



March 4, 2022

To: Members, California Cannabis Industry Association
From: Amy Jenkins, Legislative Advocate
RE: Summary of the Department of Cannabis Control's Proposed Changes to the Regulations

The Department of Cannabis Control will be releasing revisions to its permanent regulations for cannabis today, March 4 at 9:30 a.m. Precision participated in a pre-release call for lobbyists earlier today. Below is summary of proposed changes we can expect to see in the revised text, which fall into two buckets, as follows:

1. Make permanent existing regulations in effect as emergency regulations from the fall; and
2. Propose additional changes intended to streamline and strengthen the cannabis regulatory framework.

Proposed changes, as well as the timeline and public comments process, are summarized below.

Proposed Changes to the Existing Cannabis Regulations

Cultivation

- **Trade samples.** Allow nurseries to designate trade samples.
- **Harvest weight.** Allow the weight that must be entered into track and trace after harvest to be the total harvest batch rather than the weight of individual plants.

Distribution

- **Printed Certificate of Analysis.** Removal of requirement to carry printed certificates of analysis during transport
- **Stored cannabis goods.** Allow cannabis good held for storage to be distributed directly from the storage premises
- **Transport vehicles.** Allow up to 3 sides of the transport vehicle to be used as part of the cage container.

Manufacturing

- **Cannabis beverages.** Remove the requirement that beverages must be in opaque bottles
- **Closed loop systems.** Add requirements for closed loop systems. Closed loop extraction will need to be identified on the premise diagram.
- **Engineer certification.** Clarify some of the requirements surrounding the engineer certification that is required prior to use of the equipment.

Retail

- **Delivery threshold.** Increase the value of cannabis goods that delivery drivers may carry and remove the requirement to have a portion of the goods be pre-designated prior to leaving the retail premises.
- **Curbside pick-up.** Allow storefront retailers to continue curbside pickup beyond the end of the pandemic. Precision specifically asked whether curbside authorization would continue to be renewed until such time as the regulations are approved and was informed that the DCC's intent is to continue to authorize curbside, which is currently permitted under the governor's executive order pertaining to disaster relief.
- **Consumption lounges.** Allow consumption lounges to sell pre-packaged nonalcoholic food and beverages provided that the local jurisdiction permits the activity.

Cannabis Events

- **Cannabis goods.** Allow cannabis goods to be displayed by all participating licensees. As it was described to me, there is a current regulation pertaining to educational and informational events that permits a non-retail licensee to display cannabis and cannabis products. The newly proposed change brings into alignment the educational event regulation and the cannabis event regulation to allow any non-retail licensee who participates in an event to display cannabis and cannabis products at their booth.
- **Application requirements.** Removes the application requirement for licensees to participate in cannabis events to disclose the specific employees who will be attending and participating in the event.

Testing Laboratories

- **Conflicts of interest.** Adds a new section that specifies the types of conflicts of interest that are prohibited and incorporates additional clarification to ensure independence of testing laboratories in the supply chain.

Labeling, Marketing and Advertising

- **Appellations of Origin.** Incorporates appellations of origin portions of the regulations developed by the California Department of Agriculture that are now under the authority of the DCC.
- **Bulk goods ingredient disclosure.** Require bulk goods that are business-to-business transfers and business-to-business sales, to be labeled with ingredients and allergens. According to DCC staff, the goal of this proposed change is to ensure that the final product includes the full list of ingredients and that allergens are properly disclosed to consumers.

Cannabis Products

- **Inhaled cannabis products.** Limit the ingredients that can be used to cannabis, cannabis concentrates, botanically derived terpenes and any ingredients that are on the FDA's list of inactive ingredients for inhalation. According to the DCC, the proposed language is modeled after Colorado.
- **Prohibited products.** Prohibit products that would otherwise be classified as medical devices or over the counter drugs. Examples referenced by the DCC included nasal sprays, eyedrops, and inhalers. DCC staff noted that these products are not prominent in the cannabis market.

Application Requirements

- **Application modifications.** Modify the license requirements that so that applications may notify the DCC in lieu of requiring preapproval.

Regulatory Process and Timeline

As previously stated, the text of regulations will be released tomorrow at 9:30 a.m. commencing a 45-day public comment period. The DCC process of accepting public comments will be outlined in a new resource page on the DCC's [website](#). Public comments will be accepted via a specified email address. Public comments will also be accepted via regular mail and at two public hearings on March 23 or April 19. The deadline to submit comments is April 19 at 5:00 p.m.

Following the 45-day public comment period, the DCC will release modifications to the proposed text, which will subsequently trigger a 15-day public comment period, where members of the public will have another opportunity to submit additional comments based upon any modifications made following the 45-day public comment period.

Beginning tomorrow, the DCC's website will also include tips for submitting public comments and DCC staff stressed that comments should only be submitted one time. In other words, comments do not need to be submitted via regular mail and email.

Once the public comment process is completed, the regulations will be submitted to the Office of Administrative Law, which will have 30 days to approve the regulations and submit them to the Secretary of State for adoption. The completion of this process is expected to occur in the fall of 2022, which is also when the regulations will go into effect.

DCC staff stressed that they will not be able to engage in any meetings or conversations about the proposed regulation text after the regulations are released.

Next Steps

Precision will keep you updated as the proposed regulations are released and analyzed. Precision is pleased to work with you in the development of public comments on the proposed regulations when they become available. We further note that we anticipate that the DCC will conduct additional rulemaking on future topics, including, but not limited to:

- Type 5 implementation
- Fee equity waiver and deferrals
- Conflict of interest language for state employees
- Standard cannabinoids test method
- Trade samples
- Following authorization