

COMPASSION

GUIDE TO COMPASSION UNDER SB-34

DONATIONS

GUIDE TO PROVIDING FREE CANNABIS MEDICINE TO THOSE IN NEED

COMPASSION

CANNABIS

CALIFORNIA SB 34

ISSUE 1 : SUMMER 2021



COMPASSION IN CALIFORNIA UNDER SB 34

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**“ LOVE AND COMPASSION ARE
NECESSITIES, NOT LUXURIES. WITHOUT
THEM, HUMANITY CANNOT SURVIVE.”
DALAI LAMA**

KEY REQUIREMENTS FOR CANNABIS DONATIONS IN CALIFORNIA:

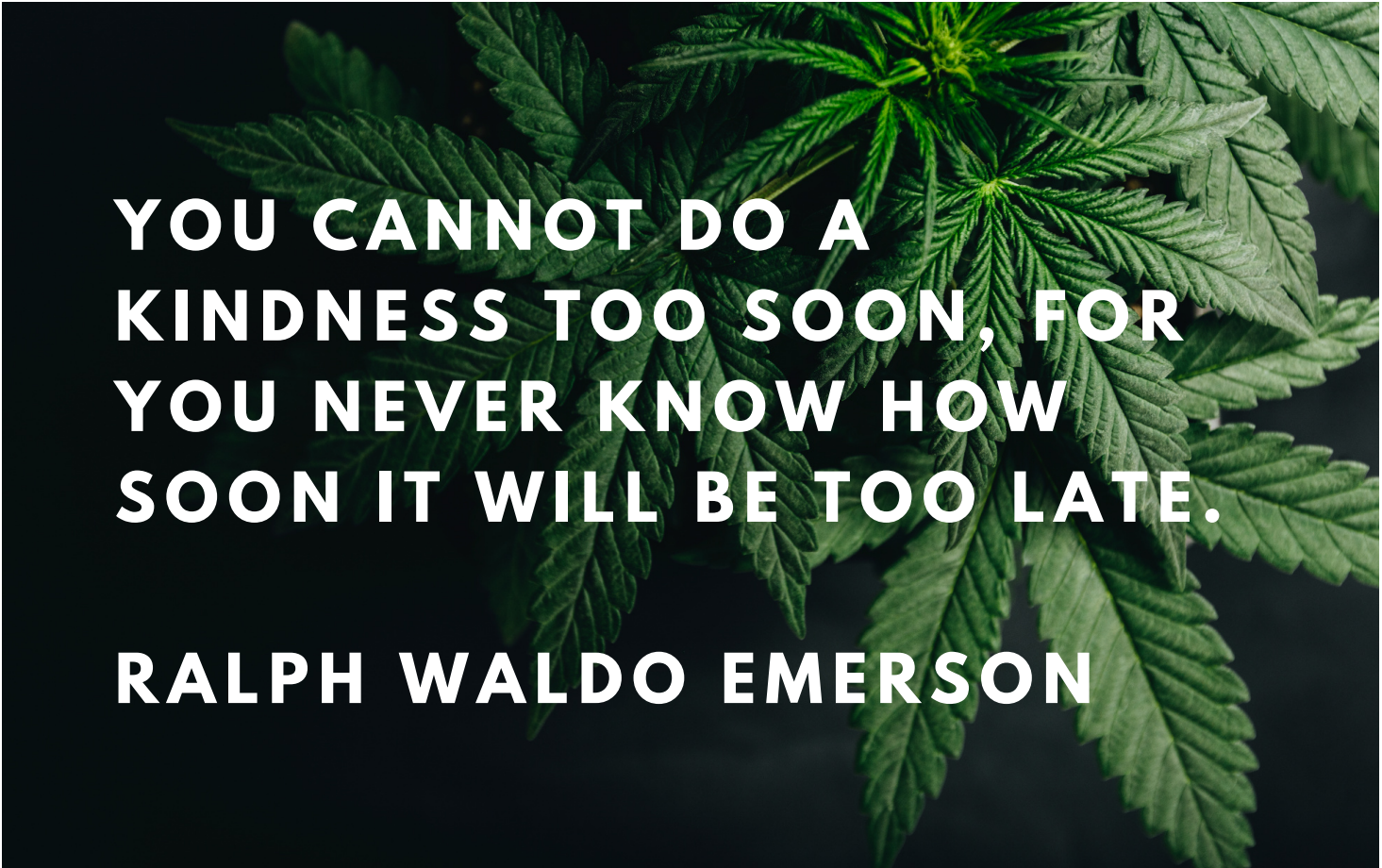
- Cannabis and cannabis products designated for donation **must comply with all requirements outlined in state cannabis regulations.** This includes, but is not limited to:
- **Donated cannabis and cannabis products must move through the licensed supply chain in the same way as cannabis and cannabis products for sale and meet all applicable requirements** for cultivation, manufacturing, distribution, laboratory testing, packaging and labeling, etc.;
- Cannabis and cannabis products that do not pass the required regulatory compliance testing cannot be donated; and
- **Only licensees authorized for retail activity, or nonprofits working in conjunction with those licensed retailers, may provide donated products directly to qualified medicinal consumers**
- Licensees designating an item for donation are required to record that designation in Track-and-Trace and on invoices and sales receipts
- Manufacturers producing cannabis products for donation must include the statement “FOR MEDICINAL USE ONLY” on the label.
- **Licensees cannot change the donation designation made by another licensee or after the donated item has been transported to another licensee.** Any licensee that changes a donation designation will be liable for sales and use taxes on the items and may be subject to disciplinary action.
- A licensee authorized to engage in retail sales only through delivery may provide free cannabis goods only by delivery.
- A licensee authorized to engage in retail sales on a licensed premises open to the public may contract with an individual or organization to coordinate the provision of free cannabis goods on the licensee’s retail premises.
- **A license may be held responsible for violations of applicable statutory and regulatory requirements by the individual or organization with whom the licensee has contracted.**
- **The donated cannabis and cannabis products provided to a medicinal cannabis patient or the patient’s primary caregiver shall be applied toward the daily purchase limit for a medicinal cannabis customer.**

