San Francisco Cannabis State Legalization Task Force
Issue Brief #1 – Introduction and Ballot Initiative Review

As early as November 2016, California voters may consider legalizing and regulating nonmedical use and possession of cannabis.[i] To prepare for this, the San Francisco Board of Supervisors created the Cannabis State Legalization Task Force via Ordinance in July of 2015. According to the Ordinance, "the purpose of the Task Force shall be to advise the Board of Supervisors, the Mayor, and other City departments on matters relating to the potential legalization of cannabis so that the City's policymakers are fully prepared to address the policy questions through legislation, administrative actions, and otherwise, following the adoption of a State law."[1]In order to fulfill this mandate, The Cannabis State Legalization Task Force will aim to design a set of viable cannabis policy options for consideration by San Francisco's policymakers. This issue brief provides the background information necessary to begin this endeavor.

CANNABIS ACTIVITY: AN OVERVIEW

United States

Twenty-three states and the District of Columbia have medical cannabis access laws, and four states have expanded access for nonmedical purposes.

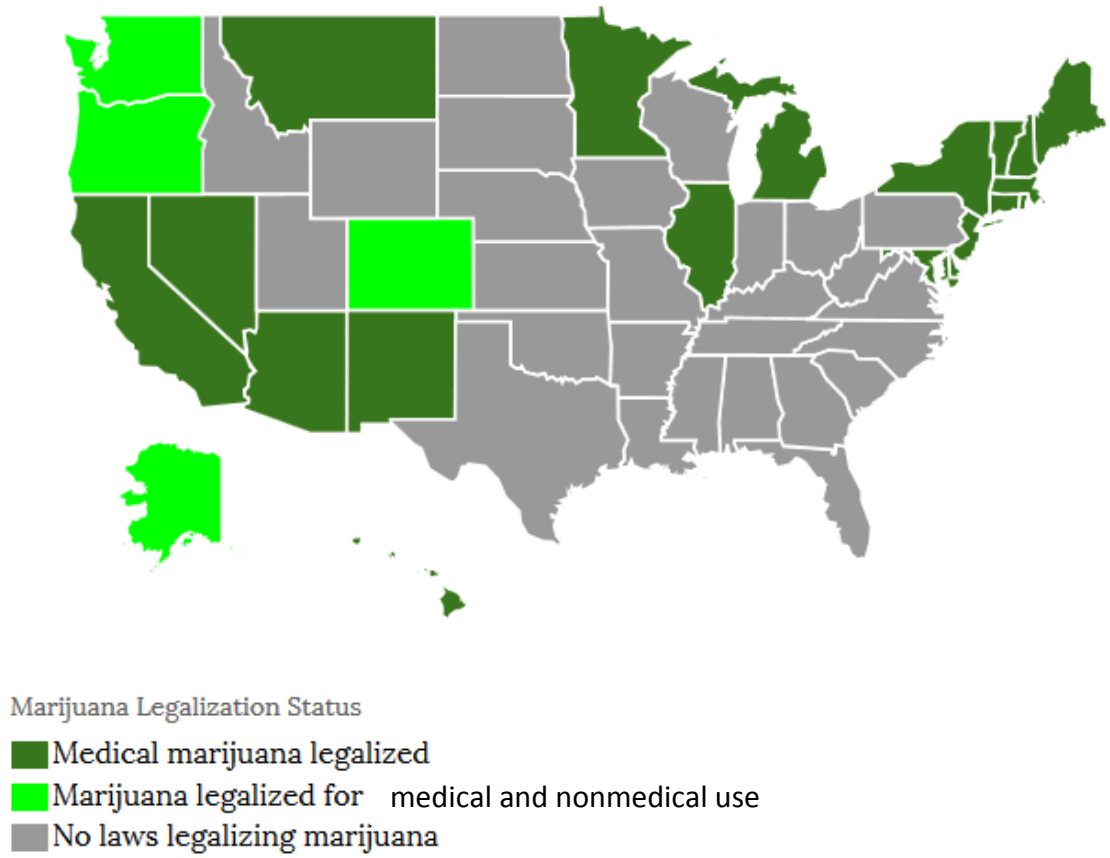
Cannabis refers to the dried leaves and flowers of the cannabis sativa plant. The cannabis plant contains many different chemicals, with perhaps the most commonly known being its psychoactive element, delta-9-tetrahydrocannabinol, or "THC."[2] In the United States, cannabis has two main uses – medical, in which it is used to treat various illnesses, and nonmedical. Cannabis can be consumed in multiple ways – e.g. by inhalation, oral ingestion, absorption into the bloodstream sublingually, or via topical application.[3]

