commenter notes that the formula in section 5724(c)(1) and (2) are only appropriate for cannabidiolic acid (CBDA) and tetrahydrocannabinolic acid (THCA). This subsection should be changed to read: If the label reports the total cannabinoid concentration or any one cannabinoid is expressed as a total concentration of its acid and decarboxylated components, then these totals must correct for the weight loss due to decarboxylation of the acid	The Bureau disagrees with this comment. The Bureau has determined that the calculation provided for in the regulations is appropriate and necessary to ensure all testing laboratories are calculating total cannabinoid concentration in the same manner.

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		form of the cannabinoid (s). The correct concentration is calculated by multiplying the cannabinoid acid form concentration by the Decarboxylated Correction from the table in section 5724.	
5724(c)	52.1 (p.90)	Commenter notes that requiring the decarboxylation factor is an inaccurate representation of the quantity of cannabinoids present within the product, especially ones that are intended to be taken, as is, without heating.	The Bureau agrees with this comment. The amount of THC available for consumption in a cannabis good intended for inhalation, is dependent upon how long the product (e.g. flower, oil, etc.) is exposed to heat, the heating temperature, and the device being used. This amount will increase as THCA is decarboxylated to form THC. However, the amount of THC available for consumption in a cannabis good that is not intended to be inhaled (e.g. creams, tinctures, etc.) will not differ from the amount of THC detected in the sample. This is because there will be no decarboxylation of THCA into THC.
5724(c)	1360.17 (p.2610)	Commenter recommends language: "When the laboratory reports the total concentration of any cannabinoid, defined here as the combination of a cannabinoid present in the sample as a combination of the free cannabinoid and its corresponding cannabinoid acid, the laboratory shall calculate the total cannabinoid concentration as follows". This will help reduce ambiguities by more clearly defining the 0.877 number as a calculation of mass loss during decarboxylation from the cannabinoid acid	The Bureau disagrees with this comment in part. The language has been amended to provide clarification, so that the calculation is to be used to determine the total cannabinoid concentration.

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		to the free cannabinoid and is the most accurate method for describing the concentration of cannabinoids in the sample after decarboxylation.	
5724(c)	1719.7 (p.4088)	Commenter recommends clarification of total cannabinoid concentration expressed in weight, for distinction between cannabis flower and cannabis products.	The Bureau agrees with this comment. The cannabinoid testing reporting requirement has been amended to require reporting in milligrams per gram, if by weight, and milligrams per liter, if by volume.
5724(d)	1703.17 (p.3959)	Commenter cannot interpret the regulation. It reads as though any cannabinoid that constitutes more than 5% of the total cannabinoid profile passes if below the labeled value. If so, the language should be amended.	The Bureau notes this comment. The Bureau has made changes to the regulations for clarification purposes.
5724(d)	1080.12 (p.2210)	Commenter recommends that the concentration of any one cannabinoid not exceed the labeled content, plus or minus 10%, for edible cannabis products with a cannabinoid serving size greater than 5.1 milligrams.	The Bureau agrees with this comment in part, and notes that the allowable potency variance has been amended to allow for a variance of plus or minus 10%.
5724(d)	4 (p.5) 1641.3 (p.3742) 131.8 (p.320)	Commenters request that the cannabinoid testing allow for a 10% variance. Commenters suggest that this change is needed for consistency with the allowable terpene variance.	The Bureau disagrees with this comment and notes that the allowable potency variance has been amended to allow for a variance of plus or minus 10%. This degree of variance protects consumers while allowing for variation in manufacturing processes and cannabis plant heterogeneity. The Bureau notes that the amended variance is consistent with FDA guidelines established for the pharmaceutical industry.
5724(d)	1026.7 (p.2053)	Commenter restates subsection (d), with no recommendation provided.	This comment is not relevant to the regulations, as it does not provide any comment or recommendation.

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5724(d)	1719.7 (p.4088)	Commenter supports the clarification in this subsection to reduce laboratory test failures for cannabinoid potencies under 5%, and the increase of allowable variances for low-dose edible products and recommends additional clarification, to remove "of the total cannabinoid profile."	The Bureau disagrees with this comment, and notes that the allowable potency variance has been amended to allow for a variance of plus or minus 10%. This degree of variance protects consumers while allowing for variation in manufacturing processes and cannabis plant heterogeneity. The Bureau notes that the amended variance is consistent with FDA guidelines established for the pharmaceutical industry.
5724(d)	1553.7 (p.3276)	Commenter recommends including a sliding scale based on the per package size for THC and CBD tolerance for all cannabis goods. The same potency acceptance ranges afforded to edible cannabis products should be extended to all cannabis goods.	The Bureau disagrees with this comment and notes that the allowable potency variance has been amended to allow for a variance of plus or minus 10%. This degree of variance protects consumers while allowing for variation in manufacturing processes and cannabis plant heterogeneity. The Bureau notes that the amended variance is consistent with FDA guidelines established for the pharmaceutical industry.
5724(d)	1594.32 (p.3492)	Commenter recommends a limit on the potency of allowable cannabis for sale at 20% THC, a limit on plants and seeds for sale to 20% THC when mature, and cannabis concentrates for sale by licensed retailers at 50% THC, with aligned limits on cultivation and manufacturing.	The Bureau disagrees with this comment. The allowable THC content per cannabis good or cannabis goods package is established through regulation by the CDPH. The Bureau does not establish potency limits per cannabis good or cannabis good package.
5724(d)	306.2 (p.796) 688.3 (p.1334)	Commenter notes that a 15% swing for edibles should be allowed, in California. People want the industry and they want the cannabis tourism, the Bureau makes it too hard to produce farm-to-table type products that are made in small batches, it kills creativity and forces manufacturers to use harmful chemicals, so they can reach homogeneity.	The Bureau disagrees with this comment and notes that the allowable potency variance has been amended to allow for a variance of plus or minus 10%. This degree of variance protects consumers while allowing for variation in manufacturing processes and cannabis plant heterogeneity. The Bureau notes that the amended variance is consistent with FDA guidelines established for the pharmaceutical industry.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5724(d)	204.6 (p.572) 306.2 (p.796) 751.3 (p.1409) 931.14 (p.1831) 999.9 (p.1980) 1038.13 (p.2108) 1038.14 (p.2110) 1068.11 (p.2176) 1149.8 (p.2346) 1149.9 (p.2346) 139.1 (p.346) 1349.1 (p.2580) 1349.2 (p.2580) 1363.3 (p.2626) 1428.7 (p.2757) 1443.2 (p.2778) 1528.9 (p.3038) 1557.2 (p.3299) 1570.7 (p.3362) 1532.9 (p.3126) 1555.2 (p.3281) 1556.7 (p.3294) 1557.2 (p.3299) 1603.5 (p.3539) 1638.4 (p.3695) 1642.2 (p.3744) 1644.5 (p.3753) 1665.10 (p.3870) 1714.33 (p.4053) 1716.9 (p.4072) 1719.5 (p.4088)	Commenters recommend increasing the allowed variance to plus or minus 20% for cannabinoids. Comments indicate that this change is necessary to reduce time delays in the supply chain and to consider the inherent heterogeneity of cannabis plants.	The Bureau disagrees with this comment and notes that the allowable potency variance has been amended to allow for a variance of plus or minus 10%. This degree of variance protects consumers while allowing for variation in manufacturing processes and cannabis plant heterogeneity. The Bureau notes that the amended variance is consistent with FDA guidelines established for the pharmaceutical industry.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
	1720.5 (p.4106) 1735.8 (p.4296) 1741.10 (p.4332) 1759.14 (p.4506) 1763.9 (p.4536) 1766.1 (p.4588) 1779.2 (p.4757) 1782.4 (p.4762) 1799.7 (p.4867) 3479 (p.10176) 3482 (p.10179) 3539.5 (p.10256) 3383.2 (p.10052) 3417.1 (p.10094) 3433 (p.10115) 3482 (p.10180) 3575 (p.10296)		
5724(d)	1149.9 (p.2346) 1665.10 (p.3870) 1666.10 (p.3888) 1713.10 (p.4031) 1732.20 (p.4224) 1728.10 (p.4143) 1729.10 (p.4161) 1730.10 (p.4179) 1731.10 (p.4197) 1733.20 (p.4251) 1734.20 (p.4278) 1741.10 (p.4332) 1753.10 (p.4435) 1758.20 (p.4482)	Commenters recommend both allowing a 20% potency variance for all edibles with a serving dose of 2.01 mg or greater and maintaining the 25% potency variance for edibles with a serving does of 2.00 mg or less.	The Bureau disagrees with this comment and notes that the allowable potency variance has been amended to allow for a variance of plus or minus 10%. This degree of variance protects consumers while allowing for variation in manufacturing processes and cannabis plant heterogeneity. The Bureau notes that the amended variance is consistent with FDA guidelines established for the pharmaceutical industry.

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	1765.10 (p.4576) 1791.10 (p.4815)		
5724(d)	71 (p.163)	Commenter indicates to allow for a plus or minus variance, as in (d)(1) through (d)(3), which allows cannabinoid concentrations of edible products to have an acceptable range, i.e. plus or minus 10%, or plus or minus 15%, etc.	The Bureau agrees in part with this comment and has made changes to subsection (d)(1) through (d)(3) for clarification and consistency. The Bureau disagrees in part with this comment and notes that the allowable potency variance has been amended to allow for a variance of plus or minus 10%. This degree of variance protects consumers while allowing for variation in manufacturing processes and cannabis plant heterogeneity. The Bureau notes that the amended variance is consistent with FDA guidelines established for the pharmaceutical industry.
5724(d)	131.8 (p.320)	Commenter notes that laboratories cannot calculate a potency variance for cannabinoids that are claimed to constitute 0.0 mg of the cannabis good.	The Bureau agrees with this comment. The regulations have been amended for clarification purposes consistent with the recommendation. Any cannabinoids found to be less than the LOQ shall be reported on the COA as "<1 mg/g" if by weight, or "<1 g/mL if by volume.
5724(d)	1601.1 (p.3534)	Commenter indicates that including the exact quantity of cannabinoids on a label is an unfair burden on manufacturers for labeling. Commenter recommends language adding a sentence at the end of subsection (d): "If product is non-edible the labeled content shall not be more than 1 mg more than the labeled content." This will allow manufacturers to add an informational panel rather than relabel entirely.	The Bureau disagrees with this comment. The regulations have been amended to state that any cannabinoids found to be less than the LOQ shall be reported on the COA as "<1 mg/g" if by weight or "<1 mg/g" if by volume. In addition, the regulations have been amended to allow for a variance of plus or minus 10%. This degree of variance protects consumers while allowing for variation in manufacturing processes and cannabis plant heterogeneity. Further, distributors may now insert or correct cannabinoid content on the label after testing.

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5724(d)(1)	802 (p.1554)	Commenter notes that potency testing is inconsistent and will force manufacturers into the illegal market. Commenter proposes that all cannabis products under 10 mg be subject to +/- 2mg of label claims to be approved for release. This window tightens only if laboratories prove their ability to reproduce results and standardize within the industry. Commenter provides individual cases of loss of revenue due to incorrect testing on potency, including COAs.	The Bureau disagrees with this comment and notes that the allowable potency variance has been amended to allow for a variance of plus or minus 10%. This degree of variance protects consumers while allowing for variation in manufacturing processes and cannabis plant heterogeneity. The Bureau notes that the amended variance is consistent with FDA guidelines established for the pharmaceutical industry. Additionally, the Bureau does not have authority to mandate label claims. Labeling requirements are established by the CDPH.
5724(d)(3)	1104 (p.2251)	Commenter supports the regulation that allows a 25% potency variance for edible cannabis products with a cannabinoid serving size of less than or equal to 2.0 mg.	The Bureau disagrees with this comment. Commenter seems to mischaracterize the allowable potency variance. The Bureau notes that the allowable potency variance has been amended to allow for a variance of plus or minus 10%. This degree of variance protects consumers while allowing for variation in manufacturing processes and cannabis plant heterogeneity. The Bureau notes that the amended variance is consistent with FDA guidelines established for the pharmaceutical industry.
5724(e)	1719.7 (p.4093)	Commenter recommends clarification, by adding that failed testing batches shall not be released for retail sale until the goods within that batch are re-labeled with the cannabinoid content matching the COA.	The Bureau agrees in part with this comment. The regulations have been amended so that batches do not fail testing based on label claim and distributors may now insert or relabel cannabinoid content after testing.
5724(e)	1703.18 (p.3959)	Commenter notes that an additional tolerance should be permitted for infused beverages. Most of these beverages have only 10 mg of THC per 12 oz. bottle (approximately 340 mg), for an expected potency of 0.029 mg/g THC. It is difficult to	The Bureau disagrees with this comment and notes that the allowable potency variance has been amended to allow for a variance of plus or minus 10%. This degree of variance protects consumers while allowing for variation in manufacturing processes and cannabis plant heterogeneity. The Bureau notes

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		accurately quantify cannabinoids within 10% of this value. We believe a 25% tolerance should be permitted.	that the amended variance is consistent with FDA guidelines established for the pharmaceutical industry.
5725	3479 (p.10176)	Commenter notes that although the tiered acceptance criteria for cannabinoids content in edible -- edibles consider viability as low levels, 10 percent is narrow -- too narrow a concentration at all cannabis goods. It is of utmost importance to consider increasing overall variability requirements and widen the acceptance criteria until more standardization of testing is established. The F.D.A. guidance on bio method variations, validation suggests that the perception consists at each concentration level should not exceed 10 percent of the co-effective variance C.B. acceptance, and the lowest limit of quantitation, LLOQ, where it should not exceed 20 percent.	The Bureau disagrees with this comment and notes that the allowable potency variance has been amended to allow for a variance of plus or minus 10%. This degree of variance protects consumers while allowing for variation in manufacturing processes and cannabis plant heterogeneity. The Bureau notes that the amended variance is consistent with FDA guidelines established for the pharmaceutical industry.
5725	3628.2 (p.2186)	Commenter recommends excluding terpenoid testing because it is impossible for laboratories to separate them from a finished topical or edible product.	The Bureau disagrees with this comment in part. The Bureau has amended the regulations to clarify that terpenoid testing shall be conducted, if requested. The regulations also require reporting of terpenoid testing results, if performed.
5725	1766.3 (p.4589)	Commenter notes that it is imperative that analytical laboratories are required to retain terpene data for every sample tested. This information should be made available to the public so that doctors, scientists, and patients are able to draw	The Bureau disagrees with this comment in part. The Bureau has amended the regulations to clarify that terpenoid testing shall be conducted, if requested and reported on the COA if conducted. Laboratories are required to retain a data package including information related to all tests performed.

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		meaningful medical conclusions regarding the cannabis goods they use.	
5725 (c)	1080.13 (p.2210)	Commenter notes that the 10% potency variance is not reasonable and recommends letting the laboratory result be the "final word."	The Bureau disagrees with this comment and notes that the allowable potency variance has been amended to allow for a variance of plus or minus 10%. This degree of variance protects consumers while allowing for variation in manufacturing processes and cannabis plant heterogeneity. The Bureau notes that the amended variance is consistent with FDA guidelines established for the pharmaceutical industry.
5725(c)	751.3 (p.1409) 931.14 (p.1831) 999.9 (p.1980) 1038.14 (p.2110) 1068.11 (p.2176) 1149.9 (p.2346) 1349.1 (p.2580) 1363.3 (p.2626) 1428.7 (p.2757) 1443.2 (p.2778) 1528.9 (p.3038) 1532.9 (p.3126) 1556.7 (p.3294) 1557.2 (p.3299) 1638.4 (p.3695) 1759.14 (p.4506) 1763.9 (p.4536) 139.1 (p.346) 1716.9 (p.4072) 1759.14 (p.4506)	Commenters recommend increasing the allowed variance of plus or minus 20 or 25% for terpenoids. Comments indicate that this change is necessary to reduce time delays in the supply chain and to consider the inherent heterogeneity of cannabis plants.	The Bureau disagrees with this comment and notes that the allowable potency variance has been amended to allow for a variance of plus or minus 10%. This degree of variance protects consumers while allowing for variation in manufacturing processes and cannabis plant heterogeneity. The Bureau notes that the amended variance is consistent with FDA guidelines established for the pharmaceutical industry.

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	1763.9 (p.4536) 3383.2 (p.10052) 3479 (p.10176) 3433 (p.10115) 3482 (p.10179) 3539.5 (p.10256) 3570 (p.10291) 3417.1 (p.10094)		
5725(c)	3482 (p.10180)	Commenter recommends allowing a 20% potency variance for cannabis goods to be consistent with over-the-counter (OTC) products in drug stores and account for lack of standardization across laboratories.	The Bureau disagrees with this comment and notes that the allowable potency variance has been amended to allow for a variance of plus or minus 10%. This degree of variance protects consumers while allowing for variation in manufacturing processes and cannabis plant heterogeneity. The Bureau notes that the amended variance is consistent with FDA guidelines established for the pharmaceutical industry.
5725(c)	57.4 (p.101)	Commenter requests clarification of this section and comments that the wording indicates that any result that is less than the labeled amount plus or minus 10% would be considered passing. Commenter provided the example of a cannabis good with labeled content is 8 milligrams per grams, but the actual cannabinoid profile of the sample is 2 mg. The commenter concluded that the sample in this scenario would pass cannabinoid testing because the actual cannabinoid profile of the sample is less than the labeled cannabinoid profile.	The Bureau disagrees with this comment and notes that the allowable potency variance has been amended to allow for a variance of plus or minus 10%. This degree of variance protects consumers while allowing for variation in manufacturing processes and cannabis plant heterogeneity. The Bureau notes that the amended variance is consistent with FDA guidelines established for the pharmaceutical industry.

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5725(c)/5725(d)	1649.24 (p.3778) 1649.25 (p.3779) 1360.18 (p.2610) 1649.25 (p.3779)	Commenter recommends that there should be an exception to the "pass/fail" testing criteria for flowers and notes that cannabis cultivators often test their crop prior to harvesting (for example to determine terpene concentration) and often use the laboratory results to produce the harvest cannabis goods label claim. Comments suggest allowing cultivators to conduct regulatory compliance testing for harvest batches of unknown potency and allowing the certificate of analysis results to produce the harvest cannabis goods label claim. Commenters further note that terpenes are very volatile compounds and therefore are less stable than cannabinoids, which may cause the terpene content to drift out of label claim very easily.	The Bureau disagrees with this comment. MAUCRSA does not allow cultivators to arrange for state-mandated cannabis testing. Specifically, per section 26110 of the Business and Professions Code, licensed distributors are responsible for arranging for a licensed testing laboratory to obtain samples from the distributor's licensed premises. The Bureau notes, however, that the regulations do not prohibit post-testing labeling of harvest batches that are sampled and tested when unpackaged.
5726	1058.5 (p.2166)	Commenter recommends allowing electronic publishing of COAs on a manufacturer's website for final products with the following information blurred out: Manufacturing Facility Address, Distribution Facility Address, and Size of Batches tested.	The Bureau disagrees with this comment. The commenter's recommendation is intended for manufacturer licensees, the privileges and obligations for which are established by the CDPH. The regulations do not prohibit the results of a laboratory proficiency test from being made available upon request.
5726	3454.1 (p.10145) 3459.2 (p.10152)	Commenter recommends adding language to support laboratories carrying liability insurance.	The Bureau disagrees with this comment. MAUCRSA requires that distributors have insurance but does not have similar provisions for laboratories. Laboratories are not prohibited from obtaining insurance.

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5726	1443.4 (p.2779) 1367.7 (p.2645)	Commenters recommend deleting sensitive information printed on the public facing COAs and SOPs which contain information that which could provide businesses with competitive advantages. Commenters recommend blurring or deletion of the physical address off the public facing COA.	The Bureau disagrees with this comment. Commenter's proposed recommendation is duplicative and not necessary. Additionally, under section 26067, subdivision (b)(6) of the Business and Professions Code, information collected as part of the COA and the data packages are considered confidential and shall not be disclosed pursuant to Business and Professions code section 26070.
5726	1645.18 (p.3764)	Commenters recommend that the COA should include an indication whether the sample falls below the LOD or LOQ. Commenters comment that the LOD or LOQ is only relevant if the test results fall below the limits.	The Bureau disagrees with this comment. The COA must contain specific information for certain analytes, depending on the analyte tested.
5726	131.1 (p.318)	Commenter recommends removing the requirement that testing laboratories include the physical address of the producer (cultivator, manufacturer, microbusiness) on the COC and COA.	The Bureau disagrees with this comment. Requiring the laboratory to record the physical location of where cannabis goods batch originated enables the Bureau to efficiently and quickly identify the specific location that may be a source of contamination.
5726	1553.6 (p.3275)	Commenter recommends that a formula should be defined to calculate a percentage of error. Confusion exists regarding whether the tested or labeled value should be considered the "true" value for purposes of this calculation.	The Bureau agrees with this comment. The equation for percent error, or the difference, in percent, has been added in section 5307.1.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5726	1363.2 (p.2625) 1555.2 (p.3281) 1603.2 (p.3539) 1623.19 (p.3627) 1719.2 (p.4088) 1720. 4 (p.4106) 1735.5 (p.4295) 3539.2 (p.10255)	Commenters request requiring that the laboratory COA clearly display the reason for laboratory test failure, and whether the test is an official certified test or a non-certified test.	The Bureau disagrees in part with this comment. The Bureau agrees with the requirement that each COA produced for the state-mandated testing should be distinguished from a COA produced for quality-assurance testing. To this end, The Bureau has amended the regulations to require that the COA produced for the state-mandated testing contain the term "Regulatory Compliance Testing" on each page of the COA. The Bureau disagrees with the recommendation to require laboratories to indicate, on the COA, a reason for a "fail" test result because a sample may fail for one or for numerous reasons and this additional reporting would be onerous for the laboratory.
5726(b)	1703.29 (p.3961)	Commenter recommends allowing laboratories to report results before releasing the completed COA. There does not appear to be a public health issue with releasing the test results to the distributor prior to a finalized COA.	The Bureau disagrees with this comment. Premature release of test results may have the undesired consequence of batches being released for retail that should not be released. Moreover, the determination of whether a sample "passes" or "fails" regulatory testing is based on the final results of all tests that are performed, not merely a subset.
5726(b)	1570.8 (p.3362)	Commenter recommends adding text that allowing a testing laboratory to confirm with clients the batch code and product name prior to release of the COA.	The Bureau disagrees with this comment. The regulations do not prohibit the activity.

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5726(c)	1756.1 (p.4452)	Commenter recommends that there be a "grace period" between the time that test results are complete and the time the laboratories are required to report the test results to the Bureau. Commenter advises that a "grace period" would provide an opportunity to refute test results that are questionable or inconsistent with prior testing of same batch or from the same laboratory.	The Bureau disagrees with this comment. All compliance testing COAs must be submitted to the Bureau within one day of completing the test results to ensure traceability of batches that are contaminated or otherwise unfit for release to retailers. Also, the regulations do not prohibit clients from questioning test results once they are made available.
5726(c)	1763.10 (p.4538)	Commenter states that the requirement to report results within one day is an undue and unreasonable burden placed upon the testing laboratory. Commenter recommends allowing preliminary results be given to licensed commercial cannabis operators as the product moves through the compliance testing pipeline. Commenter suggests that this will allow for verification that data entry mistakes have not been made and facilitates preparation for any required remediation.	The Bureau disagrees with this comment. All compliance testing COAs must be submitted to the Bureau within one day of completing the test results to ensure traceability of batches that are contaminated or otherwise unfit for release to retailers. Moreover, the determination of whether a sample "passes" or "fails" regulatory testing is based on the final results of all tests that are performed, not merely a subset.
5726(c)	1532.9 (p.3126)	Commenter recommends new language in subsection (c): "The sample shall be deemed to have passed the terpenoid testing if the concentration of any one terpenoid, claimed to be present at 5% or greater of the total terpenoid profile in the replicate analysis, does not exceed plus or minus 20%."	The Bureau disagrees with this comment and notes that the allowable potency variance has been amended to allow for a variance of plus or minus 10%. This degree of variance protects consumers while allowing for variation in manufacturing processes and cannabis plant heterogeneity. The Bureau notes that the amended variance is consistent with FDA guidelines established for the pharmaceutical industry.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5726(d)	50.1 (p.86)	Commenter recommends that an analytical screening method should be applied that will allow for the identification of synthetic cannabinoids during potency testing of concentrates. Commenter notes that accurate mass screening- TOF / QTOF- is the best analytical tool for identification of non-target compounds. Commenter recommends banning synthetic cannabinoids in any concentration from all cannabis products produced in NV.	The Bureau disagrees with this comment. The Bureau has minimum standards for contaminant and potency testing. Laboratories may test for additional adulterants. Patients may also request testing of products. Moreover, the use of synthetic cannabinoids in the production of any cannabis goods is prohibited.
5726(d)	50.3 (p.87)	Commenter indicates that due to quantitative and qualitative observations of high levels of pesticide residues in cannabis flower and concentrate products, synthetic cannabinoids such as Hexahydrocannabinol are being produced. Commenter suggest measures for the protection of consumers, including additional testing for synthetic cannabinoids and other adulterating contaminants.	The Bureau disagrees with this comment. The Bureau acknowledges that all cannabis goods should be free of synthetic cannabinoids but does not agree with the recommendation to require testing for these compounds.
5726(d)(7)	57.10 (p.101) 914.7 (p.1757)	Commenter proposes removing the requirement for pictures of cannabis goods on COA.	The Bureau disagrees with this comment. Photo documentation of samples obtained for regulatory compliance testing is necessary to enable the Bureau to determine whether the proper analyses were performed based on the product type being analyzed.
5726(d)(7)	1703.20 (p.3960)	Commenter requests that the laboratory be permitted to include the picture as a	The Bureau disagrees with this comment. The COA must include a picture of the sample of cannabis goods. Allowing for

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
		separate file, as their LIMS is not configured to include pictures with the COA.	attachments or a separate file would create the possibility of having the pictures separate from the COA.
5726(d)(10)	57.5 (p.101) 204.3 (p.569) 931.13 (p.1831) 1038.13 (p.2108) 1068.12 (p.2177) 1360.19 (p.2611) 1367.13 (p.2647) 1428.6 (p.2756) 1557.4 (p.3304) 1532.10 (p.3126) 1645.13 (p.3763) 1649.26 (p.3779) 1649.27 (p.3779) 1665.15 (p.3875) 1666.15 (p.3893) 1703.21 (p.3960) 1741.15 (p.4337) 1759.13 (p.4504) 1763.11 (p.4539) 1713.15 (p.4036) 1716.8 (p.4071) 1728.15 (p.4148) 1729.15 (p.4166) 1730.15 (p.4184) 1731.15 (p.4202) 1732.25 (p.4229) 1733.25 (p.4256) 1734.25 (p.4283) 1741.15 (p.4337)	Commenters recommend removing the requirement to record density on the COA or clarifying the need for the item. Commenter indicates that requiring a density determination has no bearing on the safety of the product and will require additional instrumentation at a cost. Commenter asserts that for sample matrices, it is unclear how this would even be performed. Determination of density for the range of different samples makes accurately reporting by volume very difficult to standardize across testing laboratories. Commenter indicates that the measurement of density to an accurate degree requires the measurement of mass (which is easy) and volume (which is most likely destructive by displacement). This is a time consuming and expensive step that is not typically performed in cannabis analysis. Suggest removing subsection (d)(10). Commenter indicates that density measurement should be removed because	The Bureau disagrees with this comment. Density is an integral part of determining the total concentration of cannabinoid and terpenoid levels in certain products. This is necessary to ensure calculations performed by the testing laboratory are accurate when reporting the test results for cannabinoids and terpenoids.

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	1753.15 (p.4440) 1758.25 (p.4487) 1759.13 (p.4504) 1765.15 (p.4581) 1791.15 (p.4820) 3451.3 (p.10141)	laboratories are not required to measure the density of cannabis goods. It is unlikely they will make equivalent density measurements without specific guidance.	
5726(d)(13)	1360.19 (p.2611)	Commenter notes that subsection (d)(13) puts a lot of liability on the laboratories with more advanced detection and analysis skill than those who do not have as advanced equipment and personnel. This puts the more diligent laboratories in an economically disadvantageous position. Either remove this subsection or put in more specific language about the laboratories liability in situations of identification of an unknown compound, which occurs in an analytical laboratory on a nearly constant basis.	The Bureau disagrees with this comment. The regulations provide laboratory testing and performance standards that must be met by all licensed testing laboratories.
5726(d)(13)	57.5 (p.101) 1367.14 (p.2647)	Commenter requests clarification that the requirement to report, on the COA, analytes that are unknown, unidentified, or injurious to human health if consumed only applies to visual inspections, for example extraneous or foreign matter. Commenters also recommend removing references to "unknown" or "unidentified." Commenter advises that if a laboratory can detect or reporting for analytes that are injurious to human health, then they can report those analytes.	The Bureau disagrees with this comment. The regulation applies to any analysis through which the laboratory detects an analyte that is unknown, unidentified, or injurious to human health if consumed, if any. The required testing and associated analytes are a non-exhaustive list of potential contaminants in cannabis goods. If a laboratory detects contaminants not included as a required target analyte for analysis, but the contaminant is injurious to human health, the laboratory must notify the Bureau and the client on the COA to ensure that cannabis goods unfit for retail sale are not released.

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			The required testing does not capture analytes for which a testing laboratory may test beyond those required by the Bureau. Therefore, it is necessary to require laboratories to including, on the COA, any unknown or unidentified analytes that are detected to ensure that the laboratory reports to the Bureau any contaminants that may cause harm to a consumer.
5726(e)	139.2 (p.347) 204.4 (p.569)	Commenters recommends that laboratories should only have to report cannabinoid potency in percentage (%) and not in milligram per gram (mg/g) or milligram per milliliter (mg/mL).	The Bureau disagrees with this comment. Reporting in both percentage and milligram per gram, if by weight, and milligram per milliliter, if by volume, is necessary to accurately report cannabinoid potency testing.
5726(d)(5)	139.2 (p.346) 204.4 (p.569) 931.9 (p.1831) 1038.9 (p.2101) 1093.4 (p.2234) 1532.7 (p.3125) 1535.6 (p.3155) 1557.1 (p.3298) 1620.4 (p.3610) 1623.15 (p.3624) 1665.12 (p.3871) 1666.12 (p.3889) 1705.4 (p.3968) 1713.12 (p.4032) 1716.4 (p.4068) 1728.12 (p.4144) 1729.12 (p.4162) 1730.12 (p.4180) 1731.12 (p.4198) 1732.22 (p.4225)	Commenters recommend removing the requirement for laboratories to verify label claims. Commenter recommends that if label claim verification is necessary, then standards must be established pertaining to units and number of claims so that the verification process can be automated and easily incorporated in the COA. Commenters note that laboratories should be focused on the verification of cannabinoid and terpenoid content and to ensure accuracy and transparency, label verifications should occur outside of the laboratory.	The Bureau agrees with this comment. The regulations have been amended to not require that the laboratory determine whether the cannabinoid profile of the sample conforms to the labeled content of each cannabinoid.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
	1733.22 (p.4252) 1734.22 (p.4279) 1735.43 (p.4312) 1741.12 (p.4333) 1753.12 (p.4436) 1758.22 (p.4483) 1765.12 (p.4577) 1791.12 (p.4816) 1759.9 (p.4500) 1763.12 (p.4540)		
5726(d)(5)	1641.2 (p.3741)	Commenter comments that cannabis goods should be forbidden from including any cannabinoid and/or terpenoid content on the packaging until after receiving a certificate of analysis from a licensed laboratory, noting that label claim verification should not be required. Commenter also recommends requiring that the certificate of analysis indicate the laboratory that performed the compliance testing, noting that not all laboratories are equal.	The Bureau disagrees with this comment with the recommendation to prohibit pre-compliance test labeling of cannabis goods and notes that the determination on the timing of labeling is not prescribe by the Bureau. The Bureau notes that the amended regulations have been amended to not require that the laboratory determine whether the cannabinoid profile of the sample conforms to the labeled content of each cannabinoid.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5726(e)(5)	1766.1 (p.4588)	Commenters recommend requiring random sampling methods to be used and attempt to harmonize language to be more consistent with other organizations. Commenters comment that samples should be selected without targeting uniform samples and each sample should be non-uniform in size and weight. Commenter recommends changing language to supporting scientifically random sampling.	The Bureau agrees with this comment. The regulations require that the laboratory obtain a representative sample by obtaining sample increments from random and varying locations of the batch, both vertically and horizontally.
5727	3.3 (p.3)	Commenter notes that laboratories are not adjusting "FAIL" COA after an approved remediation plan for relabeling is carried out. Commenter notes that there is no independent verification that the remediation occurred and that retailers are rejecting relabeled batches because the original COA still says "FAIL".	The Bureau disagrees with this comment. COAs cannot be changed after final test results are provided to clients and the Bureau. The regulations have been amended so that laboratories no longer verify label claims. Distributors may insert or relabel cannabinoid and terpenoid content after testing.
5727	1703.28 (p.3961)	Commenter recommends allowing for changes on the COA if deemed reasonable and do not materially change the findings. Commenter comments that human error is inevitable, such as a missing number that would identify the correct batch number.	The Bureau disagrees with this comment. COAs cannot be changed after final test results are provided to clients and the Bureau. The COA is a report for specific tests performed on a unique date and time. However, the laboratory is required to verify that all data provided on the COA is accurate. If inaccurate data is noted, the laboratory must take reasonable steps to determine the cause of the error and ensure that the data submitted to the Bureau is accurate.
5726	3548.4 (p.10265)	Commenter recommends that the COA indicate when a batch is to be remediated by labeling after failing a label claim test. Commenter recommends text:	The Bureau disagrees with this comment. The regulations have been amended so that batches will not fail testing due to label claims. Distributors may now insert or relabel for cannabinoid or terpenoid content after testing.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
		"Cannabinoid claimed failure. Remediation method: To be relabeled."	
5727	256.1 (p.667) 1058.6 (p.2166)	Commenters note that distributors should be able to relabel compliant products with potency variable data results after testing. Distributors can email before and after pictures of the remediated product.	The Bureau disagrees with this comment. The regulations have been amended so that batches will not fail testing due to label claims. Distributors may now insert or relabel for cannabinoid or terpenoid content after testing.
5727	1739.16 (p.4321) 3628.4 (p.2186)	Commenter notes that manufacturers should be allowed to label products after testing based on test results/COAs. Another commenter requests that manufacturers that also hold a distribution license or microbusinesses allowed to engage in distribution not be required to label finished product at the time of providing samples for state mandated testing.	The Bureau disagrees with this comment. This would conflict with CDPH's regulations which governs licensing for manufacturers. Microbusinesses engaged in manufacturing must follow all the same requirements as other manufacturers to ensure consistency throughout the supply chain.
5727	1780 (p.4760)	Commenter suggests that cultivators and processors be allowed to test packaged, but unlabeled product under camera in a storage room and obtain a COA that can be used by other distributors and retailers. That way the cultivator can have the 50-pound batch tested prior to leaving their facility, then label product with the lab's results. The product would be moved to the appropriate distributors that ultimately transport the product to retailers.	The Bureau disagrees with this comment. CDFA establishes the regulatory framework and governs licensing for cultivators. Moreover, MAUCRSA does not allow cultivators or processors to arrange for state-mandated cannabis testing. Specifically, per section 26110 of the Business and Professions Code, licensed distributors are responsible for arranging for a licensed testing laboratory to obtain samples from the distributor's licensed premises.
5727	1467 (p.2807)	Commenter recommends allowing operators to provide informational R&D testing results that have passed as part of either the retesting or remediation plans.	The Bureau disagrees with this comment. Only final form testing of samples obtained from a licensed distributor are acceptable for purposes of regulatory compliance testing.

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5727	1365 (p.2638)	Commenter requests that the Bureau allow cannabis producers and manufacturers the option to use of gamma radiation to remediate cannabis products that fail microbial impurities testing. Commenter believes this is an effective means to eliminate molds and fungi and prevent or reduce the possibility of mycotoxin formation.	The Bureau disagrees with this comment. Business and Professions Code section 26110 only allows remediation by manufacturers.
5727	351 (p.842)	Commenter provided data regarding remediation.	The Bureau is unclear as to the commenter's recommendation as to the regulations.
5727	3.3 (p.4)	Commenter recommends implementing a "fast-track" review process for remediation plans.	The Bureau disagrees with this comment. The regulations govern licensees not the licensing authorities.
5727	350.1-350.2 (p.842)	Commenter requests confirmation from Bureau that the permanent regulation will authorize licensees to treat failed nonmanufactured cannabis test result for microbial contamination through use of ozone oxidation techniques, without requiring that each failed batch undergo extraction or any other manufacturing process that transforms the nonmanufactured cannabis goods into a new, manufactured product type. Commenter also requests that the Bureau "add clarifying language" to the regulations authorizing post-testing nonmanufactured cannabis microbial treatment via ozone oxidation	The Bureau disagrees with this comment. Remediation plans will be evaluated in a case by case basis. Remediation by manufacturers is under the jurisdiction of CDPH.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5727	1744.31 (p.4360) 1702.29 (p.3953) 1790.20 (p.4805)	Commenter recommends establishing remediation plan criteria or creating a form to use for submitting remediation plans.	The Bureau disagrees with this comment. Remediation plans will be evaluated in a case by case basis. Remediation by manufacturers is under the jurisdiction of CDPH.
5727	1636.5 (p.3685)	Commenter notes that it is unfairly burdensome to deny a licensee's ability to get a second opinion before a significant financial investment is rendered unusable. Commenter recommends that the State establish an appeal process, requiring notification to the Bureau of the initial results and any second test, and perhaps limiting additional testing to one additional test if authorized by regulators. Commenter recommends specific regulatory language to allow a batch that has failed testing to be retested one time with permission from the Bureau after which the batch shall not be further remediated or reprocessed in any way.	The Bureau disagrees with this comment. When a laboratory identifies a "fail" result for any testing, the laboratory is required to conduct additional testing to identify any intra-laboratory problems that may have caused the result pursuant to section 5730. Business and Professions Code section 26110 provides that a cannabis batch which fails testing is to be destroyed or transported to a manufacturer for remediation.
5727	1778.23 (p.4735)	Commenter recommends revising subsection (d) so that any subsequent COAs produced for a batch that failed initial testing which has not been retested, remediated or reprocessed, will not supersede the initial regulatory compliance testing COA.	The Bureau agrees with this comment. Under the regulations, batches may not be retested unless they have been remediated. A new COA is required for the testing after remediation.
5727	3.3 (p.4)	Commenter recommends publishing a list of approved remediation plans for use if a sample fails regulatory testing for label claim verification.	The Bureau disagrees with this comment. The regulations have been amended so that batches will not fail testing due to label claims for cannabinoids and terpenoids.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5727	688.2 (p.1334)	Commenter notes that because topicals are not psycho-active, there should be a 20% allowable potency variance without necessity to relabel the product. Commenter comments that it is most sensible to allow relabeling of topical cannabis goods without requiring approval from the CDPH of a remediation plan.	The Bureau agrees in part with this comment. The regulations have been amended so that distributors may insert or relabel cannabinoid and terpenoid content after testing. The regulations now allow for a 10% variance between test results and the label claim.
5727	1601.2 (p.3535)	Commenter recommends the change: "(d) A cannabis goods batch may only be remediated twice. If the batch fails after the second remediation attempt and the second retesting, the entire batch shall be destroyed. However, if both tests occurred at the same laboratory, and the distributor has reason to believe the laboratory results were calibrated incorrectly, the distributor may seek a third test from a different licensed laboratory." Commenter notes that recent laboratory tests have returned inconsistent results from the same batch, and from the same sample. To ensure that the laboratory test is accurate, commenter recommends a third strike opportunity from a separate laboratory to ensure that the results are in fact due to the product.	The Bureau disagrees with this comment. The Bureau does not mandate the laboratory that conducts testing. This is a business decision left to the licensee.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5727	1058.4 (p.2166) 1126.2 (p.2287) 1367.12 (p.2647) 1639.9 (p.3703) 1702.5 (p.3944) 1703.16 (p.3959) 1744.5 (p.4350) 1790.2 (p.4798)	Commenters recommend allowing for final labeling or adjustments of packaged products after completion of state certified testing with values generated by the laboratory on a COA.	The Bureau agrees in part with this comment. The regulations have been amended to allow distributors to insert or relabel cannabinoid and terpenoid content after testing.
5727	1559.11 (p.3341)	Commenter recommends adding the following clause at the end of the subsection: "but may be retested and shall not be considered a failed batch until the failed test is confirmed or the manufacturer determines not to perform retesting."	The Bureau disagrees with this comment. The result of an analytical test, whether "pass" or "fail", is conclusive and cannot be subsequently altered nor can the result be delayed until further action is taken. After a failed test, the Act only allows destruction or remediation.
5727	1559.11 (p.3341)	Commenter recommends adding the term "retesting" to the subsection to specify that and subsequent COAs produced without retesting, in addition to remediation or reprocessing, of the failed batch will not supersede the initial regulatory compliance testing COA.	The Bureau disagrees with this comment. Retesting is only permitted if a batch is reprocessed or remediated pursuant to the Act. Thus, a COA produced for a batch that has been retested alone, without prior reprocessing or remediation, will be deemed invalid.
5727	3383.3 (p.10052)	Commenter recommends more allowance remediation in returns through the supply chain.	The Bureau disagrees with this comment. Frequency of remediation is on a case by case basis.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5727	924.21 (p.1801) 1703.22 (p.3960)	Commenters recommend that the Bureau and MCSB allow for remediation of failed batches at either a manufacturing or distribution premises using methods that do not transform the batch into a new, manufactured form (such as through normal extraction, infusion, or other manufacturing processes). One commenter suggests that the reprocessing of edibles should be allowed in the event that the tested cannabinoid content is above the permitted level per serving or package (rendering relabeling impossible).	The Bureau disagrees with this comment. CDPH establishes the regulatory framework for manufacturers, and remediation of cannabis goods.
5727	1072.3 (p.2179)	Commenter suggests that the Bureau allows for cannabis goods that have failed testing due to mold or moisture to be remediated by licensed cultivators.	The Bureau disagrees with this comment. The regulations regarding remediation are consistent with Business and Professions Code section 26110 (c)(2), which specifies that failed cannabis batches may be transported to a manufacturer for remediation.
5727	751.1 (p.1409) 1072.1 (p.2179) 1662.7 (p.3844) 1799.6 (p.4867)	Commenters recommend establishing an appeal process for initial test results and the ability to request a secondary test.	The Bureau disagrees with this comment. When a laboratory identifies a “fail” result for any testing, the laboratory is required to conduct additional testing to identify any intra-laboratory problems that may have caused the result pursuant to section 5730. Business and Professions Code section 26110 provides that a cannabis batch which fails testing is to be destroyed or transported to a manufacturer for remediation.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5727	997.2 (p.1963) 999.9 (p.1981) 1519 (p.2947) 1528.10 (p.3039) 1556.8 (p.3295) 1606.1 (p.3558) 1607.1 (p.3561) 1608.1 (p.3564)	Commenters note that the Bureau needs to have a mechanism in place that allows for retesting if there is a valid claim with evidence that there may have been an error or equipment failure on the part of a laboratory.	The Bureau disagrees with this comment. When a laboratory identifies a "fail" result for any testing, the laboratory is required to conduct additional testing to identify any intra-laboratory problems that may have caused the result pursuant to section 5730. Business and Professions Code section 26110 provides that a cannabis batch which fails testing is to be destroyed or transported to a manufacturer for remediation.
5727	3581 (p.10302)	Commenter recommends allowing operators to do informational research and development testing before the required regulatory compliance testing. Comment suggests that the results of such testing be considered as when remediation and/or retesting is required to "back-up" the data.	The Bureau disagrees with this comment. The regulations do not prohibit research and development testing. The Bureau notes, however, that the results of pre-regulatory compliance testing have no bearing on whether a cannabis good batch will pass or fail regulatory compliance testing.
5727	978 (p.1932)	Commenter recommends adding a step for products that fails testing such as a resample/retest to a second laboratory and if the second test passes, relying on the "best two out of three" laboratory results.	The Bureau disagrees with this comment. When a laboratory identifies a "fail" result for any testing, the laboratory is required to conduct additional testing to identify any intra-laboratory problems that may have caused the result pursuant to section 5730. Business and Professions Code section 26110 provides that a cannabis batch which fails testing is to be destroyed or transported to a manufacturer for remediation.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5727	1702.7 (p.3944) 1744.7 (p.4350) 1790.4 (p.4798) 1792.3 (p.4827)	Commenters recommend allowing for more than a single test where any result is disputed. When a batch fails for pesticide or presumed potency, licensees should have the option to have the same batches tested by another laboratory. If the results are same or similar within an acceptable margin of error, then the State and licensee should accept the results. However, where results are different, the State should be required to conduct an investigative review and a third test conducted.	The Bureau disagrees with this comment. Additionally, when a laboratory identifies a "fail" result for any testing, the laboratory is required to conduct additional testing to identify any intra-laboratory problems that may have caused the result. However, for clarification purposes, the regulations have been amended so where a licensed laboratory that is unable to competently complete the regulatory compliance testing after sampling and before a COA is issued, the licensed distributor who arranged for the testing of the batch(s), may request approval from the Bureau to have the impacted batch(s) re-sampled and tested by another licensed laboratory. Additionally, CDPH establishes the regulatory framework for manufacturers, and remediation of cannabis goods.
5727	1782.5 (p.4762)	Commenter notes that if a manufacturing company submits the same batch sample for R & D then COA with the R & D passing and the COA failing, the failed portion of the COA must be allowed to be retested.	The Bureau disagrees with this comment. When a laboratory identifies a "fail" result for any testing, the laboratory is required to conduct additional testing to identify any intra-laboratory problems that may have caused the result pursuant to section 5730. Business and Professions Code section 26110 provides that a cannabis batch which fails testing is to be destroyed or transported to a manufacturer for remediation.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5727	3628.8 (p.2186)	Commenter recommends allowing for a retest of plant material or pre-rolls, if fail. It needs to dry more and is ready to re-test probably not long from original test date. Cannabis should not go to waste that fails this test. It is safe and normal to cure it longer for a safe consumer experience.	The Bureau disagrees with this comment. When a laboratory identifies a "fail" result for any testing, the laboratory is required to conduct additional testing to identify any intra-laboratory problems that may have caused the result pursuant to section 5730. Business and Professions Code section 26110 provides that a cannabis batch which fails testing is to be destroyed or transported to a manufacturer for remediation. However, the Bureau has removed the requirement to fail a batch due to moisture content. Laboratories must submit report with moisture content in percentage but does not need to designate pass or fail based on these results.
5727	972 (p.1924) 978 (p.1932) 997.2 (p.1963) 999.9 (p.1981) 1735.5 (p.4295) 1778.20 (p.4732) 1792.3 (p.4827) 1126.2 (p.2287)	Commenters recommend allowing for a retest before issuing a COA. Recommend resample/retest to a second or third laboratory due to inherent variability in laboratory testing. The Bureau should consider allowing a retest of a failed batch prior to remediation. Allow the laboratory, upon request, to make up two new analytical samples from the same batch and reanalyze to arrive at a more accurate number. Average the result.	The Bureau disagrees with this comment. When a laboratory identifies a "fail" result for any testing, the laboratory is required to conduct additional testing to identify any intra-laboratory problems that may have caused the result pursuant to section 5730. Business and Professions Code section 26110 provides that a cannabis batch which fails testing is to be destroyed or transported to a manufacturer for remediation.
5715	1703.9 (p.3958)	Commenter notes that laboratories have no criteria from which to judge whether the additional tests pass or fail. They should be able to issue their findings and the Bureau can evaluate the product stability.	The Bureau disagrees with this comment. Product stability is part of the manufacturing process, and should be addressed in manufacturing procedures, which are overseen by CDPH.
5727(a)	1778.22 (p.4734)	Commenter recommends adding language to allow an edible cannabis product batch that fails testing to be retested and not be	The Bureau disagrees with this comment. When a laboratory identifies a "fail" result for any testing, the laboratory is required to conduct additional testing to identify any intra-laboratory

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		considered a failed batch until the failed test is confirmed or the manufacturer determines not to perform retesting.	problems that may have caused the result pursuant to section 5730. Business and Professions Code section 26110 provides that a cannabis batch which fails testing is to be destroyed or transported to a manufacturer for remediation.
5727(c)	1662.7 (p.3844)	Commenter suggests that distributors be allowed to obtain a second opinion before they are required to spend additional money and resources to remediate a batch of cannabis goods. Recommends allowing licensed distributor or licensed microbusiness to arrange for retesting, remediation, or destruction.	The Bureau disagrees with this comment. When a laboratory identifies a "fail" result for any testing, the laboratory is required to conduct additional testing to identify any intra-laboratory problems that may have caused the result pursuant to section 5730. Business and Professions Code section 26110 provides that a cannabis batch which fails testing is to be destroyed or transported to a manufacturer for remediation.
5727(d)	1519 (p.2947) 1559.11 (p.3314) 1516 (p.2938) 1603.4 (p.3539) 751.1 (p.1409) 1735.7 (p.4296) 1601.2 (p.3535) 3539.4 (p.10256)	Commenters recommend clarifying when retest can be refuted by allowing retesting (by separate laboratory). There is no option to contest laboratory results.	The Bureau disagrees with this comment. The regulations require LQC testing provisions which serve as a mechanism to verify the results of a laboratory's analysis. When a laboratory identifies a "fail" result for any testing, the laboratory is required to conduct additional testing to identify any intra-laboratory problems that may have caused the result pursuant to section 5730. Business and Professions Code section 26110 provides that a cannabis batch which fails testing is to be destroyed or transported to a manufacturer for remediation.

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5727(d)	1544.2 (p.3181)	Commenter notes that there is currently nothing addressing the potential for false tests coming from a laboratory, or tests from a laboratory that has tainted laboratory equipment. If the laboratory does not have quality control measures, it is possible that their laboratory equipment could have been tainted from other licensees' batches. This also dives into the larger issue of large outdoor commercial grows that are operating on unregulated farm land. Cannabis cultivators operating in these areas are prohibited from "curtailing" any farmer technique or requesting certain time periods when pesticides are not sprayed. Any drift from neighboring farms could severely impact the test results of batches coming from that cultivation site.	The Bureau disagrees with this comment. The regulations require LQC testing provisions which serve as a mechanism to verify the results of a laboratory's analysis. When a laboratory identifies a "fail" result for any testing, the laboratory is required to conduct additional testing to identify any intra-laboratory problems that may have caused the result pursuant to section 5730. Business and Professions Code section 26110 provides that a cannabis batch which fails testing is to be destroyed or transported to a manufacturer for remediation. Action levels are determined based on public health concerns; thus cultivators must ensure that cannabis meets these requirements regardless of how the pesticide ends up on the plant.
5728	1509.4 (p.2894)	Commenter notes that it is unclear if marijuana products tested can still be sold by a retailer after the minimum 45 business days from product testing. The expiration date of the marijuana product being sold should dictate how long the product test sample is maintained, in order to adequately protect public health and safety.	The Bureau disagrees with this comment. Under the regulations the ability to sell the product is tied to the testing results and not related to the length of time the laboratory must retain the sample.

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5728(a)	204.7 (p.573) 914.8 (p.1757) 931.16 (p.1831) 1038.15 (p.2115) 1068.13 (p.2177) 1367.2 (p.2643) 1428.8 (p.2757) 1509.4 (p.2894) 1572.7 (p.3385) 1665.18 (p.3876) 1713.18 (p.4037) 1716.11 (p.4073) 1728.18 (p.4149) 1729.18 (p.4167) 1730.16 (p.4185) 1731.16 (p.4203) 1732.26 (p.4230) 1733.26 (p.4257) 1734.26 (p.4284) 1741.18 (p.4338) 1753.16 (p.4441) 1758.26 (p.4488) 1759.16 (p.4507) 1763.13 (p.4541) 1765.16 (p.4582) 1791.16 (p.4821)	Commenters recommend reducing the sample storage time (either to 14, 15 or 30 days). The comment suggests that the 45-day sample storage requirement may interfere with subsequent detection of contaminants or potency valuation owing to degradation of the sample and its attributes over time. The time should be reduced until it can be established that all analysis can be performed reproducibly on samples stored beyond this time frame.	The Bureau disagrees with this comment. A hold of 45-days is appropriate to ensure that the Bureau can access any unused sample portion for confirmatory testing of contaminants. This duration is necessary because the Bureau may not immediately become aware of contamination issues. Additionally, storage of all unused sample portions is necessary to enable the Bureau to determine whether any portion of the sample was inappropriately diverted.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5728(a)	1620.8 (p.3611)	Commenter recommends either removing the qualifier "business" from the term "45 business days" or increasing the sample storage time to 60 days. Commenter comments that the 45-day sample storage requirement may interfere with subsequent detection of contaminants or potency valuation owing to degradation of the sample and its attributes over time.	The Bureau disagrees with this comment. A hold of 45-days is appropriate to ensure that the Bureau can access any unused sample portion for confirmatory testing of contaminants. This duration is necessary because the Bureau may not immediately become aware of contamination issues. Storage of all unused sample portions is necessary to enable the Bureau to determine whether any portion of the sample was inappropriately diverted. Additionally, the qualifier “business” is necessary to include in the term”45 business days” to distinguish the requirement from calendar days.
5729	1724 (p.3010)	Commenter recommends requiring laboratories to process a known control sample at the beginning and end of each day and report the standard deviation/range of variability with all samples processed that day. This is standard operating procedure for soil samples and water samples.	The Bureau agrees in part with this comment. The Bureau requires laboratories to include laboratory control samples (LCS) in each analytical batch. Laboratories are also required to produce an LCS report for each analytical batch that includes LQC parameters (acceptance criteria), measurements, analysis date, and matrix. The inclusion of LCS in each analytical batch ensures contamination (or carry over from other samples) is not present, affirms there are no interferences, and verifies the analytical accuracy and precision of the test method being performed by the laboratory.
5729	306.1 (p.796)	Commenter notes that the industry believes all laboratories must be standardized, and machines must be calibrated to enforce the State's standards.	The Bureau notes this comment. The regulations provide guidance for laboratory testing standards and quality assurance.

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5730	131.3 (p.319)	Commenter notes that laboratory control samples (LCS) are required for each analytical batch which prohibits the laboratory from using internally characterized cannabis flower, or any other cannabis products, because the definition for LCS specifically states a "blank matrix". Commenter notes that the purpose of LQC is not clear and that the unique information it could provide for QA is unclear.	The Bureau disagrees with this comment. Preparation of an LCS sample is a necessary component of quality control procedures and is used to determine whether both the laboratory can perform the overall analytical approach in a matrix free of interferences and whether the laboratory's analytical system is in control.
5730	1058.1 (p.2165)	Commenter recommends inclusion of the following text: "If a batch of cannabis goods fails residual pesticide screening within a +/- 30% window of the action level, the laboratory, upon request and payment from the manufacturer, will re-prepare and reanalyze two new samples from the same batch to arrive at a more accurate number. The average of these results will be the accepted final value."	The Bureau disagrees with this comment. When a laboratory identifies a "fail" result for any testing, the laboratory is required to conduct additional testing to identify any intra-laboratory problems that may have caused the result pursuant to section 5730. Business and Professions Code section 26110 provides that a cannabis batch which fails testing is to be destroyed or transported to a manufacturer for remediation.

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5730	914.1 (p.1755) 1563.2 (p.3337) 1532.4 (p.3124) 178.2 (p.523) 1532.4 (p.3124)	Commenters indicate that the removal of field duplicate sampling requirements puts public health and safety at risk, particularly when batch sizes are large. Commenters recommend adding a requirement that the laboratory collect a primary sample and a duplicate sample for cannabinoids, pesticides, residual solvents, and heavy metals (as opposed to solely a representative sample). Commenters also recommend that for microbiological tests based on presence or absence, instead of consistency or uniformity, representative sampling and testing is sufficient. Commenters indicate that collection of a primary and duplicate samples "are the key components to calculating % RSD" and necessary for detecting systematic errors.	The Bureau disagrees with this comment. Relative percent difference is used to provide a comparative statistic to calculate precision or random error. The regulations require laboratories to use LQC samples in the performance of each analysis. One of the LQCs must be a laboratory replicate sample. The results from replicate analyses are used to evaluate analytical precision. Thus, the Bureau believes that the requirement to use a laboratory replicate sample is sufficient to ensure that laboratories are performing tests with precision, free of systemic errors. The regulations contain robust quality control and quality assurance requirements which the Bureau believes is sufficient to ensure reliability in the test results.
5730	1561 (p.3333)	Commenter recommends allowing for reporting of "not-detected" analytes in the case of an LQC failure when the percent recover is high. Commenter also asks the Bureau to reconsider the need for a %RPD requirement in light of the inherent difficulty when results approach the limits of detection. Sufficient quality control data will be generated with the LCS, CCV, and MS analyses to ensure that the data generated is of appropriate quality.	The Bureau disagrees with this comment. If the percent recovery is beyond the acceptance criteria range, the test result must be "fail" and not "not-detected." A "not-detected" notation is only appropriate if the target analyte was not detected above the applicable action level or reporting limit. This requirement does not apply to analytes detected lower than, or equal to, the laboratory's LOQ. RPD is used to determine precision or random error of measurement. It is necessary to ensure validity of data, namely the LQC samples.

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5730	1645.19 (p.3764)	Commenter recommends exempting inhalable cannabis containing powder products from the required matrix spike sample / percent recovery between 70% to 130%. A matrix spike is not required for this product category that contains the same formulation composition and dosage strength. Because there is no change in the excipient ratios or matrix of the formulation, the % recovery within the formulation matrix will be demonstrated during validation of the method and not tested on a routine basis.	The Bureau disagrees with this comment. The matrix spike sample/percent recovery criteria must be standardized for all cannabis goods, to ensure quality control of laboratory testing. The Bureau has allowed for the incorporation of a laboratory replicate sample in place of a matrix spike sample.
5730	3488.1 (p.10189)	Commenter states that four quality control tests for every ten samples is too rigorous.	The Bureau disagrees with this comment. For cannabis matrices in particular, that are commonly known to have many interferences and can often be concentrates such as oils, it is important that this is checked at the beginning and end of every 10 samples run on the instrument. The Bureau believes that a CCV per 10 samples is an appropriate standard to ensure that the calibration of the analytical instrument remains valid throughout the duration of its use in regulatory compliance testing of cannabis goods.

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5730(c)(2)(A)-(G)	1535.3 (p.3154)	Commenter notes that the requirement to use certified matrix is prohibitive because certified reference materials are unavailable.	The Bureau disagrees with this comment. This comment appears to recommend removing the requirement for a laboratory to use certified reference materials. However, the regulations only require the use of certified reference materials for the validation of test methods and for cannabinoid testing and terpenoid testing if available. The Bureau has determined that certified reference materials are available for all other analysis listed in this section, contrary to the commenter's comment. Certified reference materials are available for heavy metals; microbial impurities; mycotoxins; residual pesticides; and residual solvents and processing chemicals.
5730(f)	1068.14 (p.2177) 1553.4 (p.3275) 1620.7 (p.3611) 1532.13 (p.3127) 1535.3 (p.3154) 1735.40 (p.4310)	Commenter recommends requiring at least two calibration verification (CCV) samples; one before customer samples one after customer samples (interval is 20 instead of 10). This would reduce cost and time to analytical testing. Reduce the frequency of continuing calibration verification (CCV) sample to the beginning of each analytical sequence and every 20 samples thereafter, instead on every 10 samples. 20 samples are also aligned with EPA's organic environmental methods. Commenter also recommends a "control study" for products to document and validate the process and/or a laboratory accreditation program with more rigor than	The Bureau disagrees with this comment. A CCV every 10 samples is appropriate for cannabis analysis. Cannabis matrices are very complex and are commonly known to have many interferences, thus making this requirement necessary to ensure the calibration of the instrument is still valid. The robust LQC provisions are necessary to ensure reliability and accuracy of the test results reported by the laboratory on the COA and to establish standardization among the test methods developed and implemented by the laboratory. For cannabis matrices in particular, that are commonly known to have many interferences and can often be concentrates such as oils, it is important that this is checked at the beginning and end of every 10 samples run on the instrument. The Bureau believes that a CCV per 10 samples is an appropriate standard to ensure that the calibration of the analytical instrument remains valid throughout the duration of its use in regulatory compliance testing of cannabis goods.

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		ISO, such as the CA ELAP requirements or the TNI/NELAP requirements.	
5730(g)	131.4 (p.319)	Commenter notes that the phrase "sample" and "associated matrix spike sample" is unclear.	The Bureau disagrees with this comment. The terms are as defined in the regulations.
5730(g)	1098 (p.2244)	Commenter recommends adopting TNI Standards, the marginal exceedance approach, to only require corrective action under certain circumstances.	The Bureau disagrees with this comment. The recommended criteria are established by individual accrediting bodies and are specific to the test method.
5730(g)	1360.20 (p.2611) 1649.28 (p.3780)	Commenter notes that in the chart outlining the QC acceptance criteria, the window is very wide, with a swing of +/-30% (70-130% recovery). A +/-20% criteria (80-120% recovery), and RPD for replicate analysis <15%, is more achievable.	The Bureau disagrees with this comment. The LQC acceptance criteria, as determined, is sufficient to ensure each analytical batch is free of contamination (no carry over from other samples), contains no interferences, and verifies the analytical accuracy and precision of the test method. Furthermore, 70%-130% for LCS is the standard range for such quality control samples, as the acceptance criteria is based on US EPA and US FDA environmental methods.
5730(h)	931.8 (p.1831) 1038.8 (p.2098) 1093.3 (p.2233) 1532.8 (p.3126) 1665.11 (p.3871) 1666.11 (p.3889) 1713.11 (p.4032) 1716.3 (p.4067) 1728.11 (p.4144) 1729.11 (p.4162) 1730.11 (p.4180) 1731.11 (p.4198) 1732.21 (p.4225)	Commenter recommends eliminating the requirement for replicate re-tests of failed samples if laboratory quality control (LQC) samples meet acceptance criteria for samples that fail regulatory testing. Commenter recommends that if an LQC sample meets acceptance criteria but otherwise fails no additional re-testing should be needed. One commenter suggests the following language revision: "If any analyte is detected above any action level, as described in this chapter, the sample shall be re-prepped and reanalyzed within another analytical batch."	The Bureau disagrees with this comment. The LQC sample requirement are a necessary part of the laboratory quality-assurance process. This is the mechanism for verifying laboratory accuracy in testing and stands in place of proposals to refute laboratory test results.

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	1733.21 (p.4252) 1734.21 (p.4279) 1741.11 (p.4333) 1753.11 (p.4436) 1765.11 (p.4577) 1758.21 (p.4483) 1759.8 (p.4499) 1763.13 (p.4541) 1791.11 (p.4816)		
5730(h)	1703.24 (p.3960)	Commenter believes it is reasonable to require laboratories to store and produce an LQC sample report if requested by the Bureau.	The Bureau notes commenter's support of this provision.
5730 (g)	1068.14 (p.2177)	Commenter recommends laboratory replicate sample RPD no greater than 30%. This should specify that only analytes present at a certain level have the associated RPD, suggest cannabinoids greater than 5%, terpenes greater than 0.5%, pesticides greater than 2x action limit, residual solvents greater than 2x action limit.	The Bureau disagrees with this comment. This requirement does not apply to analytes detected lower than, or equal to, the laboratory's LOQ.
5730(h)	1068.14 (p.2177)	Commenter recommends that the BCC provide guidance for cases in which a laboratory performs the required corrective action for qualitative analyses and there is not concurrence between the re-prepped sample and its associated replicate.	The Bureau disagrees with this comment. The regulation specify that if any LQC sample produces a result outside of the acceptance criteria the laboratory cannot report the result and the entire batch cannot be released for retail sale. The laboratory shall determine the cause and take steps to remedy the problem until the result is within the specified acceptance criteria.
5731	1649 (p.3780) 1360.21 (p.2611)	Commenters indicate that the method stated for finding LOQ is designed for trace	The Bureau disagrees with this comment. Background subtraction would not be permitted because the subtracted

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		analysis (i.e. contaminant testing for pesticides, mycotoxins), and does not work on background-subtracted analyses.	levels would most likely be greater than the LOQ. Pursuant to section 5730, no analytes in the MB can be greater than the LOQ.
5732	1703.19 (p.3960) 1735 (p.4314)	Commenter recommends allowing 3 days for laboratories to generate data package and similar audit documentation for submission to the Bureau. Laboratories should be given at least 2 business days to report results to The Bureau. One day is not sufficient time.	The Bureau disagrees with this comment. Data packages should be compiled before the COA is released for a sample. As data and information is being reviewed, the data package shall be compiled for each sample, as outlined in the regulations. However, the regulations have been amended so that the data package is to be provided to the Bureau immediately upon request. Additionally, accurate and complete data packages should be created contemporaneous to the event it is detailing, the analytical procedure.
5732	751.4 (p.1409)	Commenter recommends requiring laboratories to provide the business/customer receiving the laboratory analysis with the calibration data if customer requests it.	The Bureau disagrees with this comment. The regulations do not prohibit a business or customer that directly engages with the laboratory to request specific data.
5732	1562 (p.3335) 1620.6 (p.3610) 1664.20 (p.3860)	Commenters recommend that data packages be made available upon request, and not required for every sample. ISO 17025 requirement already provides requirements for management of documents. And Technical Manager signatures on the Certificates of Analysis indicates that the source documents have been reviewed. Compilation of data packages for every sample requires the re-organization including copying, re-naming, and scanning of hundreds and potentially	The Bureau disagrees with this comment. The Bureau amended the regulations to require a form for the data package. The use of this form will streamline the reporting requirement and may aid to more timely and efficient reporting. Additionally, accurate and complete data packages are created contemporaneous to the event it is detailing, the analytical procedure.

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		thousands of pages of data per day - putting a significant administrative burden on the laboratory with no benefit to health and safety.	
5732(a)	1735.46 (p.4312) 1068.15 (p.2178) 1535.9 (p.3155) 1703.25 (p.3960) 1553.5 (p.3275) 1532.2 (p.3123) 1535.9 (p.3155) 1735.46 (p.4312) 3488.1 (p.10189)	Commenters recommend that the data package be established per batch instead of per sample. The production of a data package per sample is time consuming and costly.	The Bureau disagrees with this comment. Each representative sample obtained and analyzed must have a specific data packaged associated with it. The data and results are specific to the sample. Allowing for several batches to be commingled in the compilation of data package is not permitted, as it would be extremely difficult to review such a data package in the event of a recall or need for review. Additionally, the Bureau amended the regulations to require a form for the data package. The use of this form will streamline the reporting requirement and may aid to more timely and efficient reporting.
5733	1532.3 (p.3124) 3501.1 (p.10203)	Commenter recommends requiring in matrices PT for each test method.	The Bureau disagrees with this comment. While PT may not be available for all cannabis goods matrices, PTs are available for all required tests listed in section 5733.
5733	1703.26 (p.3961)	Commenter recommends exempting laboratories from the PT requirement.	The Bureau disagrees with this comment. While PT may not be available for all cannabis goods matrices, PTs are available for all required tests listed in section 5733. PTs provide testing laboratories and the Bureau with objective evidence of a laboratory's capability to produce data that are both accurate and repeatable for the tests that the laboratory routinely conducts.

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5733	57.6 (p.102)	Commenter recommends changing the PT requirement to once a year; noting that performing a PT every six month is an unnecessary burden that gives minimal benefit to the laboratory or to the Bureau.	The Bureau disagrees with this comment. The regulations would require that a laboratory complete at least one PT every six months. The Bureau does not prescribe which PT must be satisfactorily complete and as such, the laboratory has wide latitude to participate in any available PT for any of the analytes required to be tested for. Moreover, if a laboratory has complied with the 6-month PT frequency requirement the laboratory will still be considered as having completed the PT even if the laboratory has not yet received the PT results.
5733	1362 (p.2622)	Commenter recommends establishing mandated PT programs, meaningful certification programs, and strict requirements for test methods used, for public health and safety.	The Bureau agrees with this comment. The regulations require a laboratory to successfully participate in a proficiency testing program. The regulations also required adherence to test method standards validated by the United States Food and Drug Association (USFDA) and the Association of Official Analytical Chemists (AOAC).
5724	1058.2 (p.2165)	Commenter recommends changing the language for these sections to “diverge from” or “deviate from” as opposed to “exceed.”	The Bureau disagrees with this comment. The accurate articulation of whether a sample fails any given analytical test is whether the concentration of the target analyte “exceeds” the applicable action level or detection limit.
5733	90 (p.193)	Commenter recommends that the Bureau conduct an ad-hoc PT by “tak[ing] the time to break up a sample and bring them to 4 different laboratories.” Commenter recommends that more be done to ensure that all laboratories are calibrating and testing properly so that money not be wasted on questionable test results.	The Bureau disagrees with this comment. The regulations require each laboratory to successfully participate in a PT study provided by a third-party, specifically a PT provider that holds an ISO/IEC 17043 accreditation.
5733	1782.1 (p.4761)	Commenter recommends that the Bureau disseminate controlled cannabinoid samples to all California cannabis testing facilities for analysis. The comment	The Bureau disagrees with this comment. The regulations specify that the PT provider shall hold an ISO/IEC 17043 accreditation which is sufficient to ensure PT.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
		suggests that the Bureau conduct a quasi-Proficiency Test for potency.	
5733	1360.22 (p.2612) 1649.30 (p.3781)	Commenters recommend all proficiency testing results shall be anonymized and made available to the public.	The Bureau disagrees with this comment. The Bureau complies with public record disclosure laws, including the Public Records Act. Any disclosable materials will be made available to the public as required, and upon request.
5733	1289.5 (p.2510)	Commenter believes PT should be available to the public, so there is knowledge and awareness of which laboratories have a history of compliance and ability.	The Bureau disagrees with this comment. The Bureau complies with public record disclosure laws, including the Public Records Act. Any disclosable materials will be made available to the public as required, and upon request.
5733(a)	1068.16 (p.2178)	Commenter comments that PTs are not available for all test methods from an organization that operates in conformance with the requirements of ISO/IEC 17043. Commenter recommends adding the term "where possible" while the PT industry catches up with the cannabis industry.	The Bureau disagrees with this comment. While PT may not be available for all cannabis goods matrices, PTs are available for all required tests listed in section 5733.
5734(b)	57.7 (p.102)	Commenter recommends simplifying and clarifying how PT corrections should be done and allow a grace period after a laboratory gets an unacceptable PT result to determine and correct the cause of the error. Commenter comments that under the regulations, laboratories will now be incentivized to "satisfactorily remedy the cause" as quickly as possible and send the corrective action report to the Bureau. Commenter recommends that laboratories should only resume testing after the Bureau reviews and determines that the corrective action is satisfactory.	The Bureau disagrees with this comment. The regulations prohibit a laboratory from reporting test results for any analyte that a PT provider has determined that the laboratory is not competent to test. Only when the laboratory remedies the cause of the incompetency can the laboratory resume reporting test results for the analyte. The regulation is necessary to ensure that a laboratory is not reporting data for which a third-party has independently determined that the laboratory is not able to satisfactorily conduct testing for that analyte. The Bureau wants laboratories to remedy the cause of any testing errors as soon as practicable without jeopardizing the continued operations of the laboratory.

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5735(d)	1367.15 (p.2648)	Commenter recommends requiring submission of final audit reports within 15 days of the final report being issued from the accrediting body.	The Bureau disagrees with this comment. The suggested 3-day reporting timeline is sufficient to report findings already made.
5736	1640.19 (p.3711)	Commenter states that the regulations should explicitly reference the prohibition upon employing persons who are also employed by non-laboratory cannabis licensees and should clarify that this includes persons who hold ownership or financial interests in other licensees.	The Bureau disagrees with this comment. The statutory prohibition is already captured in the regulations at section 5700 (kk), which defines "laboratory employee".
5737(b)(1)	1703.27 (p.3961)	Commenter recommends requiring more extensive educational and practical experience for laboratory supervisors and managers (i.e., laboratory supervisors should have practical experience, in addition to a doctoral degree).	The Bureau disagrees with this comment. The regulations establish minimum qualifications for laboratory employees to ensure that all laboratory employees possess the requisite combination of education and experience to competently carry out the responsibilities of a testing laboratory license holder. The Bureau's regulations were intentionally drafted to allow for employment of professionals who have not completed an advance degree or bachelor's degree, which are common barriers to entry into science, technology, engineering, or math (STEM) professions, but who possess multiple years of practical experience in a laboratory setting performing chemical and/or microbiological analysis on various assays. The intent of the regulations, in part, is to allow laboratories to hire employees who might otherwise be barred from entry into STEM employment merely for lack of a completed bachelors or advance degree but who are otherwise competent and qualified to carry out the obligations of the laboratory license holder. In addition, the minimum qualifications are consistent with the desired qualifications advertised by laboratories. The regulations do not

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			impede with the laboratory's ability to establish other hiring criteria.
5737	1514.11 (p.2932)	Commenter recommends removing the minimum qualifications for laboratory employees. Instead, commenter recommends allowing laboratories to determine the necessary qualifications of their employees. Commenter indicates that to codify requirements for personnel is overreaching. With respect to sampling, a trained monkey can sample. Commenter recommends the Bureau provide guidelines instead.	The Bureau disagrees with this comment. The regulations establish minimum qualifications for laboratory employees to ensure that all laboratory employees possess the requisite combination of education and experience to competently carry out the responsibilities of a testing laboratory license holder. It allows for employment of professionals who have not completed an advance degree or bachelor's degree, which are common barriers to entry into STEM professions, but who possess multiple years of practical experience in a laboratory setting performing chemical and/or microbiological analysis on various assays. Laboratories may hire employees who might otherwise be barred from entry into STEM employment merely for lack of a completed bachelors or advance degree but who are otherwise competent and qualified to carry out the obligations of the laboratory license holder. In addition, the minimum qualifications are consistent with the desired qualifications advertised by laboratories. The regulations do not impede with the laboratory's ability to establish other hiring criteria.
Chapter 6	114.2 (p.253) 122.12 (p.298) 132.1 (p.321) 144 (p. 358) 686.13 (p.1317) 718 (p.1370) 788 (p.1527) 789 (p.1528) 804 (p.1620) 867 – 912 (p.1719-1752)	Commenters ask the Bureau to allow use of compositing for testing to save on costs. Several commenters indicate that oftentimes, multiple strains are grown together under the same conditions. Suggest that an entire harvest be tested for compliance, than have various strains tested for cannabinoid profile instead of full compliance testing for each strain. Several commenters cite Oregon's testing program's use of compositing for testing,	The Bureau disagrees with this comment. The Bureau's testing regulations are necessary to protect public health and safety by ensuring that all cannabis goods sold pursuant to a license have passed testing for contaminants, potency, and terpenes, if applicable. Highly contaminated "sub" batches can be masked by compositing with "clean" batches. Composite sampling for multiple strains would make the remediation process onerous because subsequent full-panel contaminant testing would be required to identify the specific "sub" batch that caused the fail result.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
	964 (p.1915) 1735.2 (p.4290) 1744.12 (p.4353) 1747.3 (p.4388) 1772 (p.4699) 1774.1 (p.4702) 1013 (p.2028) 1044 (p.2134) 1074 (p.2181) 1077.33 (p.2200) 1086 (p.2220) 1094 (p.2237) 1107 (p.2254) 1127 (p.2291) 1128 (p.2293) 1138 (p.2326) 1144 (p.2332) 1150 (p.2347) 1152 (p.2349) 1159 (p.2358) 1163 (p.2364) 1167 (p.2367) 1169.3 (p.2370) 1184 (p.2388) 1186 (p.2390) 1191 (p.2396) 1197 (p.2405) 1199 (p.2407) 1200 (p.2408) 1217 (p.2426) 1226 (p.2438)	which allow for multiple strains to be tested together for pesticides and other contaminants, so long as they were harvested at the same premises at the same time, and then consolidated in a batch that falls under 50 pounds. One commenter indicates that the Bureau should use its broad authority to implement regulations that manage testing costs; compositing is a commonsense way for the Bureau to manage testing costs and bottlenecks without compromising consumer safety.	Many commenters erroneously note that the State of Oregon (allows for compositing of multiple strains, when in fact Oregon does not permit this. Rather, Oregon allows compositing of batches of the same strain. If the composite sample fails, the whole batch must be destroyed. Many commenters suggest composite sampling to reduce the burden of sampling (cost, quantity of sample taken, etc.). However, the proposed regulations are less onerous than other states' testing rules in two ways: (1) Oregon requires the sample to represent 0.5% of the batch size, while California's regulations only require 0.35%; and (2) Oregon restricts batch sizes to 15 pounds, while California allows for batches up to 50 pounds.

