INSTRUCTIONS FOR COMPLETING THE CANNABIS MICROBUSINESS LICENSE APPLICATION

SECTION A- APPLICANT/BUSINESS INFORMATION

When completing your application, you must select the appropriate license type and designation for the cannabis activity you will be conducting:

License Application Type

- Adult-Use (A-License)
- Medicinal (M-License)

Microbusiness: May act (in part or whole) as a retailer, distributor, manufacturer (Level 1), and cultivator (on an area less than 10,000 feet). An applicant for microbusiness must engage in at least three (3) of the following commercial cannabis activities:

- Cultivation
- Manufacturing
- Distribution
- Retail

Business Organizational Structure

All applicants are required to identify their business organizational structure. (See Required Attachments)

Business Contact Information

If an individual, the first and last name of the applicant must be provided. If the applicant is a business entity, then the full legal business name is required. The applicant business name must be identical to the name listed on the business-formation documents submitted to the Bureau. The applicant must provide the physical address of the premises, and the mailing address if it is different. The applicant must also provide the business website address, email address, and telephone number.

Social Security Number/Individual Taxpayer Identification Number/Federal Employer Identification Number

Each applicant must provide a valid United States Social Security Number (SSN), an Individual Taxpayer Identification Number (ITIN), or a Federal Employer Identification Number (FEIN), before an application can be approved.

SECTION B- PRIMARY CONTACT PERSON

The primary contact is the individual who is designated as the person the licensing authorities can contact for information regarding the business. The applicant must provide the primary contact's name, title, telephone number, and email address. Please be advised that the primary contact person for this license application will be designated as the licensee's initial track and trace system manager, and is required to register for training for using the California Cannabis Track and Trace (CCTT) system within 10 business days of submitting your annual application. If the primary contact person anticipates delegating the primary responsibility for updating and maintaining the licensee's cannabis distribution chain information in the CCTT system (post-licensure) to another licensee, employee or owner, that individual should also be registered to attend the required training. To register for CCTT system training please access the following URL: https://www.metrc.com/california

SECTION C- DECLARATIONS

Premises Location

Applicants shall attest that the premises is not located within a 600-foot radius of a school providing instruction in kindergarten or any grades 1 though 12, day care center, or youth center that is in existence at the time the license is issued or shall provide evidence that the local jurisdiction has approved a different radius. (See Required Attachments)

Limited Waiver of Sovereign Immunity

If the applicant is a federally recognized tribe or other sovereign entity, a limited waiver is required. (See Required Attachments)

Compliance with the California Environmental Quality Act

All applicants shall provide evidence of compliance with, or exemption from, the California Environmental Quality Act (CEQA). (See Required Attachments)

Seller's Permit Number

If the business purchases and sells cannabis goods applicant is required to obtain a seller's permit number from the Department of Tax and Fee Administration (CDTFA), formerly known as the Board of Equalization (BOE).

Labor Peace Agreement

If the business has 20 or more non-supervisory employees, the applicant must attest that they have entered or will enter into a labor peace agreement and will abide by its terms. (See Required Attachments)

Priority Licensing/Compliance with the Compassionate Use Act of 1996

Applicants may request priority licensing if they have operated in compliance with the Compassionate Use Act of 1996 and its implementing laws before September 1, 2016. (See Required Attachments)

SECTION D- OWNER INFORMATION

An owner is defined as a person with an aggregate ownership interest in the commercial cannabis business of 20 percent or more, unless the interest is solely a security, lien or encumbrance.

- A person with an aggregate ownership interest of 20 percent or more in the person applying for a license or a licensee, unless the interest is solely a security, lien or encumbrance.
- The chief executive officer of a nonprofit or other entity (i.e. corporation).
- A member of the board of directors of a nonprofit.
- An individual who will be participating in the direction, control, or management of the person applying for a license.
- An owner who is an individual participating in the direction, control, or management of the commercial cannabis business included any of the following:
  - A partner of a commercial cannabis business that is organized as a partnership.
  - A member of a limited liability company of a commercial cannabis business that is organized as a limited liability company.
  - An officer or director of a commercial cannabis business that is organized as a corporation.