CULTIVATION & MANUFACTURING

Preparing the Products & Paperwork for donation

AUMA imposes a cultivation tax on all harvested cannabis that enters the commercial market upon all cultivators.

- Existing law defines entering the commercial market to mean cannabis or cannabis products, except for immature cannabis plants and seeds, that complete and comply with specified quality assurance review and testing.
- SB 34 prohibits the cultivation tax from being imposed on medicinal cannabis designated for donation by a cultivator in the track and trace system. The bill would require a licensee that certifies in writing that the medicinal cannabis or a medicinal cannabis product will be donated to a medicinal cannabis patient and sells or uses the medicinal cannabis or medicinal cannabis product in some manner or for some purpose other than donation be liable for the cultivation tax.
- Certification in writing relieves the cultivator that donates the medicinal cannabis from liability for the cultivation tax and the distributor from liability for collecting the cultivation only if the certification is taken in good faith.
- Prohibits a distributor from collecting or remitting the cultivation tax for medicinal cannabis or medicinal cannabis products designated for donation by the cultivator.
-
- A cultivator is required to keep records of any medicinal cannabis or medicinal cannabis products designated for donation.
-
- The cannabis tax provisions not be construed to impose a cultivation tax upon medicinal cannabis or medicinal cannabis products designated for donation by a cultivator.