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	1229 (p.2444) 1233 (p.2446) 1267.2 (p.2478) 1296 (p.2520) 1300 (p.2524) 1319 (p.2543) 1336 (p.2566) 1337 (p.2567) 1342 (p.2571) 1362 (p.2619) 1363.1 (p.2624) 1372 (p.2655) 1379 (p.2668) 1389 (p.2686) 1396 (p.2693) 1702.12 (p.3946) 1719.3 (p.4088) 1720.5 (p.4106) 1725 (p.4123) 1452 (p.2790) 1454 (p.2792) 1460 (p.2798) 1474 (p.2814) 1481 (p.2823) 1526.4 (p.3021) 1536.6 (p.3160) 1540 (p.3174) 1541 (p.3175) 1548.1 (p.3214) 1555.1 (p.3280) 1566 (p.3345)		

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
	1603.3 (p.3539) 1633 (p.3676) 1615 (p.3601) 1632 (p.3675) 1623.20 (p.3628) 1735.2 (p.4290) 1735.6 (p.4295) 3381 (p.10049) 3539.3 (p.10256) 3403.1 (p.10076)		
Chapter 6	122.11 (p.297) 686.12 (p.1317) 3397 (p.10069) 3397 (p.10069)	Commenters recommend that microbusinesses should be able to deliver samples to testing laboratories in an appropriate vehicle or trailer after creating a manifest on Track and Trace. Rural trips would be extremely costly in travel time and potentially approach the cost of the test itself. Sampling could be recorded on a smartphone and saved on a memory stick.	The Bureau disagrees with this comment. The transportation requirements of samples to a licensed testing laboratory are enumerated in Business and Professions Code section 26104 (b)(4). Specifically, this subsection requires that a testing laboratory employee takes the sample of cannabis or cannabis products from the distributor's premises for testing and the testing laboratory employee transports the sample to the testing laboratory.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
Chapter 6	104.1 (p.229)	Commenter indicates that the proposed regulations still fall short of addressing: (1) industry testing limitations; and (2) how high-ratio CBD products are manufactured. Current testing limitations are unable to "pick-up" those CBD cannabinoids at such small levels – meaning that consumers often get more CBD cannabinoids than is marked on the package. In addition, growing high-ratio CBD results in a wide variance of CBD per plant. Commenters suggest allowing manufacturers to label CBD products as "high-ratio CBD" but require the THC mg to be listed as "less than or equal" since THC in such a small amount is not psychoactive and CBD in higher amounts is not psychoactive.	The Bureau disagrees with this comment. Packaging and labeling requirements are established by CDPH.
5709	1535.7 (p.3155) 1735.44 (p.4312)	Commenters indicate that there is nothing in the Bureau's regulations which would allow testing laboratories to contract sample courier activities to licensed distributors. Handling cash payments, samples, and long-distance driving is not the specialty of field sampling technicians. Commenters are concerned about the safety and security of its field sampling technicians who are now performing tasks outside of their specialty area. Commenter suggests allowing the transportation of tamper-proof sealed and controlled chain	The Bureau disagrees with this comment. The transportation requirements of samples to a licensed testing laboratory are enumerated in Business and Professions Code section 26104 (b)(4). Specifically, this subsection requires that a testing laboratory employee takes the sample of cannabis or cannabis products from the distributor's premises for testing and the testing laboratory employee transports the sample to the testing laboratory.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
		of custody documented samples through the use of a third-party distributor.	
Chapter 6	1535.8 (p.3155) 1735.45 (p.4312) 3488.1 (p.10189)	Commenters suggest that the Bureau's testing requirements are more onerous than ISO/IEC 17025 requirements. The Bureau does not need to re-create the wheel or go beyond ISO/IEC 17025 and further encumber testing laboratories with more required efforts and costs that only get pushed down through the supply chain and ultimately the consumer. Commenter requests a reduction of operating and quality management requirements. One commenter feels that four quality control tests for every ten tests performed is onerous, as is the requirement that testing laboratories complete data packages for every sample.	The Bureau disagrees with this comment. Commenter appears to suggest that the Bureau pare down the testing laboratory requirements to parallel ISO/IEC 17025 requirements. The Bureau's regulations enumerate certain requirements for testing laboratories, which are necessary to protect public health and safety by ensuring that all cannabis goods sold pursuant to a license have passed testing for contaminants, potency, and terpenes, if applicable. Notably, ISO/IEC 17025 requirements are merely the general requirements for laboratory testing and competency standards. Recognizing the unique nature of cannabis testing, the Bureau's regulations identify additional standards which are necessary to assure standardization in cannabis testing.
Chapter 6	1639.8 (p.3702)	Commenter asks the Bureau to require laboratories to provide an estimated turnaround time. This will be all-around better and more efficient, for manufacturers to make better informed inventory decisions, and make cannabis more competitive with the black market.	The Bureau disagrees with this comment. The Bureau does not regulate the individual contract terms between licensees. Each testing event is subject to the terms of agreement between the relevant licensees.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
Chapter 6	1277.2 (p.2496)	Commenter indicates that testing is cost prohibitive, and small farmers will struggle with quantity to make testing costs reasonable. Commenter suggests implementing biannual tests, similar to smog tests imposed to the DMV. Once a licensee has passed testing, they do not have to undergo testing for two years.	The Bureau disagrees with this comment. Business and Professions Code section 26100 (a) requires that, except as otherwise provided by law, cannabis goods shall not be sold unless a representative sample of the cannabis goods have been tested by a licensed testing laboratory. The Bureau's regulations enumerate the types of analyses that testing laboratories must perform for each representative sample obtained from a licensed distributor. The tests are necessary to protect public health and safety by ensuring that all cannabis goods sold pursuant to a license have passed testing for contaminants, potency, and terpenes, if applicable. The Bureau does not regulate its licensees' fees for goods or services; testing fees are established by the independently licensed laboratories.
Chapter 6	3452.2 (p.10143)	Commenter recommends testing of cannabis goods be done by the State of California, because it is very expensive. Commenter can pay a quarter for the same testing in Nevada.	The Bureau disagrees with this comment. MAUCRSA provides that testing must be done by testing laboratories licensed by the Bureau. Specifically, Section 26100 of the Business and Professions Code provides that cannabis goods shall not be sold unless a representative sample of the cannabis goods has been tested by a testing laboratory licensed by the Bureau. The Bureau does not regulate its licensees' fees for goods or services; testing fees are established by the independently licensed laboratories.
Chapter 6	3442 (p.10121)	Commenter recommends that the Bureau establish a hotline or telephone number that laboratories can call when they need assistance to resolve unique problems.	This comment is irrelevant as it does not address the Bureau's proposed regulations. The Bureau has an email that is designated specifically for testing laboratory inquiries, where licensees and the public may submit any comments, questions, or concerns.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
Chapter 6	52.2 (p.90)	Commenter indicates that liquid products are usually measured by volume, not by weight and recommends allowing testing of liquid products be in mg/mL.	The Bureau agrees with this comment. The regulations require quantitation in mg/ml or mg/g, depending on the type of good being tested.
Chapter 6	1536.5 (p.3160) 1537.5 (p.3166)	Commenter recommends that routine screening requirements be dropped in the case of unusual contaminants that are found never to occur in tested samples.	The Bureau disagrees with this comment. Business and Professions Code section 26100 (a) requires that, except as otherwise provided by law, cannabis goods shall not be sold unless a representative sample of the cannabis goods have been tested by a licensed testing laboratory. The Bureau's regulations enumerate the types of analyses that testing laboratories must perform for each representative sample obtained from a licensed distributor. The tests are necessary to protect public health and safety by ensuring that all cannabis goods sold pursuant to a license have passed testing for contaminants, potency, and terpenes, if applicable.
Chapter 6	1756.3 (p.4452)	Commenter indicates that it is nonsensical to mandate repeating homogeneity testing for a different "finished good" packaging of the same product that has passed homogeneity testing previously. The Bureau should allow further packaging of tested product (e.g., for variety packs with 4 different blends or flavors, the variety pack's unique UID could be mapped to the unique UID codes for each of the 4 batches of product within).	The Bureau disagrees with this comment. The Bureau's proposed testing regulations are consistent with section 26100 of the Business and Professions Code, which provides that testing laboratories may only obtain and analyze samples from batches in their final form. Commenter's remarks regarding the packaging of "variety packs" are irrelevant to the Bureau's proposed regulations as packaging and labeling requirements are established by CDPH.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
Chapter 6	132.2 (p.322)	Commenter indicates that where the general food regulations for ingredient(s) in a manufactured product are less stringent than the regulations for cannabis goods, the pass/fail concentration to a level that corresponds to the proportional input of that ingredient. The Bureau should impose the cannabis pesticide testing requirements for the cannabis oil or extract, but not the final product.	The Bureau disagrees with this comment. The Bureau's proposed testing regulations are consistent with section 26100 of the Business and Professions Code, which provides that testing laboratories may only obtain and analyze samples from batches in their final form. Additionally, homogeneity testing is not required.
Chapter 6	3474 (p.10170)	The commenter notes that it's clear the Bureau is not taking operational efficiency, cost, or even logic and reason when drafting the regulations.	The Bureau disagrees with this comment. Additionally, the commenter has not provided how the Bureau has not taken these considerations into account, or any recommendations for change.
Chapter 6	1702.6 (p.3944)	Commenter recommends that licensees be required to provide a sample label or the master manufacturing protocol with the testing sample. Use of a sample label guarantees the quality assurance review protocol required by law but provides licensees with flexibility to correct the label with the accurate COA results and affix it once to the package.	The Bureau disagrees with this comment. Commenter appears to be requesting an "interim" label for use during testing that would be replaced with a permanent label upon testing completion. CDPH establishes labeling requirements.
Chapter 6	2.3 (p.2)	Commenter notes that testing delays hurt businesses. Commenter indicates that more labs are needed, testing requirements are over the top and the bottleneck is hurting everyone.	The Bureau disagrees with this comment. Commenter has not provided information regarding how the testing requirements are over the top, or how they can be remedied to reduce bottlenecks.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
Chapter 7	19.2 (p.24)	Commenter states the Bureau's desire for heavily regulated "Safety" is based off a fundamental misconception that cannabis is inherently dangerous. Commenter refers to an administrative law decision, and states that the public does not need to be protected from cannabis that "leaks" outside the system. The Bureau's overly intrusive regulations are "*causing*" the black-market supply and demand to persist and rendering the track and trace system superfluous and irrelevant and harmful and dangerous.	The Bureau disagrees with this comment. MAUCRSA and the implementing regulations place the highest priority of the Bureau, as the protection of the public.
Chapter 7	19.4 (p.25)	Commenter indicates that the Bureau's hands are tied by the foolish level of detail in the Proposition and the legislative statutes. If the goal is to reduce the effects of the unregulated black-market cannabis, the goal of the Bureau should be to "*simplify* and *reduce* the bureaucracy rather than increase it.	The Bureau disagrees with this comment. MAUCRSA, and the implementing places the highest priority of the Bureau, as the protection of the public. The regulations are specifications and clarifications of existing statutory requirements.
Chapter 7	25.1 (p.33)	Commenter states that there is no enforcement against illegal operators, and the regulations are so much more draconian than alcohol and tobacco.	The Bureau disagrees with this comment. Commenter is not specific as to how there is a lack of enforcement, or how the regulations are too draconian.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
Chapter 7	113.2 (p.251) 121 (p.290) 150.2 (p.375)	Commenter recommends the Bureau should create an auditing department that would provide checklists and support for existing potentially leasable brick and mortar lessees and/or lessors to comply with before anyone can set foot in the building, and the checklists would serve as a guide for future operations. The checklists would have standards under operational and environmental standards. This will help get cannabis businesses up and running.	The Bureau disagrees with this comment. An inspection determines compliance with applicable laws and regulations, which are available to the public. Licensees should comply with all laws and regulations, in determining inspection criteria.
Chapter 7	141.16 (p.354)	Commenter states that cannabis can't be controlled, and the Bureau should be renamed the California Cannabis Committee.	The Bureau disagrees with this comment. MAUCRSA, under Business and Professions Code section 26000, states that the "purpose and intent of the division is to establish a comprehensive system to control and regulate…" commercial cannabis activity. The name, Bureau of Cannabis Control, is within statute.
Chapter 7	187 (p.539)	Commenter indicates that there should be a crack-down and action taken against corruption on the political level. Lobbyists, politicians and consulting agencies are accepting bribes to win licensing for special interest groups.	The comment is noted by the Bureau.
Chapter 7	193.1 (p.555)	Commenter states that there should be job fairs before enforcement. Many people cannot get licenses and have to work for others and cannot work outside the cannabis industry. Job fairs will reduce the unlicensed market's impact on licensed businesses.	The comment is noted by the Bureau.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
Chapter 7	387 (p.922)	Commenter recommends that local jurisdictions that ban commercial cannabis activity should not receive that portion from the state budget which results from production, transport, or sales, and should not be able to use state funds for enforcement of a prohibition no longer endorsed by state law.	The comment is noted by the Bureau.
Chapter 7	289.7 (p.754) 1614.7 (p.3596) 3392 (p.10063)	Commenter indicates that regulations need to specify what enforcement will be looking for and should include how they are going to be trained and what training materials will be used.	The Bureau disagrees with this comment. An inspection determines compliance with applicable laws and regulations, which are available to the public. Licensees should comply with all laws and regulations.
Chapter 7	3463.3 (p.10158)	Commenter suggests looking at the tax returns for medical marijuana shops, to see if they are truly compassionate, and following up with accounting regulations.	The comment is not directly relevant to any specific provision of the regulations.
Chapter 7	3407 (p.10081)	Commenter recommends that law enforcement should receive training on patient possession limits, as Health and Safety Code section 11362.77, which section 5409 references, was found unconstitutional.	The comment is noted by the Bureau.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
Chapter 7	1060 (p.2168)	Commenter requests regulations address the issue of copycat cannabis products, which are a huge threat to public health. Unlicensed retailers carry untested, copycat brand name products purchased from Chinese websites, and generate sales with no excise tax, and consumers purchase these products believing they are tested.	The Bureau disagrees with this comment. The regulations provide a framework for commercial cannabis activity among retailers, distributors, microbusinesses, and testing laboratories, including requirements for testing and quality assurance, packaging and labeling, and track and trace reporting.
Chapter 7	1603.24 (p.3540) 1719.24 (p.4089) 1720.26 (p.4107) 1735.28 (p.4306) 1799.30 (p.4879) 3486 (p.10185)	Commenter indicates enforcement for unlicensed businesses is needed, specifically the regulations should address enforcement action or penalties for non-licensed activity. Many operators who are legal and compliant are being unfairly disadvantaged by those remaining in the illicit market, offering cheaper cannabis goods.	The Bureau disagrees with this comment. The regulations provide for penalties and discipline for persons in violation of MAUCRSA and the regulations.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
Chapter 7	921.1 (p. 1776) 1364.6 (p.2635) 3390 (p.10061)	Commenter questions who has regulatory and/or enforcement authority over packaging requirements. For instance, the Bureau required one commenter's packages be pulled from the shelf at a partner dispensary for noncompliant packaging, that was authorized by DPH. Additionally, it is unreasonable to have two licensing authorities to have opposing views on the approval of an individual's product packaging and labeling. Commenter states there is a need for consistent regulatory frameworks. State should be required to clearly communicate with the licensee about approval, denial or changes necessary to packaging and labeling.	The comment is not directly relevant to any specific provision of the regulations. The Bureau licenses retailers, microbusinesses, testing laboratories, distributors, and cannabis events. The Bureau enforces MAUCRSA and its implementing regulations, and under section 5800 has the right of access to any premises licensed by the Bureau, to inspect and investigate the licensee's compliance with the laws and regulations. The Bureau works with the other licensing authorities and other state agencies to ensure compliance and enforcement. Packaging and labeling requirements are provided for in the regulatory framework established by CDPH.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
Chapter 7	3522 (p.10224)	Commenter indicates that more and more people are driven to the black market because of the tax structure, and commenter would like to remind the panel that when someone makes concentrates, it also concentrates pesticides and so as people are driven to use the black-market concentrates, some can be concentrated up to a hundred times. The illegal shops are making it hard for those following the rules and paying fees and are also pushing toxic products with harmful effects on patients.	The Bureau notes this comment. There is no specific recommendation, however, the commenter seems to be implying enforcement of the illegal market is needed.
Chapter 7	1357.4 (p.2595)	Commenter recommends that the State of California investigate how it is haphazardly promoting marijuana sites, where fire safety implications are being ignored on the State and County level, and also numerous violations of federal RICO laws. The commenter will not hold her breath for such an investigation, and pities Bureau staff for their choice of a "career."	This comment is not directly relevant to any specific provision of the regulations. Additionally, the Bureau does not have jurisdiction over Federal Rico cases or fire safety requirements.
Chapter 7	3540.1 (p.10256)	Commenter states that the Bureau enforce and impose penalties on licensed retailers who fail to remit their taxes. The distributor should be required to report an uncollectible harvest tax and excise tax due from retailers within a period of time at the end of the quarter, and the Bureau should notify the licensed retailers of their past-due obligations.	The Bureau disagrees with this comment in part. Licenses are required to comply with all laws and regulations. Pursuant to MAUCRSA, failure to comply with any state law, including payment of taxes under the Revenue and Taxation Code, is grounds for disciplinary action. Taxation is under the jurisdiction and authority of CDTFA, therefore, the Bureau is not the appropriate entity to notify licensees of tax amounts due.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
Chapter 7	1773.4 (p.4701)	Commenter recommends, for social equity applicants, ensure internal tracking of enforcement practices with demographic tagging and if discriminatory practices or disproportionate policing is discovered, the State will conduct a review. If after the review discrimination is confirmed, police officers will be required to take diversity and inclusion training.	The Bureau disagrees with this comment in part. While the Bureau is required to report on its enforcement activities to the legislature, including local law enforcement activities in conjunction with the Bureau, it does not have jurisdiction or authority over local law enforcement.
Chapter 7	1773.9 (p.4701)	Commenter asks the Bureau to appoint a third-party organization to oversee enforcement of anti-retaliation, anti-harassment, and anti-discrimination policies, which licensees will be required to provide and comply with. The third-party organizations will have the authority to temporarily halt operations when an investigation is underway.	The Bureau disagrees with this comment. Enforcement of labor policies is within the jurisdiction of entities other than the Bureau.
Chapter 7	764.6 (p.1472) 765.6 (p.1476) 771.6 (p.1484) 772.6 (p.1487) 1333.6 (p.2562)	Commenter states that the Bureau seems more concerned with enforcement of businesses trying to be legal, rather than those that are illegal. The Bureau should increase the budget to eliminate illegal operators, allow businesses to obtain a "permit in process" license type for those in the process of obtaining local permits, and contacting local jurisdictions to determine which have bans, and which are working on cannabis ordinances.	The comment is noted by the Bureau. Comments on the Bureau's budget is not directly related or relevant to any specific provision of the regulations. The Bureau regulates commercial cannabis activities for licensees. The Bureau may only issue licenses to those approved by their local jurisdiction to conduct commercial cannabis activity. MAUCRSA requires local jurisdictions to provide the Bureau a copy of any ordinance or regulation related to commercial cannabis activity, and to update the Bureau with any change to the ordinance or regulation.
5800	57.8 (p.103)	Commenter recommends that this regulation should limit the Bureau to copy	The Bureau disagrees with this comment. The authority and ability to copy any materials, books, or records of any licensee or

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
		only those materials and records relating to the license.	their agents or employees, provided for under statutory law, relate to the Bureau's ability to investigate and enforce commercial cannabis standards.
5800	1640.13 (p.3710)	Commenter recommends that the regulations should make clear that local jurisdictions have rights to conduct the same inspection, pursuant to Business and Professions Code section 26160, subdivision (c).	The Bureau disagrees with this comment. This is already provided for in statute, therefore it is unnecessary and duplicative to include in the regulations.
5800	1360.23 (p.2612) 1649.31 (p.3782) 3392 (p.10063)	Commenter requests the Bureau make available a checklist of requirements for inspection and make clear all rules to be followed. Licensees need a list of enforcement requirements, or access to documents the inspectors will use.	The Bureau disagrees with this comment. An inspection determines compliance with applicable laws and regulations, which are available to the public. Licensees should comply with all laws and regulations.
5800	1625.58 (p.3642)	Commenter is concerned over a lack of regulatory language on inspections, specifically for retailers. This is important because these are points of public access, and points for product diversion. Commenter believes inspections at least annually are critical and recommends an annual Bureau report on the number of violations in each jurisdiction.	The Bureau disagrees with this comment. The Bureau conducts inspections as necessary when appropriate based on information available to the Bureau. Additionally, there are provisions, providing for reports on violations to the legislature under Business and Professions Code section 26190.
5800	668 (p.1278) 1552.36 (p.3269) 1594.42 (p.3498) 1708.13 (p.4000) 1714.44 (p.4059)	Commenter indicates that robust enforcement of proper identification is essential to eliminate efforts to bypass age limits for adult-use cannabis goods or abuse the medicinal cannabis provisions. Regulations should include similar alcohol and tobacco best practices for	The Bureau disagrees with this comment. Best practices for alcohol and tobacco industry standards are not applicable to cannabis goods.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
		enforcement, such as unannounced compliance checks ideally every 3 months but not less than twice a year.	
5800	3387 (p.10056) 136.3 (p.340)	Commenter recommends and encourages the use of third-party verification services, creating regulation to allow these services to operate as an accessory to the government. Third party verification systems add value to the cannabis supply chain by distinguishing those cannabis businesses who are going above and beyond compliance requirements, such as lowering carbon footprint, conserving natural resources, and incorporating social justice components into business plans.	This comment is not relevant to the regulations, and not specific as to how the Bureau would implement such a recommendation into regulation.
5801	1597.4 (p.3511)	Commenter suggests that the regulations should require the Bureau to provide a copy of the notice to comply to the local jurisdiction, for close coordination and communication between state and local licensing and enforcement authorities. This will help successfully regulation the cannabis industry.	The Bureau disagrees with this comment. Such a requirement would not be a rule of general applicability, subject to the APA. The Bureau also notes that there are mechanisms in place for local jurisdictions to access, request and receive disciplinary actions. The Bureau works closely with local jurisdictions, through coordination and communication, on enforcement of commercial cannabis activity.
5802	1597.5 (p.3512)	Commenter states that the administrative fine should be assessed at an amount up to three times the license fee, under subsection (b)(3). Fines up to $5,000 per day are insufficient to deter unlicensed activity.	The Bureau disagrees with this comment. The administrative fines assessed under this section is reflective and consistent with the provisions under Business and Professions Code section 125.9.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5802	3392 (p.10063)	Commenter believes there are too many fines and abatement costs, keeping the underground market alive with non-compliant operators.	The Bureau disagrees with this comment. Generally, there are no fines and abatement costs for operators or licensees who are compliant with the laws and regulations. Compliance will help to eliminate and lower fines and abatement costs.
5803	1081.2 (p.2212)	Commenter supports the hearing and appeals procedures, which appear to allow for substantial negotiation and substantive adjustment of enforcement policy. A flexible hearing policy will help ensure successful regulatory implementation.	The comment is noted by the Bureau.
5805	668 (p.1278) 1552.36 (p.3269) 1594.43 (p.3498) 1708.13 (p.4000) 1714.45 (p.4059)	Commenter recommends regulations should include alcohol and tobacco best practices for enforcement, such as unannounced compliance checks ideally every 3 months but not less than twice a year.	The Bureau disagrees with this comment. Best practices for alcohol and tobacco industry standards are not applicable to cannabis goods.
5806	1609.29 (p.3575)	Commenter believes that this regulation is a prior restraint on free speech and attempts to patronize women in the industry and should be removed. This regulation also restricts a woman's choice about where to work.	The Bureau disagrees with this comment. The regulations prohibit such conduct for any individual. The regulations prohibit conduct by licensees and have no oversight or jurisdiction over persons seeking employment, where such individuals are free to apply for employment at any establishment, without any restriction by the Bureau.
5807	1305.2 (p.2528)	Commenter is asking how the rules apply to live private events, for example if people buy tickets and the event is sponsored by a licensee, and their ticket gets them a product. The comment also asks whether we are all adults.	The Bureau cannot address any questions relating to specific fact patterns. The regulations apply to all licensees.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5807	1609.30 (p.3575)	Commenter believes this regulation is a prior restraint on free speech and attempts to patronize women in the industry and should be removed. Commenter indicates that many women in the topless and nude hospitality industry would likely welcome docile patrons to interact with.	The Bureau disagrees with this comment. The regulations prohibit such conduct for any individual.
5809	1597.4 (p.3511)	Commenter suggests that the regulations should require the Bureau to provide a copy of the disciplinary action to the local jurisdiction, for close coordination and communication between state and local licensing and enforcement authorities. This will help successfully regulation the cannabis industry.	The Bureau disagrees with this comment. Such a requirement would not be a rule of general applicability, subject to the APA. The Bureau also notes that there are mechanisms in place for local jurisdictions to access, request and receive disciplinary actions. The Bureau works closely with local jurisdictions, through coordination and communication, on enforcement of commercial cannabis activity.
5815	1597.4 (p.3511)	The regulations should require the Bureau to notify the local jurisdiction of emergency notice and decision, within 48 hours of issuance.	The Bureau disagrees with this comment. Such a requirement would not be a rule of general applicability, subject to the APA.
5900	668 (p.1278) 1552.37 (p.3269) 1594.44 (p.3498) 1714.45 (p.4059)	Commenter suggest that receipt of research funds should also include organizations with qualified research capacity, such as Kaiser Permanente. These organizations should be allowed to collaborate with a California public university receiving research funds under MAUCRSA.	The Bureau disagrees with this comment. The regulations are consistent with MAUCRSA, under Revenue and Taxation Code section 34019, which specifically limits funding to a public university or universities in California, for research and evaluation.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5900	1667.4 (p.3901)	Commenter questions how the relationships are expected to work between the University of California and established supplies and businesses in the medical cannabis space and botanical drug sector.	The Bureau notes this comment. It is not directly relevant to any specific provision of the regulations. Research candidates and facilities must comply with the rules and regulations for procuring cannabis for research.
5900	1667.5 (p.3901)	Commenter questions what the arrangement will be for the private sector to act on clinical testing and federal regulatory approval, if the University of California decides to provide the cultivation facilities for medical or botanical research. The University of California should entertain research agricultural and botanical partnerships.	The Bureau notes this comment. It is not directly relevant to any specific provision of the regulations. Research candidates and facilities must comply with the rules and regulations for procuring cannabis for research.
5900	1667.3 (p.3901)	Commenter supports efforts of the law to fund and support essential research. Clinical trials are expensive and there needs to be clinical efficacy for bona fide treatments. The Regents need appropriate guidance to carry out such research, and the law should: improve continuity and guidance between state and federal oversight; recognize the relationship between and promote the involvement of academic medical centers and the private sector on cost-sharing of research, product development, and clinical trials; enable market growth; improve entrance of both primary care physicians and specialists in cannabis medicine; reduce the cost burden	The Bureau notes this comment. It is not directly relevant to any specific provision of the regulations. Research candidates and facilities must comply with the rules and regulations for cannabis research. The regulations provide grant funding for specific cannabis-related research.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
		of cannabis-based drug development and speed up cannabis clinical trials.	
5900	1667.6 (p.3901)	Commenter describes that non-redundancies will be avoided in the research but typically drug development thrives on the convergence of multiple efforts on similar molecular mechanisms-of-action or conditions.	The Bureau notes this comment. It is not directly relevant to any specific provision of the regulations. Research candidates and facilities must comply with the rules and regulations for cannabis research. The regulations provide for specific grant-funding requirements for cannabis-related research.
5900	1667.7 (p.3902)	Commenter references Health and Safety Code section 11362.9, in stipulating a reliance on parameters of other "well-tested statewide research programs." Commenter notes this may underestimate the uniqueness of cannabis medicine and cannabis-based botanical drug development.	The comment is noted by the Bureau. It is not directly relevant to any specific provision of the regulations. The regulations do not implement, clarify or expand on Health and Safety Code section 11362.9. The regulations provide for specific grant-funding requirements for cannabis-related research under Revenue and Taxation Code section 34019.
5900	3510.1 (p.10213)	There should be the ability to properly study cannabis with a proper cannabis supply. The Attorney General is responsible for supplying source materials for clinical trials at California institutions, and further detailing and guidance would be helpful, and assurance of ample supply and consistent sourcing is a valuable part of any clinical trial research.	The Bureau disagrees with this comment. The Revenue and Taxation Code contains provisions related to research. Additionally, the Bureau does not have the authority to promulgate regulations directing the duties and responsibilities of the Attorney General's office.
5900	3484.2 (p.10183)	Tax money should be directed to research and development of studies that have	The comment is noted by the Bureau. Additionally, existing laws, in part under Revenue and Taxation Code section 34019,

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
		already been conducted outside of the US, to circumvent federal law.	proscribe research and funding requirements for cannabis and commercial cannabis activity.
5900	1428.12 (p.2578) 1705.11 (p.3970)	While research funding is necessary, licensees should be able to conduct research and development, internally, for product development.	The Bureau agrees with this comment. Business and Professions Code section 26054 contains provisions relating to research and development.
5901	1360.24 (p.2612) 1649.32 (p.3782)	Commenter indicates there should be public input on how research funding is spent.	The comment is noted by the Bureau. The regulations do not prohibit any member of the public from providing information to the Bureau. Additionally, existing laws, in part under Revenue and Taxation Code section 34019, proscribe research and funding requirements for cannabis and commercial cannabis activity.
5901	668 (p.1278) 1552.37 (p.3269) 1594.44 (p.3498) 1714.45 (p.4059)	The Bureau should not administer research funding, due to its lack of history and competency in administration of researching funding.	The Bureau disagrees with this comment. The Bureau is required by law to select the universities to be funded.
5902	668 (p.1278) 931.18 (p.183.1) 999.11 (p.1981) 1038.19 (p.2119) 1040.6 (p.2125) 1085.7 (p.2219) 1091.7 (p.2228) 1095.7 (p.2240) 1528.11 (p.3039) 1556.9 (p.3295) 1625.1 (p.3632) 1665.22 (p.3878) 1705.11 (p.3970)	The state should fund research on cannabis impacts, and the public safety threat posed by microbiological and/or pesticide contaminants present in cannabis products intended for consumption by combustion. Additionally, a license type is needed for internal exploration for product development and the ability for market research.	The Bureau disagrees with this comment. Section 5902 of the regulations provides that criteria for research funding includes whether a project achieves objectives found under Revenue and Taxation Code section 34019, which requires research for cannabis use impact on public health. The license type recommended does not provide sufficient detail as to what the license would allow for the Bureau to evaluate the recommendation. The Bureau notes that MAUCRSA allows for research and development.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
	1713.22 (p.4039) 1714.46 (p.4059) 1716.15 (p.4076) 1728.22 (p.4151) 1729.22 (p.4169) 1730.20 (p.4187) 1731.20 (p.4205) 1732.30 (p.4232) 1733.30 (p.4259) 1734.30 (p.4286) 1741.22 (p.4340) 1753.20 (p.4443) 1758.30 (p.4490) 1759.21 (p.4510) 1765.20 (p.4584) 1791.20 (p.4823)		
Chapter 8	1794.3 (p.4835)	Commenter recommends highlighting scientific merit as a criterion for selection of research funding, evaluated by a panel of experts. Scientific merit, typically by peer reviewers, looks at whether or not a study represents good science, and contains components addressing the area of importance to the discipline, use of established scientific principles, etc. Adding such language will strengthen the selection criteria provision and provide transparency.	The Bureau agrees with this comment. The Bureau has made changes consistent with the recommendations on evaluation of scientific research.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5903	1794.9 (p.4837)	Subsection (c)(4) should be amended to use "key personnel" instead of "staff" to align with requirements under the California Model Agreement, the template agreement between Universities of California and the State.	The Bureau disagrees with this comment. Provisions on the selection criteria and process may not fall under any provision of the California Model Agreement, which would be generally executed after the selection and criteria process.
5903	668 (p.1278) 1552.37 (p.3269) 1594.44 (p.3498) 1714.45 (p.4059)	The Bureau should disburse funds to the Office of the President of the University of California to be administered, whereby the University of California would select the organizations to be funded.	The Bureau disagrees with this comment. Pursuant to Revenue and Taxation Code section 34019, the Bureau is required by law to select the universities to be funded. The selection process must comport with existing laws and regulations.
5903	1794.1 (p.4834)	Commenter indicates that the regulations should include language expressing the statutory requirement for use of the California Model Agreement when contracting with or issuing grants to certain institutions.	The Bureau disagrees with this comment. The Bureau acknowledges that certain contracts and template agreements must be used, however, such requirement expressed in regulation would be duplicative of statutory law and not a rule of general application. Additionally, Education Code section 6732 provides that contracting parties may mutually determine a standard contract provision is inappropriate or inadequate for a specified contract.
5903	1639.2 (p.3698)	The Bureau should provide guidance on how ancillary cannabis companies can engage in cannabis safety research through business-to-business and public-private partnerships, and waste disposal practices for cannabis utilized in research and development. This is needed because the current rules create barriers that may deter industry from research.	The Bureau disagrees with this comment. MAUCRSA provides that the Bureau has the authority to regulate commercial cannabis activity as provided in MAUCRSA. Research candidates and facilities must comply with the rules and regulations for research.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5903	1667.8 (p.3902)	To enable the universities to play their crucial role in conducting studies, care and bringing further investment into university-backed research, funding allotment should be substantially increased.	The Bureau disagrees with this comment. The Bureau cannot change statutory law to increase allocated research funding.
5903	1794.4 (p.4835) 1794.5 (p.4836)	Commenter recommends a cost-reimbursement mechanism for research funding, as opposed the single disbursement of funds under subsection (b) or clarify that the disbursement will occur at the initiation of the project.	The Bureau disagrees with this comment. The disbursement of funds for the research is consistent with Revenue and Taxation Code section 34019, proscribing the allocation of funds for research.
5904	1794.2 (p.4834)	Published annual reports by the recipients of funding should be deleted from the regulations, or in the alternative restrict the reports to peer review. Open access would compromise the research before its conclusion.	The Bureau disagrees with this comment in part. Revenue and Taxation Code section 34019 requires recipients of funding to publish public reports on findings at a minimum of every two years. The Bureau has amended the regulations to reflect the commenter's concerns regarding publication.
5904	1794.8 (p.4837)	Commenter suggests that the set requirements for progress reports be removed from the regulations, as required under subsection (a), and such reporting timelines should instead be reflected in the grant agreement, in order to align with the California Model Agreement, and also to eliminate confusion as to reporting timelines.	The Bureau agrees with this comment. The Bureau has made changes consistent with the recommendations to clarify the requirements for performance reports.

Regulation Section	45-Day Comment Number(s) and Page Location	Summary of 45-Day Comments	Bureau Response to 45-Day Comments
5904	1794.6 (p.4836)	Commenter recommends specifying that the requirements under subsection (b) for Bureau access to reports prior to publication are pursuant to its respective grant agreement, in order to ensure that this provision is separate and distinct from any open access requirements.	The Bureau agrees with this comment. The Bureau has made changes consistent with the recommendations, to clarify the requirements for performance reports.
5904	1794.10 (p.4838)	Subsection (a)(2)(E) should be amended to use "key personnel" instead of "staff" to align with requirements under the California Model Agreement, the template agreement between certain California universities and the State.	The Bureau disagrees with this comment. Terms of a grant agreement may need to be determined on a case-by-case basis, especially for any research funding involving the use and test of cannabis on individuals. Additionally, Education Code section 67327 also provides that contracting parties may mutually determine a standard contract provision is inappropriate or inadequate for a specified contract.
5904	1794.7 (p.4837)	The record retention requirement under subsection (c) should reflect the standard provision under the California Model Agreement template, requiring retention for a minimum of 3 years and for awards greater than $10,000.	The Bureau disagrees with this comment. Record retention for the term stated in the regulations better reflects the evolving nature of the cannabis industry and aligns with record retention for commercial cannabis activity. Additionally, Education Code section 67327 provides that contracting parties may mutually determine a standard contract provision is inappropriate or inadequate for a specified contract.

Final Statement of Reasons Appendix B

Regulation Section	Comment Number(s) and Page Locations	Summary of 45-day irrelevant Comments	Bureau Response to 45 -day irrelevant Comments
	3.4 (p.4) 76 (p.10361) 80 (p.10362) 138.5 (p.345) 140.2 (p.350) 751.5 (p.1410) 751.6 (p.1410) 764.3 (p.1471) 765.3 (p.1475) 771.3 (p.1483) 772.3 (p.1486) 889 (p.10413) 1011.6 (p.2025) 1016.2 (p.2031) 1030.61 (p.2076) 1030.62 (p.2077) 1030.63 (p.2077) 1030.64 (p.2078) 1030.65 (p.2078) 1030.66 (p.2078) 1030.67 (p.2079) 1030.68 (p.2079) 1030.69 (p.2079) 1032 (p.10417) 1040.1 (p.2123) 1040.2 (p.2124) 1070 (p.10425) 1079.3 (p.2206) 1080.6 (p.2208) 1080.9 (p.2209) 1085.1 (p.2217) 1085.2 (p.2218) 1085.3 (p.2218) 1091.1 (p.2226) 1091.2 (p.2227) 1091.3 (p.2227)	Commenter suggest changes to the regulations released by CDPH.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations. The comments relate to regulations proposed by CDPH.

Regulation Section	Comment Number(s) and Page Locations	Summary of 45-day irrelevant Comments	Bureau Response to 45 -day irrelevant Comments
	1095.1 (p.2238) 1095.2 (p.2239) 1095.3 (p.2239) 1124.23 (p.2239) 1124.24 (p.2279) 1124.26 (p.2279) 1124.27 (p.2281) 1124.28 (p.2281) 1124.29 (p.2281) 1124.31 (p.2281) 1124.32 (p.2282) 1131.59 (p.2282) 1131.61 (p.2313) 1131.62 (p.2314) 1131.63 (p.2315) 1131.64 (p.2315) 1131.65 (p.2315) 1131.66 (p.2315) 1131.67 (p.2316) 1131.68 (p.2317) 1131.69 (p.2410) 1202.1 (p.10437) 1249 (p.10439) 1251 (p.2500) 1281.4 (p.2500) 1322.2 (p.2547) 1326.2 (p.2551) 1327.3 (p.2553) 1333.4 (p.2562) 1413.63 (p. 2728) 1413.64 (p.2729) 1413.65 (p.2730) 1413.66 (p.2730) 1413.67 (p.2730) 1413.68 (p.2730)		

Regulation Section	Comment Number(s) and Page Locations	Summary of 45-day irrelevant Comments	Bureau Response to 45 -day irrelevant Comments
	1413.69 (p.2731) 1413.70 (p.2732) 1413.71 (p.2732) 1507.64 (p.2869) 1507.65 (p.2870) 1507.66 (p.2870) 1507.67 (p.2871) 1507.68 (p.2871) 1507.69 (p.2872) 1507.70 (p.2872) 1507.71 (p.2872) 1507.72 (p.2873) 1507.73 (p.2873) 1512.64 (p.2874) 1512.65 (p.2875) 1512.66 (p.2875) 1512.67 (p.2876) 1512.68 (p.2876) 1512.69 (p.2877) 1512.70 (p.2877) 1512.71 (p.2877) 1512.72 (p.2878) 1512.73 (p.2878) 1513 (p.10468) 1520.64 (p.2969) 1520.65 (p.2970) 1520.66 (p.2970) 1520.67 (p.2971) 1520.68 (p.2971) 1520.69 (p.2972) 1520.70 (p.2972) 1520.71 (p.2972) 1520.72 (p.2973) 1520.73 (p.2973) 1523.64 (p.3303)		

Regulation Section	Comment Number(s) and Page Locations	Summary of 45-day irrelevant Comments	Bureau Response to 45 -day irrelevant Comments
	1523.65 (p.3304) 1523.66 (p.3304) 1523.67 (p.3005) 1523.68 (p.3005) 1523.69 (p.3006) 1523.70 (p.3006) 1523.71 (p.3006) 1523.72 (p.3007) 1523.73 (p.3007) 1530.1 (p.10474) 1530.2 (p.10474) 1530.3 (p.10475) 1530.4 (p.10475) 1545.4 (p.3185) 1545.5 (p.3186) 1545.6 (p.3186) 1545.7 (p.3186) 1545.8 (p.3186) 1545.9 (p.3186) 1545.17 (p.3188) 1565.3 (p.3344) 1569.5 (p.3356) 1603.8 (p.3539) 1605.2 (p.10492) 1619.4 (p.3607) 1626.5 (p.2646 1639.1 (p.3698) 1644.7 (p.3754) 1651.64 (p.3804) 1651.65 (p.3805) 1651.66 (p.3805) 1651.67 (p.3806) 1651.68 (p.3806) 1651.69 (p.3807) 1651.71 (p.3807)		

Regulation Section	Comment Number(s) and Page Locations	Summary of 45-day irrelevant Comments	Bureau Response to 45 -day irrelevant Comments
	1651.72 (p.3808) 1651.73 (p.3808) 1661.1 (p.10509) 1661.2 (p.10510) 1661.3 (p.10510) 1661.4 (p.10510) 1661.5 (p.10511) 1664.21 (p.3861) 1706.4 (p.3977) 1732.6 (p.4212) 1732.7 (p.4240) 1732.8 (p.4214-4215) 1732.9 (p.4215-4216) 1733.6 (p.4266) 1733.7 (p.4267) 1733.8 (p.4241-4242) 1733.9 (p.4242-4243) 1734.6 (p.4266) 1734.7 (p.4267) 1734.8 (p.4268-4269) 1734.9 (p.4269-4270) 1736.1 (p.10592) 1739.2 (p.4318) 1749.4 (p.4417) 1756.8 (p.4456) 1756.11 (p.4457) 1756.22 (p.4461) 1767.62 (p.4614) 1767.63 (p.4614) 1767.64 (p.4615) 1767.65 (p.4615) 1767.66 (p.4616) 1767.67 (p.4616) 1767.68 (p.4616) 1767.69 (p.4617)		

Regulation Section	Comment Number(s) and Page Locations	Summary of 45-day irrelevant Comments	Bureau Response to 45 -day irrelevant Comments
	1767.70 (p.4617) 1767.71 (p.4618) 1768.62 (p.4640) 1768.63 (p.4640) 1768.64 (p.4641) 1768.65 (p.4641) 1768.66 (p.4642) 1768.67 (p.4642) 1768.68 (p.4642) 1768.69 (p.4643) 1768.70 (p.4643) 1768.71 (p.4644) 1769.63 (p.4666) 1769.64 (p.4667) 1769.65 (p.4667) 1769.66 (p.4668) 1769.67 (p.4668) 1769.68 (p.4668) 1769.69 (p.4669) 1769.70 (p.4669) 1769.71 (p.4670) 1770.62 (p.4692) 1770.63 (p.4692) 1770.64 (p.4693) 1770.65 (p.4693) 1770.66 (p.4694) 1770.67 (p.4694) 1770.68 (p.4694) 1770.69 (p.4695) 1770.70 (p.4695) 1770.71 (p.4696) 1775.4 (p.4712) 1779.8 (p.4758) 1797.2 (p.4860) 3380 (p.10047)		

Regulation Section	Comment Number(s) and Page Locations	Summary of 45-day irrelevant Comments	Bureau Response to 45 -day irrelevant Comments
	3596.1 (p.10820) 3596.2 (p.10820) 3596.3 (p.10821) 3596.4 (p.10821) 3630.12 (p.2191)		
	5 (p.10326) 30.1-30.2 (p.56) 31 (p.57) 32 (p.58) 48 (p.83) 140.3 (p.350) 180.1 (p.527) 180.3 (p.528) 182.3 (p.531) 280 (p.735) 285 (p.743) 286 (p.744) 289.6 (p.754) 306.4 (p.796) 688.5 (p.1335) 764.1 (p.1470) 765.1 (p.1474) 771.1 (p.1482) 772.1 (p.1485) 931.19 (p.1831) 942 (p.1877) 1007.2 (p.2019) 1011.5 (p.2025) 1017.2 (p.2033) 1028.2 (p.2057) 1038.18 (p.2119) 1039.5 (p.2121) 1040.5 (p.2125) 1041.5 (p.2131)	Commenters address tax issues. The taxes levied on all products in retail stores are way too expensive to shop there. Taxes are at near 30% and there are less taxes on alcohol. The market is overtaxed. Overtaxing the market will force the public to get product elsewhere. Medicinal patients should not be taxed for medicine. People do not pay taxes on prescription drugs. Medicinal patients should be eligible for a 20% discount on taxes if they have a physician's approval on file. Certain cannabis activities should be exempt from state taxes. Taxing medical patients in America is unheard of. Commenter is prepared to shop outside of the regulated market.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations and addresses issues outside of the Bureau's jurisdiction. Taxes are established in statute. CDTFA is the state agency with jurisdiction over taxes.

Regulation Section	Comment Number(s) and Page Locations	Summary of 45-day irrelevant Comments	Bureau Response to 45 -day irrelevant Comments
	1051.8 (p.2150) 1079.1 (p.2206) 1085.6 (p.2219) 1090 (p.2225) 1091.6 (p.2228) 1095.6 (p.2240) 1190.3 (p.2394) 1196.3 (p.2403) 1256 (p.2470) 1260.1-1260.2 (p. 2473) 1281.1 (p.2500) 1281.5 (p.2500) 1289.1 (p.2510) 1289.7 (p.2511) 1333.3 (p.2562) 1355.2 (p.2588) 1427.5 (p.2753) 1428.11 (p.2757) 1547.7 (p.3195) 1603.15 (p.3539) 1614.6 (p.3596) 1665.21 (p.3878) 1666.21 (p.3896) 1705.8 (p.3970) 1713.21 (p.4039) 1719.15 (p.4088) 1720.17 (p.4106) 1722.2 (p.4122) 1728.21 (p.4151) 1729.21 (p,4169) 1731.19 (p.4205) 1732.29 (p.4232) 1733.29 (p.4259) 1734.29 (p.4286)	The compounding taxes is crippling small groups. Taxes should be lowered to make prices comparable to the unregulated market. Excise taxes need to be simplified and limited to the dollar amount sold, without additional excise taxes on the profit from the retailer. Tax increases adversely affect many who are barely able to make ends meet. Cultivation taxes are too high. Taxing wet cannabis does not make sense when 40 to 75% of the plant's weight is lost during drying. Get rid of the cultivation tax. If the state wants to have the tax revenue that they expected and want this industry to succeed, the state should lower the taxes to make prices comparable to the unregulated market. Excise taxes are too high, should be reduced to 8%, and when coupled with sales tax it would total 17-18%, as opposed to the current 24%, or removed all together for medicinal cannabis. High taxes are contributing to a thriving illegal market.	

Regulation Section	Comment Number(s) and Page Locations	Summary of 45-day irrelevant Comments	Bureau Response to 45 -day irrelevant Comments
	1735.19 (p.4302) 1741.21 (p.4340) 1758.29 (p.4490) 1763.15 (p.4543) 1765.19 (p.4584) 1773.2 (p.4707) 1791.19 (p.4823) 1799.21 (p.4874) 3388 (p.10057) 3420.2 (p.10099) 3425.2 (p.10105) 3617 (p.10922)	The existing tax system is overly complex and confusing, and there should be singular cannabis tax at the point of sale. Taxation scheduling should be based on traditional harvesting practices versus general manufacturing schedules. Eliminate the excise tax. The excise taxes are too high and should be reduced. Reduce cultivation, manufacturing taxes by 50%. Need clarity on tax requirements for microbusinesses. Commenter suggests exempting certain cannabis activities from having to pay taxes. The Bureau should clarify responsibility for collection of excise tax when a distributor is transferring or selling to the distributor portion of a microbusiness.	
	11 (p.10327)	Commenter believes that the Bureau is organizing the black market.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations.
	12 (p.10238)	Commenter believes that the Bureau has killed legal businesses.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations.
	17 (p.10329)	Commenter believes that requiring state cannabis licenses and placing regulations on packaging is unnecessary, does not help consumers, and is harming the industry.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations.

Regulation Section	Comment Number(s) and Page Locations	Summary of 45-day irrelevant Comments	Bureau Response to 45 -day irrelevant Comments
	19.7 (p.25)	Commenter suggests that the Bureau inform the legislature that the laws need to be scaled back.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations.
	19.8 (p.25)	Commenter suggest that cultivators should be able to obtain a license with a "postcard-sized application."	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations. CDFA is the licensing authority for cultivation.
	25.7 (p.33)	Commenter states "Raw materials (oil, flower etc.)"	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations.
	28.1 (p.51)	Commenter requests a clarification regarding a fact sheet released by the CDPH.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations.
	28.3 (p.51)	Commenter asks when shared use facilities will be approved.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations.
	30.3 (p.56)	Commenter is unhappy that the regulations do not have policies in place to help small growers such as prohibiting larger grows.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations. CDFA is the state licensing authority for commercial cannabis cultivators.
	33 (p.10330)	Commenter cites the Bylaws of the Florida A&M University Research Foundation.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations.
	35 (p.10347)	Commenter has attached article titled, "Marijuana is the Common Web Between So Many Mass Killers."	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations.
	45 (p.10359)	Commenter has stated that they have trouble finding a specific product due to the manufacturer's inability to obtain a license due to the cost.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations.
	66.2 (p.115) 66.3 (p.116) 66.4 (p.117) 66.5 (p.118) 66.6 (p.136)	Commenter has attached various charts and a document titled, "How Demand for Transparency is Shaping the Food Industry."	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations.

Regulation Section	Comment Number(s) and Page Locations	Summary of 45-day irrelevant Comments	Bureau Response to 45 -day irrelevant Comments
	89 (p.10368)	Commenter requests that public meetings held by the state licensing authorities be available via video.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations.
	107 (p.10368)	Commenter cites 21 USC section 1704(a)(1)(A).	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations.
	113.1 (p.248)	Commenter provides their opinion on why the cannabis industry is having difficulty adopting new regulations.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations.
	123 (p.30)	Commenter requests that email addresses and phone numbers be removed from public view.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations. The regulations govern licensees and applicants and do not set out the Bureau's process for handling public information.
	134.3 (p.336)	Commenter suggests that physical addresses be removed from easily accessible public records and only disclosed upon request.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations. The regulations govern licensees and applicants and do not set out the Bureau's process for handling public information.
	138.3 (p.344)	Commenter suggests that the packaging regulations for cannabis mimic those of alcohol and tobacco since all 3 substances are recreational stimulants.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations.
	141.3 (p.351)	Commenter requests that cultivators be allowed to sell seeds.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations. CDFA is the licensing authority for commercial cannabis cultivators.
	141.5 (p.352)	Commenter expresses that cannabis is their culture and that the world will be healed by cannabis.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations.
	141.9 (p.353)	Commenter suggests that hash and resin not be considered manufactured since it can be made using hands.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations. CDPH is the licensing authority for commercial cannabis manufacturers.
	141.13 (p.354)	Commenter suggests that the legal age be lowered to 18.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations.

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	141.17 (p.354)	Commenter believes that people continue to view cannabis negatively even though there is no evidence that cannabis causes reproductive harm.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations.
	142 (p.10371)	Commenter would like to declare "the plant is a crop" that should be under the canopy of the California Agricultural Department.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations.
	150.1 (p.375)	Commenter suggests "to divide up the proposed and eventually finalized and accepted legal cannabis business operations guidelines into two categories and under these categories would be subcategories with specific minimum requirements needed for these operators, whether they be manufacturing or retail or whatever, to be in minimum legal compliances."	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations. By statute, there are separate licensing authorities for different types of licenses, thus, all licensing authorities must develop regulations for matters within their jurisdiction.
	173 (p.10372) 277 (p.10377) 569.1 (p.10388) 569.2 (p.10388) 569.3 (p.10389) 569.4 (p.10390) 602.1 (p.10391) 602.2 (p.10391) 602.3 (p.10392) 602.4 (p.10393) 878 (p.10402) 879 (p.10403) 880 (p.10404) 881 (p.10405) 882 (p.10406)	Commenter suggests changes to the regulations released by CDFA.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations. CDFA is the licensing authority for commercial cannabis cultivators.

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	180.2 (p.527)	Commenter suggests that African Americans who are trying to enter the industry should not be discriminated against.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations or make a specific recommendation. State discrimination laws apply to the cannabis industry like any other industry.

Regulation Section	Comment Number(s) and Page Locations	Summary of 45-day irrelevant Comments	Bureau Response to 45 -day irrelevant Comments
	182.4 (p.531)	Commenter suggests providing clarification on the rules for consumption and actually explaining the rules to local governments.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations. Local jurisdictions have authority to allow on-site consumption under the Act.
	182.6 (p.532) 184.3 (p.535) 196.1 (p.558) 198 (p.560) 668.3 (p.1266-1267) 1335 (p.2567) 1515.1 (p.2935) 1533.1 (p.3129) 1594.9 (p.3482) 3466.1 (p.10161) 3467 (p.10161) 3508 (p.10210) 3516 (p.10218) 3517 (p.10219) 3523.1 (p.10226) 3525 (p.10227) 3537 (p.10252)	Large money corporations are trying to use the industry to push out advocates and extract as much money as possible; social equity protections must be added. Statewide Equity program is needed. Massachusetts made a statewide program; California should too. The proposed text of the regulations do not include any effort to promote equity to ensure that residents of communities that suffered high rates of incarceration and other social ill effects from unequal enforcement of cannabis possession laws are able to benefit from legalization. The Cannabis Advisory Committee's recommendations for the creation of state equity licensing program, access to property and premises have not been adopted. The Bureau does not appear to address equity and the horrors that the war on drugs has done to communities of color. There needs to be specific regulation to the social equity program surrounding education rehabilitation and fiscal allocation from the community through investment tax fraud.	The Bureau rejects this comment as irrelevant because it does not address provisions of the Bureau's regulations contained in this regulation package. However, statute addresses equity program assistance by the Bureau, in SB 1294 (Bradford, 2018), which becomes effective January 1, 2019. Pursuant to SB 1294, the Bureau is developing an equity grant program and will be dispersing grant funding to local jurisdictions to assist local equity applicants or local equity licensees gain entry to, and successfully operate in, the state's regulated marketplace. To facilitate greater equity in business ownership and employment, the Bureau will: serve as a point of contact for, and coordinate with, local equity programs; publish approved and model equity ordinances on its website; and provide technical assistance to local equity programs.

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		The cannabis industry needs a equity program, similar to that administered for the solar industry. Dollars need to get on the table for social equity programs. There is a lack of social equity in the final regulations. The Bureau needs to consider people of color who have made most of the sacrifices to get the industry where it is. The proposed regulations are a new version of Jim Crow. Social equity is absent from the new regulations. The licensing authorities should work together to create a state-wide equity program with recommendations from the Advisory Committee that, supports local equity programs and applicants, provides earmarks from tax revenue for equity programs licensing fee waivers, loans, create access to properties and premises, incentives to property owners to lease, prioritize funding for equity program.	
	182.7 (p.532)	Commenter suggests allowing cannabis banking.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations. Additionally, banking is not within the Bureau's jurisdiction.
	184.1 (p.535)	Commenter suggests that marijuana related offenses be automatically expunged.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations. Additionally, expungement of criminal offenses is not within the Bureau's jurisdiction.

Regulation Section	Comment Number(s) and Page Locations	Summary of 45-day irrelevant Comments	Bureau Response to 45 -day irrelevant Comments
	189.6 (p.546)	Commenter expresses concern understanding the land-use rules for local municipalities. Commenter suggests allowing for more outdoor cultivation.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations. CDFA is the licensing authority for commercial cannabis cultivators.
	205 (p.10373)	Commenter suggests allowing the personal cultivation of cannabis in a person's backyard.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations. CDFA is the licensing authority for commercial cannabis cultivators.
	206 (p.10374)	Commenter submitted an advertising solicitation.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations.
	260 (p.10375)	Commenter suggests that edible cannabis goods that contain 500 mg. of THC be allowed to be sold.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations. CDPH is the licensing authority for commercial cannabis manufacturers.
	262.5 (p.681)	Commenter suggests that the regulations released by the CDPH be aligned with the Bureau's regulations.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations, rather it addresses CDPH's regulations.
	269 (p.10376)	Commenter expresses difficulty in obtaining local authorization to operate a commercial cannabis business.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations.
	288.5-288.6 (p.752) 1784.5-1784.6 (p.4770) 1789.6-1789.7 (p.4794)	The regulations should be designed such that local cities retain control over their own permitting processes, when it comes to equity programs. Though regulation and taxation are a necessary part of the transition to legalization, they should be applied sparingly in the case of cannabis (only for the purposes of public safety, environmental protection, and restorative/economic/racial justice).	The Bureau rejects this comment as irrelevant because it does not address provisions of the Bureau's regulations contained in this regulation package. The Bureau does not have jurisdiction to regulate local jurisdictions' programs or taxes. Local jurisdictions will continue to retain control of their approval process when it comes to local equity programs. However, statute addresses equity program assistance by the Bureau, in SB 1294 (Bradford, 2018), which becomes effective January 1, 2019. Pursuant to SB 1294, the Bureau is developing an equity grant program and will be dispersing grant funding to local jurisdictions to assist local equity applicants or local equity licensees gain entry to, and successfully operate in, the state's regulated marketplace. To facilitate greater equity in business ownership and employment, the Bureau will: serve as a point of contact for, and coordinate with, local equity programs; publish approved and

Regulation Section	Comment Number(s) and Page Locations	Summary of 45-day irrelevant Comments	Bureau Response to 45 -day irrelevant Comments
			model equity ordinances on its website; and provide technical assistance to local equity programs.
	343 (p.10379)	Commenter suggests lifting the potency restrictions and lowering taxes.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations and addresses issues outside of the Bureau's jurisdiction. Taxes are established in statute. CDTFA is the state agency with jurisdiction over taxes. Potency of cannabis goods is regulated by CDPH.
	430 (p.10380)	Commenter attached a personal statement to the County of San Bernardino.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations.
	452 (p.10387)	Commenter supports safe and legal cannabis and believes it should be available to everyone.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations.
	612 (p.10394)	Commenter attached images that contains text that is not fully legible.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations.
	763 (p.10398)	Commenter submitted a test email to test whether emails were being accepted.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations.
	859 (p.10399)	Commenter provides information regarding his personal experience of being under Federal prosecution for operating a cannabis business.	The Bureau rejects this comment as irrelevant because it does not address provisions of the Bureau's regulations.
	975 (p.10414)	Commenter requests information on how to get involved in the conversation of cannabis businesses.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations. However, the California Cannabis Portal and the Bureau's website provide extensive information on state cannabis regulation.
	1011.6 (p.2025)	Commenter suggests regulating cannabis closer to tomatoes.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations.
	1026.3 (p.2052)	Commenter suggests that the state of California implement a permanent patient ID program that would allow the ID to be valid for 2 to 3 years.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations. CDPH is responsible for the Medical Marijuana Identification Card (MMIC) program.
	1026.4 (p.2053)	Commenter suggest that the State of California join a multi-state medical cannabis compact and allow out of state	This comment is irrelevant as it does not address the Bureau's proposed regulations.

Regulation Section	Comment Number(s) and Page Locations	Summary of 45-day irrelevant Comments	Bureau Response to 45 -day irrelevant Comments
		patients to purchase medicinal cannabis goods in California.	
	1038.22 (p.2119)	Commenter suggests allowing licensees to conduct research and development internally for developing new products.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations.
	1041.6 (p.2131)	Commenter suggests that the State of California fund research to study the public safety threat posed by microbiological and pesticide contaminants in cannabis goods.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations.
	1042 (p.10419)	Commenter suggests that licensees be permitted to sell samples of cannabis goods to retailers.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations. The regulations do no prohibit the sale of samples.
	1067 (p.10423)	Commenter submitted a blank test email.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations.
	1077.39 (p.2202)	Commenter provided a "placeholder for packaging comments."	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations.
	1081.1 (p.2212)	Commenter believes that the Bureau's statement of reasons does not provide the best available evidence and should designate specific evidence.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations.
	1092.3 (p.2230) 1323.2 (p.2549) 1394 (p.2691) 1399 (p.2696)	Commenters request the Bureau and CDFA lower annual fees for cultivators who use no artificial light and only complete one harvest per year.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations. CDFA is the licensing authority for commercial cannabis cultivators.
	1092.4 (p.2230)	Commenter suggest that patient access to compassion programs be increased.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations. Compassion programs set their own requirements for patient services.
	1105 (p.10429)	Commenter suggests that the state of California protect small cannabis business.	The Bureau rejects this comment as irrelevant because it does not address specific provisions of the Bureau's regulations. The Bureau developed regulations that account for small businesses.

Regulation Section	Comment Number(s) and Page Locations	Summary of 45-day irrelevant Comments	Bureau Response to 45 -day irrelevant Comments
	1126.5 (p.2288)	Commenter suggests that the state license and regulate cannabis tour guides.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations. The Bureau does not have jurisdiction over tour guides.
	1145.14 (p.2337-2338)	Commenter suggest that the licensing agencies not treat business operators as criminals and make it easy to start a cannabis business.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations. The Bureau does not regulate starting businesses, but rather the requirements for licensure.
	1147 (p.10431)	Commenter believes that the regulations will have to be updated on a regular basis.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations.
	1258 (p.10441)	Commenter suggests that the Medical Marijuana Identification Card (MMIC) Program be abolished.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations. The MMIC program is statutorily created.
	1265 (p.10445)	Commenter provides a list of "categories of the victims of the marijuana industry."	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations.
	1271 (p.2490)	The commenter inquires as to whether the proposed 600-foot radius requirements apply to juvenile halls.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations, rather it is a question.
	1272 (p.2491) 1603.14 (p.3539) 1614.6 (p.3596) 1715.5 (p.4062) 1719.14 (p.4088) 1720.16 (p.4106) 1735.18 (p.4301-4302) 1799.20 (p.4874)	Having distribution companies responsible for remitting taxes on behalf of retail and cultivators is an accounting problem. The Bureau needs to eliminate the cultivation tax requirement on cultivators and only impose tax on retailers, eliminating distributors from the occasion. Need for regulatory recourse for distributors upon failure to collect cultivation or excise taxes from producers or retailers, respectively. Need to clarify the entire taxation process as it relates to distributors.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations and addresses issues outside of the Bureau's jurisdiction. Taxes are established in statute. CDTFA is the state agency with jurisdiction over taxes.

Regulation Section	Comment Number(s) and Page Locations	Summary of 45-day irrelevant Comments	Bureau Response to 45 -day irrelevant Comments
		Distributors should not have to be the middleman – cultivators should pay cultivation taxes and retailers should pay the excise taxes.	
	1281.2 (p.2500)	Outlaw cities from adding their own additional taxes for retail sales.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations. The bureau does not have jurisdiction over local taxes.
	1302 (p.10448)	Commenter suggests that medicinal cannabis be given priority over adult-use cannabis.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations. It is not clear what the commenter means by "priority."
	1317.1 (p.10449)	Commenter suggests the creation of a research license for developing new products.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations. The Act has research and development provisions.
	1317.2 (p.10449)	Commenter suggest the creation of a state-wide body to assist royalty-based businesses enforce business contracts.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations. The creation of the state-wide body suggested is not within the Bureau's jurisdiction.
	1323.5 (p.2549)	Commenter suggests eliminating the adult-use and medicinal designation.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations. The designation is created in the statute.
	1324 (p.10450)	Commenter states "Please examine thees cha.towns can't get away with sticking up small micro shops, please up hold the law."	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations.
	1332.3 (p.2549)	Commenter suggests stopping cities from banning commercial cannabis activity.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations. The Bureau does not have jurisdiction over cities.
	1353.1 -1353.2 (p.2584)	It is an economic injustice that corporate firms have pushed their way into the industry, overtaking small-scale artisan farmers that built the industry. It is unfair that the regulations shift the industry from the northern California region that built the industry to areas not part of creating it.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations. CDFA is the licensing authority for commercial cannabis cultivators.

Regulation Section	Comment Number(s) and Page Locations	Summary of 45-day irrelevant Comments	Bureau Response to 45 -day irrelevant Comments
	1353.4 (p.2584)	Smallest-scale farmers are unable to pay permitting fees, a tragedy in the making, that will devastate thousands of peoples' lives, primarily those whose creativity and ingenuity built the industry.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations. CDFA is the licensing authority for commercial cannabis cultivators.
	1357.3 (p.2595)	Commenter suggests that no ministerial permits be allowed in California.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations.
	1360.5 (p.2609)	Commenter suggested increasing record retention timing to 72 hours.	This comment is irrelevant as it does not address the Bureau's proposed regulations.
	1363.6 (p.2627) 1555.5 (p.3283) 1569.3 (p.3350) 1603.21 (p.3540) 1799.27 (p.4877) 3413.1 (p.10089) 3414.2 (p.10090) 3453.1 (p.10144) 3552.1 (p.10270)	The Bureau should include in the regulations a mechanism for disclosure of public information, with an opportunity for public input, similar to Department of Alcoholic Beverage Control, or a public database with questions and answers from operators and the Bureau. Licensees should also be allowed to access other licensee information, to verify licensees.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations.
	1402 (p.10467)	Commenter supports comments submitted by the San Diego Cannabis Delivery Alliance and the California Cannabis Delivery Alliance.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations.
	1621 (p.10495) 1624 (p.10499)	Commenter suggests defining "rock wool growing media used to grow cannabis" as a "solid Waste" pursuant to Public Resource Code Section 40191.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations.
	1643.1 (p.3748) 1643.2 (p.3748-3749)	Commenter suggests that regulations address the public health concern of second hand smoke.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations.
	1648 (p.10503)	Commenter believes that sureties may be reluctant to provide bonds to the cannabis industry so long as cannabis remains a	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations.

Regulation Section	Comment Number(s) and Page Locations	Summary of 45-day irrelevant Comments	Bureau Response to 45 -day irrelevant Comments
		schedule I drug under the Controlled Substances Act.	
	1667.2 (p.3900-3901)	Commenter suggests that the state of California focus on the training of doctors, osteopaths, nurses, and physician assistants.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations.
	1711.18 (p.4015)	Commenter supports a database of questions and answers.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations.
	1715.4 (p.4062)	Commenter suggests that the metric system be used for measurements.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations.
	1721 (p.10514)	Commenter requests recognition of the unconscious bias that is shaping the cannabis regulatory arena.	The Bureau rejects this comment as irrelevant because it does not address the provisions of the Bureau's regulations.
	1739.13 (p.4320)	Commenter suggests that local government must recognize ethanol as a non-volatile solvent.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations. The Bureau does not have jurisdiction over local governments.
	1742 (p.10523)	Commenter provides their opinions on the Cannabis Advisory Committee.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations.
	1745.3 (p.4365)	Commenter suggest that the state require local agencies to consider peer reviewed papers when passing local ordinances.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations. The Bureau does not have jurisdiction over local agencies.
	1773.4 (p.4701)	Commenter states, "Ensure internal tracking of enforcement practices with demographic tagging and if discriminatory practices or disproportionate policing is discovered, the state will conduct a review. If after the review discrimination is confirmed, police officers will be required to take diversity and inclusion training."	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations. The Bureau does not have jurisdiction over local police officers.
	1781 (p.10528)	Commenter submits a complaint regarding some "bad actors" in their area.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations.
	1799.31 (p.4880)	Commenter suggests clarifying the requirements for hemp-derived products.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations. Industrial hemp is regulated by CDFA.

Regulation Section	Comment Number(s) and Page Locations	Summary of 45-day irrelevant Comments	Bureau Response to 45 -day irrelevant Comments
	3380 (p.10047)	Commenter addresses manufacturing, including ethanol extraction and modular systems.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations. CDPH is the licensing authority for commercial cannabis manufacturers.
	3386 (p.10055)	Commenter addresses cultivation including the cottage tier cultivation license.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations. CDFA is the licensing authority for commercial cannabis cultivators.
	3393 (p.10063-10064)	The Bureau should explore every avenue available to take away local control. The biggest problem faced by the cannabis industry is that 70-80% of cities ban all commercial cannabis activity.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations. The Bureau does not have jurisdiction over local governments.
	3432.1 (p.10114)	Commenter suggests that medicinal cannabis users not have to give up their gun rights.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations.
	3473.1 (p.10169-10170)	Commenter submitted an application for a microbusiness in LA and was denied, buy they have a letter from the City of LA, stating they are able to have their microbusiness and paid a $1,000 for a control fee.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations.
	3588 (p.10311)	Type S license tiers are priced funny. Commenter can get a Type 6 licensee with a revenue cap of $1 million, for $15,000 but also a Type 6 license with a revenue cap at $1.5 million. Same fee, with lower cap.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations. The Bureau does not issue "Type S" or "Type 6" licenses. The comment relates to regulations proposed by CDPH.
	3595 (p.10815)	Commenter complains about a city council who is not allowing cannabis storefronts in their jurisdiction.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations.
	3598 (p.10900)	A copy of a transport manifest was received in the Bureau's comment email address.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations.
	3599 (p.10903)	An email advertisement was received in the Bureau's comment email address.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations.

Regulation Section	Comment Number(s) and Page Locations	Summary of 45-day irrelevant Comments	Bureau Response to 45 -day irrelevant Comments
	3600 (p.10904) 3601 (p.10905) 3602 (p.10906) 3603 (p.10907) 3605 (p.10909) 3606 (p.10910) 3621 (p.10927) 3622 (p.10928) 3623 (p.10929) 3624 (p.10930) 3626 (p.10932) 3627 (p.10933)	A notice from the website LinkedIn was received in the Bureau's comment email address	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations.
	3604 (p.10908) 3614 (p.10919) 3615 (p.10920) 3620 (p.10926) 3625 (p.10931)	An advertising solicitation was received in the Bureau's comment email address.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations.
	3607 (p.10911) 3608 (p.10913) 3609 (p.10914) 3610 (p.10915)	An automated email response from the Office of Administrative Law was received in the Bureau's comment email address.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations.
	3611 (p.10916)	A message indicating that an email was recalled was received in the Bureau's comment email address.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations.
	3612 (p.10917) 3613 (p.10918) 3616 (p.10921) 3618 (p.10923)	A response to an email from one person to another was received in the Bureau's comment email address. The Bureau was simply carbon copied.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations.
	3619 (p.10925)	Commenter sent email confirming the email address to submit comments to and the end date of the comment period.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations.
	3629.1 (p.10934)	Commenter believes that the regulations as a whole are flawed, and marijuana is too important to screw up.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations.

Regulation Section	Comment Number(s) and Page Locations	Summary of 45-day irrelevant Comments	Bureau Response to 45 -day irrelevant Comments
	3629.2 (p.10934) 3629.3 (p.10934)	Commenter suggests the creation of a "public trusts" that should save the world and make a utopia.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations.
	3537 (p.10252-10253)	Commenter offers support for Senate Bill 1294.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations.
	3579 (p.10300-10301) 3585 (p.10307-10308)	Local jurisdictions should take precedence over state, especially for microbusiness, for a better transition. Commenter would like to meet with the Bureau to discuss how local jurisdictions will have better business models.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations.
	3564.2 (p.10284)	Commenter requests the ability to write off cultivation costs.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations.
	7 (p.8)	Commenter asks whether non-storefront retailers are required to operate out of the licensed location.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations, rather it is a question.
	24 (p.32)	Commenter asks whether retailers are allowed to accept returns.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations, rather it is a question.
	313 (p.803) 314 (p.804) 352 (p.885) 450 (p.1001) 451 (p.1002) 490 (p.1040)	Commenter expresses that they do not want to lose the right to purchase cannabis in California.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations.
	325 (p.815)	Commenter requests that the Bureau not bow down to special interests, the people have spoken stop ignoring the voters.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations.
	564.7(p.1123)	Commenter offered support for Assembly Bill 2641 which allows producers to sell cannabis goods at licensed cannabis events.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations.

Regulation Section	Comment Number(s) and Page Locations	Summary of 45-day irrelevant Comments	Bureau Response to 45 -day irrelevant Comments
	1332.1 p.2560	Commenter suggests that compassionate care programs and cannabis events be legalized.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations. Business and Professions Code section 26200 allows for cannabis events and the Act does not deem compassionate care programs illegal.
	3483.1 p.10182	Commenter suggests that the Bureau open more venues or make something different happen with city permitting.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations. The Bureau does not have jurisdiction over local jurisdiction's processes.
	953.2 p.1901	Commenter suggests that retailers should not be charged to be compassionate.	The Bureau rejects this comment as irrelevant because it does not address the Bureau's regulations. It is unclear what "charge" commenter is referring to.

Final Statement of Reasons Appendix C

Regulation Section	15-Day Comment Number(s) and Page Location	Summary of 15-Day Comments	Bureau Response to 15-Day Comments
Definitions	3646.5 (p.5254)	Commenter states that the Bureau has instructed them that brands need to obtain distribution licenses because they are "procuring" cannabis. Commenter states the definition of the word "procure" does not appear in any of the regulations and should be clarified.	The Bureau disagrees with this comment. Business and Professions Code section 26001(r) defines distribution to mean "the procurement, sale, and transport of cannabis and cannabis products between licensees." The Bureau has determined that defining procure is unnecessary as the plain meaning of the word is applicable.
General	3513 (p.4428)	Commenter recommends moving forward with the changes for cannabis distribution throughout the state.	The Bureau notes the commenter's support of the changes to the regulations.
	3516 (p.4431) 3517 (p.4432)	Commenter opposes any regulation that diminishes local control. Commenter wants marijuana related policies to be made at the local level, informed by those in the community, not in Sacramento, informed by marijuana companies and lobbyists.	The Bureau disagrees with this comment. State law provides for state licensing and regulation of commercial cannabis activity.
	3534 (p.4454)	Commenter recommends marijuana delivery be regulated in the same manner as alcohol delivery.	The Bureau disagrees with this comment. Delivery requirements for commercial cannabis activity are set by statute, under Business and Professions Code section 26070 et seq.
	3628.1 (p.4798) 3653.1 (p.5316)	Commenter recommends using business days instead of calendar days to figure deadlines, and this would sync with the cannabis industry. Using business days allows business to honor commitments to union employees and promotes sane and healthy workplace, enjoying weekends and holidays just as Bureau employees do. The change forces licensees to figure deadlines using calendar days instead of business and could cause problems pertaining to METRC and the inability to handle peak loads, communicate with track and trace teams on holiday, or with Bureau staff, union houses,	The Bureau disagrees with this comment. The timeframes established for certain activities or processes were determined as the appropriate and sufficient time period to accomplish or complete such activities either business or calendar days.

Regulation Section	15-Day Comment Number(s) and Page Location	Summary of 15-Day Comments	Bureau Response to 15-Day Comments
		and salary costs for working on holidays and weekends. Another commenter notes that fundamental fairness calls for the day count to remain consistent between the Licensee/Applicant side and the Bureau.	
	3646.6 (p.5254)	Commenter recommends adopting a simple procedure to allow brands and brokers to register so that the cannabis system has a fighting chance against the black market.	The Bureau disagrees with this comment. All commercial cannabis activity must be conducted under a license issued by the respective licensing authority, as required by the Act.
	3698.7 (p.5564)	Commenter commends the Bureau for increased flexibility in areas such as distributor testing where laboratories are unavailable, exemptions for Catalina Island waterway, and increased local authorization for event locations.	The Bureau notes the commenter's support, however, also notes that distributors are prohibited from conducting regulatory compliance testing.
	3704.1 (p.5593)	Commenter requests an extension of the comment period from 15-days to an additional 30 days to allow for more time and inclusion of comments, as 15-days is not enough to understand the changes the Bureau is proposing.	The Bureau disagrees. The Bureau has provided the statutorily required 15-day comment period for changes that are substantially and sufficiently related to the regulations.
	4079.8 (p.6721)	Commenter recommends keeping consistent the references to the language clarifying the delivery rules as applicable to retailers and microbusinesses that engage in retail, however, not every section was updated to include this reference.	The Bureau disagrees with this comment. The Bureau has determined where appropriate to make the clarifying reference to microbusinesses throughout the regulations and doesn't believe additional language is necessary.

Regulation Section	15-Day Comment Number(s) and Page Location	Summary of 15-Day Comments	Bureau Response to 15-Day Comments
	4083 (p.6732)	Commenter, the Cannabis Advisory Committee (Committee), provides the recommendations. The comment includes the recommendations and their status, as adopted by the licensing authorities in regulation. Recommendations include: • Amending CDFA regulations to allow for after-market non-resettable hour meters to be installed, which was addressed in the first regulations. • Amending CDFA regulations to allow for light deprivation techniques in outdoor cultivation, which was addressed in the first regulations. • Allowing transfers between A and M license types up to the point of sale, which was addressed in the emergency regulations. • Developing language to create a cultivation-based tax incentive for products used in compassionate use programs, which was not addressed in the first regulations. • Creating a mechanism for cultivators to conduct self-transport distribution, without the same existing requirements for distribution, which was not addressed in regulations. • Addressing how to provide samples for a nominal fee for business to business or business to consumer situations, which was not addressed in regulations.	The Bureau disagrees in part with this comment. Recommendations addressed to CDFA or pertaining to cultivation, packaging or labeling are not relevant as CDFA establishes the regulatory framework for cultivation, and the recommendations do not address any change in the regulations subject to the 15-day comment period. Recommendations addressed to CDPH or pertaining to manufacturing are not relevant as CDPH establishes the regulatory framework for manufacturing, and the recommendations do not address any change in the regulations subject to the 15-day comment period. Recommendations which are statutory and do not pertain to a regulatory recommendation are not relevant as they do not address any change in the regulations subject to the 15-day comment period. In response to comments received during the 45-day comment period, the Bureau has amended section 5014. Annual fees are now determined using a licensee's gross revenue and licensing fees now have a greater number of tiers, which allow for smaller licensing fees for certain operators. The Bureau also notes it has clarified methods of delivery, specifically, for delivery on Catalina Island. The Bureau has also adjusted the amount of cannabis goods to be carried during delivery, an amount which ensures that employees are not driving around with a large amount of cannabis goods for which there are no orders, while still allowing retailers to have flexibility of fulfilling orders while the delivery employee is out on the road. All other recommendations were not relevant to a change in the regulations, subject to the 15-day comment period.

Regulation Section	15-Day Comment Number(s) and Page Location	Summary of 15-Day Comments	Bureau Response to 15-Day Comments
		• Allowing a distributor to relabel a final product after testing, which was addressed in the emergency regulations. • Creating a license under the distributor for storage only services, which was not addressed in the regulations. • Extending the transition period for A and M transactions, which was addressed in the emergency regulations. • Clearly identifying the enforcement authority for advertisement, and communicating who the authority is and contact procedures, which was not a regulatory recommendation. • Clarifying the difference between citations and orders of abatement, which was addressed in the emergency regulations. • Clarifying rules on advertising and collecting data on when and where advertising rules are violated and if targeted to minors, which was addressed in the emergency regulations. • Including language regarding sharing information with local jurisdictions, in accordance with the PRA, which was not addressed in the regulations. • Including violations of labor standards as part of the licensing process and enforcement, which was addressed in the regulations. • Developing a state-level equity licensing program supporting local equity	

Regulation Section	15-Day Comment Number(s) and Page Location	Summary of 15-Day Comments	Bureau Response to 15-Day Comments
		programs, which was not addressed in the regulations. • Providing earmarks from tax revenue for equity programs, licensing fee waivers, and possible loans, and use transparent voluntary data collection regarding equity applicants, which was not a regulatory recommendation. • Providing an option to pay fees in installments or defer fees for equity applicants, which was not addressed in the regulations. • Providing that all types of funding and bidding processes are considered by the state to acquire funds to cover the costs of research on diversity issues, which was addressed in the regulations. • Exploring access for equity applications, to property and premises, including working with local equity programs to allow subleasing or co-locations, and creating incentives to lease to such applicants, which was not addressed in the regulations. • Collecting data to determine equity in licensing and exploring options for making the data available to the public, creating policy that characterizes the quality of the data collected, which was not addressed in the regulations. • Examining existing equity programs in Los Angeles, San Francisco, Oakland and Sacramento to develop a state equity	

Regulation Section	15-Day Comment Number(s) and Page Location	Summary of 15-Day Comments	Bureau Response to 15-Day Comments
		program, which was not addressed in the regulations. • Requiring an applicant to list corporations or other entities as an owner, and their names, which was addressed in the emergency regulations. • Evaluating the amount of annual fees, especially those paid by people with disabilities, veterans, and equity applicants, which was not a regulatory recommendation. • Combining application and renewal fees for A and M licensees conducting the same business, which was addressed in the emergency regulations. • Allowing preparers to assist in the application process, which was not addressed in the regulations. • Creating a visual guide for packaging and labeling, which was not a regulatory recommendation. • Clarifying concepts of primary packaging, secondary packaging, and child resistant packaging, which was addressed in the regulations. • Increasing the limitation on dosage to 4,000 mg. for any non-edible medical product, and raise the dosage to 2,000 mg for non-edible adult use products, which was not addressed in the regulations. • Redefining the microbusiness fee schedule tiered off of gross receipts and	

Regulation Section	15-Day Comment Number(s) and Page Location	Summary of 15-Day Comments	Bureau Response to 15-Day Comments
		number of employees, with incentives for compassionate use and rural operators, which was not addressed in the regulations. • Requiring employee-training for proper identification, which was not addressed in the regulations. • Creating a state license process for those providing free compassionate medical cannabis that is exempt from fees and taxes, with no state identification card required, which was not addressed in the regulations. • Studying whether branded vehicles fall under existing restrictions, which was not a regulatory recommendation. • Prohibiting unsubstantiated health claims in advertising for adult-use cannabis, which was not addressed in the regulations. • Collecting data and reporting on youth and adult cannabis use and overuse, emergency room visits and treatment episodes, DUI and poison control calls. • Amending section 5040 to allow advertising only where at least 85% of the audience is reasonably expected to be 21 or older, which is not a regulatory recommendation. • Seeking a legislative fix for the compassionate care program, which is not a regulatory recommendation.	

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		• Clarifying methods of delivery, by increasing the value amounts that can be carried at one time, and eliminating the delivery receipt, and allowing for flexibility in local government to change hours of operation if needed. • Allowing for licensed laboratories to accept materials from any licensed entity that is part of the supply chain for research and development, which was not addressed in the regulations. • Clarifying testing results have an expiration date tied to the finished product's expiry date, which was not addressed in regulations. • Incorporating standard testing analytical methodology in final regulations, which was not addressed in the regulations. • Revisiting cannabis waste disposal from testing laboratories, which was not addressed in the regulations.	

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5000	3428.1 (p.4330) 3410.1 (p.4302) 3444.1 (p.4341) 3445.1 (p.4343) 3462.1 (p.4363) 3472.1 (p.4377) 3498.1 (p.4410) 3507.1 (p.4417) 3509.1 (p.4420) 3511.1 (p.4423) 3519.1 (p.4435) 3525.1 (p.4442) 3659.1 (p.5352) 3666.1 (p.5376) 3688.5 (p.5516) 3688.6 (p.5516) 3692.1 (p.5539) 4097.1 (p.6804)	Commenters recommend the Bureau change the definition of cannabis waste to that used by CDPH. This will remove the stipulation that cannabis waste must be organic waste. Commenters note that cartridges and e-waste do not meet the definition of hazardous waste under the Public Resources Code, but also do not meet the definition of organic waste. Not all waste generated by cannabis businesses will meet the definition of organic waste. One commenter also notes that the definition of cannabis waste should be consistent among the licensing authorities, so as to account for vertical integration. Cannabis waste should only be established after the cannabis good has been rendered unrecognizable and unusable. The definition of cannabis waste should be modified to allow for recycling of cannabis related e-waste.	The Bureau agrees in part with this comment. and has made clarifying changes consistent with the recommendations to clarify the definition of cannabis waste by removing references to organic and hazardous waste. This is consistent with CDPH's definition of cannabis waste. CDFA's definition is specific to the type of cannabis waste generated by its licensees. The Bureau notes, however, that Calrecycle has regulatory oversight over all solid waste, including organic waste and e-waste, and all licensees are to comply with laws and regulations pertaining to waste management, including recycling of e-waste. Therefore, the Bureau disagrees that the definition of cannabis waste should be amended to specifically address e-waste. The Bureau also notes that cannabis waste is waste that contains cannabis goods that have been rendered unrecognizable and unusable.
5000(b)	115.1 (p.153) 3391.2 (p.4281) 3397.2 (p.4288) 3497.2 (p.4409) 3496.2 (p.4408) 3494.1 (p.4406) 3497.2 (p.4409) 3528.1 (p.4446) 3612.1 (p.4735)	Commenters object to allowing branded merchandise. Some commenters state that allowing it will further normalize cannabis and branded items will be coveted by youth. Some commenters state cannabis businesses are copying the strategy of tobacco companies and will result in teenagers becoming addicted to cannabis. Other commenters states that cannabis	The Bureau disagrees with this comment. Business and Professions Code sections 26150-26156 contain the statutory rules for advertising and marketing of cannabis goods. Nothing in these sections prohibits a licensee from having branded merchandise. However, the Bureau has limited the items that may be used as branded merchandise and provided a process for approval of branded items in section 5041.1 so that licensees cannot place a brand on any item they choose.

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	3620.1 (p.4771)	should be subject to the same rules as tobacco and branded merchandise should not be permitted	
5000(b)	3578.6 (p.4578) 3642.6 (p.5115)	Commenters state the definition of branded merchandise will have a major impact on retailers' ability to operate within the confines of 280E. Commenters state retailers' already face great hardship through Federal tax mistreatment which causes disproportionately high percentage of revenue to end up treated as non-deductible expenses. Commenters recommend having an explicit list of products that cannot be sold rather than requiring approval from the Bureau. Commenters state it will provide retailers more flexibility in how they design their store and use their floor space, which has a material impact on their tax treatment.	The Bureau disagrees with this comment. The Bureau has provided licensees with a list of items that are expressly permitted as branded merchandise. The Bureau provided a broad range of customary branded items in the definition which provides licensees with a great deal of flexibility while also ensuring that the health and safety of the public is protected by ensuring licensees are not using branded materials to appeal to underage persons.
5000(b)	3650.1 (p.5264)	Commenter object to the definition of branded merchandise excluding items containing cannabis or any items that are considered food as defined by Health and Safety Code section 109935. Commenter states that this prohibits licensees from providing non-cannabis infused food samples with the cannabis brand label affixed to the packaging.	The Bureau disagrees with this comment. As the Bureau stated in its Initial Statement of Reasons, allowing a licensee to transport and store non-cannabis goods degrades the ability of the Bureau to enforce and administer the provisions of the Act. Allowing licensees to include non-cannabis infused versions of edible cannabis products with the same brand would further frustrate the process. In an inspection Bureau enforcement staff and/or law enforcement staff would potentially have to sort through products that have the same brand on them to determine which products are the edible cannabis products and which products are the non-cannabis infused products. Further, allowing similar looking edible cannabis products and edible non-cannabis products to be distributed or sold would create a potential health and safety risk. An individual could easily consume the edible cannabis product by mistake due to the same branding on both products.

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5000(b)	3698.1 (p.5562) 3794.2 (p.6012)	Commenters object to the definition of "branded merchandise" limiting the products that are included under the category. One commenter states "promotional merchandise" requiring anything beyond the listed items to be approved by the Bureau prior to usage. Commenter states that it is an impermissible prior restraint applied to the types and media of commercial promotions, in clear violation of constitutional protections of commercial speech. Commenter states that if the Bureau wishes to limit the promotion of those items which may pose a risk of exposure to children, then the rule should be constructed to achieve that purpose. Commenter recommends amending the section to strike the approval requirement and replace it with "similar types of merchandise intended for lawful promotion by the licensee." One commenter states limiting the scope will cause unnecessary bottlenecks for licensees who are seeking to market their brands.	The Bureau disagrees with this comment. Commenter references "promotional merchandise" however the term used in the regulations is "branded merchandise." The Bureau has limited branded merchandise to those items that are often used for marketing to allow licensees to avail themselves of this type of marketing. However, the Bureau has determined that in order to ensure that the health and safety of the public, and in particular the health and safety of minors, is preserved, branded items must be limited. Thus, the Bureau has provided a process in section 5041.1 so that other items can be approved by the Bureau when appropriate. Further, as cannabis is still an illegal substance under federal law, the Bureau determined restricting the items that can be used as branded merchandise is necessary at this time.

