

Code: Section: [Up^](#)[Add To My Favorites](#)**BUSINESS AND PROFESSIONS CODE - BPC****DIVISION 10. Cannabis [26000 - 26325]** (*Heading of Division 10 amended by Stats. 2017, Ch. 27, Sec. 3.*)**CHAPTER 5. Licensing [26050 - 26059]** (*Chapter 5 added November 8, 2016, by initiative Proposition 64, Sec. 6.1.*)**26050.** (a) The license classification pursuant to this division shall, at a minimum, be as follows:

- (1) Type 1—Cultivation; Specialty outdoor; Small.
- (2) Type 1A—Cultivation; Specialty indoor; Small.
- (3) Type 1B—Cultivation; Specialty mixed-light; Small.
- (4) Type 1C—Cultivation; Specialty cottage; Small.
- (5) Type 2—Cultivation; Outdoor; Small.
- (6) Type 2A—Cultivation; Indoor; Small.
- (7) Type 2B—Cultivation; Mixed-light; Small.
- (8) Type 3—Cultivation; Outdoor; Medium.
- (9) Type 3A—Cultivation; Indoor; Medium.
- (10) Type 3B—Cultivation; Mixed-light; Medium.
- (11) Type 4—Cultivation; Nursery.
- (12) Type 5—Cultivation; Outdoor; Large.
- (13) Type 5A—Cultivation; Indoor; Large.
- (14) Type 5B—Cultivation; Mixed-light; Large.
- (15) Type 6—Manufacturer 1.
- (16) Type 7—Manufacturer 2.
- (17) Type 8—Testing laboratory.
- (18) Type 10—Retailer.
- (19) Type 11—Distributor.
- (20) Type 12—Microbusiness.
- (21) Type 13—Cannabis event organizer.

(22) Type 14—Processor.

(23) Type 15—Combined activities.

(b) With the exception of testing laboratory licenses, which may be used to test cannabis and cannabis products regardless of whether they are intended for use by individuals who possess a physician's recommendation, all licenses issued under this division shall bear a clear designation indicating whether the license is for commercial adult-use cannabis activity as distinct from commercial medicinal cannabis activity by prominently affixing an "A" or "M," respectively. Examples of such a designation include, but are not limited to, "A-Type 1" or "M-Type 1." Except as specifically specified in this division, the requirements for A-licenses and M-licenses shall be the same. For testing laboratories, the department shall create a license that indicates a testing laboratory may test both adult-use and medicinal cannabis.

(c) A license issued pursuant to this division shall be valid for 12 months from the date of issuance. The license may be renewed annually.

(d) The department shall establish procedures for the issuance and renewal of licenses.

(Amended by Stats. 2024, Ch. 875, Sec. 3. (SB 1064) Effective January 1, 2025.)

26050.2. (a) (1) Except as otherwise provided in Section 26050.5, until June 30, 2022, except as provided in paragraphs (3) and (4), the department may, in its sole discretion, issue a provisional license to an applicant if the applicant has submitted a completed license application to the department, including the following, if applicable:

(A) If compliance with the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code) is not complete, evidence that compliance is underway.

(B) If compliance with local ordinances enacted pursuant to Section 26200 is not complete, evidence that compliance is underway.

(C) Compliance with paragraphs (5) and (11) of subdivision (a) of Section 26051.5.

(D) For a license application that includes cultivation activities, any of the following documents:

(i) A final streambed alteration agreement.

(ii) A draft streambed alteration agreement provided by the Department of Fish and Wildlife and signed and returned to the Department of Fish and Wildlife.

(iii) Written verification by the Department of Fish and Wildlife that a streambed alteration agreement is not needed.

(iv) Written verification by the Department of Fish and Wildlife that the applicant has submitted a notification described in Section 1602 of the Fish and Game Code, submitted payment of applicable fees pursuant to Section 1609 of the Fish and Game Code, and is responsive to the Department of Fish and Wildlife. For purposes of this subparagraph, an applicant is not responsive to the Department of Fish and Wildlife if either of the following apply:

(I) The notification has been deemed incomplete a second time.

(II) After a notification has been deemed incomplete once, the Department of Fish and Wildlife has not received requested information from the applicant for more than 60 days.

(E) The application is submitted to the department on or before March 31, 2022.

(2) If an application for a cultivation license is submitted on or after January 1, 2022, the department shall not issue a provisional license pursuant to this section if issuing the provisional license would cause a licensee to hold multiple cultivation licenses on contiguous premises to exceed one acre of total canopy for outdoor cultivation, or 22,000 square feet for mixed-light or indoor cultivation.

(3) Until June 30, 2023, the department may, in its sole discretion, issue a provisional license for a local equity license application, provided that the applicant meets the following requirements:

(A) The local equity applicant is not a cultivation license applicant for a premises that exceeds one acre of total canopy for outdoor cultivation, or 22,000 square feet for mixed-light or indoor cultivation.

(B) Issuing the license would not cause the applicant to hold multiple cultivation licenses on contiguous premises to exceed one acre of total canopy for outdoor cultivation, or 22,000 square feet for mixed-light or indoor cultivation.

(C) The local equity applicant satisfies all of the requirements in subparagraphs (A) to (D), inclusive, of paragraph (1).

