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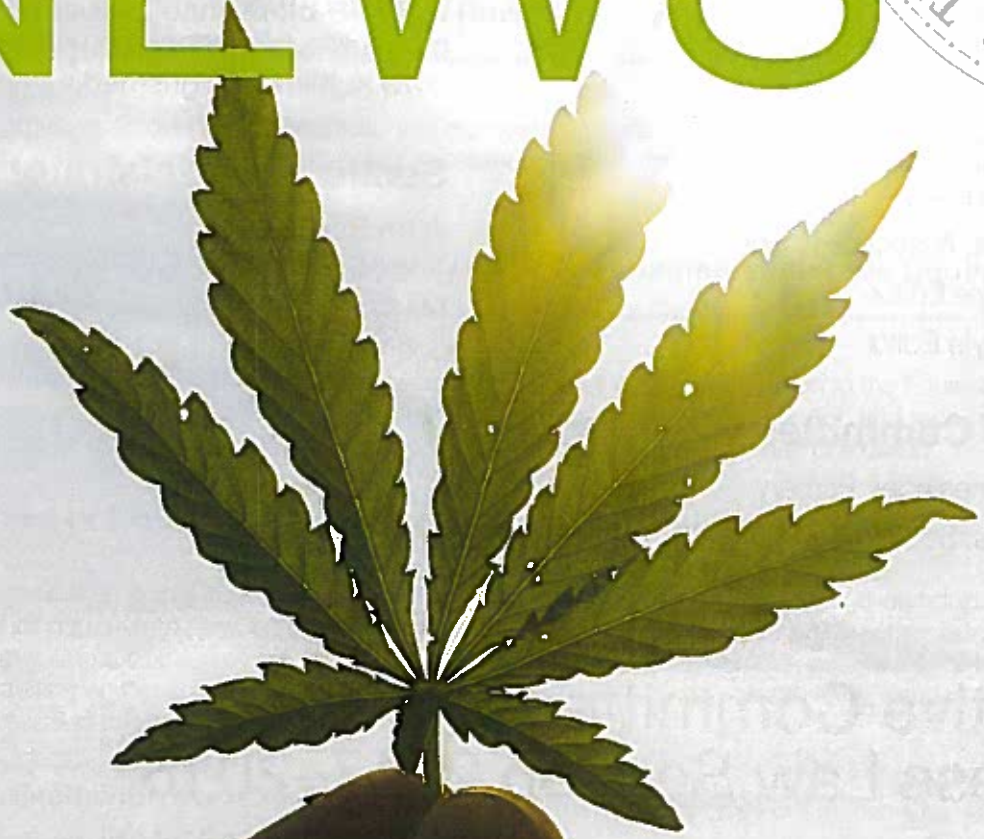

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40 YEARS
OF SHAPING THE FUTURE
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The California Marijuana Gold Rush: A Review of the History and Future of Cannabis Regulation in California

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This article provides an overview of the history of cannabis (more commonly known as marijuana) legalization in California, along with a summary of the new statutory scheme regulating medical and adult use (recreational) of cannabis. First, the article discusses the history of cannabis legalization leading up to full regulation, which begins in 2018. Next, the article discusses the new Medical and Adult Use Cannabis Regulation and Safety Act, which is the unified law now regulating medical and adult use cannabis. Finally, this article discusses some of the difficulties that operators will face in transitioning to full regulation in 2018.

I. A Brief History of Cannabis in California Prior to Full Regulation

A. 1996: Proposition 215, The Compassionate Use Act

In 1996, California became the first state in the nation to legalize the medical use of cannabis, with the passage of Proposition 215, also known as the "Compassionate Use Act" ("CUA").[1] The CUA allowed patients and their designated primary caregivers to possess and cultivate cannabis for personal medical use, subject to a doctor's recommendation.[2] There were no clear provisions for the distribution of cannabis in the CUA, and certainly no discussion of retail dispensaries or business licenses.[3] In effect, CUA merely decriminalized the cultivation and possession of cannabis by providing a defense for certain seriously ill patients and their primary caregivers from criminal liability under state law.[4] The quantities allowed for possession and cultivation were not clearly defined.

