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**AB-97 Cannabis.** (2019-2020)

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Date Published: 07/02/2019 09:00 PM

**Assembly Bill No. 97**

**CHAPTER 40**

An act to amend Sections 26040, 26043, 26050.2, 26055, 26062, 26062.5, 26210, 26240, 26242, 26244, 26246, and 26248 of, and to add Section 26031.5 to, the Business and Professions Code, to amend Section 11126 of the Government Code, and to add Section 34019.5 to the Revenue and Taxation Code, relating to cannabis, and declaring the urgency thereof, to take effect immediately.

[ Approved by Governor July 01, 2019. Filed with Secretary of State July 01, 2019. ]

**LEGISLATIVE COUNSEL'S DIGEST**

AB 97, Committee on Budget. Cannabis.

(1) The Control, Regulate and Tax Adult Use of Marijuana Act of 2016 (AUMA), an initiative measure approved as Proposition 64 at the November 8, 2016, statewide general election, authorizes a person who obtains a state license under AUMA to engage in commercial adult-use cannabis activity pursuant to that license and applicable local ordinances. The Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA), among other things, consolidates the licensure and regulation of commercial medicinal and adult-use cannabis activities. MAUCRSA generally divides responsibility for the state licensure and regulation of commercial cannabis activity among the Bureau of Cannabis Control in the Department of Consumer Affairs, the Department of Food and Agriculture, and the State Department of Public Health. MAUCRSA authorizes each of these licensing authorities to suspend, revoke, place on probation with terms and conditions, or otherwise discipline licenses issued by the licensing authority and fine a licensee, if the licensee is found to have committed any of the acts or omissions constituting grounds for disciplinary action. MAUCRSA makes a person engaging in commercial cannabis activity without a license required by MAUCRSA subject to civil penalties up to 3 times the amount of the license fee for each violation. MAUCRSA requires civil penalties imposed and collected by a licensing authority to be deposited into the General Fund, except as specified.

This bill would authorize a licensing authority to issue a citation to a licensee or unlicensed person for any act or omission that violates or has violated a provision of MAUCRSA or a regulation adopted pursuant to MAUCRSA, as specified. The bill would provide that these sanctions are separate from, and in addition to, all other administrative, civil, or criminal remedies. The bill would require moneys collected pursuant to this provision associated with the recovery of investigation and enforcement costs to be deposited into the Cannabis Control Fund, and would require an administrative fine amount to be deposited directly into the Cannabis Fines and Penalties Account. The bill would require, except as provided, moneys collected pursuant to MAUCRSA as a result of fines or penalties imposed under MAUCRSA to be deposited directly into the Cannabis Fines and Penalties Account, and would require these moneys to be available, upon appropriation by the Legislature.

(2) MAUCRSA establishes in state government a Cannabis Control Appeals Panel to review specified decisions of licensing authorities appealed by any person aggrieved by those decisions. The Bagley-Keene Open Meeting Act requires, with specified exceptions for authorized closed sessions, that all meetings of a state body be open and public and all persons be permitted to attend any meeting of a state body.

This bill would specify that the Cannabis Control Appeals Panel is established in the Business, Consumer Services, and Housing Agency. The bill would authorize the panel to hold a closed session for the purpose of holding a deliberative conference, as specified.

(3) MAUCRSA, until January 1, 2019, authorized a state licensing authority to issue a temporary license if specified conditions were met. MAUCRSA, until January 1, 2020, authorizes a licensing authority, in its sole discretion, to issue a provisional license if the applicant holds or held a temporary license for the same premises and the same commercial activity to be authorized by the provisional license, and if the applicant has submitted a completed license application to the licensing authority, including evidence that compliance with the California Environmental Quality Act is underway. MAUCRSA requires a provisional license to be valid for 12 months from the date it was issued, and prohibits a provisional license from being renewed.

This bill would extend the repeal date for the provisional license provisions to January 1, 2022. The bill would delete the requirement for a provisional license that an applicant holds or held a temporary license. The bill would revise the requirement for a provisional license that the applicant has submitted a completed license application to include evidence that compliance with the California Environmental Quality Act or local cannabis ordinances is underway, if applicable, as specified. By adding requirements to provisional license applications, which are required to be signed under penalty of perjury, the bill would expand the scope of the crime of perjury, and would thereby impose a state-mandated local program. The bill would require a provisional license to be valid for no more than 12 months from the date it was issued. The bill would authorize a licensing authority, in its sole discretion, to renew the provisional license until the licensing authority issues or denies the provisional license. If the licensing authority renews a provisional license, the bill would require the licensing authority to include the outstanding items needed to qualify for an annual license. The bill would authorize a licensing authority, in its sole discretion, to revoke or suspend a provisional license if the licensing authority determines the licensee failed to actively and diligently pursue requirements for an annual license. The bill would require a licensing authority to 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. The bill would make related changes.

(4) MAUCRSA requires, not later than January 1, 2021, the Department of Food and Agriculture to establish a program for cannabis comparable to the National Organic Program and the California Organic Food and Farming Act. Existing law requires the department to be the sole determiner of organic designation and certification, unless the National Organic Program authorizes organic designation and certification for cannabis, in which case the department's authority would become inoperative and would be repealed on the following January 1. Existing law prohibits a person from representing, selling, or offering for sale any cannabis or cannabis products as organic or with the designation or certification established by the department, except as provided.

This bill, not later than July 1, 2021, would require the State Department of Public Health to establish a certification program for manufactured cannabis products comparable to the National Organic Program and the California Organic Food and Farming Act. The bill would remove the requirement that the Department of Food and Agriculture be the sole determiner of designation and certification, and would make the State Department of Public Health's authority inoperative if the National Organic Program authorizes organic designation and certification for cannabis. The bill would prohibit a person from representing, selling, or offering for sale any cannabis or cannabis products as organic or with the designation or certification established by the Department of Food and Agriculture or the State Department of Public Health, except as provided.

(5) MAUCRSA, until July 1, 2019, provides that the California Environmental Quality Act 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.

This bill would extend the repeal date of this provision to July 1, 2021.