(D) The local equity applicant submits an application to the department on or before March 31, 2023.

(4) Until September 30, 2022, the department may, in its sole discretion, issue a provisional license to a cultivation license applicant, provided that the applicant meets the following requirements:

(A) The applicant is not a cultivation license applicant for a premises that exceeds 20,000 square feet of total canopy for outdoor cultivation.

(B) Issuing the license would not cause the applicant to hold multiple cultivation licenses on contiguous premises to exceed one acre of total canopy for outdoor cultivation, or 22,000 square feet for mixed-light or indoor cultivation.

(C) The cultivation license applicant satisfies all of the requirements in subparagraphs (A) to (D), inclusive, of paragraph (1).

(D) The cultivation license applicant submits an application to the department on or before June 30, 2022.

(b) A provisional license issued pursuant to this section shall be valid for no more than 12 months from the date it was issued or renewed. If the department issues or renews a provisional license, it shall include the outstanding items needed to qualify for an annual license specific to the licensee.

(c) The department may, in its sole discretion, renew a provisional license until it issues or denies the provisional licensee's annual license, subject to the requirements of this section.

(d) For a renewal of a provisional license beginning July 1, 2022, through June 30, 2023, the department shall not renew a provisional license pursuant to this section unless the following criteria are met:

(1) For cultivation licenses, to illustrate progress with compliance with Chapter 6 (commencing with Section 1600) of Division 2 of the Fish and Game Code, one of the following documents:

(A) A final streambed alteration agreement issued by the Department of Fish and Wildlife.

(B) A draft streambed alteration agreement provided by the Department of Fish and Wildlife and signed and returned to the Department of Fish and Wildlife by the provisional licensee.

(C) Written verification by the Department of Fish and Wildlife that the provisional licensee has submitted a complete notification described in Section 1602 of the Fish and Game Code.

(D) Written verification by the Department of Fish and Wildlife that a streambed alteration agreement is not needed.

(2) If compliance with the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code) is not yet complete, a determination from the department that one of the following requirements has been met:

(A) The lead agency is in the process of preparing a site-specific initial study, addendum, or checklist pursuant to Section 15063, 15164, 15168, or 15183 of Title 14 of the California Code of Regulations to demonstrate whether it is consistent with a previously circulated and adopted negative declaration, mitigated negative declaration, or environmental impact report.

(B) If a local jurisdiction is the lead agency, the lead agency has made substantial progress during the previous 12-month licensure term toward completing project-specific environmental review by drafting, preparing, or circulating for public review an environmental document pursuant to the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code).

(C) If the department is the lead agency, information requested by the department of the provisional licensee that demonstrates the furtherance of environmental review.

(D) Information submitted to the department by the provisional licensee applicant that demonstrates evidence of substantial progress toward compliance with the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code) during the previous 12-month licensure term.

(e) On or after July 1, 2023, the department shall not renew a provisional license pursuant to this section unless the following criteria are met:

(1) For cultivation licenses, to illustrate progress with compliance with Chapter 6 (commencing with Section 1600) of Division 2 of the Fish and Game Code, one of the following documents:

(A) A final streambed alteration agreement issued by the Department of Fish and Wildlife.

(B) A draft streambed alteration agreement provided by the Department of Fish and Wildlife and signed and returned to the Department of Fish and Wildlife by the provisional licensee.

(C) Written verification from the Department of Fish and Wildlife that a streambed alteration agreement is not needed.

(2) If compliance with the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code) is not yet complete, to illustrate progress with compliance, a determination from the department that one of the following has been met:

(A) The lead agency for the license has prepared and circulated for public review a negative declaration or a mitigated negative declaration.

(B) The lead agency for the license has determined that an environmental impact report is required pursuant to Section 21157 of the Public Resources Code and has either made substantial progress in preparing that environmental impact report or has a contract or contracts with consultants in place for the preparation of that environmental impact report.

(C) The lead agency has certified to the department that it has conducted a reasonably comprehensive site-specific review and has reviewed, prepared, and deemed complete an initial study, addendum, or checklist pursuant to Section 15063, 15164, 15168, or 15183 of Title 14 of the California Code of Regulations, which demonstrates consistency with a previously circulated and adopted negative declaration, mitigated negative declaration, or environmental impact report, in preparation for approval of an annual license.

(D) The lead agency for the license has reviewed, prepared, and deemed complete a notice of exemption pursuant to Section 21108 or 21152 of the Public Resources Code, except for ministerial projects not subject to the California Environmental Quality Act pursuant to paragraph (1) of subdivision (b) of Section 21080 of the Public Resources Code.

(f) A provisional license authorizing cultivation activities shall not be renewed if the department is notified of either or both of the following:

(1) The State Water Resources Control Board has notified the department that the provisional licensee is not in compliance with subdivision (a) or (b) of Section 26060.1 or the principles, guidelines, and requirements established pursuant to Section 13149 of the Water Code.

(2) The Department of Fish and Wildlife has notified the department that the provisional licensee is not in compliance with any final streambed alteration agreement, any conditions set forth in a signed draft streambed alteration agreement, or a condition established pursuant to subdivision (a) or paragraphs (1) and (2) of subdivision (b) of Section 26060.1.