Regulation Section	15-Day Comment Number(s) and Page Location	Summary of 15-Day Comments	Bureau Response to 15-Day Comments
5000(b)	4064.1 (p.6625)	Commenter recommends amending the section to include books, eyedrops, hand-sanitizer, and cooking utensils. Commenter states educational literature about medical outcomes, tools for preventing infection, and utensils for making edibles should be allowed among saleable non-cannabis items. Commenter states the definition should be deleted to remove this limitation or expanded to include such items.	The Bureau disagrees with this comment. The Bureau has limited branded merchandise to those items that are often used for marketing to allow licensees to avail themselves of this type of marketing. However, the Bureau has determined that in order to ensure that the health and safety of the public, and in particular the health and safety of minors, is preserved, branded items must be limited. Thus, the Bureau has provided a process in section 5041.1 so that other items can be approved by the Bureau when appropriate. While commenter's suggestion to allow the sale of other goods on a retailer premises is unrelated to the definition of branded merchandise, it should be noted that nothing in the regulations prevents a licensee from selling other items on the same land parcel or within the same building so long as the products are not sold on the licensed premises.
5000(r)	3698.2 (p.5563)	Commenter states the prohibition on all non-letter-based "promotions" is over-broad and is unconstitutional. Commenter states in general the rule of construction is that laws and regulations are interpreted in their plain and ordinary meaning however the Bureau attempts to radically alter the plain meaning and common usage of "promotional materials" so extensively as to contradict their universal meaning in common business practice.	The Bureau disagrees with this comment. In drafting regulations, the Bureau must define terms that are ambiguous. The Bureau determined that "promotional materials" was ambiguous and required further definition. Limiting the materials is necessary to provide licensees with clear guidance on what types of promotional materials may be distributed and then provided to consumers.
5000(k)	96 (p.114) 3285 (p.4019) 3301.1 (p.4065) 3329.4 (p.4173) 3484.1 (p.4390) 3481.2 (p.4390) 3481.3 (p.4390)	Commenters object to the definition of "immature plant" and states it is burdensome on cultivators. One commenter states that 18 inches is extremely short for a vegetative plant preparing to go into flower. Another commenter states that the definition is essentially banning seeds and	The Bureau disagrees with this comment. First the definition does not apply to cultivators. The definition was intended to apply only to distributors and retailers and to define the immature plants that may be transported directly from a nursery to a retailer and then sold to customers to use for their personal cultivation. However, the Bureau has determined this is causing confusion regarding which plants may be transported from a nursery to a

Regulation Section	15-Day Comment Number(s) and Page Location	Summary of 15-Day Comments	Bureau Response to 15-Day Comments
	3328.1 (p.4165) 3326.1 (p.4156) 3321.1 (p.4137) 3427 (p.4328) 3310.1 (p.4100) 3308.1 (p.4092) 3412.1 (p.4305) 3566.1 (p.4493) 3889.2 (p.6236) 3628.2 (p.4799) 3667.1 (p.5379) 3636.1 (p.4843) 3708.1 (p.5615) 3719.1 (p.5699) 3718.9 (p.5695) 3737.3 (p.5808) 3745.2 (p.5851) 3748.3 (p.5880) 3860.7 (p.6165) 4100.1 (p.6815) 4101.1 (p.6818)	there is no way to get the fast-growing seed plant through the supply chain under 18 inches. Another commenter requests that it be made consistent with CDFA's definition to ensure farmers are not prevented from obtaining non-flowering plants. Another commenter said the definitions of immature should be that the plant is not flowering. Another commenter states conflicting definitions are difficult for non-specialists and that the Bureau's definition is inconsistent with plant science. Another commenter states as written, a cultivator would be able to buy an immature plant under CDFA's definition but would not be able to transport it to the farm.	cultivator. Therefore, the Bureau has withdrawn distributors from the definition so that it now states that it applies only to retail activities. The Bureau determined that retailers currently offer small clones and thus, requiring such plants to be under 18 inches was consistent with what retailers were currently offering. The definition developed by CDFA for immature plants applies to cultivators and microbusinesses engaged in cultivation. Additionally, all cannabis and cannabis products that are lawful under the Act or any licensing authorities' regulations may be transported by a licensed distributor, thus immature plants that meet CDFA's definition may be transported from a nursery to a cultivator. Lastly, immature plants and seeds are exempt from quality assurance and testing under the Act therefore, an immature plant will not be going through the supply chain and can be transported directly from a nursery to a retailer, thus there is no reason to allow larger sized plants to be considered immature as the immature plant could be taken from a nursery to a retailer on the same day so additional growth does not occur.
5001	3425.1 (p.4324) 3425.2 (p.4324) 3425.3 (p.4324) 3329.6 (p.4173) 4067.12 (p.6658)	Commenters request that the section be amended to extend temporary licensing. Some commenters request it be extended into 2019. Some commenters also ask that the Bureau provide a modified local authorization process that allows an applicant to receive a state license without being able to operate until the municipality has approved all permits. Some commenters also request that the annual application process be expedited.	The Bureau disagrees with this comment. Business and Professions Code section 26050.1 provides The Bureau with the authority to issue temporary licenses. This section currently is only in effect until January 1, 2019. The Bureau cannot change the statutory provision and extend the end date for the issuance of temporary licenses. The Bureau may only issue a temporary license if the local jurisdiction indicates the applicant is authorized to conduct the commercial cannabis activity applied for. The amount of time that it takes the Bureau to process an application is dependent on the completeness of the application that is submitted.

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5001	3568.13 (p.4502)	Commenter requests that the Bureau extend the deadline for temporary licenses or remove the requirement that applicants have a temporary license to obtain a provisional license.	The Bureau disagrees with this comment. Business and Professions Code section 26050.1 provides The Bureau with the authority to issue temporary licenses. This section currently is only in effect until January 1, 2019. The Bureau cannot change the statutory provision and extend the end date for the issuance of temporary licenses. Business and Professions Code section 26050.2 requires that an applicant holds or held a temporary license in order to receive a provisional license. The Bureau cannot change the statutory requirement.
5002(c) (15)	3475 (p.4381) 3575.1 (p.4564) 3570.5 (p.4517) 3650.2 (p.5266) 3734.4 (p.5780) 4064.3 (p.6627)	Commenters objects to the inclusion of bylaws in this subsection and states that they contain sensitive and competitive business information and should not be part of a public record if a company is privately held. Commenters also request that the Bureau allow for redaction of intellectual property, financial information, trade secrets, and any other information that is not directly related to the Bureau's purposes. Some commenters ask that the Bureau delete "all" from the phrase "all business-formation documents" and delete "bylaws, operating agreements, partnership agreements" or allow applicants to redact confidential or otherwise protected excerpts.	The Bureau disagrees with this comment. The Bureau must review all formation documents to ensure that the applicant has disclosed all owners and financial interest holders. The section has always required disclosure of the formation documents. This would include bylaws which the Bureau added after receiving numerous comments requesting that bylaws be included in the list of examples of formation documents that must be provided to the Bureau with the application. The Bureau cannot adequately review the formation documents if portions of the documents are redacted. In general, documents that contain confidential information and are required to be disclosed as part of the licensing process will be exempt from disclosure under the PRA. The Bureau will evaluate each request it receives under the CPRA and will withhold documents that are exempt from disclosure.

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5002(c) (29) (A-E)	3671.16 (p.5436)	Commenter recommends including the regulation sections that correspond to each question on the forms.	The Bureau disagrees with this comment. The forms are clearly titled so that applicants know which section to go to. For example, the form for delivery is entitled Delivery Procedures, therefore applicants will know to look to the delivery section of the regulations. Including multiple references in the forms would make them difficult to read and would confuse applicants.
5002(c) (34)	3650.3 (p.5267)	Commenter objects to the requirement that an applicant provide their State Employer Identification Number (SEIN) with the application. Commenter states that Business and Professions Code section 26051.5(a)(6) allows an applicant to provide a valid seller's permit number or indicate that the applicant is applying for a seller's permit and asks that the subsection be amended to align with the provision for seller's permits.	The Bureau disagrees with this comment. On the California Employment Development Department (EDD) website there is a tutorial on applying for a SEIN. In the tutorial EDD states that applicants will receive an email once their request has been processed and that most requests are processed within a few minutes but may take up to three business days. Given the short time it will take EDD to process the request for a SEIN, the Bureau has determined it is unnecessary to provide a grace period for obtaining the SEIN. Further, requiring the SEIN before licensure is necessary to ensure that employees of a licensee are protected as the number ensures that the licensee is in compliance with payroll tax laws.
5002(c) (34)	3644.3 (p.5245)	Commenters support the subsection and state that many cannabis businesses seeking compliance in California need clarifications on their obligations as an employer to prevent labor law violations. Establishing worker protections is critical to this newly regulated industry for applicants and licensees to operate with a clear understanding of existing labor.	The Bureau notes commenter's support of the subsection as written.

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5002(c)(35)/5003(b)(5)/ 5003(c)/5004(c)	3644.4 (p.5245)	Commenter states support of the subsections as written which seek to increase transparency in the licensing application and the inclusion of the Cal-OSHA training to improve the health and safety of workers.	The Bureau notes commenters support of the sections.
5002(c)(35)	3568.17 (p.4507) 3794.3 (p.6013)	Commenters object to this requirement. One commenter says it is piling additional costs and requirements onto cannabis businesses. Another commenter states the requirement is burdensome on small businesses and will not benefit licensees. Commenter states the course is $600 and is a combined total of 60 hours of the employee hours.	The Bureau disagrees with this comment. AB 2799 added this requirement to Business and Professions Code section 26051.5. The Bureau cannot change statutory requirements.
5002(c)(35)	3620.2 (p.4771)	Commenter supports the requirement but feels the written statement does not include enough verification of training. Commenter states documentation should be verified that the 30-hour training has been completed, and that should be within a certain period of time. Commenter recommends requirement the training within 30 days of new hire.	The Bureau disagrees with this comment. AB 2799 added this requirement to Business and Professions Code section 26051.5 and only requires an attestation that the applicant will comply within one year of receiving an annual license or license renewal. The Bureau cannot change the statutory requirements regarding the time period for compliance. Lastly, the Bureau does not believe documentation is necessary at this time as the Bureau can use its enforcement authority to ensure compliance with the requirement.

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5003	3685.1 (p.5498) 3689.1 (p.5519)	Commenter recommends that language be added that would guarantee that ownership records will be used only for internal understanding of licensee business structures and will not be made readily and openly available to federal authorities seeking punitive actions against "owners" as outlined in this section.	The Bureau disagrees with this comment. All owners are required to be disclosed on the application and must submit fingerprint images to the Department of Justice for state and federal conviction information. (See Bus. & Prof. Code §26051.5.) The Bureau cannot waive the statutory requirements and permit certain owners to go undisclosed. Further, under the PRA, there is no exception to disclosing the identity of an owner. However, in general, statements of personal worth or personal financial data, required by a licensing agency and filed by an applicant with the licensing agency are exempt from disclosure under the CPRA. The Bureau evaluates each request submitted under the CPRA and withholds information in accordance with the law.
5003	4067.2 (p.6656)	Commenter requests that the definition of owner be clarified. Commenter states it does not seem fair that employees who are directing or managing in the company as an employee be considered as owners if they are only receiving a salary or hourly wage, and own zero shares, percentages, or stock in the company. Commenter asks if they will be taxed and held as accountable as the people with financial interest. Commenter states this does not seem fair to the employees or the owners. Commenter states if the Bureau wants to know about who is directing, managing, and decision making that is one thing, but do not include them in the owner category if they are not actually an "Owner" of the company.	The Bureau disagrees with this comment. The Act includes as an owner an individual that will be participating in the direction, control, or management of the person applying for the license. The Bureau cannot waive this statutory requirement. However, commenter's comment confirms that the edits the Bureau made to the section to clarify which individuals would be considered an owner under the "participating in the direction, control, or management" category created more confusion. Thus, the Bureau has withdrawn subsection (b)(6)(D).

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5003(c)/5004(c)	3490.1 (p.4403) 3619.1 (p.4766) 3898.1 (p.6279) 4092.1 (p.6785)	Commenter recommends revising subsection (c) to include a cross-reference to section 5004 as subsection (c) references financial interest holders. Commenter states this is necessary because as written there is no definition of financial interest in 5003(c) so each holder of a single share of stock in a public company or an investor in a diversified mutual fund would have to be disclosed on the application. Another commenter recommends reverting to the language in the emergency regulations so that every single shareholder does not have to be disclosed. One commenter states that the provisions for ownership and financial interest need to be clarified and all definitions of ownership should be in §5003 and all definitions of financial interest should be in §5004.	The Bureau disagrees with this comment. The addition of a cross reference is unnecessary. The Bureau has a whole section on financial interest to define it. Thus, in reading section 5003(c) an applicant should look to section 5004 to see who qualifies as a financial interest holder and then disclose all persons that have a financial interest. Section 5004 clearly excludes individuals with a single share of stock as well as investors in a diversified mutual fund, thus commenters' concerns that every shareholder and diversified mutual fund investors will have to be disclosed is unfounded. Licensees should look to 5004 and disclose all individuals that meet the specifications for financial interest holders and then disclose those individuals to comply with 5003(c). The Bureau can then assist applicants in determining which individuals must provide the information required for individual owners.

Regulation Section	15-Day Comment Number(s) and Page Location	Summary of 15-Day Comments	Bureau Response to 15-Day Comments
5003(c)	3405.3 (p.4296)	Commenter asks that an exception be made for Canadian citizens from being publicly disclosed as "owners" until the federal government gives more guidance on the actions they have taken to bar Canadian citizens from entry into the United States due to cannabis involvement. Alternatively, commenter requests that the Bureau take certain measures to ensure that Canadian citizen "owners" are not publicly disclosed as owners and their information is protects from public records disclosures.	The Bureau disagrees with this comment. All owners are required to be disclosed on the application and must submit fingerprint images to the Department of Justice for state and federal conviction information. (See Bus. & Prof. Code §26051.5.) The Bureau cannot waive the statutory requirements and permit certain owners to go undisclosed. Further, under the PRA, there is no exception to disclosing the identity of an owner. However, in general, statements of personal worth or personal financial data, required by a licensing agency and filed by an applicant with the licensing agency are exempt from disclosure under the CPRA. The Bureau evaluates each request submitted under the CPRA and withholds information in accordance with the law.
5004	3898.2 (p.6284)	Commenter objects to the amendments and requests that the Bureau clarify that private equity funds or other sorts of institutional lenders who are in no position of authority do not need to be disclosed. Commenter states disclosure is onerous and impractical.	The Bureau disagrees with the comment. First, Business and Professions Code section 26051.5 requires that a complete list of every person with a financial interest in the person applying for the license be provided with the application. The Bureau cannot change statutory requirements. Second, subsection (d) of this section clearly states who is exempt from disclosure as a financial interest holder.
5003(c)/5004(c)	18 (p.34) 19 (p.35)	Commenter objects to the revisions and states that pretty much anyone no matter how removed from the licensed entity must be identified if they have any financial interest in the business. Commenter states that a percentage of equity of 10% or 5% should be the threshold for disclosure. Commenter states without limiting disclosure private equity investment will dry up.	The Bureau disagrees with the comment. First, Business and Professions Code section 26051.5 requires that a complete list of every person with a financial interest in the person applying for the license be provided with the application. The Bureau cannot change statutory requirements. Second the revisions to sections 5003 and 5004 did not make any changes that would require owners or financial interest holders to be disclosed that were not required under the old language. Nothing has changed in the required disclosures, the revisions simply provided additional clarity on which persons need to be disclosed in the application. Further, both sections clearly exempt from disclosure individuals whose only interest is through a diversified mutual fund, blind trust, or similar instrument.

Regulation Section	15-Day Comment Number(s) and Page Location	Summary of 15-Day Comments	Bureau Response to 15-Day Comments
5003/5004	2 (p.2) 37.1 (p.57)	Commenter asks how California expects a cannabis company to comply with registering its owners when, in the case of a public company or private fund, they may have thousands of investors. Commenter asks if there is a specific protocol for public companies and private equity companies to apply for a license. Another commenter states that many cannabis businesses are using cannabis funds to start up their business. Commenter says these funds can have hundreds of investors that can invest as little as $1000 each. Commenter says disclosure of these interests is not practical and companies cannot be expected to update this information every time an investor enters the fund.	The Bureau disagrees with this comment. The sections as written consider the ownership models of public companies and private equity companies and require the disclosure of the individual owners of those companies for both ownership purposes under section 5003 and financial interest purposes under section 5004 and as required by Business and Professions Code section 26051.5. Under section 5003 only those individuals that have a sizable interest or will be controlling the business need to be disclosed. Shareholders with minor interests and no ability to control the business are not considered owners. Further section 5004 also explicitly excludes from disclosure persons whose financial interest falls under the following: a bank or financial institution whose interest constitutes a loan; persons whose only financial interest in the business is through an interest in a diversified mutual fund, blind trust, or similar instrument, persons whose only financial interest is a security interest, lien, or encumbrance on property that will be used by the business; and persons who hold a share of stock that is less than 5% of the total shares in a publicly traded company. Based on these limitations, commenters concerns are already addressed in the language.
5003/5004	3329.5 (p.4173)	Commenter states that by broadening the definitions of ownership and financial interest holder one could argue that the local and state governmental agencies are also receiving a financial interest and must be included on the application.	The Bureau disagrees with the comment. First, Business and Professions Code section 26051.5 requires that a complete list of every person with a financial interest in the person applying for the license be provided with the application. The Bureau cannot change statutory requirements. Second the revisions to sections 5003 and 5004 did not make any changes that would require owners or financial interest holders to be disclosed that were not required under the old language. Nothing has changed in the required disclosures, the revisions simply provided additional clarity on which persons need to be disclosed in the application. Further, a fee paid to a licensing authority is not a financial interest that must be disclosed.

Regulation Section	15-Day Comment Number(s) and Page Location	Summary of 15-Day Comments	Bureau Response to 15-Day Comments
5003	3575.2 (p.4565) 3570.6 (p.4518) 3321.2 (p.4137) 3558 (p.4477) 3601.2 (p.4683) 3654.1 (p.5329) 3734.5 (p.5782)	Commenters request that subsection 5003(b)(6)(D)(iii) which includes as an owner "an individual who is determining how a portion of the cannabis business is run, including non-plant-touching portions of the commercial cannabis business such as branding or marketing" be struck. Commenters also recommend that the Bureau, CDPH, and CDFA adopt the exact same language.	The Bureau agrees with this comment in part. First, nothing in the section broadened ownership, the modifications simply provided examples. The Bureau originally determined that it was necessary to provide further clarity regarding the provision that included as an owner "any person who assumes responsibility of the license" by providing examples. However, the Bureau has determined that inclusion of the clarifying provision is causing more confusion and has thus struck the subsection from the regulation. The Bureau, CDPH, and CDFA work together to develop regulations that are not inconsistent with each other. However, the Bureau does not have the authority to require CDPH or CDFA to adopt the exact same language as the Bureau.
5003	3608.1 (p.4709) 3681.1 (p.5466)	Commenters state the term "assuming responsibility for the license" as well as "direction, control or management" is too ambiguous. Commenters state it needs greater clarity on what is included and excluded from ownership.	The Bureau agrees with this comment in part. First, nothing in the section broadened ownership, the modifications simply provided examples. The Bureau originally determined that it was necessary to provide further clarity regarding the provision that included as an owner "any person who assumes responsibility of the license" by providing examples. However, the Bureau has determined that inclusion of the clarifying provision is causing more confusion and has thus struck the subsection from the regulation. The Bureau has determined that due to this confusion adding more examples on who is excluded from ownership would be confusing. Further, the Bureau cannot possibly include every example in regulation.

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5003	3646.1 (p.5252)	Commenter states that the section which includes as an owner a person who assumes responsibility for the debts of the business is including personal guarantors of the business, which is going to further limit an already restricted capital market. Commenter states that if personal guarantors are included as owners the Bureau will be discouraging participation in the legal market because some family members may be willing to guarantee debts, for example in the case of a commercial lease, but unwilling to go on a public document as an owner of a cannabis business. Commenter states the Bureau is further oppressing the less wealthy businesses because they will likely be unable to secure real property necessary to secure local authorization to operate.	The Bureau agrees with this comment in part. The section continues to exempt from disclosure persons whose interest is solely a security, lien, or encumbrance. Additionally, the modifications did not expand the definition of owner. They merely provided examples of individuals that would be considered an owner under the statutory definition of an owner which includes a person that will be participating in the direction, control, or management of the person applying for the license. However, commenters' comments demonstrate that rather than providing clarification, subsection (b)(6)(D) created more confusion. Therefore, the Bureau has determined that it is necessary to withdraw the subsection.
5003	3578.7 (p.4578) 3642.7 (p.5115) 3654.2 (p.5330)	Commenters state that subsections (b)(6)(D)(iii) and (iv) would potentially include roles as common as marketing and purchasing managers. Commenters state that these business functions are generally undertaken with no equity stake. Some commenters recommend the Bureau define a "significance" threshold for equity ownership or profit sharing, so that a sales person netting 0.1% of revenue as performance pay is not considered an owner.	The Bureau agrees with this comment in part. A sales person earning a fractional share in profits would not be considered an owner under this section but would be a financial interest holder. However, commenter's comment demonstrates that rather than providing clarification, subsection (b)(6)(D) created more confusion. Therefore, the Bureau has determined that it is necessary to withdraw the subsection.
5003	3304.7 (p.4075)	Commenter recommends replacing the word "individual" with "person" in every	The Bureau disagrees with this comment. The Bureau must identify the individuals that qualify as an owner under the Act as these individuals must be fingerprinted and undergo a background

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		instance appearing at 5003(b)(5), (b)(6), and (c).	check. As such the section calls for the identification of individuals and not persons.
5003(c)	3314.1 (p.4115) 3565.1 (p.4486) 3569.1 (p.4509) 3650.5 (p.5269) 3654.3 (p.5331) 3710.1 (p.5632)	Commenters object to the amended section. One commenter objects to the amendments and states the rule goes beyond the scope of the Bureau's authority and runs afoul of § 26013 for being onerous. Commenter states the new rule is not sufficiently related to the previous rule and it was not foreseeable that the Bureau would include a new class of persons into the definition. Another commenter states the subsection unnecessarily requires disclosures of individuals with de minimus ownership in the licensee. Commenter states the intent of the section was to reach only individual owners who may control, directly or indirectly, 20% of the commercial cannabis business activities. Commenter states only those individuals or entities that hold a 20% direct or indirect aggregate indirect in the cannabis licensee should be considered owners of the license. Commenter states the 20% threshold should apply whether the investment is made individually or through an entity. Commenter also objects the portion of the subsection that states "all entities and individuals with a financial interest in the entity shall be disclosed to the Bureau and may be considered owners[.]" Commenter asks that the section be clarified to reflect that only those	The Bureau disagrees with this comment. As stated in the Initial Statement of Reasons this section is necessary to clarify what types of individuals participate in the direction, control, or management of a business or corporate entity. Thus, the intent of this section has always been to identify the individuals. Nothing has changed in this section except the wording. Based on comments received during the 45-day comment period the Bureau determined further clarification was warranted. Therefore, the Bureau modified the language to make it clear that in multi-layered business structures, the intent is to reach all individuals that meet the definition of owner and thus, must undergo a background check. The Bureau disagrees that only individuals or entities with a 20% aggregate direct or indirect ownership interest should be considered owners. This recommendation fails to take into account "an individual who will be participating in the direction, control, or management of the person applying for a license." Under the Act a percentage of ownership is not required if an individual is participating in the direction, control, or management, thus the Bureau cannot limit ownership to just those individuals that have a 20% ownership interest. Further, the Act does not require a person with an aggregate ownership of 20% of the business to also participate in the direction, control, or management of the commercial cannabis business before they are considered an owner. In fact, under the Act a person that is participating in the direction, control, or management of the person applying for the license is considered an owner regardless of whether or not they have a financial interest. The opposite is also true, a person could have a 50% financial interest with no direction, control, or management abilities and be considered an owner. There is no requirement that an owner have a financial

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		financial interest holders that otherwise qualify as owners under the Act will be considered owners. Lastly, commenter asks that the section be clarified to provide or refer to the definitions for the terms "owner" and "financial interest." Another commenter stated the subsection would require a passive investor with a financial interest in an entity that, in turn, is considered an "Owner," to be disclosed as an Owner for these purposes. Commenter state they appreciate the intention is likely to avoid arrangements whereby a licensed business can use a multi-layered entity structure to hide the individuals that are truly running the licensed business or benefitting from it financially, this provision as drafted would in practice require disclosure of all passive investors who lack any role in management as owners. Commenter states such persons would already require disclosure under section 5004(c) as Financial Interest Holders and should therefore not be deemed owners. Commenter states at the very least, this provision should be qualified to require some greater financial interest in the Owner-entity. One commenter states that in this nascent industry, privacy important to those seeking to enter the market, and capital resources	interest and some amount of direction, control, or management of the commercial cannabis business. The Bureau has whole sections on owner and financial interest to define them. Thus, in reading section 5003(c) an applicant should look to section 5004 to see who qualifies as a financial interest holder and then disclose all persons that have a financial interest. Licensees should look to 5004 and disclose all individuals that meet the specifications for financial interest holders and then disclose those individuals to comply with 5003(c). The Bureau can then assist applicants in determining which individuals must provide the information required for individual owners.

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		are difficult to come by as investors remained concerned about banking risks. Commenter states the amendments cause consternation to already concerned market participants and investors who must face the reality of dealing with federal enforcement. Commenter states that until banking and federal conflicts are resolved, the section should stay as it was in the emergency regulations. One commenter states if the section is trying to determine where all of a company's revenue is going, that information can be provided upon request to the Bureau. Commenter asks if every employee who takes a salary considered a financial interest holder.	
5003/5004	3861.1 (p.6170)	Commenter requests that the Bureau limit who constitutes an owner or financial interest holder for a licensed entity that is required to file periodic reports with the SEC or that is majority-owned or controlled by a public company, to the public company and, in the case of an owner, the individuals serving as members of the board of directors of the licensed entity and the chief executive officer of the licensed entity.	The Bureau disagrees with this comment. Applicants are required to provide a complete list of every person with a financial interest in the person applying for the license pursuant to Business and Professions Code section 26051, subdivision (d). However, under subsection (d) of section 5004, the Bureau has limited who must be disclosed as a financial interest holder and excludes persons who hold a share of stock that is less than 5 % of the total shares in a publicly traded company. This exclusion in disclosure aligns with the exclusion provided by the US Securities and Exchanges Commission for persons who hold less than 5 % of the total shares in a publicly traded company. Business and Professions Code section 26001(al) defines owner as any of the following: a person with an aggregate ownership interest of 20 % or more in the person applying for a license or a licensee, unless the interest is solely a security, lien, or

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			encumbrance; the chief executive officer of a nonprofit or other entity; a member of the board of directors of a nonprofit; and an individual who will be participating in the direction, control, or management of the person applying for a license. The Bureau cannot modify the statutory provision to require disclosure of only those persons by commenter. The Bureau can only clarify or make specific the definition which it has done.
5003/5004	3717.1 (p.5682) 3717.2 (p.5683)	Commenter states the Bureau has greatly expanded the definition of owner in section 5003 and has moved further away from the 20% ownership threshold. Commenter states that the Bureau has diminished the concept of ownership by creating a new subset of owners that devalues the 20% threshold and designating a wide swath of individuals as owners who receive nothing more than a salary from the business. Commenter states all of the new owners would be subject to the broad disclosures required of the 20% owners, including personal information, convictions and information associated with those convictions and administrative orders or civil judgements for labor standards violations. Commenter states financial interest has been expanded beyond those individuals and entities that have an investment, loan or other equity interest in the business. Commenter states requiring disclosure of persons involved in profit sharing with the business will exceed the reasonable definition of financial interest and will	The Bureau disagrees with this comment. Under the Act a percentage of ownership is not required if an individual is participating in the direction, control, or management of the person applying for a license, thus the Bureau cannot limit ownership to just those individuals that have a 20% ownership interest. (See Bus. & Prof. Code §26001(al).) However, commenter's comment demonstrates that rather than providing clarification, subsection (b)(6)(D) created more confusion. Therefore, the Bureau has determined that it is necessary to withdraw the subsection. The Bureau also disagrees with commenter's comment on section 5004. First, the section is not adding new requirements. Applicants have always been required to provide a complete list of every person with a financial interest in the person applying for the license pursuant to Business and Professions Code section 26051, subdivision (d). This regulation provides clarity to applicants on which individuals need to be disclosed but has not added any new requirements. These sections as written are necessary to ensure that applicants are compliant with Business and Professions Code section 26051, subdivision (d) by providing clear direction on which individuals need to be disclosed as financial interest holders. Lastly, the Bureau has created a form for licensees to use to update the Bureau on changes to financial interest holders which will ease notification issues.

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		require disclosure of hundred if not thousands of individuals. Commenter states that if an "entity" has to disclose every individual who has a financial interest in that entity, even when the interest is miniscule, investment will be stifled. Commenter states the Bureau has tossed aside the central threshold of 20% ownership.	
5003	3680.1 (p.5453)	Commenter recommends deleting section 5003(b)(5) receiving a share of the profits is a frequent method of compensation for various types of consulting and third-party services and has no bearing as to whether an individual has decision making authority and/or is participating in the control, direction, or management of the business. Commenter recommends removing subsection (b)(6)(D) and revising subsection (c). Commenter states the definition of owner should only include individuals who hold an aggregate of 20% or more in the commercial cannabis business and who have an active interest and authority over the direction, control, or management of the business. Commenter states including individuals or entities with financial participation is passive, and whose only involvement is implementing the directives of the actual owners will create a significant chilling effect on financial investment in the industry, unnecessarily burden the Bureau with additional review, and empower third-party contractors to contest removal from	The Bureau agrees with this comment in part. Regarding commenter's recommendation that subsection (b)(6)(D) be removed, the Bureau agrees. The modifications did not expand the definition of owner. They merely provided examples of individuals that would be considered an owner. However, commenter's comments demonstrate that rather than providing clarification, subsection (b)(6)(D) created more confusion. Therefore, the Bureau has determined that it is necessary to withdraw the subsection. The Bureau disagrees that only individuals with a 20% aggregate or more in the commercial cannabis business and who have an active interest and authority over the direction, control, or management of the business. This recommendation fails to take into account "an individual who will be participating in the direction, control, or management of the person applying for a license." Under the Act a percentage of ownership is not required if an individual is participating in the direction, control, or management, thus the Bureau cannot limit ownership to just those individuals that have a 20% ownership interest. Further, the Act does not require a person with an aggregate ownership of 20% of the business to also participate in the direction, control, or management of the commercial cannabis business before they are considered an owner.

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		the license in the event of a dispute. Commenter states it will also deter professional management and branding and marketing companies from providing services because being deemed an owner is a public record and exposes the non-cannabis company to potential additional liability, banking restrictions, and federal scrutiny.	
5003/5032/5415.1	3352.1 (p.4231) 3352.2 (p.4231) 3596 (p.4660)	Commenter requests clarification on whether a brand-owner disclosed as an "owner" of a licensee would allow that licensee to produce the branded products of the brand-owner without the Bureau taking the position that the licensee is conducting commercial cannabis activity on behalf of an unlicensed person in accordance with §5032(b). Commenter also request clarification on how the Bureau would view a technology platform that receives a percentage of profits from a cannabis business in exchange for managing delivery logistics and/or managing and determining how the delivery business is run.	The Bureau disagrees with this comment. The Bureau has determined that the section does not need further clarification regarding commenter's questions as they are related to specific fact patterns. The Bureau has included examples in the regulations to provide additional clarity in some instances, but cannot possibly include every possible scenario. However, the Bureau will assist applicants and licensees with this questions and help them determine based on their business plans which persons need to be listed as owners. In response to commenter's questions, if a licensee includes as one of their owners a brand-owner, the licensee can produce the branded products because in this case the licensee is not engaged in commercial cannabis activity on behalf of an unlicensed person. Because the owner of the brand is an owner of the licensee, there is no unlicensed person involved. If a technology platform receives a %age of the profits in exchange for managing delivery logistics and/or managing and determining how the delivery business is run, the technology platform would need to be disclosed as an owner of the delivery cannabis business. Because the technology platform in this case is managing and determining how the business is run they would fall under subsection (b)(6) which includes as an owner any individual that is

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			participating in the direction, control, or management of the person applying for the license.
5003(b)(5)	3350.1 (p.4227)	Commenter indicates support of the section which will prevent any bad actors from taking substantial profits from a cannabis business without being disclosed.	The Bureau notes commenters support of the subsection.
5003(b)(6)(D)	3301.2 (p.4065) 3313.1 (p.4112) 3314.1 (p.4115) 3318.1 (p.4130) 3323.1 (p.4145) 3416.1 (p.4312) 3565.1 (p.4486) 3569.1 (p.4509) 3377.1 (p.4260) 3604.2 (p.4694) 3616.1 (p.4751) 3898.1 (p6279) 3348 (p.4222) 3454 (p.4356) 3667.2 (p.5379) 3636.2 (p.4843) 3652.5 (p.5304) 3662.5 (p.5360) 3698.6 (p.5564) 3699.1 (p.5567) 3710.1 (p.5632) 3714.1 (p.5665) 4064.4 (p.6627) 4069.1 (p.6663) 4076.1 (p.6706) 4082.1 (p.6728) 4100.2 (p.6815) 4101.2 (p.6818)	Commenters object to the subsection. Some commenters state that expanding the definition of owner to include "an individual who is determining how a portion of the cannabis business is run, including non-plant touching portions of the cannabis business such as branding, or marketing," disadvantages small operators. Commenters state small operators cannot afford to have internal marketing or branding staff and it is unreasonable to consider people owners if they merely contract for marketing or branding. Other commenters state they employ marketing firms and consultants that would be captured as owners under this section and some entry level employees which does not seem consistent with the legislative intent. Other commenters states that subsection (b)(6)(D) expands ownership and captures a significant number of mid-level employees who do not have direct ownership and/or exercise any control of the business and recommends the subsection be stricken. Another commenter states that requiring intellectual property licensors to participate	The Bureau agrees with this comment in part. The modifications did not expand the definition of owner. They merely provided examples of individuals that would be considered an owner. However, commenters' comments demonstrate that rather than providing clarification, subsection (b)(6)(D) created more confusion. Therefore, the Bureau has determined that it is necessary to withdraw the subsection.

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	4108 (p.6853)	in the application process for each location ignores the differences between parties' roles and responsibilities. Commenter states there should be a one-time application process for brand owners whom are merely licensing their intellectual property. Another commenter states that the Bureau should clarify its intent behind the new expansive definitions to avoid misunderstandings and make compliance achievable without having to hire expensive legal counsel. Another commenter states the entity veil-piercing in the new definitions of financial interest (commenter provides a cite to 5003(b)(6)) also will likely expose many new individuals to Bureau inspection - many of whom will have a legal interest in their privacy. Commenter urges the Bureau to recognize that eliminating the black market is a statutory purpose to which all and enforced laws must comply and ensure that the rules always incorporate best available evidence. One commenter states the language would capture a significant number of mid-level employees who do not have a direct ownership and/or exercise any control of business, as well individuals and entities with no direct control. Commenter also states the individuals might not want to be	

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		designated as owners and complete the rigorous background checks requirement. Commenter recommends removing subsection (b)(6)(D)(iii) and (iv). One commenter states that subsection (b)(6)(D)(iii) and (iv) capture members of the organization that have no direction or control over the overall business, including entry-level, non-exempt employees and contract firms like ad agencies. One commenter states the subsection creates unnecessary burden on the business because the business will be expected to update the Bureau every time there is a change in employees. Commenter states they can simply have these records on file and make them available upon request. One commenter states that in this nascent industry, privacy is important to those seeking to enter the market, and capital resources are difficult to come by as investors remained concerned about banking risks. Commenter states the amendments cause consternation to already concerned market participants and investors who must face the reality of dealing with federal enforcement. Commenter states that until banking and federal conflicts are resolved, the section should stay as it was in the emergency regulations.	

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		Some commenters stated the expansion is onerous, unworkable, and unwarranted in the law and theoretically a budtender who helps make purchasing decisions is now an "owner" as is a marketing consultant. Commenters state a budtender is not an owner. One commenter stated the new regulations cast a too-wide net regarding who is considered an owner. Commenter states the definition could include management companies, other managers, outside consultants, bankers, and others.	
5004	10.1 (p.12) 10.2 (p.12)	Commenter objects to including, as a financial interest holder, a salesperson that earns a commission. Commenter states it is a violation of the privacy rights of the employee. Commenter also objects to the disclosure of individual financial interest holders of each entity in a multi-layer business structure. Commenter states this violates shareholder rights and the SEC privacy for investors. Commenter states that many companies brought in capital with shareholder agreements that have disclosure protections. Commenter states that changing the requirements for financial interest holder disclosures creates many lawsuits. Commenter states owners holding above 20% of the company are the only ones that should be required to be disclosed.	The Bureau disagrees with this comment. First, the section is not adding new requirements. Applicants have always been required to provide a complete list of every person with a financial interest in the person applying for the license pursuant to Business and Professions Code section 26051, subdivision (d). This regulation provides clarity to applicants on which individuals need to be disclosed but has not added any new requirements. These sections as written are necessary to ensure that applicants are compliant with Business and Professions Code section 26051, subdivision (d) by providing clear direction on which individuals need to be disclosed as financial interest holders. Lastly, subsection (d) of the regulation clearly excludes persons who hold a share of stock that is less than 5 % of the total shares in a publicly traded company. This exclusion in disclosure aligns with the exclusion provided by the US Securities and Exchanges Commission for persons who hold less than 5 % of the total shares in a publicly traded company.

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5004	17.2 (p.33) 25.2 (p.42) 27.2 (p.46) 39.2 (p.61) 40.2 (p.62) 208.2 (p.247) 615.2 (p.1461) 620.2 (p.1475) 3284.2 (p.4018) 3280.2 (p.4013) 3602.2 (p.4688) 3618.2 (p.4761) 3902.2 (p.6302) 3925.2 (p.6350) 4123.2 (p.6906) 4079.9 (p.6721)	Some commenters recommend adding as an example of a financial interest "a person who owns intellectual property and who has entered into a contractual arrangement with a licensee to use that intellectual property for a share of the profits." Other commenters recommend adding "a non-licensed entity that has entered into an intellectual property licensing agreement or manufacturing agreement with a commercial cannabis business for a share of the profits. Commenters state that intellectual property and manufacturing agreements are no different than any other arrangement already referenced in the section.	The Bureau disagrees with this comment. The Bureau has added examples to provide greater clarity to the section, however not every possible example needs to be included. The example commenters provide would fall under profit sharing and is thus already covered by the section and is allowable with appropriate disclosure.
5004(a)	4092.2 (p.6787)	Commenter states the definition of profits should be clear. Commenter asks if it refers to gross profits and recommends only including the sharing in net income of the cannabis business.	The Bureau disagrees with this comment. For purposes of this section the intent is to reach individuals that are receiving any share of any type of profits. This is necessary because Business and Professions Code section 26051.5, subdivision (d) requires disclosure of every person with a financial interest in the person applying for a license.

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5004	3450 (p.4348)	Commenter states that while the definition of "financial interest" is broad, it seems to protect equity applicants from corporate investors, particularly out-of-state and international, being able to slip into ownership structures without detection. Commenter states they support the expansion so long as the Bureau is actively monitoring those entities and prohibiting them from investing in a manner that compromises the ability of small businesses and equity applicants to compete and thrive. Commenter states if the changes are not intended to protect the interests of the equity programs, it will make it even more difficult to find investors and secure financing. Commenter states equity applicants do not have large amounts of money and depend on the ability to secure financing. Commenter states it may deter investors who are not accustomed to disclosing their individual identities if they are part of an investment group or LLC.	The Bureau disagrees with this comment. Business and Professions Code section 26051.5, subdivision (d) requires disclosure of every person with a financial interest in the person applying for a license. The amendments to this section were intended to provide clarity to applicants on which individuals need to be disclosed by providing examples of individuals with a financial interest. The section was also amended to make it clear that in a multi-entity structure, all financial interest holders must be disclosed until only individuals remain. This is necessary to ensure that all individuals with a financial interest are disclosed.
5003/5004	1679.3 (p.2556) 1681 (p.2559) 1682 (p.2560) 1683 (p.2561) 1684 (p.2562) 1685 (p.2563) 1686 (p.2564) 1687 (p.2565) 1688 (p.2566) 1689 (p.2567) 1690 (p.2568)	Some commenters state they support transparency in the cannabis supply chain, however listing ancillary business services as an owner is an unnecessary liability to the cannabis business. Some commenters state a better solution would be to require license holders to disclose any parties they are sharing profit with or working with in relation to the services listed in section 5003.	The Bureau agrees in part with this comment. The Bureau included more examples of owners in an attempt to provide greater clarity of the statutory definition of "owner" which includes "an individual who will be participating in the direction, control, or management of the person applying for a license." (See Bus. & Prof. Code §26001(al).) However, the Bureau has determined that the examples included in subsection (b)(6)(D) of section 5003 created greater confusion, therefore this subsection has been withdrawn.

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	3289.1 (p.4026) 3296.1 (p.4042) 3301.3 (p.4066) 3312.1 (p.4107) 3315.1 (p.4118) 3316.1 (p.4122) 3317.1 (p.4126) 3319.1 (p.4132) 3322.1 (p.4143) 3332.1 (p.4180) 3334.1 (p.4187) 3416.2 (p.4312) 3328.2 (p.4165) 3326.2 (p.4156) 3321.3 (p.4138) 3483 (p.4389) 3451 (p.4349) 3453 (p.4354) 3508 (p.4419) 3559 (p.4478) 3619.2 (p.4767) 3619.3 (p.4768) 3339.2 (p.4207) 3628.4 (p.4799) 3667.3 (p.5379) 3636.3 (p.4844) 3653.3 (p.5317) 3679.1 (p.5447) 3726.1 (p.5741) 3727.3 (p.5750) 3685.2 (p.5498) 3687.1 (p.5510) 3687.2 (p.5511) 3687.3 (p.5511)	Some commenters state they support the amendments in general in sections 5003 and 5004, and that for marketing and branding, increased transparency is especially essential. However, commenters do not agree with requiring salespeople who earn a commission to be disclosed in the application under section 5004 since this position is subject to frequent change and would be onerous to cannabis business owners. Some commenters object to the inclusion of subsections (a)(1) and/or (a)(6) in section 5004 which include as examples of an agreement to receive a portion of the profits, an employee who has entered into a profit sharing agreement with the commercial cannabis business and a salesperson who earns a commission. Commenters state that employees that are part of profit sharing or sales reps who get commission do not dictate how the business is run or have any control. Commenters state that employees and sales reps change as often as the weather and striking the sections will save the Bureau and stakeholders time from consistently updating documents. Some commenters state that including salespersons that earn a commission as financial interest holders under section 5004 is an unfair expansion. Some commenters	Regarding commenters statement that it would be better to require disclosure of parties that are sharing profits with the licensee, the Bureau agrees, and this is already required in section 5004 pursuant to Business and Professions Code section 26051.5, subdivision (d) which requires disclosure of every person with a financial interest in the person applying for a license. The Bureau disagrees with commenters' statement that sales representatives and other profit sharing individuals should not be disclosed in the application. Applicants are required to provide a complete list of every person with a financial interest in the person applying for the license pursuant to Business and Professions Code section 26051, subdivision (d). The Bureau cannot waive statutory requirements. This regulation provides clarity to applicants on which individuals need to be disclosed by providing examples but has not added any new requirements. These subsections as written are necessary to ensure that applicants are compliant with Business and Professions Code section 26051, subdivision (d) by providing clear direction on which individuals need to be disclosed as financial interest holders, however they have in no way expanded who must be disclosed and explicitly exempt from disclosure minor shareholders and investors that have an interest in a diversified mutual find, blind trust, or similar instrument. Finally, the Bureau has developed a form that will allow licensees to easily and quickly update the Bureau with changes in individuals that have a financial interest in the business. Regarding consistency amongst the three licensing authorities, the Bureau, CDPH, and CDFA work together to develop regulations that are not inconsistent with each other. However, the Bureau does not have the authority to require CDPH or CDFA to adopt the exact same language as the Bureau.

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	3689.2 (p.5519) 3690.1 (p.5528) 3702.1 (p.5581) 3708.2 (p.5615) 3737.4 (p.5809) 3739.1 (p.5820) 3747.1 (p.5869) 3748.4 (p.5881) 3794.4 (p.6013) 3858.1 (p.6153) 3858.2 (p.6154) 3860.8 (p.6165) 3860.9 (p.6166) 4076.2 (p.6707) 4079.9 (p.6721) 4100.3 (p.6815) 4101.3 (p.6819) 4109 (p.6856) 4092.1 (p.6785) 3671.2 (p.5433) 3671.3 (p.5434) 4075.1 (p.6698) 3704.3 (p.5593)	state that if they contract with a distributor to handle marketing and sales they would have to update the financial interest holder information every time the distributor has personnel changes such as contracted sales force of the distributor. Some commenters object to section 5004 and state that requiring employees with an equity interest in the business such as sales people who earn commission, consultants, attorneys, and other persons that provide services for a share of the profits is excessive and unnecessary and would discourage or eliminate employee stock options, profit sharing, and sales commissions. Some commenters state that the reporting requirements under subsections (b) and (c) of 5004 will be difficult for applicants and licensees to comply with and investors will be less likely to invest into the cannabis space because they cannot simply invest as part of a fund or entity without providing excessive information. One commenter recommends designating as owners under section 5003 only those who self-designate as owners, or whose ownership or compensating packages rise to the level of more than 20%.	Regarding disclosure pursuant to a public records request, under the CPRA, there is no exception to disclosing the identity of an owner. However, in general, statements of personal worth or personal financial data, required by a licensing agency and filed by an applicant with the licensing agency are exempt from disclosure under the CPRA. The Bureau evaluates each request submitted under the CPRA and withholds information in accordance with the law. The Bureau disagrees with adding to section 5003 a subsection that states “an in-house, full-time, salaried employee who is not an officer or member of the board and has no financial interest shall not be considered an owner.” This statement would conflict with the Act which includes as an owner “an individual participating in the direction, control, or management of the person applying for a license.” The Bureau cannot modify the Act.

Regulation Section	15-Day Comment Number(s) and Page Location	Summary of 15-Day Comments	Bureau Response to 15-Day Comments
		One commenter recommends the Bureau strike the revision in 5004 and adopt the language as for the 45-day comment period. Commenter states that should the Bureau feel additional financial disclosure is still necessary, they recommend that other options be considered including increasing the threshold for financial interest holders in a publicly traded company to greater than 15% and excluding from disclosure the financial interest of a person holding less than 5% of a financial interest. Some commenters state that no such changes to ownership or financial interest appear in CDFA or CDPH's regulations which allows CDFA and CDPH licensees to remain under a lesser standard. One commenter states that mandating disclosure of individuals with a financial interest in a multi-level ownership structure is problematic. Commenter states confidentiality is a critical part of some contracts between investors and entrepreneurs and those with confidentiality clauses in their contracts should have their identity protected and exempted from the PRA. One commenter recommends adding a subsection to 5003 that states "for the purposes of this section, an in-house, full-time, salaried employee who is not an	

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		officer or member of the board and has no financial interest shall not be considered an owner."	
5003(c)/5004(c)	3729.1 (p.5760) 3729.2 (p.5760)	Commenter states the regulations covered by these sections would require that each entity having a financial interest must disclose the identities of persons holding financial interests until only individuals remain. Commenter states many cannabis companies have investors which are professional investment funds, venture capital funds or other institutional type funds which may have hundreds or thousands of individual members. Commenter states this makes it wholly impractical to list individual members and can potentially make California companies unattractive to sophisticated investors, leaving California companies unable to compete for capital and at a significant disadvantage to companies in other states. Commenter recommends that a carve-out be created for funds and other professional investment vehicles so that they do not need disclosure.	The Bureau disagrees with this comment. Under the Act any individual who will be participating in the direction, control, or management of the person applying for the license is an owner. (Bus. & Prof. Code §26001(al).) Additionally, every person with a financial interest in the person applying for the license must be disclosed in the application. (Bus. & Prof. Code §26051.5(d).) The Bureau cannot waive or change statutory requirements. However, subsection (d) of section 5004 clearly exempts from disclosure persons whose only financial interest is through a diversified mutual fund, blind trust, or similar instrument. Therefore, there is no need for an additional carve-out for funds and other investment vehicles.

Regulation Section	15-Day Comment Number(s) and Page Location	Summary of 15-Day Comments	Bureau Response to 15-Day Comments
5003/5004	3287.3 (p.4022) 3305.3 (p.4082)	Commenters state that as consultants they should receive a portion of a client's profits for guiding them in product development and compliance processes and should not be included in the licensing scheme. Commenters state regulators are on a witch hunt when the real enemy of the people is Monsanto who is waiting for federal legalization, so they can destroy our planet and the plant kingdom. Commenters state disclosure of owners and financial interest holders does not stop Monsanto once federal legalization comes in. Commenters state most people buying up licenses are interested in business and are not trying to release product to the black market.	The Bureau disagrees with this comment. Under the Act any individual who will be participating in the direction, control, or management of the person applying for the license is an owner. (Bus. & Prof. Code §26001(al).) Additionally, every person with a financial interest in the person applying for the license must be disclosed in the application. (Bus. & Prof. Code §26051.5(d).) The Bureau cannot waive or change statutory requirements.
5003/5004	3895.1 (p.6259) 3895.2 (p.6259)	Commenter states that the changes would make persons that are conducting non-plant touching portions of the business owners. Commenter states it is excessive and only those persons that have an executive role in the company or is on the board of directors should be listed. Commenter also states that individuals directing non-plant touching activities should not be listed on the license. Commenter objects to listing as financial interest holders any person that has a share in profits. Commenter states only those persons that have been with the company for over a year and have over a certain percentage should be listed.	The Bureau disagrees with this comment. Under the Act any individual who will be participating in the direction, control, or management of the person applying for the license is an owner. (Bus. & Prof. Code §26001(al).) Additionally, every person with a financial interest in the person applying for the license must be disclosed in the application. (Bus. & Prof. Code §26051.5(d).) The Bureau cannot waive or change statutory requirements.

Regulation Section	15-Day Comment Number(s) and Page Location	Summary of 15-Day Comments	Bureau Response to 15-Day Comments
5003/5004	3630.3 (p.4814) 3653.3 (p.5317) 3727.2 (p.5749) 3745.3 (p.5851) 3745.4 (p.5852) 3753.2 (p.5909) 3753.3 (p.5909) 3797.2 (p.6024) 3797.3 (p.6024)	Commenters state the new language is excessively broad and has the potential to inadvertently capture a significant number of mid-level employees, and other individuals and entities who do not have direct ownership and/or direct control over the business operation. Some commenters state the revisions in section 5004 will result in substantial expense to those compliant businesses, who will likely be forced to disclose, on a potentially weekly basis, changes concerning individuals with and equity interest in the business and/or shareholders in publicly traded companies. Commenters also state they believe that such disclosure will be equally burdensome on the Bureau, which will be inundated with inquiries concerning who and what entities should be disclosed, as well as processing notifications of changes in a cannabis business's financial interests.	The Bureau agrees in part with this comment. First, the additions were intended to provide clarity and in no way expanded the individuals that need to be disclosed as an owner or a financial interest holder. The Bureau included more examples of owners in an attempt to provide greater clarity of the statutory definition of "owner" which includes "an individual who will be participating in the direction, control, or management of the person applying for a license." (See Bus. & Prof. Code §26001(al).) However, the Bureau has determined that the examples included in subsection (b)(6)(D) of section 5003 created greater confusion, therefore this subsection has been withdrawn. Applicants are required to provide a complete list of every person with a financial interest in the person applying for the license pursuant to Business and Professions Code section 26051, subdivision (d). The Bureau cannot waive statutory requirements. This regulation provides clarity to applicants on which individuals need to be disclosed by providing examples but has not added any new requirements. These subsections as written are necessary to ensure that applicants are compliant with Business and Professions Code section 26051, subdivision (d) by providing clear direction on which individuals need to be disclosed as financial interest holders, however they have in no way expanded who must be disclosed and explicitly exempt from disclosure minor shareholders and investors that have an interest in a diversified mutual find, blind trust, or similar instrument. Finally, the Bureau has developed a form that will allow licensees to easily and quickly update the Bureau with changes in individuals that have a financial interest in the business.
5003/5004	1890-1965 (p.2754-2905) 2024-2081 (p.2906-3020) 2629.3 (p.3398)	Commenters state sections 5003 and 5004 clearly defines who is liable for enforcement and tax remission. Without these stipulations, silent interests reap benefits of the cannabis industry while leaving licensees	The Bureau notes commenters support of the sections as written. However, the Bureau has determined that subsection (b)(6)(D) of section 5003 which included "any individual who assumes responsibility for the license" as an example of an "individual who will be participating in the direction, control, or management of

Regulation Section	15-Day Comment Number(s) and Page Location	Summary of 15-Day Comments	Bureau Response to 15-Day Comments
	2630.3 (p.3400) 2631.3 (p.3402) 2632.3 (p.3404) 2633.3 (p.3406) 2634.3 (p.3408) 2635.3 (p.3410) 2636.3 (p.3412) 2637.3 (p.3414) 2638.3 (p.3416) 2639.3 (p.3418) 2640.3 (p.3420) 2641.3 (p.3422) 2642.3 (p.3424) 2643.3 (p.3426) 2644.3 (p.3428) 2645.3 (p.3430) 2646.3 (p.3432) 2647.3 (p.3434) 2648.3 (p.3436) 2629-2648 (p.3397-3435)	responsible for state mandated compliance. Commenters state they are pleased to see the addition of sections 5003 and 5004 as it would allow the Bureau enforcement measures and oversight to preserve protections for consumers and public safety. Commenters respectfully request that the Bureau keep the sections intact with the final adopted regulations.	the person applying for a license" created more confusion than clarity. As the subsection merely contained examples of persons that would be considered owners, the Bureau has determined it is necessary to withdraw subsection (b)(6)(D) from the section, however the withdrawal does not change the individuals that are required to be disclosed as owners.
5004	3575.3 (p. 3570.7	Commenters state that the section undermines the current business practices of licensees and the owners who contract with them. Commenters state this is a significant departure that was not justified in the ISOR and the Bureau did not consider any alternatives to such a substantial change to commerce. Commenter states that current practices are structured so that the owner of licensed IP never takes title to cannabis goods and require compliance with the Act and all relevant regulations.	The Bureau disagrees with this comment. First, the section is not adding new requirements. Applicants have always been required to provide a complete list of every person with a financial interest in the person applying for the license pursuant to Business and Professions Code section 26051, subdivision (d). This regulation provides clarity to applicants on which individuals need to be disclosed but has not added any new requirements. This section as written is necessary to ensure that applicants are compliant with Business and Professions Code section 26051, subdivision (d) by providing clear direction on which individuals need to be disclosed as financial interest holders.

Regulation Section	15-Day Comment Number(s) and Page Location	Summary of 15-Day Comments	Bureau Response to 15-Day Comments
5004	3568.15 (p.4503)	Commenter objects to the disclosure of financial interest holders. Commenter states businesses applying as a microbusiness will have to disclose far more for the same activities than if they apply for those activities as an individual license. Commenter also states that if the Bureau is going to force this type of disclosure, then the Bureau should define what it considers to be profit.	The Bureau disagrees with this comment. First, the section is not adding new requirements and does not create different requirements for different types of licensees. Applicants have always been required to provide a complete list of every person with a financial interest in the person applying for the license pursuant to Business and Professions Code section 26051, subdivision (d). This regulation provides clarity to applicants on which individuals need to be disclosed but has not added any new requirements. This section as written is necessary to ensure that applicants are compliant with Business and Professions Code section 26051, subdivision (d) by providing clear direction on which individuals need to be disclosed as financial interest holders. The Bureau does not define profit as the plain and ordinary definition of profit is intended here.
5003	3669 (p.5390) 3741.2 (p.5830)	Commenters state objection to revisions made to subsection (b)(6)(D) and subsection (c). Commenters state the revisions greatly expand and redefine the term in ways that conflict with the letter and the spirit of the statutory language. Commenters states that as revised, the section creates additional classes of "owners" in addition to those persons specifically and deliberately enumerated in the statute that section 5003 purports to interpret. Commenter states the language creating these additional classes actually capture entities and individuals that were never intended to be deemed "owners" including every shareholder in a publicly-listed company, and other persons with well under a 20% ownership interest. One commenter states owners were intended to be controlling persons and not	The Bureau agrees in part with this comment. First, the additions were intended to provide clarity and in no way expanded the individuals that need to be disclosed as an owner or a financial interest holder. The Bureau included more examples of owners in an attempt to provide greater clarity of the statutory definition of "owner" which includes "an individual who will be participating in the direction, control, or management of the person applying for a license." (See Bus. & Prof. Code §26001(al).) However, the Bureau has determined that the examples included in subsection (b)(6)(D) of section 5003 created greater confusion, therefore this subsection has been withdrawn. Although, it is important to note that the Act still requires disclosure as an owner of "an individual who will be participating in the direction, control, or management of the person applying for a license," the Bureau cannot not waive or modify the requirement. The Bureau disagrees with commenter's comments regarding subsection (c). First, the Bureau is in no way saying that every person with a minor interest is an owner. As stated in the Initial Statement of Reasons this section is necessary to clarify what

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		every person with a remote or indirect financial interest in the licensee, but only those shareholders of the licensee with the power to elect themselves or others to the governing board and appoint officers of their choosing. Commenter states the Bureau's revisions set aside the degree of control required to be deemed an "owner" under the Act and the impermissibly redefine the type of financial stake required. Commenter states subsection (c) now defines persons with any financial interest in the owner-entity regardless of whether that financial interest is comprised of an actual ownership interest in either the licensee or the entity-owner, or whether that ownership interest comprises a de minimus stake without any real control.	types of individuals participate in the direction, control, or management of a business or corporate entity. Thus, the intent of this section has always been to identify the individuals that may exert control over the commercial cannabis business. Nothing has changed in this section except the wording. Based on comments received during the 45-day comment period the Bureau determined further clarification was warranted. Therefore, the Bureau modified the language to make it clear that in multi-layered business structures, the intent is to reach all individuals that meet the definition of owner and thus, must undergo a background check. Applicants are required to provide a complete list of every person with a financial interest in the person applying for the license pursuant to Business and Professions Code section 26051, subdivision (d). The Bureau cannot waive statutory requirements. Section 5004 provides clarity to applicants on which individuals need to be disclosed as financial interest holders for purposes of section 5004 and 5003 and explicitly exempts from disclosure minor shareholders and investors that have an interest in a diversified mutual find, blind trust, or similar instrument. Thus, in reading section 5003(c) an applicant should look to section 5004 and disclose all individuals that meet the specifications for financial interest holders and then disclose those individuals to comply with 5003(c). The Bureau can then assist applicants in determining which individuals must provide the information required for individual owners, which the Bureau has determined is necessary based on the difficulties applicants have had thus far in identifying their owners.
5004	4105.13 (p.6844) 3635.16 (p.4840)	Commenter objects to disclosing salespersons who earn a commission and banks or financial institutions whose interest constitutes a loan.	The Bureau disagrees with this comment. First, the section is not adding new requirements. Applicants have always been required to provide a complete list of every person with a financial interest in the person applying for the license pursuant to Business and Professions Code section 26051, subdivision (d). This regulation provides clarity to applicants on which individuals need to be

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			disclosed but has not added any new requirements. These sections as written are necessary to ensure that applicants are compliant with Business and Professions Code section 26051, subdivision (d) by providing clear direction on which individuals need to be disclosed as financial interest holders. Lastly, commenter has misread subsection (d), subsection (d) of the regulation explicitly exempts from disclosure a bank or financial institution whose interest constitutes a loan.
5003/5004	3304.2 (p.4075) 3304.3 (p.4075) 3304.4 (p.4075) 3652.6 (p.5304) 3633.1 (p.4827) 3724.2 (p.5728) 3718.4 (p.5693)	Commenters state overall support for the concept of financial interest disclosures, but feels the current language is too broad to the extent that it requires a licensee to disclose strategic business relationships such as partner and key employee lists, potentially disclosing information to competitors if the information becomes a public record. Commenters state the language seeks to provide transparency of those profiting or potentially exerting direct or indirect control over a licensee but imposes administrative burden on the licensees as well as places potential exposure to interested parties who do not wish for their information to become public record. Commenters recommend a minimum dollar amount threshold above which the disclosure is required, that examples be included with a clear definition of where to draw the line between standard arm's length relationships versus truly interested parties, and that all financial interest holder information be protected from requests under the PRA.	The Bureau disagrees with this comment. First, the section is not adding new requirements. Applicants have always been required to provide a complete list of every person with a financial interest in the person applying for the license pursuant to Business and Professions Code section 26051, subdivision (d). These regulations provide clarity to applicants on which individuals need to be disclosed but has not added any new requirements. This section as written is necessary to ensure that applicants are compliant with Business and Professions Code section 26051, subdivision (d) by providing clear direction on which individuals need to be disclosed as financial interest holders. Further, in general, statements of personal worth or personal financial data, required by a licensing agency and filed by an applicant with the licensing agency are exempt from disclosure under the CPRA. The Bureau evaluates each request submitted under the CPRA and withholds information in accordance with the law.

Regulation Section	15-Day Comment Number(s) and Page Location	Summary of 15-Day Comments	Bureau Response to 15-Day Comments
5004	3608.2 (p.4702) 3655.1 (p.5336) 3681.2 (p.5466) 3699.2 (p.5568) 3714.2 (p.5666) 4069.2 (p.6663)	Commenters object to the revisions in this section. Some commenters state the section requires further clarification on what does not require disclosure under this provision. Commenters state standard benefits packages that include year-end 401(k) profit sharing should be exempt from the financial disclosure provisions. Another commenter recommends subsections (a)(3), (a)(6), and possibly (a)(4) be deleted as they would restrict the ability of licensees to avail themselves of specialized resources that are not efficient to staff internally nor are permanent in nature. Commenter states the commercial cannabis businesses and the state licensing authorities would be burdened with additional regulatory filings to constantly amend licensee files to notify for every temporary relationship that would fall into this category. Commenter states businesses will be less inclined to work with outside parties for specialized or unique services. One commenter states many of their employee and consultant contracts contain incentive compensation. Commenter states the section would cause a major disruption to their current business model and further require near constant changes and updates to our annual license application due to	The Bureau disagrees with this comment. First, the section is not adding new requirements. Applicants have always been required to provide a complete list of every person with a financial interest in the person applying for the license pursuant to Business and Professions Code section 26051, subdivision (d). This regulation provides clarity to applicants on which individuals need to be disclosed but has not added any new requirements. This section as written is necessary to ensure that applicants are compliant with Business and Professions Code section 26051, subdivision (d) by providing clear direction on which individuals need to be disclosed as financial interest holders. Rather than including individuals that do not need to be disclosed the Bureau has provided examples of those that do. Further, the section clearly states the individuals who have a financial interest but do not need to be disclosed under subsection (d). If an individual with a financial interest does not fall under subsection (d) than the individual needs to be disclosed. Finally, the Bureau has developed a form that will allow licensees to easily and quickly update the Bureau with changes in individuals that have a financial interest in the business.

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		staff/consultant changes that would result in full time engagement with Bureau licensing staff. One commenter states that profit sharing is a common way to do business and requiring disclosure will hamstring the industry's ability to be successful or even sustainable. Commenter states they are required to maintain records on employees, so the Bureau has access to the information already. Commenter states that subsection (a) will result in substantial expense to compliant businesses, who will likely be forced to disclose, on a potentially weekly basis, changes concerning individuals with an equity interest in the business and/or shareholders in publicly traded companies. This burden will also affect the Bureau, which will be inundated with inquiries concerning who and what entities should be disclosed, as well as processing notifications of changes in a cannabis business's financial interests. One commenter states the revisions capture a large group of individuals who do not influence the overall business, do not have any control, and change on a frequent basis. Commenter states the notification requirement is onerous due to the generally high turnover for that role.	

Regulation Section	15-Day Comment Number(s) and Page Location	Summary of 15-Day Comments	Bureau Response to 15-Day Comments
5003/5004	3700.3 (p.5573) 3700.4 (p.5573)	Commenter states that the definition in section 5003 for determining how a business is run, including non-plant touching portions of the cannabis should be expanded to exclude consultants, lawyers, accountants and the similar. Commenter states that providing professional advice and recommendations should be explicitly excluded as a qualifier for determining how a business is run. Commenter states section 5004 should be revised to state that agents, consultants, brokers, accountants and attorneys are permitted to provide services based on an agreed upon rate structure. Commenter states third party consultants and agents commonly work for many different licensed cannabis businesses and it is unreasonable to require that they should be disclosed as financial interest holders when they consult for multiple licenses and receive an agreed upon fee for services instead of a share of the profits. Commenter states Bureau resources would also be stressed constantly amending financial interest holders every time a licensed business hires a new consultant, attorney or accountant.	The Bureau disagrees with this comment. First, a lawyer, consultant, or accountant would only have to be included on the application as an owner if they have an aggregate ownership interest of 20% or more in the license or are participating in the direction, control, or management of the commercial cannabis business. Thus, it is unnecessary to make any changes as professionals providing advice to a licensee for a fixed fee and who do not have an ownership interest or any part in the direction, control, or management of the license do not need to be disclosed as owners. Secondly, the section does not require disclosure as a financial interest holder persons working for a flat fee such as a lawyer. It does require disclosure when such a person is receiving a share of the profits. Thus, commenter's concern is already addressed in the section.

Regulation Section	15-Day Comment Number(s) and Page Location	Summary of 15-Day Comments	Bureau Response to 15-Day Comments
5003/5004	3651.2 (p.5297)	Commenter states the definitions of "owner" and "financial interest holder" require ownership and interest disclosures by individuals whom do not hold an interest in or have control over the business of a license and unduly regulate individuals whom are not engaging in commercial cannabis activities. Commenter states section 5003(b) includes an individual whom participates in the direction, control, or management of the licensee would be an owner including "an individual who is determining how a portion of the cannabis business is run, including non-plant touching portions of the commercial cannabis business such as branding or marketing." Commenter states that similarly section 5004 requires that if an entity has a financial interest then all individuals who are owners of the entity are considered financial interest holders. Commenter states the new language is premised on the belief that an individual has control over the operations of a cannabis licensee simply because they determine how one portion of the commercial cannabis business is run. Commenter states that is not an accurate reflection of how these relationships function and it would require far broader disclosures including disclosure of third party providers and/or trademark or other intellectual property licensors. Commenter states the language creates unnecessary and burdensome disclosures by publicly traded	The Bureau agrees in part with this comment. First, the additions were intended to provide clarity and in no way expanded the individuals that need to be disclosed as an owner or a financial interest holder. The Bureau included more examples of owners in an attempt to provide greater clarity of the statutory definition of "owner" which includes "an individual who will be participating in the direction, control, or management of the person applying for a license." (See Bus. & Prof. Code §26001(al).) However, the Bureau has determined that the examples included in subsection (b)(6)(D) of section 5003 created greater confusion, therefore this subsection has been withdrawn. Although, it is important to note that the Act still requires disclosure as an owner of "an individual who will be participating in the direction, control, or management of the person applying for a license," the Bureau cannot not waive or modify the requirement. Applicants are required to provide a complete list of every person with a financial interest in the person applying for the license pursuant to Business and Professions Code section 26051, subdivision (d). The Bureau cannot waive statutory requirements. This regulation provides clarity to applicants on which individuals need to be disclosed by providing examples but has not added any new requirements. These subsections as written are necessary to ensure that applicants are compliant with Business and Professions Code section 26051, subdivision (d) by providing clear direction on which individuals need to be disclosed as financial interest holders, however they have in no way expanded who must be disclosed and explicitly exempt from disclosure minor shareholders and investors that have an interest in a diversified mutual find, blind trust, or similar instrument.

Regulation Section	15-Day Comment Number(s) and Page Location	Summary of 15-Day Comments	Bureau Response to 15-Day Comments
		companies. Commenter states if they were to pursue a license they would have to disclose entities and personnel within their corporate structure whom would be uninvolved with the commercial cannabis activities. Commenter states the definitions will have a chilling impact on responsible and well-qualified ancillary businesses and states the definitions are inconsistent with CDPH and CDFA's regulations.	
5003/5004	3413 (p.4308) 3413.1 (p.4308) 3413.2 (p.4308)	Commenter supports the Bureau's efforts to require financial transparency, but it will chill investment. Commenter states investors are at risk because banks could potentially view their investments and cancel their accounts. Commenter states the disclosures go too far and put small businesses at risk of losing investors. Commenter requests the Bureau not make the applications public.	The Bureau disagrees with this comment. First, the section is not adding new requirements. Applicants have always been required to provide a complete list of every person with a financial interest in the person applying for the license pursuant to Business and Professions Code section 26051, subdivision (d). This regulation provides clarity to applicants on which individuals need to be disclosed but has not added any new requirements. This section as written is necessary to ensure that applicants are compliant with Business and Professions Code section 26051, subdivision (d) by providing clear direction on which individuals need to be disclosed as financial interest holders. Further, in general, statements of personal worth or personal financial data, required by a licensing agency and filed by an applicant with the licensing agency are exempt from disclosure under the PRA. The Bureau evaluates each request submitted under the CPRA and withholds information in accordance with the law.
5003/5004	3625.2 (p.4790) 3597.3 (p.4664) 3597.4 (p.4664) 3691.2 (p.5536) 3691.3 (p.5536) 3742.2 (p.5839) 3742.3 (p.5839)	Commenters state the amendments will prevent or artificially hinder legitimate businesses from using a variety of industries such as consulting, legal, advertising, marketing, communications, technology, and payment processing. Commenter asks that the Bureau not exclude or make it unreasonably difficult for the vast majority	The Bureau disagrees with this comment. First, the sections are not adding new requirements. Under the Act any individual who will be participating in the direction, control, or management of the person applying for the license is an owner. (Bus. & Prof. Code §26001(al).) Additionally, every person with a financial interest in the person applying for the license must be disclosed in the application. (Bus. & Prof. Code §26051.5(d).) The Bureau cannot waive or change statutory requirements. However, nothing

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		of the California economy (unlicensed persons) to participate in the cannabis industry. Commenter states so long as the final actions are done by licensees, why should other entities that hold valuable assets such as intellectual property not be allowed to contract with the licensed entities.	prevents licensees from using consultants, lawyers, advertising and marketing firms, or technology platforms. Licensees must simply disclose these persons as owners or financial interest holders where appropriate.
5004	3604.3 (p.4695)	Commenter recommends the changes be stricken. Commenters state the expanded provisions are excessive and unnecessary.	The Bureau disagrees with this comment. Applicants are required to provide a complete list of every person with a financial interest in the person applying for the license pursuant to Business and Professions Code section 26051, subdivision (d). The Bureau cannot waive statutory requirements. This regulation provides clarity to applicants on which individuals need to be disclosed by providing examples but has not added any new requirements. These subsections as written are necessary to ensure that applicants are compliant with Business and Professions Code section 26051, subdivision (d) by providing clear direction on which individuals need to be disclosed as financial interest holders, however they have in no way expanded who must be disclosed and explicitly exempt from disclosure minor shareholders and investors that have an interest in a diversified mutual find, blind trust, or similar instrument. Finally, the Bureau has developed a form that will allow licensees to easily and quickly update the Bureau with changes in individuals that have a financial interest in the business.
5003/5004	3646.2 (p.5253) 3646.6 (p.5254)	Commenter states the Bureau has greatly expanded the definition of “owner” and “financial interest holder” and it is clear the Bureau is looking for full disclosure in multi-level corporate structures. Commenter recommends that the Bureau implement a registration or licensing category for brokers and for brands. If disclosure and background	The Bureau disagrees with this comment. First, the sections are not adding new requirements. Under the Act any individual who will be participating in the direction, control, or management of the person applying for the license is an owner. (Bus. & Prof. Code §26001(al).) Additionally, every person with a financial interest in the person applying for the license must be disclosed in the application. (Bus. & Prof. Code § 26051.5(d).) The Bureau cannot waive or change statutory requirements. Nothing in the

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		checking is the issue, a simple registration, not tied to local approval, is sufficient. Commenter states the brands and brokers could easily be required to submit updated information to the Bureau about the licensed operators with whom they conduct business. Commenter states that if the issue for the Bureau is to know who is participating in the legal market, then the solution is registration and disclosure, not prohibition.	regulations prevents licensees from using brokers. However, depending on the relationship and the commercial cannabis activities a broker is performing, the broker will likely need to be listed on a license as either a financial interest holder or an owner if their share of profits or the amount of control exerted rises to the level of ownership. The Act requires that all persons engaged in commercial cannabis activity be licensed. (Bus. & Prof. Code §26054.) The Bureau also disagrees with the recommendation to create a registration or licensing category specifically for brokers and brands. At this time the appropriate way for brokers and brands to participate is through disclosure on the application as either an owner or financial interest holder, whichever is applicable. Lastly, a registration would not be appropriate. Under the Act, all persons engaged in commercial cannabis activity must be licensed, thus a registration would not be permissive under the Act.
5003/5004	3722.3 (p.5719) 3722.4 (p.5719)	Commenter states placing constraints on who licenses can work with would have a sudden, significant, and negative impact on the legal market. Non-licensed businesses that hold valuable, complementary assets such as intellectual property, recognized brands, technology solutions, or necessary expertise to move this industry forward should be allowed to contract freely with licensed entities. Commenter states the new rules place artificial restrictions on license holders struggling in the earliest stages of a new industry.	The Bureau disagrees with this comment. First, the sections are not adding new requirements. Under the Act any individual who will be participating in the direction, control, or management of the person applying for the license is an owner. (Bus. & Prof. Code §26001(al).) Additionally, every person with a financial interest in the person applying for the license must be disclosed in the application. (Bus. & Prof. Code § 26051.5(d).) The Bureau cannot waive or change statutory requirements. Nothing in the regulations prevents licensees from using or contracting with non-licensed businesses. However, depending on the relationship and the commercial cannabis activities a non-licensee is performing, the non-licensee will likely need to be listed on a license as a financial interest holder or an owner if their share of profits or the amount of control exerted rises to the level of ownership.

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5004	3526 (p.4443)	Commenter states there is a high demand for brokers in the industry who are responsible for representing licensees, facilitating the transaction between licensees, and managing ongoing business relationships between licensees. Commenter also states retailers and distributors won't purchase product unless they first see it in person, so brokers are necessary. Commenter recommends that the Bureau issue a broker license and give brokers the ability to legally show sample sizes of products to licensed buyers without actually selling the product.	The Bureau disagrees with this comment. Nothing in the regulations prevents licensees from using brokers. However, depending on the relationship and the commercial cannabis activities a broker is performing, the broker will likely need to be listed on a license as either a financial interest holder or an owner if their share of profits or the amount of control exerted rises to the level of ownership. The Act requires that all persons engaged in commercial cannabis activity be licensed. (Bus. & Prof. Code §26054.) Further, the Act requires applicants to provide a complete list of every person with a financial interest in the person applying for the license pursuant to Business and Professions Code section 26051, subdivision (d). The Bureau cannot change the statutory requirements. Regarding the use of samples, licensees may utilize samples throughout the supply chain as long as they do so in compliance with all the regulations and provisions of the Act.
5004	3710.2 (p.5637)	Commenter states the changes to subsection (a) are confusing, lack clarity, and impose unrealistic reporting obligations on current or prospective license holders. Commenter states subsections (a) and (c), taken together, will require that for any entity that either invests in or lends money to a cannabis business, the "all owners of that entity shall be considered financial interest holders of the commercial cannabis business" and be disclosed, and that each such entity "disclose the identifies of persons holding financial interests until only individuals remain." Commenter requests that the Bureau clarify that this does not mean that where a private equity fund or other sort of institutional lender	The Bureau disagrees with this comment. Applicants are required to provide a complete list of every person with a financial interest in the person applying for the license pursuant to Business and Professions Code section 26051, subdivision (d). The Bureau cannot waive statutory requirements. This regulation provides clarity to applicants on which individuals need to be disclosed by providing examples but has not added any new requirements. These subsections as written are necessary to ensure that applicants are compliant with Business and Professions Code section 26051, subdivision (d) by providing clear direction on which individuals need to be disclosed as financial interest holders, however they have in no way expanded who must be disclosed and explicitly exempt from disclosure minor shareholders and investors that have an interest in a diversified mutual find, blind trust, or similar instrument. The Bureau disagrees with commenters request to exempt other types of lenders in the cannabis industry who are not in positions of

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		invests in or loans money to a licensed cannabis business, that each of the ordinary or common investors in such lender or investment vehicle, who are not in positions of authority, be disclosed as Financial Interest Holders. Commenter states such a requirement would be onerous and impractical to comply with, especially with investment vehicles that have numerous passive investors who change from time to time. In addition, it would likely discourage cannabis businesses from accessing capital if all investors in such potential capital sources had to be disclosed, especially given the current status of federal law. An ordinary investor who invests in a fund that, in turn, decides to invest or lend money to a cannabis business should not have to be disclosed as a Financial Interest Holder. Commenter states subsection (d)(1) exempts banks and financial institutions from such requirements; but this exemption is academic since those institutions do not participate in the cannabis financing space out of concerns for federal law. Commenter states the same rationale for excluding such institutions should therefore, apply to the de facto institutional lenders servicing the cannabis industry, such as private investment funds and similar such vehicles that do not qualify as a bank or financial institution. If the intention of subsection (d)(2) is that these vehicles would constitute "similar	authority. There is no requirement under the Act that a financial interest holder be in a position of authority. Finally, the Bureau has developed a form that will allow licensees to easily and quickly update the Bureau with changes in individuals that have a financial interest in the business.

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		instruments" for purposes of that exclusion, that should be expressly stated in the rule. Commenter also objects to subsection (a)(6) which provides as an example of a Financial Interest Holder a "salesperson who earns a commission." Whereas all other tests for financial interest require a share of profits, the rule for salespersons does not, and would require a licensee to disclose as a Financial Interest Holder a broad spectrum of employees and third-party service providers that contribute to the sales function.	
5004(a)(2)	3698.3 (p.5563)	Commenter states that the specific designation of "landlords receiving a profit" as having a financial interest flatly contradicts the separate rule, derived from the statutory command, exempting those whose only interest is a security interest, lien, or encumbrance on the property that will be used by the commercial cannabis business. Commenter states that state law renders any profit derived from such security interest as exempt and the Bureau's attempt to designate them otherwise is unlawful and will be struck down in court.	The Bureau disagrees with this comment. A landlord that charges a commercial cannabis business a fixed monthly rent, a deposit, or any other security interest does not have to be disclosed as a financial interest holder on a license. However, if the landlord is receiving a portion of the licensee's profits in lieu of or in addition to the standard rental fee, then the landlord does not hold a mere security interest. Thus, the Bureau included landlords who enter into lease agreements with commercial cannabis businesses for a share of the profits as an example of a financial interest holder.

