



CANNABIS POLICY REVIEW

Section 1: 2016 Legislation

Governor's Desk

- Would exempt collectives and cooperatives that manufacture medical cannabis products from criminal sanctions under specified conditions, including a provision that requires a collective or cooperative to have a valid seller's permit issued by the BOE, has a valid local license or permit; and is in compliance with any local licensing conditions by the issuing local agency. This bill set new standards for medical cannabis manufactures to follow and provides new clarity for local governments when issuing local licenses. **(AB 2679/ Cooley)**
- A tax penalty amnesty between July 1, 2017 to December 31, 2017 for medical cannabis dispensaries to begin to comply with tax liabilities for reporting periods beginning January 1, 2015; depending on participation estimated one-time revenue increase of \$52.8 million (50% compliance); \$79.2 million (75% compliance); or \$105.6 million (100% compliance). The bill requires the BOE to waive all penalties imposed under the sales tax law that are owed as a result of the non-reporting or under-reporting of tax liabilities. The BOE estimates this bill will increase local and state revenues in the range of \$27.4 million to \$54.7 million depending on the participation. **(AB 567/Gipson)**
- Allows the BOE to accept tax payments from dispensaries by means other than electronic fund transfers. **(AB 821/ Gipson)**
- Creates a "specialty cottage" medical cannabis cultivator sub-license license for small growers that grown less than 5,000 square feet; current law lumps all cannabis cultivation sites that are 5,000 square feet or less into one license. **(AB 2516/ Wood)**

Chaptered

- Removed the MMRSA provisions to grant the Department of Food and Agriculture the licensing authority for medical marijuana authority cultivation if a local regulation was not in effect as of March 1, 2016. **(AB 21/ Bonta)**

Failed/ Held

- Would have imposed a tax for distributing medical cannabis and if chaptered would have been inoperative if Proposition 64 passed. **(AB 2243/ Wood)**
- Would have imposed an excise tax of 15 percent on medical marijuana for the consumption or use of this marijuana purchased from any retailer in California. **(SB 987/ McGuire)**
- Authorizes the BOE and counties to collect cash payments from medical cannabis-related businesses for state agencies. **(AB 2149/ Bonilla)**

Section 2: 2016-17 State Budget Highlights

- **Public Health Department:** \$3.4 million / 14 positions to carry out its regulatory responsibilities with the MMRSA
- **Department of Health:** \$500,000 to perform a comprehensive review of existing scientific evidence about the health consequences of marijuana use
- **Regulations:** Department of Consumer Affairs (DCA), Department of Food and Agriculture (CDFA), and Department of Public Health (DPH) funding to develop and implement regulations and to begin development of IT projects for licensing of industry participants and tracking of medical marijuana products
- **Name Changes:** Changes references from "medical marijuana" to "medical cannabis" in various provisions, including the names of the special fund and DCA bureau created in the original legislation
- **Licensing:** Clarifies that licensing departments have authority to create license types, set license fees, and conduct enforcement related to licensees. Authorizes implementing departments to provide conditional licenses and establish deadlines for applying for licensure
- **Product Packaging and Safety:** Adds requirements for labeling and child-proof packaging
- **Protection of Instream Flows:** Provides a limited exemption to the California Environmental Quality Act for State Water Resource Control Board to adopt guidelines designed to protect aquatic habitats from negative effects associated with diverting water for marijuana cultivation



Section 3: State Regulations / Pre-Regulatory Meetings

The dual licensing requirements for medical marijuana preserve local control and emphasize the importance of local agency involvement in the development of statewide standards and regulations. Involvement is needed to make sure the minimum standards are set appropriately and consistency is created statewide.

- **Bureau of Medical Cannabis Regulation:** Convening pre-regulatory meetings: September 19 to October 5.
<http://www.bmcr.ca.gov/meetings/index.shtml>
- **California Department of Food and Agriculture:** Convening public scoping workshops and a comment period: September 19 to September 28. <https://www.cdfa.ca.gov/is/mccp>
- **California Department of Public Health:** Convening pre-regulatory meetings: September 19 to October 10.
<https://www.cdph.ca.gov/programs/Pages/OMCSStakeholderMeeting.aspx>
- **State Board of Equalization:** <http://www.boe.ca.gov/news/marijuana.htm>
- Contact MuniServices for additional information on other public meetings

Section 4: Proposed Medical Marijuana and Adult Use Marijuana Initiative (Proposition 64)

Proposition 64 would legalize the recreational use of marijuana.

State Excise Tax on the Proposed Recreational Use

- 15% on retail sales of marijuana
- \$9.25 per dry-weight on the commercial cultivation of marijuana flowers
- \$2.75 per dry-weight on the commercial cultivation of marijuana leaves

How Will Proposition 64 Change Current Law

- Medical marijuana and marijuana products are exempt from the State and Local Sales and Use Taxes;
- Proposition 64 will exempt medical marijuana from State and Local Sales and Use Taxes, it will not impact locally adopted taxes on medical marijuana.
- The proposed excise tax under Proposition 64 is in addition the sales and use tax imposed by state and local governments

Local Authority Under Proposition 64

- May adopt and enforce ordinances: to regulate businesses licenses, local zoning and land use
- May completely prohibit marijuana type businesses

Contact and Resources

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Resources

<http://www.muniservices.com/services/cannabis-support-services/>

www.calmarijuanapolicy.org