(g) (1) After January 1, 2023, the department shall not renew a license pursuant to this section for cultivation activities if renewing the license would cause a licensee to hold multiple cultivation licenses on contiguous premises to exceed one acre of total canopy for outdoor cultivation or 22,000 square feet for mixed-light or indoor cultivation.

(2) After January 1, 2024, no provisional license that causes a licensee to hold multiple cultivation licenses on contiguous premises to exceed one acre of total canopy for outdoor cultivation or 22,000 square feet for mixed-light or indoor cultivation shall be in effect.

(h) The department, in its sole discretion, may allow a provisional licensee to move locations after the date provisional licenses can no longer be issued provided that the new location is approved in compliance with the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code), and Chapter 6 (commencing with Section 1600) of Division 2 of the Fish and Game Code. If all other renewal requirements are satisfied, the department may also renew the license at the new location.

(i) The department may, in its sole discretion, revoke or suspend a provisional license if it determines the licensee failed to actively and diligently pursue requirements for the annual license. The department shall adopt regulations clarifying what constitutes actively and diligently pursuing requirements for the annual license.

(j) The department shall cancel a provisional license upon issuance of an annual license, denial of an annual license, abandonment of an application for licensure, or withdrawal of an application for licensure.

(k) Except as specified in this section, the provisions of this division shall apply to a provisional license in the same manner as to an annual license.

(l) Without limiting any other statutory exemption or categorical exemption, Division 13 (commencing with Section 21000) of the Public Resources Code does not apply to the issuance of a license pursuant to this section by the department, except as otherwise provided in this section.

(m) Refusal by the department to issue a license pursuant to this section or revocation or suspension by the department of a license issued pursuant to this section shall not entitle the applicant or licensee to a hearing or an appeal of the decision. Chapter 2 (commencing with Section 480) of Division 1.5 and Chapter 4 (commencing with Section 26040) of this division and Sections 26031 and 26058 shall not apply to licenses issued pursuant to this section.

(n) For purposes of this section, "streambed alteration agreement" has the same meaning as the term "agreement" is defined in Section 1601 of the Fish and Game Code, which includes both individual agreements and general agreements under Section 1617 of the Fish and Game Code.

(o) Except as otherwise provided in Section 26050.5, the Department shall not renew a provisional license after January 1, 2025, and no provisional license shall be effective after January 1, 2026.

(p) This section shall remain in effect only until January 1, 2026, and as of that date is repealed.

(q) It is the intent of the Legislature that no further exemptions from annual licenses be adopted and that any licenses issued under this division after January 1, 2025, be issued in compliance with all relevant environmental laws.

(r) It is the intent of the Legislature that funds appropriated in Item 1115-101-0001 of the Budget Act of 2021 shall be promptly deployed to allow local jurisdictions to meet the deadlines in this act.

(Amended by Stats. 2023, Ch. 593, Sec. 1. (SB 51) Effective January 1, 2024. Repealed as of January 1, 2026, by its own provisions.)

26050.5. (a) Until January 1, 2031, the department may, in its sole discretion, issue a provisional license for a local equity applicant, as defined in Chapter 23 (commencing with Section 26240), for retailer activities, if the applicant has submitted a completed license application to the department, provided that the applicant meets the following requirements:

(1) If compliance with the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code) is not complete, evidence that compliance is underway.

(2) If compliance with local ordinances enacted pursuant to Section 26200 is not complete, evidence that compliance is underway.

(3) Compliance with paragraphs (5) and (11) of subdivision (a) of Section 26051.5.

(b) A provisional license issued pursuant to this section shall be valid for no more than 12 months from the date it was issued or renewed. If the department issues or renews a provisional license, it shall include the outstanding items needed to qualify for an annual license specific to the licensee.

(c) The department may, in its sole discretion, renew a provisional license for a local equity applicant for retailer activities issued pursuant to this section or Section 26050.2 until it issues or denies the provisional licensee's annual license, subject to the requirements of this section, or until five years from the date the provisional license was originally issued pursuant to this section or Section 26050.2, whichever is earlier.

(d) If compliance with the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code) is not yet complete, the department shall not renew a provisional license pursuant to this section unless the department has determined that one of the following requirements has been met:

(1) The lead agency is in the process of preparing a site-specific initial study, addendum, or checklist pursuant to Section 15063, 15164, 15168, or 15183 of Title 14 of the California Code of Regulations to demonstrate whether it is consistent with a previously circulated and adopted negative declaration, mitigated negative declaration, or environmental impact report.

(2) If a local jurisdiction is the lead agency, the lead agency has made substantial progress during the previous 12-month licensure term toward completing project-specific environmental review by drafting, preparing, or circulating for public review an environmental document pursuant to the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code).

(3) If the department is the lead agency, information requested by the department of the provisional licensee demonstrates the furtherance of environmental review.

(4) Information submitted to the department by the provisional licensee applicant demonstrates evidence of substantial progress toward compliance with the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code) during the previous 12-month licensure term.

(e) The department, in its sole discretion, may allow a provisional licensee to move locations after the date provisional licenses can no longer be issued provided that the new location is approved in compliance with the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code), and Chapter 6 (commencing with Section 1600) of Division 2

of the Fish and Game Code. If all other renewal requirements are satisfied, the department may also renew the license at the new location.