B. 2004: Senate Bill 420

In 2004, Senate Bill 420, also known as the "Medical Marijuana Program Act" ("MMPA"), became law.[5] Senate Bill 420 expanded the limited criminal defense protections under CUA, which merely included possession and cultivation, to include offenses related to transportation, possession for sale, sale, giving away, furnishing, and providing or leasing a premise for the distribution of a controlled substance.[6] In addition, Senate Bill 420 allowed cannabis distribution by patients and caregivers joining together "collectively or cooperatively" to cultivate cannabis.[7] Collectives could grow, distribute, and receive reimbursement for their services in the provision of medical cannabis on a non-profit basis to their members.[8]

Senate Bill 420 also set the first clear limits on the amount of cannabis patients and caregivers could cultivate and possess: six mature or twelve immature plants, and eight ounces of finished cannabis product (including hash products).[9] Later court decisions, including the seminal 2008 *People v. Kelly* case, clarified that Senate Bill 420's possession and cultivation limits were the presumptively legal amounts, but that patients and caregivers could argue additional amounts were still defensible under the CUA if it could be shown that increased amounts were

reasonable based on medical need.[10] Under Senate Bill 420, local governments (i.e., counties and cities) had discretion to set higher possession or cultivation limits.[11]

C. 2008: California Attorney General's Guidelines

In 2008, California's Attorney General set out guidelines intended to assist law enforcement in determining if collectives or cooperatives complied with state law.[12] The four factors were whether the collectives:

a. Formed a non-profit collective or statutory cooperative;

b. Obtained a seller's permit and paid sales tax to the Board of Equalization;

c. Served only verified patients; and

d. If city- or county-required, obtained a local business license.[13]

The guidelines explained the proper entity could be either a statutory cooperative under California Corporations Code section 12201 or some other form of entity that operates in a collective manner on a nonprofit basis.[14] The most common entity operators have selected to fulfill this requirement to date is a mutual benefit nonprofit corporation.[15]

D. Limitations on Federal Enforcement

i. The Cole Memo

In 2013, the Department of Justice (DOJ) released a detailed memo, known as the Cole Memo, outlining federal priorities with regard to state-licensed cannabis businesses.[16] The Cole Memo outlined eight priorities that should guide the DOJ's enforcement of the Controlled Substance Abuse ("CSA").[17] Among the priorities were common concerns, including: whether the business was engaged in black market activity; whether gangs or cartels were involved; whether the businesses were being used to launder money derived from other illegal sources, such as sales of other illegal drugs; whether children were getting access to cannabis; whether cannabis was being grown, distributed, or possessed on federal property and land; and whether the operation of dispensaries was causing an increase in driving under the influence of cannabis.[18] The Cole Memo explained that it was not enough that a state adopt a robust regulatory regime in concept, but that in practice the state's regulatory regime prevent cannabis businesses from undermining one of the eight priorities.[19]

ii. Rohrabacher-Farr Amendment

Each year since 2015, Congress has passed the Rohrabacher-Hinchey Amendment (now known as Rohrabacher-Farr Amendment).[20] The amendment prohibits the DOJ from spending any resources to enforce federal cannabis laws against individuals or businesses operating in compliance with state medical cannabis laws.[21] The amendment has been used to dismiss several criminal prosecutions in California, and the dismissals have been upheld by the 9th Circuit Court of Appeals. The amendment does not extend to businesses for adult or recreational use of marijuana.[22] Similarly, it does not extend to Native American tribes.[23] At the time of this writing, the Amendment is currently in effect through December 2017 and must be renewed each year.[24] Generally, the Amendment has been passed as a rider to a budget bill. House Speaker Paul Ryan has indicated that this amendment will need to go through the regular committee process in the future, making its passage more difficult than as a rider on an appropriations bill.

State law enforcement handles the vast majority of all criminal prosecutions in the country. The DOJ simply does not have adequate resources to prosecute every cannabis case violating federal law.[25] Therefore, if the Rohrabacher-Farr Amendment is in effect, any cannabis law enforcement is likely to take place strictly under California state law.

