Introduce by Assembly Members Bonta, Cooley, Jones-Sawyer, Lackey, and Wood

December 12, 2016

An act to amend Sections 19334, 26070, 26151, 26152, 26153, and 26154 of, to add Sections 14235.5 and 19322.5 to, and to add Article 12 (commencing with Section 19349) to Chapter 3.5 of Division 8 of, the Business and Professions Code, and to amend Section 11362.775 of the Health and Safety Code, relating to cannabis.

LEGISLATIVE COUNSEL’S DIGEST

AB 64, as introduced, Bonta. Cannabis: medical and nonmedical: regulation and advertising.

(1) Existing law, the Medical Cannabis Regulation and Safety Act (MCRSA), authorizes a person who obtains both a state license under the MCRSA and the relevant local license to engage in commercial medical cannabis activity pursuant to those licenses, as specified. Under the MCRSA, responsibility for the state licensure and regulation of commercial medical cannabis activity is generally divided between the Bureau of Marijuana Control (bureau) within the Department of Consumer Affairs, which serves as the lead state agency and administers provisions relating to the transportation, storage unrelated to manufacturing activities, testing, distribution, and sale of medical cannabis; the Department of Food and Agriculture, which administers provisions relating to the cultivation of medical cannabis; and the State Department of Public Health, which administers provisions relating to the manufacturing of medical cannabis.
This bill would specify that licensees under the MCRSA may operate for profit or not for profit.

(2) Existing law, the Control, Regulate and Tax Adult Use of Marijuana Act (AUMA), an initiative measure enacted by the approval of Proposition 64 at the November 8, 2016, statewide general election, authorizes a person 21 years of age or older to possess and use up to 28.5 grams of marijuana and up to 8 grams of concentrated cannabis, and to possess up to 6 living marijuana plants and the marijuana produced by those plants, subject to certain restrictions, as specified. AUMA also authorizes a person who obtains a state license under AUMA to engage in commercial marijuana activity, which does not include commercial medical cannabis activity, pursuant to that license and applicable local ordinances. AUMA generally divides responsibility for the state licensure and regulation of commercial marijuana activity between the bureau, the Department of Food and Agriculture, and the State Department of Public Health, and requires those state licensing authorities to begin issuing licenses by January 1, 2018. 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 the Control, Regulate and Tax Adult Use of Marijuana Act.

Both the MCRSA and AUMA require state licensure to engage in retail sale or delivery. Under the MCRSA, persons may engage in those activities with respect to medical cannabis with a Type 10, or “dispensary,” or Type 10A, or “producing dispensary,” license. Under AUMA, persons may engage in those activities with respect to nonmedical marijuana with a Type 10, or “retailer,” or Type 12, or “microbusiness,” license.

This bill would specify that a dispensary, producing dispensary, or retailer license may be issued for storefront locations with direct physical access for the public or nonstorefront locations without direct physical access for the public.

AUMA prescribes various restrictions and requirements on the advertising or marketing of marijuana and marijuana products applicable to commercial marijuana licensees under that act. These restrictions and requirements include, among other things, a prohibition on advertising or marketing on a billboard or similar advertising device located on an interstate highway or state highway that crosses the border of any other state.
This bill would expand that prohibition to apply to advertising or marketing on all interstate highways or state highways and would apply those restrictions and requirements, with this expanded prohibition, to all entities regardless of licensure under AUMA. The bill would place similar restrictions and requirements on the advertising or marketing of medical cannabis and medical cannabis products.

This bill would make related legislative findings and declarations, which include a statement that the bill furthers the intent of AUMA.

(3) Existing law, the Model State Trademark Law, provides for the registration of trademarks and service marks with the Secretary of State and requires the classification of goods and services for those purposes to conform to the classifications adopted by the United States Patent and Trademark Office.

This bill, for purposes of marks for which a certificate of registration is issued on or after January 1, 2018, would, notwithstanding those provisions, authorize the use of specified classifications for marks related to medical cannabis and nonmedical cannabis goods and services that are lawfully in commerce under state law in the State of California.

(4) AUMA, commencing January 1, 2018, imposes a tax on the purchase of marijuana, marijuana products, medical cannabis, and medical cannabis products and a separate tax on the cultivation of marijuana and medical cannabis, and requires revenues from those taxes to be allocated for specified purposes pursuant to a specified schedule. Under AUMA, these allocations include an annual allocation to the Department of the California Highway Patrol beginning fiscal year 2018–19 until fiscal year 2022–23, for the purposes of establishing and adopting protocols to determine whether a driver is operating a vehicle while impaired and of making grants to public and private research institutions for the purpose of developing technology for determining when a driver is operating a vehicle while impaired, among others.

