

1 AN ACT relating to medicinal cannabis and making an appropriation therefor.

2 *Be it enacted by the General Assembly of the Commonwealth of Kentucky:*

3 ➔SECTION 1. A NEW SECTION OF KRS CHAPTER 218A IS CREATED TO
4 READ AS FOLLOWS:

5 *For the purposes of Sections 1 to 30 of this Act, unless the context otherwise requires:*

6 *(1) "Bona fide practitioner-patient relationship" means a treating or consulting*
7 *relationship, during the course of which a medicinal cannabis practitioner:*

8 *(a) Has completed an initial in-person examination and assessment of the*
9 *patient's medical history and current medical condition;*

10 *(b) Has consulted with the patient with respect to the possible medical,*
11 *therapeutic, and palliative properties of medicinal cannabis;*

12 *(c) Has advised the patient of the possible risks and side effects associated with*
13 *the use of medicinal cannabis, including possible interactions between*
14 *medicinal cannabis and any other drug or medication that the patient is*
15 *taking at that time; and*

16 *(d) Has established an expectation that he or she will provide follow-up care*
17 *and treatment to the patient;*

18 *(2) "Cannabis business" means an entity licensed under this chapter as a cultivator,*
19 *dispensary, processor, producer, or safety compliance facility;*

20 *(3) "Cannabis business agent" means a principal officer, board member, employee,*
21 *volunteer, or agent of a cannabis business;*

22 *(4) "Cardholder" means:*

23 *(a) A registered qualified patient, designated caregiver, or visiting qualified*
24 *patient who has applied for, obtained, and possesses a valid registry*
25 *identification card issued by the department as required by this chapter; or*

26 *(b) A visiting qualified patient who has obtained and possesses a valid out-of-*
27 *state registry identification card;*

- 1 (5) "Cultivator" means an entity licensed as such under Sections 16, 17, and 18 of
2 this Act;
- 3 (6) "Cultivator agent" means a principal officer, board member, employee,
4 volunteer, or agent of a cultivator;
- 5 (7) "Department" means the Department of Alcoholic Beverage and Cannabis
6 Control or its successor agency;
- 7 (8) "Designated caregiver" means a person who has registered as such with the
8 department as required by this chapter;
- 9 (9) "Dispensary" means an entity licensed as such under Sections 16, 17, and 18 of
10 this Act;
- 11 (10) "Dispensary agent" means a principal officer, board member, employee,
12 volunteer, or agent of a dispensary;
- 13 (11) "Disqualifying felony offense" means:
- 14 (a) A felony offense that would classify the person as a violent offender under
15 KRS 439.3401; or
- 16 (b) A violation of a state or federal controlled substance law that was classified
17 as a felony in the jurisdiction where the person was convicted, except:
- 18 1. An offense for which the sentence, including any term of probation,
19 incarceration, or supervised release, was completed five (5) or more
20 years earlier; or
- 21 2. An offense that consisted of conduct for which Sections 1 to 30 of this
22 Act would likely have prevented a conviction, but the conduct either
23 occurred prior to the enactment of Sections 1 to 30 of this Act or was
24 prosecuted by an authority other than the Commonwealth of
25 Kentucky;
- 26 (12) "Diversion" or "divert" means the act of dispensing, selling, or otherwise
27 transferring possession of medicinal cannabis from a licensed cannabis business

1 or cardholder to any person or entity not authorized under the provisions of
2 Sections 1 to 30 of this Act to legally possess or use medicinal cannabis;

3 (13) "Enclosed, locked facility" means:

4 (a) An indoor growing space such as a room, greenhouse, building, or other
5 indoor enclosed area that is maintained and operated by a cultivator or
6 producer and is equipped with locks and other security devices that permit
7 authorized access only by agents of the cultivator or producer, as required
8 by the department; or

9 (b) An outdoor growing space that is maintained and operated by a cultivator
10 or producer and is secured and electronically monitored to permit
11 authorized access only by agents of the cultivator or producer, as required
12 by the department;

13 (14) "Gross receipts" means the total amount or consideration, including cash, credit,
14 property, and services for which medicinal cannabis is sold, valued in money,
15 whether received in money or otherwise;

16 (15) "Growth area" means the same as an enclosed, locked facility;

17 (16) "Marijuana" has the same meaning as in Section 36 of this Act;

18 (17) "Medicinal cannabis" means marijuana as defined in Section 36 of this Act
19 when cultivated, harvested, processed, produced, transported, dispensed,
20 distributed, sold, possessed, or otherwise used in accordance with Sections 1 to 30
21 of this Act. The term "medicinal cannabis" includes medicinal cannabis products
22 and raw plant material. The term "medicinal cannabis" does not include
23 industrial hemp or industrial hemp products as defined in KRS 260.850, and
24 nothing in Sections 1 to 30 of this Act shall be construed or interpreted as
25 applying to industrial hemp or industrial hemp products;

26 (18) "Medicinal cannabis accessories" means any equipment, product, or material of
27 any kind which is used, intended for use, or designed for use in the preparing,

1 storing, using, or consuming medicinal cannabis in accordance with Sections 1
2 to 30 of this Act;

3 (19) "Medicinal cannabis practitioner" means a physician or an advanced practice
4 registered nurse who is authorized by his or her state licensing board to provide
5 written certifications for the use of medicinal cannabis in accordance with
6 Section 9 of this Act;

7 (20) "Medicinal cannabis product" means any compound, manufacture, salt,
8 derivative, mixture, or preparation of any part of the plant Cannabis sp., its seeds
9 or its resin; or any compound, mixture, or preparation which contains any
10 quantity of these substances when cultivated, harvested, processed, produced,
11 transported, dispensed, distributed, sold, possessed, or used in accordance with
12 Sections 1 to 30 of this Act. The term "medicinal cannabis product" does not
13 include industrial hemp products as defined in KRS 260.850;

14 (21) "Minor" means a person less than eighteen (18) years of age;

15 (22) "Out-of-state registry identification card" means a registry identification card, or
16 an equivalent document, that was issued pursuant to the laws of another state,
17 district, territory, commonwealth, or insular possession of the United States that
18 allows the person to use medicinal cannabis in the jurisdiction of issuance;

19 (23) "Pharmacist" has the same meaning as in KRS 315.010;

20 (24) "Processor" means an entity licensed as such under Sections 16, 17, and 18 of
21 this Act;

22 (25) "Processor agent" means a principal officer, board member, employee,
23 volunteer, or agent of a processor;

24 (26) "Producer" means an entity licensed as such under Sections 16, 17, and 18 of
25 this Act;

26 (27) "Producer agent" means a principal officer, board member, employee, volunteer,
27 or agent of a producer;

- 1 (28) "Qualified patient" means a person who has obtained a written certification for
2 the use of medicinal cannabis from a medicinal cannabis practitioner with whom
3 he or she has a bona fide practitioner-patient relationship;
- 4 (29) "Raw plant material" means the trichome-covered part of the female plant
5 Cannabis sp. or any mixture of shredded leaves, stems, seeds, and flowers of the
6 Cannabis sp. plant. The term "raw plant material" does not include plant
7 material obtained from industrial hemp as defined in KRS 260.850;
- 8 (30) "Registered qualified patient" means a qualified patient who has applied for,
9 obtained, and possesses a valid registry identification card or provisional
10 licensure receipt issued by the department;
- 11 (31) "Registry identification card" means a document issued by the department that
12 identifies a person as a registered qualified patient, visiting qualified patient, or
13 designated caregiver;
- 14 (32) "Safety compliance facility" means an entity licensed as such under Sections 16,
15 17, and 18 of this Act;
- 16 (33) "Safety compliance facility agent" means a principal officer, board member,
17 employee, volunteer, or agent of a safety compliance facility;
- 18 (34) "Seedling" means a medicinal cannabis plant that has no flowers and is not
19 taller than eight (8) inches;
- 20 (35) "Serious violation" means:
- 21 (a) Any violation of Sections 1 to 30 of this Act or any administrative regulation
22 promulgated thereunder that is capable of causing death or which causes
23 serious and prolonged disfigurement, prolonged impairment of health, or
24 prolonged use or impairment of the function of any bodily organ;
- 25 (b) Diversion of medicinal cannabis; or
- 26 (c) Any act that would constitute a violation of Section 39 of this Act;
- 27 (36) "Smoking" means the inhalation of smoke produced from the combustion of raw

1 plant material when ignited by a flame;

2 (37) "State licensing board" means, respectively, any of the following:

3 (a) The Kentucky Board of Medical Licensure; or

4 (b) The Kentucky Board of Nursing;

5 (38) "Telehealth" has the same meaning as in KRS 211.332;

6 (39) "Use of medicinal cannabis" includes the acquisition, administration,
7 possession, transfer, transportation, or consumption of medicinal cannabis or
8 medicinal cannabis accessories by a cardholder in accordance with Sections 1 to
9 30 of this Act. The term "use of medicinal cannabis" does not include:

10 (a) Cultivation of marijuana by a cardholder;

11 (b) The use or consumption of marijuana by smoking; or

12 (c) The use of industrial hemp or industrial hemp products as defined in KRS
13 260.850;

14 (40) "Visiting qualified patient" means a person who has registered as such through
15 the department as required under Section 11 of this Act or who possess a valid
16 out-of-state registry identification card; and

17 (41) "Written certification" means a document dated and signed by a medicinal
18 cannabis practitioner, that:

19 (a) States, that in the medicinal cannabis practitioner's professional opinion,
20 the patient may receive medical, therapeutic, or palliative benefit from the
21 use of medicinal cannabis;

22 (b) Specifies the medical condition or conditions for which the medicinal
23 cannabis practitioner believes that the patient may receive medical,
24 therapeutic, or palliative benefit; and

25 (c) Affirms that the medicinal cannabis practitioner has a bona fide
26 practitioner-patient relationship with the patient.

27 ➔SECTION 2. A NEW SECTION OF KRS CHAPTER 218A IS CREATED TO

1 READ AS FOLLOWS:

2 Notwithstanding any provision of law to the contrary:

3 (1) The use of medicinal cannabis by a cardholder shall be considered lawful if done
4 in accordance with Sections 1 to 30 of this Act and any administrative regulations
5 promulgated thereunder;

6 (2) A registered qualified patient or visiting qualified patient shall not be considered
7 to be under the influence of medicinal cannabis solely because of the presence of
8 tetrahydrocannabinol metabolites, including but not limited to cannabinoid
9 carboxy THC, which is also known as THC-COOH;

10 (3) The acquisition, blending, cultivation, delivery, distribution, manufacturing,
11 manipulation, packaging for sale, preparation, possession, sale, testing,
12 transportation, or transfer of medicinal cannabis or medicinal cannabis
13 accessories by a cannabis business or cannabis business agent shall be
14 considered lawful if done in accordance with Sections 1 to 30 of this Act and any
15 administrative regulations promulgated thereunder;

16 (4) A medicinal cannabis practitioner shall not be subject to arrest, prosecution, or
17 penalty in any manner, or denied any right or privilege, including but not limited
18 to a civil penalty or disciplinary action by a state licensing board or by any other
19 occupational or professional licensing board, solely for providing written
20 certifications or for otherwise stating that, in the medicinal cannabis
21 practitioner's professional opinion, a patient may receive medical, therapeutic, or
22 palliative benefit from the use of medicinal cannabis, if done in accordance with
23 Sections 1 to 30 of this Act;

24 (5) An attorney shall not be subject to arrest, prosecution, or penalty in any manner,
25 or denied any right or privilege, including but not limited to a civil penalty or
26 disciplinary action by the Kentucky Court of Justice, Kentucky Bar Association,
27 or by any other professional licensing board, solely for providing an individual or

1 cannabis business with legal assistance related to activity that is no longer subject
2 to criminal penalties under state law pursuant to Sections 1 to 30 of this Act;

3 (6) A pharmacist shall not be subject to arrest, prosecution, or penalty in any
4 manner, or denied any right or privilege, including but not limited to a civil
5 penalty or disciplinary action by the Kentucky Board of Pharmacy or by any
6 other professional licensing board, solely for consulting with or providing
7 information with respect to the possible risks or side effects of medicinal
8 cannabis, including any potentially harmful or dangerous interactions between
9 medicinal cannabis and any other drug;

10 (7) No person shall be subject to arrest, prosecution, or penalty in any manner, or
11 denied any right or privilege, including but not limited to a civil penalty or
12 disciplinary action by an occupational or professional licensing board, solely for
13 providing assistance or services, including but not limited to accounting services,
14 security services, or business consulting services, to any individual or cannabis
15 business related to activity that is no longer subject to criminal penalties under
16 state law pursuant to Sections 1 to 30 of this Act;

17 (8) Nothing in subsections (2) to (7) of this section shall be interpreted to prohibit the
18 arrest, prosecution, or imposition of any other penalty arising from but not
19 limited to breach of contract, breach of fiduciary duty, negligence, or engaging in
20 criminal activity that would constitute a felony or misdemeanor; and

21 (9) A registered qualified patient who is injured or defrauded, including by theft or
22 deprivation of the use and benefit of any money, personal property including
23 medicinal cannabis, or articles of value of any kind, by his or her designated
24 caregiver shall have a civil cause of action in Circuit Court to recover the actual
25 damages sustained, together with the cost of the lawsuit, including reasonable
26 fees for the individual's attorney of record.

27 ➔SECTION 3. A NEW SECTION OF KRS CHAPTER 218A IS CREATED TO

1 READ AS FOLLOWS:

2 (1) The Department of Alcoholic Beverage and Cannabis Control is hereby charged
3 with the implementation, operation, oversight, and regulation of the medicinal
4 cannabis program established in Sections 1 to 30 of this Act, and there is hereby
5 created within the department a Division of Medicinal Cannabis and a Division
6 of Alcoholic Beverage and Cannabis Enforcement. The Division of Medicinal
7 Cannabis shall consist of a director and the necessary staff to fulfill its statewide
8 regulatory responsibilities. The director of the Division of Alcoholic Beverage
9 and Cannabis Enforcement shall be responsible for the detection, investigation,
10 and enforcement of infractions of administrative regulations and laws associated
11 with Sections 1 to 30 of this Act.

12 (2) The department shall develop and implement a biennial accreditation process
13 based on evolving continuous quality improvement metrics to ensure best-
14 practice standards. The renewal of cannabis business licenses shall be contingent
15 upon successfully demonstrating certain minimal performance standards
16 through the accreditation process.

17 (3) (a) There is hereby established within the department a Board of Physicians
18 and Advisors which for administrative purposes shall be attached to the
19 department.

20 (b) The board shall consist of:

- 21 1. Five (5) physicians who are knowledgeable about the medicinal use of
22 cannabis and certified by the appropriate board in one (1) of the
23 following specialties:
24 a. Addiction medicine;
25 b. Anesthesiology;
26 c. Gastroenterology;
27 d. Obstetrics and gynecology;

1 e. Ophthalmology;

2 f. Optometry;

3 g. Infectious disease;

4 h. Neurology;

5 i. Oncology;

6 j. Pain management;

7 k. Pain medicine;

8 l. Pediatrics;

9 m. Physical medicine and rehabilitation; or

10 n. Psychiatry;

11 2. Three (3) advanced practice registered nurses who are authorized to
12 prescribe controlled substances under KRS 314.042;

13 3. One (1) pharmacist licensed by the Kentucky Board of Pharmacy;

14 4. Six (6) patient advocates;

15 5. The commissioner of the department, who shall serve as a non-voting
16 ex officio member; and

17 6. The director of the Division of Medicinal Cannabis, who shall serve as
18 a non-voting ex officio member.

19 (c) 1. The commissioner of the department shall appoint members to the
20 board and shall select a chairperson from among the physicians
21 appointed to the board.

22 2. Eight (8) of the members first appointed shall serve for a term of three
23 (3) years, and seven (7) of the members first appointed shall serve for
24 a term of four (4) years. Thereafter, members of the board shall serve
25 for a term of four (4) years and shall be eligible for reappointment. A
26 member of the board whose term has expired may continue to serve
27 until a successor has been appointed.

1 3. Members of the board shall serve without compensation, but each
2 member of the board not otherwise compensated for his or her time or
3 expense shall be entitled to reimbursement for his or her actual and
4 necessary expenses in carrying out his or her duties with
5 reimbursement for expenses being made in accordance with
6 administrative regulations relating to travel expenses.

7 (d) The board shall:

8 1. Review and recommend to the department protocols for determining
9 the amount of medicinal cannabis that shall constitute a daily supply
10 of medicinal cannabis, an uninterrupted ten (10) day supply of
11 medicinal cannabis, and an uninterrupted thirty (30) day supply of
12 medicinal cannabis, as well as the amount of raw plant material that
13 medicinal cannabis products are considered equivalent to;

14 2. Review and recommend to the department protocols, evolving
15 continuous quality improvement metrics, and minimal performance
16 standards for the biennial accreditation process of licensed cannabis
17 businesses;

18 3. Review relevant scientific data related to the delta-9
19 tetrahydrocannabinol content limits established in subsection (2)(b) of
20 Section 19 of this Act and make recommendations to the General
21 Assembly regarding revisions to the limits as the board deems
22 appropriate;

23 4. Review relevant scientific data related to the various methods of use
24 and consumption of medicinal cannabis and make recommendations
25 to the General Assembly to approve or restrict certain methods as the
26 board deems appropriate; and

27 5. Perform other duties related to the use of medicinal cannabis upon

1 request by the commissioner of the department or the director of the
2 Division of Medicinal Cannabis.

3 (4) No later than March 1 of each year beginning in 2024, the department, in
4 consultation with the University of Kentucky College of Medicine shall submit an
5 annual report to the Legislative Research Commission. The report submitted by
6 the department shall, at a minimum, include:

7 (a) The number of applications and renewals received by the department for
8 registry identification cards for registered qualified patients, visiting
9 qualified patients, and designated caregivers, individually and collectively;

10 (b) The number of applications and renewals for registry identification cards
11 that were approved and denied by the department;

12 (c) The number of registry identification cards revoked by the department for
13 misconduct and the nature of the misconduct;

14 (d) The number of physicians and advanced practice registered nurses
15 authorized to provide written certifications;

16 (e) The number of pharmacists authorized to provide consultation to
17 cardholders;

18 (f) The nature of the medical conditions for which medicinal cannabis
19 practitioners have provided written certifications;

20 (g) The number of applications and renewals received by the department for
21 cannabis business licenses; the number of cannabis business licenses issued
22 for each business type and tier; and the number of cannabis business
23 license applications and renewals that were denied by the department;

24 (h) The number of cannabis business agents associated with each type of
25 cannabis business;

26 (i) An assessment of:

27 1. The ability of cardholders in all areas of the state to obtain timely

- 1 affordable access to medicinal cannabis;
- 2 2. The evolving continuous quality improvement metrics and minimal
- 3 performance standards for the biennial accreditation process of
- 4 licensed cannabis businesses;
- 5 3. The effectiveness of the cultivators, processors, and producers licensed
- 6 under this chapter, individually and collectively, in serving the needs
- 7 of processors, dispensaries, and cardholders, the reasonableness of
- 8 their fees, whether they are generating any complaints or security
- 9 problems, and the sufficiency of the number operating to serve
- 10 processors, dispensaries, and cardholders in the Commonwealth;
- 11 4. The effectiveness of the dispensaries licensed under this chapter,
- 12 individually and collectively, in serving the needs of cardholders,
- 13 including the provision of educational and support services, the
- 14 reasonableness of their fees, whether they are generating any
- 15 complaints or security problems, and the sufficiency of the number
- 16 operating to serve cardholders in the Commonwealth; and
- 17 5. The effectiveness of the licensed safety compliance facilities licensed
- 18 under this chapter, individually and collectively, in serving the needs
- 19 of other cannabis businesses, including the provision of testing and
- 20 training services, the reasonableness of their fees, whether they are
- 21 generating any complaints or security problems, and the sufficiency of
- 22 the number operating to serve other cannabis businesses and
- 23 cardholders in the Commonwealth;
- 24 (j) The profits and expenditures by cannabis businesses, individually and
- 25 collectively;
- 26 (k) The amount of medicinal cannabis sold per month in the Commonwealth;
- 27 (l) The total amount of revenue generated from cannabis business licensure

- 1 and cardholder fees for each calendar year and aggregated by prior years;
- 2 (m) The total amount of revenue generated by the excise tax established in
- 3 Section 33 of this Act;
- 4 (n) The total cost of enforcement for the medicinal cannabis program at the
- 5 time of the report, by city, county, and overall;
- 6 (o) The sufficiency of the regulatory and security safeguards contained in
- 7 Sections 1 to 30 of this Act and adopted by the department through
- 8 administrative regulations to ensure that access to and use of medicinal
- 9 cannabis cultivated and processed in this state are provided only to
- 10 cardholders;
- 11 (p) Any recommended additions or revisions to Sections 1 to 30 of this Act or
- 12 administrative regulations promulgated thereunder, including those
- 13 relating to security, safe handling, labeling, and nomenclature;
- 14 (q) The results of any peer-reviewed, scientific research studies regarding the
- 15 health effects of cannabis; and
- 16 (r) Any other data requested by the Legislative Research Commission relating
- 17 to the medicinal cannabis program and Sections 1 to 30 of this Act.
- 18 (5) The department shall provide the University of Kentucky College of Medicine
- 19 with all information necessary to allow collaboration with the department on the
- 20 preparation of this report. The University of Kentucky College of Medicine may
- 21 also produce its own report regarding the medicinal cannabis program
- 22 established in Sections 1 to 30 of this Act which, if produced, shall be submitted
- 23 upon completion to the Legislative Research Commission, the department, and
- 24 the Governor.
- 25 (6) The information contained in the report described in subsection (4) of this section
- 26 shall be presented in a manner that does not disclose any identifying information
- 27 about cardholders or licensed cannabis businesses.

1 (7) Nothing in Sections 1 to 30 of this Act shall require the department to assume
2 duties in relation to the medicinal cannabis program that are more than
3 administrative in nature if federal law or a current and clear directive from the
4 federal government indicates that duties assumed by the department that are
5 more than administrative could result in federal prosecution or invalidation of
6 the medicinal cannabis program established in Sections 1 to 30 of this Act.

7 (8) (a) If the department makes a determination that it is required by Sections 1 to
8 30 of this Act to conduct duties that are more than administrative in nature,
9 then it shall continue to conduct duties that are administrative in nature
10 and designate or enter into a contract, in accordance with KRS Chapter
11 45A, with a qualified nongovernmental entity to conduct any duties
12 required by Sections 1 to 30 of this Act that are more than administrative in
13 nature. The department may reimburse the state for any costs involved in
14 working with outside consultants to implement the program.

15 (b) Notwithstanding paragraph (a) of this subsection, the department may
16 contact with any other government or nongovernmental agency to
17 implement, operate, oversee, and regulate the medicinal cannabis program
18 established in Sections 1 to 30 of this Act.

19 (c) A nongovernmental entity contract pursuant to this subsection shall not
20 own, in part or in whole, any cannabis business in this state or any other, or
21 be owned, in part or in whole, by any cannabis business in this state or any
22 other.

23 ➔SECTION 4. A NEW SECTION OF KRS CHAPTER 218A IS CREATED TO
24 READ AS FOLLOWS:

25 (1) A registered qualified patient, except as provided in subsection (4) of this section,
26 shall not be subject to arrest, prosecution, or denial of any right or privilege,
27 including but not limited to a civil penalty or disciplinary action by a court or

1 occupational or professional licensing board, for the use of medicinal cannabis,
2 if the registered qualified patient does not possess more than:

3 (a) An amount of medicinal cannabis determined by the department to
4 constitute an uninterrupted thirty (30) day supply at his or her residence;

5 (b) An amount of medicinal cannabis in excess of a thirty (30) day supply at his
6 or her residence, in accordance with administrative regulations
7 promulgated pursuant to subsection (1)(c)6. of Section 28 of this Act; or

8 (c) An amount of medicinal cannabis determined by the department to
9 constitute an uninterrupted ten (10) day supply on his or her person, except
10 that an amount greater than a ten (10) day supply may be transported by a
11 registered qualified patient from a dispensary to his or her residence if the
12 medicinal cannabis is contained in a sealed package that requires at least a
13 two (2) step process for initial opening.

14 (2) A visiting qualified patient shall not be subject to arrest, prosecution, or denial of
15 any right or privilege, including but not limited to civil penalty or disciplinary
16 action by a court or occupational or professional licensing board, for the use of
17 medicinal cannabis, if the visiting qualified patient does not possess more than an
18 amount of medicinal cannabis determined by the department to constitute an
19 uninterrupted ten (10) day supply on his or her person.

20 (3) A designated caregiver shall not be subject to arrest, prosecution, or denial of any
21 right or privilege, including but not limited to civil penalty or disciplinary action
22 by a court or occupational or professional licensing board, for:

23 (a) Assisting a registered qualified patient to whom the designated caregiver is
24 connected through the department's registration process with the use of
25 medicinal cannabis if the designated caregiver does not possess more than:

26 1. An amount of medicinal cannabis determined by the department to
27 constitute an uninterrupted thirty (30) day supply at his or her

1 residence for each registered qualified patient to whom the caregiver
2 is connected through the department's registration process;

3 2. An amount of medicinal cannabis in excess of a thirty (30) day supply
4 at his or her residence for each registered qualified patient to whom
5 the caregiver is connected through the department's registration
6 process, in accordance with administrative regulations promulgated
7 pursuant to subsection (1)(c)6. of Section 28 of this Act; or

8 3. An amount of medicinal cannabis determined by the department to
9 constitute an uninterrupted ten (10) day supply on his or her person
10 for each registered qualified patient to whom the caregiver is
11 connected through the department's registration process, except that
12 an amount greater than a ten (10) day supply may be transported by a
13 designated caregiver from a dispensary to his or her residence if the
14 medicinal cannabis is contained in a sealed package that requires at
15 least a two (2) step process for initial opening; or

16 (b) Receiving compensation for reasonable costs associated with assisting a
17 registered qualified patient in the use of medicinal cannabis if the
18 designated caregiver is connected to the registered qualified patient through
19 the department's registration process.

20 (4) A registered qualified patient who is under eighteen (18) years of age shall not be
21 permitted to possess, purchase, or acquire medicinal cannabis and shall only
22 engage in the use of medicinal cannabis with the assistance of a designated
23 caregiver who is the registered qualified patient's parent or legal guardian
24 responsible for providing consent for medical treatment.

25 (5) (a) All medicinal cannabis possessed by a cardholder in accordance with
26 subsections (1), (2), and (3) of this section shall be kept in the original
27 container in which the cardholder received the medicinal cannabis from a

1 dispensary.

2 (b) An individual who violates paragraph (a) of this subsection may be a fined
3 up to one hundred dollars (\$100) per violation.

4 (6) Notwithstanding subsections (1), (2), and (3) of this section and except as
5 provided in administrative regulations promulgated pursuant to subsection
6 (1)(c)6. of Section 28 of this Act:

7 (a) A registered qualified patient shall not be permitted to purchase more
8 medicinal cannabis than the amount determined by the department to
9 constitute an uninterrupted thirty (30) day supply of medicinal cannabis
10 during a given twenty-five (25) day period;

11 (b) A designated caregiver shall not be permitted to purchase more medicinal
12 cannabis than the amount determined by the department to constitute an
13 uninterrupted thirty (30) day supply of medicinal cannabis for each
14 registered qualified patient to whom the caregiver is connected through the
15 department's registration process during a given twenty-five (25) day
16 period; and

17 (c) A visiting qualified patient shall not be permitted to purchase more
18 medicinal cannabis than the amount determined by the department to
19 constitute an uninterrupted ten (10) day supply of medicinal cannabis
20 during a given eight (8) day period.

21 (7) A cardholder shall not be subject to arrest, prosecution, or denial of any right or
22 privilege, including but not limited to a civil penalty or disciplinary action by a
23 court or occupational or professional licensing board, for:

24 (a) Possession of medicinal cannabis that is incidental to the use of medicinal
25 cannabis;

26 (b) Possession of medicinal cannabis accessories; or

27 (c) Transferring medicinal cannabis to a safety facility for testing.