The medical benefits of cannabis are not well-researched due to its federal status as a Schedule I drug, meaning that, from the federal government's point of view, it has "no currently accepted medical use in treatment in the United States, a lack of accepted safety for use under medical supervision, and a high potential for abuse."[4] The California Medical Association and other

[i]Unless part of a quote or formal name of a statute, organization or regulatory body, the term "cannabis" will be used throughout this document. Under those conditions, this document will also use the terms "medical" and "nonmedical" to distinguish between the two markets.

advocacy groups assert that cannabis does have medicinal value and can be used to treat pain, nausea, anorexia and a host of other illnesses.[5] Almost half of U.S. states agree. At this time, twenty-three states and the District of Columbia, Puerto Rico and Guam have laws permitting cannabis use for medicinal purposes.[6]And, as of 2015, Colorado, Washington, Alaska, Oregon, and the District of Columbia have expanded access for nonmedical purposes, as well.[7]

Cannabis Legalization in the United States, 2015



Source: Governing. (2015). *State Marijuana Laws Map*. Retrieved from http://www.governing.com/gov-data/state-marijuana-laws-map-medical-recreational.html.

California

California has had medical cannabis laws in place since 1996, with city and county-based programs across the State. New medical cannabis laws alter this environment significantly by enacting State-level licensing and safety standards.

The California Blue Ribbon Commission on Marijuana Policy has worked to identify possible cannabis policy options in anticipation of nonmedical use legalization.

In 1996, California became the first state in the U.S. to legalize medical cannabis. This came by way of via Proposition 215, i.e. the Compassionate Use Act, which was incorporated into California's Health and Safety Code (Sec. 11362.5) after passage. Its purpose is:

> (A) To ensure that seriously ill Californians have the right to obtain and use marijuana for medical purposes where the medical use is deemed appropriate and has been recommended by a physician who has determined that the person's health would benefit from the use of marijuana in the treatment of cancer, anorexia, AIDS, chronic pain, spasticity, glaucoma, arthritis, migraine, or any other illness for which marijuana provides relief; and
>
> (B) To ensure that patients and their primary caregivers who obtain and use marijuana for medical purposes upon the recommendation of a physician are not subject to criminal prosecution or sanction.[8]

Senate Bill 420 followed almost a decade later to prescribe personal cultivation and possession limits and establish the right of qualified patients and caregivers to form collectives/cooperatives for the lawful cultivation and distribution of cannabis among members.[9] These laws allowed for medical cannabis access and created city and county-based systems across the State.

Medical Marijuana Regulation and Safety Act (MMRSA)

This landscape was altered significantly on October 9, 2015, when California Governor Jerry Brown signed a package of three bills,[10]collectively known as the Medical Marijuana Regulation and Safety Act (MMRSA), into law. Taken together, MMRSA gives the State more regulatory control over the medical cannabis industry, from cultivation to sale. Perhaps one of the most significant ways in which this will be achieved is via a dual State-local licensing system identifying seventeen different licensing categories across the supply chain. After such licenses become available at the State level, no entity may operate a medical cannabis business without express permission to do so from the State and the appropriate local authority. A newly established State Bureau of Medical Marijuana Regulation (sitting under the Office of Consumer Affairs) will manage this process and all other aspects of MMRSA implementation. It is estimated that licenses under this system will be issued beginning in 2018.[11]

Proposition 19

Cannabis legalization advocates have attempted to legalize such use on previous occasions, most recently in 2010 via the failed Proposition 19, which garnered 46.5 percent of the popular vote that year.[12] Though it failed to pass, that same year, then Governor Arnold Schwarzenegger signed SB 1449 into law, which made possession of less than one ounce a civil infraction rather than a criminal misdemeanor.[13] Since that time, legalization advocates have continued to call for California to follow in the footsteps of Colorado and other states that have legalized nonmedical cannabis use.

Blue Ribbon Commission on Marijuana Policy

In anticipation of a repeated attempt to legalize nonmedical use, California Lieutenant Governor Gavin Newsom and other policy experts formed the Blue Ribbon Commission on Marijuana Policy in 2013. The Commission has engaged in an effort to examine various cannabis policy options and its most report, "Policy Options for Regulating Marijuana in California," provides a blueprint for the State and local jurisdictions to consider in preparation for possible legalization.[14]

San Francisco

Various agencies share responsibility for administering San Francisco's medical cannabis program, with the Department of Public Health managing the medical dispensary permitting process.

