

CHEAC Summary BCC Cannabis Regulations

[Distribution, Transportation, Retailers, and Laboratories](#)

The Bureau of Cannabis Control (BCC) has released a **revision** to their proposed permanent regulations focused on the application, licensing, and operating requirements for the distribution, transportation, retail, and testing of cannabis throughout California. These regulations are slightly modified from the August 2018 proposed regulations package. We encourage members to read the entire proposed regulations document released by the BCC; however, a summary of the most relevant revisions is provided below.

Key Revisions Made in Regulations

- Addition of definitions for “branded merchandise” and “promotional materials”.
- Cannabis license fees have been significantly revised.
- Specific regulatory prohibition on selling or marketing cannabis products with alcohol.
- Flexibility until January 1, 2020, for cannabis goods packaging and exit packaging.
- Inclusion of regulatory guidance on the use of cannabis technology platform service providers.
- Continues to allow for the delivery of cannabis goods to any jurisdiction within California.
- Allows for Informational or Educational unlicensed cannabis events.

Chapter 1. All Bureau Licenses

Definitions (Pages 1-3)

- Defines “branded merchandise” to mean any clothing, hats, pencils, pens, keychains, mugs, water bottles, beverage glasses, notepads, lanyards, cannabis accessories, or other types of merchandise approved by the BCC with the name or logo of a licensed commercial cannabis business. Branded merchandise shall not include items containing cannabis or any items that are considered food.

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- Defines “immature cannabis plant” or “immature plant” to mean a plant that is nonflowering and is shorter and narrower than 18 inches.
- Defines “promotional materials” to mean any form, letter, circular, pamphlet, publication, or other written material directed to a customer or prospective customer to induce retail sales.
- Defines “tamper-evident” to mean that cannabis goods packaging is sealed in a manner that prevents the packaging from being opened without obvious destruction of the seal.

Designation of Owner (Pages 10-11)

- Defines an owner to include an individual entitled to share at least 20% of the profits of a commercial cannabis business.

Financial Interest in a Commercial Cannabis Business (Pages 11-12)

- Any agreement to receive a portion of the profits from a commercial cannabis business includes the following individuals:
 - An employee who has entered into a profit-sharing plan
 - A landlord who has entered into a lease agreement for a share of the profits
 - A consultant who is providing services for a share of the profits
 - A person acting as an agent, such as an accountant or attorney, for a share of the profits
 - A broker who is engaging in activities for the commercial cannabis business for a share of the profits
 - A salesperson who earns a commission

Fees (Pages 19-24)

- Fees for cannabis licenses have been completely revised based on updated recommendations from the economists at the University of California Resources Center. The scaling and tiering of the fees have been adjusted to reflect the sizes and types of business entities seeking licensure and are now based on estimated revenue.

Cannabis Goods After Termination of License (Pages 32-33)

- When a license is terminated while cannabis goods remain on the premises, the former licensee may:
 - Destroy the cannabis goods, or
 - A licensed distributor or licensed microbusiness may be authorized by the BCC to purchase and distribute the former licensee’s entire inventory stock so long as they submit a written request to the BCC and upon approval of the BCC, transport the cannabis to their

premises, arrange for lab testing, and perform quality assurance activities.

Premises Location (Pages 34-35)

- All structures included as part of the licensed premises must be permanently affixed to the land. Structures not considered to be permanent include, but are not limited to, shipping containers that are not affixed to the land, modular buildings not affixed to the land, structures that rest on wheels, or any structure that can be readily moved.

Commercial Cannabis Activity (Pages 36-37)

- Licensees are not allowed to conduct commercial cannabis activities on behalf of, at the request of, or pursuant to a contract with any person that is not licensed under the Act.

Advertising Placement (Pages 41-42)

- Licensees are not allowed to use any depictions or images of minors or anyone under 21 years of age (was previously 18 years of age).
- Expanded definition of the prohibition on licensees advertising free cannabis goods or giveaways of any products to now include non-cannabis products.
- Advertising must be affixed to a building or permanent structure.
- Licensees must comply with the Outdoor Advertising Act.
- Advertisements may not be located within a 15-mile radius of the California border or an Interstate Highway or on a State Highway that crosses the California border.

Marketing Cannabis Goods as Alcoholic Products (Page 42)

- Licensees are now strictly prohibited from selling or transporting cannabis goods that are labeled as beer, wine, liquor, spirits, or any other term that may create a misleading impression that the product is an alcoholic beverage (pursuant to the passage of [AB 2914/Cooley](#)).

Branded Merchandise Approval (Page 43)

- Any licensed distributor, retailer, or microbusiness that wishes to sell branded merchandise not included in the definition of branded merchandise must receive approval from BCC.

Loss of Access (Pages 49-50)

- Licensees must immediately notify the BCC for any loss of connectivity from the track and trace system, and must not transport, receive, or deliver any cannabis goods until connectivity is restored.
- Once connectivity is restored all commercial cannabis activity that occurred during the loss of connectivity within three calendar days to the system.

Acceptance of Shipments (Page 51)

- Allows licensees to reject the partial shipment of cannabis goods if goods are damaged during transport, or if the goods are non-compliant with labeling requirements or exceed the provided expiration date. All shipment rejections must be recorded in the track and trace system.

Destruction of Cannabis Goods Prior to Disposal (Pages 51-52)

- All cannabis waste must be stored, managed, and disposed of in accordance with all applicable waste management laws.
- Cannabis goods intended for disposal must remain on the licensed premises until destroyed into cannabis waste.
 - Access to these cannabis goods are restricted to the licensee, its employees, or agents.
 - Storage of cannabis good allocated for disposal must be separate and distinct from other cannabis goods.

