

Methodology to Indicate Changes to
DPH-17-013E – Cannabis Regulations for CEQA Compliance
and Shared-Use Facilities

Changes to the regulations are indicated as follows:

- Deleted text is indicated by double strike-through (~~strike-through~~).
- Additions to the regulation text are indicated by double underline (underline).

Title 17. Public Health
Division 1. State Department of Health Services
Chapter 13. Manufactured Cannabis Safety
Subchapter 2. Manufactured Licenses
Article 1. Applications for Licensure

(1) Readopt § 40127

§40127. Temporary Shared-Use Facility Registration; Temporary Licenses: Type S

(a) To register a manufacturing premises as a shared-use facility as defined in Section 40190, a temporary licensee shall submit to the Department the following:

(1) Form DPH-9037 (Rev. 3/18), which is hereby incorporated by reference;

(2) A copy of the valid license, permit or other authorization issued by the local jurisdiction that enables the applicant to operate as a shared-use facility. Upon receipt of the registration application, the Department shall contact the applicable local jurisdiction to confirm the validity of the authorization. If the local jurisdiction does not respond within 10 calendar days, the Department shall consider the authorization valid.

(b) To request a temporary license for a Type S license, an applicant shall submit to the Department the following:

(1) Form DPH-9038 (Rev. 3/18), which is hereby incorporated by reference;

(2) A copy of the valid license, permit or other authorization issued by the local jurisdiction that enables the applicant to conduct commercial cannabis activity. Upon receipt of the license application, the Department shall contact the applicable local jurisdiction to confirm the validity of the authorization. If the local jurisdiction does not respond within 10 calendar days, the Department shall consider the authorization valid;

(3) The license number and address of the shared-use facility at which the applicant will conduct manufacturing operations; and

(4) The days and hours in which the applicant will conduct manufacturing operations.

(c) Temporary licenses and registrations issued pursuant to this section shall be subject to the terms and conditions of subsections (b), (c), (d), (e), and (f) of Section 40126.

Authority: Sections 26012, 26013 and 26130, Business and Professions Code. Reference: Sections 26050.1 Business and Professions Code.

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(2) Readopt § 40132

§40132. Annual License Application Requirements - Compliance with CEQA

(a) An applicant for a new license shall provide evidence of exemption from or compliance with Division 13 (commencing with section 21000) of the Public Resources Code, California Environmental Quality Act (CEQA).

(b) The evidence provided pursuant to subsection (a) shall be one of the following:

(1) If the premises is located in a local jurisdiction that has adopted an ordinance, rule, or regulation pursuant to Business and Professions Code section 26055(h), a copy of the local license, permit, or other authorization shall be sufficient to demonstrate compliance.

(2) If the applicant does not provide a copy of the local license, permit, or other authorization pursuant to subsection (b)(1), or if the premises is located in a local jurisdiction that has not adopted an ordinance, rule, or regulation pursuant to Business and Professions Code section 26055(h), a copy of the Notice of Exemption or Notice of Determination and a copy of the CEQA document from the local jurisdiction, or a reference to where it can be found electronically shall be required to demonstrate compliance.

(3) Any other permit or local authorization issued by the local jurisdiction that indicates compliance with CEQA.

(c) If an applicant does not have the evidence specified in subsection (b), or if the local jurisdiction did not prepare a CEQA document, the applicant shall be responsible for the preparation of an environmental document in compliance with CEQA that can be approved or certified by the Department, if applicable.

Authority: Sections 26012, 26013 and 26130, Business and Professions Code. Reference: Section 26055, Business and Professions Code.

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Article 6. Shared-Use Facilities

(3) Readopt § 40190

§40190. Definitions

For purposes of this Article, the following definitions shall apply:

(a) “Common-use area” means any area of the manufacturer’s registered shared-use facility, including equipment that is available for use by more than one licensee, provided that the use of a common-use area is limited to one licensee at a time.

(b) “Designated area” means the area of the manufacturer’s registered shared-use facility that is designated by the primary licensee for the sole and exclusive use of a Type S licensee, including storage of the Type S licensee’s cannabis, cannabis concentrates, and cannabis products.

(c) “Primary licensee” means the Type 7, Type 6, or Type N licensee that has been registered and approved to operate a shared-use facility.

(d) “Shared-use facility” means a manufacturing premises operated by a Type 7, Type 6, or Type N licensee in which Type S licensees are authorized to conduct manufacturing operations.

(e) “Type S” is a license that allows the license holder to conduct manufacturing operations at a shared-use facility.

(f) “Use agreement” means a written agreement between a primary licensee and a Type S applicant or licensee that specifies the designated area of the Type S licensee, the days and hours in which the Type S licensee is assigned to use the common-use area, any allocation of responsibility for compliance pursuant to Section 40196, and an acknowledgement that the Type S licensee has sole and exclusive use of the common-use area during the Type S licensee’s assigned time period.

Authority: Sections 26012, 26013 and 26130, Business and Professions

Code. Reference: Sections 26001, 26050, 26051.5 and 26130, Business and Professions Code.

(4) Amend § 40191

§40191. Type S License.

(a) Applications for a Type S license shall:

(1) Be submitted in accordance with Section 40128, except that the nonrefundable application processing fee shall be \$500 for each new application submitted;

(2) Include the license number and address of the registered shared-use facility at which the applicant will conduct manufacturing operations;

(3) Include a copy of the use agreement signed by both the applicant and the primary licensee; and

(4) On the premises diagram submitted pursuant to Section 40131(i), indicate the designated area to be used by the Type S applicant and detail where the applicant will store its cannabis, cannabis concentrates, and cannabis products.