The program consists of approximately 28 licensed dispensaries in specifically zoned areas.

The State's medical cannabis laws are codified within San Francisco's Health and Safety Code, Article 33 – the Medical Cannabis Act. The Act outlines the permitting guidelines for medical dispensaries, which all operate as collectives/cooperatives. In order to legally obtain medical cannabis from such a dispensary, a patient or qualified caregiver must obtain a physician's recommendation for medical cannabis and join a collective/cooperative. This essentially establishes a closed system of cannabis activity, where a group of qualified patients/caregivers are responsible for all aspects of cannabis cultivation and sale.[15]

As of 2014, there were 28 licensed dispensaries in the City/County of San Francisco.[16] Though the Department of Public Health is responsible for the dispensary permitting process, overall management of the medical cannabis program is the shared responsibility of various City agencies. For instance, the Planning Department determines whether a dispensary meets the zoning requirements for each particular location, since only certain areas in San Francisco, mostly in the SOMA and Tenderloin neighborhoods, are zoned to allow for a dispensary.[17] The Department of Building Inspection, and Fire and Mayor's Office on Disability all need to approve an application for a dispensary permit before a dispensary can legally begin operations.

BALLOT INITIATIVE REVIEW

While several legalization initiatives have been proposed for the November 2016 California ballot, the Control, Regulate and Tax Adult Use of Marijuana Act (AUMA) appears to have the most momentum. It mirrors the new MMRSA laws and is aligned with the Blue Ribbon Commission's recommendations.

As of November 2015, various cannabis legalization initiatives have been submitted to the California Secretary of State for certification to the November 2016 ballot.[18] The certification process involves the gathering and verification of 365,880 signatures,[19] which is a costly and time-consuming process. Due to this, it is unlikely that all submitted initiatives will complete the process. According to various news reports, one initiative, the Control, Regulate and Tax Adult Use of Marijuana Act (AUMA), appears to have the most momentum.[20] It has official support from the Marijuana Policy Project and media reports that the Drug Policy Alliance is backing the initiative, as well—two advocacy organizations that have been successful in legalizing medical and nonmedical cannabis use across the United States.[21] In addition, Sean Parker, Napster cofounder and former Facebook president, is also reported to be in support of the AUMA initiative and providing much of the needed funding to ensure that it qualifies for the ballot.[22] The below review focuses on it more specifically as the policy framework for the Task Force's discussions.

The Control, Regulate and Tax Adult Use of Marijuana Act (AUMA) of 2016

According to the text of the AUMA, its purpose is to:

> establish a comprehensive system to legalize, control and regulate the cultivation, processing, manufacture, distribution, testing, and sale of nonmedical marijuana, including marijuana products, for use by adults 21 years and old, and to tax [its] commercial growth and retail sale.[23]

In short, it allows for adults to legally possess one ounce of cannabis and six personal plants, and establishes a Statewide regulatory system for commercial production and sale. In achieving the above main goal, the initiative outlines several policy objectives, including

a) the transfer of cannabis activity from the illicit market to an effective regulatory scheme that protects public health and bars youth exposure;
b) tracking and tracing cannabis products throughout the supply chain;
c) giving local governments control over nonmedical cannabis business requirements and zoning laws; and
d) the generation of State tax revenue for public interest purposes, such as youth treatment/prevention and environmental protections.

The AUMA is also aligned with many of the recommendations in the aforementioned Blue Ribbon Commission's report, and media reports that Lieutenant Governor Newsom has publicly expressed support for the initiative.[24] The AUMA nonmedical cannabis system is also designed to run

parallel to the State's new medical cannabis structure under MMRSA. The AUMA references this new legislation and models much of its regulatory structure on its foundation. For example, its licensing categories are very similar to MMRSA's and it tasks the same State agencies with regulatory enforcement duties. Attachment 1 provides details on the initiative's main elements.