(6) MAUCRSA authorizes the bureau, upon request by a local jurisdiction, to provide technical assistance, as defined, to a local equity program that helps local equity applicants or local equity licensees. MAUCRSA, upon appropriation of funds by the Legislature, authorizes an eligible local jurisdiction to submit an application to the bureau for a grant to assist local equity applicants and local equity licensees through that local jurisdiction's equity program. MAUCRSA requires the bureau to review an application, and to grant funding to an eligible local jurisdiction, based on specified factors. MAUCRSA requires the bureau to prorate the funding as necessary if the applications for funding are greater than the amount appropriated for the program. MAUCRSA requires an eligible local jurisdiction that receives grant funds pursuant to these provisions to use the grant funds to assist local equity licensees in that local jurisdiction to gain entry to, and to successfully operate in, the state's regulated cannabis marketplace. MAUCRSA requires an eligible local jurisdiction that receives grant funds pursuant to these provisions to, on or before a specified date, submit an annual report to the bureau that contains specified information on the use of the grant funds and specified demographic data. MAUCRSA requires the bureau to serve as a point of contact for local equity programs for specified purposes. MAUCRSA requires, on or before July 1, 2019, the bureau to, among other things, publish approved local equity ordinances and model equity ordinances created by advocacy groups and experts, as specified, and, on or before July 1

2020, to submit a report to the Legislature regarding the progress of local equity programs that receive funding pursuant to these provisions.

This bill would remove the condition that a local jurisdiction request the technical assistance to a local equity program from the authorization of the bureau to provide the technical assistance. The bill would expand the purposes of the grant to include assisting a local jurisdiction in the development of a local equity program. The bill would require an eligible local jurisdiction that has a local equity program to include in its grant application the equity assessment that was used to inform the creation of the local equity program. The bill would expand the factors the bureau is required to consider when reviewing an equity program grant application, including, among others, how long the local jurisdiction has operated a local equity program and the outcomes of the program, if the local jurisdiction has adopted or operated a local equity program. The bill would delete the requirement that the bureau prorate funding if applications are greater than the amount appropriated for the program. The bill would expand the list of methods that grant funding is authorized to be used to assist local equity applicants and local equity licensees, including, among others, funding the creation of an equity assessment to inform the development of a local equity program and funding direct technical assistance to assist local equity applicants and local equity licensees. The bill would authorize the bureau to enter into an interagency agreement with the Governor's Office of Business and Economic Development to administer on its behalf the provisions related to the review and granting of funding for cannabis equity programs. The bill would grant to the Governor's Office of Business and Economic Development all powers and authority granted to the bureau related to those provisions. The bill, until July 1, 2021, would authorize the Governor's Office of Business and Economic Development to review, adopt, amend, and repeal guidelines to implement uniform standards, criteria, requirements, or forms that supplement or clarify the terms, references, or standards set forth in specified provisions. The bill would require a grant recipient to include in the annual report described above specified information related to the local equity program and any other information the bureau determines to be necessary. The bill would require the bureau to serve as a point of contact for local equity programs in coordination with the other licensing authorities. The bill would require the report that the bureau is required to submit to the Legislature regarding the progress of local equity programs funded by these grants to be submitted annually and to include a copy of the equity assessment, as defined, and equity program descriptions of each local jurisdiction that applies for grant funding.

(7) AUMA establishes the California Cannabis Tax Fund as a continuously appropriated fund consisting of specified taxes, interest, penalties, and other amounts imposed by AUMA. AUMA requires, after other specified disbursements are made from the fund, the Controller, by July 15 of each fiscal year beginning in the 2018–2019 fiscal year, to disburse 60% of the funds deposited in the California Cannabis Fund during the prior fiscal year into the Youth Education, Prevention, Early Intervention and Treatment Account. AUMA requires the Controller to disburse the funds in the account to the State Department of Health Care Services for programs for youth that are designed to educate about and to prevent substance use disorders and to prevent harm from substance use. AUMA requires the State Department of Health Care Services to enter into interagency agreements with the State Department of Public Health and the State Department of Education to implement and administer these programs.

The bill would exempt those contracts entered into or amended by the State Department of Health Care Services from specified provisions of law governing public contracting.

(8) Existing constitutional provisions require that a statute that limits the right of access to the meetings of public bodies or the writings of public officials and agencies be adopted with findings demonstrating the interest protected by the limitation and the need for protecting that interest.

This bill would make legislative findings to that effect.

(9) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

(10) AUMA authorizes legislative amendment of its provisions with a  $\frac{2}{3}$  vote of both houses, without submission to the voters, to further its purposes and intent.

This bill would declare that its provisions further the purposes and intent of AUMA.

(11) This bill would declare that it is to take effect immediately as an urgency statute.

Vote: 2/3 Appropriation: no Fiscal Committee: yes Local Program: yes

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THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

**SECTION 1.** The Legislature finds and declares the following:

(a) In 2016, California voters approved Proposition 64, the Control, Regulate and Tax Adult Use of Marijuana Act (AUMA). In its statement of purpose and intent, AUMA calls for regulating cannabis in a way that “reduce[s] barriers to entry into the legal, regulated market.”

(b) Cannabis prohibition had a devastating impact on communities across California and across the United States. Persons convicted of a cannabis offense and their families suffer the long-term consequences of prohibition. These individuals have a more difficult time entering the newly created adult-use cannabis industry due, in part, to a lack of access to capital, business space, technical support, and regulatory compliance assistance.

(c) During the era of cannabis prohibition in California, the burdens of arrests, convictions, and long-term collateral consequences arising from a conviction fell disproportionately on Black and Latinx people, even though people of all races used and sold cannabis at nearly identical rates. The California Department of Justice data shows that from 2006 to 2015, inclusive, Black Californians were two times more likely to be arrested for cannabis misdemeanors and five times more likely to be arrested for cannabis felonies than White Californians. During the same period, Latinx Californians were 35 percent more likely to be arrested for cannabis crimes than White Californians. The collateral consequences associated with cannabis law violations, coupled with generational poverty and a lack of access to resources, make it extraordinarily difficult for persons with convictions to enter the newly regulated industry.

(d) Offering technical support, regulatory compliance assistance, and assistance with securing the capital necessary to begin a business will further the stated intent of AUMA by reducing barriers to licensure and employment in the regulated industry.

(e) Offering these supports will also aid the state in its goal of eliminating or reducing the illicit cannabis market by bringing more people into the legal marketplace.

(f) It is the intent of the Legislature in enacting this act to ensure that persons most harmed by cannabis criminalization and poverty be offered assistance to enter the multibillion-dollar cannabis industry as entrepreneurs or as employees with high quality, well-paying jobs.