Chapter 2. Distributors

Packaging, Labeling, and Rolling (Pages 55-56)

- All packages of cannabis, including pre-rolls, must comply with the following:
 - Until January 1, 2020, the package must protect the cannabis from contamination and shall not expose the cannabis or pre-rolls to any harmful substances, the package must be tamper-evident, if the package contains more than one-serving, then the packaging must be resealable, and the package must not imitate any package used for goods that are typically marketed to children.
 - Beginning January 1, 2020, all packages must be child resistant until the package is first opened and the package shall be labeled with the statement “this package is not child-resistant after opening.”

Quality-Assurance Review for Labeling Cannabinoids and Terpenoids (Pages 58-59)

- For purposes of labeling, any one cannabinoid, Total THC, and/or Total CBD claimed to be present on a label, shall not be considered inaccurate if the difference in percentage on the certificate of analysis is plus or minus 10.0%.
- For terpenoid testing results on the certificate of analysis of any one terpenoid claimed to be present, shall not be considered inaccurate if the difference in percentage on the certificate of analysis is plus or minus 10.0%.

Requirements for the Transportation of Cannabis Goods (Pages 61-62)

- Per existing regulations, cannabis goods in a vehicle for transport must be locked in a box, container, or cage secured to the inside of the vehicle or trailer. Containers or boxes must be fully enclosed and may not be comprised of any part of the body of the vehicle or trailer.

Chapter 3. Retailers

Cannabis Goods Packaging and Exit Packaging (Pages 70-71)

- Prior to January 1, 2020, any package containing cannabis goods must be tamper-evident but is not required to be resealable or child resistant.
- Beginning January 1, 2020, any package containing cannabis goods must be resealable, tamper-evident, and child resistant.
- Prior to January 1, 2020, all exit packaging must be resealable, child resistant, and opaque.
- Beginning January 1, 2020, all exit packaging must be opaque, but is not required to be resealable or child resistant.
- Immature plants and seeds sold by a licensed retailer are not required to be placed in resealable, tamper-evident, child resistant packaging.

Deliveries Facilitated by Technology Platform (Pages 72-73)

- Licensed retailers or licensed microbusinesses are not allowed to sell or otherwise transfer any cannabis goods to a customer through the use of an unlicensed third party, intermediary business, broker, or any other business entity.
- Licensed retailers or licensed microbusinesses may contract with a service that provides a technology platform to facilitate the sale and delivery of cannabis goods so long as retailers/microbusinesses do not allow the technology platform service provider to deliver cannabis goods, share in the profits of the sale of cannabis goods, advertise or market

cannabis goods with the technology platform service provider – outside of the technology platform, and that specified licensee information is provided through the technology platform.

Delivery to a Physical Address (Page 73)

- Proposed regulations **continue to allow** the delivery of cannabis goods to any jurisdiction within California, so long as the delivery is conducted in compliance with all delivery provisions.
- Delivery employees are not allowed to deliver cannabis goods to any school providing instruction in kindergarten through 12th grade, day care center, or youth center.

Delivery Vehicle Requirements (Pages 73-74)

- Vehicles used for the delivery of cannabis goods may not have any marking or other indication on the exterior of the vehicle that may indicate the delivery employee is carrying cannabis goods.
- Vehicles used for delivery must have a GPS system that can provide a recording history of all locations traveled to by the delivery employee while engaged in delivery. The history of all locations traveled to by a delivery employee while engaging in delivery must be maintained by the licensee for a minimum of 90 days.

Cannabis Goods Carried During Delivery (Pages 74-75)

- The maximum value of cannabis goods allowed to be in a delivery vehicle during deliveries is reduced to \$5000 (from \$10,000).
- The value of cannabis goods carried in the delivery vehicle for which a delivery order was not received and processed by the licensed retailer prior to the delivery employee departing from the licensed premises may not exceed \$3000.

Chapter 5. Cannabis Events

Temporary Cannabis Event License (Pages 92-94)

- The Bureau may require a temporary cannabis event organizer, and all participants, to cease operations without delay if, in the opinion of the BCC or local law enforcement, it is necessary to protect the immediate public health and safety of the people of the state.
- Upon notification by the BCC, event organizers shall immediately expel from the event any person selling cannabis goods without a license issued by the BCC. Event staff must remain with the person being expelled from the premises until he or she vacates the premises.

Informational or Educational Cannabis Events (Page 97)

- Informational or educational cannabis events where no sales of cannabis goods or consumption is occurring are not required to be licensed by the BCC. A person may display cannabis goods for informational or educational purposes consistent with statute.

Chapter 6. Testing Laboratories

Cannabinoid Testing (Pages 124-126)

- Consistent with CDPH regulations, the maximum content of THC permitted in cannabis goods has been revised.
 - For all edible cannabis products, milligrams per serving for THC must not exceed 10 milligrams per serving.
 - For edible cannabis products that are not orally-dissolving products labeled “for medical use only,” milligrams per package for THC must not exceed 100 milligrams per package.
 - For edible cannabis products that are orally-dissolving products labeled “for medical use only,” milligrams per package for THC must not exceed 500 milligrams per package.
 - For cannabis concentrates and topical cannabis goods not labeled “for medical use only,” milligrams per package for THC must not exceed 1000 milligrams per package.
 - For cannabis concentrates and topical cannabis goods labeled “for medical use only,” milligrams per package for THC must not exceed 2000 milligrams per package.

Remediation and Retesting (Pages 128-129)

- Removes the requirement that edible cannabis product batches that fail a test may not be additionally processed after the failed test. BCC notes that in certain circumstances limited forms of remediation may be performed on edible cannabis goods that have failed lab testing.