(b) A Type S license shall only be available to applicants within Tier I or Tier II fee categories, as defined in Section 40150.

(c) A Type S licensee may conduct the following operational activities:

(1) Infusions, as defined in Section 40100(ddd);

(2) Packaging and labeling of cannabis products;

(3) Extractions with butter or food-grade oils, provided that the resulting extract or concentrate shall be used solely in the manufacture of the Type S licensee's infused product, and shall not be sold to any other licensee.

Authority: Sections 26012, 26013 and 26130, Business and Professions

Code. Reference: Sections 26050, 26051.5, 26130 and 26180, Business and Professions Code.

(5) Readopt § 40192

§40192. Registration to Operate a Shared-Use Facility.

(a) No licensee shall operate as a shared-use facility without prior approval by the Department.

(b) To register as a shared-use facility, a Type 7, Type 6, or Type N licensee shall submit the following to the Department through the online licensing system available on the Department's website:

(1) A copy of the valid license, permit, or other authorization issued by the local jurisdiction that enables the licensee to operate as a shared-use facility. Upon receipt of the registration, the Department shall contact the applicable local jurisdiction to confirm the validity of the authorization. If the local jurisdiction does not respond within 10 calendar days, the Department shall consider the authorization valid.

(2) A registration form prescribed by the Department, which includes the following information:

(A) The proposed occupancy schedule that specifies the days and hours the common-use area will be available for use by Type S licensees and when the common-use area will be used by the primary licensee. The occupancy schedule shall allow for adequate maintenance and sanitizing between uses by individual licensees.

(B) A diagram indicating:

(i) Each designated area for Type S licensee(s).

(ii) The common-use area, including identification of any shared equipment.

(c) The Department shall notify the Type 7, Type 6, or Type N licensee upon approval of the registration to operate as a shared-use facility. Notification shall be made through the Department's online licensing system available on the Department's website.

(d) At least one business day prior to a Type S licensee commencing manufacturing operations at a registered shared-use facility, the primary licensee shall provide written notification to the Department. The notification to the Department shall include the Type S licensee's business name, contact person, contact phone number, and license number. The primary licensee shall also provide an updated occupancy schedule that includes the Type S licensee and an updated diagram that specifies the Type S

licensee's designated area. Notification shall be provided by email or through the Department's online licensing system available on the Department's website.

(e) A primary licensee that wishes to discontinue operation as a shared-use facility may cancel its registration by providing written notice to the Department and each Type S licensee authorized to use the shared-use facility at least 30 days prior to the effective date of the cancellation.

Authority: Sections 26012, 26013 and 26130, Business and Professions

Code. Reference: Sections 26051.5, 26055 and 26130, Business and Professions

Code.

(6) Readopt § 40194

§40194. Shared-Use Facility Conditions for Operation.

(a) A primary licensee shall operate the shared-use facility in accordance with the conditions of operation specified in this section.

(b) Each Type S licensee shall be assigned a “designated area” that, at minimum:

(1) Is for exclusive use by the Type S licensee;

(2) Provides an area for storage that is secure, fixed in place, locked with a commercial-grade lock, and accessible only to the Type S licensee for storage of that Type S licensee’s cannabis, cannabis concentrates, and cannabis products.

(c) Any part of the premises used for manufacturing activities that is a common-use area shall be occupied by only one licensee at a time by restricting the time period that each licensee may use the common-use area. During the assigned time period one licensee shall have sole and exclusive occupancy of the common-use area.

(d) The use of the shared-use facility shall be restricted to the primary licensee and the Type S licensees authorized by the Department to use the shared-use facility.

(e) Any cannabis product or other materials remaining after a Type S licensee ceases operation and discontinues use of its designated area shall be considered cannabis waste and disposed of by the primary licensee consistent with the requirements of the Act and regulations.

(f) The shared-use facility shall meet all applicable requirements of the Act and regulations.

(g) The occupancy schedule shall be prominently posted near the entrance to the shared-use facility.

(h) The primary licensee may conduct manufacturing activities as permitted under its Type 7, Type 6, or Type N license and may use the common-use areas during its scheduled time period.

Authority: Sections 26012, 26013 and 26130, Business and Professions

Code. Reference: Sections 26011.5 and 26130, Business and Professions Code.

(7) Readopt § 40196

§40196. Shared-Use Facility Compliance Requirements.

(a) As part of the use agreement, the primary licensee and the Type S licensee(s) may allocate responsibility for providing and maintaining commonly used equipment and services, including, but not limited to, security devices, fire monitoring and protection services, and waste disposal services. However, such agreement is not binding on the Department and the Department make take enforcement action against either the primary licensee or Type S licensee(s), regardless of the allocation of responsibility in the use agreement.

(b) A primary licensee or a Type S licensee is liable for any violation found at the shared-use facility during that licensee's scheduled occupancy or within that licensee's designated area. However, a violation of any provision of the Act or regulations may be deemed a violation for which each Type S licensee and the primary licensee are responsible. In the event of a recall or embargo of a cannabis product produced at a shared-use facility, the Department, in its sole discretion, may include any or all cannabis products produced at the shared-use facility.

(c) The occupancy schedule and designated area for a Type S licensee shall not be altered without prior notification to the Department. Prior to making any changes to the occupancy schedule or the designated area, written notification shall be submitted to the Department that includes the intended changes. Notification shall be submitted by email or through the Department's online licensing system available on the Department's website.

Authority: Sections 26012, 26013 and 26130, Business and Professions

Code. Reference: Sections 26011.5, 26055 and 26130, Business and Professions

Code.