(g) It is the intent of the Legislature in enacting this act that the cannabis industry be representative of the state's population, and that barriers to entering the industry are reduced through support to localities that have created local equity programs in their jurisdictions.

(h) The Legislature finds and declares that this act furthers the purposes and intent of the Control, Regulate and Tax Adult Use of Marijuana Act, enacted as Proposition 64 of 2016.

**SEC. 2.** Section 26031.5 is added to the Business and Professions Code, to read:

**26031.5.** (a) A licensing authority may issue a citation to a licensee or unlicensed person for any act or omission that violates or has violated any provision of this division or any regulation adopted pursuant thereto. The licensing authority shall issue the citation in writing, and shall describe with particularity the basis of the citation and the notification described in subdivision (c). The licensing authority may include in each citation an order of abatement and fix a reasonable time for abatement of the violation. The licensing authority may, as part of each citation, assess an administrative fine not to exceed five thousand dollars (\$5,000) per violation by a licensee and thirty thousand dollars (\$30,000) per violation by an unlicensed person. Each day of violation shall constitute a separate violation. In assessing a fine, a licensing authority shall give due consideration to the appropriateness of the amount of the fine with respect to factors the licensing authority determines to be relevant, including the following:

(1) The gravity of the violation by the licensee or person.

(2) The good faith of the licensee or person.

(3) The history of previous violations.

(b) The sanctions authorized under this section shall be separate from, and in addition to, all other administrative, civil, or criminal remedies.

(c) A licensing authority that issues a citation pursuant to this section shall include a provision that notifies the licensee or person that a hearing may be requested to contest the finding of a violation by submitting a written request within 30 days from service of the citation. The hearing shall be held pursuant to the Administrative Procedure Act (Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code), unless held in accordance with the provisions of Chapter 4.5 (commencing with Section 11400) as authorized by regulation of the licensing authority. If the licensee or person cited fails to submit a written request for a hearing within 30 days from the date of service of the citation, the right to a hearing is waived and the citation shall be deemed a final order of the licensing authority and is not subject to review by any court.

(d) After the exhaustion of the administrative and judicial review procedures, a licensing authority may apply to the appropriate superior court for a judgment in the amount of the administrative fine and an order compelling the cited person to comply with the order of the licensing authority. The application, which shall include a certified copy of the final order of the licensing authority, shall constitute a sufficient showing to warrant the issuance of the judgment and order.

(e) A licensing authority may recover from the licensee or person who was the subject of the citation costs of investigation and enforcement, which may include reasonable attorney's fees for the services rendered. If the licensing authority recovers costs from a licensee, the licensing authority shall recover the costs pursuant to Section 125.3.

(f) Fines shall be paid within 30 days of service of a citation by the licensing authority. Failure to pay a fine assessed pursuant to this section within 30 days of the date of service of the citation, unless the citation is being appealed, shall constitute a separate violation under this division subject to additional action by a licensing authority. A licensing authority shall not renew or grant a license to a person who was the subject of the fine until that person pays the fine.

(g) All moneys collected pursuant to this section associated with the recovery of investigation and enforcement costs shall be deposited into the Cannabis Control Fund. Any administrative fine amount shall be deposited directly into the Cannabis Fines and Penalties Account and shall be distributed pursuant to subdivision (d) of Section 26210.

**SEC. 3.** Section 26040 of the Business and Professions Code is amended to read:

**26040.** (a) (1) There is established in state government, in the Business, Consumer Services, and Housing Agency, a Cannabis Control Appeals Panel which shall consist of the following members:

(A) One member appointed by the Senate Committee on Rules.

(B) One member appointed by the Speaker of the Assembly.

(C) Three members appointed by the Governor and subject to confirmation by a majority vote of all of the members elected to the Senate.

(2) Each member, at the time of their initial appointment, shall be a resident of a different county from the one in which either of the other members resides. Members of the panel shall receive an annual salary as provided for by Chapter 6 (commencing with Section 11550) of Part 1 of Division 3 of Title 2 of the Government Code.

(b) The members of the panel may be removed from office by their appointing authority.

**SEC. 4.** Section 26043 of the Business and Professions Code is amended to read:

**26043.** (a) After proceedings pursuant to Section 26031, 26031.5, or 26058 or Chapter 2 (commencing with Section 480) or Chapter 3 (commencing with Section 490) of Division 1.5, any person aggrieved by the decision of a licensing authority denying the person's application for any license, denying the person's renewal of any license, placing any license on probation, imposing any condition on any license, imposing any fine on any license or licensee, assessing any penalty on any license, or canceling, suspending, revoking, or otherwise disciplining any license as provided for under this division, may appeal the licensing authority's written decision to the panel.

(b) The panel shall review the decision subject to such limitations as may be imposed by the Legislature. In such cases, the panel shall not receive evidence in addition to that considered by the licensing authority.

(c) Review by the panel of a decision of a licensing authority shall be limited to the following questions:

(1) Whether the licensing authority has proceeded without or in excess of its jurisdiction.

(2) Whether the licensing authority has proceeded in the manner required by law.

(3) Whether the decision is supported by the findings.

(4) Whether the findings are supported by substantial evidence in the light of the whole record.

**SEC. 5.** Section 26050.2 of the Business and Professions Code is amended to read:

**26050.2.** (a) A licensing authority may, in its sole discretion, issue a provisional license to an applicant if the applicant has submitted a completed license application to the licensing authority, including the following, if applicable:

(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.

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

(c) A licensing authority may, in its sole discretion, renew a provisional license until the licensing authority issues or denies the provisional licensee's annual license.

(d) A licensing authority may, in its sole discretion, revoke or suspend a provisional license if the licensing authority determines the licensee failed to actively and diligently pursue requirements for the annual license.

(e) A licensing authority 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.

(f) 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.

(g) 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 licensing authority.

(h) Refusal by the licensing authority to issue a license pursuant to this section or revocation or suspension by the licensing authority 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.

(i) This section shall remain in effect only until January 1, 2022, and as of that date is repealed.

**SEC. 6.** Section 26055 of the Business and Professions Code is amended to read:

**26055.** (a) Licensing authorities 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 licensing authority 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) Licensing authorities 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 licensing authority is notified otherwise by the local jurisdiction. The licensing authority 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 bureau 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 state licensing authorities regarding commercial cannabis activity within the jurisdiction. If a local jurisdiction does not provide a contact person, the bureau 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 bureau.