This bill would advance $3,000,000 as a loan from the General Fund to the Department of the California Highway Patrol for use in the 2017–18 fiscal year for those purposes and would require those moneys to be repaid from California Marijuana Tax Fund.

(5) Existing law exempts qualified medical marijuana patients with valid identification cards, the designated primary caregivers of those patients, and persons with identification cards who associate within the State of California in order, collectively or cooperatively, to cultivate cannabis for medical purposes from specified criminal liability, including possession, cultivation, and transport of cannabis until one
year after the bureau posts a notice on its Internet Web site that licenses for medical cannabis activity have begun being issued.

This bill would authorize collectives and cooperatives to operate for profit or not for profit. The bill would limit the protection for collectives and collaboratives operating for profit to those collectives and collaboratives that possess a valid seller’s permit from the State Board of Equalization and a valid local license, permit, or other authorization.


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

SECTION 1. The Legislature finds and declares all of the following:

(a) In 1996, California became the first state in the nation to allow the use of medical cannabis after voters approved Proposition 215, the California Compassionate Use Act. In 2003, California enacted Senate Bill 420, the Medical Marijuana Program Act, which allowed the medical cannabis industry to organize as collectives and cooperatives, and provided limited protections from prosecution. In 2015, California enacted the Medical Cannabis Regulation and Safety Act (MCRSA), by passing Assembly Bill 266 (Bonta, Cooley, Jones-Sawyer, Lackey, and Wood), Assembly Bill 243 (Wood), and Senate Bill 643 (McGuire). The Medical Cannabis Regulation and Safety Act was the first proactive regulatory framework for medical cannabis in the state’s history. The MCRSA was revised in 2016 with the passage of Senate Bill 837 and Assembly Bill 2516, which made changes to implement the act and create a new cottage cultivation license.

(b) In 2016, two decades after the approval of Proposition 215, California voters approved Proposition 64, the Control, Regulate and Tax Adult Use of Marijuana Act (AUMA). The regulatory system contained within AUMA was modeled after the MCRSA, as approved by the Legislature in 2015, but contained policy differences and did not reflect legislative amendments made to the MCRSA prior to AUMA’s approval. Both acts require state licenses to be issued by the Department of Consumer Affairs, the Department of Food and Agriculture, and the State Department of Public Health, and both require compliance with local ordinances regulating commercial cannabis activity.
(c) AUMA directs the state to begin issuing licenses to businesses in the adult use cannabis industry by January 1, 2018, despite having only been approved by the voters on November 8, 2016. This is an aggressive timeline for implementation given that it leaves state licensing authorities with less than 14 months to engage in the stakeholder process, determine how to regulate the adult use cannabis industry and to what extent these regulations should differ from those they develop for the medical cannabis industry, and begin issuing multiple types of licenses under AUMA and the MCRSA, two systems with significant policy differences.

(d) The Blue Ribbon Commission report published on July 22, 2015, highlighted the benefits and drawbacks of a unitary, reconciled system for regulating medical and adult use cannabis, suggesting that under such a system regulated businesses can reach the entire market of both adult use and medical consumers under one set of licenses, which would help reduce the costs of compliance with regulations and enable the businesses to remain competitive with the illicit market.

(e) Robust standards for the cultivation, manufacturing, testing, distribution, and transportation of cannabis are required under both the MCRSA and AUMA and should be uniform in order to protect communities, the environment, public safety, and patients, while easing the transition for business.

(f) Both the MCRSA and AUMA place local control at the core of their regulatory structures, reflecting the diversity of opinions surrounding medical and adult use cannabis in cities throughout California. As such, the regulatory options at the state level should reflect that diversity by providing for medical dispensaries, adult use dispensaries, and nonstorefront dispensaries.

(g) AUMA provides for amendment by the Legislature when consistent with and furthering the intent and text of the initiative. Creating a viable regulatory structure for both medical and adult use, which this act does, is core to and furthers that intent.

(h) It is the intent of the Legislature that this act reconcile the Medical Cannabis Regulation and Safety Act and the Control, Regulate and Tax Adult Use of Marijuana Act in order to protect public safety, communities, patients, consumers, and the environment.