II. MCRSA and AUMA

After nearly twenty years of living under the gray market of the CUA, in September 2015, the California state legislature passed a trio of bills (Assembly Bill 266, Assembly Bill 242, and Senate Bill 643), collectively known as the Medical Marijuana Regulation and Safety Act ("MMRSA").[26] Together, these bills created an entirely new regulatory framework by creating clear rules, for the very first time, on state and local licensing for medical cannabis businesses. Since its passage, all references in California law to marijuana have been replaced by the word "cannabis." Therefore, these bills are now collectively known as MCRSA. MCRSA gave the state until January 2018 to develop regulations and implement the program.[27]

Following the passage of MCSRA, reform advocates gathered signatures and placed the Adult Use Marijuana Act ("AUMA") on the November 8, 2016, ballot. The initiative passed in November 2016, with a statewide majority of 57%.[28] AUMA instructs the state to craft regulations to govern the sale and distribution of non-medical (also known as adult use or recreational) cannabis.[29] AUMA was set to take effect on the same time line as MCRSA, with the state beginning to issue licenses after January 1, 2018.[30]

In April 2017, the Bureau of Cannabis Control ("Bureau"), the main state agency in charge of regulating dispensaries, distributors, microbusinesses, and testing laboratories, released a first draft of regulations for MCRSA.[31] At that time, the Bureau intended to release a draft of the AUMA regulations in August 2017. However, shortly thereafter, on June 15, 2017, the California Legislature passed Governor Jerry Brown's Budget Trailer Bill, which effectively repealed portions of MCRSA and added portions to AUMA to form one regulatory framework for both medicinal and adult use, now known as the Medical and Adult-Use Cannabis Regulation and Safety Act ("MAUCRSA").[32] MAUCRSA harmonizes the MCRSA and AUMA rules and regulations. Therefore, to some extent MCRSA and AUMA are now mere historical footnotes, and MAUCRSA is the governing law for both medical and adult use cannabis in California.

III. MAUCRSA

MAUCRSA becomes effective January 1, 2018.[33] MAUCRSA's harmonization of the two regulatory frameworks makes it much more industry-friendly. As this article was being prepared for publication, regulations were expected to be released in mid- to late November 2017, with applications for licensing beginning to be accepted by the state in January of 2018.[34] While no regulations have been promulgated yet by the regulatory agencies, the following summary includes some of the concepts from the MCRSA draft regulations released in April 2017, to project some of the likely regulatory provisions under MAUCRSA. Given the fluid nature of these rules, it is critical to consult with an attorney prior to engaging in any project under MAUCRSA to ensure full understanding of the most up-to-date rules. All the rules below apply to both medical and adult use licenses.[35] Only the main concepts are discussed below, and this is not an exhaustive review of all the rules.

A. Regulatory Agencies

The Department of Consumer Affairs Bureau of Medical Cannabis Regulation oversees cannabis transportation, storage, distribution, sales, and testing.[36] This body has been renamed the Bureau of Marijuana Control ("Bureau") under MAUCRSA. The current head of the Bureau is Lori Ajax.

The Department of Food and Agriculture, through its CalCannabis Cultivation licensing program, oversees cannabis cultivation, issues plant tags, and is developing and implementing the track and trace program.[37] The program is run by Amber Morris.

The State Department of Public Health, headed by Karen Smith, through its Office of Manufactured Cannabis Safety ("OMCS"), oversees cannabis manufacturers.[38]

Finally, there are additional state agencies with smaller roles, such as the Department of Pesticides, the California State Board of Equalization, the State Water Resources Control Board, the Department of Fish and Wildlife, the Department of Justice, and state law enforcement.

B. Residency

There is no residency requirement to own or operate a medicinal or adult-use cannabis business under MAUCRSA, meaning that MAUCRSA allows medical and recreational owners to be California residents, U.S. residents, or residents of any country throughout the world.

C. Ownership

MAUCRSA defines ownership as any person or entity owning a twenty percent or greater stake, or any person with the power to control management decisions.[39] Like the MCRSA draft regulations, it is expected that owners below that threshold will still need to be disclosed, but they will not be required to undergo as extensive a background investigation.