(f) The department may, in its sole discretion, revoke or suspend a provisional license if it determines the licensee failed to actively and diligently pursue requirements for the annual license. The department shall adopt regulations clarifying what constitutes actively and diligently pursuing requirements for the annual license.

(g) The department shall cancel a provisional license upon issuance of an annual license, denial of an annual license, abandonment of an application for licensure, or withdrawal of an application for licensure.

(h) Except as specified in this section, the provisions of this division shall apply to a provisional license in the same manner as to an annual license.

(i) Without limiting any other statutory exemption or categorical exemption, Division 13 (commencing with Section 21000) of the Public Resources Code does not apply to the issuance of a license pursuant to this section by the department, except as otherwise provided in this section.

(j) Refusal by the department to issue a license pursuant to this section or revocation or suspension by the department of a license issued pursuant to this section shall not entitle the applicant or licensee to a hearing or an appeal of the decision. Chapter 2 (commencing with Section 480) of Division 1.5 and Chapter 4 (commencing with Section 26040) of this division and Sections 26031 and 26058 do not apply to licenses issued pursuant to this section.

(k) (1) On or before January 1, 2030, the department shall report to the appropriate committees of the Legislature on the number of provisional licenses that have been granted under this section, the number of provisional licenses that have been canceled for each of the circumstances provided in subdivision (g), and the number of provisional licenses granted under this section that remain active at the time of the report.

(2) The requirement for submitting a report imposed under this subdivision is inoperative on January 1, 2034, pursuant to Section 10231.5 of the Government Code.

(3) A report to be submitted pursuant to this subdivision shall be submitted in compliance with Section 9795 of the Government Code.

(Added by Stats. 2023, Ch. 593, Sec. 2. (SB 51) Effective January 1, 2024.)

26051. (a) The Cartwright Act, the Unfair Practices Act, the Unfair Competition Law, and the other provisions of Part 2 (commencing with Section 16600) of Division 7 apply to all licensees regulated under this division.

(b) It shall be unlawful for any person to monopolize, attempt to monopolize, or combine or conspire with any person or persons to monopolize, any part of the trade or commerce related to cannabis. The Attorney General shall have the sole authority to enforce the provisions of this subdivision.

(Amended by Stats. 2024, Ch. 875, Sec. 4. (SB 1064) Effective January 1, 2025.)

26051.5. (a) An applicant for a state license issued pursuant to this division to conduct commercial cannabis activity, as defined in Section 26001, shall do all of the following:

(1) Except as provided in subparagraph (G), require that each owner, as defined in paragraphs (1) to (3), inclusive, of subdivision (ap) of Section 26001, electronically submit to the Department of Justice fingerprint images and related information required by the Department of Justice for the purpose of obtaining information as to the existence and content of a record of state or federal convictions and state and federal arrests, and also information as to the existence and content of a record of state or federal convictions and arrests for which the Department of Justice establishes that the person is free on bail or on their own recognizance pending trial or appeal.

(A) Notwithstanding any other law, the department may obtain criminal history information from the Department of Justice and the Federal Bureau of Investigation for an applicant or its owners, as defined in paragraphs (1) to (3), inclusive, of subdivision (ap) of Section 26001, for any state license, as described in Section 26050, under this division pursuant to subdivision (u) of Section 11105 of the Penal Code.

(B) When received, the Department of Justice shall transmit fingerprint images and related information received pursuant to this section to the Federal Bureau of Investigation for the purpose of obtaining a federal criminal history records check. The Department of Justice shall review the information returned from the Federal Bureau of Investigation and compile and disseminate a response to the licensing authority.

(C) The Department of Justice shall provide a response to the licensing authority pursuant to paragraph (1) of subdivision (p) of Section 11105 of the Penal Code.

(D) The department shall request from the Department of Justice subsequent notification service, as provided pursuant to Section 11105.2 of the Penal Code, for applicants.

(E) The Department of Justice shall charge the applicant a fee sufficient to cover the reasonable cost of processing the requests described in this paragraph.

(F) Notwithstanding any other law, a licensing authority may request and receive from a local or state agency certified records of all arrests and convictions, certified records regarding probation, and any and all other related documentation needed to complete an applicant or licensee investigation. A local or state agency may provide those records to a licensing authority upon request.

(G) If an owner has previously submitted fingerprint images and related information required by the Department of Justice pursuant to this paragraph in connection with a valid state license issued by a licensing authority, all of the following apply:

(i) The owner shall not be required to submit additional fingerprint images and related information pursuant to this paragraph in connection with a subsequent application for a state license.

(ii) The department shall not consider the owner's criminal history information obtained from the fingerprint images and related information that were previously submitted pursuant to this paragraph when considering whether to issue a subsequent state license.

(iii) An owner shall not be required to resubmit owner-related information previously provided to the department.

(2) Provide evidence of the legal right to occupy and use the proposed location and provide a statement from the landowner of real property or that landowner's agent where the commercial cannabis activity will occur, as proof to demonstrate the landowner has acknowledged and consented to permit commercial cannabis activities to be conducted on the property by the tenant applicant.

(3) Provide evidence that the proposed location is in compliance with subdivision (b) of Section 26054.

(4) Provide a statement, signed by the applicant under penalty of perjury, that the information provided is complete, true, and accurate.