1 (8) No person shall be subject to arrest, prosecution, or denial of any right or
2 privilege, including but not limited to a civil penalty or disciplinary action by a
3 court or occupational or professional licensing board, solely for:

4 (a) Selling medicinal cannabis accessories to a cardholder, who is over
5 eighteen (18) years of age, upon presentation of a valid registry
6 identification card issued by the department or, for a visiting qualified
7 patient, a valid out-of-state registry identification card;

8 (b) Being in the presence or vicinity of the use of medicinal cannabis as
9 allowed under Sections 1 to 30 of this Act; or

10 (c) Assisting a registered qualified patient or visiting qualified patient with
11 using or administering medicinal cannabis. For purposes of illustration and
12 not limitation, this includes preparing raw plant material or brewing tea for
13 a registered qualified patient or visiting qualified patient. This does not
14 include providing medicinal cannabis to a patient that the patient did not
15 already possess.

16 ➔SECTION 5. A NEW SECTION OF KRS CHAPTER 218A IS CREATED TO
17 READ AS FOLLOWS:

18 (1) (a) Any medicinal cannabis, medicinal cannabis accessories, lawful property,
19 or interest in lawful property that is possessed, owned, or used in connection
20 with the use of medicinal cannabis or acts incidental to that use shall not be
21 subject to seizure or forfeiture under KRS 218A.405 to 218A.460.

22 (b) Sections 1 to 30 of this Act shall not prevent the seizure or forfeiture of
23 marijuana exceeding the amounts allowed under Section 4 of this Act or
24 administrative regulations promulgated pursuant to subsection (1)(c)6. of
25 Section 28 of this Act, nor shall it prevent seizure or forfeiture if the basis
26 for that action is unrelated to the use of medicinal cannabis in accordance
27 with Sections 1 to 30 of this Act and any administrative regulation

1 promulgated thereunder.

2 (2) Possession of, or application for, a registry identification card, out-of-state
3 registry identification card, or cannabis business license shall not constitute
4 probable cause or reasonable suspicion, nor shall it be used to support the search
5 of the person, property, or home of the person possessing or applying for the
6 registry identification card, out-of-state registry identification card, or cannabis
7 business license. The possession of, or application for, a registry identification
8 card, out-of-state registry identification card, or cannabis business license shall
9 not preclude the existence of probable cause or reasonable suspicion if probable
10 cause or reasonable suspicion exists on other grounds.

11 (3) (a) There shall be a rebuttable presumption that a cardholder is engaged in the
12 lawful use of medicinal cannabis, or in the case of a designated caregiver,
13 assisting with the lawful use of medicinal cannabis, if the cardholder:

14 1. Possesses a valid registry identification card or, in the case of a
15 visiting qualified patient, a valid out-of-state registry identification
16 card; and

17 2. Possesses an amount of medicinal cannabis that does not exceed the
18 amount allowed under Section 4 of this Act or administrative
19 regulations promulgated pursuant to subsection (1)(c)6. of Section 28
20 of this Act.

21 (b) This presumption may be rebutted by a preponderance of evidence that
22 conduct was unrelated to the use of medicinal cannabis or was otherwise in
23 violation of Sections 1 to 30 of this Act.

24 (4) No law enforcement officer employed by an agency which receives state or local
25 government funds shall expend any state or local resources, including the
26 officer's time, to effect any arrest or seizure of medicinal cannabis, or conduct
27 any investigation, on the sole basis of activity the officer believes to constitute a

1 violation of the federal Controlled Substances Act, 21 U.S.C. sec. 801 et seq., if
2 the officer should have reason to believe that such activity is in compliance with
3 Sections 1 to 30 of this Act.

4 ➔SECTION 6. A NEW SECTION OF KRS CHAPTER 218A IS CREATED TO
5 READ AS FOLLOWS:

6 (1) Sections 1 to 30 of this Act do not authorize any person to engage in, and shall
7 not prevent the imposition of any civil, criminal, or other penalties, including but
8 not limited to criminal prosecution or disciplinary action by the department or an
9 occupational or professional licensing board, for engaging in, the following
10 conduct:

11 (a) Operating, navigating, or being in actual physical control of any aircraft,
12 vehicle, vessel, or any other device known, or hereafter invented, that is
13 powered by machinery and that is or may be used to transport persons or
14 property while under the influence of medicinal cannabis;

15 (b) Consuming medicinal cannabis while operating, navigating, or being in
16 actual physical control of an aircraft, vehicle, vessel, or any other device
17 known, or hereafter invented, that is powered by machinery and that is or
18 may be used to transport persons or property;

19 (c) Possessing medicinal cannabis that is within the operator's arm's reach or
20 that is not contained in a package that requires at least a two (2) step
21 process for initial opening, in accordance with administrative regulations
22 promulgated pursuant to subsection (1)(c)13.a. of Section 28 of this Act,
23 while operating, navigating, or being in actual physical control of an
24 aircraft, vehicle, vessel, or any other device known, or hereafter invented,
25 that is powered by machinery and that is or may be used to transport
26 persons or property;

27 (d) Undertaking any task under the influence of medicinal cannabis, when

- 1 doing so would constitute negligence or professional malpractice;
- 2 (e) Possessing medicinal cannabis, or otherwise engaging in the use of
- 3 medicinal cannabis:
- 4 1. On the grounds of any preschool or primary or secondary school,
- 5 except as permitted in accordance with policies enacted pursuant to
- 6 subsection (4)(c) of Section 8 of this Act;
- 7 2. In any correctional facility; or
- 8 3. On any property of the federal government;
- 9 (f) Using marijuana, if that person is not a registered qualified patient or
- 10 visiting qualified patient;
- 11 (g) Using or consuming marijuana by smoking; or
- 12 (h) Cultivating marijuana unless that person is licensed by the department as a
- 13 cannabis cultivator or cannabis producer pursuant to Sections 16, 17, and
- 14 18 of this Act or is a cultivator or producer agent.
- 15 (2) Sections 1 to 30 of this Act shall not prevent enforcement of current laws
- 16 pertaining to the operation of any aircraft, vehicle, or vessel, including under
- 17 KRS Chapters 183, 189, 189A, and 235.
- 18 (3) If a cardholder violates subsection (1)(a) or (b) of this section, in addition to
- 19 penalties that may be imposed under KRS Chapters 183, 189, 189A, or 235, the
- 20 cardholder's registry identification card shall be revoked.
- 21 (4) (a) An individual who violates subsection (1)(g) of this section shall not be
- 22 considered to be in possession of medicinal cannabis or engaged in the use
- 23 of medicinal cannabis and may not benefit from the legal protections
- 24 afforded by Sections 1 to 30 of this Act.
- 25 (b) The odor or smell of cannabis without other observable indicators shall not
- 26 constitute conclusive evidence of use or consumption of cannabis by
- 27 smoking.

1 (c) Notwithstanding paragraph (a) of this subsection:

2 1. If an individual violates subsection (1)(g) of this subsection by using
3 or consuming marijuana by smoking while on any form of public
4 transportation, in any public place as defined in KRS 525.010, or in
5 any place of public accommodation, resort, or amusement as defined
6 in KRS 344.130:

7 a. The department may suspend or revoke the individual's registry
8 identification card; and

9 b. The individual may be subject to prosecution under Section 40 of
10 this Act.

11 2. Any individual who violates subsection (1)(g) of this section by using
12 or consuming marijuana by smoking on residential property owned or
13 leased by that individual or with the permission of the owner or lessee
14 of residential property may be fined not more than one hundred
15 dollars (\$100) per violation.

16 (5) As used in this section:

17 (a) "Aircraft" has the same meaning as in KRS 183.011;

18 (b) "Vehicle" has the same meaning as in KRS 189.010; and

19 (c) "Vessel" has the same meaning as in KRS 235.010.

20 ➔SECTION 7. A NEW SECTION OF KRS CHAPTER 218A IS CREATED TO
21 READ AS FOLLOWS:

22 (1) Nothing in Sections 1 to 30 of this Act shall:

23 (a) Require an employer to permit or accommodate the use, consumption,
24 possession, transfer, display, transportation, distribution, sale, or growing
25 of medicinal cannabis in the workplace;

26 (b) Prohibit an employer from implementing policies promoting workplace
27 health and safety by:

- 1 1. Restricting the use of medicinal cannabis by employees; or
2 2. Restricting or prohibiting the use of equipment, machinery, or power
3 tools by an employee who is a registered qualified patient, if the
4 employer believes that the use of such equipment, machinery, or
5 power tools by an employee who is a registered qualified patient poses
6 an unreasonable safety risk;
7 (c) Prohibit an employer from including in any contract provisions that
8 prohibit the use of medicinal cannabis by employees;
9 (d) Subject an employer to liability for wrongful discharge or discrimination;
10 (e) Except as provided in Section 8 of this Act, prohibit a person, employer,
11 corporation, or any other entity who occupies, owns, or controls a property
12 from prohibiting or otherwise regulating the use, consumption, possession,
13 transfer, display, transportation, sale, or growing of medicinal cannabis on
14 or in that property; or
15 (f) Prohibit an employer from establishing and enforcing a drug testing policy,
16 drug-free workplace, or zero-tolerance drug policy.
17 (2) An employee who is discharged from employment for consuming medicinal
18 cannabis in the workplace, working while under the influence of medicinal
19 cannabis, or testing positive for a controlled substance shall not be eligible to
20 receive benefits under KRS Chapter 341, if such actions are in violation of an
21 employment contract or established personnel policy.
22 (3) An employer shall not be penalized or denied any benefit under state law for
23 employing a cardholder.

24 ➔SECTION 8. A NEW SECTION OF KRS CHAPTER 218A IS CREATED TO
25 READ AS FOLLOWS:

- 26 (1) Except as provided in Section 7 of this Act, a registered qualified patient or
27 visiting qualified patient who uses medicinal cannabis shall be afforded all the

1 same rights under state and local law, including those guaranteed under KRS
2 Chapter 344, as the individual would have been afforded if he or she were solely
3 prescribed pharmaceutical medications, as they pertain to drug testing required
4 by any state or local law.

5 (2) A cardholder otherwise entitled to custody of or visitation time or parenting time
6 with a minor child shall not be denied that right, and there shall be no
7 presumption of dependency, neglect, or abuse, for conduct permitted under
8 Sections 1 to 30 of this Act unless the person's actions in relation to medicinal
9 cannabis created an unreasonable danger to the safety of the minor child as
10 established by clear and convincing evidence.

11 (3) (a) For the purposes of medical care, including organ transplants, a patient's
12 authorized use of medicinal cannabis is the equivalent of the authorized use
13 of any other medication used at the direction of a practitioner, and shall not
14 constitute the use of an illicit substance or otherwise disqualify a patient
15 from needed medical care.

16 (b) A health facility as defined in KRS 216B.015 may develop policies to allow a
17 patient who is a registered qualified patient or visiting qualified patient to
18 use medicinal cannabis on the premises of the health facility.

19 (4) (a) A school shall not refuse to enroll, or otherwise penalize, a person solely for
20 his or her status as a cardholder, unless failing to do so would violate
21 federal law or regulations and cause the school to lose a monetary or
22 licensing-related benefit under federal law or regulations.

23 (b) A school shall not be penalized or denied any benefit under state law for
24 enrolling a cardholder.

25 (c) Each local board of education and each board of directors of a public
26 charter school shall, within ninety (90) days after the effective date of this
27 section, establish policies to permit a pupil who is a registered qualified

1 patient to consume medicinal cannabis on school property as deemed
2 necessary by the pupil's parent or legal guardian. Policies enacted pursuant
3 to this paragraph shall require that medicinal cannabis be administered by
4 a school nurse or under the supervision of appropriate school staff.

5 (5) (a) A landlord shall not refuse to lease to, or otherwise penalize, a person solely
6 for his or her status as a cardholder, unless failing to do so would violate
7 federal law or regulations and cause the landlord to lose a monetary or
8 licensing-related benefit under federal law or regulations.

9 (b) No landlord may be penalized or denied any benefit under state law for
10 leasing to a cardholder.

11 (c) A landlord shall not include in a rental agreement terms and conditions
12 that prohibit the use of medicinal cannabis by a cardholder.

13 ➔SECTION 9. A NEW SECTION OF KRS CHAPTER 218A IS CREATED TO
14 READ AS FOLLOWS:

15 (1) Except as provided in subsection (11) of this section, a physician or an advanced
16 practice registered nurse seeking to become a medicinal cannabis practitioner
17 and provide written certifications for the use of medicinal cannabis shall apply to
18 the same state licensing board that issued his or her professional practice license,
19 on a form prescribed by the state licensing board, for authorization to provide
20 written certifications for the use of medicinal cannabis.

21 (2) (a) A state licensing board shall approve an application for authorization to
22 provide written certifications for the use of medicinal cannabis if the
23 application is complete and meets the requirements established in
24 administrative regulations promulgated by the state licensing board.

25 (b) A state licensing board shall deny an application for authorization to
26 provide written certifications for the use of medicinal cannabis if the
27 applicant has an ownership or investment interest in or compensation

1 agreement with a cannabis business licensed under this chapter. A state
2 licensing board may consult with the department to determine if an
3 applicant has an ownership or investment interest in or compensation
4 agreement with a cannabis business.

5 (3) Authorization to provide written certifications for the use of medicinal cannabis
6 granted under this section shall expire and may be renewed in accordance with
7 administrative regulations promulgated by a state licensing board.

8 (4) A medicinal cannabis practitioner may provide a patient with a written
9 certification only after the medicinal cannabis practitioner has:

10 (a) Established a bona fide practitioner-patient relationship with the patient;

11 (b) Diagnosed the patient, or confirmed a diagnosis provided by another health
12 care provider, with a medical condition for which the medicinal cannabis
13 practitioner believes that the patient may receive medical, therapeutic, or
14 palliative benefit from the use of medicinal cannabis;

15 (c) Reviewed a report of information from the electronic system for monitoring
16 controlled substances established in KRS 218A.202 related to the patient for
17 a period of time that covers at least the twelve (12) months immediately
18 preceding the date of the report;

19 (d) Consulted with the patient, or the patient's custodial parent or legal
20 guardian responsible for providing consent to treatment if the patient is a
21 minor child, with respect to the possible risks and side effects associated
22 with medicinal cannabis, including possible interactions between medicinal
23 cannabis and any other drug or medication that the patient is taking at that
24 time; and

25 (e) Obtained the consent of the patient's custodial parent or legal guardian
26 responsible for providing consent to treatment, if the patient is a minor
27 child.

1 (5) A bona fide practitioner-patient relationship may be established following a
2 referral from the patient's primary care provider and may be maintained via
3 telehealth. However, a bona fide practitioner-patient relationship shall not be
4 established via telehealth.

5 (6) (a) When issuing a written certification for the use of medicinal cannabis to a
6 patient, the medicinal cannabis practitioner shall use a form prescribed by
7 the department.

8 (b) An initial written certification for the use of medicinal cannabis shall be
9 provided during the course of an in-person examination of the patient by
10 the medicinal cannabis practitioner. Subsequent written certifications,
11 including for the purpose of renewing a registry identification card, may be
12 provided electronically or during the course of a telehealth consultation.

13 (c) For the purpose of applying for a registry identification card, a written
14 certification provided under this section shall be valid for a period of ninety
15 (90) days after the date of issuance by a medicinal cannabis practitioner.
16 The medicinal cannabis practitioner may renew a written certification for
17 not more than three (3) additional periods of not more than ninety (90) days
18 each. Thereafter, the medicinal cannabis practitioner may issue another
19 certification to the patient only after conducting an additional examination
20 of the patient in person or via telehealth.

21 (d) Within twenty-four (24) hours of providing a patient with a written
22 certification for the use of medicinal cannabis, a medicinal cannabis
23 practitioner shall record the issuance of the written certification in the
24 electronic system developed by the department pursuant to subsection (1)(a)
25 of Section 28 of this Act.

26 (7) A medicinal cannabis practitioner shall not:

27 (a) Dispense medicinal cannabis; or

1 **(b) Provide a written certification for the use of medicinal cannabis to a family**
2 **member or to himself or herself.**

3 **(8) Nothing in Sections 1 to 30 of this Act shall prevent a medicinal cannabis**
4 **practitioner from being sanctioned for:**

5 **(a) Issuing a written certification without first obtaining authorization to**
6 **provide written certifications from a state licensing board;**

7 **(b) Issuing a written certification to a patient with whom the medicinal**
8 **cannabis practitioner does not have a bona fide practitioner-patient**
9 **relationship;**

10 **(c) Failing to properly evaluate a patient's medical history and current medical**
11 **condition prior to issuing a written certification;**

12 **(d) Otherwise failing to use good faith in his or her treatment of the patient; or**

13 **(e) Any other violation of this section or any administrative regulation**
14 **promulgated thereunder.**

15 **(9) A state licensing board may suspend or revoke a medicinal cannabis**
16 **practitioner's authorization to provide written certification for the use of**
17 **medicinal cannabis and practice license for multiple violations or a serious**
18 **violation of this section or administrative regulations promulgated thereunder.**

19 **(10) The state licensing boards shall:**

20 **(a) No later than January 1, 2023, promulgate administrative regulations, in**
21 **accordance with KRS Chapter 13A, to establish the following:**

22 **1. The procedures for applying for authorization to provide written**
23 **certifications;**

24 **2. The conditions that must be met to be eligible for authorization to**
25 **provide written certifications. Administrative regulations promulgated**
26 **pursuant to this paragraph shall require that an advanced practice**
27 **registered nurse be authorized to prescribe controlled substances**

1 under KRS 314.042 to be eligible to apply for authorization to provide
2 written certifications;

3 3. The process and procedures for renewing authorization to provide
4 written certifications;

5 4. Continuing education requirements for medicinal cannabis
6 practitioners who are authorized to provide written certifications;

7 5. The reasons for which authorization to provide written certifications
8 for the use of medicinal cannabis may be suspended or revoked; and

9 6. The minimal standards of care when providing written certifications;

10 (b) On a regular basis, provide the department with the names of all medicinal
11 cannabis practitioners authorized by the state licensing board; and

12 (c) Immediately provide the department with the name of any medicinal
13 cannabis practitioner whose authorization to provide written certifications
14 is suspended or revoked.

15 (11) This section does not apply to a medicinal cannabis practitioner who
16 recommends treatment with cannabis or a drug derived from cannabis under any
17 of the following that are approved by an investigational review board or
18 equivalent entity, the United States Food and Drug Administration, or the
19 National Institutes for Health or any of its cooperative groups or centers under
20 the United States Department of Health and Human Services:

21 (a) A research protocol;

22 (b) A clinical trial;

23 (c) An investigational new drug application; or

24 (d) An expanded access submission.

25 (12) As used in this section, "telehealth" has the same meaning as in KRS 211.332.

26 ➔SECTION 10. A NEW SECTION OF KRS CHAPTER 218A IS CREATED
27 TO READ AS FOLLOWS:

1 (1) Except as provided in subsection (2) of this section, prior to making an initial
2 purchase of medicinal cannabis in this state and at least annually thereafter, a
3 cardholder shall be required to complete a consultation with a pharmacist who is
4 authorized by the Kentucky Board of Pharmacy to provide medicinal cannabis
5 consultation services to cardholders. The consultation shall at a minimum cover
6 the possible risk and side effects of medicinal cannabis and any potential drug
7 interactions between medicinal cannabis and any other drug that the registered
8 qualified patient or visiting qualified patient is taking.

9 (2) (a) A designated caregiver shall be permitted to complete the consultation
10 required by subsection (1) of this section on behalf of any registered
11 qualified patient to whom the designated caregiver is connected through the
12 department's registration process.

13 (b) If a registered qualified patient is under eighteen (18) years of age, the
14 registered qualified patient's parent or legal guardian who is responsible for
15 providing consent for medical treatment shall be present for the
16 consultation required by subsection (1) of this section and may complete the
17 consultation on behalf of the registered qualified patient.

18 (3) A pharmacist who wishes to be authorized by the Kentucky Board of Pharmacy to
19 provide medicinal cannabis consultation services to cardholders or to enter into a
20 collaborative agreement with dispensaries, as required by Section 22 of this Act,
21 shall apply to the board on a form prescribed by the board.

22 (4) No later than January 1, 2023, the Kentucky Board of Pharmacy shall, in
23 accordance with KRS Chapter 13A, promulgate administrative regulations to:

24 (a) Establish the application and renewal process and fee for authorization to
25 provide medicinal cannabis consultation services and to enter into a
26 collaborative agreement with dispensaries;

27 (b) Establish continuing education and training requirements for pharmacists

1 who are authorized to provide medicinal cannabis consultation services and
2 to enter into a collaborative agreement with dispensaries;

3 (c) Define the standards of care for medicinal cannabis consultation services;

4 (d) Define the nature and scope of a collaborative agreement between a
5 pharmacist and a dispensary, including the process by which a pharmacist
6 and dispensary shall establish a collaborative agreement. The nature and
7 scope of the collaborative agreement shall not require a pharmacist to be
8 present at a dispensary;

9 (e) Establish a fee for medicinal cannabis consultation services which shall not
10 exceed forty dollars (\$40) per consultation; and

11 (f) Establish a fee for collaborative agreements between a dispensary and a
12 pharmacist.

13 (5) Members of the Kentucky Board of Pharmacy, its agents, its employees, and any
14 pharmacist authorized by the board to provide medicinal cannabis consultation
15 services to cardholders or to enter into a collaborative agreement with
16 dispensaries shall be immune from suit in any action, civil or criminal, which is
17 based upon any act that is conducted in accordance with this section and
18 administrative regulations promulgated thereunder.

19 ➔SECTION 11. A NEW SECTION OF KRS CHAPTER 218A IS CREATED
20 TO READ AS FOLLOWS:

21 (1) Except as provided in subsection (5) of this section, no person shall possess,
22 purchase, acquire, or otherwise engage or assist in the use of medicinal cannabis
23 in Kentucky without first applying for and receiving a registry identification card
24 for registered qualified patients, designated caregivers, or visiting qualified
25 patients issued by the department.

26 (2) A person shall be eligible to apply for a registry identification card as a registered
27 qualified patient if he or she is a resident of Kentucky, has obtained a written

1 certification issued by a medicinal cannabis practitioner in accordance with
2 Section 9 of this Act and administrative regulations promulgated thereunder, and
3 has not been convicted of a disqualifying felony offense.

4 (3) A person shall be eligible to apply for a registry identification card as a
5 designated caregiver if he or she is a resident of Kentucky, is at least twenty-one
6 (21) years of age, has been identified as a designated caregiver on a qualified
7 patient's or registered qualified patient's registry identification card application
8 or renewal form, has not been convicted of a disqualifying felony offense, and
9 has agreed to assist no more than three (3) registered qualified patients with the
10 use of medicinal cannabis.

11 (4) A person shall be eligible to apply for a registry identification card as a visiting
12 qualified patient if he or she is not a resident of Kentucky or has been a resident
13 of Kentucky for less than thirty (30) days, is at least twenty-one (21) years of age,
14 has not been convicted of a disqualifying felony offense, and possesses a valid
15 out-of-state registry identification card.

16 (5) A person with a valid out-of-state registry identification card may use that
17 registry identification card for all purposes established in Sections 1 to 30 of this
18 Act and shall not be required to apply for or receive a visiting qualified patient
19 registry identification card from the department.

20 (6) To apply for or renew a registry identification card, a qualified patient who is
21 eighteen (18) years of age or older shall submit the following, in accordance with
22 administrative regulations promulgated by the department:

23 (a) The name, address, and date of birth of the qualified patient, except that if
24 the applicant is homeless an address where the applicant may be reached
25 shall be provided to the department;

26 (b) A valid written certification issued by a medicinal cannabis practitioner to
27 the qualified patient;

- 1 (c) The name, address, and telephone number of the qualified patient's
2 medicinal cannabis practitioner;
- 3 (d) The name, address, and date of birth of not more than two (2) individuals
4 chosen by the qualified patient to be designated as a caregiver, if the
5 qualified patient chooses to designate a caregiver;
- 6 (e) A statement, signed by the qualified patient, pledging not to divert medicinal
7 cannabis to anyone who is not permitted to possess medicinal cannabis
8 pursuant to Sections 1 to 30 of this Act. The statement shall contain a
9 listing of potential penalties, including criminal prosecution, for diverting
10 medicinal cannabis;
- 11 (f) A statement, signed by the individuals chosen by the qualified patient to be
12 designated as a caregiver, if any, agreeing to be designated as the patient's
13 designated caregiver and pledging not to divert medicinal cannabis to
14 anyone other than the registered qualified patient to whom the caregiver is
15 connected through the department's registration process. The statement
16 shall contain a listing of potential penalties, including criminal prosecution,
17 for diverting medicinal cannabis; and
- 18 (g) The application or renewal fee for a registry identification card for a
19 qualified patient and the application or renewal fee for a registry
20 identification card for any designated caregiver chosen by the qualified
21 patient.
- 22 (7) To apply for or renew a registry identification card, for a qualified patient who is
23 under eighteen (18) years of age, the qualified patient's custodial parent or legal
24 guardian with responsibility for health care decisions shall, in addition to the
25 information required under subsection (6) of this section, submit a statement
26 signed by the custodial parent or legal guardian with responsibility for health
27 care decisions attesting to the fact that the custodial parent or legal guardian

1 agrees to:

2 (a) Allow the qualified patient to use medicinal cannabis;

3 (b) Serve as the qualified patient's designated caregiver; and

4 (c) Control the acquisition, dosage, and frequency of use of medicinal cannabis
5 by the qualified patient.

6 (8) To apply for or renew a registry identification card, a visiting qualified patient
7 shall submit the following, in accordance with administrative regulations
8 promulgated by the department:

9 (a) The name, address, and date of birth of the visiting qualified patient, except
10 that if the applicant is homeless an address where the applicant may be
11 reached shall be provided to the department;

12 (b) A copy of his or her valid registry identification card or its equivalent that
13 was issued pursuant to the laws of the jurisdiction of the person's residence;

14 (c) The application or renewal fee for a registry identification card for a
15 visiting qualified patient; and

16 (d) A statement, signed by the visiting qualified patient, pledging not to divert
17 medicinal cannabis to anyone who is not permitted to possess medicinal
18 cannabis pursuant to Sections 1 to 30 of this Act. The statement shall
19 contain a listing of potential penalties, including criminal prosecution, for
20 diverting medicinal cannabis.

21 (9) A registered qualified patient applying to renew a registry identification card
22 issued by the department shall be required to submit to the department a valid
23 written certification issued by a medicinal cannabis practitioner in accordance
24 with Section 9 of this Act and administrative regulations promulgated
25 thereunder.

26 ➔SECTION 12. A NEW SECTION OF KRS CHAPTER 218A IS CREATED
27 TO READ AS FOLLOWS:

1 (1) The department shall establish, implement, and operate a registry identification
2 card program for registered qualified patients, visiting qualified patients, and
3 designated caregivers.

4 (2) Registry identification cards shall contain the following:

5 (a) The name of the cardholder;

6 (b) A designation of whether the cardholder is a registered qualified patient,
7 visiting qualified patient, or designated caregiver;

8 (c) The date of issuance and expiration date of the registry identification card;

9 (d) A random alphanumeric identification number of at least ten (10)
10 characters, containing at least four (4) numbers and at least four (4) letters,
11 that is unique to the cardholder;

12 (e) A bar code or other marking that can be scanned electronically;

13 (f) A photograph of the cardholder, if the department's administrative
14 regulations require one;

15 (g) The telephone number and Web site address for the electronic verification
16 system developed by the department pursuant to subsection (1)(a) of Section
17 28 of this Act;

18 (h) If the cardholder is a designated caregiver, the random alphanumeric
19 identification number of the registered qualified patient the designated
20 caregiver is receiving the registry identification card to assist; and

21 (i) If the cardholder is under eighteen (18) years of age, a clear and obvious
22 designation or identifier indicating that the cardholder is under eighteen
23 (18) years of age.

24 (3) (a) Except as provided in this subsection, the expiration date for registry
25 identification cards shall be one (1) year after the date of issuance.

26 (b) If a medicinal cannabis practitioner states in the written certification that
27 the qualified patient would benefit from the use of medicinal cannabis until

1 a specified earlier date, then the registry identification card shall expire on
2 that date.

3 (4) The department may, at its discretion, electronically store in the card all of the
4 information listed in subsection (2) of this section, along with the address and
5 date of birth of the cardholder, to allow it to be read electronically by law
6 enforcement agents and licensed cannabis businesses.