D. Licensing

There are twenty license types under MAUCRSA, which are the same for both medical and adult use licenses.[40] However, medical and adult use licenses will be separate, and a licensee may obtain either or both.[41] The licenses are:

License Type	Size	Distinction
Type 1 – Cultivation – Specialty Outdoor, Small	Up to 5,000 sq. ft.	No artificial light
Type 1A – Cultivation – Specialty Indoor, Small	Up to 5,000 sq. ft.	Artificial light
Type 1B – Cultivation – Specialty Mixed Light, Small	Up to 5,000 sq. ft.	Combination of natural and artificial light
Type 1C – Cultivation – Specialty Cottage	Up to 2500 sq. ft. for mixed light, up to 50 outdoor mature plants, or 500 sq. ft. of indoor cultivation	Combination of natural and artificial light, all on one premise
Type 2 – Cultivation – Small Outdoor	5,001-10,000 sq. ft.	No artificial light
Type 2A – Cultivation – Small Indoor	5,001-10,000 sq. ft.	Artificial light
Type 2B – Cultivation – Small Mixed Light	5,001-10,000 sq. ft.	Combination of natural and artificial light
Type 3 – Cultivation – Outdoor	10,001 sq. ft. – 1 ac.	No artificial light
Type 3A – Cultivation – Indoor	10,001 sq. ft. – 1 ac.	Artificial light
Type 3B – Cultivation – Mixed Light	10,001 sq. ft. – 1 ac.	Combination of natural and artificial light
Type 4 – Nursery	No size designation currently available	Producing clones, immature plants, and seeds
Type 5 – Large Outdoor	+ 22,000 sq. ft.	No artificial light
Type 5A – Large Indoor	+ 22, 000 sq. ft.	Artificial light
Type 5B – Large Mixed Light	+ 22,000 sq. ft.	Combination of natural and artificial light
Type 6 – Manufacturer 1	No size restrictions	Using non-volatile solvents
Type 7 – Manufacturer 2	No size restrictions	Using volatile solvents
Type 8 - Testing	No size restrictions	Cannot own any other license type
Type 10 - Retailer	No size restrictions	Sells cannabis products to end users
Type 11 – Distributer	No size restrictions	Distributes cannabis products between producers and retailers
Type 12 - Microbusinesses	Up to 10,000 sq. ft. of cultivation, no size restrictions on distributor and retailer license types under this category	May also be a licensed distributor and retailer

E. Priority Licensing

Businesses that were operating in compliance with the CUA before September 1, 2016, will have priority during licensing.[42] Cannabis businesses that were lawfully operating under California state law and with relevant local licensing before January 1, 2018, may continue operating while their applications are reviewed.[43] The Bureau will determine whether an applicant was lawfully operating by reviewing the date on which the applicant began actively conducting the same commercial cannabis activity as the license type for which the applicant is applying, i.e. transportation, distribution, testing, or sale of medical cannabis goods.[44] Evidence to prove compliant operations includes articles of incorporation, certificates of stock, articles of organization, certificate of limited partnership, statement of partnership authority, tax form, local license/permit, receipts, and other business records.

Medicinal cannabis businesses who opt to not apply for a state license on or before January 1, 2018, will continue to receive protections from criminal prosecution provided by the CUA and MMPA; however, the CUA and MMPA criminal defenses will sunset one year after the first state licenses are issued.[45] Further, the CUA and MMPA criminal defenses do not provide protections from state regulatory enforcement beginning January 1, 2018, thereby exposing businesses operating under the collective or cooperative model to the risks of civil or regulatory enforcement if they continue to operate without a state or local license after January 1, 2018.[46] Most people believe the state will begin issuing licenses within a few months of the first applications submitted in January 2018. Therefore, it is expected that sometime in the spring of 2019, operators without a license will no longer be able to assert defenses to criminal prosecution under the collective or cooperative model.