SEC. 2. Section 14235.5 is added to the Business and Professions Code, to read:
14235.5. (a) Notwithstanding Section 14235, for purposes of marks for which a certificate of registration is issued on or after January 1, 2018, the following classifications may be used for marks related to medical cannabis and nonmedical cannabis goods and services that are lawfully in commerce under state law in the State of California:

1. (1) 500 for goods that are medical cannabis, medical cannabis products, nonmedical cannabis, or nonmedical cannabis products.
2. (2) 501 for services related to medical cannabis, medical cannabis products, nonmedical cannabis, or nonmedical cannabis products.

(b) For purposes of this section, the following terms have the following meanings:
1. (1) “Medical cannabis” and “medical cannabis products” have the meanings provided in Section 19300.5.
2. (2) “Nonmedical cannabis” and “nonmedical cannabis products” have the meanings provided for “marijuana” and “marijuana products,” respectively, in Section 26001.

SEC. 3. Section 19322.5 is added to the Business and Professions Code, to read:

19322.5. A licensee may operate for profit or not for profit.

SEC. 4. Section 19334 of the Business and Professions Code is amended to read:

19334. (a) State licenses to be issued by the Department of Consumer Affairs are as follows:
1. (1) (A) “Dispensary,” Type 10 license as defined in this chapter. This license shall allow for delivery pursuant to Section 19340.
2. (B) A dispensary may be either of the following:
3. (i) “Storefront dispensary” for licensees that have a premises with direct physical access for the public.
4. (ii) “Nonstorefront dispensary” for licensees that have a premises that does not have a storefront with direct physical access for the public.
5. (2) “Distributor,” Type 11 license for the distribution of medical cannabis and medical cannabis products from manufacturer to dispensary. A distributor licensee shall hold a Type 12 or transporter license. Each location where product is stored for the purposes of distribution must be individually licensed. A distributor licensee shall not hold a license in a cultivation, manufacturing, dispensing, or testing license category and shall not own, or have
an ownership interest in, premises licensed in those categories other than a security interest, lien, or encumbrance on property that is used by a licensee. A distributor shall be bonded and insured at a minimum level established by the licensing authority.

(3) (A) “Producing dispensary,” Type 10A for dispensers who have no more than three licensed dispensary facilities and wish to hold either a cultivation or manufacturing license or both. This license shall allow for delivery where expressly authorized by local ordinance. Each dispensary must be individually licensed.

(B) A producing dispensary may be either of the following:

(i) “Storefront producing dispensary” for licensees that have a premises with direct physical access for the public.

(ii) “Nonstorefront producing dispensary” for licensees that have a premises that does not have a storefront with direct physical access for the public.

(4) “Transport,” Type 12 license for transporters of medical cannabis or medical cannabis products between licensees. A Type 12 licensee shall be bonded and insured at a minimum level established by the licensing authority.

(b) The bureau shall establish minimum security requirements for the commercial transportation, storage, and delivery of medical cannabis and medical cannabis products.

(c) The State Department of Public Health shall establish minimum security requirements for the storage of medical cannabis products at the manufacturing site.

(d) A licensed dispensary shall implement sufficient security measures to both deter and prevent unauthorized entrance into areas containing medical cannabis or medical cannabis products and theft of medical cannabis or medical cannabis products at the dispensary. These security measures shall include, but not be limited to, all of the following:

(1) Preventing individuals from remaining on the premises of the dispensary if they are not engaging in activity expressly related to the operations of the dispensary.

(2) Establishing limited access areas accessible only to authorized dispensary personnel.

(3) Storing all finished medical cannabis and medical cannabis products in a secured and locked room, safe, or vault, and in a manner as to prevent diversion, theft, and loss, except for limited
amounts of cannabis used for display purposes, samples, or immediate sale.

(e) A dispensary shall notify the licensing authority and the appropriate law enforcement authorities within 24 hours after discovering any of the following:

(1) Significant discrepancies identified during inventory. The level of significance shall be determined by the bureau.

(2) Diversion, theft, loss, or any criminal activity pertaining to the operation of the dispensary.

(3) Diversion, theft, loss, or any criminal activity by any agent or employee of the dispensary pertaining to the operation of the dispensary.

(4) The loss or unauthorized alteration of records related to medical cannabis or medical cannabis products, registered qualifying patients, primary caregivers, or dispensary employees or agents.

(5) Any other breach of security.