7 (5) The registry identification card application and renewal fees shall be as follows:

8 (a) A registry identification card for a qualified patient who is a Kentucky
9 resident shall be sixty dollars (\$60);

10 (b) A registry identification card for a visiting qualified patient shall be sixty
11 dollars (\$60); and

12 (c) A registry identification card for a designated caregiver shall be twenty
13 dollars (\$20) per registered qualified patient to whom the designated
14 caregiver is connected unless the designated caregiver is the parent, legal
15 guardian, spouse, or adult child of the qualified patient, in which case there
16 shall be no fee for a registry identification card.

17 (6) (a) The department shall operate a provisional licensure receipt system for
18 registered qualified patients, designated caregivers, and visiting qualified
19 patients that shall be valid for forty-five (45) days, or until a permanent card
20 can be issued, as if it is a registry identification card issued pursuant to this
21 section and Sections 11 and 13 of this Act. This program shall be
22 implemented and operational simultaneously with the department's
23 implementation of the registry identification card program established in
24 this section. A provisional licensure receipt shall contain the following:

25 1. A temporary identification number;

26 2. A bar code or other marking that can be scanned electronically;

27 3. The name of the applicant;

- 1 4. A designation of whether the cardholder is a registered qualified
2 patient, visiting qualified patient, or designated caregiver;
- 3 5. If the cardholder is under eighteen (18) years of age, a clear and
4 obvious designation or identifier indicating that the cardholder is
5 under eighteen (18) years of age;
- 6 6. The effective date of the receipt;
- 7 7. The expiration date of the receipt;
- 8 8. An indication that the cardholder fee has been paid;
- 9 9. An indication that the application has been submitted and is
10 apparently complete; and
- 11 10. The name of the qualified patient's medicinal cannabis practitioner.
- 12 (b) The licensure receipt system shall be designed so that this provisional
13 licensure receipt shall be produced by the application Web site upon
14 completion of an application that includes a valid written certification for
15 the use of medicinal cannabis and payment of the cardholder fee. To reduce
16 application errors and processing time, a recommending practitioner or a
17 dispensary may offer a service that allows an applicant to use a computer
18 and printer on the premises of the practitioner's office or dispensary to
19 complete an application and receive a provisional licensure receipt pursuant
20 to this subsection.
- 21 (c) Notwithstanding any other provision of Sections 1 to 30 of this Act, a valid
22 provisional licensure receipt issued pursuant to this subsection shall convey
23 to the individual whose name appears on the provisional licensure receipt
24 all of the same rights and privileges as a registry identification card issued
25 pursuant to this section and Sections 11 and 13 of this Act and shall be
26 accepted by a cannabis business in place of a registry identification card.
- 27 (7) All registry identification card fees collected by the department pursuant to

1 subsection (5) of this section shall be forwarded to the medicinal cannabis trust
2 fund established in Section 31 of this Act.

3 ➔SECTION 13. A NEW SECTION OF KRS CHAPTER 218A IS CREATED
4 TO READ AS FOLLOWS:

5 (1) Except as provided in subsections (2) to (5) of this section, the department shall:

6 (a) Acknowledge receipt of an application or renewal within fifteen (15) days of
7 receipt, and approve or deny an application or renewal within thirty (30)
8 days of receiving a completed application or renewal application; and

9 (b) Issue registry identification cards to a qualified patient and any individual
10 designated by the qualified patient as a designated caregiver, or a visiting
11 qualified patient within five (5) days of approving the application or
12 renewal. An individual designated as a caregiver shall be issued a
13 designated caregiver registry identification card for each registered
14 qualified patient to whom he or she is connected through the department's
15 registration process.

16 (2) The department shall not issue a registry identification card to a qualified patient
17 who is younger than eighteen (18) years of age unless:

18 (a) The custodial parent or legal guardian with responsibility for health care
19 decisions for the qualified patient consents in writing to:

20 1. Allow the qualified patient's use of medicinal cannabis;

21 2. Serve as the qualified patient's designated caregiver; and

22 3. Control the acquisition of the medicinal cannabis, the dosage, and the
23 frequency of the use by the qualified patient; and

24 (b) The designated caregiver application for the custodial parent or legal
25 guardian with responsibility for health care decisions for the qualified
26 patient is approved.

27 (3) The department may deny an application or renewal for a qualified patient's or

1 visiting qualified patient's registry identification card for any reason that the
2 department, in the exercise of sound discretion, deems sufficient, including but
3 not limited to if the applicant:

4 (a) Did not provide the information or materials required by Section 11 of this
5 Act;

6 (b) Previously had a registry identification card revoked;

7 (c) Provided false or falsified information; or

8 (d) Does not meet the eligibility requirements established in Section 11 of this
9 Act.

10 (4) The department may deny an application or renewal for a designated caregiver's
11 registration card for any reason that the department, in the exercise of sound
12 discretion, deems sufficient, including but not limited to if the applicant:

13 (a) Is already registered as a designated caregiver for three (3) registered
14 qualified patients;

15 (b) Does not meet the eligibility requirements established in Section 11 of this
16 Act;

17 (c) Did not provide the information or materials required by Section 11 of this
18 Act;

19 (d) Previously had a registry identification card revoked;

20 (e) Provided false or falsified information;

21 (f) Was previously convicted of a disqualifying felony offense; or

22 (g) Has applied as a designated caregiver for a qualified patient whose
23 application or renewal for a registry identification card was denied.

24 (5) The department may deny an application or renewal for a visiting qualified
25 patient's registration card for any reason that the department, in the exercise of
26 sound discretion, deems sufficient, including but not limited to if the applicant:

27 (a) Did not provide the information or materials required by Section 11 of this

- 1 Act;
- 2 (b) Previously had a registry identification card revoked;
- 3 (c) Provided false or falsified information; or
- 4 (d) Does not meet the eligibility requirements established in Section 11 of this
- 5 Act.
- 6 (6) The department may conduct a criminal background check of any applicant if the
- 7 criminal background check is conducted solely to determine whether the
- 8 applicant was previously convicted of a disqualifying felony offense.
- 9 (7) The department shall notify the registered qualified patient who has designated
- 10 someone to serve as his or her designated caregiver if the individual designated as
- 11 a caregiver is denied a registry identification card.
- 12 (8) The department shall notify the applicant in writing of the denial and reasons for
- 13 the denial by registered or certified mail at the address given in the application or
- 14 supplement. The applicant may, within thirty (30) days after the date of the
- 15 mailing of the department's notice, file a written request for an administrative
- 16 hearing on the application. The hearing shall be conducted on the application in
- 17 compliance with the requirements of KRS Chapter 13B.
- 18 (9) Final orders of the department after administrative hearings shall be subject to
- 19 judicial review. Jurisdiction and venue for judicial review are vested in the
- 20 Franklin Circuit Court or the Circuit Court of the county in which the appealing
- 21 party resides in accordance with KRS 13B.140.

22 ➔SECTION 14. A NEW SECTION OF KRS CHAPTER 218A IS CREATED

23 TO READ AS FOLLOWS:

- 24 (1) Cardholders shall be required to make the following notifications to the
- 25 department:
- 26 (a) A cardholder shall notify the department of any change in his or her name
- 27 or address;

- 1 (b) A registered qualified patient shall notify the department within thirty (30)
2 days if he or she ceases to suffer from the medical condition for which a
3 medicinal cannabis practitioner provided a written certification;
- 4 (c) A registered qualified patient shall immediately notify the department if he
5 or she wishes to terminate a designated caregiver relationship with an
6 individual who has been designated as his or her caregiver;
- 7 (d) A designated caregiver shall notify the department within thirty (30) days if
8 he or she becomes aware that a registered qualified patient to whom the
9 caregiver is connected through the department's registration process has
10 died or has ceased to suffer from the medical condition for which a
11 medicinal cannabis practitioner provided a written certification; and
- 12 (e) If a cardholder loses his or her registry identification card, he or she shall
13 notify the department within ten (10) days of becoming aware the card has
14 been lost.
- 15 (2) When a cardholder notifies the department of items listed in paragraphs (b) or (d)
16 of subsection (1) of this section, the cardholder shall, within ten (10) days of
17 notification, return any unused medicinal cannabis products to a licensed
18 dispensary for destruction.
- 19 (3) When a cardholder notifies the department of items listed in subsection (1) of this
20 section, but remains eligible under Sections 1 to 30 of this Act, the department
21 shall issue the cardholder a new registry identification card with a new random
22 ten (10) character alphanumeric identification number. If the department issues
23 a new registry identification card to a registered qualified patient, the department
24 shall also issue a new registry identification card with a new ten (10) character
25 alphanumeric number to the registered qualified patient's designated caregiver.
26 New registry identification cards issued under this subsection shall be issued by
27 the department within ten (10) days of receiving the updated information and a

1 twenty dollar (\$20) fee for each new registry identification card to be issued.

2 (4) If a registered qualified patient ceases to be a registered qualified patient or
3 changes his or her designated caregiver, the department shall promptly notify the
4 designated caregiver in writing. The designated caregiver's protections under
5 Sections 1 to 30 of this Act as to that registered qualified patient shall expire
6 fifteen (15) days after notification by the department.

7 (5) If a medicinal cannabis practitioner who provided a written certification notifies
8 the department in writing either that the registered qualified patient has died,
9 ceased to suffer from the medical condition for which a medicinal cannabis
10 practitioner provided a written certification, or that the medicinal cannabis
11 practitioner no longer believes the patient might receive medical, therapeutic, or
12 palliative benefit from the use of medicinal cannabis, the department shall
13 promptly notify the registered qualified patient in writing. The registered
14 qualified patient's protections under Sections 1 to 30 of this Act shall expire
15 fifteen (15) days after notification by the department, and the registered qualified
16 patient shall have fifteen (15) days to dispose of or donate his or her medicinal
17 cannabis to a dispensary.

18 (6) A cardholder who fails to make a notification to the department that is required
19 by this section is subject to a violation, punishable by a penalty of no more than
20 one hundred fifty dollars (\$150).

21 (7) All fees and penalties collected pursuant to this section shall be forwarded to the
22 medicinal cannabis trust fund established in Section 31 of this Act.

23 ➔SECTION 15. A NEW SECTION OF KRS CHAPTER 218A IS CREATED
24 TO READ AS FOLLOWS:

25 (1) Any cardholder who sells, distributes, dispenses, or otherwise diverts medicinal
26 cannabis to a person who is not permitted to possess or use medicinal cannabis
27 under Sections 1 to 30 of this Act shall have his or her registry identification card

1 revoked and shall be subject to other penalties, including but not limited to
2 criminal prosecution under this chapter and KRS 138.870 to 138.889.

3 (2) The department may revoke the registry identification card of any cardholder
4 who knowingly commits multiple violations or a serious violation of Sections 1 to
5 30 of this Act.

6 (3) The department shall provide notice of revocation, fine, or any other
7 administrative penalty by mailing, via certified mail, the same in writing to the
8 cardholder. The cardholder may, within thirty (30) days after the date of the
9 mailing of the department's notice, file a written request for an administrative
10 hearing regarding the revocation, fine, or other penalty. The hearing shall be
11 conducted in compliance with the requirements of KRS Chapter 13B.

12 (4) Final orders of the department after administrative hearings shall be subject to
13 judicial review. Jurisdiction and venue for judicial review are vested in the
14 Franklin Circuit Court or the Circuit Court of the county in which the appealing
15 party resides in accordance with KRS 13B.140.

16 ➔SECTION 16. A NEW SECTION OF KRS CHAPTER 218A IS CREATED
17 TO READ AS FOLLOWS:

18 (1) No person shall cultivate, process, produce, possess, test, transfer, transport, or
19 sell medicinal cannabis or otherwise operate a cannabis business in this state
20 without first obtaining a license under this section.

21 (2) The department shall create separate licenses allowing persons to operate a
22 cannabis business, pursuant to Sections 1 to 30 of this Act and any administrative
23 regulations promulgated thereunder, as:

24 (a) A cannabis cultivator, for which the license shall be tiered as follows:

25 1. Tier I, for which the initial licensing fee shall be five thousand dollars
26 (\$5,000);

27 2. Tier II, for which the initial licensing fee shall be ten thousand dollars

1 (\$10,000);

2 3. Tier III, for which the initial licensing fee shall be twenty-five
3 thousand dollars (\$25,000); and

4 4. Tier IV, for which the initial licensing fee shall be fifty thousand
5 dollars (\$50,000);

6 (b) A cannabis dispensary, for which the initial licensing fee shall be ten
7 thousand dollars (\$10,000);

8 (c) A cannabis processor, for which the initial licensing fee shall be twenty
9 thousand dollars (\$20,000);

10 (d) A cannabis producer, for which the initial licensing fee shall be seventy-five
11 thousand dollars (\$75,000); or

12 (e) A cannabis safety compliance facility, for which the initial licensing fee
13 shall be two thousand five hundred dollars (\$2,500).

14 (3) (a) Except as provided in paragraph (b) of this subsection, a cannabis business
15 shall be required to apply for and obtain from the department a separate
16 license for each location it intends to operate.

17 (b) A cannabis business licensed as a producer may operate cultivation and
18 processing activities at separate locations, but shall not operate more than
19 one (1) cultivation and one (1) processing facility per license.

20 (4) (a) A cannabis business license issued under this section and Sections 17 and
21 18 of this Act shall be valid for one (1) year from the date of issuance. The
22 department shall notify each licensee ninety (90) days prior to the date on
23 which the license expires to allow the licensee to begin the renewal process
24 established by the department pursuant to Section 28 of this Act.

25 (b) The renewal of a cannabis business license shall be contingent upon
26 successful achievement of minimal performance standards established by
27 the department as part of the biennial accreditation process established by

1 the department pursuant to Section 3 of this Act.

2 (c) Cannabis business licensure renewal fees shall be:

3 1. Five hundred dollars (\$500) plus one percent (1%) of all gross receipts
4 during the previous calendar year for a cannabis business that, upon
5 applying for renewal of a cannabis business license, had no more than
6 two million dollars (\$2,000,000) of gross receipts during the previous
7 calendar year;

8 2. Two thousand dollars (\$2,000) plus one and one-half percent (1.5%)
9 of all gross receipts during the previous calendar year for a cannabis
10 business that, upon applying for renewal of a cannabis business
11 license, had more than two million dollars (\$2,000,000) but not more
12 than eight million dollars (\$8,000,000) of gross receipts during the
13 previous calendar year; and

14 3. Four thousand dollars (\$4,000) plus two percent (2%) of all gross
15 receipts during the previous calendar year for a cannabis business
16 that, upon applying for renewal of a cannabis business license, had
17 over eight million dollars (\$8,000,000) of gross receipts during the
18 previous calendar year.

19 (5) All licensure fees collected pursuant to this section shall be forwarded to the
20 medicinal cannabis trust fund established in Section 31 of this Act.

21 (6) The department shall approve a license holder's transfer of a license issued
22 pursuant to this section and Sections 17 and 18 of this Act if the purchaser and
23 any new facilities meet the requirements of Sections 1 to 30 of this Act and any
24 administrative regulations promulgated thereunder.

25 ➔SECTION 17. A NEW SECTION OF KRS CHAPTER 218A IS CREATED
26 TO READ AS FOLLOWS:

27 (1) The department shall create a uniform application form for each of the cannabis

1 business licenses established in Section 16 of this Act.

2 (2) When applying for a license, the applicant shall submit the following in
3 accordance with the department's administrative regulations:

4 (a) The proposed legal name of the cannabis business;

5 (b) The proposed physical address of the cannabis business and the global
6 positioning system coordinates for any proposed cultivation activities;

7 (c) The name, address, and date of birth of each principal officer and board
8 member of the cannabis business;

9 (d) Any instances in which a business or not-for-profit entity that any of the
10 prospective board members managed or served on the board of was
11 convicted, fined, censured, or had a registration or license suspended or
12 revoked in any administrative or judicial proceeding;

13 (e) Any other information required by the department to evaluate the applicant
14 pursuant to the competitive application process described in Section 18 of
15 this Act; and

16 (f) A nonrefundable licensure application fee of one hundred dollars (\$100).

17 (3) The application fee required under subsection (2) of this section shall be applied
18 to the initial licensing fee if the license is approved; otherwise it shall be retained
19 by the department for administrative purposes.

20 (4) If a cannabis business license application is approved:

21 (a) The cannabis business shall, before it begins operations:

22 1. Submit the initial license fee established in Section 16 of this Act,
23 minus the one hundred dollars (\$100) application fee, to the
24 department; and

25 2. If a physical address or the global positioning system coordinates for
26 any cultivation activities had not been finalized when it applied,
27 submit its complete physical address and the global positioning system

1 coordinates for any cultivation activities; and

2 (b) The department shall issue a copy of the license that includes the business's
3 identification number. The department shall also provide each licensed
4 dispensary with contact and access information for the cardholder
5 verification system.

6 ➔SECTION 18. A NEW SECTION OF KRS CHAPTER 218A IS CREATED
7 TO READ AS FOLLOWS:

8 (1) The department shall:

9 (a) Acknowledge receipt of an application for a cannabis business license
10 within fifteen (15) days of receipt; and

11 (b) Provide notification to the cannabis business license applicant as to whether
12 the application for a cannabis business license has been approved or denied
13 within forty-five (45) days of receiving a completed application.

14 (2) The department may deny an application for a cannabis business license for any
15 reason that the department, in the exercise of sound discretion, deems sufficient,
16 including but not limited to:

17 (a) The applicant failed to submit the materials required by Section 17 of this
18 Act, including if the applicant's plans do not satisfy the security, oversight,
19 or recordkeeping administrative regulations promulgated by the
20 department;

21 (b) The applicant falsifies information on the licensure application;

22 (c) The applicant would not be in compliance with local cannabis business
23 prohibitions enacted pursuant to Section 26 of this Act;

24 (d) The applicant does not meet the requirements of Section 19 of this Act;

25 (e) One (1) or more of the prospective principal officers or board members:

26 1. Has been convicted of a disqualifying felony offense, the provisions of
27 KRS 335B.020 and 335B.030 notwithstanding;

- 1 2. Has served as a principal officer or board member for a cannabis
2 business that has had its license revoked;
3 3. Is younger than twenty-one (21) years of age; or
4 4. Is a practitioner who has been authorized by a state licensing board to
5 provide patients with a written certification; or
6 (f) 1. For a safety compliance facility, one (1) or more of the prospective
7 principal officers or board members is a principal officer or board
8 member of a cultivator, processor, producer, or dispensary licensed to
9 operate in Kentucky; or
10 2. For a cultivator, processor, producer, or dispensary, one (1) or more
11 of the prospective principal officers or board members is a principal
12 officer or board member of a safety compliance facility licensed to
13 operate in Kentucky.
14 (3) (a) The department shall not be required to issue more cannabis business
15 licenses than market pressures dictate, except that the department shall not
16 place a limit on the number of licenses issued for safety compliance
17 facilities.
18 (b) If the department receives a greater number of cannabis business license
19 applications in any cannabis business category than it deems necessary to
20 meet the demonstrated or anticipated needs for current or anticipated
21 cardholders, the department shall use an impartial and numerically scored
22 competitive application process developed by the department to evaluate
23 cannabis business license applications. The competitive application process
24 shall, at a minimum, consider the following criteria:
25 1. The suitability of the proposed location or locations, including
26 compliance with any local zoning laws and the geographic
27 convenience to patients throughout the Commonwealth should the

- 1 applicant be approved;
- 2 2. The principal officers' and board members' relevant experience,
- 3 including any training or professional licensing related to medicine,
- 4 pharmaceuticals, natural treatments, botany, or medicinal cannabis
- 5 cultivation and preparation, and their experience running any other
- 6 business or not-for-profit entity;
- 7 3. The proposed cannabis business's plan for operations and services,
- 8 including:
- 9 a. Staffing and training plans;
- 10 b. A plan to provide employees with a safe, healthy, and
- 11 economically sustainable working environment;
- 12 c. Whether it has sufficient capital to operate; and
- 13 d. The ability to assist with the provision of an adequate supply of
- 14 medicinal cannabis to the cardholders in its locality, area
- 15 development district, or the state;
- 16 4. The sufficiency of the applicant's plans for recordkeeping;
- 17 5. The sufficiency of the applicant's plans for safety, security, and the
- 18 prevention of diversion, including proposed locations and security
- 19 devices employed;
- 20 6. The applicant's plan for making medicinal cannabis available on an
- 21 affordable basis to registered qualified patients who are veterans, or
- 22 who are enrolled in Medicaid or receiving Supplemental Security
- 23 Income or Social Security disability insurance;
- 24 7. The applicant's plan for safe and accurate packaging and labeling of
- 25 medicinal cannabis, including the applicant's plan for ensuring that
- 26 all medicinal cannabis is free of contaminants; and
- 27 8. The absence of violations by the applicant or one (1) or more of its

1 principal officers of any local, state, or federal tax, criminal, public
2 safety, food safety, discrimination, workplace safety, employment, or
3 other laws relevant to the operation of its business.

4 (4) Notwithstanding subsection (1)(b) of this section, if the department utilizes the
5 competitive application process described in subsection (3) of this section, the
6 department shall provide notification to the cannabis business license applicant
7 as to whether the application for a cannabis business license has been approved
8 or denied within ninety (90) days of receiving a completed application.

9 (5) Notwithstanding subsection (3)(a) of this section:

10 (a) No later than one (1) year after the effective date of this section, if a
11 sufficient number of cannabis business license applications has been
12 submitted to the department, the department shall:

13 1. Approve and issue at least:

14 a. Fifteen (15) cannabis cultivator licenses;

15 b. Twenty-five (25) cannabis dispensary licenses;

16 c. Five (5) cannabis processor licenses; and

17 d. Three (3) cannabis producer licenses; and

18 2. Approve and issue a cannabis business license for at least one (1)
19 cannabis dispensary in each of the area development districts as
20 established in KRS 147A.050 on the effective date of this section; and

21 (b) After reviewing a report issued pursuant to Section 3 of this Act, if the
22 department determines that additional cannabis businesses are needed to
23 meet the needs of cardholders either within an area development district or
24 throughout the state, the department shall expand the number of cannabis
25 business licenses issued within an area development district, city, or county
26 and shall issue an appropriate number of cannabis business licenses to
27 ensure that the needs of cardholders can be adequately met.

1 (6) The department shall notify the applicant in writing of a license denial and
2 reasons by registered or certified mail at the address given in the application or
3 supplement. Except for license denials based upon subsection (3)(a) of this
4 section, the applicant may, within thirty (30) days after the mailing of the
5 department's notice, file a written request for an administrative hearing on the
6 application. The hearing shall be conducted on the application in compliance
7 with the requirements of KRS Chapter 13B.

8 (7) Final orders of the department after administrative hearings shall be subject to
9 judicial review as provided in KRS 13B.140. Jurisdiction and venue for judicial
10 review are vested in the Franklin Circuit Court or the Circuit Court of the county
11 in which the applicant's business would be located in accordance with KRS
12 13B.140.

13 ➔SECTION 19. A NEW SECTION OF KRS CHAPTER 218A IS CREATED
14 TO READ AS FOLLOWS:

15 (1) A cannabis business licensed under this chapter shall:

16 (a) Comply with Sections 1 to 30 of this Act and any administrative regulations
17 promulgated thereunder by the department;

18 (b) Conduct a criminal background check into the criminal history of each
19 person seeking to become a principal officer, board member, agent,
20 volunteer, or employee before that person begins work. A cannabis business
21 shall not employ, accept as a volunteer, or have as a board member,
22 principal officer, or agent any person who:

23 1. Was convicted of a disqualifying felony offense; or

24 2. Is under twenty-one (21) years of age;

25 (c) Implement appropriate security measures required pursuant to
26 administrative regulations promulgated by the department in accordance
27 with Section 28 of this Act to deter and prevent the theft or diversion of

1 medicinal cannabis and unauthorized entrance into areas containing
2 medicinal cannabis;

3 (d) Demonstrate sufficient capital such that it can establish its business and
4 meet the needs for its type of cannabis business;

5 (e) Display its license on the premises at all times; and

6 (f) Only acquire, possess, cultivate, process, manufacture, deliver, transfer,
7 transport, supply, sell, or dispense medicinal cannabis;

8 1. For the purposes of distributing medicinal cannabis to cardholders
9 who possess a valid registry identification card issued by the
10 department, or for visiting qualified patients, a valid out-of-state
11 registry identification card; and

12 2. Cultivated and processed by a cannabis business licensed under this
13 chapter.

14 (2) A cannabis business licensed under Section 16, 17, and 18 of this Act shall not:

15 (a) Be located within one thousand (1,000) feet of an existing elementary or
16 secondary school or a day-care center;

17 (b) Acquire, possess, cultivate, process, manufacture, deliver, transfer,
18 transport, supply, dispense, or sell:

19 1. Raw plant material with a delta-9 tetrahydrocannabinol content of
20 more than thirty-five percent (35%);

21 2. Medicinal cannabis products intended for oral consumption as an
22 edible, oil, or tincture with more than ten (10) milligrams of delta-9
23 tetrahydrocannabinol per serving;

24 3. Any medicinal cannabis product not described in subparagraph 1. or
25 2. of this paragraph with a delta-9 tetrahydrocannabinol content of
26 more than seventy percent (70%); or

27 4. Any medicinal cannabis product that contains vitamin E acetate;

- 1 (c) Permit a person under eighteen (18) years of age to enter or remain on the
2 premises of a cannabis business;
- 3 (d) Permit a person who is not a cardholder to enter or remain on the premises
4 of a cannabis business, except in accordance with subsection (6) of this
5 section;
- 6 (e) Employ, have as a board member, or be owned by, in part or in whole, a
7 medicinal cannabis practitioner who has been authorized by a state
8 licensing board to provide patients with written certifications;
- 9 (f) Advertise medicinal cannabis sales in print, broadcast, online, by paid in-
10 person solicitation of customers, or by any other advertising device as
11 defined in KRS 177.830, except that this paragraph shall not prevent
12 appropriate signs on the property of a licensed cannabis business, listings in
13 business directories including phone books, listings in trade or medical
14 publications, or sponsorship of health or not-for-profit charity or advocacy
15 events; or
- 16 (g) Conduct any other business on the licensed premises.
- 17 (3) The operating documents of a cannabis business shall include procedures for its
18 oversight and procedures to ensure accurate recordkeeping and inventory
19 control.
- 20 (4) When transporting medicinal cannabis on behalf of a cannabis business that is
21 permitted to transport it, a cannabis business agent shall have:
- 22 (a) A copy of the cannabis business license for the business that employs the
23 agent;
- 24 (b) Documentation that specifies the amount of medicinal cannabis being
25 transported and the date on which it is being transported; and
- 26 (c) The cannabis business license number and telephone number of any other
27 cannabis business receiving or otherwise involved in the transportation of

1 the medicinal cannabis.

2 (5) The cultivation of medicinal cannabis for cannabis businesses licensed in this
3 state shall only be done by cultivators and producers licensed under this chapter
4 and shall take place in an enclosed, locked facility which can be accessed by only
5 cannabis business agents working on behalf of the cultivator or producer at the
6 physical address or global positioning system coordinates provided to the
7 department during the license application process.

8 (6) A person who is at least eighteen (18) years of age but not a cardholder may be
9 allowed to enter and remain on the premises of a cannabis business if:

10 (a) The person is present at the cannabis business to perform contract work,
11 including but not limited to electrical, plumbing, or security maintenance,
12 that does not involve handling medicinal cannabis; or

13 (b) The person is a government employee and is at the cannabis business in the
14 course of his or her official duties.

15 ➔SECTION 20. A NEW SECTION OF KRS CHAPTER 218A IS CREATED
16 TO READ AS FOLLOWS:

17 (1) Cannabis businesses shall be subject to reasonable inspection by the department
18 pursuant to the department's procedures or administrative regulations. The
19 department may inspect any licensed cannabis business premises without having
20 to first obtain a search warrant.

21 (2) Except as provided in Section 22 of this Act, the department may issue a civil fine
22 of up to ten thousand dollars (\$10,000) to a cannabis business for a violation of
23 Sections 1 to 30 of this Act or any administrative regulations promulgated
24 thereunder. All fines collected pursuant to this section shall be forwarded to the
25 medicinal cannabis trust fund established in Section 31 of this Act.