EXPERIENCES FROM OTHER STATES[25]

At the start of the Cannabis State Legalization Task Force's work, four states and the District of Columbia have legalized nonmedical cannabis use in some capacity. Attachment 2 provides a state-by-state comparison of the nonmedical cannabis laws. Each state has the same provisions with respect to legal age to use/possess cannabis (21) and personal possession amounts (one ounce), but differ significantly in other policy areas. Policy implementation timelines, the strength of existing medical cannabis markets in each state, and other factors all contribute to the different experiences each is facing. As the policy landscape is rapidly evolving in each state, such experiences could provide insight into important policy considerations.

Colorado

Legalization of nonmedical cannabis began with Colorado in 2012, and advocacy groups and State government officials have reportedly noted both benefits and challenges since implementation began.

The nonmedical use legalization wave began in 2012 with Colorado. The Marijuana Policy Project calls the State's post-legalization results "overwhelmingly positive," noting an increase in tax revenue and job opportunities, and a decrease in crime rates.[26] A status report published by the Drug Policy Alliance noted similar results–lower cannabis possession arrest rates, a decrease in traffic fatalities, and allocation of tax revenue towards public interest goals, such as mental health and prevention services for youth.[27] In terms of tax revenue, media reports that while State government officials see it as a boost to its budget, they also caution against that being the driving force behind cannabis legalization policy, further noting that, according to an official within Colorado Governor John W. Hickenlooper's Office of Marijuana Coordination, the main goals of legalization should rather be to ensure a safer, more regulated market or as an alternative to the war on drugs.[28]

The Colorado Department of Revenue is tasked with implementation and regulatory enforcement of Colorado's cannabis legalization law.[29] A Brookings Institution report published during the first policy implementation year viewed the process as successful and attributes that to a number of factors, including collaborative approaches to policy implementation, strong State leadership, and adaptation of regulatory institutions to respond effectively to the new law. Further, the report

viewed Colorado's establishment and reliance upon a task force to advise policymakers on implementation as one of the "most important [and successful] administrative actions."[30]

While Colorado has reportedly seen some gains, there seem to also be challenges associated with legalization. According to a media interview transcription, Mr. Ron Kammerzell, a senior Department of Revenue official, identifies edible cannabis as one of the biggest legalization challenges. In that transcript, he stated that Colorado's regulations for edible cannabis in the nonmedical market were designed to mirror existing ones for the medical market, but regulators found there to be better knowledge about THC potency among medical cannabis consumers, resulting in higher risks of overconsumption for nonmedical users.[31] Another challenge appears to be the use of highly volatile butane solvents to create hash oil high in THC concentrates. According to recent news reports,[32] this has caused an increase in butane-related explosions in Colorado since nonmedical use sales began. Mr. Kammerzell also stated in the aforementioned media interview transcript that addressing this may prove difficult for the State, since some of the activity is taking place outside of the more tightly regulated commercial market.[33]

Another challenge relates to Colorado's relationship with its neighboring states. In December 2014, Nebraska and Oklahoma filed a lawsuit with the U.S. Supreme Court, arguing that federal law preempts Colorado's legalization efforts.[34] The Supreme Court asked the federal Justice Department to clarify its position on the case's legality, and, in response, the Obama administration has formally asked the Supreme Court to reject it as one that should not fall under the Court's jurisdiction.[35] And, in March 2015, sheriffs in Colorado, Nebraska and Kansas filed a lawsuit in Colorado district court, claiming that legalization has created a conflict between their State and federal enforcement duties (Colorado sheriff) and that cannabis illegally entering neighboring states has unfairly burdened law enforcement officers in those states (Nebraska and Kansas sheriffs).[36] The outcomes in these and any other legal challenges may have effects on the cannabis policy landscape in Colorado and nationwide.

Washington

Since nonmedical use sales began in 2014, Washington has made significant changes to its cannabis legalization system, consolidating the medical and nonmedical markets into one nonmedical system and opting for a simpler, one-time retail tax rather than levying taxes at multiple steps of the supply chain.

