



# BUSINESS QUICK START GUIDE CANNABIS OPERATIONS



## Free One-on-One Consulting is Available

Small business technical assistance centers are available throughout the State of California to provide you with direct one on one support **at no cost to you.**

To find your nearest center, visit [business.ca.gov/centers](https://business.ca.gov/centers)



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State agencies are in the process of developing regulations to license cultivators, manufacturers, distributors and sellers of cannabis for both medical and adult-use. Regulatory agencies will be implementing a licensing program and a Track & Trace system to record the movement of cannabis through the distribution chain.

VISIT THE CALIFORNIA CANNABIS PORTAL FOR MORE INFORMATION: [HTTP://CANNABIS.CA.GOV/](http://cannabis.ca.gov/)

 <b>BUREAU OF CANNABIS CONTROL</b> Housed within the Department of Consumer Affairs (DCA)	 <b>CALCANNABIS</b> Housed within the Department of Food & Agriculture (CDFA)	 <b>OFFICE OF MANUFACTURED CANNABIS SAFETY</b> Housed within the Department of Public Health (CDPH)
<b>Licenses</b> <ul style="list-style-type: none"><li>• Retailers</li><li>• Distributors</li><li>• Testing Labs</li><li>• Microbusinesses</li></ul>	<b>Licenses</b> <ul style="list-style-type: none"><li>• Cultivators</li></ul> <b>Establishes</b> <ul style="list-style-type: none"><li>• Track &amp; Trace System</li></ul>	<b>Licenses</b> <ul style="list-style-type: none"><li>• Manufacturers</li></ul>
<b>Contact Information</b> <p>Phone 800-952-5210</p> <p>Email <a href="mailto:bcc@dca.ca.gov">bcc@dca.ca.gov</a></p> <p>Website <a href="http://www.bmcr.ca.gov">www.bmcr.ca.gov</a></p>	<b>Contact Information</b> <p>Phone 916-263-0801</p> <p>Email <a href="mailto:calcannabis@cdfa.ca.gov">calcannabis@cdfa.ca.gov</a></p> <p>Website <a href="http://calcannabis.cdfa.ca.gov/">http://calcannabis.cdfa.ca.gov/</a></p>	<b>Contact Information</b> <p>Phone 916-445-0275</p> <p>Email <a href="mailto:mcsb@cdph.ca.gov">mcsb@cdph.ca.gov</a></p> <p>Website <a href="https://www.cdph.ca.gov/Programs/CEH/DFDCS/Pages/MCSB.aspx">https://www.cdph.ca.gov/Programs/CEH/DFDCS/Pages/MCSB.aspx</a></p>

**AT THE LOCAL LEVEL :** Many cities and counties in California have already enacted their own ordinances aimed at licensing or regulating cannabis activities. Applicants operating cannabis related businesses need to submit site and operation plans and obtain other permits/licenses from other regulatory agencies. It is best to check in with your local city and county to determine what you need to operate within their jurisdictions.

- **Business License** – Most local governments require a business license (or business tax registration). If your business is in incorporated city, contact the city. If your business is in an unincorporated area, contact the county.
- **Zoning** – Whether you will be a home-based business or will occupy commercial space, consult your local planning department to be sure your business activities are permitted. If your business is in an incorporated city, contact the city. If your business is in an unincorporated area, contact the county.
- **Building Permits** – Whether constructing a new building or making modifications to an existing one, most work that contractors perform require a building permit. If your business is in incorporated city, contact the city. If your business is in unincorporated area, contact the county.
- **Fictitious Business Name** – A Fictitious Business Name or Doing Business As (DBA) statement is required when: the business name does not include the surname of the individual owner(s) and each of the partners; the business name suggests the existence of additional owners; or



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the nature of the business is not evident by the name of the business. This is always obtained from the county in which a business is located.