(3) The bureau shall share the information required by this subdivision with the other licensing authorities.

(g) (1) The licensing authority shall deny an application for a license under this division for a commercial cannabis activity that the local jurisdiction has notified the bureau is prohibited in accordance with subdivision (f). The licensing authority 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 licensing authority 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 licensing authority that the applicant is not in compliance with a local ordinance or regulation. In this instance, the licensing authority shall deny the application.

(C) A local jurisdiction may notify the licensing authority that the applicant is in compliance with all applicable local ordinances and regulations. In this instance, the licensing authority 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 a licensing authority submitted pursuant to subparagraph (A), the licensing authority 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 licensing authority 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 licensing authority 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 licensing authority 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 licensing authority that the licensee is once again in compliance with local ordinances.

(F) A presumption by a licensing authority 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 a licensing authority to a local jurisdiction's registry, database, or other platform designated by a local jurisdiction, containing information specified by the licensing authority, 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.

**SEC. 7.** Section 26062 of the Business and Professions Code is amended to read:

**26062.** (a) (1) No later than January 1, 2021, the Department of Food and Agriculture shall establish a program for cannabis that is comparable to the National Organic Program (Section 6517 of the federal Organic Foods Production Act of 1990 (7 U.S.C. Sec. 6501 et seq.)), and the California Organic Food and Farming Act (Chapter 10 (commencing with Section 46000) of Division 17 of the Food and Agricultural Code) and Article 7 (commencing with Section 110810) of Chapter 5 of Part 5 of Division 104 of the Health and Safety Code.

(2) No later than July 1, 2021, the State Department of Public Health shall establish a certification program for manufactured cannabis products that is comparable to the National Organic Program (Section 6517 of the federal Organic Foods Production Act of 1990 (7 U.S.C. Sec. 6501 et seq.)), the California Organic Food and Farming Act (Chapter 10 (commencing with Section 46000) of Division 17 of the Food and Agricultural Code), and Article 7 (commencing with Section 110810) of Chapter 5 of Part 5 of Division 104 of the Health and Safety Code. For purposes of administering this section, the State Department of Public

Health shall be exempt from the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code).

(b) If at any time preceding or following the establishment of a program pursuant to subdivision (a), the National Organic Program (Section 6517 of the federal Organic Foods Production Act of 1990 (7 U.S.C. Sec. 6501 et seq.)) authorizes organic designation and certification for cannabis, this section shall become inoperative and, as of January 1, of the following year, is repealed.

**SEC. 8.** Section 26062.5 of the Business and Professions Code is amended to read:

**26062.5.** A person shall not represent, sell, or offer for sale any cannabis or cannabis product as organic except in accordance with the National Organic Program (Section 6517 of the federal Organic Foods Production Act of 1990 (7 U.S.C. Sec. 6501 et seq.)), if applicable. A person shall not represent, sell, or offer for sale any cannabis or cannabis product with the designation or certification established by the Department of Food and Agriculture or the State Department of Public Health pursuant to subdivision (a) of Section 26062 except in accordance with that subdivision.

**SEC. 9.** Section 26210 of the Business and Professions Code is amended to read:

**26210.** (a) The Marijuana Control Fund, formerly known as the Medical Cannabis Regulation and Safety Act Fund and the Medical Marijuana Regulation and Safety Act Fund, is hereby renamed the Cannabis Control Fund. Notwithstanding Section 16305.7 of the Government Code, the fund shall include any interest and dividends earned on moneys in the fund.

(b) Upon the effective date of this section, whenever "Marijuana Control Fund," "Medical Cannabis Regulation and Safety Act Fund," or "Medical Marijuana Regulation and Safety Act Fund" appears in any statute, regulation, or contract, or in any other code, it shall be construed to refer to the Cannabis Control Fund.

(c) Any General Fund or special fund loan that was used to establish and support the regulatory activities of the state licensing entities pursuant to former Section 19351 shall be repaid by the initial proceeds from fees collected pursuant to this division or any rule or regulation adopted pursuant to this division, by January 1, 2022. Should the initial proceeds from fees not be sufficient to repay the loan, moneys from the Cannabis Fines and Penalties Account shall be made available to the bureau, by appropriation of the Legislature, to repay the loan.

(d) Except as otherwise provided, all moneys collected pursuant to this division as a result of fines or penalties imposed under this division shall be deposited directly into the Cannabis Fines and Penalties Account, which is hereby continued in existence, and shall be available, upon appropriation by the Legislature.

**SEC. 10.** Section 26240 of the Business and Professions Code is amended to read:

**26240.** For purposes of this chapter, the following definitions apply:

(a) "Eligible local jurisdiction" means a local jurisdiction that demonstrates an intent to develop a local program or that has adopted or operates a local equity program.

(b) "Equity assessment" means an assessment conducted by the local jurisdiction that was used to inform the creation of a local equity program, and that assessment may include the following:

(1) Reference to local historical rates of arrests or convictions for cannabis law violations.

(2) Identification of the impacts that cannabis-related policies have had historically on communities and populations within that local jurisdiction.

(3) Other information that demonstrates how individuals and communities within the local jurisdiction have been disproportionately or negatively impacted by the War on Drugs.

(c) "Local equity applicant" means an applicant who has submitted, or will submit, an application to a local jurisdiction to engage in commercial cannabis activity within the jurisdictional boundaries of that jurisdiction and who meets the requirements of that jurisdiction's local equity program.

(d) "Local equity licensee" means a person who has obtained a license from a local jurisdiction to engage in commercial cannabis activity within the jurisdictional boundaries of that jurisdiction and who meets the requirements of that jurisdiction's local equity program.