Initiative 502 legalizing nonmedical cannabis use passed in 2012, and the system has gone through significant changes since that time. Cannabis activity during the State's 2015 legislative session was focused on lawmaking to fill perceived policy gaps. Initially, the State opted to keep its medical and nonmedical cannabis systems separate, but consolidated them in 2015 into one nonmedical system. Media reports and public testimony during hearings on the matter note that consolidation was viewed as a way to level the playing field and create a regulatory structure for the medical market, since new law laws for the nonmedical system imposed taxes, fees and other regulations that made medical cannabis much cheaper and may have pushed some individuals without medical needs towards the cheaper market.[37] To cater to medical cannabis patients, certain nonmedical retail locations will be instead be designated as "medically-endorsed," equipped with medical cannabis products and staff knowledgeable about cannabis' medical properties.[38] This merged market goes into effect on July 1, 2016, and the State's health department has developed emergency regulations aimed at ensuring continued access for patients.[39]

Washington also recently altered its cannabis taxation structure, moving from a model that levied taxes at various stages of the supply chain (production, distribution and sale) to a simpler, one-time 37 percent retail tax. This also allows cannabis businesses to deduct normal business expenses from federal tax returns, which was not possible under the previous scenario due to the federal cannabis prohibition.[40] Ensuring a smooth market merger and managing this tax overhaul will likely be major priorities for the State.

Oregon

As Oregon develops regulations for the nonmedical market and begins the licensing process in early 2016, Oregonians are allowed to purchase limited amounts of cannabis through existing medical dispensaries.

Initiative 91 legalized nonmedical cannabis in Oregon in November 2014. While formal implementation of the law is still underway, nonmedical users have been allowed (from 10/1/2015 through 12/31/2016) to purchase limited amounts of cannabis – one-quarter ounce of dried leaves and flowers per day.[41] The State will be accepting licensing applications for the fully functional nonmedical market in early 2016.[42]

According to a media interview transcript, Rob Patridge, chair of The Oregon Liquor Control Commission tasked with managing the transition between the "limited-sales" market and the fully functional one, recognizes this as a possible challenge.[43] It will be important to monitor Oregon's progress as final regulations are promulgated and implemented across the State.

Alaska

The State is expected to issue licenses in 2016 and will be the first to allow on-site consumption at retail locations.

Since legalizing nonmedical use of cannabis in 2014 via Ballot Measure 2, the State has been focused on designing the necessary policies and regulations to formalize and standardize the nonmedical market. The Legislature has since established its regulatory body—the Marijuana Control Board (MCB).[44] As of December 1, 2015, the MCB has developed final regulations, clearing the path for licenses to be issued and nonmedical sales to begin in the spring of 2016.[45]

Though the personal use of medical cannabis by qualified patients and caregivers was legal before Measure 2, the State did not establish any provisions or regulations for medical cannabis sales.[46] Since the initiative makes no distinction between the medical and nonmedical markets, medical cannabis patients and nonmedical users may fall under one regulatory umbrella once sales begin.[47]

A very recent development in Alaska is the allowance of on-site consumption at licensed retail locations unless banned by localities.[48] The AUMA has a similar provision, which would make California the second state to allow the practice.[49] Monitoring the implementation of this provision may therefore be an important consideration for California and its localities.

CANNABIS STATE LEGALIZATION TASK FORCE: DISCUSSION QUESTIONS

The following questions are presented to aid Task Force members in their discussion of this introductory material.

1. What are your general thoughts about the AUMA's structure and policy objectives?

2. What lessons can be learned from other states' experiences and how does the AUMA address them?

ATTACHMENT 1 – CONTROL, REGULATE AND TAX ADULT USE OF MARIJUANA ACT (AUMA) SUMMARY

Timeline	Licenses to be issued by 1/1/2018 -$30M advance from State General Fund established to cover initial regulatory costs and sets aside an additional $5M for public information campaign before retail sales begin.
State Oversight Body	- State regulatory structure mimics MMRSA **BMC - State Bureau of Marijuana Control** (replaces Bureau of Medical Marijuana Regulation under MMRSA) • provides overall oversight over medical and nonmedical cannabis regulations • resides under State Department of Consumer Affairs (lead agency) • licensing authority for retailers, distributors, microbusinesses • must establish appellation of origin standards for cannabis grown in a particular California area • Bureau of State Audits to being annual BMC audits in 2019 **Dept. of Food and Agriculture:** regulatory authority over cultivation • must develop identification system for all cannabis plants • regulates industrial hemp (as an agricultural product) **Department of Public Health:** regulatory authority over manufacturing and testing **Board of Equalization:** tax collection **Controller:** allocation of revenue for intended purposes Note: also establishes a multi-sectorial (including representation from Department of Alcoholic Beverage Control) advisory committee appointed by BMC director to advise