26 (3) The department may, on its own motion or on complaint, after investigation and
27 opportunity for a public hearing at which the cannabis business has been

- 1 afforded an opportunity to appear and be heard pursuant to KRS Chapter 13B,
2 suspend or revoke a cannabis business license for multiple violations or a serious
3 violation of Sections 1 to 30 of this Act or any administrative regulations
4 promulgated thereunder by the licensee or any of its agents. A suspension shall
5 not be for a period of time longer than six (6) months.
- 6 (4) The department shall provide notice of suspension, revocation, fine, or other
7 penalty, as well as the required notice of the hearing, by mailing, via certified
8 mail, the same in writing to the cannabis business at the address on the license.
9 The cannabis business may, within thirty (30) days after the date of the mailing
10 of the department's notice, file a written request for an administrative hearing
11 regarding the suspension, revocation, fine, or other penalty. The hearing shall be
12 conducted in compliance with the requirements of KRS Chapter 13B.
- 13 (5) Final orders of the department after administrative hearings shall be subject to
14 judicial review. Jurisdiction and venue for judicial review are vested in the
15 Circuit Court of the county in which the cannabis business is physically located.
- 16 (6) A cultivator may continue to cultivate and possess cannabis plants during a
17 suspension, but it shall not transfer or sell medicinal cannabis during a
18 suspension.
- 19 (7) A dispensary may continue to possess its existing medicinal cannabis inventory
20 during a suspension, but it shall not acquire additional medicinal cannabis, or
21 dispense, transfer, or sell medicinal cannabis during a suspension.
- 22 (8) A processor may continue to process and possess its existing medicinal cannabis
23 inventory during a suspension, but it shall not acquire additional medicinal
24 cannabis, or dispense, transfer, or sell medicinal cannabis products during a
25 suspension.
- 26 (9) A producer may continue to cultivate, process, and possess cannabis plants and
27 its existing medicinal cannabis inventory during a suspension, but it shall not

1 acquire additional medicinal cannabis, or dispense, transfer, or sell medicinal
2 cannabis during a suspension.

3 (10) A safety compliance facility may continue to possess medicinal cannabis during a
4 suspension, but it shall not receive any new medicinal cannabis, test or otherwise
5 analyze medicinal cannabis, or transfer or transport medicinal cannabis during a
6 suspension.

7 ➔SECTION 21. A NEW SECTION OF KRS CHAPTER 218A IS CREATED
8 TO READ AS FOLLOWS:

9 (1) A cultivator or cultivator agent acting on behalf of a cultivator shall not be
10 subject to prosecution under state or local law, to search or inspection except by
11 the department pursuant to Section 20 of this Act, or to seizure or penalty in any
12 manner, or be denied any right or privilege, including but not limited to civil
13 penalty or disciplinary action by a court or business licensing board, for acting
14 pursuant to Sections 1 to 30 of this Act and the department's administrative
15 regulations promulgated thereunder for:

16 (a) Acquiring, possessing, planting, cultivating, raising, harvesting, trimming,
17 or storing cannabis seeds, seedlings, plants, or raw plant material;

18 (b) Delivering, transporting, transferring, supplying, or selling raw plant
19 material or related supplies to other licensed cannabis businesses in this
20 state; or

21 (c) Selling cannabis seeds or seedlings to similar entities that are licensed to
22 cultivate cannabis in this state or in any other jurisdiction.

23 (2) Cultivators and cultivator agents acting on behalf of a cultivator shall:

24 (a) Only deliver raw plant material to a licensed processor, licensed producer,
25 licensed safety compliance facility, or licensed dispensary for fair market
26 value;

27 (b) Only deliver raw plant material to a licensed dispensary, processor, or

1 producer after it has been checked by a safety compliance facility agent for
2 cannabinoid contents and contaminants in accordance with administrative
3 regulations promulgated by the department;

4 (c) Not supply a dispensary with more than the amount of raw plant material
5 reasonably required by a dispensary; and

6 (d) Not deliver, transfer, or sell raw plant material with a delta-9
7 tetrahydrocannabinol content of more than thirty-five percent (35%) to a
8 licensed dispensary, processor, or producer.

9 (3) (a) A Tier I cultivator shall not exceed a growth area of two thousand five
10 hundred (2,500) square feet.

11 (b) A Tier II cultivator shall not exceed a growth area of ten thousand (10,000)
12 square feet.

13 (c) A Tier III cultivator shall not exceed a growth area of twenty-five thousand
14 (25,000) square feet.

15 (d) A Tier IV cultivator shall not exceed a growth area of fifty thousand
16 (50,000) square feet.

17 ➔SECTION 22. A NEW SECTION OF KRS CHAPTER 218A IS CREATED
18 TO READ AS FOLLOWS:

19 (1) A dispensary or dispensary agent acting on behalf of a dispensary shall not be
20 subject to prosecution under state or local law, to search or inspection except by
21 the department pursuant to Section 20 of this Act, to seizure or penalty in any
22 manner, or be denied any right or privilege, including but not limited to a civil
23 penalty or disciplinary action by a court or business licensing board, for acting
24 pursuant to Sections 1 to 30 of this Act and the department's administrative
25 regulations for:

26 (a) Acquiring or possessing medicinal cannabis from a cultivator, processor, or
27 producer in this state;

1 (b) Acquiring or possessing medicinal cannabis accessories or educational
2 material;

3 (c) Supplying, selling, dispensing, distributing, or delivering medicinal
4 cannabis, medicinal cannabis accessories, and educational material to
5 cardholders or other dispensaries;

6 (d) Selling cannabis seeds to similar entities that are licensed to cultivate
7 cannabis in this state or in any other jurisdiction; or

8 (e) Acquiring, accepting, or receiving medicinal cannabis products from a
9 cardholder, except that a dispensary may not offer anything of monetary
10 value in return for medicinal cannabis received from a cardholder. Any
11 medicinal cannabis received by a dispensary under this paragraph or
12 pursuant to Section 14 of this Act shall be destroyed by the dispensary or its
13 agents and shall not be sold, dispensed, or distributed to another
14 cardholder.

15 (2) A dispensary or dispensary agent acting on behalf of a dispensary shall:

16 (a) Maintain records that include specific notations of the amount of medicinal
17 cannabis being dispensed to a cardholder and whether it was dispensed
18 directly to a registered qualified patient or visiting qualified patient, or to a
19 registered qualified patient's designated caregiver. Each entry shall include
20 the date and time the medicinal cannabis was dispensed. The data required
21 to be recorded by this paragraph shall be entered into the electronic system
22 developed by the department pursuant to subsection (1)(a) of Section 28 of
23 this Act in accordance with administrative regulations promulgated by the
24 department for the record of medicinal cannabis dispensing;

25 (b) Only dispense or sell medicinal cannabis after it has been checked by a
26 safety compliance facility agent for cannabinoid contents and contaminants
27 in accordance with administrative regulations promulgated by the

1 department;

2 (c) Only dispense or sell medicinal cannabis to a registered qualified patient,
3 visiting qualified patient, or designated caregiver after making a diligent
4 effort to verify:

5 1. That the registry identification card, or its equivalent for a visiting
6 qualified patient, presented to the dispensary is valid, including by
7 checking the verification system, if it is operational, or other
8 department-designated databases;

9 2. That the person presenting the registry identification card, or its
10 equivalent for a visiting qualified patient, is at least eighteen (18)
11 years of age and is the person identified on the registry identification
12 card, or its equivalent, by examining at least one (1) other form of
13 government-issued photo identification;

14 3. That the person presenting the registry identification card, or its
15 equivalent for a visiting qualified patient, has consulted with a
16 pharmacist as required by Section 10 of this Act; and

17 4. The amount of medicinal cannabis the person is legally permitted to
18 purchase at the time of verification pursuant to subsection (3) of
19 Section 4 of this Act by checking the electronic system developed by
20 the department pursuant to subsection (1)(a) of Section 28 of this Act,
21 if it is operational, or other department-designated databases;

22 (d) Not acquire, possess, dispense, sell, offer for sale, transfer, or transport:

23 1. Raw plant material with a delta-9 tetrahydrocannabinol content of
24 more than thirty-five percent (35%);

25 2. Medicinal cannabis products intended for oral consumption as an
26 edible, oil, or tincture with more than ten (10) milligrams of delta-9
27 tetrahydrocannabinol per serving;

- 1 3. Any medicinal cannabis product not described in subparagraph 1. or
2 2. of this paragraph with a delta-9 tetrahydrocannabinol content of
3 more than seventy percent (70%); or
4 4. Any medicinal cannabis product that contains vitamin E acetate;
5 (e) Not acquire medicinal cannabis from any person other than a cannabis
6 business licensed under this chapter, or an agent thereof, a registered
7 qualified patient, or a designated caregiver;
8 (f) Not sell or dispense medicinal cannabis products intended for consumption
9 by vaporizing to a cardholder who is less than twenty-one (21) years of age;
10 (g) Not dispense or sell medicinal cannabis to a minor;
11 (h) Not dispense or sell more medicinal cannabis to a cardholder than he or she
12 is legally permitted to purchase at the time of the transaction;
13 (i) Not rent office space to a practitioner; and
14 (j) Not conduct any business unrelated to dispensing or selling medicinal
15 cannabis and medicinal cannabis accessories on the licensed premises.
16 (3) A dispensary shall be required to establish and maintain a collaborative
17 agreement, as described in Section 10 of this Act, with a pharmacist authorized
18 by the Kentucky Board of Pharmacy to engage in a collaborative agreement with
19 a dispensary.
20 (4) (a) A dispensary may operate a delivery service for cardholders and may deliver
21 medicinal cannabis, medicinal cannabis accessories, and educational
22 material to cardholders at the address identified on the cardholder's registry
23 identification.
24 (b) All delivery services operated or offered by a dispensary shall comply with
25 administrative regulations promulgated by the department pursuant to this
26 section and Section 28 of this Act.
27 (5) If a dispensary fails to comply with subsection (2)(c) of this section, the

1 department may issue the dispensary a civil fine of up to fifty thousand dollars
2 (\$50,000), except that the fine shall be one hundred thousand dollars (\$100,000)
3 if the person purchasing or attempting to purchase medicinal cannabis is a
4 minor. All fines collected pursuant to this subsection shall be forwarded to the
5 medicinal cannabis trust fund established in Section 31 of this Act.

6 (6) If a dispensary or dispensary agent fails to comply with subsection (2)(c), (d), (e),
7 (f) or (g) of this section, the dispensary and dispensary agent are liable in a civil
8 action for compensatory and punitive damages and reasonable attorney's fees to
9 any person or the representative of the estate of any person who sustains injury,
10 death, or loss to person or property as a result of the failure to comply with
11 subsection (2)(c), (d), (e), (f) or (g) of this section. In any action under this
12 subsection, the court may also award any injunctive or equitable relief that the
13 court considers appropriate.

14 ➔SECTION 23. A NEW SECTION OF KRS CHAPTER 218A IS CREATED
15 TO READ AS FOLLOWS:

16 (1) A processor or processor agent acting on behalf of a processor shall not be
17 subject to prosecution under state or local law, to search or inspection except by
18 the department pursuant to Section 20 of this Act, to seizure or penalty in any
19 manner, or be denied any right or privilege, including but not limited to civil
20 penalty or disciplinary action by a court or business licensing board, for acting
21 pursuant to Sections 1 to 30 of this Act and the department's administrative
22 regulations for:

23 (a) Acquiring or purchasing raw plant material from a cultivator, processor, or
24 producer in this state;

25 (b) Possessing, processing, preparing, manufacturing, manipulating, blending,
26 preparing, or packaging medicinal cannabis;

27 (c) Transferring, transporting, supplying, or selling medicinal cannabis and

- 1 related supplies to other cannabis businesses in this state; or
2 (d) Selling cannabis seeds or seedlings to similar entities that are licensed to
3 cultivate cannabis in this state or in any other jurisdiction.
4 (2) A processor licensed under this section shall not possess, process, produce, or
5 manufacture:
6 (a) Raw plant material with a delta-9 tetrahydrocannabinol content of more
7 than thirty-five percent (35%);
8 (b) Medicinal cannabis products intended for oral consumption as an edible,
9 oil, or tincture with more than ten (10) milligrams of delta-9
10 tetrahydrocannabinol per serving;
11 (c) Any medicinal cannabis product not described in paragraph (a) or (b) of
12 this subsection with a delta-9 tetrahydrocannabinol content of more than
13 seventy percent (70%); or
14 (d) Any medicinal cannabis product that contains vitamin E acetate.

15 ➔SECTION 24. A NEW SECTION OF KRS CHAPTER 218A IS CREATED
16 TO READ AS FOLLOWS:

- 17 (1) A producer or producer agent acting on behalf of a producer shall not be subject
18 to prosecution under state or local law, to search or inspection except by the
19 department pursuant to Section 20 of this Act, to seizure or penalty in any
20 manner, or be denied any right or privilege, including but not limited to civil
21 penalty or disciplinary action by a court or business licensing board, for acting
22 pursuant to Sections 1 to 30 of this Act and the department's administrative
23 regulations for:
24 (a) Acquiring, possessing, planting, cultivating, raising, harvesting, trimming,
25 or storing cannabis seeds, seedlings, plants, or raw plant material;
26 (b) Delivering, transporting, transferring, supplying, or selling raw plant
27 material, medicinal cannabis products, or related supplies to other licensed

1 cannabis businesses in this state;

2 (c) Selling cannabis seeds or seedlings to similar entities that are licensed to
3 cultivate cannabis in this state or in any other jurisdiction;

4 (d) Acquiring or purchasing raw plant material from a cultivator in this state;
5 or

6 (e) Possessing, processing, preparing, manufacturing, manipulating, blending,
7 preparing, or packaging medicinal cannabis;

8 (2) Producers and producer agents acting on behalf of a producer shall:

9 (a) Only deliver raw plant material to a licensed processor, licensed producer,
10 licensed safety compliance facility, or licensed dispensary for fair market
11 value;

12 (b) Only deliver raw plant material to a licensed dispensary, processor, or
13 producer after it has been checked by a safety compliance facility agent for
14 cannabinoid contents and contaminants in accordance with administrative
15 regulations promulgated by the department;

16 (c) Not supply a dispensary with more than the amount of raw plant material
17 reasonably required by a dispensary; and

18 (d) Be limited to an indoor cannabis growth area of fifty thousand (50,000)
19 square feet.

20 (3) A producer licensed under this section shall not possess, process, produce, or
21 manufacture:

22 (a) Raw plant material with a delta-9 tetrahydrocannabinol content of more
23 than thirty-five percent (35%);

24 (b) Medicinal cannabis products intended for oral consumption as an edible,
25 oil, or tincture with more than ten (10) milligrams of delta-9
26 tetrahydrocannabinol per serving;

27 (c) Any medicinal cannabis product not described in paragraph (a) or (b) of

1 this subsection with a delta-9 tetrahydrocannabinol content of more than
2 seventy percent (70%); or

3 (d) Any medicinal cannabis product that contains vitamin E acetate.

4 ➔SECTION 25. A NEW SECTION OF KRS CHAPTER 218A IS CREATED
5 TO READ AS FOLLOWS:

6 A safety compliance facility or safety compliance facility agent acting on behalf of a
7 safety compliance facility shall not be subject to prosecution, search except by the
8 department pursuant to Section 20 of this Act, seizure, or penalty in any manner, or be
9 denied any right or privilege, including but not limited to civil penalty or disciplinary
10 action by a court or business licensing board, for acting in accordance with Sections 1
11 to 30 of this Act and the department's administrative regulations to provide the
12 following services:

13 (1) Acquiring or possessing medicinal cannabis obtained from cardholders or
14 cannabis businesses in this state;

15 (2) Returning the medicinal cannabis to cardholders or cannabis businesses in this
16 state;

17 (3) Transporting medicinal cannabis that was produced by cannabis businesses in
18 this state;

19 (4) The production or sale of approved educational materials related to the use of
20 medicinal cannabis;

21 (5) The production, sale, or transportation of equipment or materials other than
22 medicinal cannabis, including but not limited to lab equipment and packaging
23 materials that are used by cannabis businesses and cardholders, to cardholders or
24 cannabis businesses licensed under this chapter;

25 (6) Testing of medicinal cannabis produced in this state, including testing for
26 cannabinoid content, pesticides, mold, contamination, vitamin E acetate, and
27 other prohibited additives;

1 (7) Training cardholders and cannabis business agents. Training may include but
2 need not be limited to:

3 (a) The safe and efficient cultivation, harvesting, packaging, labeling, and
4 distribution of medicinal cannabis;

5 (b) Security and inventory accountability procedures; and

6 (c) Up-to-date scientific and medical research findings related to medicinal use
7 of cannabis;

8 (8) Receiving compensation for actions allowed under this section; and

9 (9) Engaging in any non-cannabis-related business activities that are not otherwise
10 prohibited or restricted by state law.

11 ➔SECTION 26. A NEW SECTION OF KRS CHAPTER 218A IS CREATED
12 TO READ AS FOLLOWS:

13 (1) For the purposes of this section, "local government" means a city, county,
14 urban-county government, consolidated local government, charter county
15 government, or unified local government.

16 (2) A local government may:

17 (a) Enact ordinances, not in conflict with Sections 1 to 30 of this Act or with
18 the department's administrative regulations, regulating the time, place, and
19 manner of cannabis business operations, except that a local government
20 shall not enact ordinances that impose an undue burden or make cannabis
21 business operations unreasonable or impractical;

22 (b) Prohibit all cannabis business operations within its territory through the
23 passage of an ordinance; or

24 (c) Enact resolutions directing that the question of prohibiting cannabis
25 businesses from operating within its territory be submitted to the voters of
26 its territory at the next regular election pursuant to subsection (5)(j) of this
27 section.

- 1 (3) If a county, urban-county government, consolidated local government, charter
2 county government, or unified local government prohibits all cannabis business
3 operations, the legislative body of a city located within the county, urban-county
4 government, consolidated local government, charter county government, or
5 unified local government may:
- 6 (a) Approve cannabis business operations within the limits of the city through
7 the passage of an ordinance; or
- 8 (b) Enact resolutions directing that the question of allowing cannabis
9 businesses to operate within the limits of the city be submitted to the voters
10 who are eligible to vote in that city's elections at the next regular election
11 pursuant to subsection (5)(j) of this section.
- 12 (4) If a local government legislative body with jurisdiction prohibits cannabis
13 business operations through the passage of an ordinance, a public question that
14 is initiated by petition and that proposes allowing a cannabis business to operate
15 within the affected territory is authorized.
- 16 (5) A public question that is initiated by petition and is authorized by subsection (4)
17 of this section shall be submitted to the voters within the affected territory at the
18 next regular election by complying with the following requirements:
- 19 (a) Before a petition for submission of the proposal may be presented for
20 signatures, an intent to circulate the petition, including a copy of the
21 unsigned petition, shall be filed with the county clerk of the affected
22 territory by any person or group of persons seeking the submission of the
23 public question. The statement of intent shall include the addresses of the
24 person or group of persons and shall specify the person or group of persons,
25 as well as the address, to whom all notices are to be sent. Within ten (10)
26 days after the intent to circulate the petition is filed, the county clerk shall
27 deliver a copy of the intent to circulate the petition, including a copy of the

- 1 unsigned petition, to the legislative body of the affected territory;
- 2 **(b) The petition shall set out in full the following question: "Are you in favor of**
- 3 **the sale of medicinal cannabis at a licensed dispensary and the operation of**
- 4 **other cannabis businesses in (affected territory)?"**;
- 5 **(c) The petition for the submission of the proposal shall be signed by a number**
- 6 **of constitutionally qualified voters of the territory to be affected equal to five**
- 7 **percent (5%) of registered voters for the affected territory;**
- 8 **(d) Each signature shall be executed in ink or indelible pencil and shall be**
- 9 **followed by the legibly printed name of each voter, followed by the voter's**
- 10 **residence address, year of birth, and the correct date upon which the voter's**
- 11 **name was signed;**
- 12 **(e) No petition for the submission of the proposal shall be circulated for more**
- 13 **than six (6) months prior to its filing;**
- 14 **(f) After a petition for the submission of the proposal has received no fewer**
- 15 **than the number of qualifying signatures required by paragraph (c) of this**
- 16 **subsection, the signed petition shall be filed with the county clerk. When it**
- 17 **is filed, each sheet of the petition shall have an affidavit executed by the**
- 18 **circulator stating that he or she personally circulated the sheet, the number**
- 19 **of signatures thereon, that all signatures were affixed in his or her**
- 20 **presence, that he or she believes them to be the genuine signatures of**
- 21 **registered voters within the affected territory, and that each signer had an**
- 22 **opportunity before signing to read the full text of the proposal;**
- 23 **(g) No signer of the petition may withdraw his or her name or have it taken**
- 24 **from the petition after the petition has been filed. If the name of any person**
- 25 **has been placed on the petition for submission of the public question**
- 26 **without that person's authority, the person may, at any time prior to**
- 27 **certification of sufficiency of the petition by the county clerk as required by**

1 paragraph (h) of this subsection, request the removal of his or her name by
2 the county board of elections and, upon proof that the person's name was
3 placed on the petition without his or her authority, the person's name and
4 personal information shall be eliminated, and he or she shall not be
5 counted as a petitioner;

6 (h) Within thirty (30) days after the petition is filed, the county clerk shall
7 complete a certificate as to its sufficiency or, if it is insufficient, specifying
8 the particulars of the insufficiency, and shall send a copy to the person or
9 persons specified in the statement of intent to receive all notices and to the
10 legislative body of the affected territory, all by registered mail. A petition
11 certified insufficient for lack of the required number of valid signatures
12 may be amended once by filing a supplemental petition upon additional
13 sheets within thirty (30) days after receiving the certificate of insufficiency.
14 The supplemental petition shall comply with the requirements applicable to
15 the original petition and, within ten (10) days after it is filed, the county
16 clerk shall complete a certificate as to the sufficiency of the petition as
17 amended and promptly send a copy of the certificate to the person or
18 persons specified to receive all notices and to the legislative body of the
19 affected territory by registered mail;

20 (i) A final determination as to the sufficiency of a petition shall be subject to
21 review in the Circuit Court of the county of the affected territory and shall
22 be limited to the validity of the county clerk's determination. A final
23 determination of insufficiency shall not prejudice the filing of a new
24 petition for the same purpose; and

25 (j) If, not later than the second Tuesday in August preceding the day
26 established for a regular election, the county clerk has certified that a
27 petition is sufficient or has received a local government resolution pursuant

1 to subsection (2) or (3) of this section, the county clerk shall have prepared
2 to place before the voters of the affected territory at the next regular election
3 the question, which shall be "Are you in favor of the sale of medicinal
4 cannabis at a licensed dispensary and the operation of other cannabis
5 businesses in (affected territory)? Yes....No....". The county clerk shall
6 cause to be published in accordance with KRS Chapter 424, at the same
7 time as the remaining voter information, the full text of the proposal. The
8 county clerk shall cause to be posted in each polling place one (1) copy of
9 the full text of the proposal.

10 (6) If the question submitted to the voters under subsection (3) or (5) of this section
11 fails to pass, three (3) years shall elapse before the question of medicinal
12 cannabis sales and cannabis business operations may be included on a regular
13 election ballot for the affected territory.

14 (7) If the question submitted to the voters under subsection (3) or (5) of this section
15 passes, medicinal cannabis sales and cannabis business operations may be
16 conducted in the affected territory, notwithstanding any local government
17 ordinances which prohibit all cannabis business operations within its territory.

18 (8) In circumstances where a county, urban-county government, consolidated local
19 government, charter county government, or unified local government prohibits
20 cannabis business operations but a city within that county, urban-county
21 government, consolidated local government, charter county government, or
22 unified local government approves cannabis business operations either through
23 the adoption of an ordinance or following the affirmative vote of a public
24 question allowing cannabis business operations, then:

25 (a) The cannabis business operations may proceed within the limits of the city;

26 and

27 (b) The county, urban-county government, consolidated local government,

1 charter county government, or unified local government may assess an
2 additional reasonable fee to compensate for any additional corrections
3 impact caused by the approval of cannabis business operations. Any
4 additional fees collected pursuant to this subsection shall not exceed the
5 additional corrections impact caused by the approval of cannabis business
6 operations.

7 (9) In circumstances where neither a city nor the county, urban-county government,
8 consolidated local government, charter county government, or unified local
9 government in which the city is located prohibit cannabis business operations, a
10 cannabis business that is located within the jurisdiction of both the city and the
11 county shall only pay the reasonable established local fees of either the city or the
12 county. The fee shall be established, assessed, collected, and shared between the
13 city and the county, in a manner to be negotiated between the city and the county.

14 (10) The provisions of general election law shall apply to public questions submitted to
15 voters under this section.

16 ➔SECTION 27. A NEW SECTION OF KRS CHAPTER 218A IS CREATED
17 TO READ AS FOLLOWS:

18 (1) The department shall maintain a confidential list of the persons to whom the
19 department has issued registry identification cards and their addresses, telephone
20 numbers, and registry identification numbers.

21 (2) The department shall, only at a cardholder's request, confirm his or her status as
22 a registered qualified patient, visiting qualified patient, or designated caregiver to
23 a third party, such as a landlord, employer, school, medical professional, or
24 court.

25 (3) The following information received and records kept pursuant to the
26 department's administrative regulations promulgated for purposes of
27 administering Sections 1 to 30 of this Act shall be confidential and exempt from

1 the Open Records Act, KRS 61.870 to 61.884, and shall not be subject to
2 disclosure to any individual or public or private entity, except as necessary for
3 authorized employees of the department to perform official duties pursuant to
4 Sections 1 to 30 of this Act:

5 (a) Applications and renewals, their contents, and supporting information
6 submitted by qualified patients, visiting qualified patients, and designated
7 caregivers in compliance with Section 11 of this Act, including information
8 regarding their designated caregivers and practitioners;

9 (b) The individual names and other information identifying persons to whom
10 the department has issued registry identification cards;

11 (c) Any dispensing information required to be kept under Section 22 of this Act
12 or the department's administrative regulations which shall only identify
13 cardholders by their registry identification numbers and shall not contain
14 names or other personal identifying information; and

15 (d) Any department hard drives or other data-recording media that are no
16 longer in use and that contain cardholder information. These hard drives
17 and other media shall be destroyed after a reasonable time or after the data
18 is otherwise stored.

19 (4) Nothing in this section shall preclude the following:

20 (a) Notification by the department's employees to state or local law enforcement
21 about falsified or fraudulent information submitted to the department or of
22 other apparently criminal violations of Sections 1 to 30 of this Act if the
23 employee who suspects that falsified or fraudulent information has been
24 submitted has conferred with his or her supervisor and both agree that
25 circumstances exist that warrant reporting;

26 (b) Notification by the department's employees to a state licensing board if the
27 department has reasonable suspicion to believe a practitioner did not have a

1 bona fide practitioner-patient relationship with a patient for whom he or
2 she signed a written certification, if the department has reasonable
3 suspicion to believe the practitioner violated the standard of care, or for
4 other suspected violations of Sections 1 to 30 of this Act by a practitioner;

5 (c) Notification by dispensary agents to the department of a suspected violation
6 or attempted violation of Sections 1 to 30 of this Act or the administrative
7 regulations promulgated thereunder;

8 (d) Verification by the department of registry identification cards issued
9 pursuant to Sections 11, 12, and 13 of this Act; and

10 (e) The submission of the report required by Section 3 of this Act to the
11 General Assembly.

12 (5) It shall be a misdemeanor punishable by up to one hundred eighty (180) days in
13 jail and a one thousand dollar (\$1,000) fine for any person, including an
14 employee or official of the department or another state agency or local
15 government, to knowingly breach the confidentiality of information obtained
16 pursuant to Sections 1 to 30 of this Act.