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5004(a)(2)	3712.2 (p.5654)	Commenter states subsection (a)(2) attempts to prevent landlords from capturing profits without being disclosed as owners. Commenter states this would be a much-needed change, but the current language does not account for landlords who capture profit by charging exorbitant rates which are often more than double the going market rate. Commenter recommends including in the section a provision that would require a landlord whose rental revenue(s) for the licensed premises is more than 30% above the market average annual rental costs for comparable non-cannabis rental properties in that census tract.	The Bureau disagrees with this comment. The Bureau does not have the authority to regulate rental rates and would have no ability to enforce such a provision. However, when a landlord is including receiving a share of the profits into the rent rather than a standard fixed rate, the Bureau does have the authority to require the landlord to be disclosed as a financial interest holder.
5004(c)	3650.6 (p.5271)	Commenters object to the subsection and states it goes too far. Commenters state that the Bureau relies on BPC §26051.5(d) which requires a list of "every person with a financial interest." One commenter states "person" is defined as an individual, firm, partnership, JV, association, corporation, LLC, etc., so listing the entity should be sufficient. The commenter states that the enabling legislation could have stated individual if that was the intent, but it does not so the Bureau has exceeded its authority by going beyond the scope. Another commenter states that section 26051.5(d) solely requires a list of every person with a financial interest in the person applying for the license. Commenter states that even requiring disclosure of officers, directors, and managers goes beyond the scope of the	The Bureau disagrees with this comment. Under the Act the Bureau is tasked with making and prescribing reasonable rules and regulations as necessary to implement, administer, and enforce its duties under the Act. (Bus. & Prof. Code §26013.) Commenter accurately states that Business and Professions Code section 26051.5(d) requires a list of every person with a financial interest and Business and Professions Code section 26001(an) defines a person very broadly. However, commenter simplifies the issue by saying that an entity should be sufficient because an entity is a person. As person is so broadly defined, the Bureau must use its regulatory authority to clarify and make specific the requirement, which the Bureau has done by clarifying that for purposes of the financial interest disclosure, the Bureau is looking to identify the individuals. This was made clear in the 45-day language under subsection (b) when the Bureau identified the specific information that each individual financial interest holder would need to disclose in the application. However, during the comment period the Bureau determined that the subsection needed further clarification regarding disclosures when there is a multi-layer

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		statute. Commenter recommends amending the section to limit the disclosure of "owners" of the entity to board of directors, officers, or managers of the entity.	business structure. Therefore, the Bureau modified language to clarify subsection (c) but did not in any way modify the intent of the section.
5004	3734.6 (p.5783)	Commenter recommends adding additional exceptions under subsection (d) to exclude persons whose only financial interest is through employer-issued stock or whose commission is below a specified value. Commenter also recommends adding an exception under subsection (d) to exclude service providers whose percentage-based fees are identical to those charged to businesses in other industries. Commenter states adding exceptions for employee-related financial interest allows employers to more easily offer employees small financial incentives and promote equity-sharing. Commenter states by placing a cap on the value of these incentives, the Bureau may capture all persons with a substantial financial interest, in accordance with the intention of this section. Commenter further states exempting people who have no traditional financial interest in the company helps protect them from various liabilities that may arise from inclusion. Commenter also states that adding an exemption for service providers will reduce the barrier to accessing standard transaction service providers.	The Bureau disagrees with this comment. The Act requires applicants to provide a complete list of every person with a financial interest in the person applying for the license pursuant to Business and Professions Code section 26051, subdivision (d). The Bureau cannot change the statutory requirements.
5007.2	3470 (p.4375) 3578.8 (p.4578) 3628.5 (p.4800)	Commenters object to the requirement that licensees use their legal business name on all documents related to commercial	The Bureau disagrees with this comment. In processing applications, reviewing shipping manifests, and conducting inspections of licensee documents, the Bureau has found that

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	3642.8 (p.5115) 3646.4 (p.5253) 3680.3 (p.5457) 3737.14 (p.5813) 3748.14 (p.5884) 4064.5 (p.6628)	cannabis activity. Some commenters recommend requiring legal business name or DBA and license number. Some commenters recommend requiring the legal business name or DBA, provided the DBA is properly registered with the county recorder's office and disclosed on its application for a state license. Some commenters ask that the Bureau indicate what is meant by "legal business name" and "documents." Commenter asks if a dba is sufficient for legal business name. Commenter asks if this means that the name on the license needs to be the same on the shipping manifest, invoices, and labels. Commenter asks what happens if a licensee has various products under different product names. Commenter states the language of the section is very vague and needs clarification.	there is significant inconsistency in the use of business name on documents. Some businesses use their legal business name, and some use a DBA. The mixed use of names on documents has created a burden on the Bureau as it takes a considerable amount of time to match documents with the accurate license holder. Because all businesses are required to use their legal business name on formation documents, tax documents, and other documents, the Bureau determined it was appropriate and necessary to require use of the legal business name on all commercial cannabis related documents. However, nothing prevents a licensee from including on a document their DBA, so long as the legal business name is also on the document. In response to commenters questions, the plain meaning of legal business name and documents is intended for this section. As stated in the section the legal business name must be used on all documents related to commercial cannabis activity, thus a dba would not be sufficient unless the legal business name is the same name as the dba. For purposes of this section, product names are irrelevant, the section only refers to the legal business name of the commercial cannabis business.
5008	3301.4 (p.4066) 3301.14 (p.4069) 3321.4 (p.4138) 3667.4 (p.5380) 3636.4 (p.4844) 3755.1 (p.5922) 4101.4 (p.6819) 3485.3 (p.4392) 3667.12 (p.5382) 3321.14 (p.4141) 3636.13 (p.4848) 4101.13 (p.6823)	Commenter states a bond should not be required for each license on licensee holds. Commenter states distributor transport only engaged in self-distribution should be exempt since they already have a bond for their cultivation license.	The Bureau disagrees with this comment. Business and Professions Code section 26051.5 requires that an applicant provide proof of a bond to cover the costs of destruction of cannabis and cannabis products if necessitated by a violation of licensing requirements. Thus, each licensing authority has established a bond form for their applicants. The Bureau cannot accept a bond on the CDFA or CDPH bond forms. Additionally, it is necessary for each license to have a bond to cover violations under each license as a licensee will often times not be in violation for an act under one license while being in violation under another license. Further, the Bureau cannot possibly anticipate all situations where destruction of cannabis goods will be necessary,

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			therefore it is impossible to say that any license type will never need to have products destroyed.
5008	3755.1 (p.5922)	Commenter states a testing laboratory should not be required to have a bond. Commenter states the laboratory neither produces nor stores cannabis other than amounts specified for analysis.	The Bureau disagrees with this comment. Business and Professions Code section 26051.5 requires that an applicant provide proof of a bond to cover the costs of destruction of cannabis and cannabis products if necessitated by a violation of licensing requirements. The Bureau cannot waive the statutory requirement.
5010.2	3494.2 (p.4406) 3620.4 (p.4772)	Commenters object to the form to petition for exemption from CEQA. Commenters state because of the nature of these business (water usage and runoff, dangerous chemicals used leading to environmental degradation, extraction laboratory explosions, etc.) all potential cannabis licenses should be required to be reviewed by CEQA.	The Bureau disagrees with this comment. In order to be issued a license, a premises must be compliant with CEQA. The form to petition for exemption applies only to those premises that fall under a class of projects that have been determined to not have significant effect on the environment.
5014	3301.5 (p.4066) 3321.5 (p.4138) 3636.5 (p.4845) 3667.5 (p.5380) 4101.5 (p.6820)	Commenter indicates that the fees for distributor transport only (Type 13) licenses should include an additional tier and distributor transport only (Self Distribution) and should eliminate any gross receipts gauge or include higher gross receipts cap for the lowest fees.	The Bureau disagrees with commenters' recommendation regarding a new fee tier for distributor transport only licenses. An additional fee tier is not necessary. In response to comments received during the 45-day comment period, the fee schedule has already been updated to reflect a greater number of tiers which will allow for smaller licensing fees for certain operators, including those engage in distribution transport only and self-distribution. The updated license fees are determined using the licensee's gross revenue and are appropriately scaled to the size of the business entity licensed. The fees are based on the anticipated costs of Bureau operations, including but not limited to its licensing, regulation, and enforcement activities, during the license period. The fees also take into account the cost of the licensee's operation of the track and trace system.

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			The Bureau also disagrees with commenters' recommendation to eliminate a gross receipts gauge. The Bureau determined that, for practical reasons, fees should be based on projected revenue of licensees. In determining the appropriate size category for their license, each prospective licensee will provide an estimate of the size of its operation in terms of revenue expected from cannabis goods expected to be tested, distributed, transported, or retailed. The Bureau determined that projected revenue was a useful fee calculation tool because most prospective licensee's will already have an idea of their revenues based on historic operations and such revenues may be confirmed by the Bureau by reviewing a prospective licensee's financial records.
5014	3308.2 (p.4092) 3310.2 (p.4100) 3719.2 (p.5700)	Commenter indicates that the event organizer license fee applied as a flat fee would encourage market access. The event licenses could be tiered based on the number of licensed retail vendors rather than number of events, as more compliance oversight requirements on the Bureau to regulate larger events than more intimate gatherings. It promotes smaller, regional local events.	The Bureau disagrees with this comment. Business and Professions Code section 26012 (b) authorizes the Bureau to collect fees in connection with the activities it regulates. In general, fees are based on the anticipated costs of Bureau operations, including but not limited to its licensing, regulation, and enforcement activities, during the license period. Consistent with Business and Professions Code section 26180 (c), all license fees are set on a scaled basis, dependent on the size of the business. For cannabis event organizers, the fees are established based on the number of events that event organizer will hold in a year. Licensed participants already remit annual licensing fees as a part of their licensing process. Thus, it is not necessary for the Bureau to impose additional fees on a cannabis event organizer to capture the number of licensed participants that will be participating in an event. Recognizing that fees have already been collected for event participants, the Bureau will impose a nominal fee for each individual event license.

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5014	3479.1 (p.4386) 3574.1 (p.4562) 3644.4 (p. 5245) 3737.7 (p.5811) 3748.7 (p.5882)	The commenters thank the Bureau for making changes in the annual license fees in the final regulations by adding several tiers to the license fees for retailers at the lower tiers. Several commenters ask for revisions to section 5015.	The Bureau has noted commenters' support for the section. Commenters' reference to the penalties in section 5015 are irrelevant as it does not address any change made in the text for the 15-day comment period.
5014	3576.8 (p.4571) 3581.2 (p.4587) 3635.15 (p.4839) 3645.2 (p.5249) 3648.1 (p.5259) 3649.2 (p.5261) 3653.4 (p.5318) 3671.4 (p.5434) 3677.2 (p.5438) 3695.1 (p.5547) 3753.4 (p.5910) 4085.1 (p.6751) 4105.12 (p.6843)	Commenters indicate that the testing laboratory fees are significantly higher than distribution, retail, or microbusinesses with similar gross revenues. This is a substantial burden on what is already considered the bottleneck in the new industry. The fee schedule needs to reflect the essential role of laboratories in ensuring customer health and safety. Another commenter indicates that the fees place a burden on laboratories and should be substantially reduced and scaled to reflect the State's actual costs in regulating testing laboratories. Fees should only reflect Bureau time spent in qualifying and verifying performance of laboratories. One commenter indicates that the percentage the retailer pays is less than half of what a laboratory is required to pay and asks how this is fair. Laboratories cannot compensate lost revenues from other sources as they can only be licensed for testing laboratory activities. One commenter indicates that they recommend that the Bureau recast the testing laboratory fee schedule to acknowledge and incorporate the high startup costs and excessive operating expenses encountered by testing laboratories that far exceed those	The Bureau disagrees with the comments. Business and Professions Code section 26012 (b) authorizes the Bureau to collect fees in connection with the activities it regulates. Consistent with this section of the Act, all license fees are determined using the licensee's gross revenue and set on a scaled basis, dependent on the size of the Business. The fees are based on the costs of licensing, enforcement, and regulatory actions taken by the Bureau during the license period. The fees also take into account the cost of the licensee's operation of the track and trace system. Because testing laboratories must comply with a number of technical regulations and is the last stage in the supply chain to assure product safety, it is the Bureau's experience that regulating such licensees requires specific scientific expertise.

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		of other licensed entities in the supply chain. One commenter believes that the testing laboratory annual fees are prejudicial and do not reflect the Bureau's reasonable expected costs for qualifying and regulating testing laboratories. One commenter indicates that the scaling of licensing fees for testing laboratories needs to be the same for distributors and retailers.	
5014	3650.7 (p.5272) 3729.3 (p.5761) 3734.7 (p.5785)	Commenter opposes new fee structure. A fee structure based on gross revenue is inherently problematic. Read in conjunction with section 5015, the new language asks too much of a new company to accurately anticipate the whims and fluctuations of the market. The regulations also do not cover overpayment, which may be a windfall to the state at the expense of a new industry. Producers with low profit margins will be unfairly disadvantaged. One commenter indicates that licensees will overestimate their revenues to avoid a penalty, which will result in fee overpayments and suggests that the section add a "look back mechanism" to compare estimated revenues to actual revenues. One commenter suggests a regulation or a process and/or form for correcting the estimated gross revenue and either applying for a rebate or paying the higher fee.	Commenters' reference to the penalties in section 5015 are irrelevant as it does not address any change made in the text for the 15-day comment period. The Bureau disagrees with the comments. The Bureau determined that, for practical reasons, fees should be based on projected revenue of licensees. In determining the appropriate size category for their license, each prospective licensee will provide an estimate of the size of its operation in terms of revenue expected from cannabis goods expected to be tested, distributed, transported, or retailed. The Bureau determined that projected revenue was a useful fee calculation tool because most prospective licensee's will already have an idea of their revenues based on historic operations and such revenues may be confirmed by the Bureau by reviewing a prospective licensee's financial records.

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5014	3652.21 (p.5312)	Commenter asks that the Bureau create additional microbusiness fee tiers for businesses under $2.5 million.	The Bureau disagrees with this comment. Commenter appears to be referring to a prior version of the section, with different fee tiers than in the regulations. Business and Professions Code section 26012 (b) authorizes the Bureau to collect fees in connection with the activities it regulates. Consistent with Business and Professions Code section 26180 (c), all license fees are set on a scaled basis, dependent on the size of the business. The fees are based on the costs of licensing, enforcement, and regulatory actions taken by the Bureau during the license period. The fees also take into account the cost of the licensee's operation of the track and trace system. In response to comments received, the fee schedule has been updated to reflect a greater number of tiers which will allow for smaller licensing fees for certain operators. The updated license fees are determined using the licensee's gross revenue and are appropriately scaled to the size of the business entity licensed.

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5014	3658.1 (p.5348) 3658.3 (p.5349)	Commenter indicates that the fees penalize smaller events and recommends that the Bureau create a category for events with attendees under 500 people that costs around $1500 and perhaps $300 per temporary event. This commenter also suggests a new license type for non-profit events with discounted fees. Commenter also recommends the creation of a compassion license.	The Bureau disagrees with this comment. Business and Professions Code section 26012 (b) authorizes the Bureau to collect fees in connection with the activities it regulates. Consistent with Business and Professions Code section 26180 (c), all license fees are set on a scaled basis, dependent on the size of the business. Once a cannabis event organizer has obtained their license, they may hold cannabis events by securing an event license. Recognizing that licensing fees have already been collected for event participants, the Bureau will impose a nominal fee for each individual event license. Such fees are based on the anticipated costs of Bureau operations for the event, including but not limited to its licensing and regulation. Commenter's suggestions regarding non-profit events and a compassion license are irrelevant as they do not address any change in the text for the 15-day comment period.

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5014	3859.5 (p.6159)	Commenter indicates that they cannot discern what its self-distribution license fees would be. Suggest that if a cultivator is self-distributing to a retailer, then its self-distribution fees should either be a flat rate and not based on sales or a reduced rate per gross revenue less the cultivation tax. If a cultivator is self-distributing to another distributor, then there should be a small annual flat rate license fee for that transfer to another distributor. Commenter indicates that it would be easier to have one small flat rate for self-distributing to make it more streamlined.	The Bureau disagrees with the comment. Business and Professions Code section 26012 (b) authorizes the Bureau to collect fees in connection with the activities it regulates. Consistent with this section of the Act, all license fees are determined using the licensee's gross revenue and set on a scaled basis, dependent on the size of the Business. A prospective licensee may easily discern which fees are applicable to their licensed activities; the fee table in section 5014 clearly identifies fees for those engage in full distribution (Type 11), distribution transport-only (Type 13), and distributor transport-only self-distribution (Type 13). The fees are determined using the licensee's gross revenue and are appropriately scaled to the size of the business entity licensed. The fees are based on the anticipated costs of Bureau operations, including but not limited to its licensing, regulation, and enforcement activities, during the license period. The fees also take into account the cost of the licensee's operation of the track and trace system.
5019	3528.2 (p.4446) 3620.5 (p.4772)	Commenter agrees with change. Concentration should be determined based on geography, not license type.	The Bureau has noted commenter's support for the section.
5020	3794.5 (p.6014)	Commenter requests that the Bureau remove subdivision (c)(8) as a requirement for reapplying for licensure. Commenter indicates that the requirement is burdensome on small businesses and will not benefit licensees. The course costs $600 or more and a combined 60 hours of the licensee's employee hours. If this requirement will stay in the regulations, this requirement should only apply to a supervisor.	The Bureau disagrees with this comment. The language is necessary to align with approved and filed Assembly Bill 2799, which amended Business and Professions Code section 26051.5. Assembly Bill 2799 requires multiple-employee licensees applying for an annual license, to attest that they currently employ, or will employ within one-year of license renewal, at least one supervisor and one employee who have successfully completed a Cal-OSHA 30-hour general industry outreach course offered by a training provider that is authorized by an OSHA Training Institute Education Center. The Bureau cannot change the statutory requirement.

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5023	3528.3 (p.4446) 3620.6 (p.4772)	Commenters support subsection (c)(1) regarding assigning licenses. This assures that licensees are aware that they cannot allow another person to operate under their license as the statute requires evaluation of individuals with specific roles in the business.	The Bureau has noted commenter's support for the subsection.
5023	3308.3 (p.4092) 3310.3 (p.4100) 3719.3 (p.5700)	Commenters indicate section (e)(4) should be stricken. They suggest that changes to financial information including funds, loans, investments, and gifts be disclosed with re-application documents.	The Bureau disagrees with this comment. The Bureau's review of financial information is necessary to determine how the commercial cannabis business will be organized and to ensure that all owners as defined in section 5003 and all financial interest holders in section 5004 are identified. To ensure the Bureau's licensee information is up-to-date, the Bureau determined that requiring licensees to submit a notification of changes to its financial information was necessary to assure that the Bureau is apprised of changes to a license as soon as possible, while providing a reasonable time period for licensees to reach out to the Bureau regarding changes to its operations. The change aims to protect public health and safety by ensuring that all individuals that may be assuming responsibility for a license are accounted for and, if necessary, are qualified as owners.
5023	3490.2 (p.4404) 4092.3 (p.6787) 4103.8 (p.6833)	Commenter indicates that there needs to be clarification as to when a change of business structure will be considered a business modification. Commenter suggests that a change in the entity structure is not considered a modification unless there is an ownership interest change exceeding 20% of the existing ownership. One commenter indicates that owners of publicly traded companies may not be aware that a person has acquired 5% or more of their shares. The obligation to file an amendment should	The Bureau disagrees with this comment. Clarification regarding whether a change of business structure is considered a business modification is not necessary. A change in entity structure is considered a new entity that must qualify for licensure. The Bureau has determined that requiring a new application where ownership is changing is necessary to ensure prospective owners to comply with the Act at Business and Professions Code sections 26051.5 and 26057. Under section 26051.5 of the Business and Professions Code, the Bureau must conduct background checks on commercial cannabis business owners applying for licensure. If an owner does not qualify for licensure under section 26057 of the Business and Professions Code, the Bureau must deny that

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		be limited to the public company's knowledge of such a change in ownership.	application for licensure. Accordingly, section 5023(c) requires existing licensees to timely notify and apprise the Bureau of certain changes to the information listed in the application; this assures that the Bureau has up-to-date information on its licensees and that the Bureau has the opportunity to determine whether certain changes affect licensure status. The Bureau disagrees with commenter's recommendation that the obligation to file an amendment should be limited to the public company's knowledge of such a change in ownership. The Bureau's requirement aligns with the requirements of the US Securities and Exchanges Commission, which requires certain filings for persons who hold at least 5 % of the total shares in a publicly traded company.
5023	3628.8 (p.4801) 3650.8 (p.5274)	Commenter indicates that subsection (c)(1) is overly cautious. If a business has a complete ownership changeover, the business must close between the time when all old owners divest and when the new owners are approved by the Bureau. Business will suffer irreversible damages or bankrupt themselves. No other business that deals with plants are required to shut down until the State approves the new owners. The Bureau should allow businesses to remain open when a complete change of ownership occurs. New ownership groups can nominate one of their members to exercise control until the full team is vetted by the Bureau. Such nominees would have no disqualifying criminal record and would have a work history which demonstrates the ability to serve as owner of record until the	The Bureau disagrees with this comment. The Bureau determined that limiting the transfer of a license where there was a presence of new ownership was necessary to ensure prospective owners comply with the Act at Business and Professions Code sections 26051.5 and 26057. Under section 26051.5 of the Business and Professions Code, the Bureau must conduct background checks on commercial cannabis business owners applying for licensure. If an owner does not qualify for licensure under section 26057 of the Business and Professions Code due to that owner's conduct, the Bureau must deny that application for licensure. Accordingly, section 5023 (c) requires existing licensees to timely notify and apprise the Bureau of certain changes to the information listed in the application; this assures that the Bureau has up-to-date information on its licensees and that the Bureau has the opportunity to determine whether certain changes affect licensure status. The reapplication process outlined in section 5023 would not prevent a licensee and prospective owner from structuring their contract in a manner where license issuance is a condition precedent to the ownership transfer, to avoid having to cease operations.

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		rest of the owners are approved by the Bureau.	Notably, the Bureau's emergency regulations and initial regulations already limited the transferability of licenses to new owners. Specifically, under the emergency regulations and regulations, if any new person acquires an ownership interest, then a new application is required. This section aims to protect public health and safety by enabling the Bureau to verify ownership and conduct background checks on new owners to assure that owners satisfy the requirements for licensure.
5023	4092.3 (p.6787) 4064.7 (p.6630) 4103.10 (p.6833)	Commenter indicates that subsection (e)(4) is vague and they are unsure of what "including funds" means. The way the regulation is written, any time the balance in the checking account changes or the amount owed on an existing loan principal, the business must notify the state as it would be a business modification. Commenter suggests limiting the change to "other than in the normal course of business." Another commenter indicates that enforcement of this provision would be impractical and the Bureau should eliminate "funds" from the subsection.	The Bureau disagrees with this comment. The Bureau's review of financial information is necessary to determine how the commercial cannabis business will be organized and to ensure that all owners as defined in section 5003 and all financial interest holders in section 5004 are identified. To ensure the Bureau's licensee information is up-to-date, the Bureau determined that requiring licensees to submit a notification of changes to its financial information was necessary to assure that the Bureau is apprised of changes to a license as soon as possible, while providing a reasonable time period for licensees to reach out to the Bureau regarding changes to its operations. The change aims to protect public health and safety by ensuring that all individuals that may be assuming responsibility for a license are accounted for and, if necessary, are qualified as owners.
5024.1	3570.19 (p.4532) 3734.17 (p.5794)	Commenters support the addition of a pathway to sell a former licensee's inventory stock. This reduces the risk for prospective licensees, while also reducing temptations of the unregulated market during times of uncertainty.	The Bureau has noted commenters' support for the subsection.
5026	13 (p.15) 1679.2 (p.2556) 1707 (p.2585) 1708 (p.2586)	Commenters suggest that only allowing structures that are permanently affixed will cause many issues with existing developers who currently have invested great financial	The Bureau disagrees with commenters' suggestion to completely eliminate or partially eliminate the change. The Act recognizes that it is integral for the Bureau to assure that a licensee's premises remains consistent with the premises diagram approved

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	1709 (p.2587) 1710 (p.2588) 1711 (p.2589) 1712 (p.2590) 1713 (p.2591) 1714 (p.2592) 3301.8 (p.4067) 3301.14 (p.4069) 3321.8 (p.4139) 3321.14 (p.4141) 3329.3 (p.4172) 3412.2 (p.4305) 3485 (p.4392) 3567.6 (p.4499) 3597.6 (p.4665) 3628.9 (p.4802) 3636.8 (p.4846) 3636.13 (p.4848) 3650.9 (p.5275) 3667.8 (p.5381) 3667.12 (p.5382) 3709.2 (p.5628) 3737.1 (p.5805) 3748.1 (p.5877) 3755.2 (p.5922) 4100.5 (p.6815) 4101.8 (p.6821) 4101.13 (p.6823) 4102 (p.6826)	resources to setup modular temporary structures as they are in development of their permanent structure. Some cities and counties allow temporary structures. It would hurt the industry and stifle legitimate growth from many developers who rely on temporary structures to maintain and start-up their operations. The Bureau should allow the use of temporary, modular structures that are not permanently affixed. However, there should be guidelines in place to make sure all units can only operate in the approved manner. Several commenters also suggest a revision to subsection (h) to remove the requirement that transport-only distributors have a premises that is "permanently affixed to the land." Several commenters indicate that the language is burdensome for microbusinesses or businesses that will undergo expansion and remodeling. Building a permanent structure is expensive, time consuming, and requires an already established business. The language is a barrier to entry for small, self-funded businesses. One commenter suggests that the Bureau create an exception for structures that are within other buildings, such as cargo containers within a building for storage. One commenter suggests that language regarding manufactured structures be added. One commenter suggests rewriting the section to include a definition which allows the anchoring	by the Bureau as part of its application process. (See Bus. & Prof. Code, § 26055, subd. (c) [requiring licensees to obtain approval before materially or substantially altering or changing a licensed premises, the usage of a licensed premises, or the mode or character of business operation conducted from the premises, from the originally submitted premises diagram].) The Bureau's review of the premises diagram assures that applicants are adhering to the requirements of the Act and its implementing regulations. As the Bureau is required to determine if the location of the premises is appropriate, it is important that a premises cannot be easily relocated or modified. This review also assures that, in a worst-case scenario, a premises cannot be easily stolen while containing cannabis goods which could be diverted to the unregulated market. Finally, requiring premises to be permanently affixed assures that if Bureau staff conduct a site visit of the applicant's premises, the premises is where it was identified on the originally-submitted premises diagram and that it is safe to enter. The Bureau disagrees with commenters' suggestion of an exemption that allows for transport-only distributors or testing laboratories to utilize temporary structures for their premises. The Act does not exempt distributors or testing laboratories from its premises requirements. The Bureau disagrees with commenters' suggestions that the Bureau should allow: (a) structures within an existing building to not be affixed; or (b) the use of 8x40-foot shipping containers be used for a licensed premises, for the reasons noted above. The Bureau disagrees with commenters' suggestion to explicitly allow the use of manufactured structures. Such clarification is not necessary. Provided that manufactured buildings are erected in a manner where they are permanently affixed by a method that

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		method to include affixation to a concrete slab set upon the land. One commenter indicates that the provision is vague and suggests the first sentence of the section be deleted. One commenter requests that the language be revised to allow shipping containers of 8X40-feet or larger to be excluded from the requirement to affix such types of structures. One commenter indicates that testing laboratories should be allowed to have a non-permanent storage area for excess samples until additional storage can be obtained.	would cause the structure to ordinarily remain affixed for an indefinite period of time, the language would not preclude the use of such structures. The Bureau disagrees with commenter's suggestion that the section be rewritten to include a definition which allows the anchoring method to include affixation to a concrete slab set upon the land. There are a number of mechanisms that a prospective licensee may use to affix their premises to the land. The section, as drafted, ensures that licensees are not unnecessarily limited to using certain mechanisms to assure their premises are affixed.
5026	3473 (p.4379) 3652.1 (p.5302) 3737.12 (p.5813) 3748.12 (p.5883)	Commenters indicate that the clarification by subsection (g) is essential for businesses located in towns and urban areas that share a larger building, and especially for small and equity businesses that have been leaning heavily on such arrangements. Another commenter supports subsection (g)'s allowance of multiple licensed premises being on the same parcel of land and sharing common use areas such as bathrooms, breakrooms, hallways, and building entrances.	The Bureau has noted commenters' support for the subsection.

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5026	3717.3 (p.5684)	Commenter asks the Bureau to further clarify that where a single licensee exclusively controls an entire multi-premise facility, such common spaces may pass through any licensed premises in that facility, and that any such premises shall not be deemed "non-contiguous" solely because the location of a common space might divide a single licensed premises into two or more sections.	The Bureau disagrees with this comment. Business and Professions Code section 26001, subsection (ap) defines premises as "the designated structure or structures and land specified in the application that is owned, leased, or otherwise held under the control of the applicant or licensee where the commercial cannabis activity will be or is conducted." That section further provides that a premise shall be a "contiguous area" and shall only be occupied by one license. The predominant ordinary and common use of the term "contiguous," is to describe items that are in actual contact; or touching along a boundary or at a point. Allowing licensees to utilize spaces that are not connected to, or touching, would run counter to the plain language of the Act.
5032	4 (p.4)	Commenter indicates that prohibiting brand licensing between intellectual property holders and state licensed operators is a highly unusual move that impedes the industry. Branding and manufacturing are different; each requires unique, mutually exclusive expertise. Let cannabis operators focus on cannabis and let brands focus on branding and reaching customers within the constraints of the relevant laws and regulations.	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The

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			initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section.
5032	5 (p.5)	Commenter relies heavily on the freedom to work with licensed manufacturers who can co-manufacture product. The change would put many brands out of business. The Bureau should reconsider allowing licensing agreements to exist between cannabis manufacturers and non-licensed cannabis brands.	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b)

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			that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in the Act would not be subject to the same limitations of the section.
5032	6 (p.6)	Commenter is a managing member of an organization that relies on the ability of non-licensed entities to produce packaging, branding, and product development services. Without the ability to interact with non-licensed entities, manufacturers are severely limited in their ability to develop and launch the best products to the consumer. The Bureau should consider	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-

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		removing language or consider a new license for "value added service providers" which would allow third parties that are non-licensed to provide value-added packaging, labeling, formulation, and brand IP services with licensed cannabis operators/manufacturers, just as any other industry.	licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. A new cannabis license for "value added service providers" is not necessary and may be duplicative of commercial cannabis activities regulated by the Act. Activities that are not identified as commercial cannabis activities in the Act at Business and

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			Professions Code section 26001, would not be subject to the same limitations of the section.
5032	7 (p.8)	Commenter suggests that under the language, licensees may not utilize intellectual property agreements where the licensee manufactures products that another non-licensed entity has already developed. Licensees should also be able to label products under the brand of a non-licensed entity if that brand is solely used for state-legal cannabis products in other jurisdictions. Many manufacturers have spent years refining their recipes. This prohibition is a needless restriction on free-trade and free-market. Suggest the Bureau eliminate the new language in this section.	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial

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			cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in the Act would not be subject to the same limitations of the section.
5032	12 (p.14) 22 (p.38) 3339.3 (p.4207) 3344 (p.4220) 3399 (p.4290) 3380.3 (p.4267)	One commenter indicates that white labeling creates a confusing grey area and makes it difficult to determine who the responsible party is. All products should come from a licensed manufacturer. It's not fair to compete with unlicensed brands. Eliminating white labeling will ensure the proper regulation of ownership and financial interests. The point of licensing is to regulate the market and allowing contract manufacturing leaves too many open spaces for people to bend the rules and cheat the system. Another commenter indicates that it is encouraging to licensees who have invested time and capital in following the Bureau's regulations. The regulations encourage the building of California brands and should be kept in the Bureau's regulations. One commenter supports the language because it levels the playing field for small and medium businesses and assures people will not "work around" the system. One commenter believes that only licensees should conduct commercial cannabis activities since they are regulated.	The Bureau has noted the commenters' support for the section.

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		This prevents anyone from entering into a 3rd party contract to create mayhem for the State to monitor the plethora of brands that a non-licensee could create. It also sets up possible kickbacks and other unethical and illegal business practices that cannot be controlled by State regulation. One commenter supports the language because they worked for a corporation that was attempting to "churn out 200+ brands." One commenter indicates that only California State licensed businesses and brands should have access to participate in and influence the direction of the regulated cannabis market.	
5032	15 (p.28)	Commenter indicates that white labeling is an important aspect of the legal market that aids equity programs and individuals. The Bureau should add a new license type to cover unlicensed holders of intellectual property.	The Bureau disagrees with this comment. A new cannabis license for intellectual property holders is not necessary and may be duplicative of commercial cannabis activities regulated by the Act. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section.
5032	17.1 (p.33) 25.1 (p.41) 27.1 (p.46) 29 (p.48) 39.1 (p.60) 40.1 (p.62) 208.1 (p.246) 615.1 (p.1461) 620.2 (p.1475) 3284.1 (p.4018) 3608.3 (p.4710) 3618.1 (p.4760) 3681.3 (p.5467)	One commenter indicates that language should be added to clarify that any person or entity that is disclosed as an owner or as having a financial interest is part of the licensee's operation and therefore authorized under the Act. Proposes new language as subdivision (c): <u>(c) A person or individual disclosed in a licensee's application as an owner or person with financial interest shall be considered as part of that license and authorized to</u>	The Bureau disagrees with this comment. The commenters' suggested exemption to section 5032 (b) is duplicative and not necessary as sections 5003 and 5004 of the Bureau's emergency regulations and regulations already allow certain individuals to engage in commercial cannabis business under a Bureau license if they were disclosed as an owner or financial interest holder.

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	3902.1 (p.6302) 4079.11 (p.6722)	engage in commercial cannabis activity in compliance with this Division and Division 10 of the Business and Professions Code. Several commenters indicate that the language will severely impact commenter's business from being able to operate. Licensing agreements are both arms-length and non-arms-length agreements. As a solution, propose the following change to 5032 (b)(1): Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act, unless that person is an owner, or holds a financial interest in that licensee.	
5032	20 (p.36)	The rules seem to prohibit intellectual property licensing in California. If this stands, California will not only become the only state in the union to bar third-party licensing deals for cannabis licenses, but also greatly stifle business growth. Brands need the ability to license their intellectual property to cultivators and manufacturers. As cannabis continues to expand, brands will come in from other states and their marketing power will allow them to gain space on dispensary shelves. To do this, they will need product from licensed California	To the extent that commenter's remarks address activities by manufacturers and cultivators that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate

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		cultivators and manufacturers, increasing the viability of smaller boutique farms and manufacturers that do not have the money or skillset to start a successful brand of their own. Brands do not touch the product, they only license their name and image to carefully selected manufacturers that meet their standards. The Bureau should remove any limitation that would prevent the free markets that are driven by branding.	that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in the Act would not be subject to the same limitations of the section.
5032	21 (p.37)	The regulations are catastrophic for the industry by restricting out of state and international investment into an emerging business sector in California. It will prevent marketing and brand expertise from being allowed to flourish and thus create	The Bureau disagrees with this comment. The regulation does not prohibit the use of marketing and branding expertise. However, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Activities that are not identified as commercial cannabis activities

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		substandard brands that will not be able to compete on a national or global scale.	in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section.
5032	23 (p.39) 28 (p.47) 30 (p.49) 31 (p.50) 32 (p.51) 35 (p.55) 36 (p.56) 38 (p.59) 92 (p.111) 620.1 (p.1474) 3383 (p.4273) 3384 (p.4274) 3385 (p.4275) 3878 (p.6213)	Commenters object to the regulations. The change prevents cannabis business from engaging in ecologically and economically beneficial business arrangements, such as contract manufacturing, that are common to every sector of manufacturing. It does not benefit the State or consumers to impede and impact small businesses in this manner, and it would deprive commenter access to the safe, compliantly produced, and laboratory tested products they rely on.	To the extent that commenters' remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial

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			cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in the Act would not be subject to the same limitations of the section.
5032	24 (p.40)	As a CO2 manufacturer, the commenter disagrees to the changes because he feels they would severely damage his business. As a small business owner, a large part of his business is labeling its oil for other brands. It is ridiculous to think that everyone who has a dream and a logo should also have to apply for a license when they are working with a licensed manufacturer and a distributor to do the work for them.	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the

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5032	26 (p.43)	Commenter created a brand licensing agreement, created a brand, specified the requirements, and outsourced its manufacturing and distribution to trusted and licensed partners. Commenter proposes that the Bureau create a new cannabis brand license that would fit business models like its own.	The Bureau disagrees with this comment. A new cannabis brand license is not necessary and may be duplicative of commercial cannabis activities regulated by the Act. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section.
5032	34 (p.54)	The Bureau should allow non-licensees to conduct business with licensed entities to grow the industry and become the leading example of equity.	The Bureau disagrees with this comment. The regulation's prohibitions on non-licensees from conducting commercial cannabis activity with licenses are consistent with the Act at Business and Professions Code section 26053 (a).
5032	98 (p.119)	Commenter opposes language. Says the language will impact business models of many licensed businesses, and manufacturers will feel the effect. Commenter is concerned about the inability to "white label" products for a brand owned	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be

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		by a business that is not licensed for cannabis. Restricting white labeling will reduce the available pool of potential business partners. As a licensed manufacturer, it relies on equipment, technology, and formulations to produce its products. The commenter urges the Bureau to eliminate the language in section 5032.	engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in the Act would not be subject to the same limitations of the section.

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5032	102 (p.125)	Commenter opposes the language. It will prevent marketing and brand expertise from being allowed to flourish and thus create substandard brands. The language is in fact a roadblock for entrepreneurs that are transparent and utilize fully compliant seed to sale entities.	The Bureau disagrees with this comment. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial

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			cannabis activities in the Act would not be subject to the same limitations of the section.
5032	116 (p.154)	The language prevents brand owners from contracting license holders to make its products in a legal manner. It's not reasonable to expect every person who develops a product or brand to go and secure a manufacturing license on their own. Most people come up with an idea, source a manufacturer that can make it for them, and have that manufacturer produce the products who sends them to a distributor for shipment to retail outlets. Manufacturing businesses will go under if they were not allowed to do so anymore. The Bureau needs to reconsider the language as it will stifle innovation.	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with

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			the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in the Act would not be subject to the same limitations of the section.
5032	209	Commenter's email appears to solicit comments from Bureau stakeholders for submission to the Bureau for consideration. Commenter indicates that the Bureau's cutting out technology businesses, brand managers and brokers, all of whom play roles in businesses, is a move towards consolidation. Commenter asks other stakeholders to tell the Bureau to stop over-regulating the market and suggest that the Bureau allow white labeling brands to continue through the use of a registration, similar to that used in the alcohol industry.	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion.

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5032	619 (p.1471)	Commenter has chosen to have a licensed manufacturer make its product. The language will hamper its efforts to launch its company. Other industries operate in this manner. The change would shift everything to established players or to very well-funded new entries. This does not benefit the customer. Commenter suggests a "brand" license.	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of

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			the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that provides, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. A new cannabis brand license is not necessary and may be duplicative of commercial cannabis activities regulated by the Act. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section.

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5032	625 (p.1487)	Commenter indicates that eliminating third party or white label agreements would be impractical for many businesses and create financial hardships. White labeling is the only viable way for small brands to exist and continue to thrive in the market they helped build under the compassionate use program. Commenter suggests the addition of a "brand" license.	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations

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			already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. A new cannabis brand license is not necessary and may be duplicative of commercial cannabis activities regulated by the Act. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section.
5032	626 (p.1489)	Eliminating white labeling would create major financial hardships for many businesses. It restricts the ability for brands to scale. Brands could be forced to take on equity partners to stay in business. White labeling agreements allow brands to exist and continue to thrive in the market. Commenter suggests the creation of a "brand" license.	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act.

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5032	1679.1 (p.2256) 1691 (p.2569) 1692 (p.2570) 1693 (p.2571) 1694 (p.2572) 1695 (p.2573) 1696 (p.2574) 1697 (p.2575) 1698 (p.2576) 1699 (p.2577) 1700 (p.2578) 1701 (p.2579) 1702 (p.2580) 1703 (p.2581)	The language is too limiting to the cannabis market. Commenter supports the removal of subsection (b) and proposes to modify the regulations on white-labeling to include a requirement by the licensed applicant to disclose the brands, companies, or clients which they white label for.	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between

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	1704 (p.2582) 1705 (p.2583) 1706 (p.2584) 3373 (p.4254)		licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section. Commenter's suggestion to require cannabis licensees to register brands which it intends to use in commercial cannabis activity is duplicative and not necessary. The Bureau's emergency regulations and regulations already required Bureau licensees to identify tradenames or "doing business as" names that the licensee is operating under, which would include brands that the licensee is known to the public as. Furthermore, Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods, and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder.

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5032	3279 (p.4010)	Commenter indicates they are a successful edible cannabis business that is based in Oregon. Their understanding of the rules is that it would prohibit them from licensing its brand to a company that is licensed by the State of California to produce edibles. The commenter does not understand what benefit the new rules provide the State or Consumer. They indicate that the rules will put roadblocks in the path of smaller businesses attempting to enter the market. Commenter is opposed to the changes.	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations

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5032	3280.1 (p.4012) 3733 (p.5772) 3756 (p.5927) 4123.1 (p.6905)	Commenters indicate that it is common practices for manufacturers of all types of goods to hold their manufacturing operations in one entity, and their brands and other intellectual property ("IP") in another entity. With both entities being wholly-owned by the same persons. The language would unnecessarily prevent such a structure in the cannabis space without serving an obvious public policy purpose. It would be costly and inefficient to restructure corporate organizations to accommodate the new regulation. The language could also be read to prohibit licensees from entering into management services agreements with affiliated entities; forcing existing business arrangements to restructure would be costly and require them to incur unexpected and costly legal and other transaction expenses. Commenters suggest either not moving forward with the recommendations or adding an exception that Section 5032 (b) does not apply to any agreements (e.g., IP licensing agreements, management services agreements, etc.) with any non-licensed affiliate of a licensee if the affiliate is	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion.

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		properly disclosed as an owner or financial interest holder of the license. This change would provide the BUREAU with the visibility to ensure that no bad actors are controlling or profiting off California cannabis licenses, while also providing business flexibility to engage in traditional business structures and transactions.	Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section. The commenters' suggested exemption to section 5032 (b) is duplicative and not necessary as sections 5003 and 5004 of the Bureau's emergency regulations and regulations already allow certain individuals to engage in commercial cannabis business under a Bureau license if they were disclosed as an owner or financial interest holder.
5032	3287.1 (p.4021) 3305.1 (p.4081)	Commenter expresses opposition against the language in section 5032 (b). They indicate that the purpose of the regulations is to make sure clean, quality product gets to the legal market, not to keep small businesses or those creative inspired entrepreneurs who believe in the industry from benefitting the industry as a whole. Commenter asks the Bureau not to put unnecessary obstacles to the regulated cannabis market.	The Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or

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			pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section.

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5032	3288 (p.4024)	Commenter is concerned about changes to section 5032. The regulation would eliminate those white labeled products and co-packing businesses and essentially permit the licensed parties to absorb the business and their infrastructure at pennies on the dollar. Commenter is aware of several manufacturing facilities that would not be able to survive if white labeling was not permitted, unless they bought the brands they are white labeling.	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations

Regulation Section	15-Day Comment Number(s) and Page Location	Summary of 15-Day Comments	Bureau Response to 15-Day Comments
			already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section.
5032	3289.3 (p.4027) 3296.3 (p.4043) 3312.3 (p.4108) 3332.3 (p.4181) 3334.3 (p.4188) 3690.3 (p.5529) 3726.3 (p.5742) 3747.3 (p.5870) 4075.3 (p.6699)	Commenters indicate that opportunities to obtain local authorization is very limited in California; most localities have not enacted regulations. Commenters indicate that without the ability to white-label products while existing manufacturers are trying to work in the industry, the market will see a drastic decrease in the amount of working capital. Commenters suggest allowing white labeling to continue and/or allowing legacy operators to obtain their own license to give the industry the working capital it needs.	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act.

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			However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. A new cannabis license for legacy operators is not necessary and may be duplicative of commercial cannabis activities regulated by the Act. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section.
5032	3290 (p.4030) 3333 (p.4185) 3388 (p.4277)	Commenters indicate that the changes are unduly restrictive and prohibits investment, ingenuity, and competition. Commenters provide an example where a fictional license has a licensed manufacturer make product, a licensed distributor transport product, and the non-licensee benefits from the sales of the transaction. They are opposed to requiring brands to obtain licenses and believe that there should be a carve out for brands or persons who never take possession of products.	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate

Regulation Section	15-Day Comment Number(s) and Page Location	Summary of 15-Day Comments	Bureau Response to 15-Day Comments
			that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided to strike the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Act and the Bureau's emergency regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in the Act would not be subject to the same limitations of the section.
5032	3291.2 (p.4032)	Commenter indicates that the changes are substantial and completely reshape the regulations. In general, commenter supports most of the changes to the section to prevent non-licensee circumvention of the regulations. Section 5032 (b) does, however, make it challenging for California cannabis entities to license its intellectual property to	The Bureau disagrees with this comment. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To

Regulation Section	15-Day Comment Number(s) and Page Location	Summary of 15-Day Comments	Bureau Response to 15-Day Comments
		other states and jurisdictions. Commenter requests nuanced changes so as to not create this problem for licensed cannabis brands.	provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section.
5032	3292 (p.4035)	Commenter indicates that the changes would seemingly prohibit most, if not all, IP licensing agreements where a business is not licensed by the state, given that many licensing deals often call for the licensee's	The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or

Regulation Section	15-Day Comment Number(s) and Page Location	Summary of 15-Day Comments	Bureau Response to 15-Day Comments
		use of intellectual property to manufacture or package cannabis goods, often utilizing proprietary techniques, recipes, or trade secrets. Commenter suggests several options for the Bureau: • **Option 1** – If the language is not modified, delay enforcement for 12 months, which would allow existing contracts to be completed, and would allow businesses like my client to reorganize. Existing laws would still require the IP holding company to be disclosed as a financial interest holder. • **Option 2** – Add an exception to allow licensing of IP between entities owned by the same, or substantially the same, parent company, as long as the company utilizing the IP is licensed in California. This should not exclude the IP from being held in a related entity registered outside of California, or even the US. • **Option 3** – Add an exception for IP licensing agreements where the licensor is an entity that does not fit into the existing 6 categories (Cultivation / Manufacturing / Distribution / Non-Storefront Retail Delivery / Microbusiness / Testing). • **Option 4** – Create a new license type specifically for entities that want to license IP to California cannabis licensees. The requirements and	financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. The Bureau disagrees with Options 1 and 3. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in the Act would not be subject to the same limitations of the section. The Bureau disagrees with Option 2. The commenter's suggested exemption to section 5032 (b) is duplicative and not necessary as section 5003 already requires individuals who will be participating in the direction, control, or management of a commercial cannabis

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		processing time for such a license should be lower than for a licensee in the categories stated above. But the IP license would also be far more limited in scope, effectively limiting that entity to only market its products in conjunction with a licensed entity. • **Option 5** – Create a registry for entities holding IP that enter into an IP licensing agreement with a California cannabis licensee. So that if an entrepreneur creates a new cannabis technology/brand/process/recipe that it wants to license to California cannabis businesses, it would have to register itself with the BUREAU.	business to be disclosed as a licensee's owner. Likewise, individuals gaining proceeds from the sale of cannabis goods are already required to be identified as financial interest holders in section 5004. The Bureau disagrees with Option 4. A new cannabis license is not necessary and may be duplicative of commercial cannabis activities regulated by the Act. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section. The Bureau disagrees with Option 5 as it is duplicative and not necessary. The Bureau's emergency regulations and regulations already required Bureau licensees to identify tradenames or "doing business as" names that the licensee is operating under, which would include brands that the licensee is known to the public as. Furthermore, Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods, and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder.
5032	3293 (p.4038) 3303 (p.4072)	Commenter indicates that the owners of certain commercial cannabis technologies have every right to protect their technology, and to profit from it. Such owners would shun California if they are required to be licensed, thereby denying California licensees of the ability to use these improved, safer, and more consistent technologies. The section does nothing to improve the traceability or safety of products. Movement of cannabis from seed-to-sale are no more or less traceable	The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis

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		without the language. Moreover, with the use of METRC, it is virtually impossible to hide illicit transactions. Finally, being able to use a brand, logo, or manufacturing process does not diminish the responsibilities of the cultivator, distributor, manufacturer, or retailer.	activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section.
5032	3294 (p.4040)	Commenter is concerned the changes to the Bureau's regulations will force many unlicensed cannabis manufacturers to enter the black market in order to avoid discontinuing the sale of their products. The regulation should not be implemented.	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-

Regulation Section	15-Day Comment Number(s) and Page Location	Summary of 15-Day Comments	Bureau Response to 15-Day Comments
			licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section.

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5032	3295 (p.4041)	The commenter has concerns regarding section 5032 and supports the use of white labeling. Commenter would like to work with the best brand-makers in the world to develop its products and would be happy to identify all other licensees in the supply chain as part of its packaged white-labeled products.	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations

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			already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section.
5032	3297 (p.4048)	Commenter is concerned about section 5032, which would not allow for co-packing or white labeling agreements. This will greatly affect small business and negatively impact normal business functions. Commenter recognizes the concern of abuse or essentially "leasing" manufacturing licenses, but that is simply not the case. Propose a cap on the number of intellectual property brand licensing agreements, rather than a ban.	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion.

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			Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section. Commenter's suggestion that a cap be implemented is not necessary. Provided that those engaging in commercial cannabis activity comply with the Act and its implementing regulations, the Bureau has determined it is not necessary to place a cap on the use of intellectual property agreements.
5032	3298 (p.4049) 3324.1-3324.7 (p.4148-4151) 3331.1-3331.7 (p.4176-4179) 3342.1-3342.4 (p.4213-4216) 3358.1-3358.3 (p.4241-4242) 3653.6 (p.5319) 3745.1 (p.5848) 4074.1-4074.6 (p.6691-6696)	Commenters express opposition to the section. The commenters believe the language is overbroad and expresses concerns that the language purports to address can be addressed in a manner that will cause less disruption to the industry. Commenters indicate that current white labeling practices are structured so that intellectual property owners never take title to the cannabis goods and require compliance with the Act and all relevant regulations. Commenters believe that the regulation is unnecessary as they are not	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate

Regulation Section	15-Day Comment Number(s) and Page Location	Summary of 15-Day Comments	Bureau Response to 15-Day Comments
		engaging in commercial cannabis activity and that moving forward with the regulation will cause substantial harm to consumers and patients, cannabis businesses, and the State. Finally, the commenters suggest that the Bureau rewrite the regulation to allow for white labelling; require a written contract for white labelling or intellectual property licensing without requiring disclosure of the contract; and/or creating a licensing category for IP owners.	that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. The commenters' request to the Bureau to require a written contract for white labeling or intellectual property licensing is not necessary and may be duplicative. Section 5037 of the Bureau's emergency regulations and regulations already required licensees to maintain records in connection with commercial cannabis goods and provide such records to the Bureau for inspection upon request.

Regulation Section	15-Day Comment Number(s) and Page Location	Summary of 15-Day Comments	Bureau Response to 15-Day Comments
			A new cannabis brand license is not necessary and may be duplicative of commercial cannabis activities regulated by the Act. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section.
5032	3299 (p.4058)	Commenter indicates it is seeking to become an infused edibles manufacturer and believes that the language will eliminate their ability to enter into a "white label" agreement or pursue contract manufacturing with a licensed manufacturer. Commenter inquires how prospective licensees may gain access to compliant cannabis kitchens, so it can take advantage of entering the industry.	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities.

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			Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with Business and Professions Code section 26053(a). Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in Business and Professions Code section 26001, would not be subject to the same limitations of the section. CDPH's regulations allow for shared kitchen licenses for manufacturers.
5032	3301.9 (p.4067) 3304.5- 3304.6 (p.4075) 3321.9 (p.4139) 3636.9 (p.4846) 3667.9 (p.5381) 4100.6 (p.6815) 4101.9 (p.6821)	Commenters indicate that while the intentions of the language may be honorable, to not allow non-licensed persons from engaging in licensed activities, this brand-new provision has the capacity to eliminate or severely impair intellectual property rights and branding methods that (especially small) operators utilize to allow their products to be attractive to the marketplace. This language discriminates against small operators. Commenter indicates that: packaging and labeling pursuant to a marketing company's specifications; obtaining licensing deals to market product in conjunction with famous people's names; and white labeling are integral parts of the industry. Commenters suggest revisions to ensure cannabis activity is not conducted without a license, and that the licensee is held responsible for the acts and omissions of any non-licensed person:	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The

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		(b) Only licensees may hold title to commercial cannabis or cannabis products. Licensees shall not on behalf of any person that is not licensed under the Act: 1. Procure or purchase cannabis goods from a licensed cultivator or licensed manufacturer; or 2. Distribute cannabis goods from a licensed cultivator or licensed manufacturer; or Distribute cannabis goods. Commenters also suggest changes to section 5030 to reflect a licensee's responsibility for the acts of non-licensees.	initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with Business and Professions Code section 26053(a). Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in Business and Professions Code section 26001, would not be subject to the same limitations of the section. Commenter's suggested language revisions to section 5030 are irrelevant as it does not address any change made to the regulations during the 15-day comment period.
5032	3302 (p.4071)	Commenter indicates they are building a software platform to collect orders from customers and match them with regional licensed partners for delivery. While commenter believes supply chain should be held accountable, it believes that the supply chain would benefit from outside help to develop and manage products and services that appeal to customers within the regulatory constraints. The language limits flexibility of licensees to choose business partners and dictate the terms they work together. White-labeling opens up a wider	The Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or

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		range of voices that can play a part in shaping the cannabis industry.	pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with Business and Professions Code section 26053(a). Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in Business and Professions Code section 26001, would not be subject to the same limitations of the section. Within the Bureau's regulations at section 5415.1, the Bureau has included requirements specifically for delivery through technology platforms.
5032	3306.1-3306.4 (p.4086) 3326.4 (p.4157) 3327 (p.4163) 3328.4 (p.4166) 3341 (p.4211) 3353 (p.4234)	Commenter indicates that removing white labeling would create incentives for unregulated market activity. Commenter suggests that the requirements described in 5003 and 5004 could capture profit-sharing and white-labeling relationships making the language in section 5032 unnecessary. As an	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In

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	3570.1 (p.4514) 3570.9 (p.4514) 3708.4 (p.5617) 3734.8 (p.5785)	alternative, commenter suggests creating a white labeling brand registration process, similar to that used by the Department of Alcoholic Beverage Control. The registration number could be included in advertisements.	addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with Business and Professions Code section 26053(a). Activities that are not identified as commercial cannabis activities in Business and Professions Code section 26001, would not be subject to the same limitations of the section. Commenter's suggestion to require cannabis licensees to register brands which it intends to use in commercial cannabis activity is duplicative and not necessary. The Bureau's emergency regulations and regulations already required Bureau licensees to identify tradenames or "doing business as" names that the

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			licensee is operating under, which would include brands that the licensee is known to the public as. Furthermore, Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods, and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder.
5032	3307.1 (p.4088)	Commenter indicates that the section expressly prohibits common business structure of separating out the intellectual property of companies into a separate "IP Licensing" company. The language is too broad. Commenter suggests the Bureau reword the section to specifically allow licensed businesses to use their own brands, even if such brands are in other unlicensed corporate structures.	The Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial

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			cannabis activities with non-licensed businesses, consistent with Business and Professions Code section 26053(a). Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in Business and Professions Code section 26001, would not be subject to the same limitations of the section.
5032	3308.4 (p.4092) 3310.4 (p.4100) 3719.4 (p.5700)	Commenter indicates that companies who utilize administration companies of the same majority of the same ownership could register and continue to utilize holding companies for real and intellectual property. The Bureau should utilize a registry similar to that used by the Department of Alcoholic Beverage Control for Beer Brands to track ownership and compliance of cannabis goods.	The Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities.

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			Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with Business and Professions Code section 26053(a). Activities that are not identified as commercial cannabis activities in Business and Professions Code section 26001, would not be subject to the same limitations of the section. Commenter's suggestion to require cannabis licensees to register brands which it intends to use in commercial cannabis activity is duplicative and not necessary. The Bureau's emergency regulations and regulations already required Bureau licensees to identify tradenames or "doing business as" names that the licensee is operating under, which would include brands that the licensee is known to the public as. Furthermore, Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. The laws related to alcohol are different than those for cannabis.
5032	3309 (p.4098)	Commenter represents several manufacturers in the industry who will be negatively affected by language in section 5032 (b). Commenter's client's businesses white label products. None of the businesses are purchasing or procuring cannabis from unlicensed sources. They are all merely working with several different brands/products who are too small to take on the cost of licensing themselves, just using their recipes to make compliant products. Such manufacturers will not be able to survive or continue operating if the regulation moves as written. Brands that are	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between

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		licensing their intellectual property will likely reenter the gray market if the language continues as written.	licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with Business and Professions Code section 26053(a). Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in Business and Professions Code section 26001, would not be subject to the same limitations of the section.
5032	3311 (p.4106) 3361 (p.4247) 3362 (p.4248) 3875 (p.6207)	Commenters express opposition to the language in section 5032 (b). Commenters indicate that the language creates an unfair burden on small manufacturing and distribution and results in a reduction of customer choice. The regulations would exclude non-license holders from licensing intellectual property to independent	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be

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		manufacturers. This creates an unfair burden on small-scale manufacturing and distribution companies who depend on revenue from products created through intellectual property licensing. In addition, it forces non-license holders to choose arbitrary licensing. Commenter recommends several options: • Leaving the current system as it is. • Requiring license holders to disclose non-licensees they procure, purchase, manufacture, purchase or distribute the cannabis goods for. • Creating a separate licensure category that would apply to current non-licensees (like brands).	conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent Business and Professions Code section 26053(a). Commenter's suggestion to require cannabis licensees to register brands which it intends to use in commercial cannabis activity is duplicative and not necessary. The Bureau's emergency regulations and regulations already required Bureau licensees to identify tradenames or "doing business as" names that the licensee is operating under, which would include brands that the licensee is known to the public as. Furthermore, Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods

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			and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. A new cannabis brand license is not necessary and may be duplicative of commercial cannabis activities regulated by the Act. Activities that are not identified as commercial cannabis activities in Business and Professions Code section 26001, would not be subject to the same limitations of the section.
5032	3313.2 (p.4112) 3318.2 (p.4130) 3323.2 (p.4145)	Commenter indicates that the change makes it harder for smaller entities to enter the cannabis business and further advantages well-capitalized companies. Small startups depend on white label and outsourcing arrangements. The changes take those opportunities away from people without justification and stifles opportunities for efficient manufacturing and brand operations. Suggest creating a white label/brand owner license that doesn't handle product.	The Bureau disagrees. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities.

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			Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent Business and Professions Code section 26053(a). Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. A new cannabis white label/brand license is not necessary and may be duplicative of commercial cannabis activities regulated by the Act. Activities that are not identified as commercial cannabis activities in Business and Professions Code section 26001, would not be subject to the same limitations of the section.
5032	3314.2 (p.4115)	Commenter indicates the language is overly broad and suggests that licensees are not permitted to enter into any contract with a non-licensee. Licensees will not be able to hire any company to provide services impacting operations, whether consulting, managing, operating, or administering. The section eliminates the ability to engage with non-licensees, however sections 5003 and 5004 provide for licensees to hire agents and consultants to work with them, thus creating significant ambiguity. The section creates a complete ban on licensing and branding and would eliminate existing brands and products from the market. Commenter asks that the language from section (b)(2)(3) be stricken.	The Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally

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			be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent Business and Professions Code section 26053(a). Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in Business and Professions Code section 26001, would not be subject to the same limitations of the section.
5032	3315.5 (p.4120) 3316.5 (p.4124) 3317.5 (p.4128) 3319.5 (p.4134) 3335.1 (p.4192) 3336.1 (p.4194)	Commenters indicate that they are hard pressed to believe that the third parties, currently making millions from licensing, branding, white labeling, and other types of side deals will walk away. Without a mechanism for those locked out to actually and legally contract for services, there will be deals made that require resources. A vetted and licensed third party contractor could provide a mechanism for the Bureau to monitor all aspects of the contracts, including people and money. The branding example from the alcohol regulations is too light on control for the cannabis industry. Scofflaws and rulebreakers can be enforced against without concern for the screams of unfairness.	The Bureau disagrees with this comment. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not

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			be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. A third-party contractor license to investigate on behalf of the Bureau is not necessary as the Bureau has the ability to monitor its licensees' records under the Act.
5032	3320 (p.4136) 3346 (p.4221)	Commenter indicates that the change would not allow product companies that do not have their own manufacturing license and space to use a manufacturing company to fulfill that job for them. This is devastating because it would prohibit 90% of the products that are currently on the market from being sold. Instead, the Bureau should require applicants to disclose who they are manufacturing for to ensure transparency in the supply chain.	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act.

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			However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent Business and Professions Code section 26053(a). Activities that are not identified as commercial cannabis activities in Business and Professions Code section 26001, would not be subject to the same limitations of the section. Commenter's suggestion to require cannabis licensees to disclose brands which it intends to use in the commercial cannabis activity is duplicative and not necessary. The Bureau's emergency regulations and regulations already required Bureau licensees to identify tradenames or "doing business as" names that the licensee is operating over, which would include brands that the licensee is known to the public as. Furthermore, Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder.
5032	3322.2 (p.4144)	Commenter believes that if the language is broadly applied, the regulations would disallow the use of intellectual property, prior arts, and necessary expertise from complementary industries to innovate and elevate the quality of goods in California. The language would also eliminate "white labeling", which would limit the commenter's ability to utilize its idle manufacturing capacity, significantly	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or

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		increasing the economic burden of its existing overhead. The Bureau should set its focus on creating policy that doesn't reward the illicit market in favor of instituting policy that supports the healthy growth of compliant operators in the industry.	financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with Business and Professions Code section 26053(a). Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in Business and Professions Code section 26001, would not be subject to the same limitations of the section.
5032	3325.1 (p.4154)	Commenter indicates that, if confirmed, the section will have a serious disruptive effect on the industry. For large manufacturers, finding white label partners is a critical revenue stream that determines the success	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations.

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		of a license holder. By partnering with unlicensed intellectual property holders, it helps ensure the success of manufacturers. The Bureau should instead require disclosure of these types of relationships if the percentage or fee structure exceeds a certain amount or percentage of the cannabis operator's ownership. Commenter asks the Bureau either to remove the section or clarify what is considered an unlicensed person.	As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with Business and Professions Code section 26053(a). Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis

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			activities in Business and Professions Code section 26001, would not be subject to the same limitations of the section. Commenter's suggestion to clarify what an unlicensed person is, is duplicative and not necessary. "Licensee" is defined in Business and Professions Code section 26001. The Bureau's emergency regulations and regulations clarify the licensee's responsibility for the acts of its employees and agents under section 5030.
5032	3329.1 (p.4172)	Commenter asks the Bureau to remove the section, as it will hurt many business owners.	The Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities.

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			Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with Business and Professions Code section 26053(a). Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in Business and Professions Code section 26001, would not be subject to the same limitations of the section.
5032	3330 (p.4174) 3343 (p.4218) 3375 (p.4256) 3376 (p.4258) 3378 (p.4262) 3598 (p.4667) 3876 (p.6209) 4088 (p.6775)	Commenters indicate that they are wellness consultants for a non-storefront retailer who serves senior clients. Given the strict requirements placed on companies to obtain and maintain licenses, it is irregular to limit how companies formulate brand relationships. Licensees should be able to partner with brands outside of the cannabis industry to launch a new product line as long as they continue following the rules set forth in the regulations. Commenters ask that Bureau remove the overzealous language in the section, which will keep wellness companies from producing medicine for those in need. One commenter is a client of this non-storefront retailer who supports the non-storefront retailer's comments.	The Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion.

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			Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with Business and Professions Code section 26053(a). Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in Business and Professions Code section 26001, would not be subject to the same limitations of the section.
5032	3338.1 (p.4196)	Commenter indicates that the language that eliminates contract manufacturing will mean the death of their business, along with other non-volatile manufacturers that are holding onto hope it may continue to do business in the industry. Commenter opposes language in section 5032 (b) and asks the Bureau to rescind the language and replace it with an option that will not force small businesses out of ground or out of business altogether. Commenter prefers to a model similar to the Department of Alcoholic Beverage Control's Beer Brand registration. Commenter supports comment 3298.	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act."

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			Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with Business and Professions Code section 26053(a). Activities that are not identified as commercial cannabis activities in Business and Professions Code section 26001, would not be subject to the same limitations of the section. Commenter's suggestion to require cannabis licensees to register brands which it intends to use in commercial cannabis activity is duplicative and not necessary. The Bureau's emergency regulations and regulations already required Bureau licensees to identify tradenames or "doing business as" names that the licensee is operating under, which would include brands that the licensee is known to the public as. Furthermore, Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods, and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. The laws related to alcoholic beverages are different than those for cannabis.
5032	3349.1-3349.4 (p.3349) 3718.5 (p.5693) 3737.2 (p.5806)	Commenter asks Bureau to rescind subsection (b) and reissue alternate regulations on white-labeling that focus on disclosure, transparency, and accountability	The Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis

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	3748.2 (p.5878)	rather than prohibition. Third parties that contract with licensees for essential services should be disclosed to the state as owners or financial interest holders, and sections 5003 and 5004 accomplish this. As written, the subsection would produce major unintended consequences and should not be enacted without more refinement and stakeholder input.	business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with Business and Professions Code section 26053(a). Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in Business and Professions Code section 26001, would not be subject to the same limitations of the section.

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5032	3350.2 (p.4227)	Commenter believes that changes to subsection (b) significantly undermine legitimate business interests of licensees. Commenter recognizes the State's interest in precluding third parties from exercising control over a licensee. However, proposes that subsection (b) can be modified to allow licensors to establish general quality assurance requirements without being able to dictate or control the operations of a licensee.	The Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with Business and Professions Code section 26053(a). Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis

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			activities in Business and Professions Code section 26001, would not be subject to the same limitations of the section.
5032	3351.1 (p.4229)	Commenter initially manufactured its own products, then moved to a white-labeling agreement with another company while it saved money to secure its own premises. The company is dependent on continuing to license the brand to another company to make and sell the product. Commenter indicates language will put them out of business.	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial

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			cannabis activities with non-licensed businesses, consistent with Business and Professions Code section 26053(a). Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in Business and Professions Code section 26001, would not be subject to the same limitations of the section.
5032	3354 (p.4236)	Commenter indicates that the changes to subsection (b) drastically alters the rules for the cannabis industry. The regulation will negatively impact many cannabis businesses that utilize licensing agreements where a fee is paid by a cannabis licensee to an intellectual property holder in exchange for the right to use the brands of the licensor.	The Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities.

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			Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with Business and Professions Code section 26053(a). Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in Business and Professions Code section 26001, would not be subject to the same limitations of the section.
5032	3357.3 (p.4239)	Commenter opposes the ban on white labeling. There is a chronic need for cannabis-dedicated kitchen space, many small edibles manufacturers have kept themselves afloat by licensing their recipes or having them made to their specifications and then sold by a licensee. Commenter indicates that cannabis licensing agreements should not be treated any different than other licensing agreements with a third party, since there is no risk to public health.	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally

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5032	3360 (p.4244) 3638 (p.4855) 3894 (p.6253) 4139 (p.6958)	Commenter indicates that subsection (b) is overly broad, would unduly restrict ubiquitous existing legal practices, and would largely prohibit the necessary exchange and dissemination of important intellectual property within the industry, and would generally discourage investment, growth and legal, regulated participation in the industry. Not only would the change affect manufacturers with existing white-labeling and brand licensing agreements, but consumers. Existing disclosure requirements for owners and financial interest holders fulfill the need to monitor participation, and similar disclosure requirements could be employed to close remaining loopholes. The language of the	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis

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		subsection should be removed if not fundamentally refined.	activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section.
5032	3552.1 (p.4473)	Commenter suggests that the Bureau should approve creation of a brand registration license, such as those in the beer and wine business. Commenter indicates they are not trying to hide financially interested parties and would prefer to have its own set of regulations that work in tandem with the licenses held by its business vendor-partners.	The Bureau disagrees with this comment. A new cannabis brand license is not necessary and may be duplicative of commercial cannabis activities regulated by the Act. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section.

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5032	3564 (p.4482)	Commenter indicates that the white labeling and branding problem could be resolved if the Bureau follow the registration processes adopted by the California Department of Alcoholic Beverage Control (ABC). The Bureau could implement a single form registration, accompanied by a live scan and owner disclosures, to regulate, but keep the white label market alive. The Bureau could also easily resolve the broker issue by requiring brokers to register with the Bureau, just as wine brokers must do with ABC.	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees. Commenter's suggestion to require cannabis licensees to register brands which it intends to use in commercial cannabis activity is duplicative and not necessary. The Bureau's emergency regulations and regulations already required Bureau licensees to identify tradenames or "doing business as" names that the licensee is operating under, which would include brands that the licensee is known to the public as. Furthermore, Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder.
5032	3369 (p.4250)	Commenter works in packaging and branding and is concerned about the language in section 5032. They indicate that they do not understand why packaging suppliers should not be allowed to have their brands on packages. There is currently not a license available for packaging suppliers. Commenter offers some alternatives to the language, including: (1) allowing non-licensed brands on packaging if they are the brand of the packaging supplier; (2) creating a special license for packaging suppliers; or (3) allowing packaging suppliers to be listed as interested financial parties.	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act."

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			Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. A new cannabis brand license is not necessary and may be duplicative of commercial cannabis activities regulated by the Act. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section. CDPH, which sets criteria for manufacturers and packaging of cannabis goods, has created a packaging license.
5032	3372 (p.4252) 3374 (p.4255)	Commenter is opposed to updates of section 5032 regarding white-labeling within the California cannabis industry. The change will consolidate the market and affect small operators and their ability to manufacture when they cannot afford licensing. Suggests leaving system as it is. Alternatively,	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In

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		commenter suggests requiring disclosure of white-labeling/co-packaging brand through registration or an addendum to the license or creating a new intellectual property license.	addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section. Commenter's suggestion to require cannabis licensees to register brands which it intends to use in commercial cannabis activity is duplicative and not necessary. The Bureau's emergency regulations and regulations already required Bureau licensees to identify tradenames or "doing business as" names that the

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			licensee is operating under, which would include brands that the licensee is known to the public as. Furthermore, Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods, and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder.
5032	3377 (p.4260)	Commenter is a practicing intellectual property attorney and is concerned that the language has the unintended consequence of stifling California companies' national growth and success. Treating California-based trademark licensors and franchisors as "owners" under the regulations and requiring them to submit detailed applications respecting each licensed location would create a nearly insurmountable hurdle preventing Californians from capitalizing on their intellectual property. Suggest that the regulations differentiate between cannabis production and retailing, and intellectual property. The regulations should establish a one-time application process for brand owners who are licensing their intellectual property to alleviate excess red tape.	The Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial

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5032	3379 (p.4264)	Commenter indicates that language will cause severe harm to the industry due to the unclear use of "on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Commenter indicates that the text is too loosely worded, leaving room for unimaginable damage to existing companies. Commenter suggests: removing this language in its entirety; creating a separate brand license where a brand could be regulated by the Bureau, but without the costly requirements and strict manufacturing license requirements; or tightening the language to identify exactly what a licensee can or cannot do.	The Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the

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5032	3381 (p.4269)	Commenter is opposed to language and indicates that their business and others have invested large amounts of time and money working to develop products and relationships with non-licensees. There was no indication that their activities would be prohibited. Commenter indicates that the ability to work with non-licensed entities provides intellectual and financial capital to create new products.	The Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act."

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5032	3382 (p.4271)	Commenter is opposed to the section and does not believe licensees should be prohibited from: (1) manufacturing cannabis goods according to the specifications of a non-licensee through intellectual property licensing; (2) packaging and labeling cannabis goods under a non-licensee's brand (white labeling); or (3) distributing cannabis goods for a non-licensee. If the Bureau wishes for disclosure of participants, the Bureau should implement something similar to Beer Brand Registration, required	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of

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		by the Department of Alcoholic Beverage Control.	the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section. Commenter's suggestion to require cannabis licensees to register brands which it intends to use in commercial cannabis activity is duplicative and not necessary. The Bureau's emergency regulations and regulations already required Bureau licensees to identify tradenames or "doing business as" names that the licensee is operating under, which would include brands that the licensee is known to the public as. Furthermore, Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods, and gaining proceeds from the sale of such products without being

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			disclosed as an owner or financial interest holder. Law for alcoholic beverages are different than those for cannabis.
5032	3386 (p.4276)	Commenter indicates that they want to be licensed, want to have the easiest and most streamlined flow of business. Commenter also thinks that it is important that all players are visible to the Bureau and make sure that crime, including tax evasion does not occur. In lieu of Bureau's language, commenter proposes a Brand license, which would allow small businesses to operate within the supply chain. Commenter also suggests a grace period for companies applying for a brand license.	The Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the

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			distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. A new cannabis brand license is not necessary and may be duplicative of commercial cannabis activities regulated by the Act. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section.
5032	3389 (p.4279)	Commenter indicates that until language came out, there was nothing in the regulations prohibiting a non-licensed third-party from engaging in intellectual property licensing agreements. Small microbusinesses have been forced to make licensing deals with larger companies to keep their doors open due to unfair competition from rogue retailers, deliverers, and manufacturers. The regulations hurt the free market and would upset the supply chain. Commenter suggests completely striking the new language.	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion.

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5032	3390 (p.4280)	Commenter is opposed to the language in subsection (b) and alternatively proposes a Beer Brand registration model. The Department of Alcoholic Beverage Control allows beer brands to register and disclose whether the beer is "contract brewed." The Bureau could do something similar to regulate the white label market. If the concern is for the State to know who is participating in the legal market, the solution is registration and disclosure, not prohibition.	The Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally

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5032	3400 (p.4291)	Commenter would like to see a "branding" license to enable small business and keep operators accountable.	The Bureau disagrees with this comment. A new cannabis brand license is not necessary and may be duplicative of commercial cannabis activities regulated by the act. Activities that are not identified as commercial cannabis activities in the Act would not be subject to the same limitations of the section.
5032	3404 (p.4294)	Commenter does not support further regulation and requirements that all	The Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis

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		partners brand owners work with must be licensed. The new regulations should be repealed or have a clear set of guidelines and type of licensing for purely marketing/branding.	activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder.

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			A new cannabis brand license is not necessary and may be duplicative of commercial cannabis activities regulated by the Act. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section.
5032	3406 (p.4298)	While commenter agrees on the importance of transparency in the industry, prohibitions on white labeling may have unintended consequences. The language is in conflict with Chapter 22 of the Act regarding Coops. Commenter asks the Bureau to consider the consequences.	The Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code.

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			Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder.
5032	3419 (p.4318)	Commenter invests in research and development and hardware manufacturing which serves the cannabis industry. They would like to continue to be able to serve a growing vibrant cannabis industry with its technology. The commenter indicates that while they do not participate in the cannabis space, they see the anti white-labeling positions as anti-consumer choice and access. Manufacturers can support the growth of a great number of brands and products, catering to individual tastes and preference. The Bureau should not stifle a huge part of the value chain that exists in all industries.	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities.

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5032	3422.1 (p.4321) 3423.1 (p.4322) 3424.1 (p.4323) 3426.1 (p.4327) 3442.1 (p.4338)	The commenter indicates that the Bureau is saying that the only way a licensed manufacturer can manufacture for a brand, is if it is for that manufacturer's licensed brand, or if the brand owner holds a license. This requirement would prohibit manufacturers from providing turn-key service for a brand that is not licensed. The commenter is opposed to the section.	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The

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5032	3425.4 (p.4324)	Commenter is concerned with limitations on contractual agreements between licensees and non-licensees, especially with regards to intellectual property and licensed brands. Commenter indicates that such agreements are fairly common in the industry and a way for those with product ideas to operate in the industry without prohibitive license costs. The section will hurt business growth, limit innovation, development and growth. The regulations need to be reversed.	The Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act."

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5032	3459 (p.4360)	The commenter indicates that it is impossible to get a license before December 4th. The regulation would be devastating. Commenter hopes for an extension for small businesses, as long as they are properly reporting taxes and are compliant with State law.	The Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or

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5032	3488.1-3348.5 (p.4398)	Commenter indicates that as a business owner without access to funds, it is imperative for them to bring their product to market as soon as possible. White labeling enables them to partner with a licensed entity and is their only option to get product to market at this time while they seek licensure. The commenter feels the language is too broad. It doesn't define license type and could be taken advantage of by larger companies. Commenter feels the Bureau is implementing stricter intellectual property polices than exist for most other industries. Commenter suggests mandatory disclosure on the part of each licensee. This way the Bureau remains aware of the entities involved under each license.	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Activities that are not identified as commercial cannabis activities

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			in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section. Commenter's suggestion to require cannabis licensees to disclose brands which it intends to use in the commercial cannabis activity is duplicative and not necessary. The Bureau's emergency regulations and regulations already required Bureau licensees to identify tradenames or "doing business as" names that the licensee is operating over, which would include brands that the licensee is known to the public as. Furthermore, Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods, and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder.
5032	3492 (p.4408) 3603 (p.4690) 3877 (p.6211)	Commenter believes the decision to force all brands to have licenses is racist. Small cannabis companies are often run by minorities who face steep real estate prices and difficulties obtaining equipment and licensing. Contract manufacturing is a way for them to stay in the business legally. One commenter indicates that limiting commercial cannabis activity between only licensed entities will disproportionately affect black and brown communities. Such changes create a new barrier for entering the regulated market. Prohibiting the procuring or purchasing cannabis goods from a licensed cultivator or licensed manufacturer by a non-licensee, as well as manufacturing cannabis goods according to the specifications of a non-licensee is a	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act."

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		detrimental change. The Bureau should remove the changes. One commenter indicates that the language disrupts a key point of entry for many equity applicants who were harmed by the war on drugs. The regulations restrict co-packaging and white labeling relationships that are necessary for communities who lack the full means and support to participate in the legal market.	Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section.
5032	3501 (p.4414)	Commenter believes that only allowing legend brands to continue without allowing them to white label or sub-brand is a mistake and serves large corporation/high dollars industry moguls. The Bureau should investigate having a limited license for smaller brands wanting to start up.	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of

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5032	3504 (p.4416)	Commenter asks the Bureau to create a new type of license for individuals that participate in white labeling agreements.	The Bureau disagrees with this comment. A new cannabis license for white labeling is not necessary and may be duplicative of commercial cannabis activities regulated by the act. Activities that are not identified as commercial cannabis activities in the Act would not be subject to the same limitations of the section.
5032	3522 (p.4439)	Commenter is opposed to the section as it would negatively impact the small business commenter works with. Commenter's client has bent over backwards to keep their business alive and compliant, but have wasted thousands of dollars on labeling and packaging they cannot use. If regulation goes through all their efforts will have been wasted.	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities.

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			Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section.
5032	3546.2 (p.4465)	Commenter indicates that the regulations will squash the practice of unlicensed white labeling. The incredibly costly market has a convoluted process and "getting a license" is the problem. To get a license you need to have a commercial-space building. It has proven to be a major bottleneck for many small to midsize outfits. White label agreements have been a lifeline for companies actively trying to navigate the legalities and licensing while securing enough cash to get into the market.	The Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the

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5032	3563 (p.4481)	Commenter expresses concern about the white labeling prohibitions and indicates that the State needs a white labeler license that allows companies to participate in the State's regulated market.	The Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The

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5032	3565.2 (p.4488) 3569.2 (p.4571)	Commenter indicates that the section will completely, unnecessarily, and inexplicably ban all market participants that wish to legally exploit their intellectual property without actually touching or coming into contact with physical product. Commenter indicates that contract manufacturing provides an opportunity to intellectual property owners who are uninterested or unable to obtain cannabis licenses. White labeling alleviates areas of restraint. Brands operating in other conventional industries	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of

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		can contract with unaffiliated, licensed manufacturers. Commenter asks the Bureau to reconsider the adoption of the changes.	the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section.
5032	3567.1 (p.4496)	The language severely limits the services that licensees could provide to small business owners looking for a low barrier of entry into the market. It also disregards celebrity branding strategies, which are	The Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered

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		common in other industries. Commenter suggests that the Bureau adopt a registration model similar to that used for beer brands.	to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section. Commenter's suggestion to require cannabis licensees to register brands which it intends to use in commercial cannabis activity is duplicative and not necessary. The Bureau's emergency regulations and regulations already required Bureau licensees to identify tradenames or "doing business as" names that the licensee is operating under, which would include brands that the

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			licensee is known to the public as. Furthermore, Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods, and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder.
5032	3571.1 (p.4536)	Commenter is concerned about section 5032 (b) because the changes could trigger breaches of contract for cannabis licensees under existing brand agreements and prohibit and make it illegal for private label contract manufacturing or supply agreements. Commenter suggests an alternative to address the Bureau's concerns – require cannabis licensees to register brands which that cannabis licensee intends to use in commercial cannabis activity, similar to beer brand registration required by the Department of Alcoholic Beverage Control.	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities.

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5032	3572.1 (p.4547) 3639.1 (p.4862) 3640.1 (p.4988) 3643.1 (p.5118)	Commenter indicates the regulations are overly broad because it prohibits management agreements with unlicensed parties and relationships with non-licensed parties when there is not a license category available. The changes would stifle cannabis innovation. Commenter believes the language is vague and ambiguous.	The Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act."

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			Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section.
5032	3578.9 (p.4578) 3642.9 (p.5115)	Commenter indicates that the regulations around branding would impact hundreds of existing businesses that are working with cannabis licensees. Commenter is advocating for a new brand license to allow third parties to collaborate with licensees to create new products in the industry.	The Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct

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5032	3585 (p.4599)	Commenter expresses opposition to the language in the section. The commenter indicates that the language will impact, if not completely devastate, business models of many licensed businesses, and manufacturers will feel the effect. Commenter indicates that if the intent is to ensure commercial cannabis activities are conducted between licenses, and that licenses are in control of their procedures and the products they product, but the language is too restrictive and hurts business for licensees, including commenter's ability to "white label" products. Commenter is also concerned about their ability to use intellectual property and technology from businesses that are not licensees.	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations

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5032	3589 (p.4612)	Commenter indicates that they object to the section as it will stifle technological innovation in California and remove the ability for licensees to utilize innovation. Commenter asks the Bureau to remove the text, or modify it to enable technology companies to continue doing business with licensees. Alternatively, commenter asks the Bureau to create an "innovation license" to enable non-cannabis handling companies to provide technological improvements to the licensed cannabis industry.	The Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial

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5032	3590 (p.4614)	Commenter indicates that it develops and manages technologies to facilitate the consumption of pure cannabis flower without the harm associated with smoking. The modifications will impact its business in a way as to require the commenter to cease trading in California, thus commenter opposes the section. Alternatively, commenter requests a "technology license" so that companies such as commenter's can offer its innovations to cannabis goods handlers and consumers.	The Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the

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5032	3596 (p.4660)	Commenter seeks clarity regarding the interplay of section 5032 and 5003. Specifically, whether a brand-owner who enters a contract with a commercial cannabis manufacturer should be considered an owner, per section 5003. Commenter seeks clarity that if they are listed as an owner, they would not be considered a non-licensee.	Comment noted by the Bureau. Generally, where a brand-owner may be dictating the standards and specifications of a product (i.e., providing direction or control), they would likely be considered an owner that would need to be disclosed under section 5003. Where ownership is properly disclosed, such persons would not be considered non-licensees, and would be able to conduct business under their license.

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5032	3597.4 (p.4664) 3722.4 (p.5719)	Commenter indicates that the Bureau should not place artificial constraints on who licensees can work with, including the elimination of white labeling. The section places artificial restrictions on license holders struggling in the earliest stages of a new industry. Commenter asks that the Bureau not limit the best on-ramp many new and struggling entrepreneurs have to accessing the legal market.	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations

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			already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section.
5032	3601.1 (p.4681)	Commenter indicates that trademarking licensing activity does not rise to the level of controlling a commercial cannabis business' activities. Commenter argues that the Bureau should adopt a model similar to the Department of Alcoholic Beverage Control, which recognizes that trademark license agreements do not give a licensee de facto control over the regulated activities. So long as a trademark licensor is not being provided excessive compensation, is not engaging in commercial cannabis activities, such agreements should be allowed as they themselves are not conducting commercial cannabis activity. One commenter indicates their support for the comments above.	The Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial

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5032	3602.1 (p.4686) 3698.4 (p.5563) 3925.1 (p.6348)	Commenter takes issue with the expansion of what they feel is an expansion of "commercial cannabis activity" to include "manufacturing cannabis goods according to the specifications of a non-licensee" and "packaging and labeling cannabis goods under a non-licensee's brand or according to the specifications of a non-licensee." Indicates this modification will prohibit all intellectual property licensing agreements. Argues that the main purpose of intellectual property licensing is not to direct an entity how to conduct business, but restrict the ways in which intellectual property may be used and ensure compensation. The language casts an unnecessarily wide net.	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis

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5032	3605 (p.4696)	Commenter indicates that the changes would prohibit the engagement of third-party trading platforms, exchanges, and networks not licensed under the Act. While commenter agrees that bad actors should be prohibited from contracting with licensees in order to participate in the cannabis market without regulatory oversight, it should not apply to ancillary	The Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity

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		platforms that ad crucial value. Commenter indicates that it is not necessary to require licensees to use distributors to facilitate procurement efforts. Using platforms to advertise direct sales opportunities does not jeopardize supply-chain integrity or consumer safety. Such platforms are a sales tool, helping facilitate transactions between licensees. Platforms do not take possession of cannabis goods, nor do they control the conduct of licensees. They merely earn a fee for helping successfully advertise and procure the purchase and sale opportunities between licensees. Commenter asks the Bureau to remove the word "procuring" from the regulation.	be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section.