SEC. 5. Article 12 (commencing with Section 19349) is added to Chapter 3.5 of Division 8 of the Business and Professions Code, to read:

Article 12. Advertising and Marketing Restrictions

19349. For purposes of this article:

(a) “Advertise” means the publication or dissemination of an advertisement.

(b) “Advertisement” includes any written or verbal statement, illustration, or depiction that is calculated to induce sales of medical cannabis or medical cannabis products, including any written, printed, graphic, or other material, billboard, sign, or other outdoor display, public transit card, other periodical literature, publication, or in a radio or television broadcast, or in any other media; except that “advertisement” shall not include either of the following:

(1) Any label affixed to any medical cannabis or medical cannabis products, or any individual covering, carton, or other wrapper of that container that constitutes a part of the labeling under provisions of this chapter.

(2) Any editorial or other reading material, such as a news release, in any periodical or publication or newspaper for the publication of which no money or valuable consideration is paid
or promised, directly or indirectly, by any licensee, and that is not
written by or at the direction of the licensee.

(c) “Advertising sign” is any sign, poster, display, billboard, or
any other stationary or permanently affixed advertisement
promoting the sale of medical cannabis or medical cannabis
products that are not cultivated, manufactured, distributed, or sold
on the same lot.

(d) “Market” or “Marketing” means any act or process of
promoting or selling medical cannabis or medical cannabis
products, including, but not limited to, sponsorship of sporting
events, point-of-sale advertising, and development of products
specifically designed to appeal to certain demographics.

19349.1. (a) All advertisements and marketing shall accurately
and legibly identify the entity responsible for its content.

(b) Any advertisements or marketing placed in broadcast, cable,
radio, print, and digital communications shall be displayed only
where at least 71.6 percent of the audience is reasonably expected
to be 21 years of age or older, as determined by reliable, up-to-date
audience composition data.

(c) Any advertisements or marketing involving direct,
individualized communication or dialogue shall utilize a method
of age affirmation to verify that the recipient is 21 years of age or
older prior to engaging in that communication or dialogue. For
purposes of this section, that method of age affirmation may
include user confirmation, birth date disclosure, or other similar
registration method.

(d) All advertising shall be truthful and appropriately
substantiated.

19349.2. An entity shall not do any of the following:

(a) Advertise or market in a manner that is false or untrue in
any material particular, or that, irrespective of falsity, directly, or
by ambiguity, omission, or inference, or by the addition of
irrelevant, scientific, or technical matter, tends to create a
misleading impression.

(b) Publish or disseminate advertisements or marketing
containing any statement concerning a brand or product that is
inconsistent with any statement on the labeling thereof.

(c) Publish or disseminate advertisements or marketing
containing any statement, design, device, or representation that
tends to create the impression that the medical cannabis originated
in a particular place or region, unless the label of the advertised product bears an appellation of origin, and that appellation of origin appears in the advertisement.

(d) Advertise or market on a billboard or similar advertising device located on an interstate highway or state highway.

(e) Advertise or market medical cannabis or medical cannabis products in a manner intended to encourage persons under the age of 21 years to consume medical cannabis or medical cannabis products.

(f) Publish or disseminate advertisements or marketing containing symbols, language, music, gestures, cartoon characters, or other content elements known to appeal primarily to minors.

(g) Advertise or market medical cannabis or medical cannabis products on an advertising sign within 1,000 feet of a day care center, school providing instruction in kindergarten or any grades 1 through 12, playground, or youth center.

19349.3. An entity shall not give away any amount of medical cannabis or medical cannabis products, or any medical cannabis accessories, as part of a business promotion or other commercial activity.

19349.4. An entity shall not publish or disseminate advertisements or marketing containing any statement that is untrue in any particular manner or tends to create a misleading impression as to the effects of medical cannabis consumption.

19349.5. (a) Subdivision (g) of Section 19349.2 shall not apply to the placement of advertising signs inside a licensed premises and that are not visible by normal unaided vision from a public place, provided that those advertising signs do not advertise medical cannabis or medical cannabis products in a manner intended to encourage persons under the age of 21 years to consume medical cannabis or medical cannabis products.

(b) This article does not apply to any noncommercial speech.

SEC. 6. Section 26070 of the Business and Professions Code is amended to read:
26070. Retailers and Distributors.

(a) State licenses to be issued by the Department of Consumer Affairs are as follows:

(1) (A) “Retailer,” for the retail sale and delivery of marijuana or marijuana products to customers.

(B) A retailer may be either of the following:
Storefront retailer" for licensees that have a premises with
direct physical access for the public.