(e) "Local equity program" means a program adopted or operated by a local jurisdiction that focuses on inclusion and support of individuals and communities in California's cannabis industry who are linked to populations or neighborhoods that were negatively

or disproportionately impacted by cannabis criminalization as evidenced by the local jurisdiction's equity assessment. Local equity programs may include, but are not limited to, the following types of services:

- (1) Small business support services offering technical assistance or professional and mentorship services to those persons from economically disadvantaged communities that experience high rates of poverty or communities most harmed by cannabis prohibition, determined by historically high rates of arrests or convictions for cannabis law violations.
- (2) Tiered fees or fee waivers for cannabis-related permits and licenses.
- (3) Assistance in paying state regulatory and licensing fees.
- (4) Assistance securing business locations prior to or during the application process.
- (5) Assistance securing capital investments or direct access to capital.
- (6) Assistance with regulatory compliance.
- (7) Assistance in recruitment, training, and retention of a qualified and diverse workforce, including transitional workers.
- (8) Other services deemed by the bureau to be consistent with the intent of this chapter.

(f) "Transitional worker" means a person who, at the time of starting employment at the business premises, resides in a ZIP Code or census tract area with higher than average unemployment, crime, or child death rates, and faces at least one of the following barriers to employment: (1) is homeless; (2) is a custodial single parent; (3) is receiving public assistance; (4) lacks a GED or high school diploma; (5) has a criminal record or other involvement with the criminal justice system; (6) suffers from chronic unemployment; (7) is emancipated from the foster care system; (8) is a veteran; or (9) is over 65 years of age and is financially compromised.

**SEC. 11.** Section 26242 of the Business and Professions Code is amended to read:

**26242.** (a) The bureau may provide technical assistance to a local equity program that helps local equity applicants or local equity licensees. When determining whether to provide technical assistance, the bureau shall make individual determinations based on the reasonableness of the request and available resources.

(b) "Technical assistance" includes providing training and educational sessions regarding state cannabis licensing and regulatory processes and requirements to equity applicants or equity licensees that are coordinated with the local equity program.

**SEC. 12.** Section 26244 of the Business and Professions Code is amended to read:

**26244.** (a) (1) An eligible local jurisdiction may, in the form and manner prescribed by the bureau, submit an application to the bureau for a grant to assist with the development of an equity program or to assist local equity applicants and local equity licensees through that local jurisdiction's equity program.

(2) An eligible local jurisdiction that has a local equity program shall include in its application submitted pursuant to paragraph (1) the equity assessment that was used to inform the creation of the local equity program.

(3) The bureau shall consider the following factors when reviewing an application:

(A) Whether the local jurisdiction is an eligible local jurisdiction.

(B) Whether the local jurisdiction has identified communities and populations within that local jurisdiction that have been disproportionately or negatively impacted by arrests and convictions for cannabis law violations and has demonstrated a nexus between the individuals served through the local equity program and the communities and populations identified by the local jurisdiction.

(C) Whether the local jurisdiction has adopted or operates a local equity program, and, if so, the bureau shall consider the following:

(i) How long the local jurisdiction has operated the program.

(ii) The outcomes of the program.

(D) Whether the local jurisdiction has demonstrated the ability to provide, or created a plan to provide, the services identified in subdivision (b).

(E) Whether the local jurisdiction has demonstrated a financial commitment to the implementation and administration of the program.

(F) Whether the local jurisdiction has demonstrated a commitment to remove, or has taken steps to remove, local barriers to entering the legal cannabis market for local equity applicants and local equity licensees, including, but not limited to, developing a local regulatory framework that facilitates an equitable and economically just industry.

(G) The number of existing and potential local equity applicants and local equity licensees in the local jurisdiction.

(H) Any additional relevant and reasonable criteria the bureau deems necessary.

(4) The bureau shall grant funding to an eligible local jurisdiction based on the eligible local jurisdiction's compliance with paragraph (2), if applicable, and its review of the factors in paragraph (3).

(b) (1) An eligible local jurisdiction that receives a grant pursuant to subdivision (a) shall use grant funds to do either of the following:

(A) Assist the local jurisdiction in the development of a local equity program.

(B) Assist local equity applicants or local equity licensees in that local jurisdiction to gain entry to, and to successfully operate in, the state's regulated cannabis marketplace.

(2) For purposes of this subdivision, "assist" includes, but is not limited to, any of the following methods:

(A) To provide a low-interest or no-interest loan or a grant to a local equity applicant or local equity licensee to assist the applicant or licensee with startup and ongoing costs. For purposes of this paragraph, "startup and ongoing costs" include, but are not limited to, the following:

(i) Rent.

(ii) Leases.

(iii) Local and state application, licensing, and regulatory fees.

(iv) Legal assistance.

(v) Regulatory compliance.

(vi) Testing of cannabis.

(vii) Furniture.

(viii) Fixtures and equipment.

(ix) Capital improvements.

(x) Training and retention of a qualified and diverse workforce.

(B) To support local equity program efforts to provide sources of capital to local equity applicants and local equity licensees.

(C) To provide or fund direct technical assistance to local equity applicants and local equity licensees.

(D) To assist in the development or administration of local equity programs.

(E) To fund the creation of an equity assessment to inform the development of a local equity program.

(c) An eligible local jurisdiction that receives a grant pursuant to subdivision (a) shall, on or before January 1 of the year following receipt of the grant and annually thereafter for each year that grant funds are expended, submit an annual report to the bureau that includes all of the following information:

(1) How the local jurisdiction disbursed grant funds.

(2) How the local jurisdiction identified local equity applicants or local equity licensees, including how the local jurisdiction determines who qualifies as a local equity applicant or local equity licensee.

(3) The number of local equity applicants and local equity licensees that were served by the grant funds.

(4) Aggregate demographic data on equity applicants, equity licensees, and all other applicants and licensees in the jurisdiction, including, but not limited to, race, ethnicity, gender, sexual orientation, income level, education level, prior convictions, and veteran status. This information will be consolidated and reported without the individual's identifying information.

(5) If the local jurisdiction requires equity applicants to become eligible through specific ownership percentages, a breakdown of equity applicants' and equity licensees' business ownership types and percentages of ownership.

(6) Other information that the bureau deems necessary to evaluate the outcomes of the program consistent with the intent of this chapter and that was specified in the grant agreement between the bureau and the local jurisdiction.

(d) An eligible local jurisdiction that receives a grant pursuant to this section shall use no more than 10 percent of the state grant for administration, including employing staff or hiring consultants to administer grants and the program.

(e) The bureau may enter into an interagency agreement with the Governor's Office of Business and Economic Development to administer this section on its behalf.

(f) (1) All powers and authority granted to the bureau in this section are also granted to the Governor's Office of Business and Economic Development to carry out the purposes of this section.