17 ➔SECTION 28. A NEW SECTION OF KRS CHAPTER 218A IS CREATED
18 TO READ AS FOLLOWS:

19 (1) No later than January 1, 2023, the department shall:

20 (a) Establish, maintain, and operate an electronic system for monitoring the
21 medicinal cannabis program. The electronic system established pursuant to
22 this paragraph shall be designed to enable:

23 1. Practitioners to record the issuance of written certifications to
24 qualified patients, as required by Section 9 of this Act;

25 2. Pharmacists to perform and record the completion of consultations
26 with cardholders as required under Section 10 of this Act;

27 3. The department and state licensing board to monitor the issuance of

- 1 written certifications by practitioners to qualified patients;
- 2 4. Department personnel, law enforcement personnel, and dispensary
3 agents to verify the validity of registry identification cards issued by
4 the department by entering a registry identification number to
5 determine whether or not the identification number corresponds with
6 a current, valid registry identification card. The system shall only
7 disclose whether the identification card is valid and whether the
8 cardholder is a registered qualified patient, visiting qualified patient,
9 or designated caregiver;
- 10 5. Law enforcement personnel and dispensary agents to access medicinal
11 cannabis sales data record by dispensary agents pursuant to Section
12 22 of this Act;
- 13 6. Dispensary agents to record the amount of medicinal cannabis that is
14 dispensed to a cardholder during each transaction as required by
15 Section 22 of this Act; and
- 16 7. The sharing of dispensing data recorded by dispensary agents
17 pursuant to Section 22 of this Act with all dispensaries in real time;
- 18 **(b) Establish, maintain, and operate an electronic inventory tracking system**
19 that is capable of tracking medicinal cannabis from the point of cultivation
20 to the point of sale to cardholders; and
- 21 **(c) Promulgate administrative regulations to establish:**
- 22 1. Procedures for the issuance, renewal, suspension, and revocation of
23 registry identification cards, including the creation of a standardized
24 written certification form and a uniform application form;
- 25 2. Procedures for the issuance and revocation of registry identification
26 cards;
- 27 3. Procedures for the issuance, renewal, suspension, and revocation of

1 cannabis business licenses, including the creation of a uniform
2 licensure application form and the competitive application process
3 described in Section 18 of this Act, with all such procedures subject to
4 the requirements of KRS Chapters 13A and 13B;

5 4. A convenience fee to be assessed and collected by dispensaries for
6 visiting qualified patients who do not possess a valid registry
7 identification card issued by the department and who purchase
8 medicinal cannabis with a registry identification card or its equivalent
9 issued pursuant to the laws of another state, district, territory,
10 commonwealth, or insular possession of the United States that allows
11 the person to use medicinal cannabis in the jurisdiction of issuance.
12 The convenience fee established pursuant to this subparagraph shall
13 not exceed fifteen dollars (\$15) per transaction;

14 5. In collaboration with the Board of Physicians and Advisors, as
15 required by Section 3 of this Act:

16 a. A definition of the amount of medicinal cannabis or delta-9
17 tetrahydrocannabinol that constitutes a daily supply, a ten (10)
18 day supply, and a thirty (30) day supply; and

19 b. The amount of raw plant material that medicinal cannabis
20 products are considered to be equivalent to;

21 6. A process by which a practitioner may recommend, and a registered
22 qualified patient or his or her designated caregiver may legally
23 purchase and possess, an amount of medicinal cannabis in excess of
24 the thirty (30) day supply of medicinal cannabis, if the practitioner
25 reasonably believes that the standard thirty (30) day supply would be
26 insufficient in providing the patient with uninterrupted therapeutic or
27 palliative relief;

- 1 7. Provisions governing the following matters related to cannabis
2 businesses with the goal of protecting against diversion and theft,
3 without imposing any undue burden that would make cannabis
4 business operations unreasonable or impractical on cannabis
5 businesses or compromising the confidentiality of cardholders:
6 a. Recordkeeping and inventory control requirements, including
7 the use of the electronic systems developed by the department
8 pursuant to paragraphs (a) and (b) of this subsection;
9 b. Procedures for the verification and validation of a registry
10 identification card, or its equivalent, that was issued pursuant to
11 the laws of another state, district, territory, commonwealth, or
12 insular possession of the United States that allows for the use of
13 medicinal cannabis in the jurisdiction of issuance;
14 c. Security requirements for safety compliance facilities,
15 processors, producers, dispensaries, and cultivators, which shall
16 include at a minimum lighting, video security, alarm
17 requirements, on-site parking, and measures to prevent loitering;
18 d. Procedures for the secure transportation, including delivery
19 services provided by dispensaries, and storage of medicinal
20 cannabis by cannabis business licensees and their employees or
21 agents;
22 e. Employment and training requirements for licensees and their
23 agents, including requiring each licensee to create an
24 identification badge for each of the licensee's agents or
25 employees;
26 f. Restrictions on visits to licensed cultivation and processing
27 facilities, including requiring the use of visitor logs; and

- 1 g. Limitations on the size of outdoor cultivation operations;
- 2 8. Procedures to establish, publish, and annually update a list of varieties
- 3 of cannabis that possess a low but effective level of
- 4 tetrahydrocannabinol, including the substance cannabidiol, by
- 5 comparing percentages of chemical compounds within a given variety
- 6 against other varieties of cannabis;
- 7 9. A rating system that tracks the terpene content of at least the twelve
- 8 (12) major terpenoids within each strain of cannabis available for
- 9 medicinal use within the Commonwealth;
- 10 10. Requirements for random sample testing of medicinal cannabis to
- 11 ensure quality control, including testing for cannabinoids, terpenoids,
- 12 residual solvents, pesticides, poisons, toxins, mold, mildew, insects,
- 13 bacteria, and any other dangerous adulterant;
- 14 11. Requirements for licensed cultivators, producers, and processors to
- 15 contract with an independent safety compliance facility to test the
- 16 medicinal cannabis before it is sold at a dispensary. The department
- 17 may approve the safety compliance facility chosen by a cultivator,
- 18 producer, or processor and require that the safety compliance facility
- 19 report test results for a designated quantity of medicinal cannabis to
- 20 the cultivator, producer, or processor and department;
- 21 12. Standards for the operation of safety compliance facilities which may
- 22 include:
- 23 a. Requirements for equipment;
- 24 b. Personnel qualifications; and
- 25 c. Requiring facilities to be accredited by a relevant certifying
- 26 entity;
- 27 13. Standards for the packaging and labeling of medicinal cannabis sold

1 or distributed by cannabis businesses which shall comply with 15
2 U.S.C. sec. 1471 to 1476 and shall include:

3 a. Standards for packaging that requires at least a two (2) step
4 process of initial opening;

5 b. A warning label which may include the length of time it typically
6 takes for the product to take effect, how long the effects of the
7 product typically last, and any other information deemed
8 appropriate or necessary by the department;

9 c. The amount of medicinal cannabis the product is considered the
10 equivalent to;

11 d. Disclosing ingredients, possible allergens, and certain bioactive
12 components, including cannabinoids and terpenoids, as
13 determined by the department;

14 e. A nutritional fact panel;

15 f. Opaque, child-resistant packaging;

16 g. A requirement that all raw plant material packaged or sold in
17 this state be marked or labeled as "NOT APPROVED OR
18 INTENDED FOR CONSUMPTION BY SMOKING";

19 h. A requirement that medicinal cannabis products be clearly
20 marked with an identifiable and standardized symbol indicating
21 that the product contains cannabis;

22 i. A requirement that all medicinal cannabis product packaging
23 include an expiration date; and

24 j. A requirement that medicinal cannabis products and their
25 packaging not be visually reminiscent of major brands of edible
26 noncannabis products or otherwise present an attractive
27 nuisance to minors;

1 14. Health and safety requirements for the processing of medicinal
2 cannabis and the indoor cultivation of medicinal cannabis by
3 licensees;

4 15. Restrictions on:

5 a. Additives to medicinal cannabis that are toxic, including vitamin
6 E acetate, or increase the likelihood of addiction; and

7 b. Pesticides, fertilizers, and herbicides used during medicinal
8 cannabis cultivation which pose a threat to human health and
9 safety;

10 16. Standards for the safe processing of medicinal cannabis products
11 created by extracting or concentrating compounds from raw plant
12 material;

13 17. Standards for determining the amount of unprocessed raw plant
14 material that medicinal cannabis products are considered the
15 equivalent to;

16 18. Restrictions on advertising, marketing, and signage in regard to
17 operations or establishments owned by licensees necessary to prevent
18 the targeting of minors;

19 19. The requirement that evidence-based educational materials regarding
20 dosage and impairment be disseminated to registered qualified
21 patients, visiting qualified patients, and designated caregivers who
22 purchase medicinal cannabis products;

23 20. Policies governing insurance requirements for cultivators,
24 dispensaries, processors, producers, and safety compliance facilities;
25 and

26 21. Standards, procedures, or restrictions that the department deems
27 necessary to ensure the efficient, transparent, and safe operation of

1 the medicinal cannabis program, except that the department shall not
2 promulgate any administrative regulation that would impose an undue
3 burden or make cannabis business operations unreasonable or
4 impractical.

5 (2) The department shall perform all acts necessary or advisable for the purpose of
6 contracting with a third party for the development and maintenance of the
7 electronic systems described in subsection (1)(a) and (b) of this section.

8 (3) If a need for additional cannabis cultivation in this state is demonstrated by
9 cannabis businesses or the department's own analysis, the department may
10 through the promulgation of administrative regulations increase the cultivation
11 area square footage limits for either cultivators or producers, or both by up to
12 three (3) times the limits established in Sections 21 and 24 of this Act. Any
13 increase in the cultivation square footage limits adopted by the department
14 pursuant to this section shall not result in an increase in the licensure application
15 or renewal fees established in Section 16 of this Act.

16 (4) When promulgating administrative regulations under this section, the
17 department shall consider standards, procedures, and restrictions that have been
18 found to be best practices relative to the use and regulation of medicinal
19 cannabis.

20 ➔SECTION 29. A NEW SECTION OF KRS CHAPTER 218A IS CREATED
21 TO READ AS FOLLOWS:

22 Nothing in Sections 1 to 30 of this Act shall require a government medical assistance
23 program, private health insurer or workers' compensation carrier, or self-funded
24 employer providing workers' compensation benefits to reimburse a person for costs
25 associated with the medicinal use of cannabis.

26 ➔SECTION 30. A NEW SECTION OF KRS CHAPTER 218A IS CREATED
27 TO READ AS FOLLOWS:

1 The provisions of KRS 138.870 to 138.889 shall not apply to any individual or entity
2 for:

3 (1) Any amount of medicinal cannabis that is necessary or reasonably necessary for
4 use of a license or registry identification card issued pursuant to Sections 1 to 30
5 of this Act; or

6 (2) Any use of medicinal cannabis that complies with Sections 1 to 30 of this Act and
7 any administrative regulations promulgated thereunder.

8 ➔SECTION 31. A NEW SECTION OF KRS CHAPTER 218A IS CREATED
9 TO READ AS FOLLOWS:

10 (1) The medicinal cannabis trust fund is hereby created within the State Treasury.
11 The fund shall consist of moneys collected from registration fees, licensing fees,
12 finances, and penalties established pursuant to Sections 1 to 30 of this Act, excluding
13 Section 27 of this Act, and any administrative regulations promulgated
14 thereunder, a portion of the excise taxes imposed under Section 33 of this Act,
15 and any proceeds from grants, contributions, appropriations, or other moneys
16 made available for purposes of this fund.

17 (2) The medicinal cannabis trust fund shall be administered by the Finance and
18 Administration Cabinet.

19 (3) The Finance and Administration Cabinet shall, no later than the fifteenth
20 calendar day of each calendar quarter, distribute the moneys deposited into the
21 medicinal cannabis trust fund during the previous calendar quarter. Trust fund
22 moneys shall be distributed as follows:

23 (a) Sixty percent (60%) shall be transferred to the Department of Alcoholic
24 Beverage and Cannabis Control to offset the department's actual cost and
25 expenses for operating the medicinal cannabis program and enforcement
26 activities established in Sections 1 to 30 of this Act;

27 (b) Two and one-half percent (2.5%) shall be transferred to the Department of

1 Alcoholic Beverage and Cannabis Control for the purpose of developing,
2 implementing, and administering a grant program to further education and
3 scientific and clinical research on the medicinal use of cannabis;

4 (c) Thirteen and three-quarters percent (13.75%) shall be transferred to the
5 Office of Drug Control Policy, as established in KRS 15A.020, for the
6 purpose of developing, implementing, and administering a grant program
7 for city and county law enforcement agencies to enforce medicinal cannabis
8 laws, hire and train additional drug recognition experts (DRE), and provide
9 advanced roadside impaired driving enforcement (ARIDE) training;

10 (d) Thirteen and three-quarters percent (13.75%) shall be returned equally to
11 dispensaries for the use of indigent persons who are registered qualified
12 patients enrolled in Medicaid, receiving Supplemental Security Income or
13 Social Security disability insurance, or veterans of the United States Armed
14 Forces; and

15 (e) The remaining ten percent (10%) shall be retained by the Finance and
16 Administration Cabinet in the fund to cover any additional administrative
17 costs that the Department of Alcoholic Beverage and Cannabis Control may
18 incur related to its operational and enforcement responsibilities as
19 established in Sections 1 to 30 of this Act. If the department is able to
20 demonstrate to the Finance and Administration Cabinet a need for any
21 portion of the retained funds, the Finance and Administration Cabinet shall
22 distribute the additional funds for which the department has demonstrated
23 need no later than the fifteenth calendar day of the next calendar quarter. If
24 the department cannot demonstrate a need for the additional funding
25 described in this paragraph, the retained funds shall be equally divided
26 between the grant programs and the indigent patient program described in
27 paragraphs (b), (c), and (d) of this subsection at the close of each fiscal

1 year.

2 (4) Notwithstanding KRS 45.229, moneys in the fund not expended at the close of the
3 fiscal year shall not lapse but shall be equally divided between the grant
4 programs and the indigent patient program described in subsection (3)(b), (c),
5 and (d) of this section.

6 (5) Any interest earnings of the trust fund shall become part of the fund and shall
7 not lapse.

8 (6) Moneys transferred to the fund are hereby appropriated for the purposes set forth
9 in this section.

10 ➔SECTION 32. A NEW SECTION OF KRS CHAPTER 218A IS CREATED
11 TO READ AS FOLLOWS:

12 (1) The local medicinal cannabis trust fund is hereby created within the State
13 Treasury. The fund shall consist of moneys collected from a portion of the excise
14 taxes imposed under Section 33 of this Act.

15 (2) The local medicinal cannabis trust fund shall be administered by the Finance
16 and Administration Cabinet.

17 (3) The Finance and Administration Cabinet shall, no later than the fifteenth
18 calendar day of each calendar quarter, distribute the moneys deposited into the
19 local medicinal cannabis trust fund during the calendar quarter immediately
20 preceding the most recent calendar quarter. Moneys shall be distributed among
21 those cities and counties in which at least one (1) cannabis business licensed as a
22 cultivator, dispensary, processor, or producer operated during the calendar
23 quarter immediately preceding the most recent calendar quarter as follows:

24 (a) The moneys deposited into the local medicinal cannabis trust fund during
25 the calendar quarter immediately preceding the most recent calendar
26 quarter shall be divided into two (2) equal parts;

27 (b) One-half (1/2) of the moneys deposited into the local medicinal cannabis

1 trust fund during the calendar quarter immediately preceding the most
2 recent calendar quarter shall be distributed to cities and counties in which
3 at least one (1) cannabis business licensed as a cultivator, processor, or
4 producer operated during the calendar quarter immediately preceding the
5 most recent calendar quarter as follows:

6 1. a. A city in which at least one (1) cannabis business licensed as a
7 cultivator, processor, or producer operated during the calendar
8 quarter immediately preceding the most recent calendar quarter
9 shall receive an amount equal to seven and one-half percent
10 (7.5%) of the total excise tax revenue collected from all cannabis
11 businesses licensed to operate inside the territory of the city
12 during the calendar quarter immediately preceding the most
13 recent calendar quarter; or

14 b. If the county in which the city is located has prohibited the
15 operation of cannabis businesses, then the city shall receive an
16 amount equal to ten percent (10%) of the total excise tax revenue
17 collected from all cannabis businesses licensed to operate inside
18 the territory of the city during the calendar quarter immediately
19 preceding the most recent calendar quarter; and

20 2. A county that has not prohibited the operation of cannabis businesses,
21 pursuant to Section 26 of this Act, and in which at least one (1)
22 cannabis business licensed as a cultivator, processor, or producer
23 operated during the calendar quarter immediately preceding the most
24 recent calendar quarter shall receive an amount equal to ten percent
25 (10%) of the total excise tax revenue collected from all cannabis
26 businesses licensed to operate within the territory of the county, but
27 outside the territory of any city in that county, during the calendar

1 quarter immediately preceding the most recent calendar quarter plus
2 two and one-half percent (2.5%) of the total excise tax revenue
3 collected from all cannabis businesses licensed to operate inside the
4 territory of an incorporated municipality inside the territory of the
5 county during the calendar quarter immediately preceding the most
6 recent calendar quarter; and

7 (c) The other one-half (1/2) of the moneys deposited into the local medicinal
8 cannabis trust fund during the calendar quarter immediately preceding the
9 most recent calendar quarter shall be distributed to cities and counties in
10 which at least one (1) cannabis business licensed as a dispensary was
11 operated during the calendar quarter immediately preceding the most recent
12 calendar quarter as follows:

13 1. a. A city in which at least one (1) cannabis business licensed as a
14 dispensary operated during the calendar quarter immediately
15 preceding the most recent calendar quarter shall receive a
16 percentage of the moneys described in this subparagraph equal
17 to seventy-five percent (75%) of the city's proportionate share of
18 gross receipts derived from the retail sales of medicinal cannabis
19 products by licensed dispensaries in the territory of that city
20 divided by the total statewide retail sales of medicinal cannabis
21 products by all licensed dispensaries in the state during the
22 calendar quarter immediately preceding the most recent
23 calendar quarter; or

24 b. If the county in which the city is located has prohibited the
25 operation of cannabis businesses, then the city shall receive a
26 percentage of the moneys described in this subparagraph equal
27 to one hundred percent (100%) of the city's proportionate share

1 of gross receipts derived from the retail sales of medicinal
2 cannabis products by licensed dispensaries in the territory of that
3 city divided by the total statewide retail sales of medicinal
4 cannabis products by all licensed dispensaries in the state during
5 the calendar quarter immediately preceding the most recent
6 calendar quarter; and

7 2. A county that has not prohibited the operation of cannabis businesses,
8 pursuant to Section 26 of this Act, and in which at least one (1)
9 cannabis business licensed as a dispensary operated during the
10 calendar quarter immediately preceding the most recent calendar
11 quarter shall receive a percentage of the moneys described in this
12 subparagraph equal to one hundred percent (100%) of the county's
13 proportionate share of gross receipts derived from the retail sales of
14 medicinal cannabis products by licensed dispensaries within the
15 territory of that county, but outside the territory of any city in that
16 county, divided by the total statewide retail sales of medicinal cannabis
17 products by all licensed dispensaries in the state during the calendar
18 quarter immediately preceding the most recent calendar quarter plus a
19 percentage of the moneys described in this subparagraph equal to
20 twenty-five percent (25%) of the proportionate share of gross receipts
21 derived from the retail sales of medicinal cannabis products by
22 licensed dispensaries within the territory of all cities in the county
23 divided by the total statewide retail sales of medicinal cannabis
24 products by all licensed dispensaries in the state during the calendar
25 quarter immediately preceding the most recent calendar quarter.

26 (4) Trust fund moneys may be used for the purposes of local enforcement of
27 medicinal cannabis laws by local law enforcement agencies, local medicinal

cannabis licensing, the hiring or training of additional drug recognition experts (DRE), advanced roadside impaired driving enforcement (ARIDE) training, local evidence-based drug addiction rehabilitation projects, or educational activities within local jails.

(5) Notwithstanding KRS 45.229, moneys in the fund not expended at the close of the fiscal year shall not lapse but shall be carried forward to the next fiscal year.

(6) Any interest earnings of the trust fund shall become part of the fund and shall not lapse.

(7) Moneys transferred to the fund are hereby appropriated for the purposes set forth in this section.

(8) As used in this section, "county" has the same meaning as in KRS 65A.010.

➔SECTION 33. A NEW SECTION OF KRS CHAPTER 138 IS CREATED TO READ AS FOLLOWS:

(1) As used in this section:

(a) "Cultivator" has the same meaning as in Section 1 of this Act;

(b) "Department" means the Department of Revenue;

(c) "Dispensary" has the same meaning as in Section 1 of this Act;

(d) "Medicinal cannabis" has the same meaning as in Section 1 of this Act;

(e) "Processor" has the same meaning as in Section 1 of this Act; and

(f) "Producer" has the same meaning as in Section 1 of this Act.

(2) Effective January 1, 2023:

(a) An excise tax is hereby imposed on the gross receipts of a cultivator, processor, or producer received from the sale of medicinal cannabis by a cultivator, processor, or producer to a dispensary, to be paid by the cultivator, processor, or producer at a rate of twelve percent (12%) of the actual price for which a cultivator, processor, or producer sells medicinal cannabis to a dispensary in this state; and

1 **(b) The tax shall be charged against and be paid by the cultivator, processor, or**
2 **producer and shall not be added as a separate charge or line item on any**
3 **sales slip, invoice, receipt, or other statement or memorandum of the price**
4 **paid by the dispensary.**

5 **(3) (a) Eighty percent (80%) of the revenue from the excise tax established in this**
6 **section shall be deposited in the medicinal cannabis trust fund established**
7 **in Section 31 of this Act for the purpose of administration of the medicinal**
8 **cannabis program and for the purposes established in that section.**

9 **(b) Twenty percent (20%) of the revenue from the excise tax established in this**
10 **section shall be deposited in the local medicinal cannabis trust fund**
11 **established in Section 32 of this Act for the purposes of distributing tax**
12 **proceeds among participating local governments and for the purposes**
13 **established in that section; and**

14 **(4) Cultivators, processors, and producers licensed under KRS Chapter 218A shall:**

15 **(a) Register with the department;**

16 **(b) Report and pay the tax levied under this section on or before the twentieth**
17 **day of the calendar month immediately following the month in which the**
18 **medicinal cannabis was sold. A tax return shall be filed for each reporting**
19 **period whether or not tax is due; and**

20 **(c) Identify the county and city, if any, in which the medicinal cannabis**
21 **business is located.**

22 **(5) Any person who violates any provision of this section shall be subject to the**
23 **uniform civil penalties imposed pursuant to KRS 131.180 and interest at the tax**
24 **interest rate as defined in KRS 131.010(6) from the date due until the date of**
25 **payment.**

26 **(6) (a) Notwithstanding any other provision of this section, the president, vice**
27 **president, secretary, treasurer, or any other person holding any equivalent**

1 corporate office of any corporation subject to this section shall be
2 personally and individually liable, both jointly and severally, for the taxes
3 imposed under this section.

4 (b) Corporate dissolution, withdrawal of the corporation from the state, or the
5 cessation of holding any corporate office shall not discharge the liability of
6 any person. The personal and individual liability shall apply to every person
7 holding a corporate office at the time the tax becomes or became due.

8 (c) Notwithstanding any other provision of this chapter, KRS 275.150, 362.1-
9 306(3) or predecessor law, or 362.2-404(3) to the contrary, the managers of
10 a limited liability company, the partners of a limited liability partnership,
11 and the general partners of a limited liability limited partnership, or any
12 other person holding any equivalent office of a limited liability company,
13 limited liability partnership, or limited liability limited partnership subject to
14 the provisions of this section shall be personally and individually liable,
15 both jointly and severally, for the tax imposed under this section.

16 (d) Dissolution, withdrawal of the limited liability company, limited liability
17 partnership, or limited liability limited partnership from the state, or the
18 cessation of holding any office shall not discharge the liability of any
19 person. The personal and individual liability shall apply to every manager
20 of a limited liability company, partner of a limited liability partnership, or
21 general partner of a limited liability limited partnership at the time the tax
22 becomes or became due.

23 (e) No person shall be personally and individually liable under this section who
24 had no authority to truthfully account for, or pay over, any tax imposed by
25 this section at the time the tax imposed becomes or became due.

26 (f) "Taxes" as used in this section includes interest accrued at the rate
27 provided by KRS 131.183, all applicable penalties imposed under the

1 provisions of this chapter, and all applicable penalties imposed under KRS
2 131.180, 131.410 to 131.445, and 131.990.

3 (7) The department shall administer the provisions of this chapter and shall have all
4 of the powers, rights, duties, and authority with respect to the assessment,
5 collection, refunding, and administration of the taxes levied by this section,
6 conferred generally upon the department by the Kentucky Revised Statutes,
7 including KRS Chapters 131, 134, and 135.

8 (8) Every cultivator, processor, and producer shall keep records, receipts, invoices,
9 and other pertinent papers in such form as the department may require for not
10 less than four (4) years from the making of such records, receipts, invoices, and
11 other pertinent papers.

12 ➔Section 34. KRS 342.815 is amended to read as follows:

13 (1) The authority may provide coverage for insurance, authorized in KRS 342.803, to
14 any employer in the Commonwealth, and who tenders the required premium for
15 coverage and comply with other conditions and qualifications for obtaining and
16 maintaining coverage adopted by the authority to protect and ensure its actuarial
17 soundness and solvency.

18 (2) The authority shall provide coverage to any employer who is unable to secure
19 coverage in the voluntary market unless:

20 (a) The employer owes undisputed premiums to a previous workers'
21 compensation carrier or to a workers' compensation residual market
22 mechanism; or

23 (b) Providing coverage to the employer would subject the authority or its
24 employees to a violation of federal or state law.

25 ➔Section 35. KRS 139.470 is amended to read as follows:

26 There are excluded from the computation of the amount of taxes imposed by this chapter:

27 (1) Gross receipts from the sale of, and the storage, use, or other consumption in this

1 state of, tangible personal property or digital property which this state is prohibited
2 from taxing under the Constitution or laws of the United States, or under the
3 Constitution of this state;

4 (2) Gross receipts from sales of, and the storage, use, or other consumption in this state
5 of:

6 (a) Nonreturnable and returnable containers when sold without the contents to
7 persons who place the contents in the container and sell the contents together
8 with the container; and

9 (b) Returnable containers when sold with the contents in connection with a retail
10 sale of the contents or when resold for refilling;

11 As used in this section the term "returnable containers" means containers of a kind
12 customarily returned by the buyer of the contents for reuse. All other containers are
13 "nonreturnable containers";

14 (3) Gross receipts from occasional sales of tangible personal property or digital
15 property and the storage, use, or other consumption in this state of tangible personal
16 property or digital property, the transfer of which to the purchaser is an occasional
17 sale;

18 (4) Gross receipts from sales of tangible personal property to a common carrier,
19 shipped by the retailer via the purchasing carrier under a bill of lading, whether the
20 freight is paid in advance or the shipment is made freight charges collect, to a point
21 outside this state and the property is actually transported to the out-of-state
22 destination for use by the carrier in the conduct of its business as a common carrier;

23 (5) Gross receipts from sales of tangible personal property sold through coin-operated
24 bulk vending machines, if the sale amounts to fifty cents (\$0.50) or less, if the
25 retailer is primarily engaged in making the sales and maintains records satisfactory
26 to the department. As used in this subsection, "bulk vending machine" means a
27 vending machine containing unsorted merchandise which, upon insertion of a coin,

1 dispenses the same in approximately equal portions, at random and without
2 selection by the customer;

3 (6) Gross receipts from sales to any cabinet, department, bureau, commission, board, or
4 other statutory or constitutional agency of the state and gross receipts from sales to
5 counties, cities, or special districts as defined in KRS 65.005. This exemption shall
6 apply only to purchases of tangible personal property, digital property, or services
7 for use solely in the government function. A purchaser not qualifying as a
8 governmental agency or unit shall not be entitled to the exemption even though the
9 purchaser may be the recipient of public funds or grants;

10 (7) (a) Gross receipts from the sale of sewer services, water, and fuel to Kentucky
11 residents for use in heating, water heating, cooking, lighting, and other
12 residential uses. As used in this subsection, "fuel" shall include but not be
13 limited to natural gas, electricity, fuel oil, bottled gas, coal, coke, and wood.
14 Determinations of eligibility for the exemption shall be made by the
15 department;

16 (b) In making the determinations of eligibility, the department shall exempt from
17 taxation all gross receipts derived from sales:

- 18 1. Classified as "residential" by a utility company as defined by applicable
19 tariffs filed with and accepted by the Public Service Commission;
- 20 2. Classified as "residential" by a municipally owned electric distributor
21 which purchases its power at wholesale from the Tennessee Valley
22 Authority;
- 23 3. Classified as "residential" by the governing body of a municipally owned
24 electric distributor which does not purchase its power from the
25 Tennessee Valley Authority, if the "residential" classification is
26 reasonably consistent with the definitions of "residential" contained in
27 tariff filings accepted and approved by the Public Service Commission

1 with respect to utilities which are subject to Public Service Commission
2 regulation.