(ii) “Nonstorefront retailer” for licensees that have a premises
that does not have a storefront with direct physical access for the
public.

(2) “Distributor,” for the distribution of marijuana and marijuana
products. A distributor licensee shall be bonded and insured at a
minimum level established by the licensing authority.

(3) “Microbusiness,” for the cultivation of marijuana on an area
less than 10,000 square feet and to act as a licensed distributor,
Level 1 manufacturer, and retailer under this division, provided
such licensee complies with all requirements imposed by this
division on licensed cultivators, distributors, Level 1 manufacturers,
and retailers to the extent the licensee engages in such activities.
Microbusiness licenses that authorize cultivation of marijuana
shall include conditions requested by the Department of Fish and
Wildlife and the State Water Resources Control Board to ensure
that the individual and cumulative effects of water diversion and
discharge associated with cultivation do not affect the instream
flows needed for fish spawning, migration, and rearing, and the
flow needed to maintain flow variability, and otherwise protect
fish, wildlife, fish and wildlife habitat, and water quality.

(b) The bureau shall establish minimum security and
transportation safety requirements for the commercial distribution
and delivery of marijuana and marijuana products. The
transportation safety standards established by the bureau shall
include, but not be limited to, minimum standards governing the
types of vehicles in which marijuana and marijuana products may
be distributed and delivered and minimum qualifications for
persons eligible to operate such vehicles.

(c) Licensed retailers and microbusinesses, and licensed
nonprofits under Section 26070.5, shall implement security
measures reasonably designed to prevent unauthorized entrance
into areas containing marijuana or marijuana products and theft
of marijuana or marijuana products from the premises. These
security measures shall include, but not be limited to, all of the
following:

(1) Prohibiting individuals from remaining on the licensee’s
premises if they are not engaging in activity expressly related to
the operations of the dispensary.
(2) Establishing limited access areas accessible only to authorized personnel.

(3) Other than limited amounts of marijuana used for display purposes, samples, or immediate sale, storing all finished marijuana and marijuana products in a secured and locked room, safe, or vault, and in a manner reasonably designed to prevent diversion, theft, and loss.

SEC. 7. Section 26151 of the Business and Professions Code is amended to read:

26151. (a) All advertisements and marketing shall accurately and legibly identify the licensee responsible for its content.

(b) Any advertising or marketing placed in broadcast, cable, radio, print and digital communications shall only be displayed where at least 71.6 percent of the audience is reasonably expected to be 21 years of age or older, as determined by reliable, up-to-date audience composition data.

(c) Any advertising or marketing involving direct, individualized communication or dialogue controlled by the licensee shall utilize a method of age affirmation to verify that the recipient is 21 years of age or older prior to engaging in such communication or dialogue. For purposes of this section, such method of age affirmation may include user confirmation, birth date disclosure, or other similar registration method.

(d) All advertising shall be truthful and appropriately substantiated.

SEC. 8. Section 26152 of the Business and Professions Code is amended to read:

26152. No-licensee entity shall:

(a) Advertise or market in a manner that is false or untrue in any material particular, or that, irrespective of falsity, directly, or by ambiguity, omission, or inference, or by the addition of irrelevant, scientific or technical matter, tends to create a misleading impression;

(b) Publish or disseminate advertising or marketing containing any statement concerning a brand or product that is inconsistent with any statement on the labeling thereof;

(c) Publish or disseminate advertising or marketing containing any statement, design, device, or representation which tends to create the impression that the marijuana originated in a particular
place or region, unless the label of the advertised product bears an appellation of origin, and such appellation of origin appears in the advertisement;

(d) Advertise or market on a billboard or similar advertising device located on an interstate highway or state highway which crosses the border of any other state; interstate highway or state highway;

(e) Advertise or market marijuana or marijuana products in a manner intended to encourage persons under the age of 21 years to consume marijuana or marijuana products;

(f) Publish or disseminate advertising or marketing containing symbols, language, music, gestures, cartoon characters or other content elements known to appeal primarily to persons below the legal age of consumption; or

(g) Advertise or market marijuana or marijuana products on an advertising sign within 1,000 feet of a day care center, school providing instruction in kindergarten or any grades 1 through 12, playground, or youth center.

SEC. 9. Section 26153 of the Business and Professions Code is amended to read:

26153. No—licensee entity shall give away any amount of marijuana or marijuana products, or any marijuana accessories, as part of a business promotion or other commercial activity.