F. Co-location of Licenses

MAUCRSA initially prohibited co-location of licenses (i.e., medical and adult use) except for testing, stating that all licenses must be on "separate and distinct" premises. However, Assembly Bill 133 became law in September 2017, and it allows licenses of the same licensee to be on the same premises.[47]

G. Social Clubs and Lounges

Under MAUCRSA's licensing scheme, medical or adult use licensees may also seek issuance of a temporary event license to operate at a county fair or district agricultural association event, which would permit on-site cannabis consumption, provided there is no local jurisdictional ban and the licensee complies with a few other requirements (i.e., no alcohol or tobacco consumption would be allowed on premises, customers must be over twenty-one, etc.).[48] Additionally, applicants may form cooperatives if they meet certain criteria (i.e., three or more natural persons with small-scale growing licenses).[49]

H. Testing and Packaging

Beginning in 2018, California will require testing of cannabis for pesticides, mold, mildew, and other contaminants.[50] MAUCRSA explicitly prohibits the use of banned pesticides and sets standards for certification of organic cannabis.[51] However, the Bureau may allow businesses to sell untested products, as long as they are labeled "untested," for a set period of time to prevent delays or interruptions in product availability.[52] Under MAUCRSA, licensees are required to package cannabis and cannabis products in opaque packaging and identify infused edibles with a created universal symbol.[53]

I. Environmental Safeguards

To minimize environmental harms, such as clear-cutting forests and polluting surface and groundwater, MAUCRSA requires all cultivators to identify their water source and obtain all necessary state and local permits for water usage.[54] The Department of Food and Agriculture has the authority to limit the issuance of unique identifying tags (required for all legally grown plants) if there are adverse impacts to the environment caused by the cultivation.[55] Furthermore, growing or processing cannabis where these activities result in a violation of specified laws relating to the unlawful taking of fish and wildlife is classified as a felony under MAUCRSA.[56]

J. Additional Provisions

MAUCRSA included several other important provisions, among them:

a. As noted, there is no residency requirement to own or operate a medicinal or adult-use cannabis business at the state level.[57] However, local jurisdictions may attempt to impose residency restrictions. For example, the City of Los Angeles draft rules released in September 2017, state that no non-U.S. corporation may own a license in the city.[58]

b. No mandatory third-party distributors are required. Any license type, other than a testing licensee, may hold a distributor license.

c. MAUCRSA removed all restrictions on vertical integration and limitations on how many licenses a person may hold, with the exception that testing labs must remain separate from all other license types.[59] However, local governments may attempt to impose their own limits on how many licenses someone can own. The City of Los Angeles draft rules, released in September 2017, limit licensees to three dispensary licenses.[60]

d. Ownership would be defined identically under both laws, as any person or entity owning a twenty percent or greater stake, or any person with the power to control management decisions.[61]

e. MAUCRSA clarified that "Microbusinesses" need a license from the Bureau, as well as approval from Departments of Food & Agriculture and Public Health.[62]

f. An appeals panel for enforcement action was developed (which MCRSA did not have).[63]

g. Appellation of origin standards will be established by January 1, 2020.[64]

h. MAUCRSA removed the requirement that the state issue a medicinal ID card keeping that responsibility at the county level.[65]

i. MAUCRSA imposed online advertising restrictions in addition to the advertising, adulteration, and misbranding restrictions from MCRSA and AUMA.[66]

j. There are increased opportunities for tax collection.[67]

k. MAUCRSA authorized in-house labs to perform third-party testing prior to the mandatory quality assurance step.[68]

l. MAUCRSA protected assets of licensed operators and building owners.

m. MAUCRSA provided three million dollars to fund DUI impairment training and research.[69]

IV. Hurdles for Existing Operators Making the Transition from CUA to MAUCRSA

There are numerous hurdles for businesses operating under the CUA to transition to a fully regulated model. To ease the transition process, the state's chief cannabis regulator recently said the Bureau will be issuing temporary licenses to applicants with prior local approval that will allow applicants to continue operating while the MAUCRSA license application is pending.[70] Temporary licenses will be available in December 2017, and will take effect on or after January 1, 2018.[71] However, temporary license holders will only be able to do wholesale business with other marijuana licensees that have temporary licenses, which may disrupt the supply chain.[72]

Currently, California requires that "collectives" operate under a non-profit model. Under the collective model, all the patients, growers, caregivers, and other members of the collective may have some claim to ownership of the collective's assets, depending on the workings of the nonprofit's bylaws or membership agreements.[73] Bylaws and membership agreements must be amended prior to any transition to a for-profit model to make clear that former members of collectives will not have any legal interest or rights in the assets of the company, such as the license, the equipment, or the intellectual property.[74]