3 If the service is classified as residential, use other than for "residential"
4 purposes by the customer shall not negate the exemption;

5 (c) The exemption shall not apply if charges for sewer service, water, and fuel are
6 billed to an owner or operator of a multi-unit residential rental facility or
7 mobile home and recreational vehicle park other than residential
8 classification; and

9 (d) The exemption shall apply also to residential property which may be held by
10 legal or equitable title, by the entireties, jointly, in common, as a
11 condominium, or indirectly by the stock ownership or membership
12 representing the owner's or member's proprietary interest in a corporation
13 owning a fee or a leasehold initially in excess of ninety-eight (98) years;

14 (8) Gross receipts from sales to an out-of-state agency, organization, or institution
15 exempt from sales and use tax in its state of residence when that agency,
16 organization, or institution gives proof of its tax-exempt status to the retailer and the
17 retailer maintains a file of the proof;

18 (9) (a) Gross receipts derived from the sale of tangible personal property, as provided
19 in paragraph (b) of this subsection, to a manufacturer or industrial processor if
20 the property is to be directly used in the manufacturing or industrial
21 processing process of:

- 22 1. Tangible personal property at a plant facility;
- 23 2. Distilled spirits or wine at a plant facility or on the premises of a
24 distiller, rectifier, winery, or small farm winery licensed under KRS
25 243.030 that includes a retail establishment on the premises; or
- 26 3. Malt beverages at a plant facility or on the premises of a brewer or
27 microbrewery licensed under KRS 243.040 that includes a retail

1 establishment;

2 and which will be for sale.

3 (b) The following tangible personal property shall qualify for exemption under
4 this subsection:

5 1. Materials which enter into and become an ingredient or component part
6 of the manufactured product;

7 2. Other tangible personal property which is directly used in the
8 manufacturing or industrial processing process, if the property has a
9 useful life of less than one (1) year. Specifically these items are
10 categorized as follows:

11 a. Materials. This refers to the raw materials which become an
12 ingredient or component part of supplies or industrial tools exempt
13 under subdivisions b. and c. below;

14 b. Supplies. This category includes supplies such as lubricating and
15 compounding oils, grease, machine waste, abrasives, chemicals,
16 solvents, fluxes, anodes, filtering materials, fire brick, catalysts,
17 dyes, refrigerants, and explosives. The supplies indicated above
18 need not come in direct contact with a manufactured product to be
19 exempt. "Supplies" does not include repair, replacement, or spare
20 parts of any kind; and

21 c. Industrial tools. This group is limited to hand tools such as jigs,
22 dies, drills, cutters, rolls, reamers, chucks, saws, and spray guns
23 and to tools attached to a machine such as molds, grinding balls,
24 grinding wheels, dies, bits, and cutting blades. Normally, for
25 industrial tools to be considered directly used in the manufacturing
26 or industrial processing process, they shall come into direct contact
27 with the product being manufactured or processed; and

- 1 3. Materials and supplies that are not reusable in the same manufacturing
2 or industrial processing process at the completion of a single
3 manufacturing or processing cycle. A single manufacturing cycle shall
4 be considered to be the period elapsing from the time the raw materials
5 enter into the manufacturing process until the finished product emerges
6 at the end of the manufacturing process.
- 7 (c) The property described in paragraph (b) of this subsection shall be regarded as
8 having been purchased for resale.
- 9 (d) For purposes of this subsection, a manufacturer or industrial processor
10 includes an individual or business entity that performs only part of the
11 manufacturing or industrial processing activity, and the person or business
12 entity need not take title to tangible personal property that is incorporated into,
13 or becomes the product of, the activity.
- 14 (e) The exemption provided in this subsection does not include repair,
15 replacement, or spare parts;
- 16 (10) Any water use fee paid or passed through to the Kentucky River Authority by
17 facilities using water from the Kentucky River basin to the Kentucky River
18 Authority in accordance with KRS 151.700 to 151.730 and administrative
19 regulations promulgated by the authority;
- 20 (11) Gross receipts from the sale of newspaper inserts or catalogs purchased for storage,
21 use, or other consumption outside this state and delivered by the retailer's own
22 vehicle to a location outside this state, or delivered to the United States Postal
23 Service, a common carrier, or a contract carrier for delivery outside this state,
24 regardless of whether the carrier is selected by the purchaser or retailer or an agent
25 or representative of the purchaser or retailer, or whether the F.O.B. is retailer's
26 shipping point or purchaser's destination.
- 27 (a) As used in this subsection:

1 1. "Catalogs" means tangible personal property that is printed to the special
2 order of the purchaser and composed substantially of information
3 regarding goods and services offered for sale; and

4 2. "Newspaper inserts" means printed materials that are placed in or
5 distributed with a newspaper of general circulation.

6 (b) The retailer shall be responsible for establishing that delivery was made to a
7 non-Kentucky location through shipping documents or other credible evidence
8 as determined by the department;

9 (12) Gross receipts from the sale of water used in the raising of equine as a business;

10 (13) Gross receipts from the sale of metal retail fixtures manufactured in this state and
11 purchased for storage, use, or other consumption outside this state and delivered by
12 the retailer's own vehicle to a location outside this state, or delivered to the United
13 States Postal Service, a common carrier, or a contract carrier for delivery outside
14 this state, regardless of whether the carrier is selected by the purchaser or retailer or
15 an agent or representative of the purchaser or retailer, or whether the F.O.B. is the
16 retailer's shipping point or the purchaser's destination.

17 (a) As used in this subsection, "metal retail fixtures" means check stands and
18 belted and nonbelted checkout counters, whether made in bulk or pursuant to
19 specific purchaser specifications, that are to be used directly by the purchaser
20 or to be distributed by the purchaser.

21 (b) The retailer shall be responsible for establishing that delivery was made to a
22 non-Kentucky location through shipping documents or other credible evidence
23 as determined by the department;

24 (14) Gross receipts from the sale of unenriched or enriched uranium purchased for
25 ultimate storage, use, or other consumption outside this state and delivered to a
26 common carrier in this state for delivery outside this state, regardless of whether the
27 carrier is selected by the purchaser or retailer, or is an agent or representative of the

1 purchaser or retailer, or whether the F.O.B. is the retailer's shipping point or
2 purchaser's destination;

3 (15) Amounts received from a tobacco buydown. As used in this subsection, "buydown"
4 means an agreement whereby an amount, whether paid in money, credit, or
5 otherwise, is received by a retailer from a manufacturer or wholesaler based upon
6 the quantity and unit price of tobacco products sold at retail that requires the retailer
7 to reduce the selling price of the product to the purchaser without the use of a
8 manufacturer's or wholesaler's coupon or redemption certificate;

9 (16) Gross receipts from the sale of tangible personal property or digital property
10 returned by a purchaser when the full sales price is refunded either in cash or credit.
11 This exclusion shall not apply if the purchaser, in order to obtain the refund, is
12 required to purchase other tangible personal property or digital property at a price
13 greater than the amount charged for the property that is returned;

14 (17) Gross receipts from the sales of gasoline and special fuels subject to tax under KRS
15 Chapter 138;

16 (18) The amount of any tax imposed by the United States upon or with respect to retail
17 sales, whether imposed on the retailer or the consumer, not including any
18 manufacturer's excise or import duty;

19 (19) Gross receipts from the sale of any motor vehicle as defined in KRS 138.450 which
20 is:

21 (a) Sold to a Kentucky resident, registered for use on the public highways, and
22 upon which any applicable tax levied by KRS 138.460 has been paid; or

23 (b) Sold to a nonresident of Kentucky if the nonresident registers the motor
24 vehicle in a state that:

25 1. Allows residents of Kentucky to purchase motor vehicles without
26 payment of that state's sales tax at the time of sale; or

27 2. Allows residents of Kentucky to remove the vehicle from that state

- 1 within a specific period for subsequent registration and use in Kentucky
2 without payment of that state's sales tax;
- 3 (20) Gross receipts from the sale of a semi-trailer as defined in KRS 189.010(12) and
4 trailer as defined in KRS 189.010(17);
- 5 (21) Gross receipts from the collection of:
- 6 (a) Any fee or charge levied by a local government pursuant to KRS 65.760;
- 7 (b) The charge imposed by KRS 65.7629(3);
- 8 (c) The fee imposed by KRS 65.7634; and
- 9 (d) The service charge imposed by KRS 65.7636;
- 10 (22) Gross receipts derived from charges for labor or services to apply, install, repair, or
11 maintain tangible personal property directly used in manufacturing or industrial
12 processing process of:
- 13 (a) Tangible personal property at a plant facility;
- 14 (b) Distilled spirits or wine at a plant facility or on the premises of a distiller,
15 rectifier, winery, or small farm winery licensed under KRS 243.030; or
- 16 (c) Malt beverages at a plant facility or on the premises of a brewer or
17 microbrewery licensed under KRS 243.040
- 18 that is not otherwise exempt under subsection (9) of this section or KRS
19 139.480(10), if the charges for labor or services are separately stated on the invoice,
20 bill of sale, or similar document given to purchaser;
- 21 (23) (a) For persons selling services included in KRS 139.200(2)(g) to (q) prior to
22 January 1, 2019, gross receipts derived from the sale of those services if the
23 gross receipts were less than six thousand dollars (\$6,000) during calendar
24 year 2018. When gross receipts from these services exceed six thousand
25 dollars (\$6,000) in a calendar year:
- 26 1. All gross receipts over six thousand dollars (\$6,000) are taxable in that
27 calendar year; and

1 2. All gross receipts are subject to tax in subsequent calendar years.

2 (b) The exemption provided in this subsection shall not apply to a person also
3 engaged in the business of selling tangible personal property, digital property,
4 or services included in KRS 139.200(2)(a) to (f);~~and~~

5 (24) (a) For persons that first begin making sales of services included in KRS
6 139.200(2)(g) to (q) on or after January 1, 2019, gross receipts derived from
7 the sale of those services if the gross receipts are less than six thousand dollars
8 (\$6,000) within the first calendar year of operation. When gross receipts from
9 these services exceed six thousand dollars (\$6,000) in a calendar year:

10 1. All gross receipts over six thousand dollars (\$6,000) are taxable in that
11 calendar year; and

12 2. All gross receipts are subject to tax in subsequent calendar years.

13 (b) The exemption provided in this subsection shall not apply to a person that is
14 also engaged in the business of selling tangible personal property, digital
15 property, or services included in KRS 139.200(2)(a) to (f); and

16 **(25) Gross receipts from the sale of medicinal cannabis as defined in Section 1 of this**
17 **Act and subject to tax under Section 33 of this Act.**

18 ➔Section 36. KRS 138.870 is amended to read as follows:

19 As used in KRS 138.870 to 138.889, unless the context requires otherwise:

20 (1) "Marijuana" means marijuana, whether real or counterfeit, as defined in KRS
21 218A.010 **and does not include medicinal cannabis as defined in Section 1 of this**
22 **Act.**

23 (2) "Controlled substance" means any controlled substance, whether real or counterfeit,
24 as defined in KRS 218A.010 or any regulation promulgated thereunder, except that
25 it shall not include marijuana.

26 (3) "Offender" means a person who engages in this state in a taxable activity as defined
27 in subsection (4) of this section.

1 (4) "Taxable activity" means producing, cultivating, manufacturing, importing,
2 transporting, distributing, acquiring, purchasing, storing, selling, using, or otherwise
3 possessing, in violation of KRS Chapter 218A, more than five (5) marijuana plants
4 with foliage, 42.5 grams of marijuana which has been detached from the plant on
5 which it grew, seven (7) grams of any controlled substance, or fifty (50) or more
6 dosage units of any controlled substance which is not sold by weight. The weight or
7 dosage units in this subsection shall include the weight of marijuana or the weight
8 or dosage units of the controlled substance, whether pure, impure, or diluted. A
9 quantity of a controlled substance is diluted if it consists of a detectable quantity of
10 a pure controlled substance and any excipients or fillers.

11 (5) "Dosage unit" means a tablet, capsule, vial, or ampule of a controlled substance or,
12 in cases of mass volume or diluted quantities, the proper dose or quantity of a
13 controlled substance to be taken all at one (1) time or in fractional amounts within a
14 given period, as defined and adopted by the United States Pharmacopeia.

15 (6) "Possessing" includes either actual possession or constructive possession, or a
16 combination of both actual and constructive possession. Mere possession or
17 ownership of real estate or an interest therein does not establish constructive
18 possession.

19 ➔Section 37. KRS 216B.402 is amended to read as follows:

20 (1) When a person is admitted to a hospital emergency department or hospital
21 emergency room for treatment of a drug overdose:

22 (a)~~+(1)~~ The person shall be informed of available substance use disorder
23 treatment services known to the hospital that are provided by that hospital,
24 other local hospitals, the local community mental health center, and any other
25 local treatment programs licensed pursuant to KRS 222.231;

26 (b)~~+(2)~~ The hospital may obtain permission from the person when stabilized, or
27 the person's legal representative, to contact any available substance use

1 disorder treatment programs offered by that hospital, other local hospitals, the
2 local community mental health center, or any other local treatment programs
3 licensed pursuant to KRS 222.231, on behalf of the person to connect him or
4 her to treatment; and

5 ~~(c)(3)}~~ The local community mental health center may provide an on-call
6 service in the hospital emergency department or hospital emergency room for
7 the person who was treated for a drug overdose to provide information about
8 services and connect the person to substance use disorder treatment, as funds
9 are available. These services, when provided on the grounds of a hospital,
10 shall be coordinated with appropriate hospital staff.

11 **(2) When a person who is a registered qualified patient or a visiting qualified patient**
12 **as defined in Section 1 of this Act is admitted to a hospital emergency department**
13 **or a hospital emergency room for treatment of cannabinoid hyperemesis**
14 **syndrome, the hospital shall notify the Department of Alcoholic Beverage and**
15 **Cannabis Control within forty-eight (48) hours. Notification shall include the**
16 **registered qualified patient's or a visiting qualified patient's name and registry**
17 **identification card number, if available. The department shall record all cases of**
18 **cannabinoid hyperemesis syndrome in the electronic monitoring system described**
19 **in Section 28 of this Act.**

20 ➔Section 38. KRS 218A.010 is amended to read as follows:

21 As used in this chapter, **unless the context otherwise requires:**

- 22 (1) "Administer" means the direct application of a controlled substance, whether by
23 injection, inhalation, ingestion, or any other means, to the body of a patient or
24 research subject by:
- 25 (a) A practitioner or by his or her authorized agent under his or her immediate
26 supervision and pursuant to his or her order; or
- 27 (b) The patient or research subject at the direction and in the presence of the

1 practitioner;

2 (2) "Anabolic steroid" means any drug or hormonal substance chemically and
3 pharmacologically related to testosterone that promotes muscle growth and includes
4 those substances classified as Schedule III controlled substances pursuant to KRS
5 218A.020 but does not include estrogens, progestins, and anticonsteroids;

6 (3) "Cabinet" means the Cabinet for Health and Family Services;

7 (4) "Carfentanil" means any substance containing any quantity of carfentanil, or any of
8 its salts, isomers, or salts of isomers;

9 (5) "Certified community based palliative care program" means a palliative care
10 program which has received certification from the Joint Commission;

11 (6) "Child" means any person under the age of majority as specified in KRS 2.015;

12 (7) "Cocaine" means a substance containing any quantity of cocaine, its salts, optical
13 and geometric isomers, and salts of isomers;

14 (8) "Controlled substance" means methamphetamine, or a drug, substance, or
15 immediate precursor in Schedules I through V and includes a controlled substance
16 analogue;

17 (9) (a) "Controlled substance analogue," except as provided in paragraph (b) of this
18 subsection, means a substance:

19 1. The chemical structure of which is substantially similar to the structure
20 of a controlled substance in Schedule I or II; and

21 2. Which has a stimulant, depressant, or hallucinogenic effect on the
22 central nervous system that is substantially similar to or greater than the
23 stimulant, depressant, or hallucinogenic effect on the central nervous
24 system of a controlled substance in Schedule I or II; or

25 3. With respect to a particular person, which such person represents or
26 intends to have a stimulant, depressant, or hallucinogenic effect on the
27 central nervous system that is substantially similar to or greater than the

1 stimulant, depressant, or hallucinogenic effect on the central nervous
2 system of a controlled substance in Schedule I or II.

3 (b) Such term does not include:

- 4 1. Any substance for which there is an approved new drug application;
- 5 2. With respect to a particular person, any substance if an exemption is in
6 effect for investigational use for that person pursuant to federal law to
7 the extent conduct with respect to such substance is pursuant to such
8 exemption; or
- 9 3. Any substance to the extent not intended for human consumption before
10 the exemption described in subparagraph 2. of this paragraph takes
11 effect with respect to that substance;

12 (10) "Counterfeit substance" means a controlled substance which, or the container or
13 labeling of which, without authorization, bears the trademark, trade name, or other
14 identifying mark, imprint, number, or device, or any likeness thereof, of a
15 manufacturer, distributor, or dispenser other than the person who in fact
16 manufactured, distributed, or dispensed the substance;

17 (11) "Dispense" means to deliver a controlled substance to an ultimate user or research
18 subject by or pursuant to the lawful order of a practitioner, including the packaging,
19 labeling, or compounding necessary to prepare the substance for that delivery;

20 (12) "Dispenser" means a person who lawfully dispenses a Schedule II, III, IV, or V
21 controlled substance to or for the use of an ultimate user;

22 (13) "Distribute" means to deliver other than by administering or dispensing a controlled
23 substance;

24 (14) "Dosage unit" means a single pill, capsule, ampule, liquid, or other form of
25 administration available as a single unit;

26 (15) "Drug" means:

27 (a) Substances recognized as drugs in the official United States Pharmacopoeia,

1 official Homeopathic Pharmacopoeia of the United States, or official National
2 Formulary, or any supplement to any of them;

3 (b) Substances intended for use in the diagnosis, care, mitigation, treatment, or
4 prevention of disease in man or animals;

5 (c) Substances (other than food) intended to affect the structure or any function of
6 the body of man or animals; and

7 (d) Substances intended for use as a component of any article specified in this
8 subsection.

9 It does not include devices or their components, parts, or accessories;

10 (16) "Fentanyl" means a substance containing any quantity of fentanyl, or any of its salts,
11 isomers, or salts of isomers;

12 (17) "Fentanyl derivative" means a substance containing any quantity of any chemical
13 compound, except compounds specifically scheduled as controlled substances by
14 statute or by administrative regulation pursuant to this chapter, which is structurally
15 derived from 1-ethyl-4-(N-phenylamido) piperadine:

16 (a) By substitution:

17 1. At the 2-position of the 1-ethyl group with a phenyl, furan, thiophene, or
18 ethyloxotetrazole ring system; and

19 2. Of the terminal amido hydrogen atom with an alkyl, alkoxy, cycloalkyl,
20 or furanyl group; and

21 (b) Which may be further modified in one (1) or more of the following ways:

22 1. By substitution on the N-phenyl ring to any extent with alkyl, alkoxy,
23 haloalkyl, hydroxyl, or halide substituents;

24 2. By substitution on the piperadine ring to any extent with alkyl, allyl,
25 alkoxy, hydroxy, or halide substituents at the 2-, 3-, 5-, and/or 6-
26 positions;

27 3. By substitution on the piperadine ring to any extent with a phenyl,

1 alkoxy, or carboxylate ester substituent at the 4- position; or

2 4. By substitution on the 1-ethyl group to any extent with alkyl, alkoxy, or
3 hydroxy substituents;

4 (18) "Good faith prior examination," as used in KRS Chapter 218A and for criminal
5 prosecution only, means an in-person medical examination of the patient conducted
6 by the prescribing practitioner or other health-care professional routinely relied
7 upon in the ordinary course of his or her practice, at which time the patient is
8 physically examined and a medical history of the patient is obtained. "In-person"
9 includes telehealth examinations. This subsection shall not be applicable to hospice
10 providers licensed pursuant to KRS Chapter 216B;

11 (19) "Hazardous chemical substance" includes any chemical substance used or intended
12 for use in the illegal manufacture of a controlled substance as defined in this section
13 or the illegal manufacture of methamphetamine as defined in KRS 218A.1431,
14 which:

15 (a) Poses an explosion hazard;

16 (b) Poses a fire hazard; or

17 (c) Is poisonous or injurious if handled, swallowed, or inhaled;

18 (20) "Heroin" means a substance containing any quantity of heroin, or any of its salts,
19 isomers, or salts of isomers;

20 (21) "Hydrocodone combination product" means a drug with:

21 (a) Not more than three hundred (300) milligrams of dihydrocodeinone, or any of
22 its salts, per one hundred (100) milliliters or not more than fifteen (15)
23 milligrams per dosage unit, with a fourfold or greater quantity of an
24 isoquinoline alkaloid of opium; or

25 (b) Not more than three hundred (300) milligrams of dihydrocodeinone, or any of
26 its salts, per one hundred (100) milliliters or not more than fifteen (15)
27 milligrams per dosage unit, with one (1) or more active, nonnarcotic

1 ingredients in recognized therapeutic amounts;

2 (22) "Immediate precursor" means a substance which is the principal compound
3 commonly used or produced primarily for use, and which is an immediate chemical
4 intermediary used or likely to be used in the manufacture of a controlled substance
5 or methamphetamine, the control of which is necessary to prevent, curtail, or limit
6 manufacture;

7 (23) "Industrial hemp" has the same meaning as in KRS 260.850;

8 (24) "Industrial hemp products" has the same meaning as in KRS 260.850;

9 (25) "Intent to manufacture" means any evidence which demonstrates a person's
10 conscious objective to manufacture a controlled substance or methamphetamine.
11 Such evidence includes but is not limited to statements and a chemical substance's
12 usage, quantity, manner of storage, or proximity to other chemical substances or
13 equipment used to manufacture a controlled substance or methamphetamine;

14 (26) "Isomer" means the optical isomer, except the Cabinet for Health and Family
15 Services may include the optical, positional, or geometric isomer to classify any
16 substance pursuant to KRS 218A.020;

17 (27) "Manufacture," except as provided in KRS 218A.1431, means the production,
18 preparation, propagation, compounding, conversion, or processing of a controlled
19 substance, either directly or indirectly by extraction from substances of natural
20 origin or independently by means of chemical synthesis, or by a combination of
21 extraction and chemical synthesis, and includes any packaging or repackaging of the
22 substance or labeling or relabeling of its container except that this term does not
23 include activities:

24 (a) By a practitioner as an incident to his or her administering or dispensing of a
25 controlled substance in the course of his or her professional practice;

26 (b) By a practitioner, or by his or her authorized agent under his supervision, for
27 the purpose of, or as an incident to, research, teaching, or chemical analysis

1 and not for sale; or

2 (c) By a pharmacist as an incident to his or her dispensing of a controlled
3 substance in the course of his or her professional practice;

4 (28) "Marijuana" means all parts of the plant *Cannabis* sp., whether growing or not; the
5 seeds thereof; the resin extracted from any part of the plant; and every compound,
6 manufacture, salt, derivative, mixture, or preparation of the plant, its seeds or resin
7 or any compound, mixture, or preparation which contains any quantity of these
8 substances. The term "marijuana" does not include:

9 (a) Industrial hemp that is in the possession, custody, or control of a person who
10 holds a license issued by the Department of Agriculture permitting that person
11 to cultivate, handle, or process industrial hemp;

12 (b) Industrial hemp products that do not include any living plants, viable seeds,
13 leaf materials, or floral materials;

14 (c) The substance cannabidiol, when transferred, dispensed, or administered
15 pursuant to the written order of a physician practicing at a hospital or
16 associated clinic affiliated with a Kentucky public university having a college
17 or school of medicine;

18 (d) For persons participating in a clinical trial or in an expanded access program,
19 a drug or substance approved for the use of those participants by the United
20 States Food and Drug Administration;

21 (e) A cannabidiol product derived from industrial hemp, as defined in KRS
22 260.850;

23 (f) For the purpose of conducting scientific research, a cannabinoid product
24 derived from industrial hemp, as defined in KRS 260.850;~~[-or]~~

25 (g) A cannabinoid product approved as a prescription medication by the United
26 States Food and Drug Administration; or

27 (h) Medicinal cannabis as defined in Section 1 of this Act;

- 1 (29) "Medical history," as used in KRS Chapter 218A and for criminal prosecution only,
2 means an accounting of a patient's medical background, including but not limited to
3 prior medical conditions, prescriptions, and family background;
- 4 (30) "Medical order," as used in KRS Chapter 218A and for criminal prosecution only,
5 means a lawful order of a specifically identified practitioner for a specifically
6 identified patient for the patient's health-care needs. "Medical order" may or may
7 not include a prescription drug order;
- 8 (31) "Medical record," as used in KRS Chapter 218A and for criminal prosecution only,
9 means a record, other than for financial or billing purposes, relating to a patient,
10 kept by a practitioner as a result of the practitioner-patient relationship;
- 11 (32) "Methamphetamine" means any substance that contains any quantity of
12 methamphetamine, or any of its salts, isomers, or salts of isomers;
- 13 (33) "Narcotic drug" means any of the following, whether produced directly or indirectly
14 by extraction from substances of vegetable origin, or independently by means of
15 chemical synthesis, or by a combination of extraction and chemical synthesis:
- 16 (a) Opium and opiate, and any salt, compound, derivative, or preparation of
17 opium or opiate;
- 18 (b) Any salt, compound, isomer, derivative, or preparation thereof which is
19 chemically equivalent or identical with any of the substances referred to in
20 paragraph (a) of this subsection, but not including the isoquinoline alkaloids
21 of opium;
- 22 (c) Opium poppy and poppy straw;
- 23 (d) Coca leaves, except coca leaves and extracts of coca leaves from which
24 cocaine, ecgonine, and derivatives of ecgonine or their salts have been
25 removed;
- 26 (e) Cocaine, its salts, optical and geometric isomers, and salts of isomers;
- 27 (f) Ecgonine, its derivatives, their salts, isomers, and salts of isomers; and

- 1 (g) Any compound, mixture, or preparation which contains any quantity of any of
2 the substances referred to in paragraphs (a) to (f) of this subsection;
- 3 (34) "Opiate" means any substance having an addiction-forming or addiction-sustaining
4 liability similar to morphine or being capable of conversion into a drug having
5 addiction-forming or addiction-sustaining liability. It does not include, unless
6 specifically designated as controlled under KRS 218A.020, the dextrorotatory
7 isomer of 3-methoxy-n-methylmorphinan and its salts (dextromethorphan). It does
8 include its racemic and levorotatory forms;
- 9 (35) "Opium poppy" means the plant of the species *papaver somniferum* L., except its
10 seeds;
- 11 (36) "Person" means individual, corporation, government or governmental subdivision
12 or agency, business trust, estate, trust, partnership or association, or any other legal
13 entity;
- 14 (37) "Physical injury" has the same meaning it has in KRS 500.080;
- 15 (38) "Poppy straw" means all parts, except the seeds, of the opium poppy, after mowing;
- 16 (39) "Pharmacist" means a natural person licensed by this state to engage in the practice
17 of the profession of pharmacy;
- 18 (40) "Practitioner" means a physician, dentist, podiatrist, veterinarian, scientific
19 investigator, optometrist as authorized in KRS 320.240, advanced practice
20 registered nurse as authorized under KRS 314.011, physician assistant as authorized
21 under KRS 311.858, or other person licensed, registered, or otherwise permitted by
22 state or federal law to acquire, distribute, dispense, conduct research with respect to,
23 or to administer a controlled substance in the course of professional practice or
24 research in this state. "Practitioner" also includes a physician, dentist, podiatrist,
25 veterinarian, or advanced practice registered nurse authorized under KRS 314.011
26 who is a resident of and actively practicing in a state other than Kentucky and who
27 is licensed and has prescriptive authority for controlled substances under the

1 professional licensing laws of another state, unless the person's Kentucky license
2 has been revoked, suspended, restricted, or probated, in which case the terms of the
3 Kentucky license shall prevail;

4 (41) "Practitioner-patient relationship," as used in KRS Chapter 218A and for criminal
5 prosecution only, means a medical relationship that exists between a patient and a
6 practitioner or the practitioner's designee, after the practitioner or his or her
7 designee has conducted at least one (1) good faith prior examination;

8 (42) "Prescription" means a written, electronic, or oral order for a drug or medicine, or
9 combination or mixture of drugs or medicines, or proprietary preparation, signed or
10 given or authorized by a medical, dental, chiropody, veterinarian, optometric
11 practitioner, or advanced practice registered nurse, and intended for use in the
12 diagnosis, cure, mitigation, treatment, or prevention of disease in man or other
13 animals;