Each owner must complete an Owner Submittal form and must electronically submit fingerprint images to the Department of Justice (DOJ). The applicant must use the live scan form provided by the Bureau.
Live Scan locations can be found at: https://oag.ca.gov/fingerprints/locations

SECTION E-NON-OWNERS WITH A FINANCIAL INTEREST IN THE BUSINESS

The applicant must provide a list of all non-owner individuals with a financial interest in the cannabis business. A financial interest means an investment into a cannabis business, a loan provided to a cannabis business, or any other equity in a cannabis business. The applicant must provide the following information for all non-owners with a financial interest: their name, date of birth, type of government issued identification form, and the identification number.

SECTION F- FICTITIOUS BUSINESS NAMES

The applicant must provide a list of all fictitious business names they will operate under and the location of the businesses.

SECTION G- LICENSING FEE DETERMINATION

In determining the appropriate license fee to be charged, each applicant must provide an estimate of the maximum dollar value of it's planned operation in terms of the value of the product expected to be tested, distributed, transported, retailed, cultivated and/or manufactured as determined in assessing the 15% excise tax. The maximum dollar value of its planned operation must be used to determine the appropriate fee.

SECTION H- REQUIRED ATTACHMENTS/DOCUMENTS

Evidence of Legal Right to Occupy

If the applicant owns the property, a copy of title or deed must be provided. If the applicant does not own the property, a statement from the property owner that the applicant has the legal right to occupy the property to perform commercial cannabis activities and a copy of the applicant's rental agreement must be provided.

Premises Diagram

Applicants are required to provide a diagram of the premises, which must be drawn to scale and clearly identify the items below:

- Boundaries of the property. If only a portion of the property is used for the cannabis business, the applicant must label the the other areas and state what they are being used for.
- Dimensions, entrances, and exits.
- Interior partitions, walls, rooms, windows, doorways, and common or shared entryways.
- Breakrooms, changing facilities/bathrooms, which must be separate from storage areas.
- Type of cannabis activity that will be conducted in each area.
- Numbering and location of all cameras.

Business Formation Documents

Applicants are required to provide a copy of all business formation documents (by type).

- **Sole Proprietorship:** Fictitious Business Name form filed with local business permit office.
- **Corporation:** Articles of Incorporation, Statement of Information, Certificates of Stock, and a Statement and Designation by Foreign Corporation (if applicable).
- **Limited Liability Company:** Articles of Organization.
- **Limited Partnership:** Certificate of Limited Partnership, Partnership Agreement, and Operating Agreements.
- **General Partnership:** Partnership agreement, Statement of Partnership Authority.
- **Limited Liability Partnership:** Partnership Agreements, Application to Register as a Limited Liability Partnership.
- **Foreign Corporation:** Certificate of Qualification issued by the Secretary of State.

Labor Peace Agreement

A copy of the labor peace agreement for applicants who have entered into such an agreement must be provided. For applicants who have not yet entered into a labor peace agreement, the applicant shall provide a notarized statement indicating the applicant will enter into a labor peace agreement and abide by the terms of the labor peace agreement.

Limited Waiver of Sovereign Immunity

If an applicant can assert a defense of sovereign immunity, the applicant must submit a written limited waiver of sovereign immunity to the Bureau with any license application or renewal, which must be valid for the period of the license. The written waiver must include that the applicant will abide by all state laws, rules, and regulations governing commercial cannabis activity. The applicant must provide proof that they have the lawful authority to enter into the waiver and the waiver must be signed and dated by the authorized person.

California Environmental Quality Act (CEQA) compliance

All applicants shall provide evidence of exemption from, or compliance with Division 13 of the Public Resources Code; California Environmental Quality Act (CEQA). The evidence provided shall be one of the following :

- A copy of the applicants license, permit or other authorization from the local jurisdiction if the local jurisdiction has adopted an ordinance, rule, or regulation pursuant to Business and Professions Code section 26055 (h) that requires discretionary review and approval of permits, licenses, or other authorizations to engage in commercial cannabis activity.
- A copy of the Notice of Determination or Notice of Exemption and a copy of the CEQA document.
  If the applicant does not wish to provide a copy of the license, permit, or other authorization provided by the local jurisdiction or if the jurisdiction has not adopted an ordinance, rule or regulation pursuant to Business and Professions Code section 26055(h) that requires discretionary review and approval of permits, licenses, or other authorization to engage in commercial cannabis activity, the applicant may provide reference to where it can be located electronically.
- If an applicant does not have the evidence required above, or if the local jurisdiction did not prepare a CEQA document, the applicant will be responsible for the preparation of an environmental document in compliance with CEQA that can be approved or certified by the Bureau, unless the Bureau specifies otherwise.

