

Shared Use Facilities for Cannabis Manufacturing

Benefits of sharing space

Manufacturers now have the option to take turns utilizing a designated space within a licensed premises, similar to the space sharing arrangements of commercial kitchens. This allows existing licensees with a compliant space to share overhead costs and offers a lower barrier to entry for manufacturers who have not yet found or leased a space.

Who's who?

The "Primary Licensee" is the owner or operator of the shared-use facility. The primary licensee holds a Type 7, 6, or N manufacturing license.

- Responsibilities
 - Assign a designated area to be used as shared space.
 - Provide secured storage for the Type S Licensee's cannabis and cannabis products.
 - Provide proper security.
 - Provide waste management and contamination controls.

The "Type S Licensee" is the manufacturer that will utilize the designated space of the primary licensee according to a predefined occupancy schedule.

- Responsibilities
 - Adhere to health and safety requirements.
 - Properly sanitize the designated work area.
- What activities may a Type S Licensee engage in?
 - Extractions with butter or food-grade oils (for use in the licensee's infused products only)
 - Infusion
 - Packaging and labeling

Keep in mind that the license type is only meant to be available to applicants with a gross annual revenues of less than \$1,000,000.¹

¹ Pursuant to Section 40152, gross annual revenue for the licensed premises shall be based on the annual gross sales of cannabis products and, if applicable, the annual revenue from manufacturing, packaging, labeling or otherwise handling cannabis or cannabis products for other licensees, in the twelve months preceding the date of application.

Application Process

Note: The information below is geared toward shared use facilities that already have a space, land use approval, and local authorization.

Step 1: Obtain a Temporary Type 7, 6, or N license for the premises (completed by primary licensee).

For temporary license application instructions, click [here](#). The application is available [here](#).

Step 2: Register the shared-use facility (completed by primary licensee).

The state is currently accepting the temporary shared use facility registration (initial period of 120 days). There is no fee.

What to submit:

- Form CDPH-9037 (Available [here](#))
- Local authorization that enables the applicant to operate as a shared use facility (It's not yet clear what this authorization would look like and if it would be separate from the temporary commercial cannabis license. (separate from local permit? ...this does not necessarily mean the locality must have a special permit - presumably, you could submit your local permit to conduct commercial cannabis activity and if no response within 10 days, DPH will consider authorization valid)

Step 3: Submit a Type S Temporary License Application (completed by Type S licensee).

The state is currently the temporary Type S license application (initial period of 120 days). There is no fee.

What to submit:

- Form CDPH-9038 (Available [here](#))
 - Primary licensee's license #
 - Address of shared use facility
 - Operational activities of Type S Licensee
- Occupancy schedule
- Local authorization that enables the applicant to conduct commercial cannabis activity

Looking forward: Annual licenses

The temporary authorization is valid for 120 days from date of issuance and may be extended (by 90 days) if the business has submitted a complete annual license application. (Which means that annual license applications would need to be available by mid-July, and hopefully earlier.)

The annual application will be more intensive. You'll need to submit:

- Evidence of CEQA compliance or exemption
- Information about the business
- Information about owners and those with a financial interest
- Information about the premises
- Information about procedures
- Copy of the use agreement
- Diagram of the shared-use space
- Occupancy schedule

Type S Licensees will submit a \$500 application fee. License fees begin at \$2,000 for Tier I (under \$100k). No registration or additional license fees have been specified for the Shared-Use Facility.

For professional guidance on shared spaces and licensing, send an email to info@mahajanconsulting.com.