	BMC and other agencies on standards and regulations. Advisory committee required to publish annual reports accessible to the public
Personal Cultivation	-Six plants and the cannabis each plant produces, but must be out of public view and non-accessible to youth
Personal Possession	-One ounce of nonmedical cannabis; eight grams of nonmedical cannabis concentrates
Relationship to Medical Marijuana System	-Medical and nonmedical regulatory systems are separate. Act is modeled on many MMRSA provisions. • All medical cannabis patients required to obtain new recommendations from physicians by 1/1/2018 that meet MMRSA standards- county health departments must develop protocols for ensuring compliance • ID card fees capped at $100. Act also contains other fee reduction requirements for Medi-Cal patients (50% reduction) and County Medical Services program participants (fee waived) • Medical cannabis patients with valid ID cards exempt from State cannabis sales tax • Patient privacy protections to comply with Confidentiality of Medical Information Act (CMIA) – counties must use unique identifiers (rather than names) to identify/track patients • If medical cannabis use is legalized at federal level, authorizes State legislature to amend medical cannabis laws to align with federal law
Licensing	19 Licensing Categories (1) Type I = Cultivation; Specialty outdoor; Small. (2) Type IA = Cultivation; Specialty indoor; Small. (3) Type IB = Cultivation; Specialty mixed-light; Small. (10) Type 4 = Cultivation; Nursery. (9) Type 3B = Cultivation; Mixed-light; Medium. (11) Type 5 = Cultivation; Outdoor; Large. (12) Type 5A =Cultivation; Indoor; Large.

	(4) Type 2 = Cultivation; Outdoor; Small. (5) Type 2A = Cultivation; Indoor; Small. (6) Type 2B = Cultivation; Mixed-light; Small. (7) Type 3 = Cultivation; Outdoor; Medium. (8) Type 3A = Cultivation; Indoor; Medium. (13) Type 5B = Cultivation; Mixed-light; Large. (14) Type 6 = Manufacturer 1. (15) Type 7 = Manufacturer 2. (16) Type 8 = Testing. (17) Type 10 = Retailer. (18) Type 11 = Distributor. (19) Type 12 =Microbusiness [i.e. licensed to cultivate in area <10,000ft and act as distributor, manufacturer and retailer] • Licenses must have clear designation as non-medical • Licenses denied for certain felony convictions and offenses related to the cannabis industry, unless licensing authority decides to issue the license • Valid for 1 year – State may issue temporary licenses valid for 1 year until 1/1/2019 • CA residency requirement: continuous residency from or before 1/1/2015 (provision expires on 12/31/2019 unless reenacted by State Legislature) • Provides for scaled State licensing fees according to business size – such fees may not exceed reasonable regulatory costs • Licensing priority for medical cannabis actors in compliance with State and applicable local law before 9/1/2016 • Provides policy considerations for licensing process, e.g. to discourage unlawful monopoly power and underage access/use, and prevent "excessive concentration of licenses in a given city, county, or both" [Sec. 26051] • Large cultivation licenses (≥ 20,000 sq. ft.) delayed for first five years that AUMA is in effect. After such time, State regulators may issue those licenses, but only in accordance with MMRSA vertical integration prohibitions, meaning cultivator – distributor license combination is prohibited

Vertical and Horizontal Integration	-Adopts the following vertical integration prohibitions: • entity with testing license may not hold any other license type • large cultivator – distributor license prohibited (*see* Licensing section) -Also allows licensing authorities to consider whether issuing a license would, among other policy considerations (*see* Licensing section above), "allow unreasonable restraints on competition by creation or maintenance of unlawful monopoly power." [Sec. 26051 to be added to Business and Professions Code]. -Prohibits horizontal integration with alcohol or tobacco businesses
State Authority	-State regulatory authorities sets all minimum protections -State legislature may, by majority vote, enact laws to amend regulations, protect workers and/or reduce criminal penalties, but all such amendments must be aligned with Act's original intent. Other amendments require two-thirds majority vote and must also be aligned with Act's original intent
Local Authority	- Act gives local government broad control – "Nothing in this [Act] shall be interpreted to supersede or limit the authority of a local jurisdiction to adopt and enforce local ordinances to regulate businesses licensed under [the Act], including, but not limited to, local zoning and land use requirements, business license requirements, and requirements related to reducing exposure to second hand smoke, or to completely prohibit the establishment or operation of one or more types of businesses licensed under this division within the local jurisdiction." [Chapter 20, Sec. 26200 to be added to Business and Professions Code] -May impose additional taxes and fees on commercial cannabis activity -If delegated the power to do so (via MOU), locality may enforce State regulations