14 (43) "Prescription blank," with reference to a controlled substance, means a document
15 that meets the requirements of KRS 218A.204 and 217.216;

16 (44) "Presumptive probation" means a sentence of probation not to exceed the maximum
17 term specified for the offense, subject to conditions otherwise authorized by law,
18 that is presumed to be the appropriate sentence for certain offenses designated in
19 this chapter, notwithstanding contrary provisions of KRS Chapter 533. That
20 presumption shall only be overcome by a finding on the record by the sentencing
21 court of substantial and compelling reasons why the defendant cannot be safely and
22 effectively supervised in the community, is not amenable to community-based
23 treatment, or poses a significant risk to public safety;

24 (45) "Production" includes the manufacture, planting, cultivation, growing, or harvesting
25 of a controlled substance;

26 (46) "Recovery program" means an evidence-based, nonclinical service that assists
27 individuals and families working toward sustained recovery from substance use and

- 1 other criminal risk factors. This can be done through an array of support programs
2 and services that are delivered through residential and nonresidential means;
- 3 (47) "Salvia" means *Salvia divinorum* or Salvinorin A and includes all parts of the plant
4 presently classified botanically as *Salvia divinorum*, whether growing or not, the
5 seeds thereof, any extract from any part of that plant, and every compound,
6 manufacture, derivative, mixture, or preparation of that plant, its seeds, or its
7 extracts, including salts, isomers, and salts of isomers whenever the existence of
8 such salts, isomers, and salts of isomers is possible within the specific chemical
9 designation of that plant, its seeds, or extracts. The term shall not include any other
10 species in the genus *salvia*;
- 11 (48) "Second or subsequent offense" means that for the purposes of this chapter an
12 offense is considered as a second or subsequent offense, if, prior to his or her
13 conviction of the offense, the offender has at any time been convicted under this
14 chapter, or under any statute of the United States, or of any state relating to
15 substances classified as controlled substances or counterfeit substances, except that
16 a prior conviction for a nontrafficking offense shall be treated as a prior offense
17 only when the subsequent offense is a nontrafficking offense. For the purposes of
18 this section, a conviction voided under KRS 218A.275 or 218A.276 shall not
19 constitute a conviction under this chapter;
- 20 (49) "Sell" means to dispose of a controlled substance to another person for
21 consideration or in furtherance of commercial distribution;
- 22 (50) "Serious physical injury" has the same meaning it has in KRS 500.080;
- 23 (51) "Synthetic cannabinoids or piperazines" means any chemical compound which is
24 not approved by the United States Food and Drug Administration or, if approved,
25 which is not dispensed or possessed in accordance with state and federal law, that
26 contains Benzylpiperazine (BZP); Trifluoromethylphenylpiperazine (TFMPP); 1,1-
27 Dimethylheptyl-11-hydroxytetrahydrocannabinol (HU-210); 1-Butyl-3-(1-

1 naphthoyl)indole; 1-Pentyl-3-(1-naphthoyl)indole; dexamabinol (HU-211); or any
2 compound in the following structural classes:

3 (a) Naphthoylindoles: Any compound containing a 3-(1-naphthoyl)indole
4 structure with substitution at the nitrogen atom of the indole ring by an alkyl,
5 haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-
6 piperidiny)lmethyl, or 2-(4-morpholiny)ethyl group, whether or not further
7 substituted in the indole ring to any extent and whether or not substituted in
8 the naphthyl ring to any extent. Examples of this structural class include but
9 are not limited to JWH-015, JWH-018, JWH-019, JWH-073, JWH-081,
10 JWH-122, JWH-200, and AM-2201;

11 (b) Phenylacetylindoles: Any compound containing a 3-phenylacetylindole
12 structure with substitution at the nitrogen atom of the indole ring by an alkyl,
13 haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-
14 piperidiny)lmethyl, or 2-(4-morpholiny)ethyl group whether or not further
15 substituted in the indole ring to any extent and whether or not substituted in
16 the phenyl ring to any extent. Examples of this structural class include but are
17 not limited to JWH-167, JWH-250, JWH-251, and RCS-8;

18 (c) Benzoylindoles: Any compound containing a 3-(benzoyl)indole structure with
19 substitution at the nitrogen atom of the indole ring by an alkyl, haloalkyl,
20 alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidiny)lmethyl,
21 or 2-(4-morpholiny)ethyl group whether or not further substituted in the
22 indole ring to any extent and whether or not substituted in the phenyl ring to
23 any extent. Examples of this structural class include but are not limited to
24 AM-630, AM-2233, AM-694, Pravadoline (WIN 48,098), and RCS-4;

25 (d) Cyclohexylphenols: Any compound containing a 2-(3-
26 hydroxycyclohexyl)phenol structure with substitution at the 5-position of the
27 phenolic ring by an alkyl, haloalkyl, alkenyl, cycloalkylmethyl,

1 cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl, or 2-(4-morpholinyl)ethyl
2 group whether or not substituted in the cyclohexyl ring to any extent.
3 Examples of this structural class include but are not limited to CP 47,497 and
4 its C8 homologue (cannabicyclohexanol);

5 (e) Naphthylmethylinroles: Any compound containing a 1H-indol-3-yl-(1-
6 naphthyl)methane structure with substitution at the nitrogen atom of the indole
7 ring by an alkyl, haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-
8 methyl-2-piperidinyl)methyl, or 2-(4-morpholinyl)ethyl group whether or not
9 further substituted in the indole ring to any extent and whether or not
10 substituted in the naphthyl ring to any extent. Examples of this structural class
11 include but are not limited to JWH-175, JWH-184, and JWH-185;

12 (f) Naphthoylpyrroles: Any compound containing a 3-(1-naphthoyl)pyrrole
13 structure with substitution at the nitrogen atom of the pyrrole ring by an alkyl,
14 haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-
15 piperidinyl)methyl, or 2-(4-morpholinyl)ethyl group whether or not further
16 substituted in the pyrrole ring to any extent and whether or not substituted in
17 the naphthyl ring to any extent. Examples of this structural class include but
18 are not limited to JWH-030, JWH-145, JWH-146, JWH-307, and JWH-368;

19 (g) Naphthylmethylindenes: Any compound containing a 1-(1-
20 naphthylmethyl)indene structure with substitution at the 3-position of the
21 indene ring by an alkyl, haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl,
22 1-(N-methyl-2-piperidinyl)methyl, or 2-(4-morpholinyl)ethyl group whether
23 or not further substituted in the indene ring to any extent and whether or not
24 substituted in the naphthyl ring to any extent. Examples of this structural class
25 include but are not limited to JWH-176;

26 (h) Tetramethylcyclopropanoylindoles: Any compound containing a 3-(1-
27 tetramethylcyclopropoyl)indole structure with substitution at the nitrogen

1 atom of the indole ring by an alkyl, haloalkyl, cycloalkylmethyl,
2 cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl, or 2-(4-morpholinyl)ethyl
3 group, whether or not further substituted in the indole ring to any extent and
4 whether or not further substituted in the tetramethylcyclopropyl ring to any
5 extent. Examples of this structural class include but are not limited to UR-144
6 and XLR-11;

7 (i) Adamantoylindoles: Any compound containing a 3-(1-adamantoyl)indole
8 structure with substitution at the nitrogen atom of the indole ring by an alkyl,
9 haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-
10 piperidinyl)methyl, or 2-(4-morpholinyl)ethyl group, whether or not further
11 substituted in the indole ring to any extent and whether or not substituted in
12 the adamantyl ring system to any extent. Examples of this structural class
13 include but are not limited to AB-001 and AM-1248; or

14 (j) Any other synthetic cannabinoid or piperazine which is not approved by the
15 United States Food and Drug Administration or, if approved, which is not
16 dispensed or possessed in accordance with state and federal law;

17 (52) "Synthetic cathinones" means any chemical compound which is not approved by the
18 United States Food and Drug Administration or, if approved, which is not dispensed
19 or possessed in accordance with state and federal law (not including bupropion or
20 compounds listed under a different schedule) structurally derived from 2-
21 aminopropan-1-one by substitution at the 1-position with either phenyl, naphthyl, or
22 thiophene ring systems, whether or not the compound is further modified in one (1)
23 or more of the following ways:

24 (a) By substitution in the ring system to any extent with alkyl, alkylenedioxy,
25 alkoxy, haloalkyl, hydroxyl, or halide substituents, whether or not further
26 substituted in the ring system by one (1) or more other univalent substituents.
27 Examples of this class include but are not limited to 3,4-

- 1 Methylenedioxycathinone (bk-MDA);
- 2 (b) By substitution at the 3-position with an acyclic alkyl substituent. Examples of
- 3 this class include but are not limited to 2-methylamino-1-phenylbutan-1-one
- 4 (buphedrone);
- 5 (c) By substitution at the 2-amino nitrogen atom with alkyl, dialkyl, benzyl, or
- 6 methoxybenzyl groups, or by inclusion of the 2-amino nitrogen atom in a
- 7 cyclic structure. Examples of this class include but are not limited to
- 8 Dimethylcathinone, Ethcathinone, and α -Pyrrolidinopropiophenone (α -PPP);
- 9 or
- 10 (d) Any other synthetic cathinone which is not approved by the United States
- 11 Food and Drug Administration or, if approved, is not dispensed or possessed
- 12 in accordance with state or federal law;
- 13 (53) "Synthetic drugs" means any synthetic cannabinoids or piperazines or any synthetic
- 14 cathinones;
- 15 (54) "Telehealth" has the same meaning it has in KRS 311.550;
- 16 (55) "Tetrahydrocannabinols" means synthetic equivalents of the substances contained in
- 17 the plant, or in the resinous extractives of the plant Cannabis, sp. or synthetic
- 18 substances, derivatives, and their isomers with similar chemical structure and
- 19 pharmacological activity such as the following:
- 20 (a) Delta 1 cis or trans tetrahydrocannabinol, and their optical isomers;
- 21 (b) Delta 6 cis or trans tetrahydrocannabinol, and their optical isomers; and
- 22 (c) Delta 3, 4 cis or trans tetrahydrocannabinol, and its optical isomers;
- 23 (56) "Traffic," except as provided in KRS 218A.1431, means to manufacture, distribute,
- 24 dispense, sell, transfer, or possess with intent to manufacture, distribute, dispense,
- 25 or sell a controlled substance;
- 26 (57) "Transfer" means to dispose of a controlled substance to another person without
- 27 consideration and not in furtherance of commercial distribution; and

1 (58) "Ultimate user" means a person who lawfully possesses a controlled substance for
2 his or her own use or for the use of a member of his or her household or for
3 administering to an animal owned by him or her or by a member of his or her
4 household.

5 ➔Section 39. KRS 218A.1421 is amended to read as follows:

6 (1) A person is guilty of trafficking in marijuana when he or she knowingly and
7 unlawfully traffics in marijuana, and the trafficking is not in compliance with, or
8 otherwise authorized by, Sections 1 to 30 of this Act.

9 (2) Unless authorized by Sections 1 to 30 of this Act, trafficking in less than eight (8)
10 ounces of marijuana is:

11 (a) For a first offense a Class A misdemeanor.

12 (b) For a second or subsequent offense a Class D felony.

13 (3) Unless authorized by Sections 1 to 30 of this Act, trafficking in eight (8) or more
14 ounces but less than five (5) pounds of marijuana is:

15 (a) For a first offense a Class D felony.

16 (b) For a second or subsequent offense a Class C felony.

17 (4) Unless authorized by Sections 1 to 30 of this Act, trafficking in five (5) or more
18 pounds of marijuana is:

19 (a) For a first offense a Class C felony.

20 (b) For a second or subsequent offense a Class B felony.

21 (5) Unless authorized by Sections 1 to 30 of this Act, the unlawful possession by any
22 person of eight (8) or more ounces of marijuana shall be prima facie evidence that
23 the person possessed the marijuana with the intent to sell or transfer it.

24 (6) This section does not apply to:

25 (a) A cannabis business or a cannabis business agent, as defined in Section 1
26 of this Act, when acting in compliance with Sections 1 to 30 of this Act; or

27 (b) A cardholder, as defined in Section 1 of this Act, whose medicinal use of

1 *cannabis is in compliance with Sections 1 to 30 of this Act.*

2 ➔Section 40. KRS 218A.1422 is amended to read as follows:

3 (1) A person is guilty of possession of marijuana when he or she knowingly and
4 unlawfully possesses marijuana, *and the possession is not in compliance with, or*
5 *otherwise authorized by, Sections 1 to 30 of this Act.*

6 (2) Possession of marijuana is a Class B misdemeanor, except that, KRS Chapter 532
7 to the contrary notwithstanding, the maximum term of incarceration shall be no
8 greater than forty-five (45) days.

9 *(3) This section does not apply to:*

10 *(a) A cannabis business or a cannabis business agent, as defined in Section 1*
11 *of this Act, when acting in compliance with Sections 1 to 30 of this Act; or*

12 *(b) A cardholder, as defined in Section 1 of this Act, whose medicinal use of*
13 *cannabis is in compliance with Sections 1 to 30 of this Act.*

14 ➔Section 41. KRS 218A.1423 is amended to read as follows:

15 (1) A person is guilty of marijuana cultivation when he *or she* knowingly and
16 unlawfully plants, cultivates, or harvests marijuana with the intent to sell or transfer
17 it, *and the cultivation is not in compliance with, or otherwise authorized by,*
18 *Sections 1 to 30 of this Act.*

19 (2) *Unless authorized by Sections 1 to 30 of this Act,* marijuana cultivation of five (5)
20 or more plants of marijuana is:

21 (a) For a first offense a Class D felony.

22 (b) For a second or subsequent offense a Class C felony.

23 (3) *Unless authorized by Sections 1 to 30 of this Act,* marijuana cultivation of fewer
24 than five (5) plants is:

25 (a) For a first offense a Class A misdemeanor.

26 (b) For a second or subsequent offense a Class D felony.

27 (4) *Unless authorized by Sections 1 to 30 of this Act,* the planting, cultivating, or

1 harvesting of five (5) or more marijuana plants shall be prima facie evidence that
2 the marijuana plants were planted, cultivated, or harvested for the purpose of sale or
3 transfer.

4 **(5) This section does not apply to a cannabis business or a cannabis business agent,**
5 **as defined in Section 1 of this Act, when acting in compliance with Sections 1 to**
6 **30 of this Act.**

7 ➔Section 42. KRS 218A.500 is amended to read as follows:

8 As used in this section and KRS 218A.510:

9 (1) "Drug paraphernalia" means all equipment, products and materials of any kind
10 which are used, intended for use, or designed for use in planting, propagating,
11 cultivating, growing, harvesting, manufacturing, compounding, converting,
12 producing, processing, preparing, testing, analyzing, packaging, repackaging,
13 storing, containing, concealing, injecting, ingesting, inhaling, or otherwise
14 introducing into the human body a controlled substance in violation of this chapter.

15 **The term "drug paraphernalia" does not include medicinal cannabis accessories**
16 **as defined in Section 1 of this Act.** It includes but is not limited to:

- 17 (a) Kits used, intended for use, or designed for use in planting, propagating,
18 cultivating, growing, or harvesting of any species of plant which is a
19 controlled substance or from which a controlled substance can be derived;
- 20 (b) Kits used, intended for use, or designed for use in manufacturing,
21 compounding, converting, producing, processing, or preparing controlled
22 substances;
- 23 (c) Isomerization devices used, intended for use, or designed for use in increasing
24 the potency of any species of plant which is a controlled substance;
- 25 (d) Testing equipment used, intended for use, or designed for use in identifying,
26 or in analyzing the strength, effectiveness or purity of controlled substances;
- 27 (e) Scales and balances used, intended for use, or designed for use in weighing or

- 1 measuring controlled substances;
- 2 (f) Diluents and adulterants, such as quinine hydrochloride, mannitol, mannite,
- 3 dextrose and lactose, used, intended for use, or designed for use in cutting
- 4 controlled substances;
- 5 (g) Separation gins and sifters used, intended for use, or designed for use in
- 6 removing twigs and seeds from, or in otherwise cleaning or refining
- 7 marijuana;
- 8 (h) Blenders, bowls, containers, spoons, and mixing devices used, intended for
- 9 use, or designed for use in compounding controlled substances;
- 10 (i) Capsules, balloons, envelopes, and other containers used, intended for use, or
- 11 designed for use in packaging small quantities of controlled substances;
- 12 (j) Containers and other objects used, intended for use, or designed for use in
- 13 storing or concealing controlled substances;
- 14 (k) Hypodermic syringes, needles, and other objects used, intended for use, or
- 15 designed for use in parenterally injecting controlled substances into the human
- 16 body; and
- 17 (l) Objects used, intended for use, or designed for use in ingesting, inhaling, or
- 18 otherwise introducing marijuana, cocaine, hashish, or hashish oil into the
- 19 human body, such as: metal, wooden, acrylic, glass, stone, plastic, or ceramic
- 20 pipes with or without screens, permanent screens, hashish heads, or punctured
- 21 metal bowls; water pipes; carburetion tubes and devices; smoking and
- 22 carburetion masks; roach clips which mean objects used to hold burning
- 23 material, such as marijuana cigarettes, that have become too small or too short
- 24 to be held in the hand; miniature cocaine spoons, and cocaine vials; chamber
- 25 pipes; carburetor pipes; electric pipes; air-driven pipes; chillums; bongs; ice
- 26 pipes or chillers.
- 27 (2) It is unlawful for any person to use, or to possess with intent to use, drug

1 paraphernalia for the purpose of planting, propagating, cultivating, growing,
2 harvesting, manufacturing, compounding, converting, producing, processing,
3 preparing, testing, analyzing, packing, repacking, storing, containing, concealing,
4 injecting, ingesting, inhaling, or otherwise introducing into the human body a
5 controlled substance in violation of this chapter.

6 (3) It is unlawful for any person to deliver, possess with intent to deliver, or
7 manufacture with intent to deliver, drug paraphernalia, knowing, or under
8 circumstances where one reasonably should know, that it will be used to plant,
9 propagate, cultivate, grow, harvest, manufacture, compound, convert, produce,
10 process, prepare, test, analyze, pack, repack, store, contain, conceal, inject, ingest,
11 inhale, or otherwise introduce into the human body a controlled substance in
12 violation of this chapter.

13 (4) It is unlawful for any person to place in any newspaper, magazine, handbill, or other
14 publication any advertisement, knowing, or under circumstances where one
15 reasonably should know, that the purpose of the advertisement, in whole or in part,
16 is to promote the sale of objects designed or intended for use as drug paraphernalia.

17 (5) (a) This section shall not prohibit a local health department from operating a
18 substance abuse treatment outreach program which allows participants to
19 exchange hypodermic needles and syringes.

20 (b) To operate a substance abuse treatment outreach program under this
21 subsection, the local health department shall have the consent, which may be
22 revoked at any time, of the local board of health and:

- 23 1. The legislative body of the first or home rule class city in which the
24 program would operate if located in such a city; and
- 25 2. The legislative body of the county, urban-county government, or
26 consolidated local government in which the program would operate.

27 (c) Items exchanged at the program shall not be deemed drug paraphernalia under

1 this section while located at the program.

2 (6) (a) Prior to searching a person, a person's premises, or a person's vehicle, a peace
3 officer may inquire as to the presence of needles or other sharp objects in the
4 areas to be searched that may cut or puncture the officer and offer to not
5 charge a person with possession of drug paraphernalia if the person declares to
6 the officer the presence of the needle or other sharp object. If, in response to
7 the offer, the person admits to the presence of the needle or other sharp object
8 prior to the search, the person shall not be charged with or prosecuted for
9 possession of drug paraphernalia for the needle or sharp object or for
10 possession of a controlled substance for residual or trace drug amounts present
11 on the needle or sharp object.

12 (b) The exemption under this subsection shall not apply to any other drug
13 paraphernalia that may be present and found during the search or to controlled
14 substances present in other than residual or trace amounts.

15 (7) (a) This section shall not prohibit the retail sale of hypodermic syringes and
16 needles without a prescription in pharmacies.

17 (b) Hypodermic syringe and needle inventory of a pharmacy shall not be deemed
18 drug paraphernalia under this section.

19 (8) Any person who violates any provision of this section shall be guilty of a Class A
20 misdemeanor.

21 ➔Section 43. KRS 12.020 is amended to read as follows:

22 Departments, program cabinets and their departments, and the respective major
23 administrative bodies that they include are enumerated in this section. It is not intended
24 that this enumeration of administrative bodies be all-inclusive. Every authority, board,
25 bureau, interstate compact, commission, committee, conference, council, office, or any
26 other form of organization shall be included in or attached to the department or program
27 cabinet in which they are included or to which they are attached by statute or statutorily

1 authorized executive order; except in the case of the Personnel Board and where the
2 attached department or administrative body is headed by a constitutionally elected officer,
3 the attachment shall be solely for the purpose of dissemination of information and
4 coordination of activities and shall not include any authority over the functions,
5 personnel, funds, equipment, facilities, or records of the department or administrative
6 body.

7 I. Cabinet for General Government - Departments headed by elected officers:

8 (1) The Governor.

9 (2) Lieutenant Governor.

10 (3) Department of State.

11 (a) Secretary of State.

12 (b) Board of Elections.

13 (c) Registry of Election Finance.

14 (4) Department of Law.

15 (a) Attorney General.

16 (5) Department of the Treasury.

17 (a) Treasurer.

18 (6) Department of Agriculture.

19 (a) Commissioner of Agriculture.

20 (b) Agricultural Development Board.

21 (c) Kentucky Agricultural Finance Corporation.

22 (7) Auditor of Public Accounts.

23 II. Program cabinets headed by appointed officers:

24 (1) Justice and Public Safety Cabinet:

25 (a) Department of Kentucky State Police.

26 1. Office of Administrative Services.

27 a. Division of Operational Support.

- 1 b. Division of Management Services.
- 2 2. Office of Operations.
- 3 a. Division of West Troops.
- 4 b. Division of East Troops.
- 5 c. Division of Special Enforcement.
- 6 d. Division of Commercial Vehicle Enforcement.
- 7 3. Office of Technical Services.
- 8 a. Division of Forensic Sciences.
- 9 b. Division of Information Technology.
- 10 (b) Department of Criminal Justice Training.
- 11 (c) Department of Corrections.
- 12 (d) Department of Juvenile Justice.
- 13 (e) Office of the Secretary.
- 14 (f) Office of Drug Control Policy.
- 15 (g) Office of Legal Services.
- 16 (h) Office of the Kentucky State Medical Examiner.
- 17 (i) Parole Board.
- 18 (j) Kentucky State Corrections Commission.
- 19 (k) Office of Legislative and Intergovernmental Services.
- 20 (l) Office of Human Resource Management.
- 21 1. Division of Human Resource Administration.
- 22 2. Division of Employee Management.
- 23 (m) Department of Public Advocacy.
- 24 (n) Office of Communications.
- 25 1. Information Technology Services Division.
- 26 (o) Office of Financial Management Services.
- 27 1. Division of Financial Management.

- 1 (p) Grants Management Division.
- 2 (2) Education and Workforce Development Cabinet:
- 3 (a) Office of the Secretary.
- 4 1. Governor's Scholars Program.
- 5 2. Governor's School for Entrepreneurs Program.
- 6 3. Office of the Kentucky Workforce Innovation Board.
- 7 4. Foundation for Adult Education.
- 8 5. Early Childhood Advisory Council.
- 9 (b) Office of Legal and Legislative Services.
- 10 1. Client Assistance Program.
- 11 (c) Office of Communication.
- 12 (d) Office of Administrative Services.
- 13 1. Division of Human Resources.
- 14 2. Division of Operations and Support Services.
- 15 3. Division of Fiscal Management.
- 16 (e) Office of Technology Services.
- 17 (f) Office of Educational Programs.
- 18 (g) Office of the Kentucky Center for Statistics.
- 19 (h) Board of the Kentucky Center for Statistics.
- 20 (i) Board of Directors for the Center for School Safety.
- 21 (j) Department of Education.
- 22 1. Kentucky Board of Education.
- 23 2. Kentucky Technical Education Personnel Board.
- 24 3. Education Professional Standards Board.
- 25 (k) Department for Libraries and Archives.
- 26 (l) Department of Workforce Investment.
- 27 1. Office of Vocational Rehabilitation.

- 1 a. Division of Kentucky Business Enterprise.
- 2 b. Division of the Carl D. Perkins Vocational Training Center.
- 3 c. Division of Blind Services.
- 4 d. Division of Field Services.
- 5 e. Statewide Council for Vocational Rehabilitation.
- 6 2. Office of Unemployment Insurance.
- 7 3. Office of Employer and Apprenticeship Services.
- 8 a. Division of Apprenticeship.
- 9 4. Career Development Office.
- 10 5. Office of Adult Education.
- 11 6. Unemployment Insurance Commission.
- 12 7. Kentucky Apprenticeship Council.
- 13 8. Division of Technical Assistance.
- 14 (m) Foundation for Workforce Development.
- 15 (n) Kentucky Workforce Investment Board.
- 16 (o) Kentucky Commission on the Deaf and Hard of Hearing.
- 17 (p) Kentucky Educational Television.
- 18 (q) Kentucky Environmental Education Council.
- 19 (3) Energy and Environment Cabinet:
- 20 (a) Office of the Secretary.
- 21 1. Office of Legislative and Intergovernmental Affairs.
- 22 2. Office of Legal Services.
- 23 a. Legal Division I.
- 24 b. Legal Division II.
- 25 3. Office of Administrative Hearings.
- 26 4. Office of Communication.
- 27 5. Mine Safety Review Commission.

- 1 6. Office of Kentucky Nature Preserves.
- 2 7. Kentucky Public Service Commission.
- 3 (b) Department for Environmental Protection.
- 4 1. Office of the Commissioner.
- 5 2. Division for Air Quality.
- 6 3. Division of Water.
- 7 4. Division of Environmental Program Support.
- 8 5. Division of Waste Management.
- 9 6. Division of Enforcement.
- 10 7. Division of Compliance Assistance.
- 11 (c) Department for Natural Resources.
- 12 1. Office of the Commissioner.
- 13 2. Division of Mine Permits.
- 14 3. Division of Mine Reclamation and Enforcement.
- 15 4. Division of Abandoned Mine Lands.
- 16 5. Division of Oil and Gas.
- 17 6. Division of Mine Safety.
- 18 7. Division of Forestry.
- 19 8. Division of Conservation.
- 20 9. Office of the Reclamation Guaranty Fund.
- 21 (d) Office of Energy Policy.
- 22 1. Division of Energy Assistance.
- 23 (e) Office of Administrative Services.
- 24 1. Division of Human Resources Management.
- 25 2. Division of Financial Management.
- 26 3. Division of Information Services.
- 27 (4) Public Protection Cabinet.

- 1 (a) Office of the Secretary.
- 2 1. Office of Communications and Public Outreach.
- 3 2. Office of Legal Services.
- 4 a. Insurance Legal Division.
- 5 b. Charitable Gaming Legal Division.
- 6 c. Alcoholic Beverage and Cannabis Control Legal Division.
- 7 d. Housing, Buildings and Construction Legal Division.
- 8 e. Financial Institutions Legal Division.
- 9 f. Professional Licensing Legal Division.
- 10 3. Office of Administrative Hearings.
- 11 4. Office of Administrative Services.
- 12 a. Division of Human Resources.
- 13 b. Division of Fiscal Responsibility.
- 14 (b) Office of Claims and Appeals.
- 15 1. Board of Tax Appeals.
- 16 2. Board of Claims.
- 17 3. Crime Victims Compensation Board.
- 18 (c) Kentucky Boxing and Wrestling Commission.
- 19 (d) Kentucky Horse Racing Commission.
- 20 1. Office of Executive Director.
- 21 a. Division of Pari-mutuel Wagering and Compliance.
- 22 b. Division of Stewards.
- 23 c. Division of Licensing.
- 24 d. Division of Enforcement.
- 25 e. Division of Incentives and Development.
- 26 f. Division of Veterinary Services.
- 27 (e) Department of Alcoholic Beverage and Cannabis Control.