(2) (A) The Governor's Office of Business and Economic Development may review, adopt, amend, and repeal guidelines to implement uniform standards, criteria, requirements, or forms that supplement or clarify the terms, references, or standards set forth in this section and Section 26240. The adoption, amendment, or repeal of a guideline, term, or standard authorized by this subdivision is hereby exempted from the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code).

(B) This paragraph shall remain in effect only until July 1, 2021, and as of that date is repealed.

**SEC. 13.** Section 26246 of the Business and Professions Code is amended to read:

**26246.** To facilitate greater equity in business ownership and employment in the cannabis market, the bureau shall do all of the following:

(a) In coordination with the other licensing authorities, serve as a point of contact for local equity programs.

(b) On or before July 1, 2019, publish local equity ordinances that have been enacted by the legislative body of the respective local jurisdiction, and model local equity ordinances created by advocacy groups and experts to the bureau's internet website. Advocacy groups and experts may include, but are not limited to, minority business owners and entrepreneurs, organizations with expertise in addressing barriers to employment and licensure for low-income communities or persons with prior arrests or convictions, and unions representing cannabis workers.

(c) To the extent feasible, coordinate with the relevant local jurisdictions to carry out the responsibilities described in this section.

**SEC. 14.** Section 26248 of the Business and Professions Code is amended to read:

**26248.** (a) On or before July 1, 2020, and annually thereafter, the bureau shall submit a report to the Legislature regarding the progress of local equity programs that have received funding pursuant to Section 26244.

(b) The report shall include, but is not limited to, the following information:

(1) The local jurisdictions that have enacted local equity programs.

(2) A copy of the equity assessment and equity program description of each local jurisdiction that applied for grant funding pursuant to Section 26244.

(3) The number of local equity applicants and general applicants applying for and receiving licenses in the jurisdictions that received grants pursuant to Section 26244.

(4) Information collected pursuant to subdivision (c) of Section 26244.

(c) The bureau shall post the report required by this section on its internet website.

(d) The report required by this section shall be submitted in compliance with Section 9795 of the Government Code, and shall apply notwithstanding Section 10231.5 of the Government Code.

**SEC. 15.** Section 11126 of the Government Code is amended to read:

**11126.** (a) (1) Nothing in this article shall be construed to prevent a state body from holding closed sessions during a regular or special meeting to consider the appointment, employment, evaluation of performance, or dismissal of a public employee or to hear complaints or charges brought against that employee by another person or employee unless the employee requests a public hearing.

(2) As a condition to holding a closed session on the complaints or charges to consider disciplinary action or to consider dismissal, the employee shall be given written notice of their right to have a public hearing, rather than a closed session, and that notice shall be delivered to the employee personally or by mail at least 24 hours before the time for holding a regular or special meeting. If notice is not given, any disciplinary or other action taken against any employee at the closed session shall be null and void.

(3) The state body also may exclude from any public or closed session, during the examination of a witness, any or all other witnesses in the matter being investigated by the state body.

(4) Following the public hearing or closed session, the body may deliberate on the decision to be reached in a closed session.

(b) For the purposes of this section, "employee" does not include any person who is elected to, or appointed to a public office by, any state body. However, officers of the California State University who receive compensation for their services, other than per diem and ordinary and necessary expenses, shall, when engaged in that capacity, be considered employees. Furthermore, for purposes of this section, the term employee includes a person exempt from civil service pursuant to subdivision (e) of Section 4 of Article VII of the California Constitution.

(c) Nothing in this article shall be construed to do any of the following:

(1) Prevent state bodies that administer the licensing of persons engaging in businesses or professions from holding closed sessions to prepare, approve, grade, or administer examinations.

(2) Prevent an advisory body of a state body that administers the licensing of persons engaged in businesses or professions from conducting a closed session to discuss matters that the advisory body has found would constitute an unwarranted invasion of the privacy of an individual licensee or applicant if discussed in an open meeting, provided the advisory body does not include a quorum of the members of the state body it advises. Those matters may include review of an applicant's qualifications for licensure and an inquiry specifically related to the state body's enforcement program concerning an individual licensee or applicant where the inquiry occurs prior to the filing of a civil, criminal, or administrative disciplinary action against the licensee or applicant by the state body.

(3) Prohibit a state body from holding a closed session to deliberate on a decision to be reached in a proceeding required to be conducted pursuant to Chapter 5 (commencing with Section 11500) or similar provisions of law.

(4) Grant a right to enter any correctional institution or the grounds of a correctional institution where that right is not otherwise granted by law, nor shall anything in this article be construed to prevent a state body from holding a closed session when considering and acting upon the determination of a term, parole, or release of any individual or other disposition of an individual case, or if public disclosure of the subjects under discussion or consideration is expressly prohibited by statute.

(5) Prevent any closed session to consider the conferring of honorary degrees, or gifts, donations, and bequests that the donor or proposed donor has requested in writing to be kept confidential.

(6) Prevent the Alcoholic Beverage Control Appeals Board or the Cannabis Control Appeals Panel from holding a closed session for the purpose of holding a deliberative conference as provided in Section 11125.

(7) (A) Prevent a state body from holding closed sessions with its negotiator prior to the purchase, sale, exchange, or lease of real property by or for the state body to give instructions to its negotiator regarding the price and terms of payment for the purchase, sale, exchange, or lease.

(B) However, prior to the closed session, the state body shall hold an open and public session in which it identifies the real property or real properties that the negotiations may concern and the person or persons with whom its negotiator may negotiate.

(C) For purposes of this paragraph, the negotiator may be a member of the state body.

(D) For purposes of this paragraph, "lease" includes renewal or renegotiation of a lease.

(E) Nothing in this paragraph shall preclude a state body from holding a closed session for discussions regarding eminent domain proceedings pursuant to subdivision (e).

(8) Prevent the California Postsecondary Education Commission from holding closed sessions to consider matters pertaining to the appointment or termination of the Director of the California Postsecondary Education Commission.

(9) Prevent the Council for Private Postsecondary and Vocational Education from holding closed sessions to consider matters pertaining to the appointment or termination of the Executive Director of the Council for Private Postsecondary and Vocational Education.

(10) Prevent the Franchise Tax Board from holding closed sessions for the purpose of discussion of confidential tax returns or information the public disclosure of which is prohibited by law, or from considering matters pertaining to the appointment or removal of the Executive Officer of the Franchise Tax Board.

