



COUNTY OF HUMBOLDT

AGENDA ITEM NO. **C4**

For the meeting of: March 13, 2018

Date: March 6, 2018
To: Board of Supervisors
From: Supervisor Ryan Sundberg
Subject: Letter of support for AB 2641 (Wood) related to the Bureau of Cannabis Control issuing state temporary event licenses for cannabis events

RECOMMENDATION(S): That the Board of Supervisors authorizes the Chair to sign the letter of support.

SOURCE OF FUNDING: N/A

DISCUSSION: If approved, this bill would authorize the Bureau of Cannabis Control to issue a temporary cannabis retailer license to a licensed cannabis manufacturer or a licensed cultivator for the retail sale and delivery of cannabis or cannabis products to customers at a licensed temporary cannabis event and would make the license valid only for the duration of the particular temporary cannabis event for which the license was issued.

Passage of this bill will further incentivize producer's participation in the regulatory market by supporting new opportunities to establish direct relationships with consumers through direct-to-consumer sales.

FINANCIAL IMPACT: N/A

OTHER AGENCY INVOLVEMENT: N/A

ALTERNATIVES TO STAFF RECOMMENDATIONS: Board discretion.

ATTACHMENTS: AB 2641 Bill Text and Letter of Support

Prepared by Kathy Hayes Signature Ryan Sundberg
REVIEW: Auditor _____ County Counsel _____ Personnel _____ Risk Manager _____ Other _____

TYPE OF ITEM:
 Consent
 Departmental
 Public Hearing
 Other

PREVIOUS ACTION/REFERRAL:

Board Order No. _____

Meeting of: _____

BOARD OF SUPERVISORS, COUNTY OF HUMBOLDT
Upon motion of Supervisor Wilson Seconded by Supervisor Bass
Ayes Bass, Sundberg, Bohn, Wilson
Nays
Abstain
Absent Fennell

and carried by those members present, the Board hereby approves the recommended action contained in this Board report.

1 Dated: 3/13/18
By: Kathy Hayes
Kathy Hayes, Clerk of the Board



BOARD OF SUPERVISORS
COUNTY OF HUMBOLDT

825 5TH STREET, ROOM 111
EUREKA, CALIFORNIA 95501 PHONE: (707) 476-2390

March 13, 2018

Assemblymember Jim Wood
State Capitol, Room # 6005
Sacramento, CA 95814

RE: AB 2641 (Wood) Cannabis: Producer Participation at Temporary Events – SUPPORT

Dear Assemblymember Wood:

On behalf of the Humboldt County Board of Supervisors, I am writing in full support of AB 2641, which would allow the Bureau of Cannabis Control to issue the state temporary cannabis retailer license to a licensed cannabis producer at a licensed temporary cannabis event.

New opportunities to establish relationships with consumers through direct sales will further incentivize producers' participation in the regulatory market. Also, allowing producers to once again participate in temporary cannabis events serves as an economic driver within our local economy.

Once again, our Board is in full support of AB 2641 and thanks you for your leadership on cannabis policy issues.

Sincerely,

Ryan Sundberg, Chair
Humboldt County Board of Supervisors

RS:kh

ASSEMBLY BILL

No. 2641

Introduced by Assembly Member Wood

February 15, 2018

An act to amend Sections 26050 and 26200 of, and to add Chapter 14.5 (commencing with Section 26145) to Division 10 of, the Business and Professions Code, relating to cannabis.

LEGISLATIVE COUNSEL'S DIGEST

AB 2641, as introduced, Wood. Temporary events.

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 authorizes an applicant to apply to all applicable state licensing authorities to obtain a state license to engage in commercial adult-use cannabis activity, and requires the applicant to obtain a separate license for each location where the applicant engages in commercial cannabis activity.

MAUCRSA authorizes a state licensing authority to issue a state temporary event license to a licensee authorizing onsite cannabis sales to, and consumption by, persons 21 years of age or older at a county fair or district agricultural association event, provided that certain other requirements are met.

This bill would specifically authorize the Bureau of Cannabis Control to issue the state temporary event licenses and would authorize a state temporary event license to be issued for an event to be held at any other venue expressly approved by the local jurisdiction the event, as described. The bill would specifically prohibit the bureau from issuing a state temporary cannabis event license for a particular event unless the local jurisdiction in which the event will be held has approved the event.