(5) (A) (i) For an applicant with 20 or more employees, or an applicant with 10 or more employees that submits an application on or after July 1, 2024, provide a notarized statement that the applicant will enter into, or demonstrate that it has already entered into, and will abide by the terms of a labor peace agreement. On and after July 1, 2024, the department shall not renew a license for a licensee with 10 or more employees unless the licensee provides a statement that the licensee has already entered into and will abide by the terms of a labor peace agreement.

(ii) For an applicant with 10 or more employees but less than 20 employees that has not yet entered into a labor peace agreement, provide a notarized statement as a part of its application indicating that the applicant will enter into and abide by the terms of a labor peace agreement within 60 days of employing its 20th employee, or on or before July 1, 2024, whichever is earlier.

(iii) For an applicant with less than 10 employees that has not yet entered into a labor peace agreement, provide a notarized statement as a part of its application indicating that the applicant will enter into and abide by the terms of a labor peace agreement within 60 days of employing its 10th employee, or on or before July 1, 2024, whichever is later.

(iv) Nothing in this paragraph shall be construed to limit the authority of the department to revoke or suspend a license for a violation of this paragraph.

(B) Compliance with the terms of an applicable labor peace agreement is a condition of licensure. A licensee seeking renewal of any license shall attest to the department that it remains in compliance with the terms of any applicable labor peace agreement.

(C) Any labor organization, or any current or former employee of the relevant licensee, may report to the department that a licensee has failed to provide a truthful attestation of compliance with subparagraph (B).

(i) The reporting party shall provide documentation, in a form and manner required by the department, to substantiate their allegation before the department considers it. The department shall collaborate with such agencies as it deems relevant to evaluate the report.

(ii) If the department substantiates the validity of a report made pursuant to this subparagraph, the department may suspend, revoke, place on probation with terms and conditions, or otherwise discipline the license and fine the licensee.

(D) (i) Any labor organization, or any current or former employee of the relevant licensee, may file a complaint with the Agricultural Labor Relations Board that an organization with which a licensee has entered into a labor peace agreement is not a bona fide labor organization.

(ii) The Agricultural Labor Relations Board shall consider all relevant evidence provided or obtained in rendering a decision on whether the entity is a bona fide labor organization and issue a report with its findings no later than 90 days from receiving the complaint.

(iii) If the Agricultural Labor Relations Board determines that the entity is not a bona fide labor organization, the labor peace agreement shall be null and void. The department shall promptly notify all licensees that have signed labor peace agreements with the entity that the entity was found not to be a bona fide labor organization and offer those licensees a reasonable time period, not to exceed 180 days, to enter into a labor peace agreement with a bona fide labor organization. Failure to enter into a labor peace agreement with a bona fide labor organization after that reasonable time period shall be a violation of this section.

(E) For the purposes of this paragraph, all of the following shall apply:

(i) "Employee" does not include a supervisor.

(ii) "Labor organization" means any organization of any kind, or any agency or employee representation committee or plan, in which employees participate and which exists, in whole or in part, for the purpose of dealing with employers concerning grievances, labor disputes, wages, rates of pay, hours of employment, or conditions of work for employees.

(iii) "Supervisor" means an individual having authority, in the interest of the applicant, to hire, transfer, suspend, lay off, recall, promote, discharge, assign, reward, or discipline other employees, or responsibility to direct them or to adjust their grievances, or effectively to recommend such action, if, in connection with the foregoing, the exercise of that authority is not of a merely routine or clerical nature, but requires the use of independent judgment.

(6) Provide the applicant's valid seller's permit number issued pursuant to Part 1 (commencing with Section 6001) of Division 2 of the Revenue and Taxation Code or indicate that the applicant is currently applying for a seller's permit.

(7) Provide any other information required by the department.

(8) For an applicant seeking a cultivation license, provide a statement declaring the applicant is an "agricultural employer," as defined in the Alatorre-Zenovich-Dunlap-Berman Agricultural Labor Relations Act of 1975 (Part 3.5 (commencing with Section 1140) of Division 2 of the Labor Code), to the extent not prohibited by law.

(9) Pay all applicable fees required for licensure by the department.

(10) Provide proof of a bond to cover the costs of destruction of cannabis or cannabis products if necessitated by a violation of licensing requirements.

(11) (A) Provide a statement, upon initial application and application for renewal, that the applicant employs, or will employ within one year of receiving or renewing a license, one supervisor and one employee who have successfully completed a Division of Occupational Safety and Health 30-hour general industry outreach course offered by a training provider that is authorized by an OSHA Training Institute Education Center to provide the course. This paragraph shall not be construed to alter or amend existing requirements for employers to provide occupational safety and health training to employees.

(B) An applicant with only one employee shall not be subject to subparagraph (A).

(C) For purposes of this paragraph "employee" has the same meaning as provided in subparagraph (B) of paragraph (5) and "supervisor" has the same meaning as provided in subparagraph (C) of paragraph (5).

(b) An applicant shall also include in the application a detailed description of the applicant's operating procedures for all of the following, as required by the department:

(1) Cultivation.

(2) Extraction and infusion methods.

(3) The transportation process.

(4) Inventory procedures.

(5) Quality control procedures.

(6) Security protocols.