## GENERAL STATE REQUIREMENTS:

- **California Secretary of State (SOS) Filing** – The Secretary of State is accepting organization documents for cannabis-related business entities. Starting January 2018, the Secretary of State will accept filings for the newly created entity type, Cannabis Cooperative Association. Check out cannabizfile, the Secretary of State’s online portal for all information relevant to cannabis-related business filings with the Secretary of State.
  - Cannabizfile: <http://www.sos.ca.gov/business-programs/cannabizfile/>
- **Income Taxes** –Businesses are required to file state income tax returns with the Franchise Tax Board (FTB) and federal tax returns with the Internal Revenue Service (IRS):
  - Cannabis tax law and legislation:  
<https://www.ftb.ca.gov/tax-pros/law/cannabis-tax-law-and-legislation.html>
  - FTB:  
[https://www.ftb.ca.gov/businesses/index.shtml?WT.mc\\_id=Global\\_Businesses\\_Tab](https://www.ftb.ca.gov/businesses/index.shtml?WT.mc_id=Global_Businesses_Tab)
- **Sales & Use Tax** –Consult the Department of Tax and Fee Administration (CDTFA) for a Seller’s Permit. You may also qualify for a Resale Certificate. *Note:* These activities were formerly administered by the Board of Equalization (BOE).
  - CDTFA’s Tax Guide for Cannabis Businesses:  
<https://www.cdtfa.ca.gov/industry/cannabis.htm>
- **For Employers** – If your business will have employees, be advised of the following:
  - **Cannabis Industry Payroll Tax Reporting:**  
[http://www.edd.ca.gov/Payroll\\_Taxes/Cannabis\\_Industry\\_Payroll\\_Tax\\_Reporting.htm](http://www.edd.ca.gov/Payroll_Taxes/Cannabis_Industry_Payroll_Tax_Reporting.htm)
  - **Wages, Hours, & Working Conditions** – Businesses with employees must comply with laws establishing minimum standards for wages, hours and working conditions. Consult the California Department of Industrial Relations website at <http://www.dir.ca.gov/dlse/dlse.html>.
  - **Worker’s Compensation** – Businesses with employees must maintain Worker’s Compensation Insurance coverage. Consult the California Department of Industrial Relations website at <http://www.dir.ca.gov/dwc/employer.htm>.





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- o **Employment Development Department (EDD) Registration** – An employer is required to file a Registration Form within 15 days after paying more than \$100 in wages to one or more employees. Please consult the California EDD website at [http://www.edd.ca.gov/Payroll\\_Taxes/Am\\_I\\_Required\\_to\\_Register\\_as\\_an\\_Employer.htm#business\\_subject](http://www.edd.ca.gov/Payroll_Taxes/Am_I_Required_to_Register_as_an_Employer.htm#business_subject).

### ONLINE PERMIT ASSISTANCE TOOL:

You can use our online permit assistance tool, **CalGOLD** ([www.calgold.ca.gov](http://www.calgold.ca.gov)) to identify local, state, and federal permit information for businesses. The online tool provides webpage links, application forms, and contact information for the various agencies that administer and issue these permits. Once at the website, input your city and type of business. If your business is not listed, you can select "General Business Information" for a list of general requirements.

### CONSIDERATIONS:

This Quick Start Guide is only one source of information among the many sources that are available to you. You may wish to consider multiple sources to make an informed decision. You are solely responsible for deciding about how to form and create your business. You are responsible for determining whether the information you obtain through your use of this Guide is suitable for your purposes. Although we go to great lengths to make sure our information is accurate and useful, we recommend you consult a lawyer if you want legal advice or any other individual or service provider for specific guidance. We offer this for informational purposes only.

### PROP65:

Proposition 65, officially known as the Safe Drinking Water and Toxic Enforcement Act of 1986, requires businesses to provide a clear and reasonable warning before knowingly and intentionally exposing anyone to chemicals that are known to state to cause cancer or birth defects or other reproductive harm. It is important to know that a product that receives certification from the United States Food and Drug Administration, or another federal agency or state agency, is not necessarily exempt from California requirements for chemical exposure warnings. Businesses should be aware of the levels of harmful chemicals in their products and of applicable Proposition 65 requirements. For more information on Proposition 65 and how to comply with its requirements, please visit <https://oehha.ca.gov/proposition-65>