	-May prohibit outdoor home cultivation, but not indoor. This and all other local regulations regarding home cultivation are dissolved if CA Attorney General determines that cannabis use is legal under federal law -Consumption in public prohibited, but local governments may allow on-site ingestion, smoking and vaping at retail locations or microbusiness if: • no alcohol or tobacco sale/consumption on the premises • no access to area for persons under 21 • not visible to the public or non-age restricted area -May not ban delivery services by licensed retailers and microbusinesses acting in compliance with State and local law.
State Taxation and Revenue	Effective 1/1/2018: -Cultivation: $9.25/dry wgt. oz. (flower); $2.75 dry wgt oz. (leaves) -Retail sale: 15% excise tax (medical and nonmedical) – patients with valid ID cards exempt from sales tax for medical cannabis and products. -Board of Equalization empowered to adjust cannabis leaves tax in response to price fluctuations between flowers and leaves Revenue: Act establishes California Marijuana Tax Fund to capture revenue and direct it towards the following revenue allocation priorities: • Administrative cost shortfall after accounting for fees • $10M annually to UC university to study and evaluate AUMA (FY 2019 – 2028) • $3M five-year annual disbursement to California Highway Patrol for development of DUI standards • Governor's Office of Business and Economic Development to administer economic development and job placement-focused grant program for communities disproportionately affected by previous federal and State drug policies ($10M in years 1-5, and $50M thereafter). • $2M annually to USCD Center for Medical Cannabis Research for further medical cannabis study.

	• After the above allocations, remaining funds to be allocated 60% to youth education and substance abuse prevention, 20% to State and local law enforcement training and grants to local governments to fund regulatory efforts, and 20% to environmental protection efforts
Youth Exposure and Access Protections	-Prohibition on cannabis businesses within 600 ft. of schools and other child-friendly areas (State or local licensing authorities may set different radius) -No advertising or marketing to persons under 21 or near schools or other child-friendly areas -Licensees must check IDs to ensure that consumer is a medical cannabis patient or age 21 and over -Licensees required to package nonmedical cannabis in child-resistant containers and labeled with respect to potency and effects of ingestion -10 mg THC/serving dosage for cannabis products. They may not be made appealing to children or easily confused with child-friendly products, e.g. candy. Must be separated into serving sizes
Public Safety	-Maintains existing laws criminalizing the operation of a vehicle under the influence -Prescribes warning and other labeling requirements for cannabis and cannabis products (*see* Chapter 12, Sec. 26120 to be added to Business and Professions Code) -Manufacture with volatile solvents e.g. butane, without a license is prohibited -Licensees prohibited from giving away cannabis or cannabis products as part of business promotion

	-Establishes "seed to sale" supply chain tracking program (similar to MMRSA) to prevent diversion and allows third party vendors to assist DCA with complying with this requirement
Civil Sanctions	-Engaging in commercial cannabis activity without a license: civil penalties up to 3x the licensing fee for each violation, and court may order destruction of the plant/products. Each day counts as a separate violation -Establishes a State Marijuana Control Appeals Panel (3 members appointed by the CA Governor and confirmed by Senate) to review all State licensing appeals and develop appeal standards, which must be similar to those in the Business and Professions Code (Chap. 1.5, Division 9). Provides specific questions for the panel's review when making determinations
Criminal Sanctions	-Felonies limited to the most serious of offenses, including cultivation on public lands, drug trafficking across state lines and providing cannabis to minors -Some adult offenses are classified as wobblers (*i.e.* can be tried as felonies depending on particular aggravating circumstances) -Provides for expungement or penalty reduction for individuals convicted of offenses that have been decriminalized under the Act
Workplace Protections	-Act does not interfere with rights of public and private employers to require a drug-free workplace -Puts nonmedical cannabis industry under all existing worker protection standards. State required to study the need for additional protections and authorizes State legislature to enact such protections. Mirrors MMRSA labor peace requirement
Environmental Protections	-Licensed businesses must follow environmental and product safety standards -Makes permanent the Department of Fish and Wildlife and State Water Resources Control Board and expands its cannabis (medical and nonmedical) mandate to Statewide.