(7) For applicants seeking licensure to cultivate, the source or sources of water the applicant will use for cultivation, as provided in subdivisions (a) to (c), inclusive, of Section 26060.1. For purposes of this paragraph, "cultivation" as used in Section 26060.1 shall have the same meaning as defined in Section 26001. The department shall consult with the State Water Resources Control Board and the Department of Fish and Wildlife in the implementation of this paragraph.

(c) The applicant shall also provide a complete detailed diagram of the proposed premises wherein the license privileges will be exercised, with sufficient particularity to enable ready determination of the bounds of the premises, showing all boundaries, dimensions, entrances and exits, interior partitions, walls, rooms, and common or shared entryways, and include a brief statement or description of the principal activity to be conducted therein, and, for licenses permitting cultivation, measurements of the planned canopy, including aggregate square footage and individual square footage of separate cultivation areas, if any, roads, water crossings, points of diversion, water storage, and all other facilities and infrastructure related to the cultivation.

(d) Provide a complete list of every person with a financial interest in the person applying for the license as required by the department. For purposes of this subdivision, "persons with a financial interest" does not include persons whose only interest in a licensee is an interest in a diversified mutual fund, blind trust, or similar instrument.

(Amended by Stats. 2024, Ch. 997, Sec. 5.5. (AB 179) Effective September 30, 2024. Operative January 1, 2025, pursuant to Sec. 24 of Stats. 2024, Ch. 997.)

26052. (a) A licensee shall not perform any of the following acts, or permit any of the following acts to be performed by any employee, agent, or contractor of the licensee:

(1) Make any contract in restraint of trade in violation of Section 16600.

(2) Form a trust or other prohibited organization in restraint of trade in violation of Section 16720.

(3) Make a sale or contract for the sale of cannabis or cannabis products, or to fix a price charged therefor, or discount from, or rebate upon, that price, on the condition, agreement, or understanding that the consumer or purchaser thereof shall not use or deal in the goods, merchandise, machinery, supplies, commodities, or services of a competitor or competitors of the seller, where the effect of that sale, contract, condition, agreement, or understanding may be to substantially lessen competition or tend to create a monopoly in any line of trade or commerce.

(4) Sell any cannabis or cannabis products at less than cost for the purpose of injuring competitors, destroying competition, or misleading or deceiving purchasers or prospective purchasers.

(5) Discriminate between different sections, communities, or cities or portions thereof, or between different locations in those sections, communities, or cities or portions thereof in this state, by selling or furnishing cannabis or cannabis products at a lower price in one section, community, or city or any portion thereof, or in one location in that section, community, or city or any portion thereof, than in another, for the purpose of injuring competitors or destroying competition.

(6) Sell any cannabis or cannabis products at less than the cost thereof to such vendor, or to give away any article or product for the purpose of injuring competitors or destroying competition.

(b) Any person who, either as director, officer, or agent of any firm or corporation, or as agent of any person, violates the provisions of this chapter, or assists or aids, directly or indirectly, in that violation is responsible therefor equally with the person, firm, or corporation for which that person acts.

(c) Any person or trade association may bring an action to enjoin and restrain any violation of this section for the recovery of damages.

(Amended by Stats. 2017, Ch. 27, Sec. 36. (SB 94) Effective June 27, 2017. Note: This section was added on Nov. 8, 2016, by initiative Prop. 64.)

26053. (a) All commercial cannabis activity shall be conducted between licensees, except as otherwise provided in this division.

(b) (1) A person that holds a state testing laboratory license under this division is prohibited from licensure for any other activity, except testing, as authorized under this division. A person that holds a state testing laboratory license shall not employ an individual who is also employed by any other licensee that does not hold a state testing laboratory license.

(2) A person with a financial interest in a state testing laboratory license under this division is prohibited from holding a financial interest in any other type of cannabis license.

(c) Except as provided in subdivision (b), a person may apply for and be issued more than one license under this division.

(d) Each applicant or licensee shall apply for, and if approved, shall obtain, a separate license for each location where it engages in commercial cannabis activity.

(Amended by Stats. 2021, Ch. 70, Sec. 40. (AB 141) Effective July 12, 2021. Note: This section was added on Nov. 8, 2016, by initiative Prop. 64.)

26054. (a) A licensee shall not sell alcoholic beverages or tobacco products on or at any premises licensed under this division.

(b) 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, daycare center, or youth center that is in existence at the time the license is issued, unless the department or a local jurisdiction specifies a different radius. The distance specified in this section shall be measured in the same manner as provided in subdivision (c) of Section 11362.768 of the Health and Safety Code unless otherwise provided by law.

(c) It shall not be a violation of state or local law for a business engaged in the manufacture of cannabis accessories to possess, transport, purchase, or otherwise obtain small amounts of cannabis or cannabis products as necessary to conduct research and development related to the cannabis accessories, provided the cannabis and cannabis products are obtained from a person licensed under this division permitted to provide or deliver the cannabis or cannabis products.

(d) It shall not be a violation of state or local law for an agent of the department to possess, transport, or obtain cannabis or cannabis products as necessary to conduct activities reasonably related to the duties of the department.

(e) It shall not be a violation of state or local law for an agent of a state agency, as defined in Section 1100 of the Government Code, or a local agency, as defined in Section 50001 of the Government Code, to possess, transport, or obtain cannabis or cannabis products as necessary to conduct activities reasonably related to the duties of the state or local agency.