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5032	3616.2 (p.4751)	The regulation would hinder a licensed operation from using their own intellectual property company (non-licensed) from holding the rights to the licensed operation. While commenter agrees that customers should be protected from purchasing products that are sold under the name of a non-licensed brand, the way the regulation is written would not allow for the intellectual property management company to hold the licensed retailer rights either. Suggest providing clarification that if a licensed operator provides or labels goods under their own brand and specifications, the intellectual property rights of the operation may be held by an intellectual property company. In addition, third-party licensing of any intellectual property should not be considered a commercial cannabis activity.	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations

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			already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section.
5032	3619.4 (p.4769)	Commenter feels the language is drafted too broadly and will restrain innovation and competition by prohibiting legitimate business activities, such as intra-state intellectual property licenses and brand endorsements. If the state is committed to ensuring the consumer knows the source of their goods, suggests a less restrictive solution, such as requiring cannabis licensees to list all of their intellectual property licensors on their product label.	The Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities.

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			Commenter's suggestion to require cannabis licensees to disclose brands which it intends to use in the commercial cannabis activity is duplicative and not necessary. The Bureau's emergency regulations and regulations already required Bureau licensees to identify tradenames or "doing business as" names that the licensee is operating over, which would include brands that the licensee is known to the public as. Furthermore, Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods, and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder.
5032	3625.2-3625.3 (p.4790) 3691.2-3691.3 (p.5536) 3742.2-3742.3 (p.5839)	Commenter indicates that the section will artificially hinder legitimate businesses from a variety of industries (e.g., consulting, legal, advertising, marketing, communications, technology, payment processing) from supporting licensed retailers and helping build a sustainable community. Commenter indicates that as long as the final actions are done by licensees, why should other entities that hold valuable assets such as intellectual property, cutting edge technology solutions, or other necessary expertise not be allowed to contract with licensees.	The Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion.

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			Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section.
5032	3627 (p.4796)	Commenter indicates the language would prohibit most, if not all intellectual property licensing agreements. Suggests that the Bureau utilize the registration process adopted by the Department of Alcoholic Beverage control by following the Beer Brand Registration model, which requires brands to disclose where product is contract manufactured. Such brands would only need to register once, instead of creating an additional brand license, which would add additional bureaucracy, time, and expense.	The Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally

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			be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section. Commenter's suggestion to require cannabis licensees to register brands which it intends to use in commercial cannabis activity is duplicative and not necessary. The Bureau's emergency regulations and regulations already required Bureau licensees to identify tradenames or "doing business as" names that the licensee is operating under, which would include brands that the licensee is known to the public as. Furthermore, Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods, and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder.
5032	3628.10 (p.4802)	Commenter indicates that there are situations where licensees wish to contract with non-licensee celebrities to use their name, likeness, or intellectual property. This kind of arrangement is done in all industries. Discontinuing this practice would hurt the sales of established brands. Allowing experienced, licensed entities the opportunity to brand with a celebrity's	The Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity

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		name or likeness means the branding opportunity does not go elsewhere and stays in a regulated environment. The Bureau should allow licensees to continue using contracts for the use of an individual's name, likeness or intellectual property, but require that all such arrangements be in writing and disclosed. Such disclosures would require designation as an owner or as a person of financial interest if compensation exceeds 20% of the company's profits.	be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section.
5032	3629.1 (p.4811)	Commenter supports the Bureau's need for transparency, but suggests a registry of brands and brand owners that operate in relationship to effect full transparency. The section is a significant change to industry operations, and a departure from the	The Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial

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		licensing and branding methods in other states. Commenter indicates that a substantial change of this magnitude warrants an extended comment period. Commenter proposes to revise the section as follows: (b) Only licensees may hold title to commercial cannabis or cannabis products. Licensees shall not on behalf of any person that is not licensed under the Act: 1. Procure or purchase cannabis goods from a licensed cultivator or licensed manufacturer; or 2. Distribute cannabis goods.	cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section.

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5032	3630.2 (p.4814)	Commenter indicates that many legal operators, including commenter, structure their operations so that their activities that do not involve the plant are conducted by a non-cannabis management company. This is done to access critical business services, including employee health benefits, 401ks, banking services. The provision as written creates a serious impediment to cannabis business without any measurable positive impact on consumer or community safety.	The Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial

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			cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section.
5032	3631 (p.4819) 3632 (p.4822)	Commenter represents an out of state limited liability company that holds a California trademark. The language would prohibit its client from packaging and labeling goods under a non-licensee's brand, and affords no mechanism for such brands to become properly licensed in California. Commenter asks the Bureau to strike out subsection (b)(3), as it would be disruptive to the cannabis industry and deter growth and legal participation of the industry.	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities.

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			Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section.
5032	3633.2 (p.4827)	Commenter indicates that the regulation is overbroad on its face. Commenter recommends that the Bureau revise subsection (b) as follows: (b) Only licensees may hold title to commercial cannabis or cannabis products. Licensees shall not on behalf of any person that is not licensed under the Act: 1. Procure or purchase cannabis goods from a licensed cultivator or licensed manufacturer; or 2. Distribute cannabis goods. Commenter also proposes revisions to section 5030.	The Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion.

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			Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section. Commenter's suggested language revisions to section 5030 are irrelevant as it is regarding the regulation that was for the 45-day comment period, and does not address any change made to the regulations during the 15-day comment period.
5032	3634 (p.4831)	Commenter indicates that the section will put an end to companies that consider themselves a "brand" but do not have a license by requiring those companies to obtain their own distribution or manufacturing license, or to be listed as an owner on the license held by the manufacturer who performs white labeling on their behalf. This revision could affect companies that are a licensed operator who manufactures via a brand licensing agreement. Commenter asks the Bureau to revise the section to allow for reasonable white labeling and brand licensing practices.	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between

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			licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section.

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5032	3646.3 (p.5253) 3646.6 (p.5254)	Commenter indicates that an outright ban on white labeling activities is sure to drive brands and would-be legitimate businesses into the black market. If disclosure is the issue, suggests that the Bureau implements a simple form, similar to the Beer Brand Registration form. This could be done with a live scan and owner disclosures, to regulate, but keep alive the white label market. Alternatively, the Bureau could be more specific about its requirements. The regulations should be clear that brands need to be added to the license for each licensee they contract with to do their white labeling. The Bureau already has this form.	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations

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			already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section. Commenter's suggestion to require cannabis licensees to register brands which it intends to use in commercial cannabis activity is duplicative and not necessary. The Bureau's emergency regulations and regulations already required Bureau licensees to identify tradenames or "doing business as" names that the licensee is operating under, which would include brands that the licensee is known to the public as. Furthermore, Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder.
5032	3647 (p.5256)	Commenter indicates that there are alternative means of regulating intellectual property holders, such as requiring intellectual property holders to obtain an intellectual property license from the Bureau.	The Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act."

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			Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. A new cannabis brand license is not necessary and may be duplicative of commercial cannabis activities regulated by the Act. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section.
5032	3650.10 (p.5275)	Commenter indicates that the rule will greatly reduce the revenue derived from white-labeled cannabis goods and drive enterprise and consumers into the illicit market, increasing costs of enforcement. The commenter suggests eliminating subsections (b)(2)-(3), and clarifying subsection (b)(4).	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-

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			licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section.

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5032	3651.1 (p.5296)	Commenter indicates that the existing license framework already provides the necessary control in its industry, with licensees required to comply with the Act and its regulations and with non-licensees to not engage in controlled conduct, activities, or operations. Commenter recommends subsection (b) be removed. As an alternative, suggests that that the Bureau requires disclosure of licensing arrangements to the Bureau (while not requiring disclosure of specific confidential agreements and terms). The Bureau should clarify that: (i) given that only licensees may engage in activities for which a license is required, all activities and transactions involving non-licensees "must ultimately be conducted by and under the control of a licensee," and (ii) a licensee working with a non-licensee is "ultimately responsible for any activities undertaken by the [non-licensee] on the licensee's behalf."	The Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial

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			cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section. Commenter's suggestion that licensing arrangements be disclosed by the Bureau is duplicative and unnecessary. Section 5037 of the Bureau's emergency regulations and regulations already require licensees to maintain records in connection with commercial cannabis activities and make them available to the Bureau for inspection upon request.
5032	3652.7 (p.5305)	Commenter indicates that the language is unworkable, especially when paired with section 5004. Brand partners that license intellectual property do not participate in cannabis activities and should not be prohibited from participating in the market. Such brand partners will not be able to get temporary licenses by the end of 2018. Adding the new restrictions to the section will force businesses with brand partnerships to scramble to find workarounds. Some brand partners have specifically avoided holding a cannabis license because of banking concerns; forcing brand partners to get a cannabis license who does not engage in cannabis activities creates unnecessary risks for them.	The Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities.

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			Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section.
5032	3655.2 (p.5337)	Commenter encourages the Bureau to make specific modifications to both sections 5030 and 5032 that would unambiguously allow relationships with contractors, while still ensuring that a licensee remains responsible for the acts of any contractor and that title to (as well as possession of) cannabis and cannabis products always remains with the licensee.	The Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion.

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			Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section. The commenter's suggested change to section 5030 is irrelevant as it is regarding the regulation that was for the 45-day comment period, and does not address any change made to the regulations during the 15-day comment period.
5032	3656 (p.5339)	Commenter indicates that the changes to the section are overly restrictive, will stunt the growth of the State's cannabis markets, and adversely affect business. Commenter suggests that the Bureau implement a single form registration process, possibly accompanied by live scan and owner disclosures to regulate but allow licensees to conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any entity not licensed under the Act.	The Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act."

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			Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section. Commenter's suggestion to require cannabis licensees to register brands which it intends to use in commercial cannabis activity is duplicative and not necessary. The Bureau's emergency regulations and regulations already required Bureau licensees to identify tradenames or "doing business as" names that the licensee is operating under, which would include brands that the licensee is known to the public as. Furthermore, Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods, and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder.
5032	3657.2 (p.5346)	Commenter is a local jurisdiction which licenses commercial cannabis business. Commenter does not think that the Bureau wishes to stifle innovation or business relationships, but believes that the language	The Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered

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		as drafted may go further than intended and could inadvertently prevent such things from occurring. Commenter asks the Bureau to retract the language and provide further and more nuanced clarification to the industry through written guidance.	to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section.

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5032	3662.5 (p.5360)	Commenter does not support the restriction on packaging and labeling goods under a non-licensee brand. Many relevant brands do not have the infrastructure or funding to operate at full scale, but their brand existed prior to regulation. Products produced at licensed facilities will already meet regulatory requirements. There are no offsite commercial cannabis activities. All employees of the licensee will be disclosed at the local and state level.	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations

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			already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section.
5032	3665.3 (p.5367)	Commenter indicates that their brand would be impacted by the language and recommends striking subsection (b) from the regulations, or alternatively creating a disclosure for intellectual property companies affiliated with a licensee.	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion.

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			Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section. Commenter's suggestion to require cannabis licensees to disclose intellectual property brands which it intends to use in commercial cannabis activity is duplicative and not necessary. The regulations already required Bureau licensees to identify tradenames or "doing business as" names that the licensee is operating under, which would include brands that the licensee is known to the public as. Furthermore, the Act and the Bureau's emergency regulations already prohibited parties from providing direction over the distribution of cannabis goods, and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder.
5032	3670.2 (p.5428)	Commenter suggests striking subsection (b). Commenter indicates that it is very difficult to do it all: manufacture high quality products and have high quality sales and marketing. They indicate that they stick to what they are good at (manufacturing) and consult with others to do sales and marketing.	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of

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			the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section.
5032	3671.1 (p.5432)	Commenter indicates that subsection (b) would prohibit "white labeling," a common activity within the cannabis industry. Commenter indicates that white labeling is the use of "knowledge" and "intellectual	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations.

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		property," not a commercial cannabis activity. Suggest removing subsection (b). Any solution to the issue should permit white labeling, because white labeling is not an activity but the use of intellectual property and know-how, while the Bureau can still ensure that there is disclosure in relation to contractual arrangements.	As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial

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			cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section.
5032	3679.2 (p.5447)	Commenter indicates that the language exceeds the Bureau's authority under the Act and is invalid. Moreover, the regulations are not necessary to achieve the purposes of the Act. The modifications have a substantial impact on small businesses to the extent that the Bureau would restrict "white labeling" activities between non-licensee brand owners and licensed manufacturers.	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities.

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			Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section.
5032	3680.4 (p.5458)	Commenter indicates that license holders should be allowed to use brands, tradenames, and marks of non-licensees so long as such use is governed by a licensing agreement, or similar contractual relationship, whereby the license holder has control over the intellectual property used for the purposes of branding, marketing, advertising, and distributing cannabis products. Suggests the following revision to subsection (b): Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, any person that is not licensed under the Act unless such conduct relates to the use of such person's brand, tradename, trademark or other intellectual property on commercial cannabis products pursuant to a written legal agreement, such as a	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The

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		Licensing Agreement, Branding Agreement, or the like wherein the Licensee is granted the right to produce and sell goods under a particular brand name or trademark. The Licensee shall maintain all Licensing Agreements on the Licensed Premises for the greater of the Licensing Agreements' term or seven (7) years and made available to the Bureau upon request. Commenter also suggests changes to section 5030.	initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section. The commenter's suggested additional language to section 5030 is irrelevant as it is regarding the regulation that was for the 45-day comment period and does not address any change made to the regulations during the 15-day comment period.
5032	3683.1-3683.6 (p.5489-5491)	Commenter believes the section is in conflict with the intent of Proposition 64 by increasing barriers to entry into the legal, regulated market by preventing non-licensed entities and individuals from doing business with legal entities, even when such partnerships or contracts have no negative effects on the end-product or process. Commenter encourages the Bureau to cancel the imposition of 5032 (b).	The Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional

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5032	3684.1-3684.4 (p.5493-5494)	Commenter is a manufacturing company that is concerned about subsection (b) and believes that the language will inhibit its business from growing its cannabis brand. Commenter depends on white labeling with third-parties to fill idle capacity and earn additional income beyond its own products. Commenter recommends that the Bureau repeal the language in section 5032.	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations

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			already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section.
5032	3685.3 (p.5499) 3689.3 (p.5520)	Commenters would like to see a pathway for dual entity structures to be given a pathway to legal operation. If the majority owners of an intellectual property or brand company are also the majority owners of a licensed cannabis company, then that intellectual property brand company should be allowed to legally operate. Commenters ask the Bureau to issue temporary licenses to non-licensed brands so that they have a runway to become fully licensed.	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act.

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			However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section. Regarding commenter's suggestion that the Bureau issue temporary licenses to brands, the Bureau issues licenses to applicants who satisfy the requirements for licensure identified in the Act and the Bureau's regulations.
5032	3697.1-3697.4 (p.5557-5559)	Commenter is a manufacturer of devices for the consumption of cannabis and is concerned that the section would prohibit the sale of its devices and cartridges to licensed cannabis manufacturers in the State. Commenter believes that the language in subsection (b) should be eliminated and that the language's breadth and vagueness would do more harm to responsible and compliant businesses than is justified by the Bureau's objectives.	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of

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			the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section.
5032	3699.3 (p.5568)	Commenter indicates that the section will inhibit the use and protection of intellectual property, prevent cannabis business from contracting with non-licensee expert consultants, and prevent the licensing of	The Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered

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		trademarks and brands from non-licensees to cannabis businesses.	to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section.

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5032	3700.2 (p.5572)	Commenter indicates that licensees must be allowed to contract with persons not licensed under the Act. Many cannabis brands do not hold a license and contract with different licensed entities to produce cannabis products. The Bureau's regulations prohibit a non-licensed third-party from engaging in intellectual property licensing agreements. These types of deals are common. Any number of legal circumventions will be created to side-step the regulations.	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations

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			already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section.
5032	3701.1 (p.5578)	Commenter indicates that the section will make it impossible for many entities currently seeking licensing from bringing products to market as they seek local licensing and for cannabis licensees to license intellectual property from established brands both within and without the cannabis industry. Commenter requests that the Bureau remove subdivision (b). Alternatively, commenter asks the Bureau to amend the subsection to state that a licensee can collaborate with a non-licensee, including making products to their specifications, licensing their intellectual property, and other steps, if both parties disclose this relationship to the Bureau and the non-licensee provides the information required for a financial interest under section 5004.	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion.

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			Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section. The commenters' suggested exemption to section 5032 (b) is duplicative and not necessary as sections 5003 and 5004 of the Bureau's emergency regulations and regulations already allow certain individuals to engage in commercial cannabis business under a Bureau license if they were disclosed as an owner or financial interest holder.
5032	3702.2 (p.5582)	Commenter suggests that the section prohibits licensees from entering into contractual agreements with entities that are not in possession of a commercial cannabis license. The section – which is broadly written – is a radical change that presents a threat to the cannabis industry. Because the provision creates a serious impediment to cannabis business without any measurable positive impact on consumer or community safety, commenter	The Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or

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		suggests removing subsection (b) at this time.	pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section.
5032	3704.2 (p.5593)	Commenter appreciates that the Bureau appears to limit the ability of compliant cannabis companies to license brands, formulas, and packaging in the cannabis space. However, the section would also impede those who are seeking licensing but have not found a location that would allow for it. Commenter asks the Bureau to delay	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-

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		section 5032 for two years, until additional licensing opportunities become available.	licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section.

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5032	3705.1 (p.5596)	Commenter intends to license its brand to a licensed manufacturer to manufacture its cannabis-infused non-alcoholic wine. The language in the regulation will stymie the companies' business development and create extreme harm to the companies' ability to grow its brand. Commenter indicates they will not be providing direction over the operation of the licensed manufacturer. Rather than prohibiting intellectual property licensing between licensees and non-licensees, commenter recommends forgoing the adoption of the language and meeting with stakeholders to discuss alternatives.	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations

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			already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section.
5032	3706.1-3706.3 (p.5601-5608)	Commenter represents a broad range of entities who would be impacted by the regulation and indicates that subsection (b) is incredibly broad and would prohibit a wide range of legitimate contracts between licensees and non-licensees. Even if the language were revised, it would prohibit legitimate intellectual property licensing agreements. It would impact vulnerable operators by removing a tool that such operators use to obtain revenue and leverage brand assets.	The Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial

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			cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section.
5032	3709.3 (p.5629)	Commenter asks the Bureau to create a new license type for businesses contracting with licensees to label or manufacture cannabis products. Creating a new license type for such business arrangements will ensure only licensed actors participate in the regulated cannabis market.	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act.

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			However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. A new cannabis brand license is not necessary and may be duplicative of commercial cannabis activities regulated by the Act. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section.
5032	3710.3 (p.5639)	Commenter asks the Bureau to eliminate subsections (b)(1) to (b)(4) in their entirety, or clarify to explain that such prohibitions do not apply to licensees manufacturing and distributing cannabis goods that include intellectual property of non-licensees, or are manufactured in accordance with specifications provided by third-party licensors, provided the third-party is not involve directly in any manufacturing, distribution, or other commercial cannabis activity that requires a license. If the Bureau does not delete or modify its provisions, commenter suggests that the Bureau should	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between

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		clarify that the prohibitions in subsection (b) do not apply to third-party brand licensors that have been designated either as an owner or financial interest holder of the licensed business pursuant to sections 5003 or 5004.	licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section. The commenters' suggested exemption to section 5032 (b) is duplicative and not necessary as sections 5003 and 5004 of the Bureau's emergency regulations and regulations already allow certain individuals to engage in commercial cannabis business under a Bureau license if they were disclosed as an owner or financial interest holder.

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5032	3712.4 (p.5655)	Commenter suggests that the Bureau allow for the approval of branded products similar to the approval process for branded merchandise under section 5041.1, or update 5032 (b)(3) to read: Packaging and labeling cannabis goods under a non-licensee's brand or according to the specifications of a non-licensee, except where the licensee and the non-licensed brand are held under the same common ownership.	The Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial

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			cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section.
5032	3713.1-3713.7 (p.5659-5663)	Commenter is opposed to the section as it has been drafted too broadly. In its present form, it will have significant consequences to the industry and is unlikely to achieve the Bureau's stated purpose of increasing consumer safety. Commenter proposes excluding intellectual property licensing from the section and instead pursuing one of the following alternatives: • Require that the licensee disclose any intellectual property licenses; • Require that intellectual property licenses be recorded by the licensees with the relevant agency; or • Offer a new license type, which does not require local authorization and has a non-complex application process.	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial

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			cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. A new cannabis intellectual property license is not necessary and may be duplicative of commercial cannabis activities regulated by the Act. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section.
5032	3714.3 (p.5667)	Commenter indicates that the section will have the effect of outlawing legitimate entity structuring and brand licensing practices, which are standard industry practices for all industries in the State. Many licensees use intellectual property holding companies to protect their assets so that if there is any enforcement against the licensed entity at the federal level, they can still maintain and exploit their intellectual property assets separately. Brand licensing allows authorized and compliant operators to expand their business. While commenter understands the need for transparency, the complete ban of business practices that the section forbids would hurt the entire industry. Commenter asks the Bureau to strike the section for now.	The Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act.

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			However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section.
5032	3717.4 (p.5684)	Commenter indicates that the section imposes nearly absolute restrictions on a licensee in terms of conducting business with an unlicensed entity, commonly referred to as "white labeling." Commenter believes the intent of the section is consistent with its longstanding posture. There is no question that there are arrangements in the industry that are incompatible with the goals of the Act, leading to unlicensed persons being in the driver's seat in parts of the licensed industry. Commenter asserts that the section is not the "death knell" that some in the industry claim. There are business relationships that can be constructed that maintain the ability to work among all the	The Bureau notes commenter's support for the section.

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		players in the industry, while ensuring that transparency and legitimacy are sustained. Such relationships are much more likely to occur in the manufacturing of a product and commenter asks the Bureau focus the regulation on manufacturing.	
5032	3721.1 (p.5711)	Commenter indicates subdivision (b) would preclude a cannabis manufacturer from offering services to third parties on a contract manufacturing basis. Brand owner participation is largely passive. Suggest the following modifications to sections (b)(2) and (b)(3): (2) Manufacturing cannabis goods according to the specifications of a non-licensee<u>, except pursuant to a written grant of rights (e.g., under a brand license agreement)</u>. (3) Packaging and labeling cannabis goods under a non-licensee's brand or according to the specifications of a non-licensee<u>, except pursuant to a written grant of rights (e.g., under a brand license agreement)</u>. Such language would avoid confusion and balance the overriding legal and public policy concern of ensuring that all entities engaged in commercial cannabis activity hold licenses. Requiring licensees to enter written agreements would ensure that such	The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial

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		copies are maintained in a licensee's records and available for the Bureau's inspection. Alternatively, the Bureau should implement brand registration in lieu of licensing which requires a brand owner to: (1) disclose its ownership, and (2) undertake an appropriate live scan background check. This is a similar registration model implemented by ABC.	cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Commenter's suggestion requiring licensees to maintain records in connection with their commercial cannabis activities is duplicative and not necessary as section 5037 of the Bureau's emergency regulations and regulations already require licensees to maintain such records and make them available to the Bureau for inspection upon request. Commenter's suggestion to require cannabis licensees to register brands which it intends to use in commercial cannabis activity is duplicative and not necessary. The Bureau's emergency regulations and regulations already required Bureau licensees to identify tradenames or "doing business as" names that the licensee is operating under, which would include brands that the licensee is known to the public as. Furthermore, Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods, and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder.
5032	3724.3 (p.5729)	Commenter indicates that language is problematic for a vast number of licensed operators in that it expressly prohibits common and necessary business activities, such as third-party contracts for consulting or management services as well as brand licensing agreements. To the extent that a third party profits from and/or influences a licensee's business, the disclosures in section 5004 satisfy the Bureau's disclosure needs. Commenter also suggests new language in section 5030 to clarify that a licensee will be held accountable for a third-	The Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or

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		party's actions if that third-party is an interested party in the licensee's business and conducts activities that are inconsistent with the regulations. Commenter also recommends revising language in section 5003 so the word "individual" is replaced with "person".	pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section. Commenter's suggested language revisions to section 5030 are irrelevant as it is regarding the regulation that was for the 45-day comment period, and does not address any change made to the regulations during the 15-day comment period.

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5032	3725.2 (p.5738)	Commenter says that the intent of the section should be to ensure that cannabis goods that go through the supply chain should only be through licensed sources from cultivation to manufacturing to distribution to retail. The section goes beyond this in terms of manufacturing and packaging and labeling specifications in that if the product is compliant and the packaging and labeling is compliant, the source of the specifications should not matter in terms of licensing. The wording should be changed to address product that flows through the supply chain.	The Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial

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			cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section.
5032	3729.4 (p.5761)	Commenter indicates that as currently written, the section would prohibit licensees from packaging and labeling goods under a non-licensee's brand or according to the specifications of a non-licensee. Due to the disparity between federal and state laws, it is difficult for plant touching entities to obtain trademarks or patent protections. Many licensees create separate non-plant touching legal entities to hold their intellectual property assets, including federal and state trademarks and patents. This would limit California companies' ability to obtain federal trademark protections. The commenter recommends that carve out language be added that exempts branding or product specifications created and held by a related legal entity.	The Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code.

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			Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section.
5032	3736 (p.5799)	Commenter indicates that they will be impacted by the language changes because it would prevent any California licensed cannabis company from engaging in business with it. Commenter suggests a rule change to come in line with the State of Washington. Washington's rules prohibit a non-licensed company from exerting operational control over licensees. To help ensure that improper control is not happening, Washington requires state licensees to disclose intellectual property licensing arrangements and provide a copy of the agreement.	The Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities.

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			Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section. Commenter's suggestion to require cannabis licensees to disclose brands which it intends to use in the commercial cannabis activity is duplicative and not necessary. The Bureau's emergency regulations and regulations already required Bureau licensees to identify tradenames or "doing business as" names that the licensee is operating over, which would include brands that the licensee is known to the public as. Furthermore, Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods, and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder.
5032	3741.1 (p.5827) 3741.3 (p.5830)	Commenter says that the section will end companies that consider themselves a "brand" but do not have a license by requiring those companies to obtain their own distribution or manufacturing license, or to be listed as an owner on the license held by the manufacturer who performs white labeling on their behalf. The Bureau should allow for reasonable white labeling. Commenter indicates that it is common practice in many industries for companies and/or individuals to contract with a licensee, working under a license that belongs to another entity in order to create product. This practice should be allowed to	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis

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		continue with reasonable requirements on transparency, such as: • Create a new contract-only license type to track brands that want to license their names and/or formulas into the industry without a manufacturing and/or distribution license. • Allow non-licensed brands to register and disclose whether cannabis products are contract manufactured. The Bureau may implement a registration form accompanied by live scan and ownership disclosures, similar to licensees in order to achieve transparency while keeping the white label market alive.	activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. A new cannabis brand license is not necessary and may be duplicative of commercial cannabis activities regulated by the Act. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section. Commenter's suggestion to require cannabis licensees to register brands which it intends to use in commercial cannabis activity is duplicative and not necessary. The Bureau's emergency regulations and regulations already required Bureau licensees to identify tradenames or "doing business as" names that the licensee is operating under, which would include brands that the licensee is known to the public as. Furthermore, Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods,

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			and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder.
5032	3750.2 (p.5891)	Commenter suggests that the Bureau create a regulatory document similar to ABC's registration form, which would require cannabis brands to register with the Bureau. The Brand would exist in the space limited to marketing and curating their branded products, while licensees handle sourcing, manufacturing, distribution, testing, and sales.	The Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Activities that are not identified as commercial cannabis activities

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			in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section. Commenter's suggestion to require cannabis licensees to register brands which it intends to use in commercial cannabis activity is duplicative and not necessary. The Bureau's emergency regulations and regulations already required Bureau licensees to identify tradenames or "doing business as" names that the licensee is operating under, which would include brands that the licensee is known to the public as. Furthermore, Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods, and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder.
5032	3751 (p.5894)	Commenter indicates that if adopted, subsection (b) will have an adverse effect on the State's cannabis industry. The industry should not be prohibited from pursuing business opportunities with non-licensees. METRC will prevent the diversion of white-labeled manufactured goods into the illicit market. There is no threat that white-labeled goods will be diverted. Commenter indicates that the Bureau should reduce the barriers to entry into the legal market and eliminate the language in subsection (b) that stifles growth and innovation in the industry by prohibiting common and accepted consumer manufactured goods practices such as white labeling and licensing of intellectual property.	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act."

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			Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section.
5032	3727.1 (p.5748) 3753.1 (p.5908) 3797.1 (p.6023)	Commenter indicates that the language presents sweeping change that would prohibit licensees from packaging and labeling cannabis products developed by individuals and entities not currently in possession of a state license. Prohibiting this activity unnecessarily restricts individuals and entities with innovative new products from participating in the market with no positive impact on consumer and public safety. Commenter opposes the change and recommend that subsection (b) be removed	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of

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		to provide time for the Bureau and stakeholders to find a mutually agreeable solution which would permit white labeling and co-packing activities, while ensuring that such contractual arrangements are properly disclosed.	the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that says, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section.

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5032	3793.2 (p.6008)	Commenter indicates that the language complicates operations for many brands that have created partnerships with those sourcing product responsibly. The section creates an unrealistic barrier to entry for individuals seeking to conduct business in the cannabis industry, while limiting the potential for brands to cater to the market. Suggests adding the following language to subsection (b): (b) Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act <u>with the exception of Cannabis Brands that are registered and approved by the Bureau under form BCC XXXX</u>. Such prohibited commercial cannabis activities include, but are not limited to, the following: In furtherance of transparency, the Bureau should create a form similar to that of Form ABC 412 from ABC. The capacity of a brand to exist in the space would be limited to marketing and curating their branded products, while licensees handle sourcing, manufacturing, distribution, testing, and sales.	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that states, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Activities that are not identified as commercial cannabis activities

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			in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section. Commenter's suggestion to require cannabis licensees to register brands which it intends to use in commercial cannabis activity is duplicative and not necessary. The Bureau's emergency regulations and regulations already required Bureau licensees to identify tradenames or "doing business as" names that the licensee is operating under, which would include brands that the licensee is known to the public as. Furthermore, Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder.
5032	3794.6 (p.6014)	Commenter ask that the Bureau remove subsections (b)(2) and (b)(3) from the section. Commenter considers the regulations disruptive to current models of intellectual property ownership and licensing. In the case of manufacturing cannabis goods according to the specifications of a non-licensee, this could interfere with the practice of manufacturing topical or edible products that are based on non-cannabis items in the marketplace.	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that states, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act."

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			Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section.
5032	3860.1-3860.6 (p.6162)	Commenter understands the Bureau's desire to ensure only cannabis licensees are controlling cannabis companies. However, the language is an overly broad attempt to address a narrow problem. The commenter suggests that the Bureau select one of the options to remedy issues with the language: • Withdraw amendments to section 5032 and meet with stakeholders to discuss its concerns.	The Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that states, "Licensees shall not conduct commercial cannabis activities on behalf of, at the

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		• Withdraw the amendments to Section 5032 and adding a disclosure requirement that cannabis businesses disclose all licensing/intellectual property agreements. • Provide exemptions in section 5032 (b) after the language that states "with any person that is not licensed except persons who are owners or financial interest holders under the Act." The Bureau should also require that persons contracting in such a manner with licensees be disclosed as financial interest holders and/or owners. • Creating a brand registration procedure which would require companies who license brands and provide intellectual property licensees to agree to be bound by the Act, regulations, and the jurisdiction of the Bureau.	request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. A new cannabis brand license is not necessary and may be duplicative of commercial cannabis activities regulated by the Act. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section. Commenter's suggestions to require cannabis licensees to register brands or to disclose brands which it intends to use in commercial cannabis activity are duplicative and not necessary. The Bureau's emergency regulations and regulations already required Bureau licensees to identify tradenames or "doing business as" names that the licensee is operating under, which would include brands that the licensee is known to the public as. Furthermore, Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods,

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			and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder.
5032	3861.2 (p.6170)	Commenter indicates that as written, the section would prohibit a licensed entity from entering into passive licensing relationship where a celebrity associated with cannabis, or an intellectual property holding subsidiary, would permit the licensed entity to use certain intellectual property on cannabis packaging, which is otherwise compliant with applicable regulations. Commenter suggests that the Bureau modify the section to permit a licensed entity to conduct commercial activities with the non-licensed entity if the non-licensed entity will not have physical contact with cannabis goods.	The Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that states, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the

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			distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section.
5032	3862.2 (p.6180)	Commenter supports subsection (b). The section adds much-needed clarification and maintains the original intent of the law that commercial cannabis activity be carried out exclusively by licensees. Allowing unlicensed entities who do not answer to any State licensing authority threatens to undermine the State's entire legal and regulatory framework. The Bureau should maintain the addition of 5032.	The Bureau notes commenter's support for the subsection.
5032	3873 (p.6206)	Commenter asks the Bureau to reconsider the section as it would cause catastrophic disruption of many licensees. The ability for cultivators and manufacturers to establish sustainable operations relies upon their ability to utilize several different sources of revenue. The ability to enter into contractual relationships with brands provides consistent revenue for those seeking to establish their own brands. The regulation would not allow intellectual property holding companies. This regulation is uncommon and seems illogical.	To the extent that commenter's remarks address activities by manufacturers and cultivators that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that states, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act."

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			Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section.
5032	3890 (p.6239)	Commenter indicates that the provisions will outlaw legitimate entity structuring and brand licensing practices, typically implemented by businesses across all industries, to the detriment of licensees and the State. Because cannabis is illegal at the federal level, many licensees use intellectual property holding companies to protect their assets. It also allows them to expand their brands to other states by licensing their brands to a properly registered and	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should

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		compliant entity in another state. It also allows compliant operators to expand their businesses. Commenter suggests an outright ban on certain practices would prevent legitimate brand licensing and suggests that the Bureau modify section 5032(b)(2) to preclude manufacturing to the specifications of a third party "except as required to meet general quality control in connection with an intellectual property license that does not otherwise permit the brand licensor to control or dictate where and how such manufactured products are produced and sold by the licensee" and deleting section 5032(b)(3).	thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that states, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section.
5032	3895.4 (p.6260)	Commenter indicates that the intended purpose of the section is to ensure there is accountability and traceability. The regulation should not be written in a way to	The Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis

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		negatively impact business, but it should be written to the licensed operators' advantage.	business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that states, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section.

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5032	3896 (p.6262)	Commenter indicates that the practice of intellectual property licensing is long standing in California, and undoubtedly benefits the consumer by contributing to the development of better products. Indicates that the Bureau should utilize the Beer Branding registration, utilized by the Department of Alcoholic Beverage Control. Instituting the same transparency, disclosure, registration and labeling requirements for cannabis licensees who contract with a non-cannabis entity to utilize their intellectual property will be in the State's interest and consumers' benefit.	The Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that states, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section.

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			Commenter's suggestion to require cannabis licensees to register brands which it intends to use in commercial cannabis activity is duplicative and not necessary. The Bureau's emergency regulations and regulations already required Bureau licensees to identify tradenames or "doing business as" names that the licensee is operating under, which would include brands that the licensee is known to the public as. Furthermore, Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods, and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder.
5032	3897.1 (p.6270)	Commenter indicates that the language in section 5032 would immediately: (1) trigger technical breaches of contract for cannabis licensees under existing brand agreements, whether those brand license agreements are with related entities under common control with that cannabis licensee, or with unrelated third parties; and (2) prohibit and make private label contract manufacturing or supply agreements that specify and require the cannabis licensee to manufacture, produce, package, and label manufactured cannabis goods, and provide distribution services for such cannabis goods, including arranging for testing and transport, at all times under the control of such licensee in accordance with California law. As an alternative, commenter suggests a registry similar to the beer brand registration required by the Department of Alcoholic Beverage Control.	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that states, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally

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			be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section. Commenter's suggestion to require cannabis licensees to register brands which it intends to use in commercial cannabis activity is duplicative and not necessary. The Bureau's emergency regulations and regulations already required Bureau licensees to identify tradenames or "doing business as" names that the licensee is operating under, which would include brands that the licensee is known to the public as. Furthermore, Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods, and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder.
5032	3898.3 (p.6286)	Commenter indicates that as written, subsection (b) prohibits a broad range of activities whereby a licensed manufacturer or distributor enters into a contract with a third-party that owns a brand to manufacture cannabis products under that third-party's brand under a "white label" agreement. Commenter urges subsections (b)(1)-(4) to be eliminated in their entirety or be classified to explain that the	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or

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		prohibitions do not apply to licensees manufacturing and distributing cannabis goods that include intellectual property of non-licensees, or are manufactured in accordance with specifications provided by such third-party licensors, provided the third-party is not involved directly in any manufacturing, distribution, or other commercial cannabis activity that requires a license. Alternatively suggest that the Bureau clarify that the prohibitions in subsection (b) do not apply to third-party brand licensors that have been designated as either an owner or financial interest holder of the licensed business pursuant to either sections 5003 or 5004.	financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that states, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section. The commenters' suggested exemption to section 5032 (b) is duplicative and not necessary as sections 5003 and 5004 of the

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			Bureau's emergency regulations and regulations already allow certain individuals to engage in commercial cannabis business under a Bureau license if they were disclosed as an owner or financial interest holder.
5032	3924 (p.6347)	Commenter indicates that the changes prohibit most intellectual property licensing agreements where the licensor is not licensed by the state, given that such licensing deals call for the licensee's use of the licensed intellectual property to manufacture particular goods, often utilizing the licensor's proprietary techniques, recipes, or trade secrets. Instead of outright prohibition of such practices, suggests following the registration process adopted by the Department of Alcoholic Beverage Control by following the Beer Brand Registration model. The Bureau could implement a single form registration, accompanied by a live scan and owner disclosures, to regulate the white label market, while providing transparency.	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that states, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities.

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			Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section. Commenter's suggestion to require cannabis licensees to register brands which it intends to use in commercial cannabis activity is duplicative and not necessary. The Bureau's emergency regulations and regulations already required Bureau licensees to identify tradenames or "doing business as" names that the licensee is operating under, which would include brands that the licensee is known to the public as. Furthermore, Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder.
5032	3927 (p.6355)	Commenter indicates that contract manufacturing relationships are used by out-of-state cannabis operators to introduce their proprietary products and techniques into the California market. Commenter indicates they hope that the Bureau reviews the change and modifies it to allow for companies from other states to provide their products within California's licensed	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or

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		market using its manufacturing relationships with licensed operators.	financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that states, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section.

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5032	3928 (p.6357)	Commenter asks the Bureau to scrap paragraph 5032 in its entirety. Brand licensing is a major business model in many industries, including alcohol. The effects of the ban would be far reaching and devastating for players in the industry, regardless of their size.	The Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that states, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial

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			cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section.
5032	4140 (p.6962)	Commenter opposes the addition of subsection (b) as the subsection is overbroad and would have far-reaching effects. Commenter indicates the subsection would prohibit the hiring of contractors to provide services relating to the licensee's operations. The section would also ban licensing intellectual property, which is unnecessary because a licensee remains primarily responsible for its compliance with State laws and regulations, regardless of whether it is licensing a brand or not. To the extent the Bureau desires to address a non-licensee's impact on a licensee, the Bureau could do so by adding language clarifying that a licensee remains primarily responsible for its compliance with all State laws and may not purport to abdicate such responsibilities.	The Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that states, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities.

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			Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section.
5032	4066 (p.6650)	Commenter indicates that the change will have a devastating effect on their business. The overall supply chain depends on small brands and the patients/customers who depend on those brands and products for their medical issues. Commenter wishes they were a license holder themselves and is not using the "white label" model as a loophole, but tool for survival in a rapidly changing industry. Commenter recommends allowing this activity to continue but add regulations to address concerns by the Bureau.	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that states, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The

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			initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section.
5032	4067.3 (p.6656)	Commenter states that there are many reasons that the regulation will have a negative effect on the industry. Cutting out white labeling eliminate out a large majority of the smaller brands and contract manufacturers, which will cause the illicit market to thrive. The Bureau should adopt the model used by ABC by using the Beer Brand Registration form to register white label brands.	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b)

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			that states, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section. Commenter's suggestion to require cannabis licensees to register brands which it intends to use in commercial cannabis activity is duplicative and not necessary. The Bureau's emergency regulations and regulations already required Bureau licensees to identify tradenames or "doing business as" names that the licensee is operating under, which would include brands that the licensee is known to the public as. Furthermore, Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder.

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5032	4068 (p.6659)	Commenter indicates that they are a manufacturer that is opposed to subsection (b). The regulation will have a negative impact on their business model, as they depend on the ability to "white-label" manufactured cannabis products for outside brands. All activities involving cannabis are being conducted within a supply chain of cannabis licensees. Commenter indicates that as the manufacturer, they are responsible for all products they produce, including actual production process, labeling, and recalls. They believe there needs to be clarification regarding advertising done by a brand using white-labeling, as the license number of the "licensee responsible for its content" is required. In general, clarifying the responsibilities of a licensee engaging in white-labeling and intellectual property from outside sources makes more sense and supports the business practices of the industry. Commenter recommends eliminating the proposed language in subsection (b).367.6	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that states, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations

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			already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section. Commenter's suggestion to require cannabis licensees to register brands which it intends to use in commercial cannabis activity is duplicative and not necessary. The Bureau's emergency regulations and regulations already required Bureau licensees to identify tradenames or "doing business as" names that the licensee is operating under, which would include brands that the licensee is known to the public as. Furthermore, Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods, and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder.
5032	4070 (p.6665) 4071 (p.6670)	Commenter is a licensed cannabis manufacturer that has concerns with respect to subsection (b). If enacted, the amendment would effectively cause commenter to cease operation within the State. Commenter indicates that they will lose access to technology and processes to manufacture its products. Commenter urges the Bureau to rescind the changes in their entirety to provide time for the Bureau and its stakeholders to identify a mutually agreeable solution.	The Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that states, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act."

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			Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section.
5032	4076.3 (p.6708)	Commenter indicates that unless narrowed, subsection (b) is vague, unsupported by laws, and imposes unreasonable burdens on legitimate cannabis businesses. If a company touches cannabis or controls how it is sold, it already needs a license under existing regulations. All the change does is prohibit companies from supplying trademarks unless they are also involved in the cannabis supply chain. The Bureau should encourage such branding deals to help the Bureau's licensees develop	The Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that states, "Licensees shall not conduct commercial cannabis activities on behalf of, at the

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		business rather than prohibit branding deals with companies that do not themselves touch the cannabis plant. The Bureau should remove subsection (b) in its entirety.	request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section.

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5032	4081.1 (p.6726) 4081.1 (p.6726)	Commenter indicates that it is integral that it has a co-packer white label its products while it works towards licensure. The Bureau should reconsider the language in subsection (b) ending white labeling. Commenter proposes several solutions that the Bureau should consider: • Removing all language prohibiting brands to white label. • Following the Department of Alcoholic Beverage Control model that allows brands to register and disclose whether a product is "contract manufactured." Implement a single form registration accompanied by a live scan and owner disclosures, to regulate, but keep alive the white label market. • Allowing brands to be added to a legal operator's license. • Creating a "brand" license that would be cost appropriate and easily, quickly acquired. • Allowing boutique companies to get a "cottage kitchen" license allowing them to operate at small scale.	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that states, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code.

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			A new cannabis brand license is not necessary and may be duplicative of commercial cannabis activities regulated by the Act. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section. Commenter's suggestion to require cannabis licensees to register brands which it intends to use in commercial cannabis activity is duplicative and not necessary. The Bureau's emergency regulations and regulations already required Bureau licensees to identify tradenames or "doing business as" names that the licensee is operating under, which would include brands that the licensee is known to the public as. Furthermore, Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods, and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder.
5032	4082.2 (p.6728)	Commenter indicates that the section will have the effect of outlawing legitimate entity structuring and brand licensing practices, typically implemented by businesses in all industries to the detriment of the State. Suggests modifying subsections (b)(2) and (b)(3) to allow brand licensors to establish general quality assurance requirements without being able to dictate or control operations of a licensee. Commenter also recommends modifying subsection 5004(a) to add any intellectual property licensors to the list of financial interest holders to be disclosed.	The Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that states, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not

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			be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section.
5032	4090 (p.6780)	Commenter recognizes the concern regarding parties that are unable to pass licensing muster could, through various arrangements, exert unregulated control over activities subject to Bureau control. However, commenter believes by categorically banning a licensees use of a brand technically owned by any non-licensee, or its compliance with any non-licensee's production specifications, unnecessarily interferes with the industries predominant model for efficient organization of business enterprises, the "holding company structure." The current	The Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that states, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act."

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		version of the section does not accommodate this structure, even though that structure fully satisfies all of the Bureau's concerns about third-party control over licensee behavior. Suggest amending subsection (b): Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that: (i) is not licensed under the Act; or (ii) does not have 100% common ownership with the licensee. Also suggest additional language in subsection (a): All commercial cannabis activity shall be conducted between licensees, except as provided in Section (b)(ii), hereof.	Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section.
5032	4092.4 (p.6787) 4103.11 (p.6834)	Commenter indicates that while the section is designed to prevent work-arounds that would allow unlicensed operators to circumvent licensing requirements, the section interferes with legitimate business models such as licensing of intellectual property assets such as trade secrets, know-how, formulas, trademarks and other licensing agreements. The provisions in the section need to be clarified to specify that the non-licensed companies may be	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should

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		contracted with that are not being used to circumvent the licensing requirements. Suggest that where the ownership of the non-cannabis company is at least 50% or more of the cannabis company, either directly or indirectly, the prohibition does not apply.	thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that states, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section.

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5032	4104 (p.6835)	Commenter believes subsection (b) will affect those who are in an agreement with the licensing of a brand – known as brand licensing, similar to a franchise operation. The section would put an end to companies that consider themselves a "brand" but do not have a license by requiring those companies to obtain their own distribution or manufacturing license, or to be listed as an owner on the license held by the manufacturer who performs white labeling on their behalf. Brands that use white labeling practices are smaller and newer manufactures. The Bureau should: • Allow for brand license agreements to be allowed with no additional license types or other regulation if the company is an approved license operator in the state. • Create a document form that requires the licensor disclosures and/of all parties involved.	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that states, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Activities that are not identified as commercial cannabis activities

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			in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section. Commenter's suggestion to require cannabis licensees to disclose brands which it intends to use in the commercial cannabis activity is duplicative and not necessary. The Bureau's emergency regulations and regulations already required Bureau licensees to identify tradenames or "doing business as" names that the licensee is operating over, which would include brands that the licensee is known to the public as. Furthermore, Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods, and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder.
5032	4099 (p.6810) 4107 (p.6849)	Commenters believe that while the regulations overall continue to provide clarity and improve business, there are concerns with section 5032. Commenters believe that the language in the section runs counter to the Act and believes the Act only includes plant touching activities. Commenters believe operators in the industry will need to restructure and legacy operators will be disadvantaged because they are unable to obtain licenses. Commenters recommend: • Creating a brand-only license to allow the state to understand he applicant's ownership and financial interests along with the types of relationships that the applicant has throughout the supply chain.	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that states, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act."

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		• Allow contracts with non-licensees with disclosure and restrictions. At annual licensure, applicants could be required to disclose contracts. In addition, the Bureau should create rules regarding commercial cannabis activity based on the oversight of licensed operations exerted by the non-licensee.	Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. A new cannabis brand license is not necessary and may be duplicative of commercial cannabis activities regulated by the Act. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section. Commenter's suggestion to require cannabis licensees to disclose brands which it intends to use in the commercial cannabis activity is duplicative and not necessary. The Bureau's emergency regulations and regulations already required Bureau licensees to identify tradenames or "doing business as" names that the licensee is operating over, which would include brands that the licensee is known to the public as. Furthermore, Bureau's emergency regulations and regulations already prohibited parties from providing direction over the distribution of cannabis goods, and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder.

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5032	4124 (p.6914) 4137 (p.6951)	Commenters request the removal of subsections (b)(1) through (b)(4). The changes will adversely impact small business owners who are struggling to access the licensed market, especially entrepreneurs who come from communities disproportionately impacted by the War on Drugs. The changes would prohibit licensees form packaging and labeling cannabis goods under a non-licensee's brand or according to the specifications of a non-licensee, which is necessary for communities that lack access to the legal market.	To the extent that commenter's remarks address activities by manufacturers that are not licensed by the Bureau, such comments are not-relevant to the regulations. As to the remaining comments, the Bureau disagrees in part. The Bureau has received information that some licensees may be engaging in commercial cannabis activity with non-licensees. In addition, the Bureau has learned that some licensees may be conducting commercial cannabis business at the direction of non-licensees who may be considered to have an ownership or financial interest in the commercial cannabis business and should thus be reported in accordance with sections 5003 and 5004 of the regulations. To provide additional clarity to the Act's mandate that all commercial cannabis activity be conducted between licensees, the Bureau added additional language in subdivision (b) that states, "Licensees shall not conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act." Initially, the Bureau determined that it was necessary to assist licensees with determining what types of activities may or may not be allowed under the Act and its implementing regulations. The initial change identified certain transactions that would generally be considered commercial cannabis activities under the Act. However, the Bureau has determined that inclusion of the clarifying example transactions is causing more confusion. Accordingly, the Bureau has decided not to move forward with the changes which identify example commercial cannabis activities. Notably, the Bureau's emergency regulations and regulations already prohibited Bureau licensees from engaging in commercial cannabis activities with non-licensed businesses, consistent with the Act at section 26053 (a) of the Business and Professions Code. Likewise, the Bureau's emergency regulations and regulations

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			already prohibited parties from providing direction over the distribution of cannabis goods and gaining proceeds from the sale of such products without being disclosed as an owner or financial interest holder. Activities that are not identified as commercial cannabis activities in the Act at Business and Professions Code section 26001, would not be subject to the same limitations of the section.
5034	3415.6 (p.4310)	Commenter recommends that the section is approved with the addition that employees and patients/consumers are able to be gifted product that does not, when combined with shrinkage, exceed 3% of the monthly inventory.	The Bureau disagrees with this comment. Commenter's change is in direct conflict with the Act. Licensees are prohibited from giving away any amount of cannabis or cannabis products, or any cannabis accessories, as part of a business promotion or other commercial activity pursuant to Business and Professions Code section 26153.
5034	3578.1 (p.4577) 3570.20 (p.4532) 3642.1 (p.5114) 3734.18 (p.5794)	Commenters support the change defining a significant discrepancy in inventory by percentage, rather than as a flat dollar value as it more accurately reflects the realities of many licensees, especially larger operations.	The Bureau has noted commenter's support for the section.
5034	3716.1 (p.5677) 3716.8 (p.5679)	Commenter indicates that the language will allow larger businesses to misplace a significant amount of inventory. Commenter suggests that $5,000 worth of missing inventory be reported to the Bureau, but the size of the business should be taken into consideration when determining if the loss was malicious or could be considered a reasonable amount of shrinkage.	The Bureau disagrees with this comment. The Bureau received comments during the 45-day comment period expressing concern about how significant discrepancy is determined. Specifically, individuals were concerned about larger businesses having to over-report with the prior standard. The identified threshold is necessary based on information available from the Bureau's stakeholders, as well as information about the costs of cannabis goods and the typical losses licensees may have in the course of business.

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5034	3755.3 (p.5923)	Commenter requests the section be revised to reflect a significant discrepancy at 3%. Commenter inquires whether the section applies to testing laboratories.	The Bureau disagrees with this comment. The Bureau has already amended this section to require a 3% threshold as recommended. Commenter's inquiry regarding whether the section applies to testing laboratories is irrelevant as it does not address any change made to the regulations during the 15-day comment period.
5034	4115.19 (p.6877)	Commenter indicates that they supported previous language defining a discrepancy in inventory of at least $1,000 in 7 day or $2,000 in 30 days. While it understands the inconvenience of under-reporting for large businesses, the potential for diversion is real. Everything must be done to prevent diversion through regulation and record keeping.	The Bureau disagrees with this comment. The Bureau received comments during the 45-day comment period expressing concern about how significant discrepancy is determined. Specifically, individuals were concerned about larger businesses having to over-report with the prior standard. The identified threshold is necessary based on information available from the Bureau's stakeholders, as well as information about the costs of cannabis goods and the typical losses licensees may have in the course of business.
5040	630.1 (p.1500) 3304.14 (p.4076) 3412.3 (p.4305) 3570.10 (p.4525) 3724.7 (p.5731) 3734.9 (p.5787)	The new rules would forbid highway billboards advertising marijuana within 15 miles of the state line. That seems quite odd given that cannabis is legal in Oregon and Nevada. Only Arizona has yet to legalize, so the new rule doesn't make sense. The Bureau should scrap this rule when implementing the regulations. One commenter indicates that the language would exclude a significant portion of the "Emerald Triangle" counties because of Highway 101; effective outdoor advertising throughout the state would be shut down. One commenter suggests reducing the advertising prohibitions to a 10-mile radius of the California border. One commenter suggests revising the language to state: "Not to be located on an Interstate Highway or	The Bureau disagrees with comments regarding the size or existence of advertising restrictions on a State Highway or Interstate Highway which crosses the California border. the Act prohibits certain advertisements along Interstate Highways and State Highways the cross the California border, but does not clarify to what extent such prohibitions would take place. The change is necessary to clarify the provisions found in section 26152 (d) of the Business and Professions Code, by allowing the placement of outdoor signs or billboards along Interstate Highways or State Highways that cross the California border, provided they are located further than 15-miles from the California border. The Bureau determined that a 15-mile radius was a necessary and appropriate distance from the California border because it satisfies the intent of the Act, while assuring that Bureau licensees, including those located in jurisdictions along the California border, still have an opportunity to advertise and market their commercial cannabis operations along Interstate

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		on a State Highway which crosses the California border, where such highways are within a 15-mile radius of the California border. Several commenters suggest modifying the text to read, "Not located within a 15-mile radius of the California border."	Highways and State Highways if they satisfy the identified radius limitations. The Bureau disagrees with commenter's assertion that the language is too restrictive and would effectively prohibit advertising in the Emerald Triangle. The language would not prohibit Bureau licensees within the Emerald Triangle from advertising along Interstate Highways or State Highways that cross the California border, provided licensees adhere to the 15-mile radius requirement. The Bureau disagrees with commenter's suggested modifications to the section as the Bureau has determined that the section already clearly states how the 15-mile radius applies to the Interstate Highways and State Highways identified in the Act.
5040	3395 (p.4286) 3494.3 (p.4406) 3528.5 (p.4446) 3620.8 (p.4773)	Commenters oppose changes to this section because of the excessive advertising it allows; the change reduces a safeguard that was guaranteed in Proposition 64. The commenters indicate that the regulation should not change or loosen restrictions to advertise on an Interstate or on a State Highway which crosses the California border by identifying a 15-mile radius. The Bureau should remove this language from the regulations.	The Bureau disagrees with the comments. the Act prohibits certain advertisements along Interstate Highways and State Highways the cross the California border, but does not clarify to what extent such prohibitions would take place. The change is necessary to clarify the provisions found in section 26152 (d) of the Business and Professions Code, by allowing the placement of outdoor signs or billboards along Interstate Highways or State Highways, provided they are located further than 15-miles from the California border. The Bureau determined that a 15-mile radius was a necessary and appropriate distance from the California border because it satisfies the intent of the Act, while assuring that Bureau licensees, including those located in jurisdictions along the California border, still have an opportunity to advertise and market their commercial cannabis operations along Interstate Highways and State Highways if they satisfy the identified radius limitations.
5040	3412.3 (p.4305)	Commenter indicates that sandwich boards next to their driveway are a reasonable form of advertising. Prohibiting this sign provides no benefit to the public. This prohibition	The Bureau disagrees with this comment. The Bureau has determined that requiring advertising to be affixed to a building or permanent structure assures that advertising or marketing remains placed in locations where the audience viewing the

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		would also exclude flags that are not mounted, something the commenter also uses.	advertising or marketing is reasonably expected to be 21 years of age or older, consistent with the Act's advertising and marketing provisions at Business and Professions Code sections 26150-26156.
5040	3494.3 (p.4406) 3528.4 (p.4446) 3620.8 (p.4773)	Commenters indicate that licensees should not be allowed to have giveaways of any kind.	The Bureau has noted commenter's support for the section.
5040	3608.4 (p.4710)	Commenter indicates that prohibitions on giveaways creates disadvantages on the limited, yet necessary, marketing and advertising restrictions on the legal cannabis marketplace and its ability to become a visible industry.	The Bureau disagrees with this comment. Advertisement of free cannabis goods is prohibited by the Act at Business and Professions Code section 26153, which does not allow for free cannabis goods as a part of business promotion. The Bureau has determined that such restrictions should be extended to non-cannabis goods because the Act at Business and Professions Code section 26152 (e) prohibits licensees from advertising or marketing cannabis or cannabis products in a manner that is intended to encourage persons under 21 years of age to consume cannabis or cannabis products. The dissemination of promotional giveaways may appeal to underage persons.
5040	3616.3 (p.4752) 3650.11 (p.5728)	Commenter suggests that the Bureau define the term "non-cannabis products" as they believe the intent was to address cannabis accessories. Commenter indicates retailers may wish to give away concert tickets to customers, which is not cannabis related, nor a product. Another commenter indicates that the inclusion of "non-cannabis products" is an overreach by the Bureau, which will undermine the success of the legal cannabis marketplace. There is no purpose or legal rationale for the Bureau to remove one of the only few marketing tools the legal market has to reward and	The Bureau disagrees with the comments. Defining "non-cannabis products" is not necessary and may be duplicative of language in the regulations and statute. "Cannabis goods" and "cannabis accessories" are defined by section 5000 of the regulations. Any item that does not fit within those categories, by virtue of elimination, would be considered "non-cannabis products." Advertisement of free cannabis goods is prohibited by the Act at Business and Professions Code section 26153, which does not allow for free cannabis goods as a part of business promotion. The Bureau has determined that such restrictions should be extended to non-cannabis goods because the Act at Business and Professions Code section 26152 (e) prohibits licensees from advertising or marketing cannabis or cannabis products in a manner that is intended to encourage persons under 21 years of

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		incentivize loyal customers and should remove this language.	age to consume cannabis or cannabis products. The dissemination of promotional giveaways may appeal to underage persons.
5040	3620.8 (p.4773) 3723.2 (p.5724)	Commenter strongly supports guidelines that limit targeting to minors. Another commenter supports the increasing of the age of people depicted in advertising to 21 years of age.	The Bureau has noted commenter's support for the section.
5040	3662.4 (p.5360)	Commenter does not support restrictions on advertising and marketing as it pertains to non-cannabis goods. Retailers should be able to offer free t-shirts or other branded merchandise as a customer loyalty incentive. Branded merchandise is not likely to encourage intemperate consumption and is vital to developing a successful brand.	The Bureau disagrees with this comment. Advertisement of free cannabis goods is prohibited by the Act at Business and Professions Code section 26153, which does not allow for free cannabis goods as a part of business promotion. The Bureau has determined that such restrictions should be extended to non-cannabis goods because the Act at Business and Professions Code section 26152 (e) prohibits licensees from advertising or marketing cannabis or cannabis products in a manner that is intended to encourage persons under 21 years of age to consume cannabis or cannabis products. The dissemination of promotional giveaways may appeal to underage persons.
5040	3680.5 (p.5460) 3681.4 (p.5467) 3858.4 (p.6155) 4064.12 (p.6633) 4067.8 (p.6657) 4093 (p.6789) 4094 (p.6792)	Commenter indicates that the advertisement of giveaways of promotional goods is an accepted form of marketing in a wide range of industries. Imposing restrictions on the giveaway of non-cannabis goods will unfairly restrict business practices of brands that heavily rely on promotional materials for marketing purposes and restrain the emergence of new brands. Commenter suggests that the restrictions on advertisement of giveaways should only apply to cannabis goods. One commenter indicates that the regulation creates further disadvantages on the limited, yet necessary, marketing and	The Bureau disagrees with the comments. Advertisement of free cannabis goods is prohibited by the Act at Business and Professions Code section 26153, which does not allow for free cannabis goods as a part of business promotion. The Bureau has determined that such restrictions should be extended to non-cannabis goods because the Act at Business and Professions Code section 26152 (e) prohibits licensees from advertising or marketing cannabis or cannabis products in a manner that is intended to encourage persons under 21 years of age to consume cannabis or cannabis products. The dissemination of promotional giveaways may appeal to underage persons.

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		advertising restrictions on the legal cannabis marketplace and its ability to be a viable industry. Several commenters suggest that the section should be amended to allow giveaways of branded merchandise by licensed retailers. One commenter indicates that it seems like the cannabis industry is being singled out and held to an unfair standard for product promotions. Several commenters believe that the inclusion of non-cannabis products is overbroad and inconsistent with the Act. The Bureau should not control the manner in which promotional/marketing materials are promoted or distributed as the effect of the rule may benefit the illicit market.	
5040	3697.6 (p.5560)	Commenter believes that the section needs to be clarified to ensure uniformity in product promotions across licensed retailers: (i) whether it is permissible to allow tasting or sampling without charge to customers; (ii) whether loyalty programs that provide for reduced price when customers have purchased a product a specified number of times are lawful; and (iii) whether incentives for ecologically-minded disposal programs – whether disposal of electronics, or recycling of consumables – are permitted.	The Bureau disagrees with this comment. Advertisement of free cannabis goods is prohibited by the Act at Business and Professions Code section 26153, which does not allow for free cannabis goods as a part of business promotion. The Bureau has determined that such restrictions should be extended to non-cannabis goods because the Act at Business and Professions Code section 26152 (e) prohibits licensees from advertising or marketing cannabis or cannabis products in a manner that is intended to encourage persons under 21 years of age to consume cannabis or cannabis products. The dissemination of promotional giveaways may appeal to underage persons. Provided that licensees comply with the provisions of the section, sales, discounts, or incentives may be allowed.
5040	3794.7 (p.6015)	Commenter indicates that subsection (b)(3) is a much-needed change to the previous regulations.	The Bureau notes commenter's support for this subsection.

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5040.1	3405.2 (p.4295) 3668.1 (p.5385) 3705.2 (p.5597)	Commenters believe that the language makes it look like the Bureau is regulating product labeling, rather than advertising. As a beverage manufacturer, they are asking clarification on how the provision is drafted and suggest that this provision is set forth in the manufacturing regulations, where almost every other label requirement and regulation is set forth. The commenter indicates that labeling beverages as "alcohol free" does not give off any misleading impression that the beverage contains alcohol. The commenter requests written procedures on how to remedy such issues. If 5040.1 is adopted, commenter suggests certain modifications so that it is clear what terms are allowed and what terms are prohibited. One commenter recommends revising the section to make clear that words such as "wine" can appear on labels, provided that such labels also contain terms like "alcohol removed," "non-alcoholic," or "dealcoholized".	The Bureau disagrees with this comment. Additional clarification regarding the section is not needed at this time. Assembly Bill 2914, which was signed by the Governor on September 27, 2018, prohibits licensees from selling, offering, or providing a cannabis product that is an alcoholic beverage. The Bureau has determined that this term should be extended to beverages labeled as "beer, wine, liquor, spirits, or any other term that may create a misleading impression that the product is an alcoholic beverage." The Bureau is charged with ensuring public health and safety and this provision will help prevent customer confusion that may be caused by the use of these terms.
5040.1	3572.2 (p.4547) 3639.2 (p.4866) 3640.2 (p.4992) 3643.2 (p.5122) 3650.12 (p.5279) 3717.5 (p.5685) 3753.6 (p.5911) 3861.3 (p.6171)	The commenter indicates that the modifications are overly broad because licensees will not be able to sell or transport non-psychoactive cannabis products that contain alcohol in them as defined in section 23004 of the Business and Professions Code. The commenter believes this is troubling because there are many cannabinoids that could be infused in an alcoholic beverage, such as wine, that are non-psychoactive or non-intoxicating, such as cannabidiol.	The Bureau disagrees. Consistent with the Act, the Bureau's emergency regulations and regulations already recognized the potential confusion created by alcohol and cannabis products being located on the same premises. Assembly Bill 2914, which was signed by the Governor on September 27, 2018, prohibits licensees from selling, offering, or providing cannabis product that is an alcoholic beverage. The Bureau has determined that this term should be extended to beverages labeled as "beer, wine, liquor, spirits, or any other term that may create a misleading impression that the product is an alcoholic beverage." The Bureau is charged with ensuring public health and safety and this

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		Further, terpenes are not psychoactive and could be used to enhance flavor. Some commenters suggest that the Bureau revise the language to include the ability to incorporate wording so long as the product is accurately described and the wording, "non-alcoholic" or similar. One commenter indicates that the language is a sweeping prohibition on the manufacture, distribution, and retail sale of healthy alternatives to alcohol promoted by the cannabis industry as a substitute good. It should be enough for a nonalcoholic cannabis-infused beverage's label to clearly inform customers that the product is nonalcoholic. One commenter suggests that the Bureau may issue further guidance to minimize the number of inquiries it will likely receive concerning what is permissible and what is not. One commenter indicates that a licensed entity should be able to label cannabis goods as a beer, wine, liquor, or spirit product if the label complies with federal law.	provision will help prevent customer confusion that may be caused by the use of these terms.
5040.1	3620.9 (p.4773)	Commenter supports the change and encourages coordination with Alcoholic Beverage Control so that this rule works both ways.	The Bureau has noted commenter's support for the subsection.
5040.1	3651.3 (p.5298)	Commenter believes the language is not necessary and likely to create confusion given the lack of definition for what activity may create the "misleading impression that [a] product is an alcoholic beverage." Commenter provides an example using their	The Bureau disagrees. Consistent with the Act, the Bureau's emergency regulations and regulations already recognized the potential confusion created by alcohol and cannabis products being located on the same premises. Assembly Bill 2914, which was signed by the Governor on September 27, 2018, prohibits licensees from selling, offering, or providing cannabis product that

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		hops sparkling water product that is produced, distributed, and sold by the Act licensees that it works with. Commenter recommends that the Bureau delete this section in its entirety.	is an alcoholic beverage. The Bureau has determined that this term should be extended to beverages labeled as "beer, wine, liquor, spirits, or any other term that may create a misleading impression that the product is an alcoholic beverage." The Bureau is charged with ensuring public health and safety and this provision will help prevent customer confusion that may be caused by the use of these terms.
5040.1	3696.1 (p.5553) 3707.1 (p.5612) 3721.3 (p.5714)	Commenters suggest relabeling the language to subsection (a) and adding the following subsections to section 5040.1: <u>(b) It shall not be a violation of this section for a licensee to sell or transport cannabis goods that are labeled as beer, wine, liquor, spirits, or any other term descriptive of an alcoholic beverage as defined in Division 9 of the Business and Professions Code if (1) the goods are labelled as 'non-alcoholic' in the statement of identity immediately preceding the term indicative of an alcoholic beverage; (2) the word 'non-alcoholic' appears in letters equal in size to the term indicative of an alcoholic beverage; and (3) the goods contain no detectable alcohol.</u> <u>(c) It shall not be a violation of this section for a licensee to sell or transport cannabis goods that are labeled as beer, wine, liquor, spirits, or any other term descriptive of an alcoholic beverage as defined in Division 9 of the Business and Professions Code, if (1) the goods are</u>	The Bureau disagrees. Consistent with the Act, the Bureau's emergency regulations and regulations already recognized the potential confusion created by alcohol and cannabis products being located on the same premises. Assembly Bill 2914, which was signed by the Governor on September 27, 2018, prohibits licensees from selling, offering, or providing cannabis product that is an alcoholic beverage. The Bureau has determined that this term should be extended to beverages labeled as "beer, wine, liquor, spirits, or any other term that may create a misleading impression that the product is an alcoholic beverage." The Bureau is charged with ensuring public health and safety and this provision will help prevent customer confusion that may be caused by the use of these terms.

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		labelled as 'dealcoholized' or 'alcohol-removed' in the statement of identity immediately preceding the term indicative of an alcoholic beverage; (2) the words 'dealcoholized' or 'alcohol-removed' appears in letters equal in size to the term indicative of an alcoholic beverage; and (3) the goods contain less than 0.5 % alcohol by volume and the declaration "contains less than 0.5 % by volume" follows the statement of identity. One commenter recommends a new subdivision (b): (b) It shall not be a violation of this section to sell or transport cannabis goods that are labeled as beer, wine, liquor, spirits or any other term indicative of an alcoholic beverage as defined in Division 9 of the Business and Professions Code if the following requirements are satisfied: (1) Such cannabis goods contain less than 0.5 % alcohol by volume and the declaration "contains less than 0.5 % alcohol by volume" follows the statement of identity on the cannabis goods.	

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		(2) The term "dealcoholized" or "alcohol-removed" appears in the statement of identity, immediately preceding either: (i) the term “beer”, “wine”, “liquor”, “spirits” or any other term indicative of an alcoholic beverage as defined in Division 9 of the Business and Professions Code; or (ii) the standard of identity designation of the type of beer, wine, liquor, spirits or other alcoholic beverage from which it was derived, such as “burgundy”. (3) The words "dealcoholized" or "alcohol-removed" appear in letters equal in size to the word “beer”, “wine”, “liquor”, “spirits” or other term indicative of an alcoholic beverage or to the standardized name on the principal display panel of the label.	
5041.1	3313.3 (p.4112) 3323.3 (p.4145) 3318.3 (p.4130) 3351.3 (p.4229) 3412.4 (p.4306) 3415.4 (p.4310) 3416.6 (p.4313) 3567.2 (p.4498) 3571.3 (p.4539) 3716.2 (p.5677) 3716.9 (p.5679) 3739.2 (p.5820)	One commenter indicates that the language is excessive and unreasonable as there is no guidance as to whether any item would be approved or not. The regulation adds significant cost and labor for the Bureau as every possible merchandise item made for ever event, holiday, sale, or promotion would need to be approved in advance. Several commenters indicate that there is no time constraint on the Bureau for timely approval for such occurrences; thus, they expect major bottlenecks and challenges to	The Bureau disagrees with the comments. The originally regulations permitted distributors and retailers to sell branded merchandise but had not clarified what constitutes branded merchandise. The Bureau has limited branded merchandise to those items that are commonly used for marketing to allow licensees to avail themselves of this type of marketing. However, the Bureau has determined that in order to ensure the health and safety of the public, and in particular the health and safety of minors is preserved, branded items must be limited in scope. Accordingly, the Bureau has provided a process in this section so that other items can be approved by the Bureau when appropriate. Further, as cannabis is still an illegal substance under

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	3794.8 (p.6015) 3897.3 (p.6273) 4067.7 (p.6657)	their marketing plans and timelines. One commenter does not see how the change promotes public safety. One commenter indicates that regulating branded merchandise is unjustifiably excessive and is an unnecessary barrier for an existing stream of revenue and/or common marketing practice. The language perpetuates a cannabis stigma. Adding extra steps for approval discourages branding innovation. One commenter indicates that the intent of the language in this section is unclear, and it does not appear to address any regulatory concern. The definition of "branded merchandise" is not inclusive enough and is unduly burdensome for licensees. Several commenters indicate that if merchandise contains no cannabis, then it should not be of concern to the Bureau. Several commenters indicate that it is unclear if all of the listed items in section 5000(b) require approval, or if items other than those listed require approval. One commenter indicates that the section is overly broad and will discourage companies from developing brand recognition and will remove incentives for companies to expand and grow; this section stifles business. One commenter considers the language as an example of over-regulation that is strangling the industry. One commenter believes that requiring licensees to gain approval for marketing their brand on products that are not on the pre-approved list will	federal law, the Bureau determined that restricting the items that can be used as branded merchandise is necessary at this time.

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		unreasonably disrupt the creative and entrepreneurial spirit of the cannabis industry.	
5041.1	3315.6 (p.4120) 3316.6 (p.4124) 3317.6 (p.4128) 3319.6 (p.4134) 3335.2 (p.4192) 3336.2 (p.4194) 3570.11 (p.4526) 3734.10 (p.5877) 4110 (p.6589)	Commenters suggest using the term "image" rather than "photograph" as it is more inclusive, especially considering the digital nature of image captures. Commenter suggests adding language requiring licensees to "provide an image (including sketch, 3D rendering, design, or other representation) of the branded merchandise." This change allows licensees to product offerings without requiring substantial investment to produce photographs as opposed to other types of representations.	The Bureau disagrees with this comment. The Bureau has determined that commenter's revisions are not necessary. Licensees may provide information about branded merchandise in a variety of photographs or digital images, provided that the Bureau has sufficient information to make a determination on the merchandise.
5041.1	3411 (p.4304)	Commenter suggests that the Bureau use its power of approval to restrict usage that is derogatory, offensive, and objectifies any minority group, such as women.	The Bureau disagrees with this comment. the Act's advertising and marketing provisions at Business and Professions Code sections 26150-26156 ensure public health and safety by assuring that advertising and marketing promulgated by licensees is accurate, directed to the appropriate audiences, or is done in a manner which does not encourage persons under 21 years of age to consume cannabis or cannabis products. Commenter's suggestion goes beyond the scope of the cannabis advertising and marketing restrictions in the Act.
5041.1	3650.13 (p.5280) 3727.5 (p.5750)	Commenter indicates that the rule exceeds the Bureau's authority and there are already rules on advertising in existence that provide sufficient protections for the public. Argues that the provision is an affront to free speech. Another commenter believes the language is overly burdensome for Bureau staff and the industry; existing laws	The Bureau disagrees. The originally regulations permitted distributors and retailers to sell branded merchandise but had not clarified what constitutes branded merchandise. The Bureau has limited branded merchandise to those items that are commonly used for marketing to allow licensees to vail themselves of this type of marketing. However, the Bureau has determined that in order to ensure the health and safety of the public, and in particular the health and safety of minors is preserved, branded

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		and regulations already provide ample restrictions on cannabis advertising and marketing and suggest removing the section.	items must be limited in scope. Accordingly, the Bureau has provided a process in this section so that other items can be approved by the Bureau when appropriate. Further, as cannabis is still an illegal substance under federal law, the Bureau determined that restricting the items that can be used as branded merchandise is necessary at this time.
5044	3578.2 (p.4577) 3642.2 (p.5114)	Commenters state support of the removal of the requirement that video surveillance systems be capable of connecting to the internet.	The Bureau notes commenters' support of the modification.
5045	3412.5 (p.4300)	Commenter states that for a genuine microbusiness the requirement of security personnel is burdensome and costly. Commenter states that security guards should be optional based on the business' own risk assessment.	The Bureau disagrees with this comment. The Bureau is required to set minimum security requirements under the Act. (See Bus. & Prof. Code §26070.) The Bureau has determined that the security standards comply with the requirements of the Act and are necessary to protect the health and safety of the public. The Bureau has determined that in order to ensure that all its licensees have appropriate security measures in place to ensure the protection of the health and safety of the public, minimum security requirements must be included in the regulations. However, if a microbusiness is not engaged in retail the section does not require a microbusiness to have security personnel.
5045	3574.2 (p.4562)	Commenter request that the Bureau reconsider this regulation once cannabis businesses have access to banking.	The Bureau notes commenters comment.
5045	3719.6 (p.5701) 3308.6 (p.4093) 3310.6 (p.4101)	Commenter states the requirement for on-site security personnel is onerous and should be decided by local jurisdictions.	The Bureau disagrees with this comment. The Bureau is required to set minimum security requirements under the Act. (See Bus. & Prof. Code §26070.) The Bureau has determined that the security standards comply with the requirements of the Act and are necessary to protect the health and safety of the public. The Bureau has determined that in order to ensure that all its licensees have appropriate security measures in place to ensure the protection of the health and safety of the public, minimum security requirements must be included in the regulations.

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Article 6	3308.7 (p.4093) 3719.7 (p.5702)	The change of "business" to calendar days is cumbersome and unrealistic for operators. Commenter recommends retaining the original language.	The Bureau disagrees with this comment. The timeframes in this Article have been amended for consistency with CDFA and CDPH. Additionally, calendar days are more easily calculated than business days. The licensing authorities have determined that the set period of calendar days for the relevant activity is a sufficient amount of time. For the track and trace system to be effectively used for its intended purpose, recording activities as contemporaneous to the event as possible is critical.
5048(b)(2)	4064.14 (p.6634)	Commenter cites to this section as being inconsistent with the Bureau's other timeframes provided for in its regulations, as the Bureau's cited reason for changing business days to calendar days was for consistency among the licensing authorities. Commenter points out that section 5815(h) and 5010.2(c) use business days, not calendar days. Commenter recommends reverting back to business days.	The Bureau disagrees with this comment. The change to calendar days in this section is to be consistent with the other licensing authorities, means amending a timeframe to be the same amount of time as the other licensing authorities for the same activity. The time frame in section 5010.2(c) is consistent with the requirements for CEQA to which the section relates. Section 5815(h) relates to emergency decisions from the Bureau and due to the short time frames business days is appropriate. When appropriate, the Bureau will provide for timeframes in calendar days, and sometimes in business days, depending on the activity to be completed.
5049	3304.39 (p.4080) 3307.9 (p.4090)	Commenter recommends that the Bureau consider the impacts of waste generated by consumers and allow consumers to return products like empty cartridges to a retailer, or directly to the retailer or manufacturer for recycling.	The Bureau disagrees with this comment as it is not relevant to the change made in the text for 15-day comment period in section 5049, which was amended to align with the removal of section 5055 from the regulations. The change clarifies that the information to be recorded in the track and trace system includes the name of the entity disposing of cannabis waste, changed from the name of the entity being used to collect and process cannabis waste, pursuant to section 5055. Additionally, the regulations provide for customer returns to licensed retailers under Section 5410. Recycling is not prohibited provided it is performed in compliance with all waste laws and Bureau regulations. CDPH regulates activities of manufacturers.

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5049	4065.4 (p.6645)	Commenter recommends adding to subsections (a) and (b) reference to contaminated cannabis hardware, allowance for retailers to collect from consumers, used cannabis goods such as vape cartridges.	The Bureau disagrees with this comment as it is not relevant to the change made in the text for 15-day comment period in section 5049, which was amended to align with the removal of section 5055 from the regulations. The change clarifies that the information to be recorded in the track and trace system includes the name of the entity disposing of cannabis waste, changed from the name of the entity being used to collect and process cannabis waste, pursuant to section 5055. Additionally, the regulations provide for customer returns to licensed retailers under Section 5410. Recycling is not prohibited provided it is performed in compliance with all waste laws and Bureau regulations.
5049(b)(7)	3392.3 (p.4282) 3410.3 (p.4302) 3428.2 (p.4330) 3444.3 (p.4341) 3445.3 (p.4336) 3462.3 (p.4363) 3472.3 (p.4378) 3507.3 (p.4417) 3509.3 (p.4420) 3519.3 (p.4435) 3525.3 (p.4442) 3688.7 (p.5516) 3498.3 (p.4410) 3511.3 (p.4424) 3659.3 (p.5352) 3666.3 (p.5376)	This section requires products to be destroyed in order to be tracked and does not mention the possibility of recycling. This would allow for the recycling of vape cartridges and other cannabis related e-waste. This section could be amended and then aligned with track and trace requirements since the initial batch information may not be available.	The Bureau disagrees with this comment as it is not relevant to the change made in the text for 15-day comment period in section 5049, which was amended to align with the removal of section 5055 from the regulations. The change clarifies that the information to be recorded in the track and trace system includes the name of the entity disposing of cannabis waste, changed from the name of the entity being used to collect and process cannabis waste, pursuant to section 5055. Additionally, the regulations provide for customer returns to licensed retailers under Section 5410. Recycling is not prohibited provided it is performed in compliance with all waste laws and Bureau regulations. CDPH regulates activities of manufacturers.
5050	3416.3 (p.4312) 3630.6 (p.4814) 3668.2 (p.5385) 3701.3 (p.5579) 3702.3 (p.5583) 3652.8 (p.5306)	Commenter recommends eliminating 5050(b), which requires licensees to stop deliveries and transport during an outage, and require them to maintain paper records, and enter activity within three business days of access being restored. This is because as	The Bureau disagrees with this comment as it is not relevant to the change made in the text for 15-day comment period in section 5050. Current section 5050(b) was section 5050(c) and the prohibition on transport and delivery preceded the 15-day comment period.

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	3653.7 (p.5323) 3671.5 (p.5434) 3753.7 (p.5911)	the state rolls out METRC, the system will suffer from downtime, difficulty in connecting and other software issues.	The Bureau disagrees as to the recommendation to enter activity within three business days. The Bureau has determined that three calendar days is a sufficient amount of time in which to enter such activity, given the limited activities licensees are allowed to engage in during the loss of connectivity, and the requirement to track cannabis goods from seed to sale, which is only efficient if activities are recorded as contemporaneous to the event as possible. The three-day requirement is consistent with the other licensing authorities.
5050	3489.3 (p.4400)	The commenter questions whether a remote cultivator can use a tablet to store track and trace information, which can be uploaded when returned to signal, and whether the cause can be remote off-grid operations.	The Bureau disagrees with this comment as it is not relevant to the change made in the text for 15-day comment period in section 5050. However, the Bureau notes that cultivators are licensed by CDFA, and must comply with CDFA's regulatory framework. The Bureau's regulation, applicable to microbusinesses engaging in cultivation, contemplates loss of connectivity, not deliberate business decisions to disconnect from track and trace.
5050	3685.4 (p.5501) 3689.4 (p.5522)	This section is too restrictive, and as a manufacturer, they will bear the burden and costs when distributors show up at retailers to make drops but are unable to connect to the track and trace system. Manufacturers should not be punished for a system they do not control, especially small businesses being punished for technical glitches at the infancy of those technology systems.	The Bureau disagrees with this comment. Tracking cannabis goods from seed to sale is statutorily required, through the track and trace system. During the loss of connectivity, movement and transfer of cannabis goods should be limited, so as to prevent diversion of the goods to the illegal market. Additionally, the Bureau's regulations are aligned with those of CDFA and CDPH, which prohibit their licensees from moving any cannabis goods during a loss of connectivity.