Advertising	-Must be tailored for exposure to mostly adult audience (*i.e.* 71.6% of audience over 21 years of age) -Advertisements may not contain misleading health information

ATTACHMENT 2 – STATE NONMEDICAL USE COMPARISON

= state similarities

	Colorado	Washington	Oregon	Alaska	Proposed AUMA (California)
Legislative Mechanism	2012: Amendment 64	2012: Initiative 502	2014: Initiative 91	2015: Measure 2	Proposed for 2016: AUMA
Enactment Timeline	1/1/2014 (retail sales began)	7/8/2014 (retail sales began)	10/1/2015 (limited sales began)	2/24/2015 (rulemaking for nonmedical use began and licenses to be issued by May 2016)	1/1/2018 (licenses to be issued)
Age	21+	21+	21+	21+	21+
Personal Cultivation	Six plants -including no more than three mature plants -no more than twelve plants maximum per residence	Prohibited	Four plants	Six plants -including no more than three mature plants	Six plants
Personal Possession	1 oz. (residents) ¼ oz. (purchase limit for non-residents per transaction)	1 oz. useable 16 oz. cannabis-infused product (solid) ,	1 oz.	1 oz.	1 oz.; 8g concentrates

	Colorado	Washington	Oregon	Alaska	Proposed AUMA (California)
		72 oz. cannabis – infused product (liquid			
Public Consumption	Prohibited	Prohibited	Prohibited	Localities may permit on-site consumption	Localities may permit on-site consumption
Relationship to Medical Cannabis System	Separate medical and nonmedical market and regulations	Combined medical and nonmedical market and regulations	Separate medical and nonmedical market and regulations	Combined medical and nonmedical market and regulations Note: Though AK did permit personal cultivation and use of medical cannabis, it did not previously make any provisions allowing for its sale.	Separate medical and nonmedical market and regulations
Licensing	No cap on number of licenses, but initially only allowed existing medical cannabis businesses to enter	Number of licenses capped at 556 - License types: Producer, Processor,	No cap on number of licenses -License types: production, testing, processing,	No cap on number of licenses -License types: cultivation,	No cap on number of licenses -License types: cultivation, manufacture,

	Colorado	Washington	Oregon	Alaska	Proposed AUMA (California)
	the nonmedical market (provision expired in Oct. 2014) -License types: cultivation, manufacturing, testing, retail	Retailer, independent testing license	research, retail, marijuana handler (for retailers only)	manufacture, retail, testing	testing, retail, distributor, microbusiness
Vertical Integration	-initially adopted vertical integration rule, requiring that retailers grow 70% of what was sold (provision expired in Oct. 2014)	-adopted vertical integration prohibitions	-allows vertical integration	- allows vertical integration	-adopted some vertical integration provisions
Local Authority	-Localities can ban nonmedical businesses via ordinance or popular vote in general election	- Localities can ban nonmedical businesses via ordinance	- Localities can issue time, manner and place regulations, but a ban on nonmedical businesses via popular vote only	- Localities can issue time, manner and place regulations and ban nonmedical businesses via ordinance or popular vote	-Localities have broad authority to regulate local businesses and can ban them via ordinance.
State Taxation and Revenue	-15% wholesale excise tax	-37% retail tax Revenue: education, healthcare, research	-$35/oz. flower -$10/oz. leaves	-$50/oz. wholesaler excise tax	-Cultivation: $9.25/dry wgt. oz. (flower); $2.75 dry wgt oz. (leaves)

	Colorado	Washington	Oregon	Alaska	Proposed AUMA (California)
	-10% special retail tax Revenue: CO public schools	and substance abuse prevention	-$5/immature plant Revenue: schools, behavioral health services, State police	Revenue: no specific allocations at this time	-Retail sale: 15% excise tax (medical and nonmedical)
Local Government Funding	15% retail tax revenues from 10% special tax (medical and nonmedical) to local governments	None provided at this time.	10% to localities for enforcement efforts	Beginning in 2017: 10% for local law enforcement efforts	Allocates funds to localities for law enforcement training and regulatory efforts
Public Safety	Rebuttable Permissive inference (of impairment) at levels above 5ng/ML for DUI	Establishes a 5ng/mL *per se* DUI standard, meaning levels above that limit are automatic evidence of impairment	-Maintains existing prohibitions on driving under the influence of controlled substances (including cannabis) -Requires Oregon Liquor Control Commission to review (and possibly conduct) research into the effects of cannabis on driving ability	-Maintains existing prohibitions on driving under the influence of controlled substances (including cannabis)	-Maintains existing prohibitions on driving under the influence of controlled substances

Attachment 1 and 2 Sources

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