(Amended by Stats. 2021, Ch. 70, Sec. 41. (AB 141) Effective July 12, 2021. Note: This section was added on Nov. 8, 2016, by initiative Prop. 64.)

26055. (a) The department may issue state licenses only to qualified applicants.

(b) Revocation of a state license issued under this division shall terminate the ability of the licensee to operate pursuant to that license within California until a new license is obtained.

(c) A licensee shall not change or alter the premises in a manner which materially or substantially alters the premises, the usage of the premises, or the mode or character of business operation conducted from the premises, from the plan contained in the diagram on file with the application, unless and until written approval by the department has been obtained. For purposes of this section, material or substantial physical changes of the premises, or in the usage of the premises, shall include, but not be limited to, a substantial increase or decrease in the total area of the licensed premises previously diagrammed, or any other physical modification resulting in substantial change in the mode or character of business operation.

(d) The department shall not approve an application for a state license under this division if approval of the state license will violate the provisions of any local ordinance or regulation adopted in accordance with Section 26200.

(e) An applicant may voluntarily provide proof of a license, permit, or other authorization from the local jurisdiction verifying that the applicant is in compliance with the local jurisdiction. An applicant that voluntarily submits a valid, unexpired license, permit, or other authorization from the local jurisdiction shall be presumed to be in compliance with all local ordinances unless the department is notified otherwise by the local jurisdiction. The department shall notify the contact person for the local jurisdiction of any applicant that voluntarily submits a valid, unexpired license, permit, or other authorization from the local jurisdiction.

(f) (1) A local jurisdiction shall provide to the department a copy of any ordinance or regulation related to commercial cannabis activity and the name and contact information for the person who will serve as the contact for the department regarding commercial cannabis activity within the jurisdiction. If a local jurisdiction does not provide a contact person, the department shall assume that the clerk of the legislative body of the local jurisdiction is the contact person.

(2) Whenever there is a change in a local ordinance or regulation adopted pursuant to Section 26200 or a change in the contact person for the jurisdiction, the local jurisdiction shall provide that information to the department.

(g) (1) The department shall deny an application for a license under this division for a commercial cannabis activity that the local jurisdiction has notified the department is prohibited in accordance with subdivision (f). The department shall notify the contact person for the local jurisdiction of each application denied due to the local jurisdiction's indication that the commercial cannabis activity for which a license is sought is prohibited by a local ordinance or regulation.

(2) Prior to issuing a state license under this division for any commercial cannabis activity, if an applicant has not provided adequate proof of compliance with local laws pursuant to subdivision (e):

(A) The department shall notify the contact person for the local jurisdiction of the receipt of an application for commercial cannabis activity within their jurisdiction.

(B) A local jurisdiction may notify the department that the applicant is not in compliance with a local ordinance or regulation. In this instance, the department shall deny the application.

(C) A local jurisdiction may notify the department that the applicant is in compliance with all applicable local ordinances and regulations. In this instance, the department may proceed with the licensing process.

(D) If the local jurisdiction does not provide notification of compliance or noncompliance with applicable local ordinances or regulations, or otherwise does not provide notification indicating that the completion of the local permitting process is still pending, within 60 business days of receiving the inquiry from the department submitted pursuant to subparagraph (A), the department shall make a rebuttable presumption that the applicant is in compliance with all local ordinances and regulations adopted in accordance with Section 26200, except as provided in subparagraphs (E) and (F).

(E) At any time after expiration of the 60-business-day period set forth in subparagraph (D), the local jurisdiction may provide written notification to the department that the applicant or licensee is not in compliance with a local ordinance or regulation adopted in accordance with Section 26200. Upon receiving this notification, the department shall not presume that the applicant or licensee has complied with all local ordinances and regulations adopted in accordance with Section 26200, and may commence disciplinary action in accordance with Chapter 3 (commencing with Section 26030). If the department does not take action against the licensee before the time of the renewal of the license, the license shall not be renewed until and unless the local jurisdiction notifies the department that the licensee is once again in compliance with local ordinances.

(F) A presumption by the department pursuant to this paragraph that an applicant has complied with all local ordinances and regulations adopted in accordance with Section 26200 shall not prevent, impair, or preempt the local government from enforcing all applicable local ordinances or regulations against the applicant, nor shall the presumption confer any right, vested or otherwise, upon the applicant to commence or continue operating in any local jurisdiction except in accordance with all local ordinances or regulations.

(3) For purposes of this section, "notification" includes written notification or access by the department to a local jurisdiction's registry, database, or other platform designated by a local jurisdiction, containing information specified by the department, on applicants to determine local compliance.

(h) Without limiting any other statutory exemption or categorical exemption, Division 13 (commencing with Section 21000) of the Public Resources Code does not apply to the adoption of an ordinance, rule, or regulation by a local jurisdiction that requires discretionary review and approval of permits, licenses, or other authorizations to engage in commercial cannabis activity. To qualify for this exemption, the discretionary review in any such law, ordinance, rule, or regulation shall include any applicable environmental review pursuant to Division 13 (commencing with Section 21000) of the Public Resources Code. This subdivision shall become inoperative on July 1, 2021.