The bill would authorize the bureau to issue a temporary cannabis retailer license to a licensed cannabis manufacturer or a licensed cannabis cultivator for the retail sale and delivery of cannabis or cannabis products to customers at a licensed temporary cannabis event and would make the license valid only for the duration of the particular temporary cannabis event for which the license was issued. The bill would require the bureau, in coordination with the State Department of Public Health and the Department of Food and Agriculture, to establish a process by which an applicant for temporary cannabis retailer license can demonstrate that he or she has a valid manufacturer or cultivation license. The bill would require a temporary cannabis retailer licensee to comply with all other requirements imposed on retailers by MAUCRSA and would limit the licensee to selling cannabis he or she cultivated or cannabis products he or she manufactured, as applicable.

The Control, Regulate and Tax Adult Use of Marijuana Act, an initiative measure, authorizes the Legislature to amend the act to further the purposes and intent of the act with a $\frac{2}{3}$ vote of the membership of both houses of the Legislature.

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

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

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

- 1 SECTION 1. Section 26050 of the Business and Professions
- 2 Code is amended to read:
- 3 26050. (a) The license classification pursuant to this division
- 4 shall, at a minimum, be as follows:
- 5 (1) Type 1—Cultivation; Specialty outdoor; Small.
- 6 (2) Type 1A—Cultivation; Specialty indoor; Small.
- 7 (3) Type 1B—Cultivation; Specialty mixed-light; Small.

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

18 (b) With the exception of testing laboratory licenses, which may
19 be used to test cannabis and cannabis products regardless of
20 whether they are intended for use by individuals who possesses a
21 physician’s recommendation, all licenses issued under this division
22 shall bear a clear designation indicating whether the license is for
23 commercial adult-use cannabis activity as distinct from commercial
24 medicinal cannabis activity by prominently affixing an “A” or
25 “M,” respectively. Examples of such a designation include, but
26 are not limited to, “A-Type 1” or “M-Type 1.” Except as
27 specifically specified in this division, the requirements for
28 A-licenses and M-licenses shall be the same. For testing
29 laboratories, the bureau shall create a license that indicates a testing
30 laboratory may test both adult-use and medicinal cannabis.

31 (c) ~~Except as provided for in Chapter 14.5 (commencing with~~
32 ~~Section 26145), a~~ license issued pursuant to this division shall be
33 valid for 12 months from the date of issuance. The license may be
34 renewed annually.

35 (d) Each licensing authority shall establish procedures for the
36 issuance and renewal of licenses.

37 SEC. 2. Section 26200 of the Business and Professions Code
38 is amended to read:

39 26200. (a) (1) This division shall not be interpreted to
40 supersede or limit the authority of a local jurisdiction to adopt and

1 enforce local ordinances to regulate businesses licensed under this
2 division, including, but not limited to, local zoning and land use
3 requirements, business license requirements, and requirements
4 related to reducing exposure to secondhand smoke, or to completely
5 prohibit the establishment or operation of one or more types of
6 businesses licensed under this division within the local jurisdiction.

7 (2) This division shall not be interpreted to supersede or limit
8 existing local authority for law enforcement activity, enforcement
9 of local zoning requirements or local ordinances, or enforcement
10 of local license, permit, or other authorization requirements.

11 (b) This division shall not be interpreted to require a licensing
12 authority to undertake local law enforcement responsibilities,
13 enforce local zoning requirements, or enforce local licensing,
14 permitting, or other authorization requirements.

15 (c) A local jurisdiction shall notify the bureau upon revocation
16 of any local license, permit, or authorization for a licensee to
17 engage in commercial cannabis activity within the local
18 jurisdiction. Within 10 days of notification, the bureau shall inform
19 the relevant licensing authorities. Within 60 days of being so
20 informed by the bureau, the relevant licensing authorities shall
21 begin the process to determine whether a license issued to the
22 licensee should be suspended or revoked pursuant to Chapter 3
23 (commencing with Section 26030).

24 (d) For facilities issued a state license that are located within
25 the incorporated area of a city, the city shall have full power and
26 authority to enforce this division and the regulations promulgated
27 by the bureau or any licensing authority, if delegated by the state.
28 Notwithstanding Sections 101375, 101400, and 101405 of the
29 Health and Safety Code or any contract entered into pursuant
30 thereto, or any other law, the city shall assume complete
31 responsibility for any regulatory function pursuant to this division
32 within the city limits that would otherwise be performed by the
33 county or any county officer or employee, including a county
34 health officer, without liability, cost, or expense to the county.