(11) Require the Franchise Tax Board to notice or disclose any confidential tax information considered in closed sessions, or documents executed in connection therewith, the public disclosure of which is prohibited pursuant to Article 2 (commencing with Section 19542) of Chapter 7 of Part 10.2 of Division 2 of the Revenue and Taxation Code.

(12) Prevent the Corrections Standards Authority from holding closed sessions when considering reports of crime conditions under Section 6027 of the Penal Code.

(13) Prevent the State Air Resources Board from holding closed sessions when considering the proprietary specifications and performance data of manufacturers.

(14) Prevent the State Board of Education or the Superintendent of Public Instruction, or any committee advising the board or the Superintendent, from holding closed sessions on those portions of its review of assessment instruments pursuant to Chapter 5 (commencing with Section 60600) of Part 33 of Division 4 of Title 2 of the Education Code during which actual test content is reviewed and discussed. The purpose of this provision is to maintain the confidentiality of the assessments under review.

(15) Prevent the Department of Resources Recycling and Recovery or its auxiliary committees from holding closed sessions for the purpose of discussing confidential tax returns, discussing trade secrets or confidential or proprietary information in its possession, or discussing other data, the public disclosure of which is prohibited by law.

(16) Prevent a state body that invests retirement, pension, or endowment funds from holding closed sessions when considering investment decisions. For purposes of consideration of shareholder voting on corporate stocks held by the state body, closed sessions for the purposes of voting may be held only with respect to election of corporate directors, election of independent auditors, and other financial issues that could have a material effect on the net income of the corporation. For the purpose of real property investment decisions that may be considered in a closed session pursuant to this paragraph, a state body shall also be exempt from the provisions of paragraph (7) relating to the identification of real properties prior to the closed session.

(17) Prevent a state body, or boards, commissions, administrative officers, or other representatives that may properly be designated by law or by a state body, from holding closed sessions with its representatives in discharging its responsibilities under Chapter 10 (commencing with Section 3500), Chapter 10.3 (commencing with Section 3512), Chapter 10.5 (commencing with Section 3525), or Chapter 10.7 (commencing with Section 3540) of Division 4 of Title 1 as the sessions relate to salaries, salary schedules, or compensation paid in the form of fringe benefits. For the purposes enumerated in the preceding sentence, a state body may also meet with a state conciliator who has intervened in the proceedings.

(18) (A) Prevent a state body from holding closed sessions to consider matters posing a threat or potential threat of criminal or terrorist activity against the personnel, property, buildings, facilities, or equipment, including electronic data, owned, leased, or controlled by the state body, where disclosure of these considerations could compromise or impede the safety or security of the personnel, property, buildings, facilities, or equipment, including electronic data, owned, leased, or controlled by the state body.

(B) Notwithstanding any other law, a state body, at any regular or special meeting, may meet in a closed session pursuant to subparagraph (A) upon a two-thirds vote of the members present at the meeting.

(C) After meeting in closed session pursuant to subparagraph (A), the state body shall reconvene in open session prior to adjournment and report that a closed session was held pursuant to subparagraph (A), the general nature of the matters considered, and whether any action was taken in closed session.

(D) After meeting in closed session pursuant to subparagraph (A), the state body shall submit to the Legislative Analyst written notification stating that it held this closed session, the general reason or reasons for the closed session, the general nature of the matters considered, and whether any action was taken in closed session. The Legislative Analyst shall retain for no less than four years any written notification received from a state body pursuant to this subparagraph.

(19) Prevent the California Sex Offender Management Board from holding a closed session for the purpose of discussing matters pertaining to the application of a sex offender treatment provider for certification pursuant to Sections 290.09 and 9003

of the Penal Code. Those matters may include review of an applicant's qualifications for certification.

(d) (1) Notwithstanding any other law, any meeting of the Public Utilities Commission at which the rates of entities under the commission's jurisdiction are changed shall be open and public.

(2) Nothing in this article shall be construed to prevent the Public Utilities Commission from holding closed sessions to deliberate on the institution of proceedings, or disciplinary actions against any person or entity under the jurisdiction of the commission.

(e) (1) Nothing in this article shall be construed to prevent a state body, based on the advice of its legal counsel, from holding a closed session to confer with, or receive advice from, its legal counsel regarding pending litigation when discussion in open session concerning those matters would prejudice the position of the state body in the litigation.

(2) For purposes of this article, all expressions of the lawyer-client privilege other than those provided in this subdivision are hereby abrogated. This subdivision is the exclusive expression of the lawyer-client privilege for purposes of conducting closed session meetings pursuant to this article. For purposes of this subdivision, litigation shall be considered pending when any of the following circumstances exist:

(A) An adjudicatory proceeding before a court, an administrative body exercising its adjudicatory authority, a hearing officer, or an arbitrator, to which the state body is a party, has been initiated formally.

(B) (i) A point has been reached where, in the opinion of the state body on the advice of its legal counsel, based on existing facts and circumstances, there is a significant exposure to litigation against the state body.

(ii) Based on existing facts and circumstances, the state body is meeting only to decide whether a closed session is authorized pursuant to clause (i).

(C) (i) Based on existing facts and circumstances, the state body has decided to initiate or is deciding whether to initiate litigation.

(ii) The legal counsel of the state body shall prepare and submit to it a memorandum stating the specific reasons and legal authority for the closed session. If the closed session is pursuant to paragraph (1), the memorandum shall include the title of the litigation. If the closed session is pursuant to subparagraph (A) or (B), the memorandum shall include the existing facts and circumstances on which it is based. The legal counsel shall submit the memorandum to the state body prior to the closed session, if feasible, and in any case no later than one week after the closed session. The memorandum shall be exempt from disclosure pursuant to Section 6254.25.

(iii) For purposes of this subdivision, "litigation" includes any adjudicatory proceeding, including eminent domain, before a court, administrative body exercising its adjudicatory authority, hearing officer, or arbitrator.

(iv) Disclosure of a memorandum required under this subdivision shall not be deemed as a waiver of the lawyer-client privilege, as provided for under Article 3 (commencing with Section 950) of Chapter 4 of Division 8 of the Evidence Code.

(f) In addition to subdivisions (a), (b), and (c), nothing in this article shall be construed to do any of the following:

(1) Prevent a state body operating under a joint powers agreement for insurance pooling from holding a closed session to discuss a claim for the payment of tort liability or public liability losses incurred by the state body or any member agency under the joint powers agreement.