(i) A local or state public agency may charge and collect a fee from a person proposing a project pursuant to subdivision (a) of Section 21089 of the Public Resources Code.

(Amended by Stats. 2021, Ch. 70, Sec. 43. (AB 141) Effective July 12, 2021. Note: This section was added on Nov. 8, 2016, by initiative Prop. 64.)

26056. The requirements of Sections 13143.9, 13145, and 13146 of the Health and Safety Code shall apply to all licensees.

(Repealed and added by Stats. 2017, Ch. 27, Sec. 44. (SB 94) Effective June 27, 2017.)

26057. (a) The department shall deny an application if either the applicant, or the premises for which a state license is applied, do not qualify for licensure under this division.

(b) The department may deny the application for licensure or renewal of a state license if any of the following conditions apply:

(1) Failure or inability to comply with the provisions of this division, any rule or regulation adopted pursuant to this division, or any requirement imposed to protect natural resources, including, but not limited to, protections for instream flow, water quality, and fish and wildlife.

(2) Conduct that constitutes grounds for denial of licensure under Chapter 2 (commencing with Section 480) of Division 1.5, except as otherwise specified in this section and Section 26059.

(3) Failure to provide information required by the department.

(4) The applicant, owner, or licensee 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, except that if the department determines that the applicant, owner, or licensee is otherwise suitable to be issued a license, and granting the license would not compromise public safety, the department shall conduct a thorough review of the nature of the crime, conviction, circumstances, and evidence of rehabilitation of the applicant or owner, and shall evaluate the suitability of the applicant, owner, or licensee to be issued a license based on the evidence found through the review. In determining which offenses are substantially related to the qualifications,

functions, or duties of the business or profession for which the application is made, the department shall include, but not be limited to, the following:

(A) A violent felony conviction, as specified in subdivision (c) of Section 667.5 of the Penal Code.

(B) A serious felony conviction, as specified in subdivision (c) of Section 1192.7 of the Penal Code.

(C) A felony conviction involving fraud, deceit, or embezzlement.

(D) A felony conviction for hiring, employing, or using a minor in transporting, carrying, selling, giving away, preparing for sale, or peddling, any controlled substance to a minor; or selling, offering to sell, furnishing, offering to furnish, administering, or giving any controlled substance to a minor.

(E) A felony conviction for drug trafficking with enhancements pursuant to Section 11370.4 or 11379.8 of the Health and Safety Code.

(5) Except as provided in subparagraphs (D) and (E) of paragraph (4) and notwithstanding Chapter 2 (commencing with Section 480) of Division 1.5, a prior conviction, where the sentence, including any term of probation, incarceration, or supervised release, is completed, for possession, possession for sale, sale, manufacture, transportation, or cultivation of a controlled substance is not considered substantially related, and shall not be the sole ground for denial of a license. Conviction for any controlled substance felony subsequent to licensure shall be grounds for revocation of a license or denial of the renewal of a license.

(6) The applicant, or any of its officers, directors, or owners, has been subject to fines, penalties, or otherwise been sanctioned for cultivation or production of a controlled substance on public or private lands pursuant to Section 12025 or 12025.1 of the Fish and Game Code.

(7) The applicant, or any of its officers, directors, or owners, has been sanctioned by the department, the Bureau of Cannabis Control, the Department of Food and Agriculture, or the State Department of Public Health or a city, county, or city and county for unauthorized commercial cannabis activities, has had a license suspended or revoked under this division in the three years immediately preceding the date the application is filed with the department.

(8) Failure to obtain and maintain a valid seller's permit required pursuant to Part 1 (commencing with Section 6001) of Division 2 of the Revenue and Taxation Code.

(9) Any other condition specified in law.

(c) The withdrawal of an application for a license after it has been filed with the department shall not deprive the department of its authority to institute or continue a proceeding against the applicant for the denial of the license upon any ground provided by law or to enter an order denying the license upon any ground.

(Amended by Stats. 2021, Ch. 70, Sec. 44. (AB 141) Effective July 12, 2021. Note: This section was added on Nov. 8, 2016, by initiative Prop. 64.)

26058. Upon the denial of any application for a license, the department shall notify the applicant in writing. Within 30 days of service of the notice, the applicant may file a written petition for a license with the department. Upon receipt of a timely filed petition, the department shall set the petition for hearing. The hearing shall be conducted in accordance with Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code, and the director shall have all the powers granted therein. Any appeal from a final decision of the department shall be conducted in accordance with Chapter 4 (commencing with Section 26040).

(Amended by Stats. 2021, Ch. 70, Sec. 45. (AB 141) Effective July 12, 2021. Note: This section was added on Nov. 8, 2016, by initiative Prop. 64.)

26059. An applicant shall not be denied a state license if the denial is based solely on any of the following:

(a) A conviction or act that is substantially related to the qualifications, functions, or duties of the business or profession for which the application is made for which the applicant or licensee has obtained a certificate of rehabilitation pursuant to Chapter 3.5 (commencing with Section 4852.01) of Title 6 of Part 3 of the Penal Code.

(b) A conviction that was subsequently dismissed pursuant to Section 1203.4, 1203.4a, or 1203.41 of the Penal Code or any other provision allowing for dismissal of a conviction.

(Added November 8, 2016, by initiative Proposition 64, Sec. 6.1.)