Financial Information Form

Applicants are required to provide a list of all investments, loans, funds, and gifts associated with the cannabis business. Download the form from the Bureau's forms page, complete and submit a completed form with the application.

Surety Bond

The applicant must hold a $5,000 surety bond payable to the State of California. The surety bond is to cover the destruction of cannabis and cannabis goods if necessitated by a violation of the licensing requirements. All bonds must be issued by a corporate surety licensed to transact surety business in the state of California.

Required Operating Procedures for all License Types

- **Transportation Procedures:** Describes how the applicant proposes to ensure cannabis is transported securely. If the applicant will not transport cannabis they must state that they will be contracting for transportation.
- **Inventory Procedures:** Describes how the applicant will receive shipments of cannabis, store its cannabis inventory, perform inventory reconciliation, ensure inventory records are accurate, and maintain records of the inventory.
- **Non-Laboratory Quality Control Procedures:** Describes how the applicant will prevent the deterioration of cannabis goods, ensure that cannabis goods are properly packaged and labeled, and how they will ensure the product was tested by a licensed Testing Laboratory.
- **Security Procedures:** Describes the applicants procedures for allowing individuals access to the premises and the applicant's video surveillance system which includes camera placement and maintenance of the video surveillance equipment. Describes how all access points will be secure, including the use of security personnel and a description of the applicants alarm system.

Compliance with the Compassionate Use Act

To be eligible for priority licensing, an applicant must provide evidence that it operated in compliance with the Compassionate Use Act of 1996 and its implementing laws before September 1, 2016. If the applicant is not on a list provided to the Bureau pursuant to Business and Professions Code section 26054.2, the applicant must provide a signed document from the local jurisdiction that contains the following: name of the applicant, address of the premises to be licensed, type of license, name of the office of the local jurisdiction that is responsible for enforcing the compliance with the Compassionate Use Act, name and contact information for the person authorized to sign by the local jurisdiction on its behalf. The document must also include a statement to the effect of: "The above named party is currently conducting commercial cannabis activity in the jurisdiction and has been operating in compliance with the Compassionate Use Act of 1996 before September 1, 2016".

Additional Required Documents Specific to License Type

Microbusiness:

An applicant for a Microbusiness license will be required to engage in at least three (3) commercial cannabis activities: Cultivation, Manufacturing, Distribution, and Retail Sales. Applicants will be required to comply with all rules and regulations, which will include, where applicable, regulations adopted by the California Department of Food and Agriculture (CDFA) and the California Department of Public Health (CDPH), governing the activities they are involved in. The following items are required based on the activity the applicant intends on engaging in:

- **Cultivation:** There will be an additional form provided to you upon receipt and review of your annual application. This form must be completed and returned to the Bureau.
- **Distributor:** A Certificate of Insurance that shows that general liability insurance in the aggregate amount no less than $2,000,000, and in an amount no less than $1,000,000 for each loss, has been secured. The insurance policy secured must be obtained from an insurance company that meets the requirements set forth in Business & Professions Code § 5308.
- **Manufacturing:** There will be an additional form provided to you upon receipt and review of your annual application. This form must be completed and returned to the Bureau.
- **Retailer:** An applicant for Microbusiness that intends to engage in Retail sales must identify if they will be conducting Storefront Retail on Non-storefront Retail sales.

Additional Information

Incomplete Application

If the application is incomplete, a notification will be sent to all owners listed on the application with details regarding the information still needed to process the application. Notification of incomplete information on an Owner Submittal will only be sent to the specific owner.

Withdrawal of Application

If the applicant wishes to withdraw the submitted application, a written withdrawal request, including the date and signature of at least one owner must be submitted.

License Approval

Upon approval of the application, the applicant will be required to pay a license fee, which is independent of the application fee. Once the license fee is received, the license number will be issued to the applicant. The applicant may not conduct any cannabis activity until a license is received from the Bureau.