Next, ownership or control of the local permit or license under CUA is potentially different in each local jurisdiction. For example, some local laws provide that the nonprofit mutual benefit corporation owns the license, and that the license cannot be transferred.[75] In this instance, if the corporation simply wants to transfer the license to a for-profit corporation, it may find that it has lost its license. Similarly, local rules may have placed the license in the hands of one or more individuals. If these individuals refuse to transfer the license to the new for-profit business, then the business may be unable to legally operate.

Next, in the lead-up to full regulation, businesses may seek investors or buyers in an effort to sell their operation. As noted, no one may sell a nonprofit company. The nonprofit may want to transfer all its assets, including the license and intellectual property, to a for-profit entity before it can be sold. Investors will want to avoid investing or loaning money to the nonprofit. If the license and assets are subsequently moved to a for-profit entity, and the investor has no right or interest in that for-profit entity, the investor could be in a very weak legal position if there is a dispute as to who owns the license or the assets.

Finally, another major hurdle for existing operators is that every local municipality will need to adopt laws authorizing medical or adult use cannabis businesses before anyone can apply for a license to operate in these jurisdictions.[76] Many local jurisdictions have enacted bans or moratoriums.[77] Until these prohibitions are lifted by local jurisdictions, no one can apply in these places. Moreover, some local jurisdictions have authorized limited licenses (for dispensaries or cultivation operations), but may not have adopted rules on other licenses, like distributor or extraction licenses. In these places with only limited licenses, a cultivator may be able to get a license to grow cannabis, but may be unable to get a license to distribute it. Operators will need to ensure that all their contemplated activities are authorized by their local governments; otherwise, they may not be able to effectively operate.

V. Conclusion

California has finally reached the starting line for regulation of cannabis. However, the road ahead seems filled with pitfalls for operators and their attorneys. It is critical that every business contemplating working in this area has a lawyer with a deep understanding of the complex regulatory structure that is about to come into effect. Attorneys working in this area will need to constantly keep up with what will surely be an ever-changing legal landscape as the cannabis regulatory system evolves at the state and local levels in the coming years.

Endnotes

1 CAL. HEALTH & SAFETY CODE § 11362.5.

2 *Id.*

3 *See id.*

4 *Id.* § 11362.5(b).

5 *Id.* § 11362.7.

6 S.B. 420, 2003-2004 Reg. Sess., legislative findings at § 1; CAL. HEALTH & SAFETY CODE § 11362.765.

7 CAL. HEALTH & SAFETY CODE § 11362.775.

8 *Id.* § 11362.765.

9 *Id.* § 11362.77.

10 *See* People v. Kelly, 222 P.3d 186 (Cal. 2010).

11 CAL. HEALTH & SAFETY CODE § 11362.77.

12 CAL. DEP'T OF JUSTICE, GUIDELINES FOR THE SECURITY AND NON-DIVERSION OF MARIJUANA GROWN FOR MEDICAL USE (Aug. 2008).

13 *Id.* at 8-11.

14 *Id.* at 8.

15 *See* CAL. CORP. CODE § 7110.

16 U.S. DEP'T OF JUSTICE, GUIDANCE REGARDING MARIJUANA ENFORCEMENT (Aug. 29, 2013).

17 *Id.* at 1-2.

18 *Id.*

19 *Id.* at 2.

20 H.R. 2578, 114th Congress (H. amend. 332 (2015-2016)).

21 *Id.*

22 *Id.*

23 *Id.*

24 *Id.*

25 U.S. DEP'T OF JUSTICE, GUIDANCE REGARDING MARIJUANA ENFORCEMENT 1 (Aug. 29, 2013).

26 *See* Marijuana Policy Project website, https://www.mpp.org/states/california/the-california-medical-marijuana-regulation-and-safety-act/ (last visited Oct. 25, 2017). Since these bills have been repealed and replaced by the Medical and Adult Use Regulation and Safety Act, they no longer exist under state law.