SEC. 10. Section 26154 of the Business and Professions Code is amended to read:

26154. No—licensee entity shall publish or disseminate advertising or marketing containing any health-related statement that is untrue in any particular manner or tends to create a misleading impression as to the effects on health of marijuana consumption.

SEC. 11. Section 11362.775 of the Health and Safety Code is amended to read:

11362.775. (a) Subject to subdivision (d), qualified patients, persons with valid identification cards, and the designated primary caregivers of qualified patients and persons with identification cards, who associate within the State of California in order collectively or cooperatively to cultivate cannabis for medical purposes, shall not solely on the basis of that fact be subject to state criminal sanctions under Section 11357, 11358, 11359, 11360, 11366, 11366.5, or 11570. A collective or cooperative that operates
pursuant to this section may operate for profit or not for profit. A
collective or cooperative that operates for profit shall retain the
protections of this section only if it possesses a valid seller’s permit
from the State Board of Equalization and a valid local license,
permit, or other authorization.

(b) A collective or cooperative that operates pursuant to this
section and manufactures medical cannabis products shall not,
solely on the basis of that fact, be subject to state criminal sanctions
under Section 11379.6 if the collective or cooperative abides by
all of the following requirements:

(1) The collective or cooperative does either or both of the
following:

(A) Utilizes only manufacturing processes that are either
solventless or that employ only nonflammable, nontoxic solvents
that are generally recognized as safe pursuant to the federal Food,
Drug, and Cosmetic Act (21 U.S.C. Sec. 301 et seq.).

(B) Utilizes only manufacturing processes that use solvents
exclusively within a closed-loop system that meets all of the
following requirements:

(i) The system uses only solvents that are generally recognized
as safe pursuant to the federal Food, Drug, and Cosmetic Act (21
U.S.C. Sec. 301 et seq.).

(ii) The system is designed to recapture and contain solvents
during the manufacturing process, and otherwise prevent the
off-gassing of solvents into the ambient atmosphere to mitigate
the risks of ignition and explosion during the manufacturing
process.

(iii) A licensed engineer certifies that the system was
commercially manufactured, safe for its intended use, and built to
codes of recognized and generally accepted good engineering
practices, including, but not limited to, the American Society of
Mechanical Engineers (ASME), the American National Standards
Institute (ANSI), Underwriters Laboratories (UL), the American
Society for Testing and Materials (ASTM), or OSHA Nationally
Recognized Testing Laboratories (NRTLs).

(iv) The system has a certification document that contains the
signature and stamp of a professional engineer and the serial
number of the extraction unit being certified.
(2) The collective or cooperative receives and maintains approval from the local fire official for the closed-loop system, other equipment, the extraction operation, and the facility.

(3) The collective or cooperative meets required fire, safety, and building code requirements in one or more of the following:

(A) The California Fire Code.

(B) The National Fire Protection Association (NFPA) standards.

(C) International Building Code (IBC).

(D) The International Fire Code (IFC).

(E) Other applicable standards, including complying with all applicable fire, safety, and building codes in processing, handling, and storage of solvents or gasses.

(4) The collective or cooperative is in possession of a valid seller’s permit issued by the State Board of Equalization.

(5) The collective or cooperative is in possession of a valid local license, permit, or other authorization specific to the manufacturing of medical cannabis products, and in compliance with any additional conditions imposed by the city or county issuing the local license, permit, or other authorization.

(c) For purposes of this section, “manufacturing” means compounding, converting, producing, deriving, processing, or preparing, either directly or indirectly by chemical extraction or independently by means of chemical synthesis, medical cannabis products.

(d) This section shall remain in effect only until one year after the Bureau of Medical Cannabis Regulation posts a notice on its Internet Web site that the licensing authorities have commenced issuing licenses pursuant to the Medical Cannabis Regulation and Safety Act (Chapter 3.5 (commencing with Section 19300) of Division 8 of the Business and Professions Code).

(e) This section is repealed one year after the date upon which the notice is posted pursuant to subdivision (d).

SEC. 12. The sum of three million dollars ($3,000,000) is hereby advanced as a loan from the General Fund to the Department of the California Highway Patrol for use in the 2017–18 fiscal year for the purposes described in subdivision (c) of Section 34019 of the Revenue and Taxation Code. Moneys advanced pursuant to this section shall be repaid from California Marijuana Tax Fund.
SEC. 13. The Legislature finds and declares that this act furthers the purposes and intent of the Control, Regulate and Tax Adult Use of Marijuana Act.