(2) Prevent the examining committee established by the State Board of Forestry and Fire Protection, pursuant to Section 763 of the Public Resources Code, from conducting a closed session to consider disciplinary action against an individual professional forester prior to the filing of an accusation against the forester pursuant to Section 11503.

(3) Prevent the enforcement advisory committee established by the California Board of Accountancy pursuant to Section 5020 of the Business and Professions Code from conducting a closed session to consider disciplinary action against an individual accountant prior to the filing of an accusation against the accountant pursuant to Section 11503. Nothing in this article shall be construed to prevent the qualifications examining committee established by the California Board of Accountancy pursuant to Section 5023 of the Business and Professions Code from conducting a closed hearing to interview an individual applicant or accountant regarding the applicant's qualifications.

(4) Prevent a state body, as defined in subdivision (b) of Section 11121, from conducting a closed session to consider any matter that properly could be considered in closed session by the state body whose authority it exercises.

(5) Prevent a state body, as defined in subdivision (d) of Section 11121, from conducting a closed session to consider any matter that properly could be considered in a closed session by the body defined as a state body pursuant to subdivision (a) or (b) of Section 11121.

(6) Prevent a state body, as defined in subdivision (c) of Section 11121, from conducting a closed session to consider any matter that properly could be considered in a closed session by the state body it advises.

(7) Prevent the State Board of Equalization from holding closed sessions for either of the following:

(A) When considering matters pertaining to the appointment or removal of the Executive Secretary of the State Board of Equalization.

(B) For the purpose of hearing confidential taxpayer appeals or data, the public disclosure of which is prohibited by law.

(8) Require the State Board of Equalization to disclose any action taken in closed session or documents executed in connection with that action, the public disclosure of which is prohibited by law pursuant to Sections 15619 and 15641 of this code and Sections 833, 7056, 8255, 9255, 11655, 30455, 32455, 38705, 38706, 43651, 45982, 46751, 50159, 55381, and 60609 of the Revenue and Taxation Code.

(9) Prevent the California Earthquake Prediction Evaluation Council, or other body appointed to advise the Director of Emergency Services or the Governor concerning matters relating to volcanic or earthquake predictions, from holding closed sessions when considering the evaluation of possible predictions.

(g) This article does not prevent either of the following:

(1) The Teachers' Retirement Board or the Board of Administration of the Public Employees' Retirement System from holding closed sessions when considering matters pertaining to the recruitment, appointment, employment, or removal of the chief executive officer or when considering matters pertaining to the recruitment or removal of the Chief Investment Officer of the State Teachers' Retirement System or the Public Employees' Retirement System.

(2) The Commission on Teacher Credentialing from holding closed sessions when considering matters relating to the recruitment, appointment, or removal of its executive director.

(h) This article does not prevent the Board of Administration of the Public Employees' Retirement System from holding closed sessions when considering matters relating to the development of rates and competitive strategy for plans offered pursuant to Chapter 15 (commencing with Section 21660) of Part 3 of Division 5 of Title 2.

(i) This article does not prevent the Managed Risk Medical Insurance Board from holding closed sessions when considering matters related to the development of rates and contracting strategy for entities contracting or seeking to contract with the board, entities with which the board is considering a contract, or entities with which the board is considering or enters into any other arrangement under which the board provides, receives, or arranges services or reimbursement, pursuant to Part 6.2 (commencing with Section 12693), Part 6.3 (commencing with Section 12695), Part 6.4 (commencing with Section 12699.50), Part 6.5 (commencing with Section 12700), Part 6.6 (commencing with Section 12739.5), or Part 6.7 (commencing with Section 12739.70) of Division 2 of the Insurance Code.

(j) Nothing in this article shall be construed to prevent the board of the State Compensation Insurance Fund from holding closed sessions in the following:

(1) When considering matters related to claims pursuant to Chapter 1 (commencing with Section 3200) of Division 4 of the Labor Code, to the extent that confidential medical information or other individually identifiable information would be disclosed.

(2) To the extent that matters related to audits and investigations that have not been completed would be disclosed.

(3) To the extent that an internal audit containing proprietary information would be disclosed.

(4) To the extent that the session would address the development of rates, contracting strategy, underwriting, or competitive strategy, pursuant to the powers granted to the board in Chapter 4 (commencing with Section 11770) of Part 3 of Division 2 of the Insurance Code, when discussion in open session concerning those matters would prejudice the position of the State Compensation Insurance Fund.

(k) The State Compensation Insurance Fund shall comply with the procedures specified in Section 11125.4 of the Government Code with respect to any closed session or meeting authorized by subdivision (j), and in addition shall provide an opportunity for a member of the public to be heard on the issue of the appropriateness of closing the meeting or session.

**SEC. 16.** Section 34019.5 is added to the Revenue and Taxation Code, to read:

**34019.5.** Contracts entered into or amended by the State Department of Health Care Services to implement and administer the programs identified in paragraph (1) of subdivision (f) of Section 34019 shall be exempt from Chapter 6 (commencing with Section 14825) of Part 5.5 of Division 3 of Title 2 of the Government Code, Section 19130 of the Government Code, Part 2 (commencing with Section 10100) of Division 2 of the Public Contract Code, shall be exempt from the State Administrative Manual, and shall not be subject to the review or approval of any division of the Department of General Services.

**SEC. 17.** The Legislature finds and declares that Section 15 of this act, which amends Section 11126 of the Government Code, imposes a limitation on the public's right of access to the meetings of public bodies or the writings of public officials and agencies within the meaning of Section 3 of Article I of the California Constitution. Pursuant to that constitutional provision, the Legislature makes the following findings to demonstrate the interest protected by this limitation and the need for protecting that interest:

The protection of sensitive information, public safety, privacy, and security is furthered by ensuring that the Cannabis Control Appeals Panel may hold a closed session for the purpose of holding a deliberative conference as provided in Section 11125 of the Government Code.

**SEC. 18.** No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

**SEC. 19.** The Legislature finds and declares that this act furthers the purposes and intent of the Control, Regulate and Tax Adult Use of Marijuana Act.

**SEC. 20.** This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the California Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to have a thriving and legal cannabis market in California, it is necessary that this act take effect immediately.