27 CAL. BUS. & PROF. CODE §§ 26000 *et seq.*

28 Alex Padilla, Cal. Sec'y of State, Statement of Vote (Nov. 8, 2016) http://elections.cdn.sos.ca.gov/sov/2016-general/sov/2016-complete-sov.pdf, at 76.

29 CAL. BUS. & PROF. CODE §§ 26000 *et seq.*

30 *Id.*

31 *See* Bureau of Cannabis Control website, http://www.bcc.ca.gov/law_regs/mcrsa_ptor.pdf (last visited Oct. 25, 2017).

32 *See* S.B. 94, 2017-2018 Reg. Sess., ch. 27 (July 2017).

33 CAL. BUS. & PROF. CODE § 26012(d).

34 See Bureau of Cannabis Control website, http://bcc.ca.gov/licensees/index.html (last visited Oct. 25, 2017).

35 *See* CAL. BUS. & PROF. CODE § 26000 *et seq.*

36 *Id.* § 26012(a)(1).

37 *Id.* § 26012(a)(2).

38 *Id.* § 26012(a)(3).

39 *Id.* § 26000(al).

40 *Id.* § 26050(a).

41 *Id.* § 26050(b).

42 *Id.* § 26054.2(a).

43 *See id.*

44 *See id.* § 26054.2(b), (c).

45 *Id.* § 11362.775(d).

46 *See id.* § 26032(a).

47 *See id.*§ 26140(c)(2).

48 *Id.* § 26200(e), (g).

49 *Id.* § 26223.

50 *See id.*§ 26100(a).

51 *See id.*§§ 26100(d)(2), 26062(a).

52 *Id.* § 26070(l).

53 *See id.* §§ 26070.1, 26130(c)(7).

54 *See id.*§§ 26051.5(b)(7), 26060.1(a)-(c).

55 *See id.* § 26069(c)(1).

56 CAL. HEALTH & SAFETY CODE § 11358(d)(3)(F).

57 *See* former CAL. BUS. & PROF. CODE § 26054.1(a) *repealed by* MAUCRSA.

58 *See* L.A. Draft Rules, http://herbwesson.com/documents/Proposed-Requirements-for-Commerical-Cannabis-Activity-in-the-City-of-Los-Angeles.pdf (last visited Oct. 25, 2017).

59 CAL. BUS. & PROF. CODE § 26053(b)-(c).

60 *See* L.A. Draft Rules, http://herbwesson.com/documents/Proposed-Requirements-for-Commerical-Cannabis-Activity-in-the-City-of-Los-Angeles.pdf (last visited Oct. 25, 2017).

61 CAL. BUS. & PROF. CODE § 26001(al).

62 *Id.* § 26070(a)(3)(A)-(C).

63 *Id.* § 26040(a).

64 *See id.* § 26063(b).

65 CAL. HEALTH & SAFETY CODE § 11362.71.

66 *See* CAL. BUS. & PROF. CODE § 26151.

67 CAL. REV. & TAX. CODE §§ 34011, 34012.

68 CAL. BUS. & PROF. CODE § 26100(k).

69 *See* CAL. REV. & TAX. CODE § 34019(c).

70 CAL. BUS. & PROF. CODE § 26050.1(a).

71 *See* Bureau of Cannabis Control website, http://www.bcc.ca.gov/about_us/documents/17-175_temporary_license_application_information.pdf (last visited Oct. 25, 2017).

72 *Id.*

73 *See* CAL. CORP. CODE § 7911, requiring member approval to sell all or substantially all assets of a mutual benefit corporation, the most common form of collective in California.

74 *Id.*

75 *See* L.A. Draft Rules, http://herbwesson.com/documents/Proposed-Requirements-for-Commerical-Cannabis-Activity-in-the-City-of-Los-Angeles.pdf (last visited Oct. 25, 2017).

76 *See* CAL. BUS. & PROF. CODE § 26032(a).

77 For example, San Francisco has not yet authorized the recreational use of cannabis, while the medical use of cannabis is allowed. *See* the San Francisco Medical Cannabis Dispensary Program rules at https://www.sfdph.org/dph/EH/MCD/ (last visited Oct. 25, 2017).