35 (e) This division does not prohibit the issuance of a state
36 temporary event license to a licensee authorizing onsite cannabis
37 sales to, and consumption by, persons 21 years of age or older at
38 a county fair or district agricultural association event, provided
39 that the activities, at a minimum, comply with the requirements
40 of paragraphs (1) to (3), inclusive, of subdivision (g), that all

1 ~~participants are licensed under this division, and that the activities~~
2 ~~are otherwise consistent with regulations promulgated and adopted~~
3 ~~by the bureau governing state temporary event licenses, pursuant~~
4 ~~to Section 26145.~~ These temporary event licenses shall only be
5 issued in local jurisdictions that authorize such events.

6 (f) This division, or any regulations promulgated thereunder,
7 shall not be deemed to limit the authority or remedies of a city,
8 county, or city and county under any provision of law, including,
9 but not limited to, Section 7 of Article XI of the California
10 Constitution.

11 (g) Notwithstanding paragraph (1) of subdivision (a) of Section
12 11362.3 of the Health and Safety Code, a local jurisdiction may
13 allow for the smoking, vaporizing, and ingesting of cannabis or
14 cannabis products on the premises of a retailer or microbusiness
15 licensed under this division if all of the following are met:

16 (1) Access to the area where cannabis consumption is allowed
17 is restricted to persons 21 years of age and older.

18 (2) Cannabis consumption is not visible from any public place
19 or nonage-restricted area.

20 (3) Sale or consumption of alcohol or tobacco is not allowed
21 on the premises.

22 SEC. 3. Chapter 14.5 (commencing with Section 26145) is
23 added to Division 10 of the Business and Professions Code, to
24 read:

25
26 CHAPTER 14.5. TEMPORARY EVENTS
27

28 26145. The bureau may issue a state temporary cannabis event
29 license to a licensee authorizing onsite cannabis sales to, and
30 consumption by, persons 21 years of age or older at a county fair
31 event, district agricultural association event, or at another venue
32 expressly approved by the local jurisdiction in which the event
33 will be held for the purpose of holding temporary events of this
34 nature, if the activities, at a minimum, comply with the
35 requirements of paragraphs (1) to (3), inclusive, of subdivision (g)
36 of Section 26200, that all participants are licensed under this
37 division, the activities are otherwise consistent with regulations
38 promulgated and adopted by the bureau, and if the local jurisdiction
39 in which the event will be held has approved the temporary
40 cannabis event. The bureau shall not issue a state temporary

1 cannabis event license for a particular event unless the local
2 jurisdiction in which the event will be held has approved the event.

3 26146. (a) (1) The bureau may issue a temporary cannabis
4 retailer license to a licensed cannabis manufacturer or a licensed
5 cannabis cultivator for the retail sale and delivery of cannabis or
6 cannabis products to customers at a licensed temporary cannabis
7 event. A temporary cannabis retailer license shall only be valid
8 for the duration of the particular temporary cannabis event for
9 which the license was issued.

10 (2) In coordination with the State Department of Public Health
11 and Department of Food and Agriculture, the bureau shall establish
12 a process by which an applicant for a temporary cannabis retailer
13 license can demonstrate that he or she has a valid manufacturer
14 license or cultivation license.

15 (b) A temporary cannabis retailer licensee may only sell
16 cannabis or cannabis products at the particular temporary cannabis
17 event for which the license was issued.

18 (c) A temporary cannabis retailer licensee shall comply with all
19 other requirements imposed on retailers by this division and all
20 applicable regulations, in addition to the following requirements:

21 (1) A licensed manufacturer that is a temporary cannabis retailer
22 licensee shall, at the temporary cannabis event, be limited to selling
23 cannabis products it manufactured.

24 (2) A licensed cultivator that is a state temporary cannabis
25 retailer licensee shall, at the temporary cannabis event, be limited
26 to selling cannabis that it cultivated.

27 SEC. 4. The Legislature finds and declares that this act furthers
28 the purposes and intent of the Control, Regulate and Tax Adult
29 Use of Marijuana Act, for the following reason:

30 Cannabis is often distributed through unregulated channels and
31 events. Because unregulated events are common, providing a
32 pathway to compliance will help prevent illegal distribution and
33 ensure that the sales that take place at unregulated events are taken
34 out of the hands of the illegal market. Additionally, the cost of
35 obtaining multiple licenses to compete with vertically integrated
36 businesses is a barrier to entry for many cottage, specialty, and
37 small businesses. By creating a streamlined temporary license for

1 these businesses, this legislation will help reduce barriers faced
2 by these businesses.

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