



# HUMBOLDT COUNTY GROWERS ALLIANCE

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In response to a lot of recent interest in the distribution-transport license type, we thought it'd be helpful to provide a summary of how to apply for a distribution-transport license, what its benefits are, and what regulations license-holders are required to follow.

We hope that this FAQ provides some useful background and context on how distribution-transport licenses work, but please note that we're not lawyers and can't provide legal advice.

## **Distribution Transport-Only License FAQ**

### **Why apply for a distribution transport-only (DT) license?**

DT licenses enable businesses to move their product to and from nurseries, processors, manufacturers, and distributors without relying on a third-party distributor, allowing more flexibility and less dependence on distributors. Compared with other license types, DT licenses have a relatively low barrier to entry on both the state and local level.

### **How is a DT license different from a full distribution license?**

A DT license allows for transportation of cannabis products, but doesn't allow the transporter to 1) arrange for COA testing, or 2) transport product to retail. DT licenses are also prohibited from storing cannabis products at the DT premises, or modifying cannabis products in any way (labeling, packaging, processing, etc.)

### **What are the types of transport-only licenses?**

The BCC offers two subtypes of DT licenses:

- Distribution transport-only: Allows transport of any licensee's product.
- Self-distribution transport-only: Only allows transportation of your own product. As a result, licensing fees are lower and some regulations are waived.

### **How do I apply?**

On a state level, the BCC is responsible for granting and regulating DT Licenses. The application portal is available here: <https://online.bcc.ca.gov/bcc/Login.aspx>



## HUMBOLDT COUNTY GROWERS ALLIANCE

On a county level, transport-only authorization is streamlined for licensed businesses through local ordinance. For businesses that already hold a cannabis permit, only a business license is required to apply for a DT license: <https://humboldt.gov.org/265/Business-Licenses>

### **What's the application fee?**

All license types through the BCC have an application fee of \$1,000. The application fee for the local Humboldt County business license is \$213.20.

### **What's the state annual licensing fee?**

The annual state licensing fee from the BCC is determined by the gross revenue of the license. For a transport license, it's possible that your gross revenue may be very low or non-existent, depending on whether you're providing services for hire.

For transport-only distribution with less than \$1,000,000 gross revenue, the annual fee is \$1,500.

For self-distribution transport only with less than \$1,000 in gross revenue, the annual fee is \$200. If gross revenue is between \$1,000 and \$3,000, the fee is \$500. If gross revenue is more than \$3,000, the fee is \$1,000.

### **What are the application requirements?**

For a state license, applicants need to submit the following:

- Ownership, financial interest, and business information similar to other license applications.
- A premises diagram. Although cannabis can't be stored on the premises of a DT license, BCC still requires a premises to be identified for recordkeeping purposes.
- A \$5,000 surety bond.
- A notarized attestation that, if your business employs 20 people, you'll enter into a Labor Peace Agreement.
- Distribution SOP forms, which are available here: <https://bcc.ca.gov/clear/forms.html>. Technically, four SOPs are required: for transportation, security, inventory control, and quality control. In practice, since DT licenses don't hold inventory, only transportation SOPs and possibly security SOPs are applicable to DT licenses.

### **What are the regulatory requirements?**



## HUMBOLDT COUNTY GROWERS ALLIANCE

Requirements on the DT premises include:

- Cannot store cannabis on the premises or hold title for cannabis goods.
- The primary use of the premises is to store required records.
- According to state regulations, distribution transport-only licenses are required to follow BCC security requirements, including security cameras. However, self-distribution transport-only licenses are exempt from these security requirements.
- The premises must be “permanently affixed to the ground.”
- The premises cannot be within a residence, although it can be on the same property/parcel as a residence.

Some of the key requirements on transportation for a DT license include:

- Transportation can only be conducted by the owner or an employee of the owner.
- Cannabis must be transported inside a vehicle or trailer. Vehicles and trailers must be equipped with a vehicle alarm system.
- The vehicle or trailer that holds cannabis goods must meet the following security requirement: *“Cannabis goods shall be locked in a fully enclosed box, container, or cage that is secured to the inside of the vehicle or trailer. No portion of the enclosed box, container, or cage shall be comprised of any part of the body of the vehicle or trailer. For the purposes of this section, the inside of the vehicle includes the trunk.”*
- Must hold \$2,000,000 in general liability insurance, with up to \$1,000,000 covered for each loss.
- Must obtain a motor carrier permit only if transporting goods for hire. If you’re only transporting your own goods, and not transporting goods for hire, a motor carrier permit isn’t necessary. The online application for a motor carrier permit can be found here: <https://www.dmv.ca.gov/portal/dmv/detail/online/forms/>