

DEPARTMENT OF CALIFORNIA HIGHWAY PATROL

INITIAL STATEMENT OF REASONS

ADOPT TITLE 13, CALIFORNIA CODE OF REGULATIONS, DIVISION 2, CHAPTER 13

California Highway Patrol Cannabis Tax Fund Grant Program CHP-R-2019-06601

PURPOSE OF REGULATIONS AND PROPOSED ADOPTION

Section 2402 of the California Vehicle Code authorizes the Commissioner of the California Highway Patrol (CHP) to make and enforce regulations as necessary to carry out the duties of the CHP. The CHP proposes to adopt regulations within Title 13 of the California Code of Regulations (CCR), Division 2, by adding Chapter 13, which would govern the CHP Cannabis Tax Fund Grant Program, in furtherance of the Control, Regulate, and Tax Adult Use of Marijuana Act (AUMA), an initiative measure enacted as Proposition 64 on November 8, 2016, by a statewide general election. The AUMA and subsequent legislation, including Senate Bill (SB) 94 (2017), authorizes a person who obtains a state license from a cannabis control agency to engage in commercial adult use and medicinal cannabis activity pursuant to that license and applicable local ordinances. Commercial cannabis activity conducted under the AUMA and SB 94 is subject to taxation, with the funds supporting state programs, including the CHP Cannabis Tax Fund Grant Program.

This rulemaking package was initiated to implement a new grant program created by Section 34019(f)(3)(B) of the Revenue and Taxation Code (RTC). Specifically, the proposed regulations outline grant provisions, grant project types, specific application requirements, grant evaluation criteria, and necessary administrative procedures for the effective implementation of the program.

The funds derived from cannabis taxes and disbursed by the California State Controller's Office to the CHP shall be used to fund *internal CHP programs and grants to qualified nonprofit organizations and local governments for education, prevention, and enforcement of laws related to driving under the influence (DUI) of alcohol and drugs, including cannabis; programs that help enforce traffic laws, educate the public in traffic safety, provide varied and effective means of reducing fatalities, injuries, and economic losses from collisions; and for the purchase of equipment related to enforcement of laws related to DUI of alcohol and other drugs, including cannabis* (refer to Section 34019(f)(3)(B) RTC).

INTRODUCTION

This proposed adoption of new regulations would add provisions to Title 13 of the CCR, Division 2, as Chapter 13, implementing the responsibilities appointed to the CHP pursuant to Section 34019(f)(3)(B) RTC.

BACKGROUND

Senate Bill 94 and subsequent legislation allows for the establishment of legal medicinal and adult use cannabis, imposes a cannabis excise tax, and imposes a cannabis cultivation tax.

The state regulates the commercial activities related to cannabis by imposing a fifteen percent excise tax and an additional nine dollars and twenty-five cents per ounce of flower or two dollars and seventy-five cents per ounce of leaf with portions of this money deposited into the State and Local Government Law Enforcement Account. Certain fines on businesses and/or individuals who violate administrative regulations enforced by the Bureau of Cannabis Control, California Department of Food and Agriculture, and the California Department of Public Health will be deposited into the Tax Fund.

Revenue deposited into the State and Local Government Law Enforcement Account in accordance with Section 34019(f)(3)(B) RTC will be used to fund internal CHP programs and grants to qualified nonprofits and local governments for education, prevention, and enforcement of impaired driving laws related to DUI of alcohol and other drugs, including cannabis and cannabis products.

PURPOSE AND NECESSITY OF ADOPTION

In accordance with Section 34019(f)(3)(B) RTC, the CHP has established a Cannabis Tax Fund Grant Program. The purpose of this program is to provide financial assistance to eligible agencies and qualified nonprofits for the education, prevention, and enforcement of impaired driving laws related to DUI of alcohol and other drugs, including cannabis and cannabis products. The CHP proposes the adoption of Chapter 13, within Title 13, Division 2 of the CCR, to implement these code sections. Chapter 13 will have four articles, each containing regulations pertaining to the grant aspects funded under Section 34019(f)(3)(B) RTC.

The purpose of these proposed regulations is to codify requirements for the implementation of a grant program pursuant to Section 34019(f)(3)(B) RTC and make clear the process by which the CHP will make selections for funding local governments and qualified nonprofit organizations for education, prevention, and enforcement of impaired driving laws related to DUI of alcohol and other drugs, including cannabis and cannabis products.

SECTION BY SECTION OVERVIEW

Article 1. General Provisions

Section 1890.00. Definition of Key Terms

Section (a) defines thirty-two key terms that are used in the proposed regulations. Each term has a specific meaning when the first letter of the word or words is capitalized specific to the context of their use in the Cannabis Tax Fund Grant Program. The definitions are necessary to avoid any confusion or ambiguity that might result if these terms were not defined and to ensure uniform application throughout the regulations.

Section (a)(1) defines the term *Administrative Support* which means the staff that provide office management, accounting, and/or data collection for the project. This is necessary to establish common terms for reference and to clarify eligible project costs pursuant to Section 1890.03(b)(1) of these regulations.

Section (a)(2) defines the term *Applicant* which means an approved registered user of the Department's Grant Management System (GMS) who supports an application. This is necessary to establish common terms for reference and clarify the prerequisites necessary for completing an application within the GMS.

Section (a)(3) defines the term *Application* which means the electronically submitted request for a grant under the Cannabis Tax Fund Grant Program. This term is necessary to establish common terms for reference and provide clarification of the language used in the regulations.

Section (a)(4) defines the term *Audit* which means a systematic and comprehensive inspection, evaluation, and verification of a Grantee's financial management systems, internal controls, and accounts in accordance with Generally Accepted Auditing Standards, issued by the United States General Accounting Office that was developed by the American Institute of Certified Public Accountants. This term is necessary to establish common terms for reference and provide clarification of the language used in these regulations. Including an audit process ensures funding is spent appropriately pursuant to these regulations and the grant agreement.

Section (a)(5) defines the term *Audit Report* which means a report of determination of compliance or noncompliance with the requirements of the grant program, grant agreement, and the proposed regulations resulting from an Audit. This term is necessary to establish common terms for reference and provide clarification of the language used in these regulations. This term makes clear an audit will produce an audit report, which will contain a determination of compliance or noncompliance.

Section (a)(6) defines the term *Award*, which means acknowledgment of approved funds that provide support or stimulation to accomplish the objectives and goals of an awarded project. This term is necessary to establish common terms for reference and provide clarification of the

language used in the regulations. This term is necessary to clearly establish an intermediary step between the grant application and the grant agreement.

Section (a)(7) defines the term *Budget* which means the approximate cost of the project, prepared for expense and planning purposes only. This term is necessary to establish common terms for reference and provide clarification of the language used in the regulations. Requiring the applicant to complete a budget assists the applicant and the Department by ensuring the costs are representative of the proposed project.

Section (a)(8) defines the term *Cannabis Products* which means cannabis that has undergone a process whereby the plant material has been transformed into a concentrate including, but not limited to, concentrated cannabis or an edible or topical product containing cannabis or concentrated cannabis and other ingredients as defined Section 11018.1 of the Health and Safety Code. This is necessary to establish common terms for reference and provide clarification of the language used in these regulations.

Section (a)(9) defines the term *Closeout* which means the process by which the Department determines that all necessary administrative actions and all required grant activities have been completed by the Grantee. This term is necessary to establish common terms for reference and provide clarification of the language used in these regulations.

Section (a)(10) defines the term *Contract* which means a legally binding agreement between the Grantee and a person and/or organization for the purchase of materials, services, and/or items required to carry out a grant-funded project. This term is necessary to establish common terms for reference and provide clarification of the language used in these regulations.

Section(a)(11) defines the term *Department* which as used herein, means the Department of the California Highway Patrol. The term Department is used in other codes and may have different definitions. As such, this term is necessary to establish common terms for reference, provide clarification of the language used in these regulations, and make clear the California Highway Patrol is the controlling agency for this program.

Section (a)(12) defines the term *Education* which means a comprehensive program that shall provide information to the public regarding impaired driving laws and the dangers of impaired driving. This term is necessary to establish common terms for reference, provide clarification of the language used in these regulations, and set minimum expectations of education projects.

Section (a)(13) defines the term *Equipment* which means grant purchased, non-expendable, tangible, personal property having a normal useful life of more than one year and an acquisition cost of at least \$5,000 or more per asset (i.e., four identical assets which cost \$1,250 each, for a \$5,000 total, would not meet the definition). This term is necessary to establish common terms of reference and provide clarification of the language used in these regulations. This definition was modeled closely after the definition of a capital asset in the State Administrative Manual, Section 8602, which defines a capital asset as having a useful life of at least one year, having a

value of at least \$5,000, and used to conduct State business. This definition will help ensure appropriate tracking of high-value equipment using similar criteria.

Section (a)(14) defines the term *Evaluation Criteria* which means the standards set forth by the Department for use in scoring and ranking project applications with the intent of awarding Cannabis Tax Fund Grant Program funds as further described in Section 1890.13 of these regulations. This term is necessary to establish common terms of reference, provide clarification of the language used in these regulations, and clarify the criteria and the location of the criteria the Department will use to score each application.

Section (a)(15) defines the term *GMS* which means the Department's web-based Grant Management System, which is an interactive database used for application submission and project administration. This term is necessary to establish common terms of reference and provide clarification of the language used in these regulations.

Section (a)(16) defines the term *Grant* which means fiscal funding awarded from the Department to qualified organizations as authorized and defined in Section 34019(f)(3)(B) RTC and these regulations. This term is necessary to establish common terms of reference and provide clarification of the language used in these regulations.

Section (a)(17) defines the term *Grantee* which means a recipient of grant funding. This term is necessary to establish common terms of reference and provide clarification of the language used in these regulations.

Section (a)(18) defines the term *Grant Agreement* which means a binding document entered between the Department and a Grantee, which sets forth the terms and conditions of a project. This term is necessary to establish common terms of reference and provide clarification of the language used in these regulations.

Section (a)(19) defines the term *Grant Opportunity* which means a funding opportunity for a specific project category within the *GMS*. This term is necessary to establish common terms of reference and provide clarification of the language used in these regulations.

Section (a)(20) defines the term *Law Enforcement* which means a city or county governmental organization defined in Section 830.1 of the California Penal Code (PC), excluding subsection (b). This term is necessary to establish common terms of reference, provide clarification of the language used in these regulations, and clearly define which specified law enforcement agencies are eligible to apply for law enforcement grants. Citing the existing PC section, which defines most local law enforcement agencies in California, provides clarity and eliminates the need for the Department to redefine local law enforcement agencies for the purposes of this program.

Section (a)(21) defines the term *Local Government* which means a governmental organization that is responsible for the oversight and administration of city, county, or district functions. This

term is necessary to establish common terms of reference and provide clarification of the language used in these regulations.

Section (a)(22) defines the term *Method of Evaluation* which means the criteria used to assess the success of the project and is an element within the electronic application in the Department's GMS which will be given a score based on the criteria or standards used to determine the significance of the project as further described in Section 1890.13 of these proposed regulations. This term is necessary to establish common terms of reference, provide clarification of the language used in these regulations, and provide a process for measuring the success of a grant once awarded.

Section (a)(23) defines the term *Notice of Award* which means a written confirmation given to an applicant that the Department intends to award a grant agreement. This term is necessary to establish common terms of reference and provide clarification of the language used in these regulations.

Section (a)(24) defines the term *Pass-Through Entity* which means a local government or Law Enforcement agency Grant recipient that provides funding to a Qualified Nonprofit recipient. The Pass-Through Entity shall include funding for the contractor under contractual services within its Grant Application. Due to the large number of nonprofits which could be eligible for this program, the Department plans to utilize local governments to assist with vetting nonprofit applicants. Local governments are in the best position to determine the legitimacy and effectiveness of local nonprofit organizations. The Department will require a nonprofit organization to enlist the aid of a local government to apply for a grant opportunity on their behalf. This will help ensure nonprofit organizations receiving funding are legitimate and accountable. This term is necessary to establish common terms of reference and provide clarification of the language used in these regulations.

Section (a)(25) defines the term *Performance Measures* which means the quantifiable indicators used to assess the progress a grantee has made towards completing project goals and objectives. Performance measures are also an element within the GMS which will be given a score based on a clear understanding and detailed procedure for project objectives and goals as further described in Section 1890.13 of these proposed regulations. This term is necessary to establish common terms of reference and provide clarification of the language used in these regulations.

Section (a)(26) defines the term *POST* which means the Commission on Peace Officer Standards and Training, which sets minimum selection and training standards for California law enforcement. This term is necessary to establish common terms of reference and provide clarification of the language used in these regulations.

Section (a)(27) defines the term *Problem Statement* which means the brief description of the problem and the metric used to describe the problem and is an element within the electronic application in the Department's GMS which will be given a score based on the identified issue, problem, or need as further described in Section 1890.13 of these proposed regulations. This

term is necessary to establish common terms of reference and provide clarification of the language used in these regulations.

Section (a)(28) defines the term *Project* which means the activities and deliverables described in the project application to be accomplished through a grant agreement with funding. This term is necessary to establish common terms of reference and provide clarification of the language used in these regulations.

Section (a)(29) defines the term *Project Deliverables* which means the specific tangible outcomes or work products to be provided, acquired, or produced with the funds made available pursuant to the grant agreement. Examples include: the production of a specified number of brochures, purchase of specified equipment, completion of research resulting in a written report, and projects that result in a report or reports including any related specified documents. This term is necessary to establish common terms of reference and provide clarification of the language used in these regulations.

Section (a)(30) defines the term *Qualified Nonprofit* which means a nongovernmental California-based organization registered as and having current tax-exempt status pursuant to Section 501(c)(3) of the Internal Revenue Code and clarifies eligibility requirements. Qualified Nonprofits must identify a Pass-Through Entity to apply on their behalf. The qualified nonprofit will be considered a contractor for the purposes of the Grant. This term is necessary to establish common terms of reference and provide clarification of the language used in these regulations.

Section (a)(31) defines the term *Request for Application* or *RFA* which means a solicitation for application submissions for a grant opportunity that is located on the Department's Web site at www.chp.ca.gov. This term is necessary to establish common terms of reference and provide clarification of the language used in these regulations.

Section (a)(32) defines the term *Site Visit* which means an examination of the entity's physical and/or activity site by Department staff. It includes the general observation of the overall conditions of the area, appraisal of compliance, interviewing personnel, reviewing supporting documentation, and examining the operability of specific works. This term is necessary to establish common terms of reference, provide clarification of the language used in these regulations, and provide clarification and guidance to the Grantee regarding the Department's expectations during a site visit.

Section 1890.01. Request for Application

Section (a) establishes that the Department shall promulgate the Request for Application (RFA). The RFA will contain information regarding the application process, requirements, and deadlines. This is necessary to define the process the Department will utilize for publishing funding announcements and provides the location of the RFA.

Sections (a)(1) through (a)(8) specifies required information the applicant must provide for each RFA. This is necessary to ensure the Department has sufficient information to accept and score an application.

Section (b) establishes for the applicant that the California State Controller's Office, on a state fiscal year basis, appropriates funding to the program, provided there are funds available to disburse. Funding will be awarded on the State Fiscal Year cycle to ensure the efficient and effective tracking of grant funds. Due to internal Department processes, awarding funding on a cycle other than the State Fiscal Year will result in an increased workload for staff and may delay the payment of grantee reimbursement requests.

Section (c) establishes for the applicant that program funds are contingent on the passing and enactment of the California State Budget. This is necessary to clarify the Department cannot award grant funding without first receiving funding from the California State Budget.

Section (d) establishes for the applicant that the Department will determine funding levels and opportunities for project categories. This is necessary to provide the Department with the flexibility to fund projects that will have the greatest ability to reduce instances of driving under the influence of alcohol and drugs, including cannabis and cannabis products. The Department works closely with state and local agencies, and other traffic safety stakeholders to develop priorities. The Department will consider a variety of factors in determining needs, including project categories best suited to prevent the loss of life, injury and property damage caused by driving under the influence incidents.

Section 1890.02. Application Submission

Section (a) specifies the required online process for application submission. This is necessary to clarify the method by which the Department can receive applications and ensures an applicant does not attempt to apply through alternative means.

Section (b) clarifies for the applicant the application submission due date shall be posted on the Department's Web site, applications must be submitted through the Department's online GMS, and that all applications submitted after this due date shall not be accepted. This section is necessary to establish a due date, a location where the due date can be referenced by the applicant, and the online submission requirements. The Department must establish a due date as the funding available for each grant opportunity could be affected by the number of applications received.

Section (c) specifies organizations applying for the first-time to the program shall provide their organization registration information. This is necessary to ensure first-time grant applicants can register with the GMS. The Department cannot receive an application unless the application is submitted through the GMS.

Section (d) clarifies when an applicant applies to an RFA, the applicant agrees to comply with all applicable regulations and law. All regulations and law will be posted on the Department's Web site for review by the applicant. This section is necessary to advise prospective applicants, by applying, they are agreeing to comply with all applicable regulations and law posted on the Department's Web site.

Section 1890.03. Eligible Project Costs

Section (a) states costs shall be documented in the project description and approved by the Department to be considered eligible. This is necessary to clarify what costs are eligible for reimbursement.

Section (b) provides clarification on where an applicant will document project costs. This is necessary to provide direction to applicants and specify costs shall be documented in the budget summary. This will help ensure the Department can provide an accurate evaluation and score for the application. This section ensures proposed costs directly support the performance measures for the project.

Section (b)(1) makes eligible costs for an employee(s) engaged in project implementation and for direct project supervision of employee(s) engaged in project implementation. Costs shall be computed consistent with the prevailing wage for contractual services or the organization's salary scale, and may include benefits (e.g., health care, vacation, sick leave, retirement, and/or social security contribution) that are customarily charged by the Grantee or contractor. Personnel benefit charges shall be calculated in proportion to the actual time worked on a project. This section is necessary to define eligible personnel costs and clarify how personnel costs shall be calculated for reimbursement.

Section (b)(2) provides direction to applicants on which policies and procedures shall be followed for travel, transportation, lodging and related costs, and to retain certain receipts. This is necessary to provide the location of approved travel rates. Due to the variance between travel policies and reimbursement rates of applicants, the Department will use one standard rate, established by the California Department of Human Resources, to ensure travel funds are spent appropriately.

Section (b)(3) allows the Grantee to purchase supplies and materials that are deemed eligible by the Department and reasonable to accomplish the grant project. This section is necessary to clarify the applicant may purchase eligible supplies and materials necessary to accomplish the grant project specified within the grant agreement and/or approved by the Department.

Section (b)(4) allows for Grantees to purchase equipment. The cost of equipment necessary for the project shall not exceed the minimum requirements necessary to successfully accomplish the project. This is necessary to clarify equipment may be purchased upon approval from the Department, or if the equipment is detailed in the grant agreement. This section also requires

expenditures be kept to a minimum to ensure they do not have the potential of being perceived as being wasteful or an abuse of state funds.

Section (b)(5) allows Grantees to contract, with approval by the Department, for services that cannot reasonably be provided by the grantee. Contractual services are services of individual consultants or consulting firms engaged in performing special services in furtherance of the project. The purpose of this provision is to enable grantees to successfully complete their projects through the most efficient and cost-effective means available. These regulations require grantees utilizing contractors to be responsible for contractor's compliance with these regulations, grant agreement, and project requirements. Contracted services shall not affect the grantee's overall responsibility for the management of the project. Contracted services invoices shall include sufficient information to allow the Department to determine if the expenditures invoiced are allowable, reasonable, and necessary for the performance of the grant. This section is necessary to clarify for the grantees that they are responsible for the performance and reporting of contractors. The grantee is responsible to ensure that contractors adhere to the terms and conditions of the grant agreement, these regulations, and law. The Department allows for, but does not require, use of contractors.

Section (b)(6) provides the Department with the authority to approve costs not included in the grant agreement on a case-by-case basis. This language is necessary to clarify that any cost directly related to the accomplishment of the project, that was not approved in the grant agreement, may be reimbursable, if approved by the Department. Request for additional purchases must be requested via email prior to purchase and approved by the Department. Requiring a grantee to obtain prior approval for project related costs, not included in the grant agreement, ensures sufficient oversight by the Department while still allowing the grantee the flexibility to accomplish the project when unforeseen costs arise.

Section 1890.04. Ineligible Project Costs

Section (a) clarifies costs not included in the Grant Agreement are considered ineligible costs unless approved by the Department. This is necessary to establish the Department's authority to deny costs not relevant to a grant project. This is necessary to clarify any cost, not included in the grant agreement or approved by the Department, is considered ineligible and not reimbursable. This section will help ensure grant funds are spent appropriately.

Sections (b) through (b)(13) provide specific examples of project costs that are considered ineligible for reimbursement. This section provides a list of costs that are not eligible for reimbursement as they are not relevant to grant projects funded under this program.

Article 2. Project Categories

Section 1890.05. Law Enforcement

Section (a) identifies the required program objectives for law enforcement project(s) submissions. This section is necessary to clarify the type of projects that will be funded under a law enforcement grant. This section ensures an applicant's proposed project(s) align with the enforcement of laws related to driving under the influence of alcohol and other drugs, including cannabis and cannabis products.

Section (b) defines eligible applicants. This section is necessary to define the applicant's eligible to apply for a law enforcement grant. This section eliminates confusion and prevents applicants from applying for grant projects where they are ineligible as they would be unable to carry out the proposed projects funded by this grant type.

Section 1890.06. Education and Prevention

Section (a) identifies the required program objectives for education and prevention project(s) submissions. This is necessary to clarify the type of projects that will be funded under an education and prevention grant. This section ensures an applicant's proposed project(s) focus on public education and traffic safety laws related to driving under the influence of alcohol and other drugs, including cannabis and cannabis products, and for the prevention of driving under the influence of alcohol and other drugs, including cannabis and cannabis products.

Sections (b)(1) through (b)(2) defines eligible applicants. This is necessary to define the agencies eligible to apply for an education and prevention grant. This section eliminates confusion and prevents applicants from applying for grant projects where they are considered ineligible as they would be unable to carry out the proposed projects funded by this grant type.

Section 1890.07. Toxicology Driving Under the Influence/Driving Under the Influence of Drugs Laboratories

Section (a) identifies the required program objective for toxicology driving under the influence of drugs laboratory project(s) submissions. This section is necessary to clarify the type of projects that will be funded under a toxicology driving under the influence laboratory grant. This section ensures an applicant's proposed project(s) focus on improving and advancing the standardization of practices in local government toxicology laboratories supporting driving under the influence cases, and to aid in the enforcement of laws related to driving under the influence of alcohol and drugs, including cannabis and cannabis products.

Section (b) defines eligible applicants. This section is necessary to define the agencies eligible to apply for a toxicology driving under the influence laboratory grant. This section eliminates

confusion and prevents applicants from applying for grant projects where they are considered ineligible as they would be unable to carry out the proposed projects funded by this grant type.

Section 1890.08. Driving Under the Influence/Driving Under the Influence of Drugs Prosecution

Section (a) identifies the required program objective for driving under the influence prosecution project(s) submissions. This section is necessary to clarify the type of projects that will be funded under a driving under the influence prosecution grant. This section ensures an applicant's proposed project(s) focus on funding a prosecutor, licensed to practice law in California, who is primarily charged with prosecuting driving under the influence offenders, in cases involving alcohol and/or drugs, including cannabis and cannabis products.

Section (b) defines eligible applicants. This section is necessary to clarify the agencies eligible to apply for a driving under the influence prosecution grant. This section eliminates confusion and prevents applicants from applying for grant projects where they are considered ineligible as they would be unable to carry out the proposed projects funded by this grant type.

Article 3. Application Evaluation System and Funding

Section 1890.09. Determination of Evaluation Process

Section (a) specifies to the applicant that grants shall be competitive unless stated otherwise in an RFA. This section is necessary to ensure the funding will be disbursed and spent on those projects that are most likely to prevent the loss of life, injury and property damage caused by impaired driving incidents, and addresses the issues identified within Section 34019(f)(3)(B) RTC.

Section (b) establishes the Department's authority to award grants to an applicant when they demonstrate merit and ability, undertake a specific project that addresses significant problems or critical barriers related to impaired driving, and will provide vital and innovative contributions to the program. This section provides the Department with the discretion to award grants to projects most likely to prevent the loss of life, injury and property damage caused by impaired driving incidents, and addressing the issues identified within Section 34019(f)(3)(B) RTC.

Section 1890.10. Administrative Review

Section (a) sets forth the administrative review process for the Department's evaluation of applications. The Department must ensure the applicant provides specified information before moving the application to panel review and scoring. Without this required information, even if a grant was awarded, the Department would be unable to move forward with the grant agreement and would be unable to reimburse the grantee for costs incurred. This section provides the applicant with a clear understanding of the administrative review process and ensures procedures are consistent for all applicants.

Sections (a)(1) through (a)(4) specifies the criteria needed for the Department to conduct an administrative review of each application. This information will be used to determine whether the applicant is eligible for the grant, as set forth in the regulations. The purpose of an administrative review is to provide a fair evaluation of all applications based on eligibility, completeness, timeliness of submission, adherence to the RFA, and these regulations.

Section (b) clarifies an applicant who does not meet the criteria of the administrative review will be rejected and notified electronically. This section establishes the Department's authority to reject applications based on predetermined criteria set forth in this section. This section provides the applicant with a clear understanding of the administrative review process and ensures procedures are consistent for all applicants. The Department must have the ability to obtain basic and timely information from a grantee in order to effectively administer a competitive grant program.

Section 1890.11. Panel Review and Scoring

Section (a) establishes the Department's authority to reject an application that is incompatible and/or contrary to the purpose of this grant program, or an application determined by the Department to be non-compliant with these regulations or the established priorities defined in Section 34019(f)(3)(B) RTC. This is necessary to ensure a competitive grant program, provide a fair and clear processes, provide program transparency, and ensure procedures are consistent for all applicants.

Section (b) provides clarification for the applicant that the Department's panel shall score each application deemed compliant based on these regulations. The panel shall use the applicant's responses to the project-specific criteria within the application to determine a project score. This is necessary to ensure a fair and clear process, program transparency, and ensure procedures are consistent for all applicants. Given the staff and resources available to the Department to administer this program, the Department has determined a panel would be the most efficient and effective way to score the applications.

Section (c) provides guidance to the applicant regarding the project-specific criteria that shall be used to determine a project score. This section provides the applicant with a clear understanding of the scoring process and provides the Department with an efficient manner to review and score grant applications.

Section (d) specifies to the applicant that eligible projects shall be ranked by score and shall be funded in order of score from highest to lowest until available funds are exhausted. This section provides the applicant with a clear understanding of the scoring process and provides the Department with an efficient manner to review and score grant applications. This is necessary to ensure a fair and clear process, program transparency, and ensure procedures are consistent for all applicants.

Section (e) clarifies procedures if an applicant submits applicants for duplicate projects, the application with the lower score shall be rejected. This is necessary to ensure the Department does not fund duplicate projects and ensures the applicant's best application is considered for a grant award.

Section (f) establishes for the applicant, in the event projects have the same score, projects will be funded in the order of request amount, starting with the smallest request amount. This is necessary to ensure a fair and clear process, program transparency, and ensure procedures are consistent for all applicants. Prioritizing projects with lower funding amounts will ultimately ensure more projects are funded benefiting more communities across the State.

Section (g) clarifies the approval process in the event there is only one application submitted for a project category. This is necessary to establish basic the evaluation criteria in the case only one application is received.

Section (h) clarifies for the applicant that electronic notification will be utilized to communicate disqualification, denial, award, or other decision. This is necessary to provide the applicant with a clear process, ensure notification procedures are consistent for all applicants, and satisfy process notice requirements.

Section 1890.12. Evaluation Criteria

Section (a) evaluates the applicant's historical ability within the program to complete projects which may include failure to follow program regulations. This is necessary to inform applicants that historical performance may impact the applicant's ability to receive future funding from the Department. This section will encourage grantees to utilize their grant funding efficiently and appropriately and ensure the Department considers the performance records of poorly performing grantees when evaluating and scoring grant applications.

Sections (b) through (b)(5) set forth for the applicant the application evaluation criteria, procedures, and process the Department utilizes to score applications submitted for proposed projects. This is necessary to provide clarity and specificity of applicant criteria, which will be provided during each grant cycle within the RFA. This section is necessary for the Department to administer a competitive grant program.

Sections (c) through (c)(2) provide guidance on how project feasibility shall be demonstrated. This is necessary to provide clarity and specificity of applicant criteria, which will be provided during each grant cycle within the RFA. This section is necessary for the Department to administer a competitive grant program.

Sections (d) through (d)(1) establishes the authority and process the Department shall use to modify and/or accommodate grant-making priorities in response to changes within impaired driving, while remaining consistent with the requirements of Section 34019 RTC and the regulations. This is necessary to provide clarity and specificity for the applicant, establish the

Department's authority for the criteria which will be provided during each grant cycle within the RFA, and ensure tax payer money is being efficiently and properly disbursed. This section is necessary for the Department to administer a competitive grant program.

Section (e) provides the process the Department uses if additional information is requested for a project review. It also establishes the requirement of a ten-calendar day response submitted from the applicant via e-mail. This section is necessary for the Department to administer a competitive grant program and to obtain required information from a grantee. This provides the applicant with a clear process, ensure procedures are consistent for all applicants, and facilitate a timely review of a project.

Section 1890.13. Award of Grants

Sections (a) through (a)(5) provide the criteria used by the review panel for funding determinations for applications not disqualified or denied for the program. This is necessary to provide the applicant with a clear understanding of the criteria and process used for funding recommendations and to ensure the procedures are consistent for all applicants. The Department needs the ability to adjust funding requests during the award period to ensure a maximum number of grants are awarded and the largest impact to the State of California.

Section (b) identifies the panel shall use the applicant's responses to the project-specific criteria within the application to determine a project score. This is necessary to ensure the grant procedures are clear and consistent for all applicants. This section is necessary for the Department to administer a competitive grant program.

Section (c) identifies the method by which a successful applicant shall receive a notice of award. This is necessary to ensure notification procedures are consistent for all applicants, and satisfy process notice requirements. This section is necessary for the Department to administer a competitive grant program.

Section (d) establishes that a grant being awarded does not guarantee future funding in any project category. This is necessary to ensure the procedures are clear and consistent for all applicants. This section is necessary for the Department to administer a competitive grant program.

Section (e) provides clarification that only a fully executed grant agreement between the Department and Grantee authorizes the commencement of grant activities. This is necessary to clarify to the Grantee that grant-related activity is not authorized until execution of agreement is completed. This section ensures grantees can only spend funds when authorized.

Section (f) establishes the Department's authority for final selection, and that the selections are not subject to an appeal. This is necessary to provide for consistent and timely disbursement of Cannabis Tax Fund Grant Program funds and ensure the grant process is clear and concise for all parties. Allowing an applicant to appeal a decision may delay all grant funding for the cycle or

until the appeal is resolved as all funding amounts would need to be reevaluated after the appeal is resolved. This would have a disproportionate impact to the other grantees. The Department plans to offer feedback to applicants when their applications are rejected for the purposes of improving future submissions.

Section (g) delineates and clarifies for all approved city, county, and district organizations that the governing body resolution requirement shall be provided to the Department prior to grant agreement execution to receive grant funding. This section is necessary to complete the grant agreement and ensure the entity funded has the reimbursable authority to receiving grant funding.

Article 4. Project Administration Procedures

Section 1890.14. Grant Agreement

Section (a) identifies that, upon approval of a project application and award by the Department, a grant agreement will be prepared and executed with the grantee. The grant agreement establishes the terms and conditions of the project. Both the Department and the grantee must mutually agree to enter into the grant agreement. This ensures adherence to the terms and conditions set forth in the grant agreement.

Sections (b) through (b)(10) establish the minimum terms and conditions grantees shall comply with. This section provides basic requirements for the grant agreement. These provisions are required to ensure consistency between grant agreements.

Section (c) clarifies for the grantee that project agreements may be amended, contingent upon previous performance. This is necessary to aid the Department in enforcing the terms and conditions of the grant agreement, ensuring the appropriate awarding of funds, and preventing fraudulent use of grant funds.

Section (d) establishes the legal obligation and compliance by the grantee's organization to use the funds made available in accordance of the grant agreement terms and conditions and the regulations of the program. This is necessary to aid the Department in enforcing the terms and conditions of the grant agreement, the regulations, and prevent fraudulent use of program funds. This section is necessary to ensure grantees use grant funds appropriately and for the purposes specified in the grant agreement.

Section (e) establishes the Department's authority and references the circumstances for the Grantee of instances when noncompliance with the grant agreement that may be in breach of contract as identified in Section 1890.19 of these proposed regulations. The proposed regulation is necessary to clarify to Grantees the grant agreement approval process, and execution of the grant agreement by the Department. This section makes clear to the grantee and the Department when a breach of contract has occurred.

Section (f) specifies to the Grantee that reimbursement payments claims shall not be submitted until a fully executed grant agreement is on file with the Department. This section makes clear when a Grantee can submit for reimbursement for grant funded expenses. This is necessary to aid the Department in enforcing the terms and conditions of the grant agreement and the regulations.

Section 1890.15. Project Performance Period

Section (a) sets forth the time frame during which the grantee is expected to complete the grant activities as described within the grant agreement. This is necessary to clarify when projects can be completed and ensure procedures are consistent for all Grantees.

Section (b) sets forth the time frame during which the Grantee shall not charge expenditures for the award period. This is necessary to clarify when projects can be completed and ensure procedures are consistent for all Grantees.

Sections (c) establishes a one-year project performance period unless otherwise specified by the Department in the RFA. This is necessary to ensure procedures are consistent for all Grantees. The Department is allocated annual funding on a State Fiscal Year cycle through the California State Budget, which coincides with the one-year project performance period. A one-year project performance period better allows the Department to effectively and efficiently monitor and track grant funds, evaluate Grantee progress toward completing performance objectives, and helps ensure the timely reimbursement of Grantees for grant related activities.

Sections (d) through (d)(1) provide the Grantee with direction on how to notify the Department and the consequences of failure to complete a project as agreed to in the grant agreement. This is necessary to ensure procedures are consistent for all Grantees. This section allows the Grantee to provide clarification regarding the nonuse of grant funds. The Department will give special consideration to future grant applications if a Grantees fails to use grant funds due to the occurrence of natural disasters or other emergencies beyond their control.

Section 1890.16. Project Amendments

Sections (a) through (a)(1)(C) specify for the Grantee the required time frame for an amendment request submission to the Department, outline the requirements of project amendment requests which shall be submitted in writing to the Department with an explanation of the reasons/circumstances that justify the request, and provide the Grantee with the notification process for project amendment denials and approvals. Providing an option for project amendments ensures appropriate flexibility. It can be difficult for Grantees to spend project costs over the course of a year and a Grantee may need to shift funding within their agreement to complete their projects. Project amendments helps ensure projects are completed and accountability of funding. This is necessary to provide the Grantee with a clear process and ensure procedures are consistent for all Grantees.

Section (a)(2) addresses the thirty-business day deadline for project amendment requests to be submitted to the Department. This is necessary to ensure grants are amended in a timely manner while grant activities are still ongoing. This section provides the Grantee with a clear process and ensure procedures are consistent for all Grantees.

Section (b) establishes the Department's authority to determine an outcome for the project amendment request. This section provides the Grantee with a clear timeframe regarding grant amendment request approvals and denials. This is necessary to ensure grant amendments are used to complete existing grant deliverables and provides the Grantee with information related to the amendment process.

Section 1890.17. Project Withdrawal

Sections (a) through (a)(5) clarify for the applicant or Grantee the required written notification and requirements to the Department for withdrawal or cancellation of an approved project. This is necessary to provide the applicant or Grantee with a clear process and ensure procedures are consistent for all applicants and Grantees. The project withdrawal process allows an agency to withdraw from their grant agreement due to unforeseen circumstances. The project withdrawal process assists the Department with tracking of funds and project deliverables. Ultimately, unexpended funds not used by a Grantee, who withdraws, may be awarded later to another grant applicant.

Section (b) provides guidance to the Grantee that eligible project costs are authorized for reimbursement up to the date the project has been withdrawn. This section ensures the Grantee has a complete understanding of what costs are eligible for reimbursement when a project is withdrawn. Section (b) also clarifies for the Grantee that the project shall be subject to all audit and recordkeeping requirements contained in the regulations. This section ensures the Grantee retains all required records in the event the Department initiates an audit of the grant. This section is necessary to provide the applicant or Grantee with a clear process and ensure procedures are consistent for all applicants and Grantees.

Section (c) specifies to the applicant or Grantee that all project withdrawals shall be considered final by the Department. This is necessary to establish the Department's authority over applications or projects withdrawn from the program and to provide the Grantee with a clear process and ensure procedures are consistent for all Grantees. Generally, projects should only be withdrawn for a very serious cause. Allowing a Grantee to reinitiate a withdrawn project, within the grant project performance period, may not provide the Grantee with sufficient time to address the reason for withdrawal. As such, any project withdrawal shall be considered final, and the Grantee will have to reapply for future grant.

Section 1890.18. Project Breach-Termination

This section allows the Department to terminate a grant based on a Grantee's noncompliance with the terms and conditions of the grant agreement or these regulations. This ensures the

Department can terminate a grant agreement when a Grantee is noncompliant, or they are engaged in actions contrary to the program. This is necessary to provide the Grantee with a clear process and ensure procedures are consistent for all Grantees.

Section 1890.19. Equipment Management Requirements

Section (a) requires Grantees to maintain equipment records for equipment purchased with grant funds. This ensures high-value equipment purchased with grant funds are accounted for and not diverted for other uses.

Sections (a)(1) through (a)(5) provides Grantee requirements for equipment purchased with grant funds. This section ensures grant funding used to purchase equipment pursuant to Section 34019(f)(3)(B) RTC is properly used and tracked. This ensures high-value equipment purchased with grant funds are accounted for and not diverted for other uses.

Section 1890.20. Accounting and Retention Practices

Section (a) establishes that all labor costs shall be documented by the Grantee for the life of the project. This is necessary to provide the Grantees clarity and consistency and aid the Department in enforcing the proposed regulations, conducting audits, and preventing diversion and other fraudulent activity. This ensures necessary records and information is documented and retained by the Grantee for the purposes of any future audit.

Section (b) establishes use of a logbook or source document by the Grantee which shall include and identify the operator date of activity, work performed, and miles charged to the project. This is necessary to provide the Grantees clarity and consistency and aid the Department in enforcing the proposed regulations, conducting audits, and preventing diversion and other fraudulent activity. This ensures necessary records and information is documented and retained by the Grantee for the purposes of any future audit.

Section (c) establish the retention period for all documents, records, and financial accounts specific to the project for five years from the expiration of the grant agreement. This is necessary to provide the Grantees clarity and consistency; aid the Department in enforcing the proposed regulations, conducting audits, and preventing diversion and other fraudulent activity; clarify the time frame; and ensure specific required records are kept by the Grantee. This ensures necessary records and information are documented and retained by the Grantee for the purposes of any future audit.

Section 1890.21. Payment Requests

Sections (a) through (b) provide guidance to the Grantees for required quarterly project payment request submissions through the GMS. Submitting quarterly payment requests allows the Department to compare payment requests provided by the Grantee with the Grantee's quarterly

project accomplishment reports. This is necessary to provide a clear process and ensure clarity and accountability is consistent for all Grantees.

Section (c) specifies the Department's responsibilities for approving and processing payment reimbursement. This is necessary for the Department to have the right to withhold payment should the Grantee not adhere to the statutes or regulations of the grant agreement.

Section 1890.22. Reimbursements

Sections (a) through (a)(5) provide guidance to the Grantees for project reimbursement through the GMS and the required documentation. This is necessary to provide clarity and consistency regarding GMS procedures and requirements for the reimbursement of costs incurred by the Grantees.

Section 1890.23. Project Accomplishment Reporting and Submission

Section (a) specifies for the Grantee the two types of reporting required in conjunction with the grant project and submission process. These reports assist the Department with evaluating Grantee progress toward completing project goals and accomplishments. This is necessary to provide clarity, accountability, and consistency regarding procedures for all Grantees.

Section (a)(1) identifies the quarterly project accomplishment reporting and the requirement for each three-month summarization. These reports assist the Department with evaluating Grantee progress toward completing project goals and accomplishments. This is necessary to provide clarity, accountability, and consistency regarding procedures for all Grantees.

Section (a)(2) identifies the final project accomplishment reporting and the requirement to include the overall summary of the life of the grant. These reports assist the Department with evaluating Grantee progress toward completing project goals and accomplishments. This is necessary to provide clarity, accountability, and consistency regarding procedures for all Grantees.

Section (b) specifies for the Grantee the requirement of monitoring the performance of grant-supported activities to ensure time schedules and milestones are being met and accomplished. This is necessary to provide accountability and consistency regarding procedures for all Grantees. The section ensures Grantees are tracking project goals and objectives for the purposes of working toward fulfilling project deliverables.

Section (c) specifies for the Grantees the responsibility for monitoring the grant-supported project activities and the necessary requirements to inform the Department if there is an issue meeting the deliverables. The Department will use this information to determine how to assist the Grantee with their project. This is necessary to provide clarity, accountability, and consistency regarding procedures for all Grantees.

Section (d) specifies for the Grantee the requirement of summarizing grant activity and any budget issues during the reporting period. This is necessary to provide a clear process for the Grantees that is consistent and helps the Department track and maintain all reports in one central location.

Section (e) specifies for the Grantee that quarterly project accomplishment reports and final report not submitted within the specified time frame shall result in payment delays to the Grantee. This section ensures the Department can obtain the information necessary to verify Grantees progress toward completing project goals and objectives, and to compare accomplishments with Grantee payment requests. This is necessary to provide a clear process for the Grantees that is consistent and helps the Department track reports in the GMS.

Section 1890.24. Project Performance Review

Sections (a) through (a)(2) provide clarification to the Grantee regarding the authority of the Department to conduct a project performance review. This is necessary to aid the Department in enforcing the proposed regulations and in preventing diversion and other fraudulent activity.

Sections (b) through (b)(2) specifies for Grantee the Department's authority to conduct project performance reviews which may be accomplished by desk reviews or a site visit of facilities to verify Grantee compliance of the grant agreement and regulations. These provisions are necessary to aid the Department in enforcing the proposed regulations and in preventing diversion and other fraudulent activity.

Section (c) provides guidance to the Grantee regarding the time frame in which project performance reviews may be conducted. This is necessary to ensure the program has adequate internal controls and accountability.

Section (d) establishes the authority of the Department to deny payment requests to Grantees if they fail to comply with a performance review requirement. This section is necessary to ensure the program has adequate controls and accountability. This is necessary to provide the Grantee with a clear process and ensure procedures are consistent for all Grantees.

Section (e) identifies that the Department shall provide notice to the Grantee prior to a site visit and specifies requirements for the Grantee during a site visit. This is necessary to aid the Department in enforcing the proposed regulations and in preventing diversion and other fraudulent activity.

Section (f) specifies that a desk review or site visit report shall be provided to the Grantee with any comments or recommendations regarding the performance of the project. This is necessary to ensure a fair and clear process, provide program transparency, and ensure procedures are consistent for all Grantees. This section makes clear to the Grantee a site visit will result in a report where the Department will make comments and recommendations regarding the

performance of the Grantee's project. The Department may reference these reports when evaluating future grant applications from the Grantee.

Section 1890.25. Project Closeout

Sections (a) through (a)(4) clarify for the Grantee the review activities the Department will conduct prior to closing a grant. This is necessary to provide the Grantee with a clear process and ensure procedures are consistent for all program Grantees. This section is required to establish minimum closeout requirements necessary to document grant activities. These activities and reports may be referenced in audits, grant applications, or other reports that evaluate the success of the Cannabis Tax Fund Grant Program.

Section (b) clarifies for the Grantee the method the Department will use for the project closeout, and the final reimbursement request payment will be processed after the project closeout review is completed. This section ensures the Grantee participates in the grant closeout review. This is necessary to provide the Grantee with a clear process and ensure procedures are consistent for all program Grantees.

Sections (c) through (c)(6) identify the project closeout requirements that shall be included in the notification to the Grantee. This is necessary to provide the Grantee with a clear process and ensure procedures are consistent for all program Grantees. This section is required to establish minimum closeout requirements necessary to document grant activities. These activities and reports may be referenced in future audits, grant applications, or other reports that evaluate the success of the Cannabis Tax Fund Grant Program.

1890.26. Project Documentation

Sections (a) through (a)(4) provide guidance to the Grantee for the project documentation process and the requirements for the final payment reimbursement request. This is necessary to provide clarity and consistency regarding procedures and requirements for reimbursements for all costs incurred by the Grantee. These activities and reports may be referenced in future audits, grant applications, or other reports that evaluate the success of the Cannabis Tax Fund Grant Program.

Section (b) specifies to the Grantee that all supporting documentation must be received by the Department prior to a final payment reimbursement request is processed. This is necessary to provide clarity and consistency regarding procedures and requirements for reimbursements for costs incurred by the Grantee. These activities and reports may be referenced in future audits, grant applications, or other reports that evaluate the success of the Cannabis Tax Fund Grant Program.

Section (c) establishes the authority of the Department to deny final payment reimbursement requests if documentation is not received within thirty calendar days of the project completion date. This section will help ensure the Grantee provides the required reports. These activities

and reports may be referenced in future audits, grant applications, or other reports that evaluate the success of the Cannabis Tax Fund Grant Program. This section also specifies the Department shall deem the project closed and may be submitted for an audit. As staffing allows, the Department will conduct audits of closed grants for the purposes of ensuring fiscal accountability. This is necessary to provide clarity and consistency regarding procedures and requirements for reimbursements for costs incurred by the Grantee.

Section (d) provides guidance of the time frame and notification process to the Grantee if a refund is due to the Department. This is necessary to establish the authority of the Department to request a payment refund within sixty calendar days from the written notification to the Grantee. This is necessary to provide the Grantee the needed time to request a refund through their organization for funding owed back to the Department due to the payment of ineligible or unapproved costs not related to the project. This section provides clarity and consistency regarding procedures and requirements for reimbursements for costs incurred by the Grantee.

Subarticle 1. AUDITS

1890.27. Financial Audits of Grantees

Sections (a) through (e) set forth the authority in which the Department shall conduct a financial audit of Grantees, as well as the countermeasures of failing to comply with the project agreement, regulations, and any other law. Audits help ensure fiscal accountability and guard against diversion of funds or other activities outside of the Cannabis Tax Fund Grant Program objectives. The provisions within this section are necessary to ensure the program has adequate internal controls and provides a clear process that is consistent for all Grantees.

PROBLEMS AND BENEFITS

These regulations are necessary to provide a clear process and ensure program procedures are transparent and consistent.

Section 34019 RTC does not detail how the Department will administer the program. As such, the Department must make clear, through regulations, criteria for funding, application procedures, review opportunities, requirements for recordkeeping and reporting, and other matters fundamental to the creation, implementation, and operation of a successful grant program.

Without the clarification and adoption of these proposed regulations, the Department does not have uniform standards and guidelines to administer the program; cannot ensure applications are evaluated in a consistent and fair manner; and is without a method to provide applicants guidelines to direct them through the application process.

The proposed regulations ensure the Cannabis Tax Fund Grant Program has uniform standards, internal controls, and guidelines to ensure consistent and effective administration of the program;

the public understands the expectation of the program; and the program targets law enforcement programs designed to reduce DUI of alcohol and other drugs, including DUI of cannabis and cannabis products. Furthermore, by adopting the rules in compliance with California's rulemaking procedures and standards, the proposed regulatory action increases transparency.

ECONOMIC IMPACT ANALYSIS

THE CREATION OR ELIMINATION OF JOBS WITHIN THE STATE

The proposed regulations are unlikely to have an impact on the creation or elimination of jobs within the State of California. The Department is unaware of any reason providing Grant funds to Grantees would result in the elimination of jobs. The purpose of these proposed regulations is to set forth administrative criteria and requirements for a State funded grant program that will disburse funds to local government agencies and qualified non-profit organizations throughout the State of California for the purposes of reduction impaired driving through enforcement, education and prevention, toxicology, and prosecution efforts. There are no provisions within the proposed regulations which place additional burdens, obligations, or expenses on existing businesses such that jobs would be created or eliminated as a result.

THE CREATION OF NEW BUSINESSES OR THE ELIMINATION OF EXISTING BUSINESSES WITHIN THE STATE

The Department has determined that this proposed regulatory action will not result in the creation of any new businesses or elimination of existing businesses. Additionally, this proposed regulatory action will not have a significant statewide adverse economic impact directly affecting businesses.

THE EXPANSION OF BUSINESSES CURRENTLY DOING BUSINESS WITHIN THE STATE

The Department has not identified any significant adverse impact on businesses. The proposed regulations are unlikely to have an impact on the expansion of businesses currently doing business within the State of California.

The proposed regulation could potentially benefit local businesses if Grantees use grants funds to purchase eligible supplies and equipment necessary to complete grant projects.

THE BENEFITS OF THE REGULATION TO THE HEALTH AND WELFARE OF CALIFORNIA RESIDENTS, WORKER SAFETY, AND THE STATE'S ENVIRONMENT

This regulatory action may benefit the health, welfare, and safety of California residents and workers by providing funding for projects and programs that help enforce traffic laws, educate the public in traffic safety, provide varied and effective means of reducing fatalities, injuries, and economic losses from collisions; and for the purchase of equipment related to enforcement of

laws related to driving under the influence of alcohol and other drugs, including cannabis and cannabis products.

The Department anticipates that the proposed regulations will have no impact to the California's environment.

MANDATES FOR SPECIFIC ACTIONS OR PROCEDURES OR SPECIFIC TECHNOLOGIES OR EQUIPMENT

The proposed regulations do not mandate the use of any specific technology, equipment, or prescribe a specific standard.

The proposed regulations do not impose any mandates on local agencies or organizations. Participation in the program is voluntary. However, entities that participate in the program must comply with these regulations.

The proposed regulations require Grantees to submit applications and supporting documents electronically via an online grants management system provided by the Department which will require Internet access. The Department assumes all entities eligible for participation in the Cannabis Tax Fund Grant Program will have Internet access through their respective entity.

TECHNICAL, THEORETICAL, AND/OR EMPIRICAL STUDY, REPORTS, OR DOCUMENTS

The Department did not rely upon any technical, theoretical, and/or empirical studies, reports, or documents other than those incorporated by reference.

UNNECESSARY DUPLICATION OR CONFLICT WITH FEDERAL REGULATIONS

The Department has determined that the proposed rulemaking action does not unnecessarily duplicate or conflict with federal regulations contained in the Code of Federal Regulations (CFR). Participation in this state-funded program is voluntary and is not addressed in the CFR.

REASONABLE ALTERNATIVE TO THE PROPOSED REGULATIONS AND REASONS FOR REJECTING THOSE ALTERNATIVES

The Department has not identified an equally effective or less burdensome alternative to any affected entities which would be equally effective in achieving the purposes of the regulations while ensuring full compliance with Section 34019 RTC.

The proposed regulations do not unnecessarily duplicate or conflict with any federal law or federal regulations. The CHP does not propose to adopt regulations inconsistent with those contained in the CFR.

FACTS, EVIDENCE, DOCUMENTS, TESTIMONY, OR OTHER EVIDENCE ON WHICH THE AGENCY RELIES TO SUPPORT AN INITIAL DETERMINATION THAT THE ACTION WILL NOT HAVE A SIGNIFICANT ADVERSE ECONOMIC IMPACT ON BUSINESS

The proposed regulations concern the application process for entities who wish to apply to the Cannabis Tax Fund Grant Program.

The Department has determined that the proposed regulations will not have a significant adverse economic impact on business within the state of California; rather, it appears that any anticipated economic impact on business is likely to be positive.