Regulation Section	15-Day Comment Number(s) and Page Location	Summary of 15-Day Comments	Bureau Response to 15-Day Comments
5050	3737.21 (p.5816)	The Bureau should revert back to the use of "loss of access" rather than "loss of connectivity" because there can be intermittent loss of connectivity to the system that is constant in certain areas and not practical to report, whereas loss of access is more appropriate and precise.	The Bureau disagrees with this comment. Loss of access to the track and trace system may occur due to connectivity issues, sign-on, or other access issues. A licensee who loses access to the track and trace system because of sign-on issues is still required to comply with all rules and regulations, including recording track and trace activities within the specified timeframe. The majority of the Bureau's licensees engage in the primary business of transferring cannabis goods, from licensee to licensee through distributors, or to the end-user consumers through retailers. It is important to maintain integrity of the track and trace system to record commercial cannabis activities in order to track cannabis goods from seed to sale, as statutorily mandated. An inability to connect to the track and trace system, effectively halts communications through the main mechanism by which licensees communicate commercial cannabis activity to each other and to the Bureau.
5050	3863.1 (p .6186)	Commenter notes that there continues to be a lack of language addressing local control and communication between state and local authorities during a loss of connectivity to the track and trace system. Commenter recommends language requiring the state to notify local authorities about a licensee's loss of connectivity to the track and trace system. Additionally, the state has yet to provide local authorities with a plan as how it will work with local jurisdictions to eliminate the illicit market.	The Bureau disagrees with this comment as it is not relevant to the change made in the text for 15-day comment period in section 5050. The Bureau notes that the issue of communication between state and local jurisdictions regarding the track and trace system is firmly set in statute, specifically Business and Professions Code section 26067, which states that "upon the request of a state or local law enforcement agency, licensing authorities shall allow access to or provide information contained within a database to assist law enforcement in their duties and responsibilities pursuant to this division." The Bureau does not believe the clearly established law requires clarification or specification.
5050	4111 (p.6861)	Commenter notes that it would be problematic for a licensee to immediately notify the Bureau of a loss of connectivity,	The Bureau disagrees with this comment as it is not relevant to the change made in the text for 15-day comment period in section

Regulation Section	15-Day Comment Number(s) and Page Location	Summary of 15-Day Comments	Bureau Response to 15-Day Comments
		especially if the connectivity issue is an internet and/or power outage so immediate notification is not possible.	5050 as the immediate notification requirement preceded the 15-day comment period.
5050(b)	3412.6 (p.4306)	The commenter expresses concerns over this subsection, and questions whether any Bureau staff lives in rural areas or has run or visited an outdoor nursery. This rule is impossible to follow in rural areas that have poor or intermittent connectivity. The electrical grid and internet routinely go down, for minutes to days. As a nursery with distribution, if they have a loaded truck ready to roll or even half-loaded, they're rolling even if the internet or power goes out. Live plants can't sit in a hot truck waiting for the system to come back on line and can't waste employee's time unloading a truck then reloading it. Commenter notes that this section is not workable and no reasonable business will be able to follow it.	The Bureau disagrees with this comment, which the Bureau notes has inaccurately quoted the regulation as prohibiting all transfers of cannabis goods during a loss of connectivity. The Bureau notes that prior to transport, licensees must generate a shipping manifest for the cannabis goods being transported. This can occur before cannabis goods are loaded onto trucks and or other vehicles for transport, as the shipping manifest must be provided to the Bureau and the recipient, prior to transportation. Additionally, the Bureau's regulations are consistent with those of CDFA and CDPH, also prohibiting their licensees from moving cannabis goods during a loss of connectivity.
5050(b)	3628.12 (p.4803) 3714.4 (p.5668)	Commenter indicates that prohibiting transport, receipt, or delivery of cannabis goods during a loss of connectivity is not a workable scenario for any industry. Considerations should include: unintended breach of contracts due to delays in transport, receipt or delivery; loss of goodwill and future contracts due to state mandated delays; and those in isolated	The Bureau disagrees with this comment as it is not relevant to the change made in the text for 15-day comment period in section 5050. The prohibition on transport, receipt and delivery during a loss of connectivity preceded the 15-day comment period.

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		areas with sketchy access to electricity and internet.	
5050(b)	3308.8 (p.4093) 3310.8 (p.4101) 3719.8 (p.5702)	Commenter recommends clarifying what constitutes a loss of connectivity. There are areas where service is not always known because internet and electrical grids offline regularly. Transfers that occur on the same property, or between long-distances when logistics are complex and cost prohibit to delay, place a burden on remote operators with connectivity issues. Licensees should be able to continue conducting transfers during a loss of connectivity, with paper and/or other electronically prepared invoices/manifests, with 3 days to enter all information once connectivity is regained. Commenter recommends replacing "shall not" with "may" and retain "transfer." Allow licensees to submit on the Bureau's notification form.	The Bureau disagrees in part with this comment. Loss of connectivity to the track and trace occurs when licensees lose connection to the track and trace system, preventing them from contemporaneously reporting on commercial cannabis activities. A licensee who loses access to the track and trace system because of sign-on issues is still required to comply with all rules and regulations, including recording track and trace activities within the specified timeframe. This comment, as relating to allowing transfers during a loss of connectivity, is not relevant as to any change subject to the 15-day comment period. The Bureau notes the comment, as pertaining to allowing 3 days to enter information once connectivity is restored. The regulations specify that licensees must enter such information within 3 business days of restored connectivity.
5050(c)	3308.7 (p.4093) 3310.7 (p.4101) 3719.8 (p.5702) 3753.7 (p.5911) 4111 (p.6861)	Commenters recommend changing three "business" back to "calendar" days, for the timeframe in which licensees must enter commercial cannabis activity into the track and trace system after connectivity is restored, is cumbersome and unrealistic.	The Bureau disagrees with this comment. The Bureau has determined that three calendar days is a sufficient amount of time in which to enter such activity, given the limited activities licensees are allowed to engage in during the loss of connectivity, and the requirement to track cannabis goods from seed to sale, which is only efficient if activities are recorded as contemporaneous to the event as possible. The three-day requirement is consistent with the other licensing authorities.

Regulation Section	15-Day Comment Number(s) and Page Location	Summary of 15-Day Comments	Bureau Response to 15-Day Comments
5050(c)	3630.6 (p.4814) 3668.2 (p.5385)	Commenter believes that three calendar days is too short and such a timeframe of three calendar days denies the licensee the holidays that other industries are granted.	The Bureau disagrees with this comment. The Bureau has determined that three calendar days is a sufficient amount of time in which to enter such activity, given the limited activities licensees are allowed to engage in during the loss of connectivity, and the requirement to track cannabis goods from seed to sale, which is only efficient if activities are recorded as contemporaneous to the event as possible. The three-day requirement is consistent with the other licensing authorities. The Bureau is unsure how requiring such information to be recorded in the track and trace system within three business days is a measure denying individuals holidays that other industries are granted. Holidays exist independent of the Bureau's regulations.
5050(c)	3570.12 (p.4526) 3734.11 (p.5788)	This subsection has reduced the period of time to enter commercial cannabis activity into the track and trace system after a loss of connectivity, which does not allow for flexibility, and should be changed to a scalable approach. Commenter recommends that for losses of connectivity less than three calendar days, commercial cannabis activity must be entered into the system within three calendar days, and for longer, the Bureau will set a commensurate timeframe.	The Bureau disagrees with this comment. The Bureau has determined that three calendar days is a sufficient amount of time in which to enter such activity, given the limited activities licensees are allowed to engage in during the loss of connectivity, and the requirement to track cannabis goods from seed to sale, which is only efficient if activities are recorded as contemporaneous to the event as possible. The three-day requirement is consistent with the other licensing authorities. Additionally, the regulations provide for disaster relief provisions, so that in certain circumstances that meet criteria, licensees may request relief from a regulatory provision.
5051	3570.21 (p.4532) 3734.19 (p.5794)	Commenter appreciates the change for inventory reconciliation, from every 14 days to every 30 days. This will reduce overhead requirements.	The Bureau notes commenter's support of this provision.

Regulation Section	15-Day Comment Number(s) and Page Location	Summary of 15-Day Comments	Bureau Response to 15-Day Comments
5051	4115.26 (p.6878)	Commenter disagrees with requiring inventory reconciliation every 30 days, believes it should occur more regularly, as commenter had previously supported reconciliation every 7 days. This will be an unacceptable risk for diversion to the illegal market and underaged consumer.	The Bureau disagrees with this comment. The Bureau has determined that 30 days is sufficient to ensure that reconciliation happens on a regular basis, while providing a reasonable and sustainable time frame for licensees and accounting for cannabis goods to ensure it is not diverted to the illegal market. This provision is also consistent with the other licensing authorities' track and trace inventory reconciliation requirements.
5054-5055	3401 (p.4292) 3436 (p.4333) 3439 (p.4334) 3441 (p.4337)	The new waste regulations are concerning because it allows companies to have full reign to just toss waste into the landfill or in trash and allows children to go dumpster diving to get high. There should be a weight ticket or manifest to show accountability. Previous waste management provisions should be brought back. This is because cannabis waste still has value, and there are homeless people and kids breaking into trash cans and going to landfills to get it. Cannabis waste should be classified as a "waste of concern."	The Bureau disagrees with this comment. Waste management provisions removed from the regulations were in part duplicative of the broader requirement that all licensees must comply with all waste management laws. Calrecycle has regulatory oversight over all solid waste, including cannabis waste. Additionally, although section 5055 was removed, section 5054 now contains provisions for the secure placement and storage of cannabis waste while on the licensed premises, prior to its collection for disposal. This has not changed in the regulations. Another requirement that has not changed, is the requirement for licensees to render cannabis goods unusable and unrecognizable prior to disposal.
Article 7	3463.1 (p.4365)	As section 5055, containing provisions pertaining to waste haulers, was removed, commenter recommends adding language to section 5054, that specifies that cannabis waste may be collected by a local agency, a waste hauler franchised or contracted by the local jurisdiction, or a private waste hauler permitted by the local jurisdiction.	The Bureau disagrees with this comment. Section 5054 requires licensees to comply with all waste management laws. Such additional language is unnecessary and would be duplicative of existing requirements and standards.

Regulation Section	15-Day Comment Number(s) and Page Location	Summary of 15-Day Comments	Bureau Response to 15-Day Comments
5052.1	3304.15 (p.4077) 3307.4 (p.4089) 3668.3 (p.5386) 3724.8 (p.5731) 3652.9 (p.5306)	Commenter recommends allowing retailers to reject cannabis goods at delivery, without restricting it to the stated and limited reasons provided in 5052.1. Additionally, this prohibition places costs on distributors and retailers without significant added tracking.	The Bureau disagrees with this comment. There needs to be appropriate limitations on the movement and transfer of cannabis goods between licensees to ensure minimal risk of diversion into the illegal market, while also ensuring that defective or damaged products are not made available to public. All movement of cannabis goods between licensees is tracked by the track and trace system. Additionally, the movement and transfer of cannabis goods is regulated to the extent that Bureau staff and law enforcement have the ability to sufficiently and efficiently determine the cannabis goods being transferred, which in part must be determined by the shipping manifest.
5052.1	3650.14 (p.5281)	The commenter applauds the Bureau's efforts to provide effective and practical ways to operate like any other retail establishment, however, believes that subsections (a) and (b) remain inconsistent.	The Bureau disagrees with this comment. The Bureau notes that "notwithstanding" as used in the regulations retains its standard meaning and definition, so that it would be superfluous for the Bureau to incorporate commenter's recommendation to add in subsection (a) the language "except as set forth in subsection (b)…"
5052.1	3570.22 (p.4532) 3685.5 (p.5502) 3689.5 (p.5523) 3734.20 (p.5794)	The commenter appreciates the inclusion of additional circumstances allowing for a rejection of a cannabis goods shipment.	The Bureau notes the commenter's support for this section.
5052.1	3629.2 (p.4812)	This section does not account for businesses that do not have cash on hand to pay for inventory. Commenter requests there be a mechanism for adjustment in these circumstances, such as "if a licensee cannot pay for all or part of a shipment containing cannabis goods, the licensee shall reject the portion of the shipment that cannot be paid for."	The Bureau disagrees with this comment. A licensee's business decision whether to carry cash-on-hand as payment for cannabis goods is not sufficient to allow for licensees to reject partial shipments of cannabis goods due to the risks of diversion to the illegal market and the ability to adequately track cannabis goods in the distribution chain. Moreover, the Bureau's regulations do not require any price or specific method of payment for transactions between licensees.

Regulation Section	15-Day Comment Number(s) and Page Location	Summary of 15-Day Comments	Bureau Response to 15-Day Comments
5052.1	3717.6 (p.5685)	Commenter believes this section should specify and clarify that licensees may accept a partial shipment if it has rejected other portions of the shipment.	The Bureau disagrees with this comment. The Bureau believes the language in the section is sufficient to indicate that partial shipments may be accepted or rejected.
5053	3422.2 (p.4321) 3423.2 (p.4322) 3424.2 (p.4323) 3426.2 (p.4327) 3442.2 (p.4338)	A manufacturer should be able to return trim or non-manufactured goods if they are not compliant.	The Bureau disagrees with this comment. The Bureau added "manufactured" to this section to clarify that it referred to manufactured cannabis goods. Non-manufactured goods do not lend themselves to being defective. Additionally, the Bureau notes that CDPH provides regulatory oversight for manufacturers and CDFA provides regulatory oversight for cultivators. The Bureau's regulations are consistent with the regulatory framework established by CDPH and CDFA.
5054	3304.39 (p.4080)	Commenter urges the Bureau to consider the impacts of waste generated by consumers and allow consumers to return products like empty cartridges to a retailer, or directly to the manufacturer for recycling.	The Bureau agrees with this comment in part. The regulations provide for customer returns to licensed retailers under Section 5410. Recycling is not prohibited provided it is performed in compliance with all waste laws and Bureau regulations. CDPH regulates activities of manufacturers.
5054	3392.2 (p.4282) 3410.2 (p.4302) 3428.2 (p.4330) 3444.2 (p.4341) 3445.2 (p.4343) 3462.2 (p.4363) 3472.2 (p.4377) 3507.2 (p.4417) 3509.2 (p.4420) 3519.2 (p.4435) 3525.2 (p.4442) 3692.2 (p.5539) 3498.2 (p.4410) 3511.2 (p.4424) 3659.2 (p.5352)	Commenter states that because the Bureau new language regarding the destruction and disposal of vape cartridges, this could easily be expanded to allow for recycling of cannabis e-waste. Commenters also note that it is surprising that the Bureau's regulations do not address recycling, which is addressed in CDFA's regulations four times, because California has long been the leader on recycling, including the pioneering of e-waste recycling.	The Bureau disagrees with this comment. The language related to vape cartridges relates to rendering vape cartridges into cannabis waste. The commenter's recommendation as to allowing for recycling of e-waste is not relevant to the amended language pertaining to vape cartridges. However, the regulations provide for customer returns to licensed retailers under Section 5410. Recycling is not prohibited provided it is performed in compliance with all waste laws and Bureau regulations. As licensees must follow all laws related to waste, it is unnecessary for the Bureau to specifically address recycling, which is under the jurisdiction of Calrecycle.

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	3666.2 (p.5376)		
5054	3307.9 (p.4090)	Commenter asks the Bureau to consider the impacts of waste generated by consumers of cannabis products and reexamine the language in this section to allow for consumers to return products like empty cartridges to a retailer or directly to a manufacturer for recycling.	The Bureau agrees with this comment in part. The regulations provide for customer returns to licensed retailers under Section 5410. Recycling is not prohibited provided it is performed in compliance with all waste laws and Bureau regulations. CDPH regulates activities of manufacturers.
5054	3739.3 (p.5821)	Commenter appreciates the clarifications provided in this section, which makes it easier to comply with the regulations.	The Bureau has noted commenter's support of this section.
5054	4097 (p.6803)	Commenter recommends giving operators another option as to where to render cannabis goods into cannabis waste, because some operators could dispose of cannabis waste illegally and improperly. Allow operators to render cannabis waste on another licensed premises.	The Bureau disagrees with this comment. The Bureau has clarified the requirement to render cannabis goods into cannabis waste on the licensee's premises. Limiting movement of cannabis goods that are to be destroyed helps prevent diversion, while ensuring that cannabis goods only go backward in the supply chain when a return is allowed. Rendering cannabis goods into cannabis waste is separate and distinct from disposing of cannabis waste, which is subject to all laws related to waste when any licensee is disposing of it.

Regulation Section	15-Day Comment Number(s) and Page Location	Summary of 15-Day Comments	Bureau Response to 15-Day Comments
5054	4065.3 (p.6645)	Modify this section to allow for the collection and consolidation of contaminated cannabis hardware by another licensee as long as chain of custody documentation is complete. This removes the need for retailers to destroy cannabis goods.	The Bureau disagrees with this comment. The Bureau has clarified the requirement to render cannabis goods into cannabis waste on the licensee's premises. Limiting movement of cannabis goods that are to be destroyed helps prevent diversion, while ensuring that cannabis goods only go backward in the supply chain when a return is allowed. Rendering cannabis goods into cannabis waste is separate and distinct from disposing of cannabis waste, which is subject to all laws related to waste when any licensee is disposing of it.
5054(c)	4064.16 (p.6635)	Commenter recommends allowing cannabis goods to be rendered into waste on any licensed premises, regardless of where generated.	The Bureau disagrees with this comment. The Bureau has clarified the requirement to render cannabis goods into cannabis waste on the licensee's premises. Limiting movement of cannabis goods that are to be destroyed helps prevent diversion, while ensuring that cannabis goods only go backward in the supply chain when a return is allowed. Rendering cannabis goods into cannabis waste is separate and distinct from disposing of cannabis waste, which is subject to all laws related to waste when any licensee is disposing of it.
5054(d)	4065.5 (p.6646)	Commenter recommends allowing for licensees who receive and consolidate contaminated cannabis hardware to destroy a portion that constitutes cannabis goods, and the rest to be properly disposed of or recycled.	The Bureau disagrees with this comment. The Bureau has clarified the requirement to render cannabis goods into cannabis waste on the licensee's premises. Limiting movement of cannabis goods that are to be destroyed helps prevent diversion, while ensuring that cannabis goods only go backward in the supply chain when a return is allowed. Rendering cannabis goods into cannabis waste is separate and distinct from disposing of cannabis waste, which is subject to all laws related to waste when any licensee is disposing of it.

Regulation Section	15-Day Comment Number(s) and Page Location	Summary of 15-Day Comments	Bureau Response to 15-Day Comments
5054(h)	3392.3 (p.4282) 3410.3 (p.4302) 3428.3 (p.4330) 3444.3 (p.4341) 3445.3 (p.4344) 3462.3 (p.4636) 3472.3 (p.4378) 3507.3 (p.4417) 3509.3 (p.4420) 3519.3 (p.4435) 3525.3 (p.4442) 3688.8 (p.5516) 3692.3 (p.5539) 3498.3 (p.4410) 3511.3 (p.4424) 3659.3 (p.5352) 3666.3 (p.5376)	Under this subsection, it may be impossible to enter products back into METRC based off their initial batch information since returned cartridges and other e-waste products will not have original packaging or any method to track the originating batch. Commenter recommends using the language "shall be secured in a receptacle" and creating a Track and Trace Secure Waste Containers which could be filled with cannabis e-waste and entered into the METRC as one batch of recycled products.	The Bureau disagrees with this comment. It is incumbent on a licensee to properly account for inventory in track and trace as required and establish business practices that are compliant. Additionally, the Bureau notes that there are certain circumstances when licensees are required to destroy cannabis goods for disposal. For instance, retailers must destroy cannabis goods for disposal pursuant to section 5405, when the cannabis goods are no longer used for display purposes. Distributors are required to destroy cannabis goods batches that have failed testing and cannot be remediated. Customer returns to retailer should also be destroyed if not returned to the licensed distributor as a defective product. Thus, generally, licensees should be aware of the UID of the cannabis goods being destroyed. This aligns with the statutory requirement that cannabis goods be accurately tracked. Once cannabis goods are properly accounted for as destroyed they can be placed in a secured receptacle for disposal.
5055	4097 (p.6803)	Commenter recommends reinstating the requirement for a manifest/shipping document documenting the time, date, nature, and weight and/or volume of the waste collected for transport, as well as the certified weight ticket verifying acceptance at the final resting facility.	The Bureau disagrees with this comment. All licensees are required by statute and regulation to maintain accurate and complete records of commercial cannabis activity, including cannabis waste disposal. Therefore, the recommended provision is duplicative and unnecessary.

Regulation Section	15-Day Comment Number(s) and Page Location	Summary of 15-Day Comments	Bureau Response to 15-Day Comments
5301	1679.4 (p.2556) 1715-1722 (p.2593-2600) 3301.10 (p.4068) 3304.8 (p.4076) 3328.5 (p.4168) 3326.5 (p.4159) 3321.10 (p.4140) 3310.9 (p.4102) 3308.9 (p.4094) 3332.4 (p.4182) 3334.4 (p.4189) 3339.4 (p.4208) 3895.6 (p.6260) 3636.10 (p.4847) 3653.8 (p.5324) 3701.4 (p.5579) 3708.5 (p.5620) 3719.9 (p.5702) 3718.6 (p.5694) 3737.6 (p.5810) 3745.5 (p.5852) 3747.4 (p.5871) 3748.6 (p.5882) 3860.10 (p.6166) 4101.10 (p.6822) 3422.3 (p.4321) 3422.4 (p.4321) 3423.3 (p.4322) 3423.4 (p.4322) 3312.4 (p.4109) 3424.3 (p.4323) 3424.4 (p.4323) 3426.3 (p.4327)	Commenters request that the requirement that cannabis goods that are being stored on the distributor's premises be packaged as they will be sold at retail be removed. Some commenters state that section 5303 allows distributors to make pre-rolls, therefore, they should be allowed to store cannabis in an unprocessed state until they can package it appropriately. Other commenters state that distributors are allowed to package cannabis goods for cultivators, so they should be allowed to charge for storage until the cannabis goods are packaged. The commenters state that the new language does not prevent contamination because distributors will still store bulk goods and asks if the Bureau is just proposing they cannot charge for it. One commenter states it is highly problematic and a stark departure from existing operational rhetoric. Commenter states that holding custody, but not title, to bulk flower or bulk oil on behalf of another licensed supply chain actor is a common, necessary, and valuable business practice, especially given California's trucking requirements for long-distances (capped at 8-hour shifts) and long distances to travel. Commenter states without the ability to provide storage services for the movement of bulk "non-final-form" products, the	The Bureau disagrees with this comment. Distributors may store their own cannabis, or cannabis that is going through distribution for packaging, labeling, quality-assurance or laboratory testing on the distributor's premises in an unpackaged state as it is consistent with those activities. However, section 5301 refers to when a distributor is offering storage-only services to another licensee unrelated to quality assurance or testing processes. This means, no packaging, rolling, labeling, or laboratory testing is being done on these products, they are simply being stored at the distributor's premises. Cannabis goods held on behalf of a retailer would have already been tested and passed testing or else they would not have been transferred to a retailer, thus the cannabis goods must be packaged as they will be sold at retail to ensure that they are not contaminated by any cannabis that is being stored on the property for quality assurance or laboratory testing. Further, nothing in the regulation prevents a distributor from charging a licensee for storage-only services of their cannabis goods and nothing in the section requires title to the cannabis goods to be transferred to the distributor. Additionally, the Bureau has not defined storage as the intent in using that word is for the ordinary, plain meaning to apply. Lastly, one commenter indicates that currently cultivators are using a distribution premises to aggregate and package their cannabis. It is important to note that while a distributor may package cannabis for other licensees, a distributor is not permitted to allow other licensees to use the distribution premises to conduct their own packaging.

Regulation Section	15-Day Comment Number(s) and Page Location	Summary of 15-Day Comments	Bureau Response to 15-Day Comments
	3426.4 (p.4327) 3442.3 (p.4338) 3442.4 (p.4338) 3481 (p.4387) 3652.10 (p.5307) 3667.10 (p.5382) 3668.4 (p.5386) 3671.6 (p.5434) 3724.4 (p.5730) 4082.3 (p.6730) 4075.4 (p.6700) 3753.8 (p.5912) 3719.9 (p.5702) 3704.4 (p.5594) 3690.4 (p.5530) 3729.6 (p.5761) 3726.4 (p.5743)	Bureau will cause unintended and unnecessary supply chain disruption. Commenter also states that distributors storage services facilitate co-packing of flower as a service to make the goods marketable to a buyer for sale at retail. The aggregation centers are commonplace and facilitate the need of individual producers who may not have proper facilities to aggregate and package, but who want to maintain ownership of their product and direct to whom the final product will be sold. Some commenters state that storage for transfer to manufacturing, including flower and leaf material, means that storage may be facilitated for cannabis not packaged ready for retail. Commenters also state indicating that storage is not allowed for goods other than packaged would imply that title must be transferred to distribution of al material moving through distribution. Some commenters state the provision will restrict the distributor from obtaining valid samples from a manufactured product for testing for compliance, as results vary from one laboratory to another. One commenter asked that distributors be able to store unpackaged cannabis until they can turn it into pre-rolls.	

Regulation Section	15-Day Comment Number(s) and Page Location	Summary of 15-Day Comments	Bureau Response to 15-Day Comments
		Some commenters state that "storage services" and "storage" are not defined.	
5301(d)	3578.3 (p.4577) 3642.3 (p.5114)	Commenters support the clarification in the section that distributors may store seeds.	The Bureau notes commenters' support of the section.
5303	1 (p.1)	Commenter states single use plastic is virtually mandated for products that are either not potentially harmful to children or products that are manufactured in an inherently child resistant container. Commenter requests that dried flower, pre-rolls, and vape cartridges be excluded from child-resistant packaging.	The Bureau disagrees with this comment. Business and Professions Code section 26120 states that prior to delivery or sale at a retailer, cannabis goods shall be placed in a resealable, tamper-evident, child-resistant package. The Bureau cannot waive the child-resistant requirement as it is established in statute. However, the Bureau determined that including packaging requirements under this section created greater confusion than clarity and therefore, has withdrawn the additions to subsection (a) of section 5303. The Bureau has determined that CDPH has promulgated packaging requirements for all cannabis goods, thus there is no need for the Bureau to duplicate packaging requirements in its regulations. This ensures licensees only need to refer to one agency's regulations for all packaging requirements. This also ensures that there are no inconsistencies in packaging requirements established by the three licensing authorities. However, nothing in the regulations prevents licensees from using packaging that is made from recycled materials, packaging that is recyclable, or packaging that is made out of a material that is not plastic.

Regulation Section	15-Day Comment Number(s) and Page Location	Summary of 15-Day Comments	Bureau Response to 15-Day Comments
5303	3 (p.3) 3520 (p.4437)	Commenter objects to the provision that beginning January 1, 2020 packages of cannabis and pre-rolls shall be child-resistant until the package is first opened. Commenter objects to the package not being child-resistant after opening.	The Bureau disagrees with this comment. Cannabis, including pre-rolls, is not psychoactive in the form it is sold in. It only becomes psychoactive when it is decarboxylated. Decarboxylating mainly occurs when the cannabis is heated by either lighting the cannabis on fire, so it can be smoked, or through heating it into a vapor so it can be smoked. Simply eating dried flower would not cause a psychoactive effect on a person, including a child. Thus, there is no reason for it to remain child-resistant beyond the point where it is sold at retail as required by Business and Professions Code section 26120. However, the Bureau determined that including packaging requirements under this section created greater confusion than clarity and therefore, has withdrawn the additions to subsection (a) of section 5303. The Bureau has determined that CDPH has promulgated packaging requirements for all cannabis goods, thus there is no need for the Bureau to duplicate packaging requirements in its regulations. This ensures licensees only need to refer to one agency's regulations for all packaging requirements. This also ensures that there are no inconsistencies in packaging requirements established by the three licensing authorities.
5303	9 (p.11)	Commenter states that subsection (a)(2)(A)(ii), which states "plastic packaging that is at least 4 mils thick and heat-sealed without an easy-open tab, dimple, corner, or flap," is unclear. Commenter asks if it is referring to 4mil thick Mylar bags that are heat sealed without any easy open tabs or if the regulation is saying that any non-certified child-resistant package can have a 4mil thick plastic shrink band added, heat-sealed without any easy-open tabs.	The Bureau disagrees with this comment. As the regulation states, the package the cannabis is placed in is considered child-resistant if it is at least 4mils thick and heat-heat sealed without an easy open tab, dimple, corner, or flap. As commenter mentions, a mylar bag that is 4mils thick and heat-sealed without any easy open tabs would meet the requirements of this section. The section does not refer to anything placed around the package.

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5303	616 (p.1463)	Commenter objects to requiring child-resistant packaging on items that do not remain in packaging like vape cartridges and pre-rolls. Commenter states the requirement leads to more packaging being thrown in the garbage. Commenter objects to the excessive use of plastic and states the environment is being damaged by the use of it.	The Bureau disagrees with this comment. Business and Professions Code section 26120 requires that prior to delivery or sale at a retailer, all cannabis and cannabis products shall be placed in a child-resistant package. The Bureau is unable to waive the statutory requirement. However, nothing in the regulations prevents licensees from using packaging that is made from recycled materials, packaging that is recyclable, or packaging that is made out of a material that is not plastic.
5303	3579.1 (p.4581)	Commenter objects to the transition time period for packaging and requests that the date for all packages to be child-resistant be amended to July 1, 2019 rather than January 1, 2020.	The Bureau disagrees with this comment. Currently all cannabis goods are required to be child-resistant under the emergency regulations. However, in July the Bureau's regulations were noticed for public comment and they contained a requirement that the exit bag be child-resistant and not the individual products. Because of the language many manufacturers ordered non-child-resistant packaging. The Bureau and CDPH have received feedback that packaging is often purchased in bulk so that licensees have months worth of packaging on hand. To allow for a transition period, the regulations now allow for the statutorily required child-resistant package to be met by the cannabis goods package or exit package until 2020.
5303(a)(3)	3737.10 (p.5812) 3748.10 (p.5883) 3476 (p.4383)	Commenter supports the clarification that seeds and clones are not subject to child-resistant packaging requirements. Commenter states this common-sense clarification is helpful and in line with Business and Professions Code section 26110(a), which exempts immature plants and seeds from quality assurance requirements. Commenter states immature plants and seeds cannot cause intoxication and strict packaging is inappropriate for these products.	The Bureau notes commenter's support of the subsection.

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5303(b)	620.3 (p.1476) 3310.5 (p.4101) 3308.5 (p.4093) 3628.11(p.4803) 3719.5 (p.5701) 3741.4 (p.5831) 3652.11 (p.5307) 3862.3 (p.6180)	Commenter objects to the requirement that pre-rolls be rolled prior to regulatory compliance testing. Some commenters state that flower will be consumed using rolling papers, pipes, or other smoking devices that have not undergone testing. One commenter states that singling out pre-rolls to test the consumption device along with the cannabis itself provides no additional public health protection and there is no evidence that rolling papers currently on the market are unsafe and anecdotally, those papers tested by analytical laboratories have not found any contaminants that would cause the papers to fail current regulatory compliance testing.	The Bureau disagrees with this comment. The paper that a pre-roll is rolled in is consumed. Because the paper is consumed, the entire pre-roll must be tested to ensure that it is safe for consumption. Further, while true that consumers may use items to consume cannabis that have not gone through testing, they are not purchasing those items with cannabis in them and with a certificate of analysis for regulatory compliance affirming their suitability for consumption. Allowing pre-rolls to be rolled after testing would be misleading to consumers. Consumers are assured that the cannabis goods they purchase have gone through and passed regulatory compliance testing and are safe for consumption.
5303(b)	3304.16 (p.4077) 3668.6 (p.5386) 3671.7 (p.5434) 3724.9 (p.5731) 3753.9 (p.5912)	Commenter recommends including in the section that pre-rolls will be treated as cannabis and not a cannabis product for the purposes of the batch sampling requirements.	The Bureau disagrees with this comment as the comment is technically irrelevant. The batch size for pre-rolls is established under section 5708. Since section 5708 did not contain modifications related to batch size, this comment is irrelevant.
5303(b)	4067.13 (p.6658)	Commenter states that if a distributor can make pre-rolls what brand is this under. Commenter asks if distributors can make their own brand. Commenter also asks if this is the case, why wouldn't the packaging license for non-food/non-edible items fall under the Bureau.	The Bureau disagrees with this comment. A distributor may make pre-rolls under their own brand, they may also make them for licensed cultivators, manufacturers, microbusinesses, or retailers. Nothing in the Act or the regulations prevents a licensee from having their own brand, with the exception of testing laboratories as they are excluded from engaging in all commercial cannabis activities except testing. If commenter is referring to a license type created by CDPH or CDFA, all three licensing authorities have license types that have some ability to package cannabis or cannabis products.

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5303(b)	3316.7 (p.4124) 3315.7 (p.4120) 3317.7 (p.4128) 3319.7 (p.4134) 3335.3 (p.4192) 3336.3 (p.4194) 3536 (p.4456)	Commenters request clarification on what distributors may do in regard to creating pre-rolls. Some commenters state cultivators are precluded from actively separating the kief and can't grind flower or other cannabis biomass to obtain what is used to roll. Commenters asks what a distributor can do that may be considered manufacturing. Commenters ask if distributors can grind flower or separate kief. Commenters states express limitations would be appropriate. Some commenters ask what "process" means and ask that it be defined.	The Bureau disagrees with this comment. As the section states, a distributor shall not process cannabis. Thus, a distributor may only roll pre-rolls using cannabis, including kief, that has been obtained from a cultivator or manufacturer. The Bureau has not defined process as the plain meaning of the word is appropriate here.
5303(b)	3737.8 (p.5812) 3748.8 (p.5883) 3478 (p.4385) 3668.6 (p.5386)	Commenter supports allowing distributors to create pre-rolls. Commenter states it enables important flexibility and benefits both distributors and cultivators.	The Bureau notes commenter's support of the subsection.
5303(b)	3717.7 (p.5686)	Commenter objects to allowing distributors to make pre-rolls. Commenter states rolling pre-rolls is a manufacturing function, and there is an inherent lack of control if manufacturing of cannabis is being conducted by any licensee other than one approved by the CDPH.	The Bureau disagrees with this comment. The Act allows distributors to package cannabis. For purposes of quality-assurance, there is no difference in rolling pre-rolls that contain cannabis and packaging cannabis. Further, the regulations require that the pre-rolls be tested after being rolled which further ensures that they meet the standards established by the Act and the regulations.

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5303	3304.17 (p.4077) 3304.18 (p.4077) 3321.11 (p.4140) 3405.5 (p.4296) 3636.11 (p.4847) 3701.5 (p.5579) 3718.10 (p.5695) 3737.13 (p.5813) 3748.13 (p.5883) 4101.11 (p.6822) 3301.11 (p.4068) 3471 (p.4376) 3405.5 (p.4296) 3668.5 (p.5386) 3671.8 (p.5435) 3724.10 (p.5732) 3753.10 (p.5912)	Commenters recommend amending the section to allow distributors to re-label to correct all errors on the label and not just those related to cannabinoid and terpenoid content. Some commenters also request that the Bureau clarify that terpenes are not required on the final label. Some commenters state for beverage producers, preventing distributors from doing all re-labeling is harmful due to significant costs associated with transporting beverages.	The Bureau disagrees with this comment. CDPH has required its manufacturers to ensure that all products are in the finished form and are labeled in their final form for sale, with the exception of cannabinoid and terpenoid content before they can be released to a distributor. The Bureau cannot allow distributors to relabel as all products coming from a manufacturer will have to comply with the regulations established by CDPH. Additionally, CDPH sets the requirements for the labeling of terpenes, thus only CDPH can clarify whether or not terpenes are required on the final label.
5303(a)(2)(B)	3650.15 (p.5282)	Commenter states the industry and community supports the Bureau's thoughtful transition toward child safety at the packaging level. Commenter states however, that the statement may not be accurate as many manufacturers plan to package in child resistant packaging regardless of requirements at law. Commenter states the language should only be included if the packaging is, in fact, not CRP after opening.	The Bureau notes commenter's support of the section. Commenter references plans by manufacturers to package in child resistant packaging whether required by law or not, however this section only applies to the packaging of cannabis and does not apply to manufactured cannabis products. As the section does not apply to manufacturers or manufactured cannabis products, the Bureau has determined that a modification to the section is unnecessary.
5303	3653.9 (p.5324)	Commenter states the Bureau is attempting to strike non-operative law language from the initial set of emergency regulations in the permanent regulations. Commenter	The Bureau disagrees with this comment. Former subsection (b) created significant confusion amongst licensees as many distributors and manufacturers incorrectly believed the section allowed for manufactured products to be labeled and packaged on

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		refers to deleted subsection (b) which stated a distributor could not package, re-package, label, or re-label manufactured products except when the distributor also holds a manufacturing license and is engaging in the activities at the manufacturing premises. Commenter recommends reinserting the correct language from the readopted emergency regulations to ensure an efficient use of space and resources when the distributor and manufacture are the same licensee as no rational basis was provided for the removal of the subsection.	the distribution premises if they also had a manufacturing license. However, neither the Bureau nor CDPH have ever permitted a distributor to package cannabis products. Further, the Bureau and CDPH have previously only allowed re-labeling for cannabinoid and terpenoid content after laboratory testing. Lastly, CDPH regulates manufacturers and they require that all manufactured products be packaged and labeled, with the exception of cannabinoid and terpenoid content, at the manufacturing premises. The Bureau cannot waive or modify CDPH's requirements.
5303(a)(2)(A)	3700.6 (p.5574) 3725.3 (p.5738)	Commenters state the subsection does not align with CDPH regulations in section 40417 stating "an edible product, an orally-consumed concentrate, or a suppository shall be child-resistant for the life of the product." One commenter states certain products must maintain child-resistance for the life of the product.	The Bureau disagrees with this comment. The section is only addressing the packaging of cannabis and does not address the packaging of manufactured cannabis products as distributors are only permitted to package cannabis. Thus, the section does not need to be amended to include manufactured cannabis products.
5303	3570.23 (p.4532) 3380.2 (p.4267) 3652.3 (p.5307) 3734.21 (p.5794)	Commenters support the provision allowing distributors to label and re-label manufactured cannabis goods with cannabinoid and terpenoid content after receiving the certificate of analysis.	The Bureau notes commenters' support of the provision.
5303	3737.17 (p.5815)	Commenter requests a 90-day grace period for new labeling requirements.	The Bureau disagrees with this comment. The Bureau has only made a minor modification to labeling requirements to allow a distributor to label or re-label cannabis goods with the cannabinoid and terpenoid amounts after receiving the certificate of analysis for regulatory compliance testing. The Bureau has

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			created no other labeling requirements as those are established by CDPH.
5303	3380.1 (p.4267) 3662.3 (p.5359)	Commenters support the child resistant transition until January 2020. One commenter states in 2020 they suggest that concentrated edibles come from the manufacturer in child-resistant bags. Commenter states all other products, including flower, should be allowed to be placed in child-resistant exit bags to meet the requirement.	The Bureau notes commenter's support of the provision. However, the Bureau determined that including packaging requirements under this section created greater confusion than clarity and therefore, has withdrawn the additions to subsection (a) of section 5303. The Bureau has determined that CDPH has promulgated packaging requirements for all cannabis goods, thus there is no need for the Bureau to duplicate packaging requirements in its regulations. This ensures licensees only need to refer to one agency's regulations for all packaging requirements. This also ensures that there are no inconsistencies in packaging requirements established by the three licensing authorities.
5303/5307	3287.5 (p.4023) 3305.5 (p.4083) 3620.12 (p.4774)	Commenter states the Bureau should keep dynamic labels and that licensees only need to do one run of labels and then use dynamic labels for the different batch tests.	The Bureau notes commenters' support of the sections.
5303.1	3291.4 (p.4033) 3304.19 (p.4077) 3718.11 (p.5696) 3652.13 (p.5308) 3668.7 (p.5387) 3724.11 (p.5732) 3717.8 (p.5686)	Commenters object to the variance size. One commenter states the section has changed the portioning/serving size standard for the portioning of cannabis flower. Commenter states the regulations previously required a standard of +/- 10%, equating to a 20% variance. Commenter states the changes made in this section mandate that we cannot be under the published weight of the product and we	The Bureau disagrees with this comment. This section provides a variance for the net weight of dried flower. This variance means that dried flower is not considered mislabeled if the net weight on the label is within 3% of the actual weight. This section previously contained a 2.5% variance and has never had a 10% variance. Commenter may be confusing the 10% variance for the labeling of cannabinoids and terpenoids with the 3% variance for the net weight. The 10% variance for labeling cannabinoids and terpenoids is contained in section 5307.1.

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		cannot go over by more than 3%, equating to a 3% variance. Commenter states cannabis operators have spent millions of dollars on commercial and automated equipment to safely and accurately portion cannabis flower and meet the regulations +/- 10%. Commenter states problem one is that there are no commercially available machines sensitive enough to accurately produce portioned flower at scale within the parameters of the newly +3% allowable variance. Commenter states problem 2 is that if an eighth of flower equates to 3.5g, a +3% allowable variance means that it cannot weigh more than 3.6g. This is a very slim margin to achieve at scale. Commenter states licensed cannabis manufacturers are required to use Legal for Trade (LFT) State certified scales but laboratories use ISO certified scales, which are much more sensitive. The variance between these two standards for scales can push things out of compliance especially with the +3% allowable variance. Commenter states the edits of 5303.1 are too granular and unattainable from a commercial and a quality standard perspective. +3% variance on flower portioning is too tight and rigid. Commenter asks that the section be expanded or left at the original standard of +/- 10%. Other commenters stated that 3% is still too small of a variance for small weight	The Bureau conducted further research after the 45-day comment period and determined that a 3% variance for the net weight of dried flower is appropriate. The National Institute of Standards and Technology (NIST) 2018 includes moisture allowances to account for loss of weight in packaged goods. The moisture allowance for these goods is 3%, therefore the Bureau has determined that to be consistent with NIST standards, a 3% variance in the net weight of dried flower for moisture loss is appropriate.

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		products, such as one-gram flower packages, whereby moisture loss could result in up to 10% weight variance. Commenters recommend a higher weight variance, such as 5%, for lower weight products. Some commenters request that the Bureau adopt ASTM's D37 recommendations on cannabis water activity rather than NIST standards. One commenter stated the Bureau should adopt the NIST standard for food, drugs and cosmetics measured by weight which has a maximum allowance of 10%.	
5303.1	3664.1 (p.5663)	Commenter states support of the section and states it is very similar to other industries the state regulates. Commenter asks that the Bureau also considers adopting standards to address flower Water Activity (Aw) as a fair and accurate measure of packaged flower.	The Bureau notes commenters support of the section. Regarding commenters request that the Bureau investigate Aw, the Bureau has determined this comment is not relevant to the change made in the text for the 15-day comment period.
5305.1	3620.12 (p.4774) 3652.2 (p.5302)	Commenters support the inclusion of this section.	The Bureau notes commenters' support of the section.

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5305.1	4067.14 (p.6658)	Commenter states that if the Bureau does not want there to be "shopping" of testing to see which laboratory gives more favorable results, then there should be a standard implemented for all the laboratories to follow so that the tests are consistent between laboratories. Commenter also asks what happens in the scenario that a laboratory goes down for some reason. Commenter asks if companies will have to wait until that laboratory is back up and running and states this could cause a major delay and therefore break in the supply chain.	The Bureau disagrees with this comment. The Bureau has established standards where appropriate for laboratory testing. As indicated in the section, re-sampling may occur if all the requirements under section 5705(g) are met.
5306	3620.12 (p.4774)	Commenter states confusion over the change in subsection (d) and requests clarification. Commenter states that if the sample given to test is representative of the batch, then it all fails. Commenter states if the sample passes it all passes and asks why there would be an exception for a failed sample.	The Bureau disagrees with this comment. The section does not need further clarification. Commenter is correct that if the sample fails the entire batch fails and if the sample passes the entire batch passes. There is no exception for a failed sample.
5306(b)	3652.14 (p.5307)	Commenter states the section needs to be clarified regarding whether batches with a COA may be transported after testing to another distributor for packaging. Commenter states the provisions of 5307 and 5307.2 should be included here.	The Bureau disagrees with this comment. The regulations must be read together. The Bureau cannot repeat requirements over in multiple sections as it is duplicative and unnecessary.
5306	3289.5 (p.4028) 3296.5 (p.4045) 3304.2 0(p.4077) 3328.6 (p.4169) 3326.6 (p.4160)	Commenters request that the requirement that a printed copy of the certificate of analysis (COA) for regulatory compliance testing accompany the batch and be provided to the licensee receiving the	The Bureau disagrees with this comment. The passage of SB 311 amended section 26110 of the Business and Professions Code to allow for cannabis goods that have passed testing requirements to be transported to another distributor rather than requiring them to go straight to retail. The Bureau has determined that in order to

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	3310.10 (p.4102) 3316.3 (p.4123) 3308.10 (p.4094) 3332.5 (p.4182) 3334.5 (p.4189) 3339.5 (p.4208) 3895.7 (p.6260) 3708.6 (p.5622) 3719.10 (p.5703) 3718.12 (p.5696) 3747.5 (p.5872) 3307.5 (p.4089) 3312.5 (p.4109) 3315.3 (p.4119) 3317.3 (p.4127) 3319.3 (p.4133) 3668.8 (p.5387) 3724.12 (p.5732) 4075.5 (p.6701) 3690.5 (p.5531) 3726.5 (p.5744)	cannabis goods be amended to allow for emailed copies of the COA.	ensure that cannabis goods are transported with the COA that correlates to them, a printed copy of the COA must accompany the batch. This is necessary because many commenters have previously advised the Bureau that they do not have reliable internet connectivity at their premises, particularly if they are in rural areas and therefore, may not have access to an emailed copy. A printed copy also allows a licensee receiving the goods to verify that the COA is for regulatory compliance testing and corresponds to the batch being received in an efficient manner because the licensee can compare the labels on the outside of the batch to the COA and quickly confirm they are receiving the appropriate COA for the batch.
5306	3712.5 (p.5655) 3570.14 (p.4528) 3420.1 (p.4319) 3734.13 (p.5790)	Commenters object to the timeframe for submitting a remediation plan. One commenter states subsection (d)(1) does not provide sufficient time for a remediation plan to be prepared with a licensed manufacturer. Commenter states distributors should have 60 days to secure a manufacturer and submit a remediation plan. Some commenters state a transition period should be given to allow for 60 days during	The Bureau disagrees with this comment. The Bureau determined that 30 calendar days is appropriate as it provides licensees with time to arrange for remediation while ensuring the cannabis goods do not remain on the distributor's premises for an extended period of time which increases the risk that the failed cannabis goods will be diverted into the illegal market. Lastly, the Bureau does not believe it is necessary to adopt a new form for incorporation by reference in the regulations at this time. However, the Bureau will consider creating an optional form that can be used by licensees. The section as written requires remediation to begin within 30 days of receiving approval of the remediation plan from CDPH,

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		the transition. Commenters also ask for guidance on what is required in the guidance plan and ask that the Bureau create a "Remediation Plan Form" for incorporation by regulation. One commenter asks that the regulation be amended to allow 30 days from the receipt of remediation plan from CDPH, so that manufacturers are not penalized for the CDPH's response time.	thus commenter's concerns about manufacturers being penalized for CDPH response times is unfounded.
5306	3680.7 (p.5462) 3680.8 (p.5462)	Commenter states the CDPH should have the sole authority to approve remediation plans. Commenter states having CDPH and the Bureau performing the same task will lead to inconsistent standards for approval and will confuse licensees and delay the remediation process. Commenter also request that distributors or cultivators be permitted to remediate cannabis flower.	The Bureau disagrees with this comment. CDPH regulates manufacturers and the Bureau regulates microbusinesses engaged in manufacturing. Both license types may engage in remediation. Therefore, the Bureau as the licensing authority for microbusinesses must provide the approval for remediation plans submitted by a microbusiness. The Act only permits remediation of cannabis by a manufacturer. (Bus. & Prof. Code §26110.) The Bureau cannot modify the statutory requirement.
5306(d)	3571.2 (p.4539) 3897.2 (p.6273)	Commenters state that the requirement to arrange for remediation should rest upon the cultivator or manufacturer who produced the failed batch to identify a remediator and arrange for the distributor to transport the failed goods to the remediator. Commenters state at a minimum the distributor should immediately notify the producer if the batch fails. Commenters state the distributor and producer should work together in securing a licensed manufacturer to do the	The Bureau disagrees with this comment. Business and Professions code section 26110 requires that a distributor either destroy a batch that fails testing or transport the batch to a manufacturer for remediation as allowed by the Bureau or CDPH. As such, the Bureau has provided further guidance for the process that must be followed to arrange for remediation, but the Bureau cannot modify the statutory requirement and mandate that the cultivator or manufacturer arrange for remediation. However, nothing in the regulation would prevent licensees from addressing commenters concerns in their business contracts and working together to secure a manufacturer to do the remediation. The requirements and provisions that are put into a business contract

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		remediation. Commenters state without shifting some of the responsibility to the producer of the failed batch, the section will likely result in the destruction of most of the batches eligible for remediation as distributors that have not received title to the cannabis goods will have no incentive to seek remediation.	between a distributor and a cultivator or manufacturer are business decisions that are best left to the licensees.
5306(d)(2)	3650.16 (p.5283)	Commenter objects to the subsection and states it puts the onus of commencing remediation on a party not responsible for the actual remediation. Commenter also states that is wholly new and an unforeseeable requirement for distributors. Commenter recommends amending the section to: "The licensed manufacturer or licensed microbusiness authorized to engage in manufacturing begins remediating the cannabis goods within 30 calendar days of receiving approval from CDPH or the Bureau to remediate the cannabis goods."	The Bureau disagrees with this comment. First subsection (d) has always held the requirement that a distributor may transport or arrange for transport of the batch to a manufacturer for remediation. The modifications to this section simply clarified the process for sending a failed batch to remediation. Regarding the onus of commencing remediation, the Bureau disagrees with the comment. While a distributor may not be doing the remediation, the distributor is arranging for the remediation, therefore, it is within a distributor's control to include a provision in the remediation contract that requires a manufacturer to commence remediation within 30 calendar days of receiving approval from the CDPH. Further, the Bureau does not regulate manufacturers so it cannot place a requirement on the manufacturer, but it can place the requirement on the distributor.
5307/5307.2	3304.21 (p.4077) 3737.6 (p.5810) 3481 (p.4387) 3724.13 (p.5732)	Commenters support the section requiring cannabis goods be "packaged as they will be sold at retail." Some commenters state it is important to protect against contamination that occurs after testing and is consistent with the intent of SB 311.	The Bureau notes commenters support of the section.

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5307(c)(1)-(2)	3304.22 (p.4078) 3737.20 (p.5816) 3724.14 (p.5732)	Commenter recommends removing terpenoids from the required language. One commenter states they are optional compounds that are not required to be labeled. Another commenter states terpenes and minor cannabinoids are not essential health information and should not be required to be listed on the label.	The Bureau disagrees with this comment. If the label contains a terpenoid amount, then the amount must be accurate. Additionally, if the laboratory is requested to test for terpenoids for purposes of labeling, then the accurate amount will need to be labeled on the package so that the package label matches the COA. If terpenoids are not on the label and the laboratory is not requested to test for them then there is no requirement that they be labeled. (See section 5725 regarding terpenoid testing if requested.)
5307.1	3512.2 (p.4426)	Commenter states that the allowance of a variance of plus or minus 10% arbitrarily changes the effective limit from 10 mg per serving to 9 mg per serving will confuse the public.	The Bureau disagrees with this comment. The variance allows for plus or minus 10%, which is clearly stated in the regulations available to the public.
5307.1	3420.3 (p.4319) 3859.7 (p.6159)	Commenters object to the variance and sate it is too low. One commenter states the variance is not high enough and asks for higher allowable variances for lower dose products. Commenter states it is impossible to print a label ahead of time because of minor variations in the source crop. Commenter states that because of problems with not having a greater variance leads to costly relabeling. One commenter states packages have to be re-labeled regularly and recommends a variance of 40mg or allow the cultivator to get a compliance test for cannabinoids, so they can label themselves.	The Bureau disagrees with this comment. The Bureau allows distributors to label cannabis products with the cannabinoid and terpenoid amounts after testing. (See §5307.) This allows manufacturers, to leave labeling of cannabinoids and terpenoids off the package and ensures that there are no costly re-labeling issues. Distributors may also label cannabis after laboratory testing, thus there is no need for an increased variance.

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5307/5307.2	3289.6 (p.4028) 3296.6 (p.4045) 3310.11 (p.4102) 3308.11 (p.4094) 3489.4 (p.4400) 3332.6 (p.4183) 3334.6 (p.4190) 3619.5 (p.4769) 3339.6 (p.4208) 3895.5 (p.6260) 3636.12 (p.4847) 3708.7 (p.5623) 3719.11 (p.5703) 3747.6 (p.5872) 3312.6 (p.4110) 3456 (p.4358) 3652.16 (p.5309) 4075.6 (p.6701) 3690.6 (p.5531) 3726.6 (p.5744)	Commenters object to the requirement that cannabis goods that have passed regulatory compliance testing must be packaged as they will be sold at retail in order to be transferred to another distributor. Some commenters say the section kills many distribution models and doesn't jive with SB 311. Commenters state that only licensees that can make testing economically feasible are the cultivators and or large distributors. Commenters state with SB 311 many small distributors were hoping to work with cultivators who had their own distribution and would get the certificate of analysis for their products. Commenters state a cultivator who grows 50-100 pounds of a strain can easily afford the COA but a small distributor who buys 10 pounds would be hit hard by COA costs. Commenters also state retailers with their own distribution will have a tough time packaging bulk product into their brand now because of the same reason. Most retailers buy ¼ to 1 pound of flower per strain, so if they buy this now (unpackaged for retail) and then have to get a COA their cost increases substantially. Commenters request that the Bureau allow COAs to transfer at least twice to another distributor before requiring retail packaging and if it goes from cultivator to the cultivator's own distribution with the COA and then to retailer with its own distribution COA carries over and if it s	The Bureau disagrees with this comment. Once regulatory compliance testing has been completed and a certificate of analysis (COA) has been issued the cannabis goods may be transported to retail or another distributor. Cannabis goods can be transported to multiple distributors as long as the COA is no more than 12 months old. However, the cannabis goods must be packaged as they will be sold. If cannabis goods are transported without being packaged after receiving the COA, the COA would no longer be accurate as the cannabis goods could have been contaminated during transport. Additionally, neither the Bureau nor the CDPH permit bulk oil to be tested and then used in manufacturing. Cannabis products must be tested in their final form. Further, the legislative digest specifically stated that SB 311 would authorize a licensed distributor to transport cannabis and cannabis products *that are fit for sale* to the premises of another licensed distributor for further distribution. Requiring that the cannabis goods be packaged as they will be sold at retail prior to further distribution with a COA is a clear interpretation of the intent of SB 311.

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		transferred through more channels than that would requires a new COA. One commenter asks that 5307 be amended to allow distributors to transfer tested products to another licensed distributor for packaging for retail sale. Another commenter stated that that it may be necessary to transport bulk unpackaged cannabis products, such as oil to a manufacture of edibles or topical products. One commenter asks that the Bureau keep an open mind about bulk COA tested product transfer discussions in 2019. Commenter states they are challenged by the state's limitation of using co-packing arrangements in a manner that can create the least risk to public health and to business.	
5307.2	3568.14 (p.4506)	Commenter states the section should be amended to include a provision that states that the decision to destroy or retest the cannabis goods is made at the discretion of the title holder of the goods.	The Bureau disagrees with this comment. The language is not appropriate for this regulation and is a business decision that is up to the licensees. Licensees are free to include a requirement in their contract with a distributor that requires the distributor to leave the decision to destroy or retest to the licensee that holds title.

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5307.2	3328.7 (p.4169) 3326.7 (p.4160)	Commenters request that the section be amended to allow bulk transfers without a COA and that products only be required to be packaged as sold at retail if the COA will also transfer with the product.	The Bureau disagrees with this comment. As written the section only applies to cannabis goods that are packaged for retail and have already been tested for regulatory compliance. Distributors may transfer bulk products without a COA as it is consistent with distributor activities. Distributors that are providing storage only services unrelated to quality assurance and testing are required to have the cannabis goods packaged as they will be sold at retail as the distributor in this case is merely storing the cannabis goods and retail goods would have already been tested and thus would be at risk of contamination if they were stored with non-tested and unpackaged goods.
5307.1/5307.2	3709.4 (p.5629)	Commenter states support of section 5307.2 but requests that an amendment be made to require upstream distributors to label cannabis products with THC, CBD, and terpene levels indicated on the COA for the state certified tests they facilitate. Commenter states 5307.1 allows a plus or minus 10% variance on label claims, however commenter does not support the notion that a distributor who labels a product based on a COA they facilitated should have the ability to markup THC on label 10% and pass that product onto another distributor. Commenter states this has been a common occurrence since the passage of Senate Bill 311. Commenter states the practice is misleading to consumers who ultimately purchase the products.	The Bureau disagrees with this comment. The regulations do not permit a distributor to increase the cannabinoid or terpenoid amounts on a COA by 10% and include that amount on the label. Section 5307 requires that the distributor verify the cannabinoid and terpenoid content on already labeled cannabis goods is accurate in accordance with section 5307.1 which allows for a 10% variance from the labeled amount and the THC. Section 5307 requires the distributor to label cannabis goods with the amounts of cannabinoids and terpenoids from the COA if the products are not already labeled. Labeling that occurs after the COA is received must always be with the exact amounts of cannabinoids and terpenoids from the COA.

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5307.2	3321.12 (p.4140) 4101.12 (p.6822)	Commenter requests the section be clarified to state that re-labeling is allowed by subsequent distributors after a transfer. Commenter states re-labeling should be allowed for additional information concerning the subsequent distributor.	The Bureau disagrees with this comment. SB 311 which allows for distributor to distributor transfers after testing requires that the cannabis goods be in their final form. Final form means that the cannabis goods are fit for retail sale and are packaged and labeled in accordance with the regulations and the Act. Therefore, the Bureau cannot allow distributors to re-label cannabis goods following a transfer pursuant to this section as doing so would modify the statutory requirements.
5307.2	3725.4 (p.5739)	Commenter states the language is too vague because there are multiple dates on the COA including the harvest date and manufacturing date. Commenter states the date used to reference the 12 month-period should be the expiration date/ sell-by date.	The Bureau disagrees with this comment. The 12-month period is in reference to the COA and the date it was generated. While the COA may contain many dates, the referenced dates are all for the activities that occur prior to the creation of the COA. Thus, the section is clear that "date of the COA" is the date the COA was generated and not some other date that is on the COA in reference to the product.
5311(f)	33.2 (p.53) 103 (p.126) 3289.7 (p.4028) 3296.7 (p.4046) 3304.9 (p.4076) 3304.10 (p.4076) 3304.11 (p.4076) 3304.12 (p.4076) 3307.2 (p.4088) 3416.4 (p.4313) 3328.8 (p.4170) 3326.8 (p.4161) 3310.12 (p.4103) 3308.12 (p.4095) 3412.7 (p.4306) 3332.7 (p.4183) 3334.7 (p.4190)	Commenters object to the requirement that the cannabis goods be stored in a fully enclosed box, container, or cage that is secured to the inside of the vehicle. Some commenters states that a locked container not affixed to the vehicle would suffice. Some commenters stated that the requirement is excessive because the vehicle itself acts as a great defense from theft. Commenter states operators will not keep products stored in the vehicle unless they are actively driving to drop-off products at retailers. Commenter states the only time someone would try to rob them is during the drive or drop-off. Commenter state a cage will not help if a gun is held to	The Bureau disagrees with this comment. The Bureau is required to establish minimum security and transportation safety requirements for transporting cannabis. The Bureau has determined that requiring the box or container the cannabis is locked in to be affixed to the vehicle and providing a secondary level of security is necessary to prevent theft. Vehicles transporting cannabis goods may be stopping during transport for necessary rest, fuel, or vehicle repairs. During such time, the vehicle may be left unattended, including overnight with cannabis goods inside. If the container is not affixed to the inside of the vehicle it would be easier for a thief to take the container with all the cannabis or to break open the door or trunk of the vehicle and take the cannabis. Requiring that it be affixed to the inside of the vehicle provides another layer of protection that will help ensure cannabis goods are not stolen from the transport vehicle thus, protecting the health and safety of the public.

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	3339.7 (p.4209) 3529 (p.4448) 3570.15 (p.4529) 3653.10 (p.5325) 3708.8 (p.5624) 3718.7 (p.5694) 3719.12 (p.5704) 3737.15 (p.5814) 3741.5 (p.5831) 3747.7 (p.5873) 3748.15 (p.5884) 3312.7 (p.4110) 3443 (p.4340) 3469 (p.4374) 3637 (p.4851) 3908 (p.6313) 3652.16 (p.5309) 3633.3 (p.4828) 3668.9 (p.5387) 3671.9 (p.5435) 3724.5 (p.5730) 4075.7 (p.6702) 3753.11 (p.5913) 3734.14 (p.5791) 3690.7 (p.5532) 3726.7 (p.5745)	the driver's head. Commenter states a cage is a false sense of security that would only bring more excessive costs onto the operator. The commenter states opening/unlocking the car door and a cage leaves the driver exposed to robbery longer and the quicker they can get in and out the better. Another commenter requests that the language be removed, and that the Bureau consider prohibiting windows in the secured storage area or requiring bars on the window interior. Commenter also states that increased standards should be phased in over time. Commenter also requests that the Bureau look at DEA requirements and Oregon's requirements for transportation vehicles. Some commenters state the change adds significant cost and no further safety or security than a vehicle barrier. Another commenter expresses concerns that the Bureau is not taking into consideration the inside capacity of the vehicle. One commenter states that if a vehicle has insufficient security measures than a lock box would make sense but otherwise it should not be required.	Lastly, the section does not contain a new requirement, it merely provided clarification on the section based on inquiries received by the Bureau. The Bureau has always required that the cannabis goods be locked into a box, container, or cage that is secured to the inside of the vehicle.

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5311(o)	3628.13 (p.4804)	Commenter recommends that they also be allowed to transport by air. Commenter states that in cases of natural disasters a roadway or bridge may collapse leaving air and waterway as the only alternatives.	The Bureau disagrees with this comment. The Bureau has section 5038 which allows the Bureau to waive requirements due to a disaster, thus there is no need to provide an exemption for natural disasters in this section.
5311(o)	3698.7 (p.5564)	Commenter states support of allowing waterway transport to Catalina Island.	The Bureau notes commenters support of the provision.
5312	3310.13 (p.4103) 3308.13 (p.4095) 3719.13 (p.5704)	Commenters request that the amended language requiring proof that the distributor is the registered owner be stricken. Commenters recommends reverting to the language in the emergency regulations so that licensee may use short term rentals. One commenter states the use of trip leasing is common among commercial enterprises and was suggested as model by USDOT compliance support specialist. Commenter states This requirement would be especially onerous to self-transport licensees, who may only use their vehicle for transport between licenses on the farm, or from farm to processing, distribution or manufacturing licensees. The cost associated with owning a vehicle specifically for the transport of product from farm to next steps would likely restrict the license holders unduly. The requirement may have undue effects on businesses utilizing holding companies for real property ownership for 280e purposes, until such time as it is no longer required. Commenter states it is not unreasonable to register a	The Bureau disagrees with this comment. The Bureau has always required the distributor to own the transport vehicles or have a valid lease and has never permitted short-term rentals. Distributors may be transporting large amounts of cannabis goods. Because of the likelihood that large amounts of cannabis goods will be transported at one time, the Bureau must have specific information on the vehicles that will be doing the transporting. This is necessary so that the Bureau can readily confirm that a particular vehicle is authorized to transport cannabis. This allows for ready identification of transport vehicles by the Bureau staff and law enforcement. Further, requiring the vehicle to be owned or leased by the distributor ensures that the distributor's insurance covers the vehicle. This is necessary to ensure that vehicles transporting cannabis goods are properly insured and thus covered if an accident should occur. Lastly, if a licensee is transporting goods on a single parcel of land, such as on their farm, they are permitted to use alternative means of transport under section 5311(n).

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		vehicle for MCP requirements and retain ownership outside the operator, utilizing a trip lease model.	
5311/5312	3412.7 (p.4306) 3570.16 (p.4530) 3662.7 (p.5361) 3734.15 (p.5792) 3729.7 (p.5762)	Commenters object to the requirement that vehicles be owned or leased by the distributor. Commenters state confusion regarding the provision in 5311 that requires that all vehicles and trailers used for distribution be owned or leased by the distributor and the provision in section 5312 that requires proof that the distributor is the registered owner. One commenter asks if they can lease or if they have to own the vehicles. Some commenters state that it is counterintuitive that a statement requiring "ownership" allows for leasing. Commenters state that the requirement that the licensee own or lease all vehicles used is a substantial barrier to entry for equity applicants and smaller firms. Commenters ask that an exception be made whereby owners' vehicles may be designated as usable by the licensee. One commenter states that their product requires special storage and transportation in a vehicle equipped to transport at controlled temperatures. Commenter asks that distributors be allowed to contract out for vehicles that can accommodate different types of products without requiring them to be registered under the entity or with the DMV.	The Bureau disagrees with this comment. Licensees must own or lease the vehicles. Under the vehicle code a "registered owner" is a person registered by the Department of Motor Vehicles as the owner of a vehicle. (Vehicle Code §505.) An "owner" under the vehicle code includes "a person having all the incidents of ownership, including the legal title of a vehicle whether or not such person lends, rents, or creates a security interest in the vehicle," and "the person entitled to the possession of a vehicle as the purchaser under a security agreement". (Vehicle Code §460) and a "lessee" is "a person who leases, offers to lease, or is offered the lease of a motor vehicle for a term exceeding four months." (Vehicle Code §370.) The registered owner of a vehicle can be the holder of a valid lease agreement and still be considered the "owner" for purposes of registering the vehicle as the vehicle code considers the registering person the "owner." Thus, distributors must own or lease the vehicle and must be the registered owner of the vehicle. The Bureau requires vehicles to be owned or leased and registered by the licensee to ensure that the Bureau has ready and current information on the vehicles being used for transport. This allows the Bureau to quickly confirm for law enforcement that a particular vehicle has been authorized to transport cannabis goods. However, nothing would prevent a licensee from using vehicles owned by an owner of the distributor license, since the owner of the license is also a licensee.

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		One commenter asks that the section be amended to state, "registered owner or lessee of the vehicle."	
5400(b)	4073.2 (p.6683) 4073.3 (p.6683)	Commenters suggest that the regulations allow persons under the age of 18 who possess a valid physician's recommendation to access the licensed retail premises.	The Bureau disagrees with this comment. Business and Professions code section 26140 authorizes medicinal retailers to grant access to the licensed premises and sell medicinal cannabis goods to person who are 18 years old or older with a recommendation. The Bureau does not have the authority to change the statute.
5402(c)	3620.13 (p.4775) 3391.4 (p.4281) 3397.4 (p.4288) 3494.5 (p.4406) 3497.4 (p.4409)	Commenters offered support for the prohibition on the sale of cannabis through a drive-in or drive-thru window in jurisdictions that have banned these types of sales.	The Bureau has noted commenter's support for the section.
5406(e)	3710.4 (p.5642) 3898.4 (p.6289)	Commenters believes that requiring the retailer to ensure that the batch number of the packaging of the cannabis good match the batch number on the certificate of analysis is too onerous. The commenter suggests removing this requirement.	The Bureau disagrees with this comment. Requiring the retailer to verify that the cannabis goods sold to customer have been properly tested is an effective method of ensuring that customers do not purchase untested cannabis goods.

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5407	3394 (p.4284) 3452.1 - 3452.10 (p.4350-4352) 3597.5 (p.4464) 3628.14 (p.4804) 3680.6 (p.5461) 3714.5 (p.5669) 3717.9 (p.5686) 3722.5 (p.5719) 3858.6 (p.6156) 4064.22 (p.6638) 4067.6 (p.6657) 4073.4 (p.6684) 4079.13 (p.6723)	Commenters requests that licensed retailers be allowed to sell other types of products besides cannabis goods and accessories.	The Bureau agrees in part with this comment. Section 5407 has been amended to clarify what items a retailer may and may not sell. A retail license from the Bureau authorizes the retailer to sell cannabis goods, cannabis accessories, and branded merchandise. A retail license from the Bureau does not authorize licensees to sell items that are unrelated to cannabis.
5407	3570.18 (p.4531) 3700.5 (p.5574) 3716.3 (p.5677) 3734.16 (p.5793)	Commenters requests that the word “any” be placed back into the regulation to clarify that a retail licensee may sell branded merchandise from a cultivator or manufacturer.	The Bureau disagrees with this comment. Section 5407 is intended to only allow a licensed retailer to their own branded merchandise. The regulation is not intended to allow retailers to sell branded merchandise obtained from other licensees.
5407	3499.2 (p.4412)	Commenter suggests that the regulation be amended to prohibit licensees from marketing apparel or other branded merchandise to minors.	The Bureau disagrees with this comment. Licensees already must comply with all restrictions regarding marketing to minors found in the Act. Specifying that branded merchandise may not be marketed to minors is not necessary.
5407	3573.9 (p.4559)	Commenter suggests that retailers be prohibited from selling branded merchandise or extending awareness of their brand in any way.	The Bureau disagrees with this comment. The Act allows for licensees to engage in advertising with some restrictions. The Bureau does not believe that it is appropriate to prohibit licensees from engaging in marketing practices that are allowed under the Act.
5409(e)	3710.5 (p.5643) 3898.5 (p.6290)	Commenters believes that retailers should not be responsible for determining the amount of cannabis goods used in a manufactured cannabis product for the purposes of tracking daily sales limits.	The Bureau disagrees with this comment. Retailers are in a good position to know or learn the amount of cannabis concentrates used in the cannabis goods they sell. Retailers must be held responsible for ensuring that they do not sell a customer an

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			amount of cannabis goods that is over the statutory required possession limits.
5410	3578.4 (p.4577) 3642.4 (p.5114) 3714.6 (p.5670) 3718.13 (p.5696)	Commenters offered support of amendment to regulation that clarifies that a retailer may return defective products to the distributor the products were obtained from.	The Bureau has noted commenter's support for the section.
5410	4064.23 (p.6639)	Commenter suggests allowing retailers to sell cannabis goods that have been returned if the cannabis goods have not been opened.	The Bureau disagrees with this comment. Once the cannabis good has left the possession of the retailer, the retailer cannot be sure if the cannabis good has been tampered with.
5410	3724.16 (p.5733)	Commenter suggests that retailers be permitted to accept returns of all cannabis goods, not just manufactured cannabis products.	The Bureau agrees with this comment. Under the regulations, retailers may accept customer returns of any type of cannabis good.
5410	4065.2 (p.6645)	Commenter suggest that retailers be allowed to accept returns of contaminated cannabis hardware purchased from other retailers and treat the contaminated hardware as cannabis waste.	The Bureau disagrees with this comment. Allowing returns of cannabis goods obtained from other retailers may lead to an increase in the risk of theft as stolen products may be returned. The regulations do not prohibit the recycling of containers and already require licensees to follow certain rules for disposing of cannabis waste.
5410(e)	3304.24 (p.4078) 3668.10 (p.5388)	Commenters suggest replacing the term "manufactured cannabis products" with "cannabis goods," to clarify that non-manufactured goods may be returned.	The Bureau disagrees with this comment. Section 5053 prohibits the return of non-manufactured cannabis goods between licensees.
5410(e)	3304.25 (p.4078)	Commenter suggests that the Bureau work with CDTFA to establish guidance for the tax credits for items that are returned.	The Bureau notes the comment; however the Bureau does not have the authority to provide tax credits for returned items.
5411	3301.15 (p.4069) 3312.8 (p.4111) 3321.15 (p.4141)	Commenters suggests that retailers be permitted to provide free cannabis goods to all medicinal cannabis patients, not just	The Bureau disagrees with this comment. The requirement for the provision of free cannabis goods mirrors the requirements for

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	3332.8 (p.4184) 3334.8 (p.4191) 3335.4 (p.4192) 3336.4 (p.4194) 3339.8 (p.4134) 3567.3 (p.4498) 3315.4 (p.4119) 3315.8 (p.4120) 3316.4 (p.4123) 3316.8 (p.4124) 3317.4 (p.4127) 3317.8 (p.4128) 3319.4 (p.4133) 3319.8 (p.4134) 3468.2 (p.4372) 3636.14 (p.4848) 3652.23 (p.5312) 3895.8 (p.6260) 4075.8 (p.6703) 4101.14 (p.6823)	patients that possess the Medical Marijuana Identification Card (MMIC).	exemption from the cannabis sales and use tax in Revenue and Taxation code section 34011; thus, is consistent with the statute.
5411	4064.25(p.6640)	Commenter suggest that cannabis goods provided to patient under section 5411 not be required to be in child resistant packaging since section 5413 already requires child resistant packaging.	The Bureau disagrees with this comment. All cannabis goods provided by a retailer to customers must comply with packaging requirements. The provision in section 5413 applies to cannabis goods sold to customers. This section clarifies that even if the cannabis goods are not sold, but provided for free to patients, the packaging requirements still apply.
5412	3578.5 (p.4578) 3642.5 (p.5115)	Commenters offered support for allowing retailers to apply barcodes or labels for inventory tracking.	The Bureau has noted commenter's support for the section.
5412	3405.4 (p.4296)	Commenter suggests that retailers be permitted to label cannabis goods as "FOR MEDICAL USE ONLY" so that the goods may be sold to medicinal cannabis patients.	The Bureau disagrees with this comment. Retailers may sell cannabis goods to medicinal cannabis patients even if the cannabis goods are not marker "FOR MEDICAL USE ONLY."

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5412	4064.26 (p.6641)	Commenter suggests that retailers be permitted to package and label cannabis goods in ways that are not required for compliance with the Act or the regulations.	The Bureau disagrees with this comment. The prohibition on packaging and labeling by retailers ensures that the testing laboratory results for cannabis goods sold to customers is representative of the cannabis goods inside the package. Allowing retailers to package cannabis goods would create a larger risk of contamination of the cannabis goods before being received by the customer.
5413	3701.5 (p.5579) 3702.4 (p.5583)	Commenters suggests that the Bureau allow exit packaging to satisfy the child-resistant requirement indefinitely.	The Bureau disagrees with this comment. The Bureau believes that individual product packaging is likely more effective. However, the Bureau would like to provide for a transition period before all cannabis goods are required to have individual child resistant product packaging.
5413	3714.8 (p.5671)	Commenter suggests that all cannabis goods be required to be in child resistant packaging permanently and that exit packaging not be permitted to satisfy the child resistant packaging requirement.	The Bureau disagrees with this comment. The Bureau would like to provide an opportunity for products to transition into individual child resistant packaging by allowing the use of child resistant exit bags for a limited period of time.
5413	3313.4 (p.4112) 3318.4 (p.4130) 3895.9 (p.6261)	Commenters suggests that exit packaging not be required to be opaque, child-resistant, and resealable because such packaging is harmful to the environment.	The Bureau agrees with this comment in part. The Act requires that exit packaging be opaque and that all cannabis goods be in resealable, child resistant packaging prior to leaving the premises of a licensed retailer. The Bureau's regulations now allow the resealable, child resistant requirement to be met by either the cannabis goods package or the exit package until 2020.
5413	3665.2 (p.5367)	Commenter request that the language in section 5413 not be changed as the changes will be too expensive to comply with and may result in excessive child resistant packaging which may harm consumers and the environment.	The Bureau disagrees with this comment. The Bureau's regulations now allow the resealable, child resistant requirement to be met by either the cannabis goods package or the exit package until 2020.

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5413	3685.7 (p.5503) 3689.7 (p.5524)	Commenters believes that the recent changes in the exit package requirements are confusing and costly. Commenter suggests either requiring individual child resistant packaging immediately or permanently requiring exit packages to be child resistant.	The Bureau agrees in part with this comment. The Bureau is providing licensees with an opportunity to transition into individual child resistant packaging instead of immediately requiring that all products be sold in child resistant packaging without the opportunity to use the exit package to satisfy the child-resistant requirement.
5413	3405.1 (p.4295) 3415.1 (p.4309) 3446 (p.4346) 3608.5 (p.4710) 3716.4 (p.5677) 3737.16 (p.5814) 4079.14 (p.6724)	Commenters suggests that child resistant exit packaging only be required for cannabis goods that are not already in child resistant individual package packaging.	The Bureau agrees with this comment. The Bureau's regulation now allows the child resistant requirement to be met by either the cannabis goods package or the exit package until 2020.
5413	3597.7 (p.4665)	Commenter recommends that child resistant packaging not be required for cannabis goods in the form of dried flower or pre-rolls.	The Bureau disagrees with this comment. The Act requires that exit packaging be opaque and that all cannabis goods be in resealable, child resistant packaging prior to leaving the premises of a licensed retailer. The Bureau does not have the authority to change statute.
5413	3717.10 (p.5687)	Commenter recommends that child resistant packaging only be required be required for products that contain active THC.	The Bureau disagrees with this comment. The Act requires that exit packaging be opaque and that all cannabis goods be in resealable, child resistant packaging prior to leaving the premises of a licensed retailer. The Bureau does not have the authority to change statute.
5413	3380.1 (p.4267) 3723.3 (p.5725)	Commenters supports the provision to transition from child resistant exit packaging to child resistant individual product packaging in 2020.	The Bureau has noted commenter's support for the provision.
5413	3314.3 (p.4116)	Commenter request a clarification for the reasons behind the change in requirements.	The Bureau agrees with this comment. Reasons for the regulations are provided in the Final Statement of Reasons which is available to the public.

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5413	3460 (p.4361) 3652.4 (p.5302) 3466 (p.4369) 3655.3 (p.5337)	Commenters suggests that individual child resistant packaging be required immediately rather than be delayed until 2020.	The Bureau disagrees with this comment. All cannabis goods are required to be in child resistant packaging. The Bureau believes that it is appropriate to allow for either the exit package or cannabis goods package satisfy this requirement until 2020, this allows for a transition period.
5413	3628.15 (p.4805)	Commenter suggests that licensees who comply with packaging requirements in the regulations instead of complaining be provided with a credit that may be applied toward their licensing fee.	The Bureau disagrees with this comment. Compliance with the Bureau's regulations is required by law.
5413	3709.5 (p.5629)	Commenter suggest that rather than requiring that all cannabis goods be in individual child resistant packaging beginning in 2020, only multi-serving edible cannabis goods be required to have child-resistant packaging.	The Bureau disagrees with this comment. Business and Professions Code section 26120 requires that all cannabis goods be placed in child resistant packaging. The Bureau does not have the authority to change the statute.
5413(b)	118-203 (p.157-242) 635-1667 (p.1512-2544) 3307.6 (p.4089) 3329.2 (p.4172) 3358.4 (p.4242) 3416.5 (p.4313) 3304.26 (p.4078) 3305.4 (p.4082) 3671.10 (p.5435) 3681.5 (p.5467) 3724.17 (p.5733) 3741.6 (p.3741.6) 3745.6 (p.5852) 3753.12 (p.5913) 3882 (p.6224) 3860.11 (p.6167)	Commenters suggest that exit packages permanently be required to be opaque, child resistant, and resealable.	The Bureau disagrees with this comment in part. Business and Professions code section 26120 requires exit packaging to be opaque, but not child resistant or resealable. The Bureau has provided for a transition period for the statutory requirement of child resistant and resealable to be met by the cannabis good package or the exit package. Beginning 2020, the cannabis good package must be resealable and child resistant as required by CDPH regulation.

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	4089 (p.6778)		
5413	3523 (p.4440)	Commenter suggests that child resistant packaging be reusable for the life of the product rather than just being child resistant for one use.	The Bureau agrees with this comment. The Bureau's regulations requiring child resistant exit packaging also require that the packaging be resealable.
5413	3549 (p.4470)	Commenter suggest that the language of section 5413 be amended to require resealable packaging only if the cannabis goods contain more than one serving.	The Bureau disagrees with this comment. CDPH has promulgated regulations regarding the packaging of cannabis goods pursuant to Business and Professions Code section 26120. The Bureau has determined that in order to avoid duplication of packaging requirements, packaging requirements will be removed from the Bureau's regulations so that licensees only need to look to CDPH's regulations for all packaging requirements for cannabis goods. Thus, the Bureau cannot include in the regulations that resealable packaging is required only if the cannabis goods contain more than one serving, however CDPH has included the provision in their regulations.
5413	3725.5 (p.5738)	Commenter suggests that until 2020, the Bureau's individual product packaging requirements mirror the requirements found in the regulations released by the Manufactured Cannabis Safety Branch (CDPH).	The Bureau disagrees with this comment. The Bureau's requirements do not conflict with CDPH's requirements. All manufactured cannabis products must comply with the requirements found in the regulations developed by CDPH.
5413	3737.16 (p.5814)	Commenter suggests that the Bureau require that by 2020, all exit bags be required to be durable, intended for multiple uses, and made of compostable materials.	The Bureau disagrees with this comment. The Bureau would like to provide licensees with flexibility rather than mandating the use of any specific material for exit packaging.
5413	3737.16 (p.5814)	Commenter suggest that exit bags be reusable.	The Bureau agrees with this comment. Under the regulations, exit bags may be reused.
5413	3737.16 (p.5814)	Comment suggests that retailers should make exit bags available on request and that	The Bureau agrees with this comment. Retailers are required to place cannabis goods in exit packaging by the Act. There is nothing

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		retailer be able to charge customers for the cost of exit bags.	prohibiting retailers from recouping the cost of exit packaging from customers.
5415(d)	3628.16 (p.4805)	Commenter suggests that delivery drivers be able to perform other tasks related to the business under the direction of a supervisor while engaging in cannabis delivery.	The Bureau disagrees with this comment. Delivery employees who are engaging in the delivery of cannabis should take steps to limit the risk of theft or loss by limiting the exposure of their inventory of cannabis goods. There is nothing prohibiting retail employees from performing tasks related to the business while they are not engaging in cannabis delivery.
5415.1	33.1 (p.53) 1738 – 1813 (p.2602-2752) 2024 – 2081 (p.3022-3102) 2363 – 2505 (p.3104-3395) 2695 – 2740 (p.3435-3547) 2881 – 3020 (p.3550-3890) 3220 – 3278 (p.3892-4008) 3287.2 (p.4022) 3620.14 (p.4775) 3314.4 (p.4116) 4079.2 (p.6715)	Commenters supports the provisions regulating technology platforms that are engaging in commercial cannabis activity.	The Bureau has noted commenters' support for the section.
5415.1	3287.2 (p.4022) 3305.2 (p.4081) 3500 (p.4413) 3750.1 (p.5890) 3793.1 (p.6007)	Commenters requests that software developers who do not touch cannabis goods should not be required to obtain licenses.	The Bureau agrees in part with this comment. Software developers who are not engaging in commercial cannabis activity as defined in the Act are not required to obtain a state license. However, any person who is engaging in commercial cannabis activity is required to be licensed under the Act. Whether a person touches cannabis goods is not dispositive of if a person is engaging in activity requiring a license. This regulation clarifies this requirement already contain in the Act.