- 1 1. Division of Distilled Spirits.
- 2 2. Division of Malt Beverages.
- 3 3. *Division of Medicinal Cannabis.*
- 4 4. Division of *Alcohol and Cannabis* Enforcement.
- 5 (f) Department of Charitable Gaming.
- 6 1. Division of Licensing and Compliance.
- 7 2. Division of Enforcement.
- 8 (g) Department of Financial Institutions.
- 9 1. Division of Depository Institutions.
- 10 2. Division of Non-Depository Institutions.
- 11 3. Division of Securities.
- 12 (h) Department of Housing, Buildings and Construction.
- 13 1. Division of Fire Prevention.
- 14 2. Division of Plumbing.
- 15 3. Division of Heating, Ventilation, and Air Conditioning.
- 16 4. Division of Building Code Enforcement.
- 17 (i) Department of Insurance.
- 18 1. Division of Health and Life Insurance and Managed Care.
- 19 2. Division of Property and Casualty Insurance.
- 20 3. Division of Administrative Services.
- 21 4. Division of Financial Standards and Examination.
- 22 5. Division of Licensing.
- 23 6. Division of Insurance Fraud Investigation.
- 24 7. Division of Consumer Protection.
- 25 (j) Department of Professional Licensing.
- 26 1. Real Estate Authority.
- 27 (5) Labor Cabinet.

- 1 (a) Office of the Secretary.
- 2 1. Office of General Counsel.
- 3 a. Workplace Standards Legal Division.
- 4 b. Workers' Claims Legal Division.
- 5 2. Office of Administrative Services.
- 6 a. Division of Human Resources Management.
- 7 b. Division of Fiscal Management.
- 8 c. Division of Professional Development and Organizational
- 9 Management.
- 10 d. Division of Information Technology and Support Services.
- 11 3. Office of Inspector General.
- 12 (b) Department of Workplace Standards.
- 13 1. Division of Occupational Safety and Health Compliance.
- 14 2. Division of Occupational Safety and Health Education and
- 15 Training.
- 16 3. Division of Wages and Hours.
- 17 (c) Department of Workers' Claims.
- 18 1. Division of Workers' Compensation Funds.
- 19 2. Office of Administrative Law Judges.
- 20 3. Division of Claims Processing.
- 21 4. Division of Security and Compliance.
- 22 5. Division of Information Services.
- 23 6. Division of Specialist and Medical Services.
- 24 7. Workers' Compensation Board.
- 25 (d) Workers' Compensation Funding Commission.
- 26 (e) Occupational Safety and Health Standards Board.
- 27 (f) State Labor Relations Board.

- 1 (g) Employers' Mutual Insurance Authority.
- 2 (h) Kentucky Occupational Safety and Health Review Commission.
- 3 (i) Workers' Compensation Nominating Committee.
- 4 (6) Transportation Cabinet:
 - 5 (a) Department of Highways.
 - 6 1. Office of Project Development.
 - 7 2. Office of Project Delivery and Preservation.
 - 8 3. Office of Highway Safety.
 - 9 4. Highway District Offices One through Twelve.
 - 10 (b) Department of Vehicle Regulation.
 - 11 (c) Department of Aviation.
 - 12 (d) Department of Rural and Municipal Aid.
 - 13 1. Office of Local Programs.
 - 14 2. Office of Rural and Secondary Roads.
 - 15 (e) Office of the Secretary.
 - 16 1. Office of Public Affairs.
 - 17 2. Office for Civil Rights and Small Business Development.
 - 18 3. Office of Budget and Fiscal Management.
 - 19 4. Office of Inspector General.
 - 20 5. Secretary's Office of Safety.
 - 21 (f) Office of Support Services.
 - 22 (g) Office of Transportation Delivery.
 - 23 (h) Office of Audits.
 - 24 (i) Office of Human Resource Management.
 - 25 (j) Office of Information Technology.
 - 26 (k) Office of Legal Services.
- 27 (7) Cabinet for Economic Development:

- 1 (a) Office of the Secretary.
- 2 1. Office of Legal Services.
- 3 2. Department for Business Development.
- 4 3. Department for Financial Services.
- 5 a. Kentucky Economic Development Finance Authority.
- 6 b. Finance and Personnel Division.
- 7 c. IT and Resource Management Division.
- 8 d. Compliance Division.
- 9 e. Incentive Administration Division.
- 10 f. Bluegrass State Skills Corporation.
- 11 4. Office of Marketing and Public Affairs.
- 12 a. Communications Division.
- 13 b. Graphics Design Division.
- 14 5. Office of Workforce, Community Development, and Research.
- 15 6. Office of Entrepreneurship and Small Business Innovation.
- 16 a. Commission on Small Business Innovation and Advocacy.
- 17 (8) Cabinet for Health and Family Services:
- 18 (a) Office of the Secretary.
- 19 1. Office of the Ombudsman and Administrative Review.
- 20 2. Office of Public Affairs.
- 21 3. Office of Legal Services.
- 22 4. Office of Inspector General.
- 23 5. Office of Human Resource Management.
- 24 6. Office of Finance and Budget.
- 25 7. Office of Legislative and Regulatory Affairs.
- 26 8. Office of Administrative Services.
- 27 9. Office of Application Technology Services.

- 1 (b) Department for Public Health.
- 2 (c) Department for Medicaid Services.
- 3 (d) Department for Behavioral Health, Developmental and Intellectual
- 4 Disabilities.
- 5 (e) Department for Aging and Independent Living.
- 6 (f) Department for Community Based Services.
- 7 (g) Department for Income Support.
- 8 (h) Department for Family Resource Centers and Volunteer Services.
- 9 (i) Office for Children with Special Health Care Needs.
- 10 (j) Office of Health Data and Analytics.
- 11 (9) Finance and Administration Cabinet:
- 12 (a) Office of the Secretary.
- 13 (b) Office of the Inspector General.
- 14 (c) Office of Legislative and Intergovernmental Affairs.
- 15 (d) Office of General Counsel.
- 16 (e) Office of the Controller.
- 17 (f) Office of Administrative Services.
- 18 (g) Office of Policy and Audit.
- 19 (h) Department for Facilities and Support Services.
- 20 (i) Department of Revenue.
- 21 (j) Commonwealth Office of Technology.
- 22 (k) State Property and Buildings Commission.
- 23 (l) Office of Equal Employment Opportunity and Contract Compliance.
- 24 (m) Kentucky Employees Retirement Systems.
- 25 (n) Commonwealth Credit Union.
- 26 (o) State Investment Commission.
- 27 (p) Kentucky Housing Corporation.

- 1 (q) Kentucky Local Correctional Facilities Construction Authority.
- 2 (r) Kentucky Turnpike Authority.
- 3 (s) Historic Properties Advisory Commission.
- 4 (t) Kentucky Higher Education Assistance Authority.
- 5 (u) Kentucky River Authority.
- 6 (v) Kentucky Teachers' Retirement System Board of Trustees.
- 7 (w) Executive Branch Ethics Commission.
- 8 (10) Tourism, Arts and Heritage Cabinet:
- 9 (a) Kentucky Department of Tourism.
- 10 1. Division of Tourism Services.
- 11 2. Division of Marketing and Administration.
- 12 3. Division of Communications and Promotions.
- 13 (b) Kentucky Department of Parks.
- 14 1. Division of Information Technology.
- 15 2. Division of Human Resources.
- 16 3. Division of Financial Operations.
- 17 4. Division of Facilities Management.
- 18 5. Division of Facilities Maintenance.
- 19 6. Division of Customer Services.
- 20 7. Division of Recreation.
- 21 8. Division of Golf Courses.
- 22 9. Division of Food Services.
- 23 10. Division of Rangers.
- 24 11. Division of Resort Parks.
- 25 12. Division of Recreational Parks and Historic Sites.
- 26 (c) Department of Fish and Wildlife Resources.
- 27 1. Division of Law Enforcement.

- 1 2. Division of Administrative Services.
- 2 3. Division of Engineering, Infrastructure, and Technology.
- 3 4. Division of Fisheries.
- 4 5. Division of Information and Education.
- 5 6. Division of Wildlife.
- 6 7. Division of Marketing.
- 7 (d) Kentucky Horse Park.
- 8 1. Division of Support Services.
- 9 2. Division of Buildings and Grounds.
- 10 3. Division of Operational Services.
- 11 (e) Kentucky State Fair Board.
- 12 1. Office of Administrative and Information Technology Services.
- 13 2. Office of Human Resources and Access Control.
- 14 3. Division of Expositions.
- 15 4. Division of Kentucky Exposition Center Operations.
- 16 5. Division of Kentucky International Convention Center.
- 17 6. Division of Public Relations and Media.
- 18 7. Division of Venue Services.
- 19 8. Division of Personnel Management and Staff Development.
- 20 9. Division of Sales.
- 21 10. Division of Security and Traffic Control.
- 22 11. Division of Information Technology.
- 23 12. Division of the Louisville Arena.
- 24 13. Division of Fiscal and Contract Management.
- 25 14. Division of Access Control.
- 26 (f) Office of the Secretary.
- 27 1. Office of Finance.

- 1 2. Office of Government Relations and Administration.
- 2 (g) Office of Legal Affairs.
- 3 (h) Office of Human Resources.
- 4 (i) Office of Public Affairs and Constituent Services.
- 5 (j) Office of Arts and Cultural Heritage.
- 6 (k) Kentucky African-American Heritage Commission.
- 7 (l) Kentucky Foundation for the Arts.
- 8 (m) Kentucky Humanities Council.
- 9 (n) Kentucky Heritage Council.
- 10 (o) Kentucky Arts Council.
- 11 (p) Kentucky Historical Society.
- 12 1. Division of Museums.
- 13 2. Division of Oral History and Educational Outreach.
- 14 3. Division of Research and Publications.
- 15 4. Division of Administration.
- 16 (q) Kentucky Center for the Arts.
- 17 1. Division of Governor's School for the Arts.
- 18 (r) Kentucky Artisans Center at Berea.
- 19 (s) Northern Kentucky Convention Center.
- 20 (t) Eastern Kentucky Exposition Center.
- 21 (11) Personnel Cabinet:
- 22 (a) Office of the Secretary.
- 23 (b) Department of Human Resources Administration.
- 24 (c) Office of Employee Relations.
- 25 (d) Kentucky Public Employees Deferred Compensation Authority.
- 26 (e) Office of Administrative Services.
- 27 (f) Office of Legal Services.

- 1 (g) Governmental Services Center.
- 2 (h) Department of Employee Insurance.
- 3 (i) Office of Diversity, Equality, and Training.
- 4 (j) Office of Public Affairs.

5 III. Other departments headed by appointed officers:

- 6 (1) Council on Postsecondary Education.
- 7 (2) Department of Military Affairs.
- 8 (3) Department for Local Government.
- 9 (4) Kentucky Commission on Human Rights.
- 10 (5) Kentucky Commission on Women.
- 11 (6) Department of Veterans' Affairs.
- 12 (7) Kentucky Commission on Military Affairs.
- 13 (8) Office of Minority Empowerment.
- 14 (9) Governor's Council on Wellness and Physical Activity.
- 15 (10) Kentucky Communications Network Authority.

16 ➔Section 44. KRS 12.252 is amended to read as follows:

- 17 (1) There is established within the Public Protection Cabinet a Department of Financial
18 Institutions, a Department of Insurance, a Department of Housing, Buildings and
19 Construction, a Department of Charitable Gaming, a Department of Professional
20 Licensing, and a Department of Alcoholic Beverage and Cannabis Control. Each
21 department shall be headed by a commissioner appointed by the Governor as
22 required by KRS 12.040 and, where appropriate, by KRS 238.510, 241.015, and
23 304.2-020. Commissioners shall be directly responsible to the secretary and shall
24 perform the functions, powers, and duties provided by law and prescribed by the
25 secretary.
- 26 (2) The secretary of the Public Protection Cabinet shall be appointed by the Governor
27 in accordance with KRS 12.255. The Office of the Secretary shall contain the

1 following entities:

2 (a) The Office of Communications and Public Outreach, which shall be headed
3 by an executive director appointed by the secretary with the approval of the
4 Governor in accordance with KRS 12.050;

5 (b) The Office of Legal Services, which shall be headed by an executive director
6 appointed by the secretary with the approval of the Governor in accordance
7 with KRS 12.050 and 12.210;

8 (c) The Office of Administrative Hearings, which shall be headed by an executive
9 director appointed by the secretary with the approval of the Governor in
10 accordance with KRS 12.050 and 12.210; and

11 (d) The Office of Administrative Services, which shall be headed by an executive
12 director appointed by the secretary with the approval of the Governor in
13 accordance with KRS 12.050.

14 (3) There is established within the Public Protection Cabinet the Office of Claims and
15 Appeals pursuant to KRS 49.010.

16 (4) The Kentucky Horse Racing Commission is attached to the Public Protection
17 Cabinet for administrative purposes only, except as provided in KRS 131.330.

18 (5) There is established within the Public Protection Cabinet the Kentucky Boxing and
19 Wrestling Commission, which shall be headed by an executive director appointed
20 by the secretary with the approval of the Governor as required by KRS 12.050. The
21 executive director shall be directly responsible to the secretary and shall perform the
22 functions, powers, and duties provided by law and prescribed by the secretary.

23 ➔Section 45. KRS 15.300 is amended to read as follows:

24 (1) As used in this section, "consent order" means the consent order of December 21,
25 1998, agreed to in Commonwealth of Kentucky v. Philip Morris Inc. et al., Docket
26 Number 98-CI-01579, Franklin Circuit Court.

27 (2) There is created the Tobacco Master Settlement Agreement Compliance Advisory

1 Board in the Department of Law. The board shall be composed of six (6) members
2 as follows:

- 3 (a) The Attorney General, or the Attorney General's designee;
- 4 (b) The secretary of the Cabinet for Health and Family Services, or the secretary's
5 designee;
- 6 (c) The Commissioner of Agriculture, or the Commissioner's designee;
- 7 (d) The secretary of the Public Protection Cabinet, or the secretary's designee; and
- 8 (e) Two (2) citizens at large appointed by the Attorney General.

9 (3) The citizen members of the board shall serve for terms of one (1) year and until
10 their successors are appointed. The citizen members shall be eligible for successive
11 terms on the board.

12 (4) The board shall annually elect a member to serve as its chair and shall meet at least
13 quarterly on a date set by the board. Board members shall be reimbursed for
14 necessary expenses incurred in serving on the board.

15 (5) The board may adopt rules governing the conduct of its meetings, the creation of
16 meeting agendas, and other procedural matters it deems necessary. The board may
17 adopt reporting forms, which shall be developed in consultation with participating
18 agencies.

19 (6) The Office of the Attorney General shall:

- 20 (a) Enter into a memorandum of agreement with the Department of Public Health
21 of the Cabinet for Health and Family Services, the Department of Alcoholic
22 Beverage and Cannabis Control in the Public Protection Cabinet, and the
23 Department of Agriculture to identify and report possible violations of the
24 consent order;
- 25 (b) Attempt to secure funding under the master settlement agreement to reimburse
26 the agencies specified in paragraph (a) of this subsection for any compliance
27 activity that they perform; and

1 (c) Provide necessary funding and staff for administrative expenses related to the
2 operation of the board. The board may request assistance from other state
3 agencies.

4 (7) The Tobacco Master Settlement Agreement Compliance Advisory Board shall:

5 (a) Identify activities for which training is required for personnel of the state
6 agencies specified in paragraph (a) of subsection (6) of this section that are
7 responsible for identifying and reporting possible violations of the consent
8 order;

9 (b) Determine eligible compliance training costs and seek reimbursement for the
10 costs; and

11 (c) Notify the appropriate tobacco manufacturer, in writing, of any alleged
12 violation of the consent order and request a response and, if applicable, a
13 corrective action plan within thirty (30) days from the date of the notice. If the
14 manufacturer fails to respond or to satisfactorily resolve the matter, the board
15 shall review the matter at its next meeting and may refer the matter to the
16 Office of the Attorney General for enforcement action, if warranted.

17 ➔Section 46. KRS 15.380 is amended to read as follows:

18 (1) The following officers employed or appointed as full-time, part-time, or auxiliary
19 officers, whether paid or unpaid, shall be certified:

20 (a) Department of Kentucky State Police officers, but for the commissioner of the
21 Department of Kentucky State Police;

22 (b) City, county, and urban-county police officers;

23 (c) Court security officers and deputy sheriffs, except those identified in KRS
24 70.045 and 70.263(3);

25 (d) State or public university police officers appointed pursuant to KRS 164.950;

26 (e) School resource officers as defined in KRS 158.441 and employed or
27 appointed under KRS 158.4414;

- 1 (f) Airport safety and security officers appointed under KRS 183.880;
- 2 (g) Department of Alcoholic Beverage and Cannabis Control investigators
- 3 appointed under KRS 241.090;
- 4 (h) Division of Insurance Fraud Investigation investigators appointed under KRS
- 5 304.47-040;
- 6 (i) Fire investigators appointed or employed under KRS 95A.100 or 227.220; and
- 7 (j) County detectives appointed in accordance with KRS 69.360 after July 1,
- 8 2019.
- 9 (2) The requirements of KRS 15.380 to 15.404 for certification may apply to all state
- 10 peace officers employed pursuant to KRS Chapter 18A and shall, if adopted, be
- 11 incorporated by the Personnel Cabinet for job specifications.
- 12 (3) Additional training in excess of the standards set forth in KRS 15.380 to 15.404 for
- 13 all peace officers possessing arrest powers who have specialized law enforcement
- 14 responsibilities shall be the responsibility of the employing agency.
- 15 (4) The following officers may, upon request of the employing agency, be certified by
- 16 the council:
- 17 (a) Deputy coroners;
- 18 (b) Deputy constables;
- 19 (c) Deputy jailers;
- 20 (d) Deputy sheriffs under KRS 70.045 and 70.263(3);
- 21 (e) Officers appointed under KRS 61.360;
- 22 (f) Officers appointed under KRS 61.902, except those who are school resource
- 23 officers as defined in KRS 158.441 and who shall be certified under
- 24 subsection (1)(e) of this section;
- 25 (g) Private security officers;
- 26 (h) Employees of a correctional services division created pursuant to KRS
- 27 67A.028 and employees of a metropolitan correctional services department

1 created pursuant to KRS 67B.010 to 67B.080; and

2 (i) Investigators employed by the Department of Charitable Gaming in
3 accordance with KRS 238.510; and

4 (j) Commonwealth detectives employed under KRS 69.110 and county detectives
5 employed under KRS 69.360.

6 (5) The following officers shall be exempted from the certification requirements but
7 may upon their request be certified by the council:

8 (a) Sheriffs;

9 (b) Coroners;

10 (c) Constables;

11 (d) Jailers;

12 (e) Kentucky Horse Racing Commission security officers employed under KRS
13 230.240; and

14 (f) Commissioner of the State Police.

15 (6) Federal peace officers cannot be certified under KRS 15.380 to 15.404.

16 (7) Local alcoholic beverage control investigators appointed under KRS Chapter 241
17 on or after April 1, 2019, shall be certified by the council if all minimum standards
18 set forth in KRS 15.380 to 15.404 have been met. Local alcoholic beverage control
19 investigators appointed under KRS Chapter 241 before April 1, 2019, shall be
20 exempt from this requirement.

21 ➔Section 47. KRS 15.398 is amended to read as follows:

22 The following Kentucky Revised Statutes and any administrative regulations promulgated
23 thereunder affecting those peace officers required to be certified pursuant to KRS 15.380
24 to 15.404 shall not be superseded by the provisions of KRS 15.380 to 15.404, and in all
25 instances the provisions of all statutes specified below shall prevail:

26 (1) KRS Chapter 16, relating to Department of Kentucky State Police Officers;

27 (2) KRS Chapter 70, relating to sheriffs, and deputy sheriffs;

- 1 (3) KRS Chapter 78, relating to county police;
- 2 (4) KRS Chapters 15 and 95, except for KRS 95.955, relating to city and urban-county
- 3 police;
- 4 (5) KRS Chapter 183, relating to airport safety and security officers;
- 5 (6) KRS Chapter 164, relating to State Universities and Colleges; Regional Education
- 6 and Archaeology officers;
- 7 (7) KRS Chapter 18A, relating to all state peace officers;
- 8 (8) KRS 241.090, relating to Department of Alcoholic Beverage and Cannabis Control
- 9 investigators;
- 10 (9) KRS 304.47-040, relating to Division of Insurance Fraud Investigators; and
- 11 (10) Any other statutes affecting peace officers not specifically cited herein.

12 ➔Section 48. KRS 15.420 is amended to read as follows:

13 As used in KRS 15.410 to 15.510, unless the context otherwise requires:

- 14 (1) "Cabinet" means the Justice and Public Safety Cabinet;
- 15 (2) (a) "Police officer" means:
 - 16 1. A local officer, limited to:
 - 17 a. A full-time:
 - 18 i. Member of a lawfully organized police department of county,
 - 19 urban-county, or city government; or
 - 20 ii. Sheriff or full-time deputy sheriff, including any sheriff
 - 21 providing court security or appointed under KRS 70.030; or
 - 22 b. A school resource officer as defined in KRS 158.441; and
 - 23 2. A state officer, limited to:
 - 24 a. A public university police officer;
 - 25 b. A Kentucky state trooper;
 - 26 c. A Kentucky State Police arson investigator;
 - 27 d. A Kentucky State Police hazardous device investigator;

- 1 e. A Kentucky State Police legislative security specialist;
- 2 f. A Kentucky vehicle enforcement officer;
- 3 g. A Kentucky Horse Park mounted patrol officer, subject to KRS
- 4 15.460(1)(f);
- 5 h. A Kentucky state park ranger, subject to KRS 15.460(1)(f);
- 6 i. An agriculture investigator;
- 7 j. A charitable gaming investigator;
- 8 k. An alcoholic beverage and cannabis control investigator;
- 9 l. An insurance fraud investigator;
- 10 m. An Attorney General investigator; and
- 11 n. A Kentucky Department of Fish and Wildlife Resources
- 12 conservation officer, subject to KRS 15.460(1)(e);
- 13 who is responsible for the prevention and detection of crime and the
- 14 enforcement of the general criminal laws of the state;
- 15 (b) "Police officer" does not include any sheriff who earns the maximum
- 16 constitutional salary for this office, any special deputy sheriff appointed under
- 17 KRS 70.045, any constable, deputy constable, district detective, deputy district
- 18 detective, special local peace officer, auxiliary police officer, or any other
- 19 peace officer not specifically authorized in KRS 15.410 to 15.510;
- 20 (3) "Police department" means the employer of a police officer;
- 21 (4) "Retirement plan" means a defined benefit plan consisting of required employer
- 22 contributions pursuant to KRS 61.565, 61.702, or any other provision of law;
- 23 (5) "Unit of government" means any city, county, combination of cities and counties,
- 24 public university, state agency, local school district, or county sheriff's office of the
- 25 Commonwealth; and
- 26 (6) "Validated job task analysis" means the core job description that describes the
- 27 minimum entry level requirements, qualifications, and training requirements for

1 peace officers in the Commonwealth, and that is based upon an actual survey and
2 study of police officer duties and responsibilities conducted by an entity recognized
3 by the council as being competent to conduct such a study.

4 ➔Section 49. KRS 15A.340 is amended to read as follows:

5 (1) As used in this section and KRS 15A.342 and 15A.344, "KY-ASAP" means the
6 Kentucky Agency for Substance Abuse Policy.

7 (2) The Office of Drug Control Policy shall administer an endowment from interest
8 generated through funds appropriated or gifts, donations, or funds received from
9 any source. The Office of Drug Control Policy may expend endowment principal, if
10 necessary in its discretion, to carry out the purposes of this section and KRS
11 15A.342 and 15A.344. These expenditures from the endowment principal are
12 hereby appropriated for this purpose.

13 (3) (a) The Office of Drug Control Policy shall oversee the activities specified in this
14 section and KRS 15A.342 and 15A.344 and provide administrative support to
15 the seventeen (17) member KY-ASAP Board, which is created to oversee the
16 activities of KY-ASAP. Membership of the board shall be appointed by the
17 Governor and shall consist of the following:

- 18 1. One (1) member representing the Kentucky Family Resource Youth
19 Services Coalition, or a designee;
- 20 2. One (1) member representing the Kentucky Health Department
21 Association, or a designee;
- 22 3. The secretary of the Cabinet for Health and Family Services, or
23 designee;
- 24 4. The secretary of the Justice and Public Safety Cabinet, or a designee;
- 25 5. One (1) member representing the Division of Behavioral Health within
26 the Department for Behavioral Health, Developmental and Intellectual
27 Disabilities, Cabinet for Health and Family Services, or a designee;

- 1 6. The commissioner of the Department for Public Health, Cabinet for
2 Health and Family Services, or a designee;
- 3 7. The commissioner of the Department of Alcoholic Beverage and
4 Cannabis Control, or a designee;
- 5 8. The commissioner of the Department of Education;
- 6 9. The director of the Administrative Office of the Courts, or a designee;
- 7 10. One (1) member representing the Kentucky Association of Regional
8 Programs, or a designee;
- 9 11. One (1) member representing the Kentucky Heart Association, or a
10 designee;
- 11 12. One (1) member representing the Kentucky Lung Association, or a
12 designee;
- 13 13. One (1) member representing the Kentucky Cancer Society, or a
14 designee;
- 15 14. Two (2) members representing local tobacco addiction and substance
16 abuse advisory and coordination boards; and
- 17 15. Two (2) members representing private community-based organizations,
18 whether for-profit or nonprofit, with experience in programs involving
19 smoking cessation or prevention or alcohol or substance abuse
20 prevention and treatment.
- 21 (b) Members shall serve for a term of four (4) years, may be reappointed, and may
22 serve no more than two (2) consecutive terms. Members shall not be
23 compensated but shall receive reimbursement for expenses incurred while
24 performing board business.
- 25 (c) The board shall meet at least quarterly. A quorum of nine (9) members shall
26 be required for the transaction of business. Meetings shall be held at the call
27 of the chair, or upon the written request of two (2) members to the chair.

- 1 (d) The board shall:
- 2 1. Oversee deposits and expenditures from the endowment;
- 3 2. Request, in its discretion, an audit relating to the expenditure of
- 4 endowment funds;
- 5 3. Receive quarterly reports from the commissioner of the Department of
- 6 Alcoholic Beverage and Cannabis Control regarding KY-ASAP's
- 7 activities;
- 8 4. Progress toward development and implementation of the strategic plan;
- 9 5. Recommend to KY-ASAP the most efficient means for using public
- 10 funds to coordinate, supplement, and support high quality and ongoing
- 11 programs of all public agencies and private service providers related to
- 12 smoking cessation and prevention and alcohol and substance abuse
- 13 prevention and treatment;
- 14 6. Recommend matters for review and analysis by KY-ASAP; and
- 15 7. Perform other duties as necessary for the oversight of KY-ASAP.

16 (4) The Office of Drug Control Policy and KY-ASAP shall promote the

17 implementation of research-based strategies that target Kentucky's youth and adult

18 populations.

19 (5) The Office of Drug Control Policy and KY-ASAP shall vigorously pursue the

20 philosophy that tobacco in the hands of Kentucky's youth is a drug abuse problem

21 because of the addictive qualities of nicotine, and because tobacco is the most

22 prevalent gateway drug that leads to later and escalated drug and alcohol abuse.

23 ➔Section 50. KRS 61.592 is amended to read as follows:

24 (1) (a) "Hazardous position" for employees participating in the Kentucky Employees

25 Retirement System means:

- 26 1. Any position whose principal duties involve active law enforcement,
- 27 including the positions of probation and parole officer and

- 1 Commonwealth detective, active fire suppression or prevention, or other
2 positions, including but not limited to pilots of the Transportation
3 Cabinet and paramedics and emergency medical technicians, with duties
4 that require frequent exposure to a high degree of danger or peril and
5 also require a high degree of physical conditioning;
- 6 2. Positions in the Department of Corrections in state correctional
7 institutions and the Kentucky Correctional Psychiatric Center with
8 duties that regularly and routinely require face-to-face contact with
9 inmates; and
- 10 3. Positions of employees who elect coverage under KRS 196.167(3)(b)2.
11 and who continue to provide educational services and support to inmates
12 as a Department of Corrections employee.
- 13 (b) The effective date of participation under hazardous duty coverage for
14 positions in the Department of Alcoholic Beverage and Cannabis Control
15 shall be April 1, 1998. The employer and employee contributions shall be paid
16 by the employer and forwarded to the retirement system for the period not
17 previously reported.
- 18 (2) