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Guide to California's New Marijuana Laws

By Margolin & Lawrence – California's Leading Medical Cannabis Lawyers

What are the California cannabis laws as of June 2017?

On June 15, 2017, the California Senate passed S.B. 94, also known as the MAUCRSA. The MAUCRSA effectively repeals the State's former regulations, the MCRSA, and establishes a single regulatory regime, now with two parallel tracks for medical and recreational cannabis activities. Though much of the content of the MAUCRSA is consistent with previous marijuana legislation, there are some key changes between this most recent legislation. For instance, under the MAUCRSA, cannabis businesses are now able to co-locate. This means recreational and medical activities can be licensed to operate on the same property, as long as they obtain two separate licenses and follow all the compliance requirements for each track.

If you want to explore the details of these new laws yourself, [the full text of the MAUCRSA is available here.](#)

For more perspective and information on California's marijuana regulations, make sure to consult with a qualified cannabis lawyer, who can advise you on how to comply with the requirements for state licensing and set up your business for success.

Here are our cannabis attorneys' top takeaways from the new bill:

- Co-location: The same facility may now be able to hold both a medical and an adult use license.
- City/County Ordinances: You will still need local authorization from your City or County before you can apply for a state license under the MAUCRSA.
- Delivery: The new regulations clarify how delivery operators can and should operate, particularly with respect to local jurisdictions in the MAUCRSA. See SEC. 63. Section 26090 of the Business and Professions Code (e).
- Delivery: those without storefronts can deliver to customers (so long as it complies with local regs).
- Edibles: will contain 10mg THC or less per serving & will be marked with a universal symbol which the Department of Public Health will release later this year, among other requirements.
- Priority Applications: applicants who have been operating in compliance with the Compassionate Use Act of 1996 and its implementing laws prior to September 1, 2016 will receive priority in the state licensing process.
- Residency requirement: the provision in the AUMA requiring proof of state residency prior to 2015 has been repealed.



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- Appellations Control & Organic designations: the state also clarified the rules around naming your product after a City/County and paved the path for eventually allowing organic certifications on cannabis products.
- Cultivation: Cultivators will need to identify the source of their water supply under SEC. 48 § 26060.1(1)(A).

What are the licensing categories?

The MAUCRSA will license for 20 different categories, covering the full breadth of cannabis cultivation, testing, sales, and so on. Each activity requires a separate license. If you are applying for a cultivation site and a manufacturing site, then, you'll need to complete two separate applications for each activity (as well as two separate applications for your local jurisdiction before you're even eligible for the state license).

The main categories are:

- Dispensary/Retailer Licenses – *License for retail sale of cannabis and cannabis products. The dispensary licenses also allows for deliveries.*
- Manufacturing Licenses – *There are two types of manufacturing license types. One for use of volatile solvents, another for non-volatile manufacturing processes. The state will limit the number of licenses that use volatile solvents because of public safety concerns.*
- Testing Licenses – *Laboratories that test cannabis products before they reach the patient or consumer. Required to be a third party, independent from the other operators in the supply chain.*
- Cultivation Licenses – *Commercial cultivation licenses vary depending on size of grow, and the types of light that are used. Note that many local jurisdictions are banning outdoor cultivation because of perceived nuisance by neighbors.*
- Distributor Licenses – *Storage and distribution of products from the cultivators and/or manufacturers to dispensaries.*
- Transporter Licenses – *Transporters of cannabis and cannabis products between licensees.*

Further, these will be divided into A-licenses (for “Adult Use” or recreational cannabis activity) and M-licenses (for medical cannabis activity.) Under the MAUCRSA, both of these tracks will be able to apply for licenses in the following categories:

SEC. 31. Section 26050 of the Business and Professions Code is amended to read:

26050. (a) The license classification pursuant to this division shall, at a minimum, be as follows:

(1) Type 1—Cultivation; Specialty outdoor; Small.



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

Can I apply directly to the State of California starting January 1, 2018?

NO. You will need authorization from your local jurisdiction in order to apply for a state license.

What is the process for cannabis licensing at a local level?

There are 482 cities and 58 counties in California. Each has its own rules and regulations regarding cannabis. The City Council or Board of Supervisors for a given municipality will begin with marijuana



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as a discussion item on the agenda. Then they will vote to write a draft ordinance. Once there is a draft ordinance, there will be a first reading at one meeting. Then, a second meeting will be held where the ordinance will be voted on. Once the ordinance is passed, the City will be allowed to open up applications to potential cannabis licensees. Typically, if you're a potential licensee, you will have 1-3 months to complete the application once it is released by the City or County. Then, once you turn in your application, they will have somewhere between 1-3 months to review it and let you know if you are moving on to the next step (depending on how they set up the process) or if you are licensed. After you complete the local licensing process, you can apply for your state cannabis license.

What are the new Los Angeles laws on cannabis?

Being Los Angeles lawyers, we are closely following the new draft regulations coming from our City Council after the passage of Measure M in the March 2017 municipal election. You can read up-to-the-minute coverage of the LA Draft regulations on our [blog](#). In a nutshell, LA's draft licensing process gives an overview of where cannabis business can be located (zoning), as well as laying out new rules for sensitive use areas (800 foot distancing required). There are different regulations for cannabis dispensaries, cannabis cultivators, cannabis manufacturers, and other cannabis businesses. For example, dispensaries need to be at least 800 feet from other dispensaries, whereas cultivators and manufacturers do not have this buffer distancing requirement. The LA licensing process will have 3 waves of applicants: Priority Processing, Social Equity, and General Public. Priority Processing will be for existing cannabis businesses that meet certain requirements and are in the correct zoning. Social Equity will be for applicants who were affected by the war on drugs – we will be receiving more information on this round soon. The General Public wave will be when anyone who does not qualify for Priority Processing or Social Equity can apply, and will come a few months later. The estimate from the city is that Priority Processing applications will open sometime in October 2017.

What are the requirements of an application for a city or county license?

The exact requirements will vary by jurisdiction. Typically, they fall into the following areas. However, some cities and counties will require more than the below, and some will not require documents to support each of these categories.

1. Type of activity: each cannabis related activity will have its own license under the new state and local compliance regimes. Some local jurisdictions are licensing for certain activities but not for others; for example, accepting applications for cultivation but banning applications for dispensaries. Additionally, many jurisdictions have shown a preference for indoor cultivation over outdoor, due to the perceived nuisance of outdoor cultivation. Check with your local jurisdiction to see what activities are currently eligible for licensing applications.
2. Business plan: a business plan that outlines the objectives and operating structure of the company as well as the key management and officers will be required. The plan will also require projected operating costs and revenues, planned relationships with suppliers and/or



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distributors, and an operational overview of how the business will work, including what will be accomplished in the first 12-24 months.

3. Zoning and Land Use: Is the property far enough from sensitive use areas? Is it in the correct zoning for land use purposes according to the municipal or county code (manufacturing, industrial, commercial vs. residential)? The state law requires that any marijuana business be at least 600 feet from a school. Some local jurisdictions have also included parks, day care centers, and areas where youth congregate as "sensitive use," and some have set the buffer zone at 1,000 feet. Also note that federal law has enhanced criminal penalties for marijuana distribution within 1,000 feet of a school.
4. Security plan: many applications require a detailed security plan that shows alarms, personnel, and strategy relating to securing the premises for retail (dispensaries) or cultivation operations.
5. Insurance: some applications will require proof of insurance for an operation.
6. Site plans: some applications will require you to hire a civil engineer or architect to draw up site plans for your cultivation operation.
7. Environmental impact / Waste management: Some applications will require a waste management plan, and/or a statement of water usage and how potential adverse consequences will be avoided.
8. Live Scan / Criminal History: Some jurisdictions will require a live scan of the applicants and a disclosure of any criminal history. Some have written the laws so that you will only be disqualified if your prior criminal history involves a crime of moral turpitude. Other regulations state that past marijuana crimes will not count against you so long as they were non-violent. However, check with your local jurisdiction.

(8) Tax Returns: some jurisdictions require prior tax returns for the persons involved and the entity, if it has been in operation in the past.

Want more information on the local and state cannabis licensing process in California?

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