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5415.1	3578.11 (p.4579) 3642.11 (p.5116)	Commenter suggests that section 5415.1 not be implemented immediately, but rather the Bureau wait until the industry has time to adjust.	The Bureau disagrees with this comment. Software developers who are not engaging in commercial cannabis activity as defined in the Act are not required to obtain a state license. However, any person who is engaging in commercial cannabis activity is required to be licensed under the Act. This regulation clarifies this requirement already contained in the Act.
5415.1	3409 (p.4301) 3518.1 (p.4433)	Commenters expresses concern that the language in section 5415.1 is too broad and may prevent licensees from utilizing technology services such as credit card companies or online payment processing services. On commenter suggest placing a maximum limit on the percentage fee that a licensee may pay a technology platform.	The Bureau disagrees with this comment. Software developers who are not engaging in commercial cannabis activity as defined in the Act are not required to obtain a state license. However, any person who is engaging in commercial cannabis activity is required to be licensed under the Act. This regulation clarifies this requirement already contained in the Act.
5415.1	3518.2 (p.4434)	Commenter believes that it is impossible for a licensee to comply with the requirements of section 5415.1(b)(3) since the licensee cannot control the advertising conducted by an outside entity.	The Bureau disagrees with this comment. The Bureau believes that licensees have control over the use of their company's name in advertising.
5415.1	3600.1 (p.4675) 3600.2 (p.4677)	Commenters suggest substituting the term "Dynamic Delivery Technology Platform" for the term "technology platform in section 5415.1.	The Bureau disagrees with this comment. The section is meant to apply to any technology platform used by a licensee. Limiting the section to only certain types of technology platform does not already indicate it is required for all platforms.
5415.1	3597.3 (p.4664) 3691.4 (p.3537) 3722.3 (p.5719) 3728.1 (p.5753) 3742.4 (p.5840) 3898.6 (p.6290)	Commenters objects to restricting licensees from paying for technology services by sharing profits.	The Bureau disagrees with this comment. Any person engaging in commercial cannabis activity must be properly licensed. Unlicensed entities may not engage in the sale of cannabis goods. Although many factors will be considered, receiving a share of the profits based on percentage, may create an ownership interest in the license.

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5415.1	3740.2 (p.5824) 3744.2 (p.5846)	Commenters suggests clarifying the regulation by specifying that delivery by the "employees or agents" of the technology platform.	The Bureau disagrees with this comment. The current language of the regulation applies to the employees and agents of a technology platform.
5415.1	3740.3 (p.5824) 3744.3 (p.5846)	Commenters suggests amending the regulation to allow for licensees to advertise or market cannabis goods in conjunction with a technology platform so long as the advertisement clearly provides the name and license number of the licensee. Commenter believes that the current language may prevent licensees from being included in "aggregator sites."	The Bureau disagrees with this comment. The Bureau believes that all licensees should be aware and responsible of all marketing of their brand.
5415.1	3608.6 (p.4710) 3655.4 (p.5338) 3681.6 (p.5467)	Commenters suggest that the regulations further specify what will be considered a "cannabis delivery technology platform."	The Bureau disagrees with this comment. It is important to keep a broad interpretation of the term "technology platform," as technology is rapidly progressing. Limiting the definition to a specific type of technology platform may render the rule useless when technology changes. Under the current regulation, the Bureau will be able to assess the facts of the current situation to determine whether the regulations should apply.
5416(d)	16 (p.29) 44 (p.64) 45 (p.66) 46 (p.68) 47 (p.70) 48 (p.72) 49 (p.74) 50 (p.76) 51 (p.78) 52.1 (p.81) 54 (p.90) 55 (p.92) 56 (p.94)	Commenters request that local jurisdictions have the authority to prohibit cannabis delivery in their jurisdiction.	The Bureau agrees in part with this comment. Local jurisdictions have the ability to regulate commercial cannabis businesses operating in their jurisdiction. However, the Act does not allow a local jurisdiction to prevent delivery on public roads. As a result of the 45-day public comment, the Bureau added clarifying language that delivery pursuant to this section must be in compliance with delivery requirements in the regulations to avoid confusion.

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	4127.1 (p.6923) 4128.1 (p.6926) 4129.1 (p.6929) 4130 (p.6931) 4131.2 (p.6935) 4132.1 (p.6938) 4133.1 (p.6941) 4134 (p.6943) 4135 (p.6945) 4136.1 (p.6948) 4138.1 (p.6955)		
5416(d)	3440.2 (p.4336)	Commenter suggests that the regulation require that licensed retailers pay taxes to the cities in which deliveries occur.	The Bureau disagrees with this comment. The Bureau does not have the authority to set tax rules. Additionally, all licensees are required to comply with all relevant tax laws.
5416(d)	1966 – 2023 (p.2024-2081) 2140 – 2178 (p.3022-3102) 2220 – 2362 (p.3104-3395) 2648 – 2694 (p.2648-2693) 2741 – 2880 (p.3350-3890) 3160 – 3219 (p.3161-3219) 3398 (p.4289) 3403 (p.4293) 3407 (p.4299) 3452.11 (p.4352) 3452.12 (p.4353) 3455 (p.4357) 3514 (p.4429) 3521 (p.4438)	Commenters provided support for the ability to delivery cannabis goods to any jurisdiction.	The Bureau has noted commenters' support for the subsection.

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	3524 (p.4441) 3535 (p.4455) 3560 (p.4479) 3561 (p.4480) 3314.4 (p.4116) 3570.24 (p.4663) 3597.1 (p.4533) 3662.1 (p.5359) 3688.1 (p.5515) 3714.9 (p.5672) 3720.1 (p.5708) 3722.1 (p.5718) 3728.2 (p.5755) 3734.22 (p.5794) 3740.1 (p.5823) 3744.1 (p.5845) 4064.27 (p.6642) 4079.1 (p.6715) 4115.41 (p.6880)		
5416(d)	1738-1813 (p.2602-2752) 2140 – 2178 (p.3022-3102) 2220 – 2362 (p.3104-3395) 2648 – 2693 (p.3435-3547) 2741 – 2880 (p.3550-3890) 3161 – 3219 (p.3892-4008) 3314.4 (p.4116) 3570.24 (p.4533) 4073.6 (p.6686)	Commenters provided support for prohibition on delivery to schools.	The Bureau has noted commenters' support for the subsection.

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5416(d)	3898.7 (p.6293)	Commenter believes that the regulation does not clearly indicate whether a retailer can deliver to any jurisdiction.	The Bureau disagrees with this comment. The regulation clearly indicates that a retailer may deliver to any jurisdiction.
5417	4115.42 (p.6881)	Commenter offered support for the addition of the requirement that delivery vehicles not be marked in any way to indicate that they are carrying cannabis goods.	The Bureau has noted commenter's support for the section.
5417(a)	3858.3 (p.6155)	Commenter suggests that an exception to the prohibition on markings or indication that the vehicle is carrying cannabis for companies whose logos do not use any cannabis-related language or markings on their logo.	The Bureau disagrees with this comment. The intention of the rule is to reduce the risk of theft by not making it known that the vehicle is carrying large amounts of cannabis goods. The exception suggested here would nullify the intent of the rule.
5417(b)	3628.18 (p.4806)	Commenter believes that requiring delivery employees to use the secure container for carrying cannabis goods increases the risk of theft. Commenter suggests allowing for exceptions to the requirements for the storage container if the licensee can prove show that the carrying method is secure.	The Bureau disagrees with this comment. Requiring a secure container does not increase the risk of theft over not requiring a secure container. The Bureau has developed regulations for how cannabis goods are to be securely carried. Providing an open-ended exception to the rule would likely cause additional confusion.
5417(b)	3310.12 (p.4103) 3653.11 (p.5325) 3719.12 (p.5704) 3898.8 (p.6293) 4079.4 (p.6717)	Commenters suggest that the requirement that no portion of the box, container, or cage, be comprised of the body of the vehicle or trailer be removed because the requirements is costly for licensees and using a portion of the vehicle as a container is more secure.	The Bureau disagrees with this comment. The Bureau is required to establish minimum security and transportation safety requirements for transporting cannabis. The Bureau has determined that requiring the box or container the cannabis is locked in to be affixed to the vehicle and providing a secondary level of security is necessary to prevent theft. Vehicles transporting cannabis goods may be stopping during transport for necessary rest, fuel, or vehicle repairs. During such time, the vehicle may be left unattended, including overnight with cannabis goods inside. If the container is not affixed to the inside of the vehicle it would be easier for a thief to take the container with all the cannabis or to break open the door or trunk of the vehicle and take the cannabis. Requiring that it be affixed to the inside of the

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			vehicle provides another layer of protection that will help ensure cannabis goods are not stolen from the transport vehicle thus, protecting the health and safety of the public.
5417(b)	4067.4 (p.6656)	Commenter believes that requiring delivery drivers to store cannabis goods in an extra lockbox could pose a safety threat as it will require the driver to unlock one more box.	The bureau disagrees with this comment. Unlocking an additional box typically does not take a significant amount of time. Having the cannabis goods stored in a secure container is much safer than not requiring a secure container.
5417(d)	3628.19 (p.4807) 3753.13 (p.5913) 3671.11 (p.5435)	Commenters suggest removing the requirement to keep GPS records for 90 days because commenter believes that such a requirement is too expensive.	The Bureau disagrees with this comment. The Bureau believes that requiring retailers to maintain GPS records is essential to the Bureau's ability to enforce the regulations. The Bureau's 90-day requirement is consistent with the 90-day requirement to maintain video surveillance footage. This allows time for the Bureau to obtain the information if it receives information suggesting a violation.
5417	4067.5 (p.6657)	Commenter believes that it is unnecessary to require delivery driver to keep a record of turn by turn directions if the geographic location of the delivery employee is tracked through a GPS device.	The Bureau agrees with this comment. The regulations do not require delivery employees to produce or maintain turn by turn directions.
5418	4115.43 (p.6881)	Commenter offered support for reducing the amount a delivery employee may carry to $5,000 and limiting the amount of cannabis goods not from an order processed before leaving the premises to $3,000.	The Bureau has noted commenter's support for the provision.

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5418	3757.2 – 3792.2 (p.5932-6002) 3799.2 – 3822.2 (p.6032-6078) 3823.2 – 3839.2 (p.6081-6113) 3840.2 – 3857.2 (p.6116-6150) 3864.2 – 3871.2 (p.6190-6204) 3930.2 – 4044.2 (p.6359-6584) 4046.2 – 4052.2 (p.6589-6599) 4053.2 – 4058.2 (p.6601-6611) 4059.2 – 4063.2 (p.6614-6622)	Commenters request that dynamic delivery not be allowed.	The Bureau disagrees with this comment. The Bureau has determined that allowing for regulated dynamic delivery provides customers with better access to cannabis goods while limiting the amount of traffic and pollution caused by delivery. Allowing dynamic delivery was not a change in the text for the 15-day comment period, rather the amounts were amended.
5418(a)	8 (p.10) 108 (p.145) 113 (p.151) 3604.1 (p.4694) 3628.20 (p.4807) 3630.7 (p.4814) 3685.8 (p.5503) 3689.8 (p.5524) 3702.5 (p.5584) 3717.11 (p.5687) 3721.4 (p.5715) 3727.4 (p.5750) 3728.3 (p.5756) 3737.18 (p.5815) 3898.9 (p.6294) 4073.1 (p.6682)	Commenters request that delivery employees be allowed to carry up to $10,000 of cannabis goods while conducting delivery.	The Bureau disagrees with this comment. The Bureau has determined that allowing a delivery employee to carry up to $10,000 of cannabis goods is excessive. The increased amount leads to an increase risk of diversion or loss.

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	4079.5 (p.6718) 4082.5 (p.6730) 4121 (p.6898)		
5418(a)	3531 (p.4551)	Commenter requests that delivery employees be able to carry up to $7,500 of cannabis goods, all of which is not required to be from an order received and processed before leaving the licensed retail premises.	The Bureau disagrees. The Bureau has determined that allowing a delivery employee to carry up to $7,500 of cannabis goods is excessive. The increased amount leads to an increase risk of diversion or loss.
5418(a)	104 (p.138) 106 (p.142) 109 (p.147) 112 (p.150) 3625.1 (p.4789) 3597.2 (p.4663) 3691.1 (p.5536) 3742.1 (p.5839)	Commenters request that delivery employees be allowed to carry up to at least $5,000 of cannabis goods while conducting delivery.	The Bureau agrees in part with this comment. The language of the propose regulation would allow a delivery employee to carry up to $5,000 of cannabis goods so long as no more than $3,000 of the cannabis goods are cannabis goods that are not from orders that have been processed prior to leaving the premises.
5418(c)	3697.5 (p.5560)	Commenter suggest clarifying that a delivery employee may carry cannabis accessories, branded merchandise, or promotional materials.	The Bureau disagrees with this comment. Retailers are not prohibited from selling branded merchandise and providing promotional material to delivery customers. Subsection (c) is not meant to limit what a delivery employee may carry. Rather, the subsection provides requirements for where cannabis goods must be carried.
5418	107 (p.144) 110 (p.148) 111 (p.149) 114 (p.152) 117 (p.156) 3720.2 (p.5708) 3722.2 (p.5718)	Commenters request that the amount of cannabis goods that a delivery driver may carry should be increased from $3,000.	The Bureau disagrees. The regulation allows a delivery driver to carry up to $5,000 in cannabis goods.
5418	3412.9 (p.4307)	Commenter suggest that there be no limit on the amount of cannabis goods that a delivery employee may carry.	The Bureau disagrees. The Bureau has determined that allowing a delivery employee to carry a larger amount of cannabis goods is excessive. The increased amount leads to an increase risk of diversion or loss.

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5418	3608.7 (p.4710) 3681.7 (p.5467)	Commenter suggests that this section also apply to microbusinesses that are conducting delivery.	The Bureau agrees. Microbusiness licensees that are engaging in retail activities are required to comply with all requirements applicable to retailers.
5418	3452.13 (p.4353)	Commenter provided support for the changes to section 5418.	The Bureau has noted commenter's support for the section.
5418	3650.22 (p.5290)	Commenter suggest using average market price instead of retail price to determine the value of the cannabis goods carried by a delivery employee.	The Bureau disagrees with this comment. The retail price is easily identified and can easily be verified by the Bureau. Average retail price is more difficult to determine.
5420	3688.3 (p.5515)	Commenter suggest amending section 5420 to remove requirements for documenting customer information.	The Bureau disagrees with this comment. Business and Professions Code section 26090 requires that retailers maintain a copy of the delivery request and provide it to the customer. The Bureau believes that the retailer would be unable to properly document the transaction without including some amount of information regarding the customer.
5422	3313.5 (p.4112) 3318.5 (p.430) 3628.21 (p.4807) 3712.6 (p.5655)	Commenters requests that retailers who have more than one entry way be allowed to use the same entryway for granting access to the public and receiving shipments of cannabis goods if the other entryways are not appropriate for receiving shipments of cannabis goods.	The Bureau disagrees with this comment. There are a number of methods that a retailer with two entryways could employ to reasonably receive shipments of cannabis goods that would comply with the requirements of the regulation. The Bureau is unable to address every specific situation to allow for the method that is most convenient to each particular retailer.
5422	3570.25 (p.4533) 3714.10 (p.5672) 3734.23 (p.5794)	Commenters offered support of the change in the regulation allowing more flexibility for retailers who only have one entryway.	The Bureau has noted commenter's support for the subsection.
5425	3616.4 (p.4752)	Commenter suggests that regulations specify what information a retailer must retain from each sale since section 5425 has been removed.	The Bureau disagrees with this comment. Section 5049 contains the requirements for recording transactions in the track and trace system. The information that is required to be retained can be found in section 5049.
5425	3688.2 (p.5515)	Commenter offered support for the deletion of section 5425, where retailers were required r maintain a seven-year record for customer sales. Commenter also	The Bureau has noted commenter's support for the amendment. However, the Bureau notes any records of the licensee relating to commercial cannabis activity must still be maintained for at least 7 years pursuant to section 5037. As to commenter's

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		recommends changes similarly to section 5420.	recommendation for changes to section 5420, the comment is not directly relevant to a proposed change3 subject to the 15-day comment period, however, the Bureau notes delivery receipts are statutorily required under Business and Professions Code section 26090.
5500	1668.1 (p.2545) 1669.1 (p.2546) 1670.1 (p.2547) 1671.1 (p.2549) 1672.1 (p.2549) 1673.1 (p.2550) 1674.1 (p.2551) 1675.1 (p.2552) 1676.1 (p.2553) 1677.1 (p.2554) 1678.1 (p.2555) 1680.1 (p.2558) 3301.16 (p.4069) 3321.16 (p.4141) 3482 (p.4388) 3570.26 (p.4533) 3636.15 (p.4848) 3734.24 (p.5794) 3737.5 (p.5810) 3748.5 (p.5881) 4101.15 (p.6823)	Commenters indicate that microbusinesses are a great way for small businesses to transition to the new cannabis market and support the inclusion of a "Type N" infusion license in a microbusiness license. Commenters also indicate that there are many onerous requirements that are not necessary for a business of that size or scale; suggest waiving the security requirements for small and rural microbusinesses. Several commenters request the expansion to include processing as an eligible activity for small operators in rural areas.	The Bureau notes the commenters' support for the section with regards to the inclusion of a "Type N" infusion license as an allowable microbusiness license activity. Commenters' suggestion to waive security requirements for small and rural microbusiness is irrelevant as it does not address any change made to the regulations during the 15-day comment period. The Bureau disagrees with commenter's suggestion to include processing as an eligible activity for a microbusiness. The Bureau has determined that for the purposes of a microbusiness licenses' cultivation activities, such activities should be limited to those cultivation activities that are specifically licensed by the Act. The Act does not identify a separate "processing" license. Rather, such activities are already allowable under one of the Act-identified cultivation licenses.
5500	3489.7 (p.4401)	Commenter asks the Bureau to define the licenses created by the CDFA and CDPH that do not qualify for a microbusiness. Commenter also asks the Bureau to add language in subdivision (i): "unless the suspension and revocation can be bifurcated to allow activity to continue not related to the presented challenge."	The Bureau disagrees with this comment. The Bureau has determined that defining the licenses created by CDFA CDPH is not necessary. The Act at Business and Professions Code section 26050 identifies a number of license classifications that shall be issued by the licensing entities, at a minimum. CDFA or DPH licenses that are not identified in the Act are those that have been created by the licensing entities. Keeping the section as written

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			ensures that the regulation remains accurate and up-to-date if CDFA and CDPH were to create additional licenses in the future. The commenter's suggested additional language to subdivision (i) is irrelevant as it does not address any change made to the regulations during the 15-day comment period.
5502	3628.22 (p.4808)	All plants not in flower should be defined as immature. This definition should be uniform throughout the regulatory agencies.	The Bureau disagrees with this comment. The language commenter refers to cross-references the definition of "immature plant" adopted by the CDFA. The Bureau, in collaboration with the CDFA has determined that it is important that all licensees that are engaging in cultivation activities throughout the state are operating under the same guidelines despite what licensing authority's jurisdiction they fall in. Accordingly, the regulation is necessary to provide consistency with the regulations promulgated by the CDFA, which regulates cultivators.
5506.1	3420.4 (p.4320)	Commenter indicates that seeing the incredible amount of wasted resources for batches that are a hair over the allowed 100 mg of THC is painful. Commenter requests that all microbusinesses that manufacture edibles are also allowed to remediate failed batches due to high potency by repackaging as a medical product in accordance with all of the subsections mandated.	The Bureau disagrees with this comment. Section 5037.1 allows for a variance of 10% plus or minus for cannabinoid content. Thus, batches within that range will not fail testing. The Bureau, in collaboration with the CDPH has determined that it is important that all licensees that are engaging in manufacturing activities throughout the state are operating under the same guidelines despite what licensing authority's jurisdiction they fall in. CDPH's regulations now allow for remediation by repackaging when appropriate. All packaging is subject to this requirement.
5506.1	3700.7 (p.5574) 3862.5 (p.6183)	Commenters indicate that the section does not align with CDPH regulations. One commenter recommends removing "orally-dissolving" from subsection (f).	The Bureau disagrees with this comment. The regulation is consistent with language by the CDPH. The Bureau's use of differing terms from CDPH is for the purposes of terminology consistency within the Bureau regulations. The Bureau, in collaboration with the CDPH has determined that it is important that all licensees that are engaging in manufacturing activities throughout the state are operating under the same guidelines despite what licensing authority's jurisdiction they fall in. Accordingly, the regulation is necessary to provide consistency

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			with the regulations promulgated by the CDPH, which regulates manufacturers.
5506.1	4115.50 (P.6882)	Commenter supports the removal of section (g), which allowed applicants to mark information as confidential or a trade secret.	The Bureau notes commenter's support for the section.
5601	3425.7 (p.4325) 3570.27 (p.4533) 3734.25 (p.5795)	Commenters offered support of amendment allowing cannabis events to take place at any location authorized by the local jurisdiction.	The Bureau has noted commenters' support for the section.
5601(g)	3737.19 (p.5815)	Commenter requests that temporary cannabis events be allowed on any premises where alcohol or tobacco is not being sold even if the location is licensed for alcohol or tobacco sales.	The Bureau disagrees with this comment. Business and Professions Code section 26200, prohibits temporary cannabis events from occurring where the sale or consumption of alcohol or tobacco is allowed on the premises. The Bureau does not have the authority to change the statute.
5602	3734.26 (p.5795)	Commenter offered support for clarification that non-storefront retailers may participate in a licensed temporary cannabis event.	The Bureau has noted commenter's support for the clarification.
5602	4087.2 (p.6773)	Commenter requests that licensed cultivators and manufacturers be permitted to sale cannabis goods at a licensed cannabis event.	The Bureau disagrees with this comment. The Act explicitly authorizes only licensed retailers to engage in the retail sale of cannabis goods. The Bureau does not have the authority to change the statutes.
5602(c)	3570.28 (p.4533)	Commenter offered support of clarifying that non-storefront retailers may participate in a licensed temporary cannabis event.	The Bureau has noted commenter's support for the clarification.
5604	3570.29 (p.4533) 3734.27 (p.5795)	Commenters offered support of clarifying the ability to hold informational or educational cannabis events.	The Bureau has noted commenters' support for the section.
5604	115.2 (p.153)	Commenter suggest that section 5604 be amended to add additional detail such as whether the events are restricted to individuals who are 21, whether branded merchandise may be sold, whether cities be	The Bureau disagrees with this comment. Educational events are not prohibited or required to be licensed by the Act. Citizens of California may legally possess a certain amounts of cannabis goods and there is no prohibition on providing education or information about cannabis. All rules regarding advertising would still apply.

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		able to ban such events, and whether cities be able to restrict advertising for these events.	The Bureau does not believe that it has the authority to prohibit or regulate education or information events where the sale or consumption of cannabis is not occurring.
5604	3415.2 (p.4310)	Commenter requests that informational and educational events be allowed on a premise that is licensed to engage in commercial cannabis activity.	The Bureau agrees with this comment. Licensees are not prohibited from providing information or education to the public.
5604	3496.3 (p.4408) 3497.3 (p.4409) 3612.4 (p.4736) 3391.3 (p.4281) 3397.3 (p.4288) 3494.7 (p.4407)	Commenters believe that not requiring a license for an informational or educational event allows for advocacy and promotion.	The Bureau disagrees with this comment. The Act does not require a license for providing people with information or educational material. Additionally, all advertising laws would still apply.
5604	3620.17 (p.4775)	Commenter opposes educational cannabis events.	The Bureau disagrees with this comment. The Bureau has the authority to regulate commercial cannabis activity. The Bureau does not have the authority to prohibit the sharing of information unless there is a violation of advertising laws rules or other laws.
5604	3716.5 (p.5678) 4087.4 (p.5408)	Commenters suggests that licensees be permitted to provide information or education on their licensed premises.	The Bureau agrees with this comment. There is nothing in the regulations that would prevent a licensee from providing information or educational material.
5604	3863.3 (p.6187)	Commenter believes that allowing for educational or informational events may conflict with local laws.	The Bureau disagrees with this comment. Local jurisdiction may apply any rules they feel are appropriate for events taking place in their jurisdiction.
5600 - 5604	3408 (p.4300)	Commenter suggests that the fee structure for licensed cannabis events be based on a number of projected attendees or cannabis sales.	The Bureau disagrees with this comment. Basing licensing fees for temporary events on projected attendance or sale is problematic because estimating those number is difficult for the event organizer and the regulatory costs for the events do not necessarily scale with the number of attendees or the amount of sales in a way that is similar to the scaling regulatory costs of annual licenses.
5600 - 5604	3530 (p.4449) 3489.8 (p.4401) 3489.9 (p.4401)	Commenters requests that cannabis consumption and alcohol consumption both	The Bureau disagrees with this comment. The Act explicitly prohibits the sale of alcohol at a licensed temporary cannabis event. The Bureau does not have the authority to change statute.

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		be allowed at licensed temporary cannabis events.	
5600 - 5604	4087.1 (p.6772)	Commenter requests that cannabis tastings be allowed at licensed cannabis events, treated like alcohol tastings.	The Bureau disagrees with this comment. Business and Profession Code section 26153 prohibits licensees from providing free cannabis goods to any person as part of a business promotion. The Bureau does not have the authority to change the statute. However, the regulations do not prohibit tastings for a fee.
5600 - 5604	4087.3 (p.6773)	Commenter suggests that duplicative age verification not be required at licensed cannabis events.	The Bureau agrees with this comment. The regulations do not require duplicative age verification.
	3458 (p.4359)	Commenter requests a method for having cannabis consumption at events or lounges.	The Bureau agrees with this comment. Cannabis consumption is allowed at licensed temporary cannabis events. Additionally, local jurisdictions may authorize the on-site consumption at the premises of a licensed retailer.
	3467 (p.4371) 3417 (p.4315)	Commenters requests that the regulations provide guidelines for on-site consumption at a retail premises, mainly a timetable for drafting proposed onsite consumption regulations. One commenter requests the Bureau outline a micro event, under 100 people or in a private residence, without the need for security.	The Bureau disagrees with this comment. The Act authorizes local jurisdictions to allow for onsite consumption at the premises of a licensed retailer within their jurisdiction. Local jurisdictions may regulate on-site consumption in any way they see fit.
Testing Laboratory	14 (p.26)	The commenter provides full support of the regulations as written.	The Bureau notes commenter's support of the regulations.
5700(qq)	3682.3 (p.5483) 3755.15 (p.5925)	Matrix spike sample is troublesome due to the concentration limitation of the CRM. There is also the added problem that for flowers, individual cannabinoid concentrations may range from near the	The Bureau disagrees with this comment. A matrix spike sample is used to determine the effects of matrix interferences on analytical accuracy of a sample. Clarifying that the spiked concentration must be at mid-range concentration of the calibration curve from the target analytes ensures standardization in the licensed quality

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		limit of quantitation to 200 mg/g (20%) for THC. With an effective fortification of 2 mg/g as described above, it would be impossible to distinguish the spike amount from the native sample concentration of THC. Even at a background concentration of 20 mg/g perhaps typical for one of the lesser cannabinoids, it would be statistically meaningless to evaluate the recovery against the criteria given. Commenter requests clarification regarding how the laboratory can set-up a matrix spike sample that is in the mid-range of a calibration curve	control procedures. These are standard laboratory practices in evaluating the performance and accuracy of the analytical procedures which laboratories should be familiar with.
5703(i)	623.3 (p.1484)	Commenter would like to see the 1-day requirement changed to 2-3 days, in case there is a delay on the side of the accreditation company.	The Bureau disagrees. Once the licensed laboratory receives such a decision from the accrediting body, that is information that should be available to provide to the Bureau.
5705	3474 (p.4380) 3737.11 (p.5812) 3748.11 (p.5883)	The commenter supports the provisions allowing for resampling and testing if the initial laboratory is unable to competently perform testing.	The Bureau notes commenter's support of this provisions.
5705(b)	3741.7 (p.5833)	Commenter recommends that if a manufacturer also holds a distribution license, then the testing laboratory may obtain a sample in its final form, prior to packaging, from the manufacturer.	The Bureau disagrees and notes that the Act requires that a licensed laboratory obtain representative sample from the distributor premises only.

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5705(c)	3533.1 (p.4452) 3533.3 (p.4452)	Commenter notes that this section requires a laboratory sample to collect a representative sample from each batch, and this is a problem because for small cultivation businesses, a large financial burden is caused by defining global testing requirements on each strain/cultivar, as pertaining to how CDFA defines a batch. From a business standpoint, multiple strains/cultivars are needed even though the scientific definition of what a strain/cultivar really is, is not established or known. Commenter recommends that testing as to label content conformity apply to crops grown in one contiguous area at the less than or equal to 50 lb. quantity, and for testing as to exceeding established action levels, that is only applicable to the nebulous strain/cultivar.	The Bureau disagrees with this comment as it is not relevant to the change made in the text for this 15-day comment period. This section was amended to add the language from subsection (d), and has not changed the requirement for collecting a representative sample.
5705(g)	3396.1 (p.4287)	The commenter inquires as to whether they need Bureau permission to re-sample a batch due to inadequate sample amount.	The Bureau notes this inquiry. The Bureau has determined the appropriate sample sizes for testing in sections 5707(b) and 5708(b), and any re-testing must follow procedures as set forth in section 5705(g).

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5705(g)	3734.12 (p.5789)	Commenter notes that "competently complete" is ambiguous, what if the laboratory had a broken machine, and what if they had another similar machine, but was unable to meet deadlines? Commenter recommends broadening the scope and adding language that allows for resampling and testing when contractual deadlines cannot be met or other extraordinary circumstances.	The Bureau disagrees with this comment. Licensees engaging in distribution activities must first request and obtain approval from the Bureau prior to any resampling and retesting. The request must include the reason why the laboratory is unable to competently complete the testing, which the Bureau will then review and make a determination as to whether resampling and retesting is appropriate. The Bureau will consider extraordinary circumstances when renewing a reviewing a request to resample and retest. Contractual terms are a business negotiation between licensees.
5705(g)	3698.7 (p.5564)	Commenter is appreciative of changes allow distributors to test when laboratories are unavailable.	The Bureau disagrees with this comment and notes that distributors are not allowed to conduct any testing for cannabis goods. Section 5705(g) allows for distributors to request re-sample and retesting at another laboratory when the first laboratory is unable to competently complete testing.
5706(d)	4105.14 (p.6844) 3635.17 (p.4840) 3752.14 (p.5904)	Commenter recommends adding a provision that allows for minor errors, as long as the previous data that was entered is still visible. Good laboratory notebook practices allow for a single cross out over a mistake and an initial. One commenter recommends allowing for corrections as needed after samples changes between licensees.	The Bureau disagrees with this comment. This subsection, prohibiting alteration of COC forms once the custody of sample changes between licenses, is necessary to ensure that forms are accurate and truthful.
7506(d)	3396.2 (p.4287)	The commenter inquires as to whether changes can be made to the chain of custody form, as long as it's initialed and dated? This has been the standard in other rigorous industries.	The Bureau disagrees with this comment. Laboratories are required to implement a COC protocol that ensures accurate documentation is recorded for the transport, handling, storage, and destruction of samples. This subsection, prohibiting alteration of COC forms once the custody of sample changes between licensees, is necessary to ensure that forms are accurate and truthful.

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	3635.20 (p.4837)	Commenter remarks that the production of a COA with few pages is preferred but suggests that the information required to be included on the COA makes it impossible to produce a COA that is less than 10 pages in length.	The Bureau disagrees and notes that most licensed testing laboratories produce COAs that are 2 – 4 pages in length. The Bureau notes that these COA typically contain the following: a header with licensee identifying information, a summary of the test results, and individual test-result sections which are presented using several columns, one each for the LOD/LOQ, analyte tested, result (pass or fail), action level (if applicable), and units of measure (e.g. parts per million (ppm), micrograms per gram (ug/g), percentage (%)), and analyst name or initials. Using a standardized, simplified format reduces the needed for an excessively long COA, as suggested is needed by the commenter.
5709	3695.5 (p.5549)	Commenter requests the Bureau revert section 5709 to the previous version where laboratories were required to provide proof they owned or held a valid lease for transport vehicles. Commenter believes this new language is extremely cost-prohibitive.	The Bureau disagrees with this comment. The Bureau has clarified the existing language and referenced for clarity.
5709	623.1 (p.1484) 3547.1 (p.4467) 3599.4 (p.4671) 4105.16 (p.6845)	Commenter urges the Bureau to reconsider the requirement for vehicles to be registered under the laboratory name. This is a high cost, in addition to the already high operating costs. One commenter notes that requiring the laboratory to own the vehicles used to transport is an extra cost, and places liability on laboratories that can't afford fleet vehicles. Commenter recommends allowing laboratories to hire a dedicated regional sampler who uses their own vehicle. One commenter recommends allowing the use of a licensed sampler and allowing	The Bureau disagrees with this comment. The language in this section was clarified, to the extent that the requirement has not changed, for the laboratory to be the registered owner of the vehicle. The Bureau also notes that it is a statutory requirement for laboratories to collect and transport the samples, specifically a laboratory employee, pursuant to Business and Professions Code section 26104.

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		laboratories to do what they are designed to do, test samples.	
5709	3719.12 (p.5704)	Commenter recommends striking the language requiring that cannabis goods samples be locked in a fully enclosed box, container, or cage, of which no portion shall be comprised of any part of the body of the vehicle or trailer.	The Bureau disagrees. The Bureau is required to establish minimum security and transportation safety requirements for transporting cannabis goods and samples. The Bureau has determined that requiring the box or container the cannabis samples is locked in to be affixed to the vehicle is necessary to prevent theft. Vehicles transporting cannabis goods samples may be stopping during transport for necessary rest, fuel, or vehicle repairs. During such time, the vehicle may be left unattended. If the container is not affixed to the inside of the vehicle it would be easier for a thief to take the container with all the cannabis or to break open the door or trunk of the vehicle and take the cannabis goods. Requiring that it be affixed to the inside of the vehicle provides another layer of protection that will help ensure cannabis goods samples are not stolen from the transport vehicle thus, protecting the health and safety of the public. Lastly, the section does not contain a new requirement, it merely provided clarification on the section. The Bureau regularly receives emails requesting clarification on whether a part of the vehicle can be used as a side of the enclosed box or if a six-sided enclosure is required. The Bureau has always required that the cannabis goods samples be locked into a box, container, or cage that is secured to the inside of the vehicle.

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5710(a)	3599.5 (p. 4672)	Commenter believes that this section permits licensed distributors and microbusiness to perform their own compliance sampling, but that compliance required sampling should be performed by licensed and accredited laboratories to ensure unbiased, random, and representative sampling. Allowing licensees with a direct personal, business or financial interest to perform their own sampling eliminates the unbiased role independent third-party laboratories provide when sampling.	The Bureau disagrees with this comment. The Bureau notes that the commenter may have misinterpreted the requirements under this provision. The section has only been amended for clarification purposes, to distinguish distributors under a microbusiness license. It is still required that all regulatory compliance testing is conducted by a licensed laboratory.
5713	3635.11 (p.4838) 3752.8 (p.5902)	Commenter recommends removing the requirement for laboratories to provide the Bureau with validated test methods for approval. Commenter remarks that this requirement is an "over reach" of the ISO/IEC accreditation process and is redundant.	The Bureau disagrees. First, while laboratories are required to obtain ISO/IEC accreditation for all methods, a laboratory may nonetheless obtain a license to conduct testing without first obtaining all accreditations. Thus, it is necessary to continue to require that laboratories provide the Bureau with each test method validation report as this information is not necessarily reviewed and approved by an accrediting body prior to the commencement of testing. Furthermore, the Act permits the Bureau to implement regulations that promote standardization of testing laboratory process and to this end, the Bureau believes that it is necessary to review and approve test method validation data to ensure that a laboratory is capable of competently executing the privileges and obligations expected of a testing laboratory licensee.
5713	3635.12 (p.4838) 3752.9 (p.5902) 4105.9 (p.6842)	Commenter recommends that the number of points in a calibration curve should be determined by each laboratory director and should not be set at five points, as provided in regulation.	The Bureau disagrees and notes that during the implementation of the Bureau's Emergency Regulations, temporarily licenses laboratories often used one point in each calibration curve which produced statistically insignificant and meaningless data. Thus, it became necessary for the Bureau to require a minimum of five points in each calibration curve to ensure that all laboratories can

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			produce calibration curves that lead to meaningful and useful test results.
5714(a)	4085.5 (p.6752)	Commenters recommend that laboratories be required to utilize representative samples for each analysis. Commenter notes that it is not feasible to homogenize all sample increments prior to performing analyses. Homogenization could mean use of a blender or dry ice and will affect moisture and water activity findings.	The Bureau disagrees with this comment in part. Commenter's recommendation is already captured in the requirements that laboratories shall test each representative sample for the analytes as required. Homogenization of the entire representative sample is necessary as using a "sub-sample" is not representative of the entire cannabis goods batch being analyzed.
5718	3540 (p.4462)	Commenter notes that the changes made to 5718 are fantastic, establishing action levels, rather than allowing laboratories to establish a limit of quantification.	The Bureau has noted commenter's support of the section.
5718	3300.4 (p.4063)	Commenter notes that by changing the minimum analysis amount from .5 to .25g, this will exclude the most commonly used and consistent methods of sample prep which is headspace analysis.	The Bureau disagrees with this comment. The Bureau has determined that the analysis amount is an appropriate amount to ensure consistency in laboratory testing.
5718	4105.1 (p.6839)	Commenter recommends a method to be either the FID method with Category I solvents at 25 ppm, or the GCMS method with a sample size that is validated by the method. The current criteria of 1 ppm level and a 250 mg sample size is not possible with current technology. Commenter has adopted the total evaporative method (EFT), which validates very small quantities, and 250 mg is ten times more than needed.	The Bureau disagrees with this comment. The Bureau has determined that the minimum sample amount needed for analysis has determined to ensure standardization across the licensed laboratories. The Bureau does not prescribe a specific test method to be used, however, pursuant to section 5712 and 5713, laboratories are required to develop, implement and validate test methods for analysis while comporting with the listed standards.

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5718	3415.5 (p.4310) 3716.7 (p.5678)	Commenter recommends that the Bureau reinstate prior subsection (c), establishing an LOQ for Category I residual solvents, which was removed. Additionally, those Category I residual solvents should not be allowed at any limit, and the action levels in Category II should remain the same, for health and safety reasons.	The Bureau disagrees with this comment. The referenced subsection was removed because it was no longer necessary, as new subsection (d) provides for the allowable action levels of Category I residual solvents. The action levels determined in Category I and II residual solvents are consistent with recommendations in the US Pharmacopia, which the Bureau is to consider, pursuant to Business and Professions Code section 26100.
5718	3695.8 (p.5550)	This subsection should be amended so that the minimum analysis amount for solvents is 0.02, rather than 0.25. This is necessary because the changed reduction from .5 to .25 is not significant enough to fall in line with the headspace analysis.	The Bureau disagrees with this comment. The minimum quantity required to be used for sample preparation is necessary to ensure that enough material is available to the laboratory analyst(s) to accurately perform the required analysis.
5718	3635.1 (p.4835)	Commenter proposes requiring a method for the detection of residual solvents to be either the flame ionization detector (FID) method and require Category I residual solvents action level of 25 ppm or the gas chromatography mass spectrometry (GCMS) method with a sample size that is validated by the method.	The Bureau disagrees with this comment. Section 5712 of the regulations provide that laboratories are to develop, implement, and validate test methods that comport with certain guidelines, to ensure consistency and reliability of test methods and test results. Additionally, section 5713 provides for the validation of test methods that are nonstandard, amplified, or modified, which serves to demonstrate that the method used can detect and identify an analyte with demonstrated sensitivity, specificity, accuracy, reproducibility, robustness, and precision.
5718	3741.9 (p.5834)	Commenter supports the amendment of 5000 ppm action level for ethanol in the residual solvents and processing chemicals section. Commenter notes that the Bureau has created a safe and reasonable action limit.	The Bureau notes this comment in support of the amendment.

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5718	4085.6 (p.6752)	The commenter supports setting action levels for Category I residual solvents, and increasing action levels for Category II residual solvents, however, believes they are too high, and should be rolled back.	The Bureau disagrees with this comment. The Bureau has determined that the established levels are consistent with the recommendations in the US Pharmacopoeia.
5718(c)(2)	3477 (p.4384) 3737.9 (p.5812) 3748.9 (p.5883)	Commenter supports the provision allowing tinctures and topicals that contain ethanol to pass testing for residual solvents.	The Bureau notes commenter's support of this provision.
5719	3695.7 (p.5550) 3700.8 (p.5575) 3703.1 (p.5588) 3703.6 (p.5590) 3752.6 (p.5901) 3753.14 (p.5914) 3300.2 (p.4062) 3304.29 (p.4078) 3304.30 (p.4078) 3527.1 (p.4444) 3547.3 (p.4467) 3576.3 (p.4569) 3576.6 (p.4571) 3581.1 (p.4587) 3540. (p.4462) 3635.6 (p.4837) 3645.1 (p.5249) 3649.1 (p.5261) 3671.12 (p.5435) 3677.1 (p.5438) 3711.1 (p.5650) 3671.12 (p.5435) 3695.7 (p.5550) 4105.6 (p.6841)	Commenters recommend establishing a specific action limit for Category I residual pesticides, as was done for Category I residual solvents, and removing the use of the LOD. Action levels need to be established for category I residual pesticides. Some Commenters recommend .1ppm action level for these pesticides. Commenters note these actions levels need to be established for the same reasons that category I solvents specify action levels. One commenter notes that without action levels, laboratories can set varying levels of detection capabilities, and that means one sample to two different laboratories could have different results for pass and fail. One commenter recommends setting an action limit of .10 ug/g rather than LOD because laboratory-to-laboratory variability in instrumentation/detection capabilities will create an environment for "laboratory shopping," and setting action limits at an	The Bureau disagrees and notes that the Act, at Business and Professions Code section 26100(d)(2), requires that for each batch tested, the testing laboratory shall issue a COA to report, among other things, that the presence of contaminants does not exceed the established contaminant levels for which the Bureau is required to consider, among other resources, guidelines set by the Department of Pesticide (DPR) Regulation. In consideration of the guidelines set by the DPR, the Bureau has determined that the laboratory shall establish a Limit of Quantitation (LOQ) of 0.10 ug/g and must report whether the detection is above the LOD.

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		LOD allow for more false positives due to a low signal to noise ratio (3:1).	
5724	3325.2 (p.4155) 3512.1 (p.4426) 3576.1 (p.4569) 3695.3 (p.5548) 3630.4 (p.4814)	Commenter believes that section 5724 and 5307.1 are in conflict, and that the new language in 5724 should be removed, because it would not allow for a variance in cannabinoid content of plus or minus 10%. One commenter requests clarification as to who is responsible for label claims and remediation. Commenter recommends making language consistent to reflect that label claims and other remediation is always the distributors responsibility.	The Bureau disagrees with this comment. Section 5724 lists the size requirements from CDPH's regulations for clarity. However, section 5307.1 provides the variance allowable for the size requirements.
5724	3477 (p.4384)	Commenter believes that all potency test results using the 10% THC variance are invalidated because laboratory analysis of cannabinoid product potency are not standardized. Laboratories must develop a single "SOP" and use ring testing. Until laboratories can prove consistency industry-wide, potency tests should be informational only, and should be posted on the Bureau's website so the industry can access the accuracy of testing facilities.	The Bureau disagrees with this comment. Commenter appears to be commenting on the former language and provisions for cannabinoid testing. Cannabinoid concentration are calculated as provided for in the regulations. Additionally, under section 26067, subdivision (b)(6) of the Business and Professions Code, information collected as part of the Certificates of Analysis and the Data Packages for sample batches are considered confidential and shall not be disclosed pursuant to the Public Records Act.
5724	3635.13 (p.4838) 3752.10 (p.5902) 4105.10 (p.6842)	Commenter recommends requiring laboratories to report data using significant figures. Commenter suggests that it is unclear whether an edible cannabis good will pass testing if the good contains 10.1 mg per serving.	The Bureau disagrees and notes that any quantity above the 10.0 mg threshold would result in a "fail" testing result for non-medicinal edible cannabis goods.

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5724	3548 (p.4469) 3546.1 (p.4465) 3576.2 (p.4569) 3576.5 (p.4571) 3628.23 (p.4808) 3665.1 (p.5366) 3668.12 (p.5388) 3671.14 (p.5436) 3685.9 (p.5505) 3689.9 (p.5526) 3708.9 (p.5585) 4085.8 (p.6752) 3753.16 (p.5914)	Commenters recommend maintaining the previously tiered potency requirements. One commenter notes that the removal of the 10% leeway in edible manufacturing is an onerous change with little benefit to the public, because while a patient receiving a single mg more or less than anticipated would not make a difference, whereas to a manufacturer, that would be 30 cents extra per bag. Another commenter notes that even a correctly formulated, homogenized product intended to be 10mg THC per serving and 100 mg THC per package would fail for being just micrograms over the limit. This will mean manufacturers will be forced to produce products with target potencies at 8 or 9 g THC per servings, etc., and this is harmful to consumers. One commenter notes that Prop 64 and SB 94 do not reference a total content label claim limit of 100 mg and makes no mention of variance to a label claim. This is up to the regulators to set. A 100 milligram per package cap, with no upward variance, unintentionally limits the ability for a manufacturer to declare 100 milligrams per package due to laboratory testing and manufacturing variances. This is also inconsistent across multiple industries. The US Pharmacopeia allows for a plus or minus	The Bureau disagrees with this comment. Section 5724 lists the size requirements from CDPH's regulations for clarity. However, section 5307.1 provides the variance allowable for the size requirements. The Bureau determined a 10% variance for all cannabis goods, which is consistent with other industries, is appropriate and less confusing.

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		10% variance on labeled amounts, and even the Bureau's predecessor acknowledged a plus or minus 15% protects consumers while allowing for variation in manufacturing processes. This could drive commenter out of business, at least allow for a 6-month grace period. One commenter recommends adding "plus 10%" to the end of subsections (d)(1)(2)(3), to allow for the variance, and save manufacturers on cost. The 100 mg per package limit was determined by CDPH. One commenter notes this would prevent costly relabeling and allow for a variance that is undetectable to most consumers. Commenter also requests an explanation as to why the tiered system was suddenly and unexpectedly discarded. There has been a lack of laboratory competency in accurately testing cannabinoid content in low doses. Small businesses do not have the capacity to verify independently these requirements.	
5724	3635.5 (p.4836) 3752.5 (p.5900)	Commenter remarks that the regulations require the same quantity of a representative sample to be used for sample preparation across all tests. Commenter further recommends removing the minimum quantity required for sample preparation and that this quantity should be based on validated methods.	The Bureau disagrees and clarifies that the amended regulations require a sample preparation quantity of 0.25 grams for residual solvent testing, 1.0 grams for microbial impurities testing, and 0.5 grams for cannabinoid, terpenoid, residual pesticide, water activity and water content, and heavy metals testing. The Bureau further clarifies that the regulations the required minimum quantity is the quantity that must be used in the sample preparation only. Laboratories are expected to use an aliquot of the quantity used for the sample preparation, as appropriate, to perform the required analysis.

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5724	3671.14 (p.5436)	The modifications under this section now include restrictive language that interprets non-medical manufactured edibles to fail testing when the package contains any THC variance above 100mg or if any serving exceeds 10mg of THC. The effect of this change will result in manufacturers losing the top 10% variance that is currently permitted. Recommendation: We recommend that 5724(d)(1) and (d)(2) are stricken and the language in the July draft is adopted to allow a 10% variance.	The Bureau disagrees with this comment. Section 5724 lists the size requirements from CDPH's regulations for clarity. However, section 5307.1 provides the variance allowable for the size requirements. The Bureau determined a 10% variance for all cannabis goods, which is consistent with other industries, is appropriate and less confusing.
5724(c)	3304.31 (p.4078) 3668.13 (p.5389) 3718.14 (p.5696)	Commenter recommends removing milligrams listing for inhalable products and providing guidance on serving size.	The Bureau disagrees with this comment. This subsection was amended to clarify how the result of cannabinoid testing on the COA is reported, requiring a percentage for THC and CBD and specifying that the reporting shall be done in milligrams per package if by weight. This is necessary to establish standardized reporting. Additionally, the Bureau notes that provisions on serving size are established by CDPH, who has regulatory oversight over manufacturers, manufactured cannabis goods, and labeling and packaging.

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5724(d)	3862.1 (p.6178)	Commenter recommends to "reinstate" a 10% allowable potency variance, specifically for THC content. Commenter remarks that removing the 10% tolerance on the limits for THC per serving and per package is inconsistent with regulations for pharmaceuticals and nutritional supplements and fails to account for unavoidable variability in laboratory analysis and ultimately creates a new "false ceiling" on THC limits that hurts consumers and licensed manufacturers without accomplishing further public safety goals.	The Bureau determined a 10% variance for all cannabis goods, which is consistent with other industries, is appropriate and less confusing.
5724(d)(1)(2)(3)	3695.3 (p.5548)	Commenter recommends allowing samples to pass THC testing in the following scenarios: for all edible cannabis products, the milligrams per serving for THC does not exceed 10 milligrams per serving plus 10%; for edible cannabis products that are not orally-dissolving products labeled "FOR MEDICAL USE ONLY", the milligrams per package for THC does not exceed 100 milligrams per package plus 10%; and for edible cannabis products that are orally-dissolving products labeled "FOR MEDICAL USE ONLY," the milligrams per package for THC does not exceed 500 milligrams per package plus 10%.	The Bureau disagrees with this comment. Section 5724 lists the size requirements from CDPH's regulations for clarity. However, section 5307.1 provides the variance allowable for the size requirements. The Bureau determined a 10% variance for all cannabis goods, which is consistent with other industries, is appropriate and less confusing.
5725	3415.3 (p.4310) 3716.6 (p.5678)	Commenter recommends requiring terpene testing, instead of testing if requested. Such testing is needed, as terpenes are the most accurate way to explain the effects of cannabis products to customers. It will also	The Bureau disagrees with this comment. This has been amended for consistency purposes, as terpenes are not required to be listed on cannabis goods labels, as determined by CDPH, the agency with regulatory oversight over manufacturers, manufactured cannabis goods, and packaging and labeling.

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		lead to more uniform terpene profiles and standardization.	
5726	623.2 (p.1484)	The commenter requests clarification as to the prohibition of laboratories to release any test results prior to providing the COA to the Bureau, because when the COA is uploaded to track and trace, it is sent to the Bureau and the customer at the same time.	The Bureau disagrees with this comment. The regulation clearly indicates that the COA may not be released prior to providing it to the Bureau. Therefore, further clarification is not necessary.
5726	3718.15 (p.5696)	Comment is in appreciation of the guidance provided on COAs and in support of the new language.	The Bureau notes this comment in support.
5726	3635.7 (p.4837)	Commenter remarks that a lot of the additional COA reporting requirements are redundant and result in the laboratories being required to act as enforcement bodies rather than scientific bodies responsible for reporting data.	The Bureau disagrees with this comment. The COA reporting requirements are based on testing laboratory industry standards and regulatory standards established by the FDA and the EPA. The Bureau further notes it is not within a laboratory licensees privileges or obligations to enforce the regulations established by the Bureau. Rather, a laboratory licensee is required to adhere to the regulations established for the performance of regulatory compliance testing and other general licensure requirement required of all other Bureau licensees.
5726	3635.8 (p.4837) 3752.7 (p.5901)	Commenter comments that it is redundant to require a laboratory manager to sign and attest that all the LQC sample requirements are met. The commenter further comments that because laboratories are required to obtain ISO/IEC 17025 accreditation, it is not necessary to require additional attestation from the laboratory manager.	The Bureau disagrees with this comment. An attestation is necessary to ensure the testing laboratory performs the required LQC sample analysis and to ensure accountability of the laboratory manager's responsibilities if LQC samples are not performed or did not meet the acceptance criteria. Contrary to the commenter's remark, ISO/IEC 17025 accreditation does not ensure that a laboratory will perform LQC sample analysis as prescribed by the Bureau.

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5726	3635.10 (p.4838) 3635.14 (p.4839) 3752.11 (p.5903) 37.2 (p.57) 3300.1 (p.4062) 3304.32 (p.4079) 3576.9 (p.4571) 3630.5 (p.4814) 3668.14 (p.5389) 3671.15 (p.5436) 3695.2 (p.5547) 3700.1 (p.5572) 3752.7 (p.5901) 4105.7 (p.6841) 4105.11 (p.6843) 3741.11 (p.5835) 3741.12 (p.5836) 3753.17 (p.5915)	Commenter states that there should be a provision to permit correction of typographical and other minor errors on COAs. Commenters requests allowance for laboratories to correct COAs. Some commenters note that if the error is clear and retesting is not involved. This would only pertain to clear error in interpreting the data, and not retesting or creating new data. Some commenters recommend a COA amendment form, so as to allow changes or amendments to the COA, including for typographical and human errors. One commenter recommends allowing COAs to be amended with Bureau approval. One commenter notes that a retest for an inversion of two numbers is absurd. Commenter recommends allowing for an appeal of a COA when reasonable doubt is provided. When a laboratory data package investigation implicates the laboratory data, the laboratory should be investigated, and those batches retested. The laboratory license should also be suspended or revoked.	The Bureau disagrees and notes that prior to submission of a Regulatory Compliance Certificate of Analysis, laboratory analysis and managers must ensure that the information being printed and intended to be reported is accurate. Moreover, the Bureau notes that correction of typographical and other minor reporting errors is not prohibited by the regulations. Rather, the regulations require the data to be reviewed by the laboratory manager prior to submission to the Bureau.

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		One commenter recommends allowing for an appeal of a COA when there is reasonable doubt, by allowing for batch retests when a batch has failed for no apparent reason.	
5726(d)	4085.10 (p.6753) 3682.4 (p.5484)	Commenter recommends allowing laboratories to release COAs to the customer first, with the caveat that analytical results cannot be changed. This will insulate laboratories from pressures, such as distributors unhappy with results, and also allow distributors additional time for labeling, and to catch mistakes on the COA. Comment is regarding the requirement that the laboratory shall not release test results prior to completing all analyses and providing the COA to the bureau. Comment asks whether it assumed that the completion of analysis occurs after all data and final report has been reviewed and approved by appropriate personnel, however long that may take.	The Bureau disagrees with this comment. A laboratory manager or supervisor must verify the COA to ensure its accuracy and completeness before released. Releasing incomplete or preliminary results may lead to confusion.
	3703.5 (p.5589) 3703.10 (p.5591)	Commenter recommends broadening the definition of "pre-roll" to include concentrated cannabis (e.g. hash, wax) and to prescribe how these goods should be tested. is and how it should be tested. Commenter remarks that the definition for "pre-roll" indicates that pre-rolls may only contain the contents listed in the definition (flower, shake, leaf, or kief that is obtained from accumulation in containers or sifted	The Bureau disagrees and notes that pre-rolls that contain concentrates derived from manufacturing extraction processes (e.g. CO2 extraction, ethanol extraction, etc.) are, by definition, manufactured cannabis products and therefore subject to the sampling and testing requirements established for manufactured cannabis products.

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		from loose, dry cannabis flower or leaf with a mesh screen or sieve). Commenter notes that certain pre-roll samples may contain other plant-based ingredients such as herbs or rose petals which would obviously be classified as a smokable infused product.	
5727(a)	3620.18 (p.4775)	Commenter is concerned with and opposed to the amendment to this subsection, removing language that an edible cannabis product batch shall not be additionally processed after failed testing, as health and safety concern. Commenter would never allow contaminated food to be re-cooked.	The Bureau disagrees with this comment in part. Not all edible cannabis product batches that fail testing, fail because of a health and safety contamination. Generally, most edible cannabis product may not undergo remediation, however, in limited circumstances, remediation may be allowed. This has been removed for consistency with CDPH, which has regulatory oversight over edible cannabis products.
5729(a)(2)	3682.5 (p.5484)	Commenter notes that the Bureau's Initial Statement of Reasons state that the reason the section was amended is to include good laboratory practice as a requirement. Without a reference to a specific program, GLP is a generic term that may be subject to broad interpretation. There are GLP standards written by the FDA, EPA and Organization for Economic Co-operation and Development (OECD).	
5730	3635.4 (p.4836) 3752.4 (p.5900) 4105.4 (p.6840)	Commenter recommends requiring a 70% to 130% % recovery (acceptance criteria) for 90% of the analytes the laboratory is required to quantify in each method. Commenter remarks that the acceptance criteria for CCV samples for certain methods (e.g. cannabinoid testing using UV and pesticide testing using MS/MS) is reasonable.	The Bureau disagrees with this comment. The established acceptance criteria of 70% to 130% must be applied for analysis of the LCS samples, matrix spike samples, and CCV samples for each chemical method analysis used by the laboratory. Failure to apply this standard for analysis of all analytes would compromise the validity of the laboratory testing results and would undermine the Bureau's efforts to standardized laboratory processes.

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5730	3682.1(P.5483) 3682.6(P. 5484)	Commenter remarks that the regulations are redundant because they require laboratories to adhere to good laboratory practices (GLP) and to obtain and maintain ISO/IEC 17025 accreditation. Commenter notes that both GLP and ISO/IEC 17025 are quality management systems their scopes are significantly different. Commenter remarks that GLP is intended for a discrete sample package passing through the laboratory according to a study plan and results in a single report for a final product. The intention of GLP is to ensure that laboratories maintain a "quality system of management controls that preserves the integrity of testing by ensuring consistency, reliability, and reproducibility."	The Bureau disagrees with this comment. A definition for GLP was added for clarification. GLP must be considered and included when establishing test methods and producing results. This type of quality system is intended to ensure testing laboratories provide consistent and reliable results.
5730	3635.3(P.4835) 3752.3(P.5899) 4105.3(P.6839)	Commenter states that the regulations would require a laboratory have a method blank sample, and a laboratory control sample (LCS), a laboratory replicate sample, and a continuing calibration verification (CCV) sample for every 10 samples in the analytical batch. Commenter states that this would result in ½ of the analytical batch (comprised of 20 samples) to be "standards and checks." Commenter appears to be recommending requiring laboratory quality control samples once per 20 samples. The commenter further remarks that laboratories are now being required to	The Bureau notes this comment and clarifies that the regulations only require the use of a CCV at the beginning of an analytical batch and every 10 samples thereafter. The Bureau further notes that the regulations require analysis of a method blank sample, a LCS, and either a laboratory replicate sample or matrix spike sample for each analytical batch which is comprised of 20 samples. Thus, contrary to the commenters remark, the regulations would not result in ½ of the analytical batch to be "standards and checks." Rather, only up to ¼ of the analytical batch (up to 5 of 20 samples) would comprise "standards and check"-type samples. Regarding analysis of LCS samples, the Bureau notes that contrary to the commenter's remark, a newly-purchased certified matrix is not necessarily required to create and analyze a LCS sample. A laboratory may use, for example, LC-MS grade water for the liquid

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		purchase clean certified matrices so that they can perform analysis of LCS samples.	chromatograph mass spectrometers to add target method analyte (aka spike).
5732	3396.3 (p.4287)	Commenter recommends that the data package should be generated upon request, within a certain amount of time designated by the Bureau, if the laboratory has acquired and analyzed all requested data. Generating such data packages at the time of analysis requires effort and paper waste, decreasing efficiency.	The Bureau disagrees with this comment. The data package is required for each representative sample that the laboratory analyzes. It must contain information pertaining to the analytical procedures performed. Accurate and complete data packages are created contemporaneous to the event it is detailing, the analytical procedure.
5732	3581.3 (p. 4588) 3645.3 (p.5250) 3648.2 (p.5259) 3649.3 (p.5262) 3677.3 (p.5439) 3711.3 (p.5651)	Commenter recommends keeping data packages as simple and brief as possible, with the Bureau requesting detailed support documentation only for specific samples as necessary.	The Bureau is unclear as to commenters' recommendation. Commenters have not provided any specific recommendation as to how the data package may be kept simple and brief. The data package must be made immediately available upon request by the Bureau.
5732	4085.2 (p.6751) 4078.3 (p.6710) 3635.2 (p.4835) 4078.3 (p.6710) 3752.2 (p.5899) 3682.2 (p.5483) 4105.2 (p.6839)	Commenter recommends eliminating the requirement to compile a data package for each sample and instead recommends requiring laboratories to compile such a package only when requested by the Bureau, and even then, to be given 1-2 business days to provide the package. The requirement as it is, is an undue burden to laboratories and their customers. It will take 4 hours of additional supervisor labor and 200-1000 pages of printing. One commenter requests three business days to gather business data. While this may be easier for the Bureau, it offers no benefit to data quality or health and safety.	The Bureau disagrees with this comment. Data packages are meant to be clear and detailed documents that capture the workflow and results of the samples tested and is necessary to systematically standardize data packages to include critical elements from testing laboratories that allows the Bureau to trace the integrity of testing results. Additionally, the requirement for the data package has not changed, only the requirement to use the Bureau provided cover page and checklist. This will help ensure that laboratories are provided clear guidance on the required items in the data package and ensures consistency among laboratories.

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		One commenter notes a single data point is meaningless unless part of a batch.	
5732(b)	3682.8 (p.5485)	The laboratory is to provide the data package and checklist form "immediately upon request." Would you please clarify what form the data should be submitted in (electronic or hardcopy) and what is considered "immediately?"	The Bureau disagrees with this comment. The Bureau has clarified in section 5732(b), that the laboratory is to use the Data Package Cover Page and Checklist Form for submitting data packages. The Bureau has not defined immediately as the intent in using that word is for the ordinary, plain meaning to apply.
5705(g)	3741.7 (p.5833)	Commenter suggests that the phrasing "unable to competently complete" is too vague as used in the regulation which allows a distributor to request permission from the Bureau to re-sample and test a batch when a licensed laboratory is unable to competently complete testing after sampling and before a COA is issued. Commenter recommend that a time frame be included in this section to permit the following: "If a licensed laboratory is unable	The Bureau disagrees. This section was added to account for a possible variety of circumstances that make it necessary to have a batch re-sampled and tested by another licensed testing laboratory after a representative sample has been obtained. This section allows re-sampling in situations where the licensed laboratory can no longer competently complete the regulatory compliance testing while preventing "laboratory shopping" to obtain a different result.

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		to issue a COA within 20 days, a licensed distributor or microbusiness authorized to engage in distribution, who arranged for the testing of the batch(s) may notify the Bureau that the impacted batch(s) shall be re-sampled and tested by another licensed laboratory." Commenter comments that the need to move a batch to another laboratory is often more about how backlogged that laboratory's queue is, rather than their demonstrated competence.	
5724(d)	3741.10 (p.5834)	Commenter recommends that the upward and downward variance on testing limitations is reinstated. Science does not support that going over or under a 10 mg per serving or 100 mg per package by a 10% variance will impact the consumer negatively – the previous variances allowed by the Bureau accounted for imperceptible differences in psychoactivity and therefore safety. This restriction does not accomplish public safety, but it does cause issues within the industry.	The Bureau disagrees with this comment. Section 5724 lists the size requirements from CDPH's regulations for clarity. However, section 5307.1 provides the variance allowable for the size requirements. The Bureau determined a 10% variance for all cannabis goods, which is consistent with other industries, is appropriate and less confusing.
5724	3755.17 (p.5926)	Comment remarks that the reporting section appears to allow many different reporting formats. Commenter remarks that the section is confusing because it allows laboratories to report data as dry weight percentage or actual weight percentage. Commenter states that this makes it difficult to compare data between laboratories and is confusing for customers.	The Bureau disagrees with this comment. The Bureau notes that the dry weight and wet weight % cannabinoid reporting requirements are industry standard calculations, specific to the cannabis industry. The Bureau further notes that the required calculations are necessary to ensure that cannabis good released for retail sale are accurately labeled with the potency percentage, the calculation for which is directly tied to the dry and wet weight reporting requirements.

Regulation Section	15-Day Comment Number(s) and Page Location	Summary of 15-Day Comments	Bureau Response to 15-Day Comments
5705	3570.13 (p.4527)	Commenter requests adding language to allow for re-sampling if the licensed testing laboratory fails to meet contractual timelines for testing or if other extraordinary circumstances warrant, upon approval from the Bureau, would allow greater flexibility in requests for re-sampling. Commenter remarks that these changes address the issue of the restrictive nature of situations under which re-sampling may be requesting and notes that adding the requested language would broaden the scope for requests for re-sampling, while maintaining the control of the Bureau over re-sampling and preventing licensees from "shopping" around.	The Bureau disagrees and notes that the regulations establish minimum conditions for sampling and that contracting private parties may stipulate to additional standards specific to their business needs and circumstances.
5730	3755.12 (p.5925)	Commenter appears to be requesting clarification on what type of repercussions will be initiated by the Bureau with respect to concentrations that are not within 10% of the label claim.	The Bureau disagrees that further clarification is needed and notes that cannabis good that do not meet the specifications shall not be released for retail sale.
5730	3755.11 (p.5925) 3755.10 (p.5925)	Comment appears to be requesting clarification regarding the responsibility of the distributor to conduct quality-assurance review of the claimed concentration and the actual concentration and regarding how will the laboratory ensure that the variance restrictions are achieved, other than depending upon the value reported by the laboratory used.	The Bureau disagrees that clarification of this requirement is needed and notes that the regulations incorporate a calculation for determining difference in % in potency variances. The Bureau notes that the distributor is to determine whether the cannabis goods batch meets the specifications by relying on the COA provide by the laboratory.

Regulation Section	15-Day Comment Number(s) and Page Location	Summary of 15-Day Comments	Bureau Response to 15-Day Comments
5800	3680.10 (p.5463)	The Bureau should only be allowed to collect a representative sample of cannabis goods, business records, video surveillance, or other evidence related to any alleged violation. The language is overly broad and could lead to seizure without due process, taking goods and documents not related to violations of the Act. This right should be narrowly tailored.	The Bureau disagrees with this comment. To carry out its duties, the Bureau is allowed and has the statutory authority to inspect premises and review records related to commercial cannabis activity. In order to properly investigate violations by licensees and to establish violations as part of a proceeding under the Administrative Procedure Act, the Bureau must preserve relevant evidence to be produced for hearing. A licensee has the ability to inspect evidence in the discovery process and challenge evidence used by the Bureau at hearing.

Final Statement of Reasons Appendix D

Regulation Section	Comment Number(s) and Page Locations	Summary of 15-Day Irrelevant Comments	Bureau Response to 15-Day Irrelevant Comments
5000	3614.1 (p.4743)	Commenter recommends adding ID to the definition of "lot number" or "batch number."	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5000	3410.1 (p.4302) 3392.1 (p.4282)	Commenter believes the definition of organic waste needs to be modified to allow for recycling of cannabis related e-waste.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5000	3307.9 (p.4090)	Commenter suggests that the Bureau should consider the impacts of waste generated by consumers of cannabis products and reexamine the language in this section to allow for consumers to return products like empty cartridges to a retailer or directly to a manufacturer for recycling.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5000	4065.1 (p.6645)	Commenter recommends adding a definition for "contaminated cannabis hardware," which are manufactured cannabis goods that contain cannabis along with electronic hardware and can be separated into cannabis goods that must be disposed of as cannabis waste, and other products that can be disposed of properly or recycled, and where retailers serve as collection points.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5001	3489.1 (p.4400)	Commenter believes section (12) is in direct conflict with the requirement to "estimate" revenues. Each person applying is in danger with this section.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5001	621.2 (p.1479) 629.2 (p.1499) 4106.3 (p.6848)	Commenter believes that the subsection would dramatically degrade the ability of local jurisdictions to ensure local standards for commercial cannabis business operations, by reducing the time period to verify a license from 60 days, to 10 days.	The Bureau rejects this comment as irrelevant, as section 5001(c) has been removed from the proposed regulations.
5001	3465 (p.7061)	Commenter indicates that the Bureau should not identify a deadline to submit applications for licensure as it will just push people out of the industry.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.

Regulation Section	Comment Number(s) and Page Locations	Summary of 15-Day Irrelevant Comments	Bureau Response to 15-Day Irrelevant Comments
5001(e)	3568.13 (p.4502)	Commenter requests extending the deadline for temporary license holders or remove the requirement that applicants have a temporary license to obtain a provisional license. The deadline puts business in a position to have to wait a lengthy amount of time to legally engage in business.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5001/5002	4115.6 (p.6875)	Commenter supports the Bureau's clarification to require a physical address for licensees.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5001/5002	4115.7 (p.6875)	Commenter supports the requirement that applicants submit proof of their local authorization, which is a high priority for commenter, and a promise of the original proposition.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5001/5002	4115.8 (p.6875)	Commenter states, that as before, they are disappointed to see that multiple licenses can be held by one applicant. They have opposed vertical integration, as multiple licenses by one entity could create enforcement issues in applying different regulations for different types of operations to the same location, as well as track and trace issues. Also, with A and M- licensees being co-located, there could be implications on age verification.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5002	3718.3 (p.5692) 4064.2 (p.6626)	Commenters indicate that the requirement to reveal "the financial institution's name, [and] the financial institution's address" is a hardship for cannabis companies. One commenter proposes that the Bureau modify this regulation to allow applicants to designate banks' identities as confidential for the purposes of Public Records Act requests. Another commenter indicates that financial	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.

Regulation Section	Comment Number(s) and Page Locations	Summary of 15-Day Irrelevant Comments	Bureau Response to 15-Day Irrelevant Comments
		asset and interest disclosures should not be available via public record requests.	
5002(c)(8)	3614.2 (p.4743)	Commenter recommends adding "complete" to physical address, as some applicants do not list all the addresses on an application.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5002 (c)(18)	3724.1 (p.5728)	Commenter recommends protecting financial asset and interest disclosures from being available via public record requests or from being provided to federal agencies.	This comment is irrelevant as it does not address any change made to the proposed regulations during the 15-day comment period.
5002(c)(20)	3644.2 (p.5245)	Commenter supports the regulations as drafted, requiring applicant disclosure of violations of labor standards.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5002(c)(23)	3644.1 (p.5244)	Commenter strongly supports the labor peace agreement language as drafted and applaud the licensing authorities for allowing specified applicants to enter into and abide by the terms of the agreement, as soon as reasonably practicable.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.

Regulation Section	Comment Number(s) and Page Locations	Summary of 15-Day Irrelevant Comments	Bureau Response to 15-Day Irrelevant Comments
5002(c)(28)	52.2 (p.81) 60.2 (p.101) 61.2 (p.103) 94.2 (p.37) 101.2 (p.123) 105.2 (p.140) 210.2 (p.249) 211.2 (p.253) 213.2 (p.256) 214.2 (p.258) 503.2 (p.1125) 614.2 (p.1459) 621.2 (p.1479) 622.2 (p.1481) 627.2 (p.1492) 628.2 (p.1495) 629.2 (p.1499) 631.2 (p.1501) 632.2 (p.1505) 633.2 (p.1507) 634.2 (p.1510) 3582.2 (p.4590) 3584.2 (p.4597) 3586.2 (p.4603) 3587.2 (p.4607) 3591.2 (p.4617) 3592.2 (p.4620) 3593.2 (p.4623) 3594.2 (p.4626) 3606.2 (p.4702) 3609.2 (p.4725) 3610.2 (p.4728) 3611.2 (p.4732) 3615.2 (p.4748)	The commenter believes that by establishing a 10-day shot clock, the regulations create an unrealistic timeline for adequate local government review of cannabis licenses, and cities need more time to review license applications before deemed valid and communicate this to the Bureau. If the Bureau does not face a similar restriction, why is it a different standard imposed for local governments. Rushed timelines favor those that intend to circumvent the local requirements. Should be 60 days instead. Commenters also note that the regulation goes beyond the Bureau's regulatory authority and create a policy outside of the legislative process. This conflicts with the voters' intent in Prop 64 to preserve local control. One commenter recommends a 30-day timeframe is appropriate and could be accommodated by staff. Commenter also notes that there is a concern that applicants will submit multiple local licenses in an effort to inundate the city, knowing the limited resources and time to check the validify before the 10-day period. One commenter advocates for a 15-day review period for a State license verification request.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period. Additionally, the proposed regulations do not prescribe a timeframe for local jurisdictions to review its own license or permit applications, only for a response to the Bureau on whether an applicant is already approved within the local jurisdiction.

Regulation Section	Comment Number(s) and Page Locations	Summary of 15-Day Irrelevant Comments	Bureau Response to 15-Day Irrelevant Comments
	3617.2 (p.4755) 3621.2 (p.4778) 3622.2 (p.4782) 3624.2 (p.4787) 3657.1 (p.5345) 3715.2 (p.5675) 3798.2 (p.6028) 3678.2 (p.5443) 3686.1 (p.5507) 3693.2 (p.5542) 3731.2 (p.5767) 3732.2 (p.5771) 3743.2 (p.5842) 3795.2 (p.6017) 3796.2 (p.6021) 3879.2 (p.6216) 3881.2 (p.6223) 3887.2 (p.6227) 3888.2 (p.6230) 3891.2 (p.6244) 3892.2 (p.6248) 3893.2 (p.6251) 3899.2 (p.6296) 3901.2 (p.6300) 3907.2 (p.6311) 3909.2 (p.6299) 3911.2 (p.6319) 3914.2 (p.6325) 3915.2 (p.6328) 3916.2 (p.6330) 3917.2 (p.6333) 3918.2 (p.6336) 3912.2 (p.6321) 3921.2 (p.6341)		

Regulation Section	Comment Number(s) and Page Locations	Summary of 15-Day Irrelevant Comments	Bureau Response to 15-Day Irrelevant Comments
	3919.2 (p.6338) 3920.2 (p.6340) 3922.2 (p.6343) 3923.2 (p.6345) 3926.2 (p.6353) 4084.2 (p.6749) 4086.2 (p.6768) 4098.2 (p.6808) 4106.2 (p.6847) 4112.2 (p.6865) 4113.2 (p.6867) 4114.2 (p.6870) 4116.2 (p.6886) 4117.2 (p.6890) 4118 (p.7143) 4119.2 (p.6893) 4120.2 (p.6896) 4122.2 (p.6902) 4125.2 (p.6918) 4127.2 (p.6923) 4128.2 (p.6926) 4129.2 (p.6929) 4132.2 (p.6938) 4133.2 (p.6942) 4136.2 (p.6949) 4138.2 (p.6956)		
5002(c)(18)	3304.1 (p.4074)	Commenter notes that while the language is not new, this section warrants further discussion because of the changes in 5004. Commenter recommends protecting financial disclosures from public access and Federal agencies.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5002 (c)(35)	3794.3 (p.6013)	The Bureau's requirement is burdensome on small businesses and will not benefit	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.

Regulation Section	Comment Number(s) and Page Locations	Summary of 15-Day Irrelevant Comments	Bureau Response to 15-Day Irrelevant Comments
		licensees. The course costs $600 or more and a combined 60 hours of the licensee's employee hours.	
5004	3280.3 (p.4014) 3618.3 (p.4763)	Commenter recommends a 5% threshold for a financial interest holder in a private equity fund or other similar investment vehicle. Another commenter recommends a disclosure exemption for financial interest holders that are limited partners with less than a 5% equity interest, a carve out for passive investors with small minority stakes.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5004	3701.2 (p.5578) 3709.1 (p.5627) 4123.2 (p.6906) 4123.3 (p.6907)	Commenter suggests a 10% threshold for financial interest holders in Canadian public companies who hold a financial interest in a California cannabis business, as opposed to 5%. Commenter also suggests a 5% threshold for financial interest holders in private equity funds or other similar investment vehicles where the financial interest holder holds a share of stock, a limited partner interest, or a non-managing membership interest of less than 5%. Another commenter echoes this sentiment and asks the Bureau to modify this section to increase the threshold for shareholder disclosure for a publicly traded company.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5005	37.3 (p.57)	Commenter inquires whether an owner of a cannabis company can run for political office.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5005	3614.3 (p.4743)	Commenter recommends prohibiting licensees from maintaining a financial relationship with a physician or surgeon who provides recommendations of cannabis, including working on the premises. Such	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.

Regulation Section	Comment Number(s) and Page Locations	Summary of 15-Day Irrelevant Comments	Bureau Response to 15-Day Irrelevant Comments
		physicians/surgeons should not be licensees or owners.	
5006	3614.4 (p.4743)	Commenter recommends identifying all the areas/rooms in the licensed premises even though they may not be in use.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5006	4115.9 (p.5875)	Commenter supports this section, which requires applications provide a premises diagram indicating what part of the property is for cannabis activity. Commenter would also like to see what the use of the remaining property is for and recommends consideration of potential influences on youth.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5010	3620.3 (p.4772)	Commenter supports CEQA required by the state for all license types with limited exceptions.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5010	3889.1 (p.6235) 3730.1 (p.5764) 3735.1 (p.5797)	Commenter requests that the Bureau regulations and the California Department of Food and Agriculture's regulations be revised to explicitly allow the use of a program environmental impact report to demonstrate project-specific CEQA compliance in accordance with State CEQA Guidelines. Several commenters are concerned about a County's CEQA waivers that rely on CEQA compliance at the state level.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period. Moreover, the proposed changes to the California Department of Food and Agriculture's regulations are outside of the Bureau's jurisdiction.
5010.2	3620.4 (p.4772)	Commenter believes that all projects should be reviewed by CEQA, due to the nature of the business.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5010.2	4064.6 (p.6629)	Commenter recommends that the Bureau provide an additional exemption for further environmental review, for when the premises is located in a local jurisdiction that has adopted an ordinance, rule or regulation	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.

Regulation Section	Comment Number(s) and Page Locations	Summary of 15-Day Irrelevant Comments	Bureau Response to 15-Day Irrelevant Comments
		pursuant to Business and Professions Code section 26055(h).	
5014	3658.3 (p.5349)	Commenter asks the Bureau to establish a "Compassion License" category to allow existing collectives to maintain their own membership and continue to be allowed to distribute product amongst those members.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5014/5015	3570.8 (p.4522) 3628.6 (p.4801)	Commenters are concerned about the fines assessed in section 5015 of the regulations and asks the Bureau to incorporate a regulation or a process and/or form for correcting the applicant's estimated gross revenue and either applying for a rebate or paying the higher fee. One commenter suggests a "true-up" system in lieu of penalties to determine appropriate annual license fees.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.

Regulation Section	Comment Number(s) and Page Locations	Summary of 15-Day Irrelevant Comments	Bureau Response to 15-Day Irrelevant Comments
5015	3289.2 (p.4026) 3296.2 (p.4043) 3304.13 (p.4076) 3339.1 (p.4206) 3301.6 (p.4066) 3304.13 (p.4076) 3307.3 (p.4089) 3312.2 (p.4107) 3315.2 (p.4118) 3316.2 (p.4122) 3317.2 (p.4126) 3319.2 (p.4132) 3321.6 (p.4137) 3326.3 (p.4156) 3328.3 (p.4165) 3332.2 (p.4180) 3334.2 (p.4187) 3479.2 (p.4386) 3479.3 (p.4386) 3479.4 (p.4386) 3479.5 (p.4386) 3489.2 (p.4400) 3653.5 (p.5318) 3636.6 (p.4845) 3895.3 (p.6259) 3670.1 (p.5428) 3690.2 (p.5528) 3708.3 (p.5616) 3712.3 (p.5654) 3718.8 (p.5695) 3724.6 (p.5731) 3726.2 (p.5741) 3729.5 (p.5761) 3747.2 (p.5869)	Commenters indicate that it is very difficult to estimate gross revenue for a new business in a newly regulated market. Revenue will depend on factors outside of their control. The Bureau should waive any penalties for first-year operators. In subsequent years, the Bureau can charge penalties when operators have had the chance to generate projections based on actual sales. One commenter says that the magnitude of the penalty seems high; operators cannot anticipate how their revenue will be affected by new businesses operating statewide. The penalty should be comparable to those in other industries, many of which do not face the same amount of uncertainty. One commenter suggests allowing an opportunity to either increase or decrease target revenue for the year and pay the change of fee accordingly. Suggest adding a revenue tracker for businesses into the quarterly cannabis tax filing and allow licensees the opportunity to adjust their licensing fees. This would allow licensees to appropriately trend where the business is. If the licensee still does not properly pay the fee at the end of the year, then the Bureau should impose a fine. Commenter requests lowering the penalties for underestimating gross review, for small operators. It is a volatile time, and the market is not stabilized, meaning that operators are continually adapting to an emerging market. For example, many cultivators are switching from outdoor to mixed light to stay competitive. This makes it hard to predict gross revenue, where they can even hardly afford the fee to begin with. Commenter notes it is not that the fee	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.