**YOU CANNOT DO A
KINDNESS TOO SOON, FOR
YOU NEVER KNOW HOW
SOON IT WILL BE TOO LATE.**

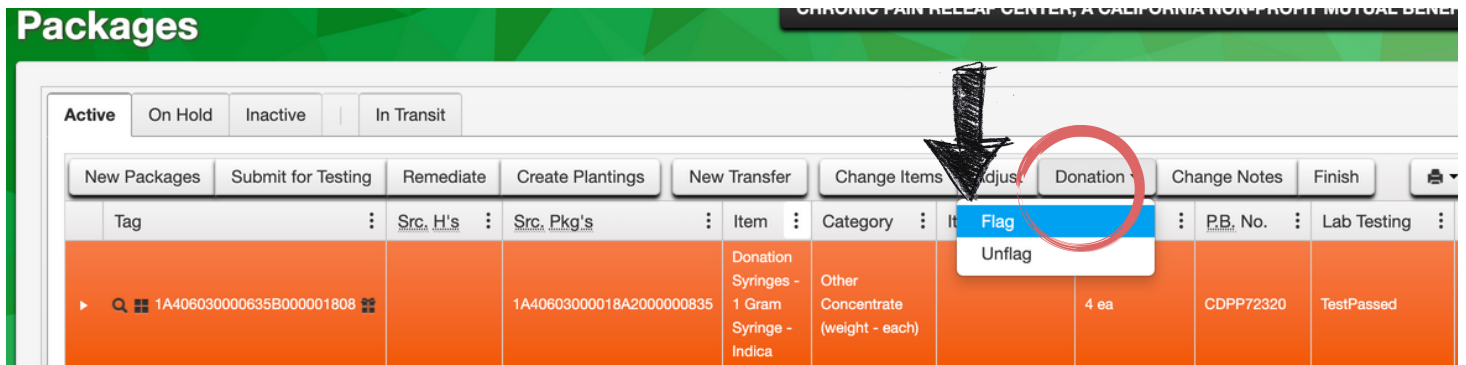
RALPH WALDO EMERSON

CULTIVATION & MANUFACTURING

Preparing the Products & Paperwork for donation

PACKAGE DESIGNATION

- Designate a package for donation prior to manifesting to distribution.
- Designate package as a donation item by selecting the item and then clicking the "Donation" button and then selecting "FLAG".

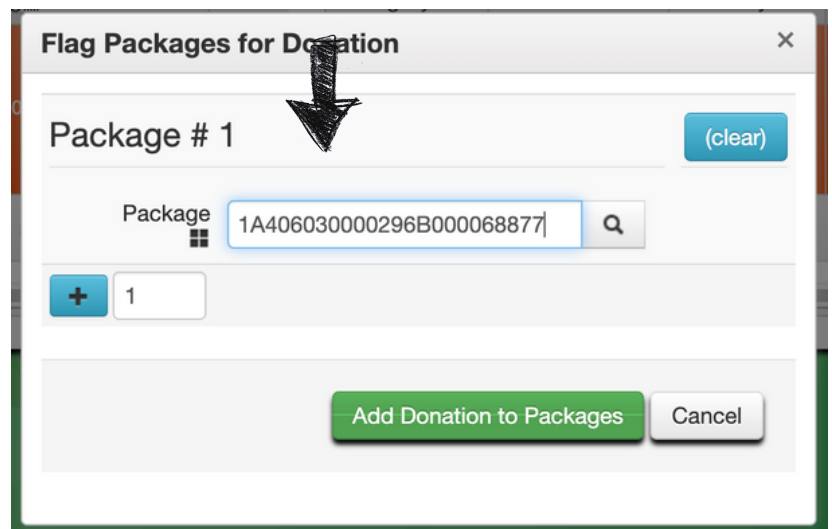
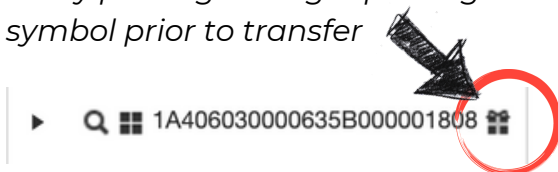


Designate a package for donation.

- Designate package as a donation item by selecting the item and then clicking the "Donation" button and then selecting "Add"
 - Alternatively, if the source package is designated for donation, leave the Donation association to remove the donation designation on the new package select the package and click REMOVE from the drop down menu. Only the licensee who designated a package for donation can remove the donation designation, but they can only do so if the donated package has not yet been transferred and accepted into the inventory of another licensee.
- When the next screen pops up select "Add Donation to Package"

DONATION SYMBOL

Verify package has gift package symbol prior to transfer



DISTRIBUTION

Preparing the Products & Paperwork for donation

- **MANIFESTING**
 - Create a "WHOLESALE TRANSFER" when sending products to a retailer.
 - Make the cost per sku \$0.01 as the system will not allow you to send it for \$0.00
 - Do NOT collect the \$0.01
- **INVOICING**
 - Create a matching invoice with \$0.01 on all lines and make sure you make a note at the bottom of the invoice that this was a charitable donation. Make sure all totals match that are entered into METRC.
- **SCHEDULE DELIVERY**
 - Contact Retail to Schedule Delivery
- **CDTFA-230-CD (1-20) CANNABIS DONATION CERTIFICATE**
 - Fill out two copies of form 230-CD (click for link to document).
- **SIGNATURES ON BOTH COPIES OF EVERY DOCUMENT**
 - Send two copies with the donations to the retailer with the delivery. Leave one copy for the retailer and bring one copy back to the distribution responsible for the donations.
 - Invoice
 - Manifest
 - CDTFA-230-CD
- **RECONCILE**
 - Reconcile monthly
 - Inventory
 - Metrc
 - Accounting

CDTFA-230-CD (1-20)

CANNABIS DONATION CERTIFICATE

STATE OF CALIFORNIA
CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION

Cannabis Donation Certificate

I HEREBY CERTIFY:

I, _____ (licensee receiving donated cannabis), will donate the medicinal cannabis or medicinal cannabis product described below that I am receiving under this certificate from the licensee identified in paragraph (4), to medicinal cannabis patients or to a cannabis retailer for subsequent donation to medicinal cannabis patients.

1. My seller's permit account number _____

2. My cannabis distributor tax permit account number (if applicable) _____

3. My commercial cannabis license type and number _____

4. This certificate is for the donation of the medicinal cannabis described in paragraph (5) that I received from the following cannabis licensee:

Licensee Name _____

License Type and Number _____

5. Description of the medicinal cannabis or medicinal cannabis product received for donation:

Item Name _____

Unique Identifier _____

Quantity _____

6. I have read and understand the following:

I understand that if I sell or use the medicinal cannabis or medicinal cannabis product received under this certificate in any manner other than for donation, I will owe the use tax based on the purchase price of similar products, the cannabis excise tax based on the average market price of similar products, and the cultivation tax based on the weight and category of the cannabis (Revenue and Taxation Code section 6414 and 34012.1).

NAME OF LICENSEE

SIGNATURE OF LICENSEE, LICENSEE'S EMPLOYEE, OR AUTHORIZED REPRESENTATIVE

PRINTED NAME OF PERSON SIGNING

TITLE

ADDRESS OF LICENSEE

TELEPHONE NUMBER

DATE

TRANSFERS TO RETAIL

Distributing Cannabis to Retailers

Dear Licensee,

Thank you for contacting the Department of Cannabis Control with your inquiry. The Metrc California Supplemental Guide (Section 7.1) provides information on all the different transfer types. The guide states that wholesale manifests should be used when transferring any cannabis products to a retailer licensee, *and* the originator is required to record the wholesale price of each package in the transfer.

Microbusiness functioning as a distributor with transfers that includes a Retailer licensee, or another microbusiness licensee functioning as a retailer, shall follow the same process. Additionally, it is recommended that nurseries utilize a wholesale manifest when transferring seeds or immature plants to a retailer.

Considering the cannabis products you intend to send to a retailer licensee are earmarked for donation, a wholesale manifest would be the appropriate transfer type. ***Please Note*** - Wholesale manifests require the originator to enter a wholesale price (Metrc will not allow a \$0.00 amount to be entered). When manifesting a product for donation, Department staff recommend entering a wholesale price of \$0.01 – the penny does not need to be collected upon delivery.

Please also note: products intended for donation should have the donation checkbox marked – this will provide clear information to the Department and CDTFA that the products on the manifest are designated for donation.

If you have any additional questions or a need for clarification, please feel free to contact the Department at any time.

Thank you,

DCC Staff

CA Cannabis Track-and-Trace Unit

844-61-CA-DCC (844-612-2322)

info@cannabis.ca.gov

www.cannabis.ca.gov



Department of
Cannabis Control
CALIFORNIA

A letter from the DCC on transferring donated cannabis to retailers. October 1st

RETAIL

Receiving Donated Items & Distributing Them

RECEIVING DONATED ITEMS

- Retail dispensaries receive donated products from participating Vendor at \$0.01 and verify that the manifest is registered as a wholesale transfer and that all products came in with the donation designation already on it by checking the incoming packages all have the gift box next to the METRC ID Number PRIOR to accepting the packages.
- Retail accepts product through METRC at \$0.01
- Retail ensures that the invoice matches the \$0.01 invoicing
- Retail Signs all three documents (invoice, manifest & donation form)
- Retail maintains Compassion Products separate from store inventory until patient pick up
- ENSURE that package has been designated as a “donated” item in metrc
- ENSURE these products are NEVER sold and are ALWAYS given to Medical Cannabis Patients for \$0

PATIENT PRODUCT PICKUP

- Donated items may only be provided to medicinal cannabis patients, or primary caregivers, with a valid recommendation or medical marijuana identification card under Section 11362.7 of the Health and Safety Code.
- Before providing free cannabis goods to a medicinal patient that does not possess a valid identification card, a retailer must:
 - Verify with the Medical Board of California, the Osteopathic Medical Board of California, and the California Board of Podiatric Medicine that the attending physician providing the patient’s medicinal cannabis recommendation has a license in good standing to practice medicine or osteopathy in the state of California;
 - Keep a copy of the patient’s or primary caregiver’s driver license or other government issued identification; and
 - Prepare a written certification that the retailer verified the physician’s recommendation as required.
- Patients check-in per regulations at retail registration
- Retail registration notifies Supervisor/Lead/Cannabis Tech of Patient arrival.
- Employee pulls Compassion package as listed from Compassion product bin and notes date of patient pick up on log.
- Employee makes a transaction at \$0.00 as an individual transaction regardless of if the patient wants to make an additional purchase (additional purchases will be rung up on a separate ticket).
- All donations must be 100% compliant in testing, packaging, expiration & potency just like any other product that would be sold in the store, and the donated items will count towards the patients daily limits.
- Staff management verifies that the transaction registered at \$0.00 and as a donated product per metrc guide.



**“COMPASSION IS AN
ACTION WORD WITH NO
BOUNDARIES.”**

– PRINCE

CALIFORNIA COMPASSION

THANK YOU FOR CHOOSING KINDNESS

26071.

(a) To provide access to medicinal cannabis patients who have difficulty accessing cannabis or cannabis products, a licensee that is authorized to make retail sales may provide free cannabis or cannabis products if all of the following criteria are met:

(1) Free cannabis or cannabis products are provided only to a medicinal cannabis patient or the patient's primary caregiver. For purposes of this section, "medicinal cannabis patient" includes a qualified patient, as defined under Section 11362.7 of the Health and Safety Code, or a person in possession of a valid identification card issued under Section 11362.71 of the Health and Safety Code.

(2) (A) A licensed retailer providing medicinal cannabis or medicinal cannabis products pursuant to this section to a qualified patient, as defined under Section 11362.7 of the Health and Safety Code, that possesses a valid physician's recommendation, shall ensure that the physician is in good standing by following the procedures described in subparagraph (B) before providing the qualified patient with any medicinal cannabis or medicinal cannabis products that a cultivator certified were for donation pursuant to Section 34012.1 of the Revenue and Taxation Code or that are exempt from the use tax pursuant to Section 6414 of the Revenue and Taxation Code.

[CLICK HERE FOR THE FULL BILL](#)

SB 34 : The Dennis Peron and Brownie Mary Act, authorizes, licensees that are authorized to make retail sales to provide free cannabis or cannabis products to a medicinal cannabis patient or the patient's primary caregiver if specified requirements are met, including that the cannabis or cannabis products otherwise meet specified requirements of MAUCRSA. The bill authorizes those licensees to contract with an individual or organization to coordinate the provision of free medicinal cannabis and medicinal cannabis products on the retailer's premises.

**“IF WE HAVE NO PEACE,
IT IS BECAUSE WE HAVE
FORGOTTEN THAT WE
BELONG TO EACH
OTHER.”**

— MOTHER TERESA