Regulation Section	Comment Number(s) and Page Locations	Summary of 15-Day Irrelevant Comments	Bureau Response to 15-Day Irrelevant Comments
	3753.5 (p.5911) 3895.3 (p.5911) 4075.2 (p.6698) 4100.4 (p.6815) 4101.6 (p.6820)	cannot be paid, but that it is a death by a thousand fees, leading to a breaking point. One commenter suggests removing the penalty for first-year revenue estimations and allow for refunds or credits towards next-year applications if revenues overestimated. Another commenter suggests providing a "safe harbor" akin to the IRS. Another commenter believes the penalty should be comparable to those in other industries. One commenter recommends decreasing the penalty fee to 10-15%, waiving penalty fees who underestimate by one fee tier, and allow a refund or credit for a future annual license fee in case of overestimation. One commenter recommends such penalties and discipline for those that intentionally fail to pay the appropriate licensing fee.	
5015	3567.5 (p.4498)	Commenter requests that language be added to allow a local equity program licensee to waive, subsidize or defer payments and fees, per SB 1294.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5016	3573.2 (p.4558) 3614.5 (p.4744)	Commenter indicates that the Bureau should provide priority licensing for equity applicants.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.

Regulation Section	Comment Number(s) and Page Locations	Summary of 15-Day Irrelevant Comments	Bureau Response to 15-Day Irrelevant Comments
5018	4115.10 (p.6875)	Commenter recommends that "a violation of the California Food Sanitation Act resulting in suspension or revocation of a license or any civil or criminal proceeding" be a reason for license denial, because any ingestible product has a potential impact on public health communicable disease control.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5019	3573.3 (p.4558)	Commenter indicates that the Bureau should impose an initial cap at no more than 1,500 retailer licenses issued statewide and no more than 1:22,000 inhabitants in any county. There should be a distance of at least 1,000 feet between licensed retailers.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5019	3612.2 (p.4735)	Commenter recommends the Bureau ensure accurate evaluation and research to assess the impact of retail availability and concentration, youth use rates, impaired driving, and other community impacts. Commenter notes that local jurisdictions must be fully informed that their regulations will be the only means to prevent excessive concentration. This section will do little to prevent that.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5019	3628.7 (p.4801)	Commenter does not believe that subsection (a) adequately defines retail for purposes of undue concentration. Commenter recommends rewriting the section so that only businesses who serve the public at the licensed location are subject to an undue concentration analysis. It should not include delivery services.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5019	3614.6 (p.4744)	Commenter recommends including both storefront and non-storefront retailers in the determining license limits, so not to concentrate in vulnerable communities.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5022	3614.7 (p.4744)	Commenter recommends adding language to allow the Bureau to immediately cancel a license that has been revoked by the local jurisdiction, upon notification.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.

Regulation Section	Comment Number(s) and Page Locations	Summary of 15-Day Irrelevant Comments	Bureau Response to 15-Day Irrelevant Comments
5023	3490.2 (p.4404)	Commenter is submitting prior comments on the regulations, specifically that the 10 calendar days to provide notice of a business modification is not sufficient, especially given that the application must include all financial interest disclosures, which is problematic because shares of stock in publicly traded companies change hands frequently. Commenter recommends limiting filing an amendment to knowledge of change of ownership.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5023	3595.3 (p.4640)	Commenter opposes to the changes made from the emergency regulations, specifically, exempting licensees from reporting changes to operating procedures. Nothing defines an operating procedure and is used inconsistently throughout the regulations.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5023/5025	4115.11 (p.6875)	Commenter, as previously indicated, opposes licenses conducting both adult-use and medicinal cannabis activity. This could create potential product confusion, but also enforcement issues.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5023(b)	4103.9 (p.6833)	Commenter indicates that subsection (b) should revert to the requirement to enter into a labor peace agreement when approached by a labor union until such time, a statement that such an agreement will be entered when approached.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5024.1	3679.3 (p.5447)	Commenter indicates that disallowing cultivators, nurseries, processors and manufacturers from transporting their product is a waste of time and money. The Bureau should seek a legislative change.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5025	3573.4 (p.4559) 3577.1 (p.4574) 3614.8 (p.4744)	Commenter indicates that the Bureau should require the use of mandatory warning signs to advise customers regarding the hazards of cannabis use and the legal risk to immigrants. Another commenter suggests signage warning individuals on probation and parole and adults between the ages of 18 and 20 years	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.

Regulation Section	Comment Number(s) and Page Locations	Summary of 15-Day Irrelevant Comments	Bureau Response to 15-Day Irrelevant Comments
		of age. Licensees should only serve those in the retail area.	
5025	3457 (p.7059) 3461 (p.7060)	Commenters indicate that there is no need for a separate space for their distribution transport only premises from its cultivation premises.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5025	3567.4 (p.4498)	Commenter indicates that the section is prohibitive and prevents multiple licensees from functioning out of the same premises, which creates a compliance hurdle for those seeking S-partnerships and equity incubator partnerships.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5025	4079.10 (p.6722)	Commenter indicates that a single entity may hold multiple licenses without needing or meeting the criteria of a microbusiness license. A licensee may need to share spaces beyond hallways (such as cultivation and distribution sharing packaging/packing rooms or secured storage areas). An exception should be created for the distinct premises requirements.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5026	3573.5 (p.4559) 4115.12 (p.6876)	Commenter indicates that the distance of licensed cannabis retailers from youth-serving institutions should be expanded to 1000 feet. One commenter recommends cannabis businesses be 1000 feet from sensitive areas, including colleges and drug treatment areas, as well as properties zoned for schools. This will protect future students.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5026	3438 (p.7053)	Commenter recommends allowing for cities to make their own determination regarding the 600 feet restriction. Securing a location in San Francisco is hard because of all the daycare centers, while illicit massage parlors are allowed in the same vicinity, and opening without much regulation from city or state, and unlike massage parlors, there is no human trafficking in the legal cannabis industry.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.

Regulation Section	Comment Number(s) and Page Locations	Summary of 15-Day Irrelevant Comments	Bureau Response to 15-Day Irrelevant Comments
5026	3301.7 (p.4067) 3321.7 (p.4139) 3636.7 (p.4845)	Commenter indicates that the prohibition on the use of a residence as part of the licensed premises unfairly affects small rural operators and is not mandated by statute. One commenter notes that it is insane for small operators to build a separate building that can only be used for record storage and recommends creating an exemption for Distributor Transport Only license under 1 million gross and a complete exemption for self-distribution.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period. This requirement has not changed but was simply renumbered from subdivision (d) to (e).
5026	3620.7 (p.4772)	Commenter is requesting clarification that retailers cannot operate in the same building as a laboratory testing facility, or on the same premises as an alcohol or tobacco retailer. Separation is critical.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5026	3895.12 (p.6261)	Commenter recommends allowing licenses to add a transport to their current license, limited by mileage, and with certain security requirements.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5026(a)	4064.8 (p.6630)	Commenter indicates the proposed subsection is over-inclusive as drafted and proposes narrowing the regulation to apply to youth facilities that existed when applicants commenced operations, not when applicants' licenses are issued. Indicates that it should not be incumbent upon cannabis businesses to identify every unlicensed day care center they are in close proximity to the location.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5026(d)	4064.9 (p.6631)	Commenter indicates that prohibiting premises from being located such that people have to pass through the premises to access a private residence is restrictive.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period. The requirement has not change but was made its own subdivision.
5026(e)	3667.7 (p.5381) 4101.7 (p.6820)	Commenter argues that the Bureau's prohibition on the use of residences for a licensed premises unfairly affects small rural operators and is not mandated by statute.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period. This requirement has not changed but was simply renumbered from subdivision (d) to (e).

Regulation Section	Comment Number(s) and Page Locations	Summary of 15-Day Irrelevant Comments	Bureau Response to 15-Day Irrelevant Comments
5027	3307.8 (p.4090)	Given that prior approval is required for physical modification of premises, provide a required turnaround time for review and approval. This is fair.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5027	4115.13 (p.6876)	Commenter supports the requirement that any modification to the premises requires advanced permission.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5027(a)	4064.10 (p.6632)	Commenter indicates that requiring that licensees seek permission prior to physical modification of premises is overly burdensome. Commenter suggests shifting the presumption such that, after notifying the Bureau, licensees would be allowed to implement physical modifications if the Bureau does not promptly disapprove.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5028	4064.11 (p.6632) 4081.2 (p.6726)	Commenter indicates that as written, the proposed regulation could be interpreted to prohibit a licensed retailer from leasing or subleasing real property to a licensed manufacturer that produces cannabis goods for sale at its retail operation. One commenter argues that the proposed text cripples the ability of small boutique businesses to operate.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5028	3567.4 (p.4498)	Commenter indicates that the section is prohibitive and prevents multiple licensees from functioning out of the same premises, which creates a compliance hurdle for those seeking S-partnerships and equity incubator partnerships.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5028	4115.14 (p.6876)	Commenter supports the prohibition on subletting portions of the premises.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5030	4115.15 (p.6876)	Commenter supports holding licensees responsible for the acts of their employees and agents.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5031	4115.16 (p.6876)	Commenter supports the requirement that employees of cannabis businesses be 21 years of age or older.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.

Regulation Section	Comment Number(s) and Page Locations	Summary of 15-Day Irrelevant Comments	Bureau Response to 15-Day Irrelevant Comments
5032	4115.17 (p.6876)	Commenter opposes allowing A- and M-type licensees to conduct business with each other and supports the complete separation of adult-use and medicinal businesses to make enforcement easier, which is important for a new industry.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5033	3614.9 (p.4745)	Commenter recommends adding janitorial areas to subsection (c), where storage areas must be separated from.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5033	4115.18 (p.6877)	Commenter supports requirements for cannabis storage to be indoors and separate from employee breakrooms, changing facilities, and breakrooms.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5036	4115.20 (p.6877)	Commenter supports law enforcement notification requirements when there is a discrepancy, diversion, theft, loss or other criminal activity. Limiting diversion of cannabis into the illegal market should be a high priority for everyone.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5040	3573.7 (p.4559)	Commenter suggests limiting advertising in mass media.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5040	3573.8 (p.4559)	Commenter suggests limiting health related statements in advertising.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5040	3614.10 (p.4745)	Commenter recommends prohibiting the display of consumption of cannabis in advertising and marketing materials, prohibit the display of cannabis product advertisements in public transit vehicles, and adult-use retailers should not be able to use works indicating therapeutic benefits. The regulations should also provide for the requirement for retailers to use systems for id validity, and licensees should be required to ensure that 85% of audiences viewing the advertisement or marketing is reasonably expected to be 21 or older.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.

Regulation Section	Comment Number(s) and Page Locations	Summary of 15-Day Irrelevant Comments	Bureau Response to 15-Day Irrelevant Comments
5030	4115.21 (p.6877)	Commenter supports the requirement that advertising be targeted only when at least 71.6% of audience is expected to be 21 or over. Commenters are also pleased to see restrictions on advertising free samples, buy one get one deals, and sweepstakes. However, commenter is disappointed they do not see prohibition on merchandise promoting a cannabis business, such as t-shirts. Also recommends prohibiting donation of products to promotional events, advertising within 1,00 feet of schools and on interstate highways.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5041	4115.22 (p.6877)	Commenter supports restrictions on advertising to those who might be under 21 years of age.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5041.1	3620.10 (p.4773)	Commenter suggests eliminating the use of branded merchandise by licensees – they should not be able to sell it at all.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5042	4115.23 (p.6877)	Commenter supports having limited-access areas inside cannabis businesses	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5044	11 (p.6965) 3555 (p.7081)	Commenter proposes new language be added to subsection [(g)], so that during periods when there is verifiable certainty of no moving object in the scene, the minimum frames per second (FPS) may be reduced to 1 FPS. Another commenter recommends altering the regulation to allow for the use of the readily available and cost saving measure of motion detection video that alters the frame rates when activity does exist. Licensees could reduce bandwidth usage storage needs, and costs, while maintaining compliance.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.

Regulation Section	Comment Number(s) and Page Locations	Summary of 15-Day Irrelevant Comments	Bureau Response to 15-Day Irrelevant Comments
5044	3595.5 (p.4642)	Commenter recommends amending this section to be consistent with the Agricultural Act which prohibits unfair labor practices, such as the surveillance of workers while engaged in union activities.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5044	4115.24 (p.6878)	Commenter supports the requirement of 24-hour surveillance with requirements for record retention.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5044	3794.1 (p.6012)	Commenter asks the Bureau to amend the regulation to address potential harm to employers participating in Labor Peace Agreements because surveillance of union meetings with employees at the workplace is against the law.	This comment is irrelevant as it does not address any change made to the proposed regulations during the 15-day comment period.
5044	4064.13 (p.6633) 4067.1 (p.6656)	Commenter recommends changing the retention period from 90 calendar days to 30 calendar days, to align with inventory reconciliation provisions. This is because the required resolution creates a high volume of digital data to retain, but that should not be changed. One commenter indicates that keeping video records for 90 days is going to be cumbersome and excessive. Commenter indicates there are other means of storing video that could be more affordable.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5048	3620.11 (p.4774)	Similar to the alcohol industry, cannabis employees should be required to complete state mandated training by 2020.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5048	3494.4 (p.4406)	Consistent with the alcoholic beverage industry, all licensees and their employees should be required to complete state-mandated Track and Trace System training.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5048	3858.5 (p.6155)	The Bureau should allow for owners and employees to be designated account managers, because there is no reason that an owner must be the individual responsible for meeting operation requirements.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.

Regulation Section	Comment Number(s) and Page Locations	Summary of 15-Day Irrelevant Comments	Bureau Response to 15-Day Irrelevant Comments
		Commenter acknowledges the responsibilities and duties of owners.	
5049	3410.1 (p.4302) 3392.1 (p.4282)	Commenter believes these provisions need to be modified to allow for the recycling of cannabis related e-waste, to be recorded in the track and trace system.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5049	4115.25 (p.6878)	Commenter supports strong track and trace regulations to prevent diversion, and, previously supported track and trace for retailers to include customer names for ease of recall if product is found to be contaminated, which is unfortunately not included here.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5050	3652.8 (p.5306)	For events that affect greater than 5% of METRC-enabled licensees, Franwell should be required to perform a thorough review of the cause for system loss.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5053	3562 (p.7083)	The proposed regulations, for the 45-day comment period and 15-day comment period, do not provide a channel for product returns from a retailer to a manufacturer/distributor for a product that is not selling or does not meet the needs or demographic of a retailers' customer base. This is a problem and commenter recommends a 90-day return window allowing for such returns.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5053	4064.15 (p.6634)	Commenter recommends allowing licensees to return manufactured cannabis goods for cash, because no other industry has a rule such as this. When there is a defective product, it usually means there was a failure in meeting [quality] control measures, and the purchaser should recover their payment and purchase from another manufacturer.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5054	3410.1 (p.4302) 3392.1 (p.4282)	Commenter believes these provisions need to be modified to allow for the recycling of cannabis related e-waste.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.

Regulation Section	Comment Number(s) and Page Locations	Summary of 15-Day Irrelevant Comments	Bureau Response to 15-Day Irrelevant Comments
5054-5055	3437 (p.7052)	Commenter questions whether it is true that the proposed regulations will not allow the industry to recycle vape cartridges, and whether this will be remedied if true.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5300	4064.17 (p.6635)	Commenter recommends removing the prohibition for distributors to distribute non-cannabis goods, as long as the distributor is in compliance with all local and state laws and regulations. Otherwise, this regulation is overbroad and contrary to stated policy goals. For example, commenter sells hand sanitizer and educational materials, helpful to patients.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5300	4115.27 (p.6878)	Commenter opposes licensee-branded merchandize or promotional materials.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5301	4064.18 (p.6636)	Commenter suggests striking subsection (b) and including the proposed language instead: A licensed distributor may provide storage services to other licensees for non-cannabis products if the distributor remains in compliance with applicable local and state laws and regulations. This provision excludes licensed distributors from storing alcohol or tobacco products at any licensed premises.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5302	4115.28 (p.6878)	Commenter supports storage by individual batches.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.

Regulation Section	Comment Number(s) and Page Locations	Summary of 15-Day Irrelevant Comments	Bureau Response to 15-Day Irrelevant Comments
5308	3321.13 (p.4140) 3636.17 (p.4849) 3667.11 (p.5382) 3301.13 (p.4068)	Commenter believes distributor transport only self-distributors should not be required to have insurance, as it should be a business risk they take. It is an accumulating cost for small operators. Commenter notes that regulators should achieve rules that are commercially feasible. Commenters indicate that insurance requirements for distributor transporter only self-distribution are unreasonable. Commenters ask the Bureau to make a limited exception for self-distribution under the transport only license.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5311	3735.2 (p.5797) 3730.2 (p.5764)	Commenter recommends including language clarifying the legality of transporting cannabis across Federal Land, including National Parks, Forest Service Lands, or Tribal Boundaries.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5311	4064.19 (p.6637)	Commenter indicates that the regulation is vague as to how the fully-enclosed containers of cannabis goods should be secured to the vehicle's cargo area. Commenter proposes clarifying this regulation by providing examples of how the containers could be attached to the cargo area.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5311	4115.29 (p.6878)	Commenter continues to support prohibitions on unmanned delivery vehicles, requirements for cannabis goods to be secured inside the vehicle and unidentifiable from outside the vehicle, and requirements for vehicles to be subject to inspection, in the interest of minimizing diversion to the black market.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5313	4115.30 (p.6878)	Commenter continues to support requirement that only licensee employees and security personnel be in vehicles during transportation, to minimize diversion to the black market.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.

Regulation Section	Comment Number(s) and Page Locations	Summary of 15-Day Irrelevant Comments	Bureau Response to 15-Day Irrelevant Comments
5315	3304.23 (p.4078)	Commenter recommends exempting transport-only distributors from premises-based security requirements, as they can't store products on-site. Allow for their premises to be a dedicated portion of the primary cultivation or manufacturing premises.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5315	3321.14 (p.4141) 3667.12 (p.5382) 3724.15 (p.5733) 4101.13 (p.6823)	Commenter notes that there are four remaining requirements that are onerous for small operators that are distributor transport only licensees – insurance, separate bond, home office and storage facilities for records, and the requirement that a structure be permanently affixed to the ground. Rules should be commercially feasible and not onerous.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5315	3308.14 (p.4096) 3310.14 (p.4104) 3719.14 (p.5705)	Commenter suggests adding sections 5311 and 5312 to this provision, if changes to other sections (5311 and 5312) are not satisfactory.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5315(a)	3412.8 (p.4307)	Commenter believes this subsection is confusing because it conflicts, in that it allows distributor transport only licensees to transport cannabis goods between licensees however, then states they can only transport immature cannabis plant and seeds to a retailer.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5400	4115.31 (p.6879)	Commenter supports age-restrictions on access to retail premises, and the requirement that only those with a bona fide reason to be present be admitted. Age restrictions on both the A and M-type licenses are appropriate. Unfortunately, this section allows for adult use and medicinal activities on the same premises, opposed by commenter.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5402	4115.32 (p.6879)	Commenter supports age verification requirements.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.

Regulation Section	Comment Number(s) and Page Locations	Summary of 15-Day Irrelevant Comments	Bureau Response to 15-Day Irrelevant Comments
5403	3573.6 (p.4559)	Commenter recommends maximum hours of operation be 8 am – 8pm, with closure on Sundays, because there's no need for access before the workday/school day begins.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5403	4069.3 (p.6664)	Some local governments have allowed for consumption lounges with the same operating hours as a bar. These conflicting operating hours inhibit overall operations, business visibility, and take the decision-making outside of local jurisdictions.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5403	4115.33 (p.6879)	Commenters had recommended shortening retail hours to 7am to 8pm, based on data for alcohol sales. This reduces injuries from intoxication. Commenter also recommends tracking metrics to evaluate hours of operation for the future.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5405	3489.5 (p.4400)	Commenter inquires as to what happens with the cannabis goods display package and product if the customer wants to buy or does not want to buy.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5405	3685.6 (p.5502) 3689.6 (p.5523)	Commenters recommend that in a licensed retail space, cannabis edibles may be openly displayed without the assistance of an employee so long as the container is sealed and not able to be opened.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5405	4115.35 (p.6879)	Commenter opposes allowing licensee merchandise and promotional materials. They become a walking advertisement that can't be regulated.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5405(b)	4064.20 (p.6637)	Commenter indicates that in the event that a customer touches cannabis goods and wishes to purchase such goods, the licensee should be permitted to sell them to the customer. Alternatively, once a customer touches or smells a cannabis good which has been removed from its packaging, that cannabis good may not be sold to a different customer.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.

Regulation Section	Comment Number(s) and Page Locations	Summary of 15-Day Irrelevant Comments	Bureau Response to 15-Day Irrelevant Comments
5405(c)	4064.21 (p.6638)	Customer proposes clarifying this subsection to expressly permit the sale of open cannabis goods if they are purchased by the customer for whom they were first opened.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5406	3650.17 (p.5284)	Commenter opposes the section. The language places the burden on confirming whether a product was scored and homogenized on the retailer. It's impossible for retailers to know the facts surrounding manufacturing compliance. The Bureau should delete subsection (c).	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5407	3573.9 (p.4559) 3614.11 (p.5745)	Commenter recommends prohibiting the sale of non-cannabis branded merchandise, because such products extend awareness of the brand even to non-users. This is a health protecting measure for vulnerable populations.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5408	3614.12 (p.4746)	Commenter recommends placing limits on THC potency of allowable cannabis for sale, including plants, seeds, and concentrates. Prohibit pre-roll infusions with concentrates or flavors.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5408	4115.36 (p.6879)	Commenter supports the strong regulation of pesticide use and supports prohibition on retailers applying pesticides.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5409	3573.10 (p.4559) 3614.13 (p.4746)	Commenter recommends reducing the daily limit to two ounces for medicinal cannabis and restrict that to dry cannabis per the Act. Adult-use daily limits should also be lowered and defined for edibles. Another commenter recommends lowering daily limit of edibles to no more than 40 single servings.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5409	91 (p.6997)	Commenter believes the daily purchase limits should be increased, to 300mg or more for edibles, for health benefit purposes, and financial reasons.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.

Regulation Section	Comment Number(s) and Page Locations	Summary of 15-Day Irrelevant Comments	Bureau Response to 15-Day Irrelevant Comments
5409	4115.37 (p.6880)	Commenter acknowledges the need to place limits on daily sales, however, commenter believes the determination based on weight is inaccurate and ineffective in protecting health. There's no data available on a safe daily amount, and 8 ounces could contain thousands of milligrams of THC. Commenter recommends limited be based on the milligrams of active ingredients sold to a person. Commenter also recommends designating CDPH or other public health expert in evaluating and proposing a more scientific formula for daily limits, which is more critical for regulating adult-use and protecting from excessive exposure.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5410	4115.38 (p.6880)	Commenter supports the restriction from re-selling returned products, to ensure consumer safety.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5411	3289.8 (p.4029) 3296.8 (p.4046) 3468.2 (p.4372)	Commenter suggests that a recommendation should be enough to qualify for donations, and that the Cannabis Advisory Committee voted 15-0 on this to remove the county ID requirement. This is needed because only a small minority of patients have the ID card.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5411	3614.14 (p.4746)	Commenter recommends prohibiting the use of discounting practices to ensure sales are limited and measured.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5411	3690.8 (p.5533) 3667.6 (p.5380) 3726.8 (p.5746) 3737.23 (p.5817) 3747.8 (p.5874) 3748.17 (p.5885)	Commenter suggests that a recommended from a doctor should be enough to qualify for free cannabis goods.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.

Regulation Section	Comment Number(s) and Page Locations	Summary of 15-Day Irrelevant Comments	Bureau Response to 15-Day Irrelevant Comments
5411	4115.39 (p.6880)	Commenter supports prohibitions on free samples to customers and continue to urge the Bureau to not only prohibit free samples, but also deep discounts. Regulations should prohibit coupons, BOGO deals, happy hours, and other discounts, as they encourage extra product purchasing and create youth/younger adult-friendly price points. Also recommend prohibiting donation of cannabis goods for promotional events.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5413	3652.12 (p.5307)	Commenter recommends allowing distributors to be able to conduct COA tests of pre-rolls before creation of pre-rolls, as they had suggested in their August comments.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5415	4079.3 (p.6716)	Commenter believes that unless the delivery employee still has cannabis goods on them at the end of their shift, they should be able to return home, rather than back to the licensed premises. The Bureau should strike the words "returns to the licensed premises" from subsection (d).	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5415	4115.40 (p.6880)	Commenter supports the requirement for delivery employees to be 21 and over, and for them to be directly employed by the retailer, and for them to verify the individual receiving the delivery as the person who placed the order.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5417	4077 (p.7106)	Commenter indicates that they offer an insulated and refrigerated van conversion to the cannabis industry. With their conversion, it is essentially a secured box inside a van. It asks the Bureau whether it is meeting the regulation requirements.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5419	4115.45 (p.6881)	Commenter supports the requirements for a delivery request receipt.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.

Regulation Section	Comment Number(s) and Page Locations	Summary of 15-Day Irrelevant Comments	Bureau Response to 15-Day Irrelevant Comments
5421	3489.6 (p.4401)	Commenter requests this section be removed because each business is working towards efficiencies and this is over-regulation.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5421	4115.46 (p.6881)	Commenter supports the requirements on delivery path.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5421	3895.11 (p.6261) 4079.7 (p.6720)	Commenter recommends allowing delivery drivers to change routes, based on location, to allow for traffic, safety, etc. so long as the activity can be tracked and traced real time. One commenter asks the Bureau to strike the second sentence which dictates that the route must be strictly followed or substitute other language for appropriate activity between orders when a vehicle has unordered inventory and no active orders to fulfill.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5422	4115.47 (p.6881)	Commenter continues to support limits on hours when shipments can be received and supports the previous limits of 6 am to 9 pm.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.

Regulation Section	Comment Number(s) and Page Locations	Summary of 15-Day Irrelevant Comments	Bureau Response to 15-Day Irrelevant Comments
5500 - Microbusiness	1668.2 (p.2545) 1669.2 (p.2546) 1670.2 (p.2547) 1671.2 (p.2548) 1672.2 (p.2549) 1673.2 (p.2550) 1674.2 (p.2551) 1675.2 (p.2552) 1676.2 (p.2553) 16772 (p.2554) 1678.2 (p.2555) 1679.6 (p.2557) 1680.2 (p.2558) 3301.17 (p.4069) 3321.17 (p.4141) 3482 (p.4388) 4101.16 (p.6824)	Commenters support language that would waive state security requirements for small and rural microbusinesses. Some of the onerous requirements are not necessary for a business of that size or scale. Some commenters suggest allowing local jurisdictions to issue a waiver of some security requirements that are not warranted or feasible for small rural communities. Commenters also suggest similar exemptions to those in section 5422(d) for retailers.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5500	3646.5 (p.5254)	Commenter requests clarifying "procure." They have been told that brands need a distribution license because they are "procuring" cannabis. Microbusiness is not in line with cultivation definitions and should be 10k canopy. Commenter also notes this should have gone through the 45-day public comment period, as this is an inopportune time to have a monumental shift in regulations.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5500	3652.19 (p.5311)	Commenter recommends ensuring that the microbusiness license serves its intended purpose of facilitating cultivators, as recommended unanimously by the Cannabis Advisory Committee. Prop 64 was to ensure this, but so far the opposite has been occurring. This license should be an on-ramp to limited vertical	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.

Regulation Section	Comment Number(s) and Page Locations	Summary of 15-Day Irrelevant Comments	Bureau Response to 15-Day Irrelevant Comments
		integration for small urban and rural producers seeking direct retail access to consumers.	
5500	3652.22 (p.5312)	Commenter recommends allowing microbusiness that include outdoor cultivation to conduct manufacturing at a nearby but non-identical premises. This is to account for zoning constraints in rural areas.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5500(a)	3568.10 (p.4501) 3568.11 (p.4501) 3568.12 (p.4502)	Commenter recommends better defining "cultivation" and "manufacturing," because the regulations provide that license types created by CDPH and CDFA are not considered qualifying commercial cannabis activities. Commenter notes section 26013 of the Business and Professions Code, which provides that the licensing authorities must make reasonable rules, consistent with AUMA, which defines cultivation and microbusiness and any of CDFA's licenses would be in line with these definitions.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5500(g)	3667.14 (p.5383)	Commenter asks the Bureau to allow local jurisdictions to issue a waiver of some security requirements that are not warranted or feasible in small rural communities.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5502	4115.48 (p.6881)	Commenter supports requirements for applications to include a premises diagram, and strong regulations on pesticide use.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5503	4115.49 (p.6882)	Commenter supports controls on water supply, plumbing, sewage disposal, toilet facilities, hand washing facilities, and rubbish disposal.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5504	3730.3 (p.5764) 3735.3 (p.5797)	Commenter indicates that not all impacted watersheds are listed and would only be included through comprehensive consultation and outreach.	This comment is irrelevant as it does not address any change made to the proposed regulations during the 15-day comment period.

Regulation Section	Comment Number(s) and Page Locations	Summary of 15-Day Irrelevant Comments	Bureau Response to 15-Day Irrelevant Comments
Chapter 5	4115.51 (p.6882)	Commenter opposes temporary cannabis events, off-site sale of cannabis goods. This is important to commenter who has already received complaints about cannabis sales at special events such as festivals at fairgrounds. Commenter recommends specific language restricting commercial operators from selling or distributing products off-site, including prohibiting temporary retail locations at events such as private or public events, farmer's markets, competitions, or festivals. Commenter recommends banning cannabis-related activities that are modeled similar to food truck operations.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5601	3620.16 (p.4775)	Commenter strongly opposes temporary [event] licenses, they're not allowed for tobacco and restricted for alcohol.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5700	3724.18 (p.5733) 3724.19 (p.5734) 3724.20 (p.5734) 3724.21 (p.5734) 3724.22 (p.5734) 3724.23 (p.5734) 3724.24 (p.5734)	Commenter requests various changes to the testing regulations including: phase 3 testing, issues with accessibility and capability for heavy metals testing; a need to establish limits for Category I pesticides; removing milligrams listing for inhalable products and defining serving sizes; allowing amendments to Certificates of Analysis for clerical or administrative errors; allowing a pathway to appeal Certificates of Analysis when reasonable doubt is provided; enforcing against unfair trade practices; and clarifying the rules regarding samples.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
	4078.6 (p.6711)	Commenter requests that Bureau adds an allowance for laboratories to subcontract work to other laboratories. The most common case of the need for this is when instruments require maintenance, repair, or recalibration, subcontracting would allow the laboratory to continue to operate until the instruments are back online.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.

Regulation Section	Comment Number(s) and Page Locations	Summary of 15-Day Irrelevant Comments	Bureau Response to 15-Day Irrelevant Comments
	3755.4 (p.5923)	The linear range of the calibration curve can be of a magnitude of 10 or even 100 and the r^2 value is driven, almost exclusively by the upper range and not the lower range of the curve. Hence many EPA methods while requiring CCV and ICV concentrations to be within 10% will require the lower end of the curve to be within 30% or even as high as 50% of the calculated concentration. Hence the requirement in the laboratory QC section of this document, requiring an r^2 of 0.99 will almost guarantee that the lower end of any calibration curve set by the laboratory will be well outside the 10% variance unless additional or more QC is specified.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5700	3682.2 (p.5483)	The proposed regulations specify the laboratory control sample to be spiked "at a mid-range concentration of the calibration curve for the target analytes." Laboratories are prevented from purchasing certified reference materials (CRM) for cannabinoids with a concentration greater than 1000 microgram per milliliter (µg/ml). Spiking 0.5 g of blank matrix with 1 ml of CRM at 1000 µg/ml results in an effective fortification of 2 mg/g, or twice the required limit of quantitation of 1 mg/g, likely nowhere near the mid-range of the calibration. It must be assumed the laboratory can spike the extract rather than the matrix to achieve said spike levels.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5703(e)	4085.3 (p.6752)	Commenter believes the 50% late fee is excessive, and the Bureau should impose a nominal flat fee instead, even though commenter does not anticipate submitting a late renewal form.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5703(i)	4085.4 (p.6752)	Commenter recommends clarifying the language to indicate the Bureau can only terminate an interim license if the laboratory is denied accreditation.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.

Regulation Section	Comment Number(s) and Page Locations	Summary of 15-Day Irrelevant Comments	Bureau Response to 15-Day Irrelevant Comments
5705	3351.2 (p.4229)	Commenter believes that it is nonsensical to require pre-rolls to be already made and packaged prior to testing. This is cost-prohibitive.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5705	4078.7 (p.6712)	Commenter requests that laboratories should have the ability to perform compliance testing on products prior to packaging. Particularly for the testing of cannabis oil in vape pens and atomizers inhalers, as the packaging is not intended to be opened once sealed. This makes it extremely difficult to extract sufficient sample from testing and could add risk of sample contamination.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5705	4064.28 (p.6642)	Commenter recommends removing the requirement that laboratories must develop test methods. Commenter notes that the statute merely requires that laboratories use "verified methods" and does not require that the Bureau allow licensees to develop their own methods. Commenter remarks that laboratories should use standard methods to be consistent with one another, as well as accurate.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5705	3718.16 (p.5697)	Commenter states that the Bureau has not addressed the allowance of composite batch testing where a 50-pound batch can be comprised of multiple strains for pesticides and other contaminants as long as the different strains were harvested at the same premises at the same time. The industry is already struggling under limited testing capacity and increasingly demanding testing requirements, it is essential to manage testing costs and reduce the likelihood of bottlenecks without compromising consumer safety. Commenter elaborates that Oregon has already adopted compositing of harvest batches and explains in detail on pages 2-4 of the OLCC's "Sampling and Testing METRC Guide;" currently, small cultivators are at a tremendous disadvantage and are facing exorbitant costs even when all strains were harvested	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.

Regulation Section	Comment Number(s) and Page Locations	Summary of 15-Day Irrelevant Comments	Bureau Response to 15-Day Irrelevant Comments
		from the same premises at the same time; and the adoption of compositing would have significant positive impacts by decreasing testing costs by 20-40%.	
5705	4064.29 (p.6642)	Commenter recommends removing the allowance for laboratories to use a nonstandard, amplified, or modified test method or a method that is designed or developed by the laboratory to validate the methods for analyses of samples. Commenter remarks that licensed testing laboratories are currently returning widely differing results when testing identical samples. This indicates that some of their testing methods are imprecise and some of the results are inaccurate.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5707(c)	3599.3 (p.4671)	Commenter believes that allowing a large harvest batch size places the public health and safety at risk. Commenter recommends changing the batch size for sampling, from 50 lbs. to 15 lbs. This size has been successful in Oregon and will allow for an increased likelihood of a more homogenous and representative sample.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5709	3635.19 (p.4841) 3752.16 (p.5905)	Commenter recommends permitting laboratories to use the services of a licensed transporter, where the COC is not broken, to send samples to the laboratory that is more than five hours from the distributor premises at which the sample was obtained.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period
5710	3547.2 (p.4467)	Commenter notes that this section is confusing because it seems to imply that a sample can be dropped off at the laboratory without the representative sampling, and still be considered for regulatory compliance testing. Commenter also requests that this section be kept, because distributors could have more testing laboratories available for them to use if the laboratory driver's schedule isn't a limitation. Commenter also	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.

Regulation Section	Comment Number(s) and Page Locations	Summary of 15-Day Irrelevant Comments	Bureau Response to 15-Day Irrelevant Comments
		recommends allowing distributors to sample themselves, as long as they follow procedures and protocols, including video recording.	
5711	3405.7 (p.4297)	Commenter recommends that non-laboratory licensees requesting testing on a batch that has failed, should be able to suggest to the licensed laboratory an improved SOP for retesting the same samples, which would be used on additional cannabis product that was retained. The updated SOPs would need to be approved by the appropriate licensing authorities.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5711	3447 (p.4467)	Commenter notes he is unable to locate the use of an industry standard "SOP" or the much-needed ring testing in the proposed regulations. It is a standard procedure in the analytical testing industry for external quality-control assurance, in which identical samples are sent to a variety of testing facilities to compare results. This should be implemented.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5712(a)	4064.28 (p.6642)	Commenter recommends removing the discretion afforded laboratories to develop their own test methods. Laboratories should use standard methods to be consistent and accurate.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5713(a)	4064.29 (p.6643)	Commenter recommends removing the discretion afforded laboratories to develop their own test methods. Laboratories should use standard methods to be consistent and accurate.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5713(d)(8)	4105.8 (p.6842)	Commenter recommends removing this section from the regulations, because they are already ISO 17025 accredited, which means they are required to have validated test methods, and an audit will determine how well the methods in practice conform to the validated test methods.	This comment is not relevant to a change in the regulations, subject to the 15-day comment period. While the requirement to submit a new validation method to the Bureau has not changed, the Bureau has streamlined this process by requiring the submission accompany a Bureau notification form.

Regulation Section	Comment Number(s) and Page Locations	Summary of 15-Day Irrelevant Comments	Bureau Response to 15-Day Irrelevant Comments
5714(a)	4078.1 (p.6710)	Commenter requests that clarification be provided regarding this new requirement to homogenize all sample increments. Sample sizes can exceed several ounces of material and homogenizing the entire sample via grinding is costly and time consuming and does not add additional assurance that the test sample is representative of the batch. Mixing the sample and homogenizing a portion of the sample via blending, for instance, is a more pragmatic approach.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5714(a)	3755.16 (p.5925)	Commenter notes that "normal" laboratory practice for other industries allows laboratories to use certified subcontractors (e.g. environmental laboratory practices for California Drinking Water analyses). Commenter requests clarification on the Bureau's expectations the laboratory analyzing marijuana samples has: (1) instrument failure, 2) personnel absences such as sickness or unexpected terminations, or (3) other catastrophic events.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5715	3741.8 (p.5833)	Commenter requests that the Bureau send an official memo to manufacturers and retailers to make explicitly clear the phase in period stipulations and that this requirement is not subject to interpretation.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5715	3741.8 (p.5833) 3304.27 (p.4078) 3668.11 (p.5388)	Commenter requests that the Bureau issues a memo making clear that products tested under Category 2 guidelines are still permitted in the marketplace as specified. Commenter also requests that the Bureau issues an official memo to both manufacturers and retailers to make explicitly clear the phase-in period stipulations and that this requirement is not subject to interpretation. Commenter remarks that during the July 2018 transition period, the industry experienced a chokepoint because retailers wanted to only purchase/sell product that met the new standards, despite that fact that product harvested or	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.

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		manufactured prior to the deadline could be tested under Category I procedures. Some commenters recommend the Bureau issue a memo clearly outlining the requirements for phasing and that it does not apply to products harvested or manufactured prior to 2019.	
5715	3304.27 (p.4078) 3420.2 (p.4319) 3630.1 (p.4814) 3668.11 (p.5388) 3702.6 (p.5584)	Commenter recommends the Bureau consider whether there are a sufficient number of licensed laboratories equipped to conduct heavy metal testing and consider pushing out the timeline for required heavy metal testing as appropriate. One commenter notes that there is only one licensed laboratory with heavy metal testing equipment ready. The Bureau has stricter test restrictions than is approved by the FDA, so that non-cannabis ingredients that pass FDA regulations will fail the state-mandated testing. Commenter recommends postponing the phase-in date to July 2019 or January 2020. One commenter notes there are less than 5 laboratories in the entire state to begin Heavy Metal and Mycotoxin testing on January 1, 2019. The industry will come to a standstill.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5717	3664.2 (p.5364)	Commenter recommends inclusion of a lower limit of permitted Aw (water activity), which will help to prevent spoiling or breakage and preserving terpene content, and for public health and safety.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.

Regulation Section	Comment Number(s) and Page Locations	Summary of 15-Day Irrelevant Comments	Bureau Response to 15-Day Irrelevant Comments
5718	3599.6 (p.4672)	Commenter recommends adding additional analytes to residual solvent testing, including dioxane, butanol, ethoxyethanol, cumene, cyclohexane, dichloromethane, ethylene glycol, isopropyl acetate. This will not change testing costs.	This comment is not relevant to a proposed change in the regulations, subject to the 15-day comment period.
5718	3752.1 (p.5899)	Comment is regarding the limits on Category 1 residual solvents of 1 ppm. Commenter remarks that to achieve levels of 1 ppm we adopted the total evaporative method (EFT) that was originally published by Restek and requires the use of a GCMS and explains that this method was validated for very small quantities of material, 20-25mg. 250 mg is 10X more than needed for this method. This method does not have any added solvent or means to dilute. The partitioning coefficient is dependent on the small quantity. Requiring a 1 ppm limit for level one solvents as well as a 250 mg sample size is not possible with current available technology. We propose that the method has to be either the FID method with Category 1 solvents at 25 ppm or the GCMS method with a sample size that is validated by the method. We have data which we will submit independently to demonstrate running the same sample at 25 mg 10X gives us the same values for solvent detection. This proves that 25 mg of sample will provide the data at the same confidence level as running one with 250 mg of sample, which currently is not possible.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5719	3630.9 (p.4814) 3702.7 (p.5585)	Commenter requests that the Bureau list imidacloprid and acetamiprid as Category I pesticides, banning use on cannabis crops. These are highly toxic pesticides and not necessary to the cultivation of cannabis. One commenter notes this is an urgent request.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.

Regulation Section	Comment Number(s) and Page Locations	Summary of 15-Day Irrelevant Comments	Bureau Response to 15-Day Irrelevant Comments
5719	4078.5 (p.6711)	Commenter requests that Captan be removed from the list of required pesticides for testing. Removal of this substance from the list poses very little adverse health and safety effects, and is not included on lists in other states, including in Nevada where it was removed in 2017. An alternative to removal is to increase the action level to 50 ug/g.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5720	3283 (p.7031)	Commenter requests that the Bureau remove *Aspergillus* from the testing requirements. Commenter's products have failed at one testing laboratory, while passing at another. Additionally, Oregon does not require such testing.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5720	3329.7 (p.4173)	Commenter notes that although the Bureau's current proposed microbial testing standards reflect the best science on the issue, there are some stakeholders that would advocate for standards leading to a higher rate of false positives, and a failure to detect harmful pathogens. Commenter recommends that the Bureau ensures testing standards are maintained across all laboratories.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5720(3)	4078.2 (p.6710)	Commenter requests that the rules provide clarification that detection of any of the four Aspergillus species, alone or in combination, results in a fail, and further speciation of the four types listed is not required. Commenter recommends adding the clause "individually or in any combination", the following regulatory language: "Pathogenic Aspergillus species A. fumigatus, A. flavus, A. niger, and A. terreus, "individually or in any combination", are not detected in 1 gram. Once the laboratory has established that a sample has failed for Aspergillus, determining the sub-species requires that we perform four additional tests on the sample. Running those tests requires that we stock certain expensive, perishable standards, just in	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.

Regulation Section	Comment Number(s) and Page Locations	Summary of 15-Day Irrelevant Comments	Bureau Response to 15-Day Irrelevant Comments
		case. The determination of the species of Aspergillus provides no additional protection to health and safety of consumers.	
5722	3300.5 (p.4064) 3576.10 (p.4572) 3630.8 (p.4814) 3671.13 (p.5435) 3695.4 (p.5548) 3753.16 (p.5914) 3702.8 (p.5585)	Commenter recommends amending this section to prohibit any visible mold on the sample. This amount, 1/4 of the sample area is injurious to human health. One commenter notes that once mold is visible it is present in sufficiently large concentrations to cause adverse health risks, such as with botrytis and powdery mildew. Some commenters recommend amending this section to allow a sample to pass foreign material testing only if there is no visible mold.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5722	3703.2 (p.5588) 3703.7 (p.5590)	Commenter remarks that it is unclear what constitutes an "insect fragment" the same amount of insect material could result in either a fail or a pass depending on how it is portioned. Commenters recommend that the threshold should only pertain to fragments from members of the arthropod class Insecta and exclude fragments from other arthropods such as arachnids, centipedes, millipedes etc. Commenters note that the term "rodent hair" was expanded to simply be "hair" for similar concerns.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5723	3630.1 (p.4814) 3702.6 (p.5584)	Commenter recommends removing heavy metals testing, in favor of soil testing for heavy metals at the cultivation site, as is the common practice in all other agricultural industries.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.

Regulation Section	Comment Number(s) and Page Locations	Summary of 15-Day Irrelevant Comments	Bureau Response to 15-Day Irrelevant Comments
5723(a)	4085.7 (p.6752)	Commenter recommends reducing the required amount of the representative sample, from .5g to .25g, for extracts only, or all products, if easier. This is because it is not feasible to analyze .5g of extract material for heavy metals, the sample does not digest which causes an explosion in the microwave digester.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5724(a)	4105.5 (p.6840)	Commenter notes that the sample amount to be analyzed should be dependent on the instrument being utilized for the test as well as the matrix being sampled. Commenter recommends removing the minimum sampling requirement for each test. An arbitrary size does not serve a purpose since all samples need to be homogenized before they are analyzed.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5726	3635.9 (p.4837) 3752.7 (p.5901) 3300.3 (p.4063) 3547.4 (p.4467) 3695.6 (p.5549) 4085.11 (p.6753) 4105.7 (p.6841) 3695.6 (p.5549)	Commenters recommend removing the requirement that COAs contain density measurements. One commenter suggests that this reporting requirement does not aid the consumer and is unnecessary because laboratories are also required to submit an SOP for each test method including formulas used for calculations. One commenter notes this is not a commonly required test in the food and supplement testing. If not removed, clarify specific testing conditions, otherwise results could vary. One commenter recommends removing the density testing requirement, at a minimum, for non-liquid products. Commenter expands that the Bureau should removing any tests that do not directly impact that safety or quality of a product. Commenter remarks that laboratory testing require by the Bureau's	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period. The Bureau notes that density testing is not, per se, required. Rather, density is required to be reported on the COA.

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		Emergency Regulations is already challenging without the addition of unnecessary tests.	
5726	3599.7 (p.4673)	Commenter recommends removing the requirement for laboratories to include a picture of the sample on the COA. This is an undue burden for laboratories to have photography services and the ability to recognize, edit, and retain photographs associated with test samples. This does not contribute to accurate sampling, testing, or results for public health and safety.	This comment is not relevant to a change in the regulations, subject to the 15-day comment period. While the Bureau has clarified language in this subsection to indicate the picture is of the sample of cannabis goods, it did not change the requirement for a picture to be included on the COA.
5726	3576.4 (p.4570) 3576.7 (p.4571)	Commenter is requesting a list of things for which density must be measured, and further questions whether flower density is required, as it is not possible. If density is to be measured, it is more practical to analyze the density of liquids, rather than all cannabis goods.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5726(c)	4085.9 (p.6753)	Commenter believes laboratories should be required to upload the COA into METRC, or email a copy to the Bureau, but not both.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5726(e)(13)	4105.7 (p.6841)	The need for a laboratory manager to sign an attestation that all the LQC sample requirements are met is redundant, as the laboratories are using validated methods and running methods based off the ability of the instruments, and being ISO 17025 certified, and ring testing every 6 months. A COA with fewer pages is preferred but all this information has to be on the COA.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5726(e)(14)	3547.5 (p.4468)	Commenter believes this subsection is very open-ended. Depending on the test and instrument used, there may not be any opportunity to observe unknown analytes. Thus, the laboratory can't be held responsible for every unidentified analyte.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.

Regulation Section	Comment Number(s) and Page Locations	Summary of 15-Day Irrelevant Comments	Bureau Response to 15-Day Irrelevant Comments
5727	3315.9 (p.4121) 3316.9 (p.4125) 3317.9 (p.4129) 3319.9 (p.4135) 3335.5 (p.4193) 3336.5 (p.4195)	Commenter notes that this section does not appear to allow for retesting if the COA is a laboratory error. If an informational test shows conflicting results, a failed COA can't be officially done.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5727	3662.2 (p.5359)	Commenter does not support former subsection (d), where if a batch is not remediated or reprocessed in any way, it cannot be retested. A retest should be allowed.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5727	3680.9 (p.5463)	Commenter recommends allowing for licensees authorized to engage in cultivation activities to be allowed to remediate upon failed testing of cannabis flower.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5727	4073.5 (p.6685)	Suggested change "A batch that has failed testing may be retested one time with permission from the Bureau. If a batch is retested one time, it shall not be further remediated or reprocessed in any way it cannot be retested without remediation. Any the second subsequent COAs produced without remediation or reprocessing of the failed batch will not supersede the initial regulatory compliance testing COA."	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5728	3547.6 (p.4468)	It is an excessively high burden for the laboratory to store the entirety of the remaining sampled products. Storage would have to be in fridge or freezer to prevent degradation, and this is impractical and onerous considering there is no retesting allowed. Commenter recommends requiring a minimum instead of the 20 packaged products per batch and 80g of sample per batch.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.

Regulation Section	Comment Number(s) and Page Locations	Summary of 15-Day Irrelevant Comments	Bureau Response to 15-Day Irrelevant Comments
5728	3599.8 (p.4673)	The commenter states that 45 business days is an excessive amount of time for a laboratory to retain a sample. Many samples have bulky packaging, and storage and space may be limited, as well as the burden for refrigerating or freezing samples. Commenter recommends reducing this timeframe to 30 days.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5730	3694.2 (p.5545)	Commenter asks the Bureau to allow results to be accepted for the following QC failures: 1. If the blank fails, accept data if results for the affected analytes are ND 2. If the LCS fails higher than 130%, accept data if results for the affected analytes are ND. 3. Reconsider requiring MS recovery requirements. The presence of the LCS is to indicate that the analytical process was in control. If the LCS passes and the MS does not, then there are other factors outside of the purview of the methodology that caused this – e.g. high native concentration to spike level, other matrix interferences that won't be solved by re-extraction.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5730	623.4 (p.1484)	Commenter recommends an exception to when a continuing calibration verification (CCV) falls outside the acceptance criteria, when the analyte is a non-detect in all the associated samples.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period. The Bureau notes that subsection (g) was renumbered to subsection (f), however, this has not changed the substantive requirements within the subsection.
5730	3527.2 (p.4444)	Commenter recommends the Bureau require laboratories to adhere to TNI Standard, similar to Oregon. The TNI Standard includes a provision on quality systems for chemical testing that provides for allowable marginal exceedances.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.

Regulation Section	Comment Number(s) and Page Locations	Summary of 15-Day Irrelevant Comments	Bureau Response to 15-Day Irrelevant Comments
5730	3703.3 (p.5589) 3703.8 (p.5591)	Commenters remark that the revised LQC sample requirements do not provide any unique information regarding quality assurance. Commenter notes that "reference materials" has been removed from the list of LQC samples required with each analytical batch and replaced with laboratory control samples. Commenter states that this means that no longer are testing laboratories longer allowed us to use internally characterized cannabis flower, or any other cannabis products, since it specifically states a "blank matrix" and that it is effectively a matrix spike prepared in bulk and prepared with each analytical batch.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5730	3703.4 (p.5589) 3703.9 (p.5591)	Comments are regarding laboratory quality control samples. Commenters remark that it is unclear what is meant by "sample and associated matrix spike sample" and I believe this text is an unintentional carryover from the preceding laboratory replicate sample section which would have a corresponding sample. Commenters recommend that this section should be amended to require laboratories to "reanalyze entire analytical batch once", much like the method blank sample and the laboratory control sample.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5730	3755.14 (p.5925) 3755.6 (p.5924)	Comment appears to be requesting clarification regarding the requirement to obtain 2 units for product batches or pre-rolls with batch sizes less than 50 units. Commenter remarks that this does not ensure a reasonable estimation for variance because an RSD cannot be calculated for 2 samples, therefore; no statistical estimate for variance can be determined. In addition, pre-rolls that are spiked with cannabis oil are inherently variable. Therefore, with only 2 samples analyzed for any batch, an actual variance will not be	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.

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		able to be determined statistically and there will be no determination made for whether a 10% variance is achievable.	
5730	3755.5 (p.5924)	Commenter notes that the QC section for laboratory analysis (validation) specifies that an ICV be within 30%, and a laboratory replicate to be <30% almost ensures that if this much variability is allowed, a 10% variance is unlikely to be achieved.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5730	3755.7 (p.5924)	Commenter notes that it is not stated in the regulations how this variance would be determined. Commenter appears to be requesting clarification on whether variance is based on analysis of a selected sample from the same batch by another laboratory (e.g. a state appointed laboratory such as the department of agriculture).	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5730	3755.8 (p.5924) 3755.9 (p.5924)	Commenters remarks that section 5730 is unlikely to be achieved. Commenters explains that while this claim is now shifted from the laboratory responsibility to the distributor or microbusiness as the responsible party, it is still the laboratory that will ultimately be responsible for ensuring this stringent variance is achieved and it is unlikely that this will occur unless more stringent QC practices are implemented. Commenters shares that commenters have evaluated many different types of samples from different laboratories and also knowing there is a statistical variance for performance testing (PT) samples that are determined based on sample analysis from several laboratories (not actual concentrations) and that these allowable variances are always much greater than 10% and usually based on a “z value” (using very homogeneous sample types and matrices) it would appear that a 10% or less variance between two	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.

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		laboratories analyzing the same sample, without many more QC controls than those specified in	
5730	3755.13 (p.5925)	Commenter remarks that measurements by two different laboratories would almost certainly be outside the allowable 10% variance. If the determination for variance is made by a laboratory used or chosen by the Bureau, how can their QC specifications be verified if the value determined conflicts with that of the original laboratory, who followed and achieved QC specifications as specified in Section 5730. In fact, there is certainly no guarantee and it is almost likely that the original laboratory re-analyzing their own sample would not be within this 10% variance with the QC specifications specified in the regulations.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5730(e)	4078.4 (p.6711)	Commenter requests that the requirement to run CCV every 10 samples is changed to every 20 samples. Compliance with this requirement comes at considerable cost with negligible incremental improvement to quality.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5730(h)	3694.3 (p.5545)	Commenter asks the Bureau to clarify what the laboratory should do if the re-analysis does not give results within an acceptable range.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5733	3694.4 (p.5545)	Commenter asks the Bureau to clarify “participation” as stated in terms (a) and (b).	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5734	3291.3 (p.4032)	Commenter believes that this section does not provide for a robust or sufficient framework for appropriate testing and calibrating laboratories. This section should be expanded to include proficiency around the deliverable of test results for accuracy and sensitivity and variances over a panel of different product classes.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.

Regulation Section	Comment Number(s) and Page Locations	Summary of 15-Day Irrelevant Comments	Bureau Response to 15-Day Irrelevant Comments
Chapter 7	4115.52 (p.6882)	Commenter is extremely concerned on the lack of detail or requirements for inspections of retailers, which are points of public access and diversion, and compliance is essential to protecting public health. Products sold at retail should come from licensed manufacturers with appropriate storage to ensure there is not contamination or damage. This is the front lien of preventing youth access to products, and it is critical that the Bureau inspect retailers, at least once a year, for compliance. Additionally, the Bureau should report annually on the number of violations in each jurisdiction.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5800	3616.5 (p.4752)	Commenter recommends providing clarification as to what type of credentials or identification inspectors are required to show to prove identity and employment with the Bureau. Anyone could claim to be from the Bureau and gain access to confidential financial, employment, and customer records.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5900	3580.1 (p.7086)	The cap of $10,000,000 should be increased. Commenter recommends amending the language to read “minimum” instead of “not to exceed.”	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5903(b)	4096.2 (p.6797)	Commenter request clarification as to the timing of the release of funds, and if a single disbursement mechanism remains, to clarify that it will be made at the initiation of the project.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5905	4096.3 (p.6797)	Commenter recommends specifying that the records to be maintained are records pertaining to the performance of projected funded under the Act, and are to be maintained for 3 years, instead of 7 years.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
5900-5905	4096.1 (p.6796)	Commenter recommends language that acknowledges the requirement for the Bureau to use the California Model Agreement as the Grant Agreement referenced in the regulations, pursuant to Education Code section 67325 et seq.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.

Regulation Section	Comment Number(s) and Page Locations	Summary of 15-Day Irrelevant Comments	Bureau Response to 15-Day Irrelevant Comments
5900-5905	4096.4 (p.6798)	Commenter recommends replacing the word "staff" with "key personnel," which has a specific meaning with the research industry. Staff could include individuals not involved in conducting research, such as those processing invoices, or ordering supplies.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
General	41 (p.6967) 43 (p.6970) 69 (p.6981)	Comment is an automated notification email in response to the Bureau's listserv email. It requests the recipient (Bureau) to click on a provided link to move the message into the sender's inbox.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
	42 (p.6968)	Commenter thanks the Bureau for sharing the 15-Day Notice.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
	53 (p.6971) 64 (p.6976) 65 (p.6977) 66 (p.6978) 67 (p.6979) 68 (p.6980) 70 (p.6982) 71 (p.6983) 72 (p.6984) 73 (p.6985) 74 (p.6986) 75 (p.6987) 76 (p.6988) 77 (p.6989) 78 (p.6990) 79 (p.6991) 80 (p.6992) 81 (p.6993) 82 (p.6994)	This comment is an automatic reply, from the recipient of the Bureau's 15-Day Notice, that the recipient is out-of-office, closed for business, or unavailable.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.

Regulation Section	Comment Number(s) and Page Locations	Summary of 15-Day Irrelevant Comments	Bureau Response to 15-Day Irrelevant Comments
	59 (p.6972)	The commenter notes that there is nothing in the proposed regulations addressing odor control of cultivation operations. This is concerning as the commenter has been involved with a marijuana eradication team in the county and has seen many problems with odor control.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period. Additionally, CDFA is the principal licensing authority for cultivators and cultivation activities.
	62 (p.6974)	Commenter would like medical collectives to continue and believes there needs to be separated rules for collectives and recreation people.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
	63 (p.6975)	The comment is a notification of a tweet.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
	83 (p.6995)	The commenter is inquiring as to where to send comments during the 15-day comment period.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
	90 (p.6996)	Commenter is a county and state licensed cultivator, but commenter questions the purpose of licensing and paying taxes, if law enforcement can conduct raids and destroy their crops.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
	93 (p.6998)	Commenter is requesting to be removed from the Bureau's listserv.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
	99 (p.7003)	This comment is not addressed to the Bureau, it is communications between two individuals on a draft comment letter.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
	205 (p.7006) 206 (p.7007) 3506 (p.7071)	This comment is a marketing email.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
	207 (p.7008) 3545 (p.7076)	Commenter provides a link to a YouTube video.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
	100 (p.7004) 212 (p.7013)	Comment is confirming receipt of comments provided.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.

Regulation Section	Comment Number(s) and Page Locations	Summary of 15-Day Irrelevant Comments	Bureau Response to 15-Day Irrelevant Comments
	620.4 (p.1477) 3405.6 (p.4297) 3652.18 (p.5310) 3718.2 (p.5692) 3737.24 (p.5818) 4067.9 (p.6657) 3304.35 (p.4079) 3468.3 (p.4373) 3552.2 (p.4473) 3859.4 (p.6159)	Commenter and others have requested guidance and assistance regarding use of samples in wholesale business, which is essential in the industry. It's a long-standing practice in the industry and can help small producers gain a foothold in the marketplace, and ensure customers have high-quality products. Some commenters understand it's technically allowed as long as not given away for free, but that is in itself an inherent challenge to pay for it. One commenter wants a clear process to enable samples to be pushed to a retailer without having them requested, and how to enter into track and trace. One commenter recommends the regulations should provide for non-cannabis manufactured product samples to be transferred by distributors to retailers, similar to allowing distributors to transport point of sale materials. Distributors are in the best position to store and transport these materials. Some commenters recommend creating a clear and workable process for samples between businesses, as recommended by the Cannabis Advisory Committee. This would allow for samples to go to retailers without retailers requesting them and can help ensure high-quality products. Another commenter recommends allowing cultivators to provide samples to distributors and retailers, much like CDTFA has done for B2B handling of cannabis samples, but more clarification on track and trace reporting.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.

Regulation Section	Comment Number(s) and Page Locations	Summary of 15-Day Irrelevant Comments	Bureau Response to 15-Day Irrelevant Comments
		One commenter also notes how a company is supposed to engage in research and development without being able to test their product. Another commenter recommends sales reps or brand ambassadors for the cultivators/brand or distributors, who travel up and down the state carrying up to a pound of packaged product, with a manifest. There can be a nominal fee, but no cultivation tax.	
	209 (p.7009)	Commenter believes the proposed changes would amount to a catastrophic situation, resulting in a crushing blow to the market. Commenter is determined to stop the regulations from becoming law. Commenter believes the Bureau and its cohorts are acting with malice aforethought, intending to devalue and consolidate the market for corporate actors. Commenter also calls on the community to submit comments to the Bureau. Commenter notes that by flooding the market with comparable craft products and removing licensing costs as a barrier to entry, anyone is allowed into the market and the price of cannabis will decline steeply.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
	1724 (p.7017) 1725 (p.7018) 1726 (p.7019) 1727 (p.7020) 1728 (p.7021) 1729 (p.7022) 1730 (p.7023)	Commenters requesting extending the public comment period by 30 days to allow for a full 45-day public comment period, which is needed given the number of proposed changes.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.

Regulation Section	Comment Number(s) and Page Locations	Summary of 15-Day Irrelevant Comments	Bureau Response to 15-Day Irrelevant Comments
	1731 (p.7024) 1732 (p.7025) 1733 (p.7026) 1734 (p.7027) 1735 (p.7028) 1736 (p.7029) 1737 (p.7030) 3291.1 (p.4032) 3704.1 (p.5593)		
	3291.5 (p.4033)	Commenter is requesting extension of the 15-day comment period as to the changes in manufacturing standards. If not, commenter requests returning the manufacturing standards as they were previously written.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
	3286 (p.7033)	Commenter is requesting assistance on finding information regarding who is responsible for testing cannabis products. They have cultivators saying testing is the responsibility of the distributors and product liability insurance carrier's saying cultivators must test before sending to distributors.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
	3308.15 (p.4096) 3310.15 (p.4104)	Commenter suggests striking language from CDFA regulations relating to hours required to be licensed premises.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
	3308.16 (p.4096) 3310.16 (p.4104)	Commenter requests CDFA retain language allowing responsibility parties to be designated account managers for track and trace.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
	3308.17 (p.4096) 3310.17 (p.4104)	Commenter requests CDFA to retain "business" in the track and trace provisions, rather than "calendar"	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
	3315.10 (p.4121) 3316.10 (p.4125) 3317.10 (p.4129) 3319.10 (p.4135) 3335.6 (p.4193)	Commenter comments on CDPH regulations for failed batches and believes that if informational testing conflicts with the regulatory compliant testing, a new COA should be allowed. Laboratories are failing at testing.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.

Regulation Section	Comment Number(s) and Page Locations	Summary of 15-Day Irrelevant Comments	Bureau Response to 15-Day Irrelevant Comments
	3567.7 (p.4499)		
	3402 (p.4034)	Commenter is commenting on CDPH's definition of "manufacturing" or "manufacturing operation" and believes it means non-cannabis products be treated with extreme treatment by requiring they be treated like cannabis products. Commenter requests clarification on what an ingredient or component and when it is required to be stored/processed at a cannabis facility.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
	3414 (p.7035)	Commenter recommends allowing for companies to have the option to donate off-spec products to patients in need, rather than destroying them. Destruction is harmful to the environment, and waste of resources, that could be given to ill patients through a licensed program.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
	3414 (p.7035)	Commenter recommends that CDPH work with the Bureau to allow certified organic non-cannabis ingredients to be listed as such on packaging and promotional materials. The Bureau should offer guidance to CDPH on the use of the term "organic" when used in the context of non-cannabis ingredients and allow for companies to use this term as long as its certified by another governmental body. Otherwise, there's no incentive to use top quality ingredients.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
	3421 (p.7037)	This is an email cc'ing the Bureau, recipient of the email is replying to the sender confirmation of receipt.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
	3425.6 (p.4325)	Commenter supports the shared manufacturing license and would like to see a shared "cottage" manufacturing license where many could operate out of the same space not unlike small kitchen space "central markets." This could be beneficial to small family-owned entrepreneurial businesses.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.

Regulation Section	Comment Number(s) and Page Locations	Summary of 15-Day Irrelevant Comments	Bureau Response to 15-Day Irrelevant Comments
	3430 (p.7038) 3431 (p.7040) 3432 (p.7042) 3433 (p.7044) 3434 (p.7046) 3435 (p.7048)	Comment is an OAL response to receipt of a comment, clarifying that OAL does not receive comments during the public comment periods, as during the emergency rulemaking process.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
	3449 (p.7058)	Comment is a recall email.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
	3480 (p.7062)	Comment is an email requesting the Bureau read commenter's letter of dissenting opinion.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
	3495 (p.7067)	Commenter requests the Bureau to reconsider closing the doors for seniors. Seniors need these services, and it should be easier for patient advocates to provide it, not harder.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
	3502 (p.7068)	Commenter wishes the Bureau a Happy Thanksgiving and includes an illegible pamphlet on the illusion of truth.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
	3505 (p.7070)	Comment is an illegible email.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
	3532 (p.7072)	Commenter is requesting that CDFA and the Water Board remove unnecessary bureaucratic burdens and fees placed on cannabis cultivators and asks whether the Cannabis Advisory Committee will support their request. Such burdens include filing a complicated online application by cannabis farmers living in remote locations without internet access or local legal assistance.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
	3533.2 (p.4452)	Commenter is commenting on CDPH's definition of "batch" or "harvest batch" and includes a link to a scientific study.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.

Regulation Section	Comment Number(s) and Page Locations	Summary of 15-Day Irrelevant Comments	Bureau Response to 15-Day Irrelevant Comments
	3541 (p.7074) 3542 (p.7075) 3553 (p.7076) 3554 (p.7077)	Comment is a reply email from a copied recipient of a comment letter to the sender, not directed to the Bureau.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
	3556 (p.7082)	Commenter is complaining that it is unfair the Bureau is allowing unlicensed operators to have the same privileges as licensed operators and would like the Bureau to regulate the unlicensed companies that are on Weedmaps. It is unfair. Commenter recommends removing them from any platforms.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
	3566.2 (p.4493)	Commenter is comment in CDFA regulations pertaining to cultivation plan requirements.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
	3566.3 (p.4494)	Commenter is commenting on CDFA regulations pertaining to record retention, specifically the requirement to maintain records on licensed premises.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
	3567.8 (p.4499)	Commenter is commenting on CDPH's regulations pertaining to registration to operate a shared-use facility, as giving the primary licensee too much power.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
	3570.2 (p.4515) 3570.3 (p.4516) 3570.4 (p.4516)	Commenter notes that while cannabis goods are new to the regulators, it's an existing industry. Commenter requests that the regulators build upon what has already been established and provide as much flexibility as the law and common-sense permits. Commenter also notes that less onerous regulations will increase participation in the legal regulatory process, as there now exists two markets. Commenter points out that cannabis goods are incredibly safe and is not life-threatening. This is necessary to know to contextualize the risk of public exposure. Regulations should be developed with this in	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.

Regulation Section	Comment Number(s) and Page Locations	Summary of 15-Day Irrelevant Comments	Bureau Response to 15-Day Irrelevant Comments
		mind, as this industry has been ignored for decades, and this just goes to show how it is not a serious concern.	
	3595.1 (p.4630)	Commenter recommends a regulation that supports an efficient and transparent system for the disclosure of public records and provides language that would offer the public at a minimum to discover the basic application information for a license without filing a public records act request.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
	3595.4 (p.4641)	Commenter recommends requiring applicants to offer proof of labor peace within 30 days of licensure or employing 20 employees.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
	3595.5 (p.4642)	Commenter recommends that CDPH should align their regulations with the Bureau and CDFA as pertaining to enforcement, extend labor standards into applications, and should share information with state labor agencies.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
	3633.4 (p.4829)	Commenter is commenting on CDFA's regulations pertaining to cultivation plans and shared spaces and recommends removing the language prohibiting shared spaces and instead require cannabis goods within shared spaces to be marked with the applicable licensee's information.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
	3463.2 (p.4365)	Commenter is commenting on CDPH's regulations, pertaining to cannabis waste being unrecognizable and unusable at time of disposal. Disposal is not clear and should be clarified.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
	3463.3 (p.4366) 3463.4 (p.4366)	Commenter is commenting on CDPH's regulations, pertaining to cannabis waste collection, and recommends clarifying who can collect the waste, particularly specifying it is the local jurisdiction where licensee is located, and clarifying or allowing for organic waste collection.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.

Regulation Section	Comment Number(s) and Page Locations	Summary of 15-Day Irrelevant Comments	Bureau Response to 15-Day Irrelevant Comments
	3463.5 (p.4366) 3463.6 (p.4366)	Commenter is commenting on CDFA's regulations pertaining to a weight ticket collected by the licensee for cannabis waste collection and recommends clarifying it is to be collected from the local agency where the licensee is located.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
	3448 (p.7054)	Comment pertains to CDFA's regulations, specifically recommendation on changes to the premises and allowing for occupation by multiple license holders, expanding operational hours for seasonal considerations, clarifying CEQA documentation, allowing multiple licensees to use the same premises for storage, exempting prior use pesticides, allowing others to be track and trace system managers, creating a tier for single-cycle light deprivation mixed light license/fees, inserting lower fee processing license for self-processing multiple licenses up to 2500 lbs., and allowing records to be stored off-site.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
	3493 (p.7066)	Commenter is in support of the changes proposed by Hannah Nelson, and agrees with her on her points, in protection of rural small operators.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
	3641 (p.7087)	Commenter requests consideration of collectives/cooperatives in the regulations, and address that after the one-year period tolls, to allow for individual patients and caregivers to continue operating, and if existing collectives/cooperatives meet the legal requirements. Commenter also provides previously submitted comments, pertaining to issues that will require legislation, such as taxation, compassionate use, federal status of cannabis, public consumption, financial services, Republican leadership, unlimited amount of 5-acre cultivation licenses, prepackaging limited to recreational/commercial cannabis.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.

Regulation Section	Comment Number(s) and Page Locations	Summary of 15-Day Irrelevant Comments	Bureau Response to 15-Day Irrelevant Comments
	3636.18 (p.4849)	Commenter recommends allowing for composite testing, as nothing prohibits multiple harvest batches from comprising the required testing batch.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
	3895.13 (p.6261)	Commenter is commenting on CDPH's regulations, relating to registration to operate a shared-use facility, and providing notice only for first time users of the space.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
	3895.3 (p.6259)	Commenter notes there is no definition for "mother" plants, nor is it mentioned under CDFA's definition for nursery. Commenter recommends adding this definition to the nursery definition.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
	37.4 (p.57)	Commenter is requesting notice and opportunity to come into compliance when changes take effect, as they significantly effect cannabis business, and some changes take months to implement. Commenter is requesting 120 days after the new regulations are enacted to come into compliance with the changes. The Bureau is inadvertently making it more difficult than it needs to be by not giving sufficient time for businesses to make adjustments to the new regulations.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
	1723 (p.2601)	People of color have historically been impacted economically and socially by the war on drugs, including marijuana. Commenter inquires as to how legislation will address disparities and make it easier for people of color to participate in the legal cannabis industry.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
	3304.34 (p.4079)	Commenter recommends enforcing Business and Professions Code section 17044 pertaining to unfair trade practices (mostly in the form of heavily discounted prices) by holding commercial cannabis operators accountable to fair trade practices, by investigating producer and distributor costs of goods sold from suppliers as well as terms with retailers.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.

Regulation Section	Comment Number(s) and Page Locations	Summary of 15-Day Irrelevant Comments	Bureau Response to 15-Day Irrelevant Comments
	3418.1 (p.4316) 3418.2 (p.4316)	Commenter is commenting on the "public trust" section of the new regulations and believes switching "how the government screws things up" and then "public trust" to "public trust" and then "not the government" is a critical correction. However, commenter does believe that the use of "marijuana math" is on the conservator side and doesn't take advantage of the "economic theory."	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
	3464 (p. 4368)	Commenter requests the Bureau to consider allowing for some flexibility in how specific questions may be answered and recognize that other state agencies who are being brought into the process are simply not equipped to provide the resources being demanded of them. Specifically, non-cannabis specific agencies, such as Fish and Wildlife, Air Pollution Control, and the Water Board, appear to lack relevant knowledge when it comes to communications during the application process, and has involved getting senior personnel involved, which is time consuming.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
	3487 (p.4396)	Commenter requests a champion for small growers, especially those in Mendocino, the best growers in the world. These cultivators deserve to sell directly to consumers, because distributors and retailers don't deserve their hard-earned money. They slipped into the industry with money from investors, and no knowledge. Growers can test products and can pay taxes too. Distributors are increasing the final retail price, which is bad for those that really need low cost medicine. Commenter deserves a tasting room at their farm and deserves to make an honest living.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
	3510 (p.4422)	Commenter inquires as to how the Bureau dares to think that recent laws passed by Californians allows the Bureau to force counties to allow marijuana distribution and processing. Commenter requests the	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.

Regulation Section	Comment Number(s) and Page Locations	Summary of 15-Day Irrelevant Comments	Bureau Response to 15-Day Irrelevant Comments
		Bureau to stop telling them what to do and abide by the original message of the law.	
	3557 (p. 4474)	Commenter is introducing the launch of the New Plastic Economy Global Commitment, in collaboration with the United Nations Environment program, to build a circular economy for plastic, because solutions must start long before plastic reaches oceans, rivers, and beaches. The global economy misses out on an estimated $80 billion to $120 billion a year because of plastic waste. This initiative commits to eliminating the plastic not needed, including unnecessary packaging and items that can be replaced with better alternatives.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
	4131.1 (p. 6935)	Commenter is deeply dismayed at the disregard for public health shown by the licensing authorities, and strongly objects to the failure to consider key public health concerns in the regulations, which is emerging to mimic the worst negative practices of the tobacco and alcohol industries. Similarly, the licensing authorities are manipulating THC content and designing products to attract youths.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
	4115.1 (p.6873)	Commenter recommends conducting ongoing research, epidemiology, and measure of impacts. There is urgency in understanding more about biologic effects, health, societal and cultural impacts. There needs to be funding and support for these ongoing measurements of cannabis impacts, to protect health.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
	4115.2 (p.6873)	Commenter recommends critical policies that maximize product safety, and ensure the safe content of cannabis products, and prevent product contamination by pesticides, solvents and other chemicals. Manufacturing should adhere to hygiene and sanitation standards; edible products should be self-stable with correct labels. The health officers	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.

Regulation Section	Comment Number(s) and Page Locations	Summary of 15-Day Irrelevant Comments	Bureau Response to 15-Day Irrelevant Comments
		support prohibiting infusing alcohol products with cannabis.	
	4115.3 (p.6874)	Commenter recommends limits on the amount of active ingredients allowed per dose and per package, which should be designed to prevent accidental ingestion.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
	4115.4 (p.6874)	Commenter recommends policies that prevent the diversion of cannabis goods to youth by restricting their access. Strategies are needed to reduce the chance youth will use cannabis, such as addressing product visibility, glamorization of the use, advertising, discounting to youth friendly price points.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
	4115.5 (p.6874)	Commenter recommends a warning that states cannabis should not be used by those who are pregnant, breastfeeding, or planning to become pregnant, because "cannabis use while pregnant or breastfeeding may be harmful" is insufficient. The American Congress for Obstetricians and Gynecologists states that for breastfeeding, "marijuana use is discouraged."	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
	3660 (p.7091)	Commenter asks the Bureau to amend the definition of canopy in the definition adopted by the California Department of Food and Agriculture.	This comment is irrelevant as it does not address any change made to the proposed regulations during the 15-day comment period. Moreover, the proposed change is outside of the Bureau's jurisdiction.
	3680.11 (p.5464)	Commenter asks the Bureau to implement a power of attorney or third-party authorization form to allow agents of licensees to communicate with the Bureau without being a designated primary contact on the application.	This comment is irrelevant as it does not address any change made to the proposed regulations during the 15-day comment period.
	3698.5 (p.5564)	Commenter indicates that State law requires the Bureau's regulations be based on the best available evidence, and not unreasonably restrictive procedures that achieve the same substantive purposes.	This comment is irrelevant as it does not address any change made to the proposed regulations during the 15-day comment period.

Regulation Section	Comment Number(s) and Page Locations	Summary of 15-Day Irrelevant Comments	Bureau Response to 15-Day Irrelevant Comments
	3718.1 (p.5692)	Commenter recommends that the Bureau should hold all licensees to be accountable for fair trade practices. Licensees should be protected from predatory business practices and ensure that fair and unfettered competition exists.	This comment is irrelevant as it does not address any change made to the proposed regulations during the 15-day comment period.
	3718.2 (p.5692) 3737.24 (p.5818) 3748.18 (p.5886)	Commenters indicate that the Bureau should provide a pathway for business-to-business sampling – not for resale as well as for research and development.	This comment is irrelevant as it does not address any change made to the proposed regulations during the 15-day comment period.
	3719.15 (p.5705) 3719.16 (p.5705) 3719.17 (p.5706)	Commenter suggests changes to the California Department of Food and Agriculture's regulations regarding hours of operation (§8102), track and trace training (§8109), and the track and trace system (§ 8402).	This comment is irrelevant as it does not address any change made to the proposed regulations during the 15-day comment period. Moreover, the proposed change is outside of the Bureau's jurisdiction.
	3721.2 (p.5713)	The Commenter suggests that a $1 million cap on gross revenues be lifted for S license holders.	This comment is irrelevant as it does not address any change made to the proposed regulations during the 15-day comment period. Moreover, the proposed change is outside of the Bureau's jurisdiction.
	3724.25 (p.5735) 3724.26 (p.5735) 3724.27 (p.5735) 3724.28 (p.5735)	Commenter requests various administrative clarifications, including: • Adding the words "if applicable to section 5002(c)(34), as not all businesses have an EIN; • Provide a required turnaround time for Bureau approval of physical modifications; • Allowing authorized individuals access to the premises without an escort; Consider impacts to cannabis waste and allow for consumers to return products like empty cartridges to a retailer or directly to a manufacturer for recycling.	This comment is irrelevant as it does not address any change made to the proposed regulations during the 15-day comment period.

Regulation Section	Comment Number(s) and Page Locations	Summary of 15-Day Irrelevant Comments	Bureau Response to 15-Day Irrelevant Comments
	3734.1 (p.5779) 3734.2 (p.5779) 3734.3 (p.5780)	Commenter provides general comments regarding the cannabis industry. Commenter indicates that the existing industry used available science as a guidepost of operations, sought to protect health and safety, and toiled to address legitimate public safety and welfare concerns. Indicates that there is a re-invigoration of the black market. Commenter also indicates cannabis and cannabis products are safe.	This comment is irrelevant as it does not address any change made to the proposed regulations during the 15-day comment period.
	3737.22 (p.5816) 3748.16 (p. 5885)	Commenter asks the Bureau to implement compositing regulations to manage the cost of testing.	This comment is irrelevant as it does not address any change made to the proposed regulations during the 15-day comment period.
	3738 (p.7095)	Commenter has provided financial data about the commercial laboratory industry.	This comment is irrelevant as it does not address any change made to the proposed regulations during the 15-day comment period.
	3741.13 (p. 5836)	Commenter recommends that the State Department of Public Health's regulation regarding labeling restrictions be amended, so that manufacturers may use the phrase "made with organic ingredients."	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period. Moreover, the proposed change is outside of the Bureau's jurisdiction.
	3749 (p.7100)	Commenter submits comments to the revised proposed permanent cannabis regulations released by the California Department of Food and Agriculture regarding waste.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period. Moreover, the proposed change is outside of the Bureau's jurisdiction.
	3859.1 (p.6158) 3859.2 (p.6158) 3859.6 (p.6159) 3859.8 (p.6160)	Commenter recommends a combo cultivation license for nursery, processor and single-property bound transport only distribution at a discounted license fee from the current 3 fees, which also reduces track and trace fees. Commenter asks for clarity regarding whether a nursery license or processing license is needed if one has multiple cultivation licenses. Commenter inquires whether they would need a separate transport-only distribution license to move product. Commenter asks that language be removed in section 8106 cultivation plan requirements regarding	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period. Moreover, the proposed changes are outside of the Bureau's jurisdiction.

Regulation Section	Comment Number(s) and Page Locations	Summary of 15-Day Irrelevant Comments	Bureau Response to 15-Day Irrelevant Comments
		"at no time during the licensed period may any portion of a cannabis plant extend over the boundary."	
	3863 (p.6185)	Commenter indicates that the State has yet to provide local authorities with a plan as to how it will work with local jurisdictions to enforce state and local laws and eliminate the market. The Bureau should add a new article to Chapter 1 of the regulations regarding all licenses that states the following: The Bureau shall notify the applicable local jurisdiction where a licensed premises is to be located, or will be located regarding any administrative or enforcement action taken on a licensee. The commenter also opposes section 5416 (e) and urge the Bureau to delete the subsection and uphold local control.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
	4091 (p.7113)	Commenter writes regarding Rule 6000, which defines the words "appellant" and "party" to "include the attorney or other authorized agent of such person. Commenter asks "or other authorized agent" to be stricken from rule 6000 (g) as the language would impermissibly allow the unauthorized practice of law by persons not admitted to the California State Bar.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period. Moreover, the language that commenter is commenting from appears to pertain to a rule adopted by the Cannabis Control Appeals Panel.
	4095 (p.7127)	Commenter appears to have inadvertently emailed its shipping manifest to the Bureau's comment inbox.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
	4097.2 (p.6806)	Commenter requests change to section 8108 of the California Department of Food and Agriculture's regulations regarding rendering cannabis by product unusable and unrecognizable.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period. Moreover, the proposed change is outside of the Bureau's jurisdiction.

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	4131.3 (p.6936)	Commenter is concerned that none of the licensing entities' regulations take social equity into account in licensing.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period. However, SB 1294 (Bradford, 2018), which becomes effective January 1, 2019, authorizes the Bureau, upon request by local jurisdictions, to provide technical assistance to local equity programs that help equity applicants or local equity licensees. The Bureau will be responsible for dispersing grant funding for eligible local jurisdictions to assist local equity applicants or local equity licensees gain entry to, and successfully operate in, the State's regulated marketplace.
	4115.53 (p.6883)	The regulations do not address on-site consumption and commenter recommends its prohibition. Exposure is an occupational health concern and the regulations are not aligned with state tobacco law. This is also a concern of driving under the influence, and potential for overdose.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
	4115.54 (p.6883)	Commenter recommends limiting commercial premises to commercial operations only, and banning additional activities, such as special events or parties, food retail activities, tasting events, fund-raisers, gyms, spas, or classes, all which can promote the misuse of cannabis, encourage consumption of high dosages, and open opportunity for accidental ingestion and injury.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.
	4115.55 (p.6883)	Commenter recommends tracking, by local jurisdiction, amount and type of cannabis products sold, for purposes of planning public health and safety. It'll be useful for local agencies to know what percentage is sold in their jurisdiction and which products are most popular.	The Bureau rejects this comment as irrelevant because it does not relate to a change contained in the text for 15-day comment period.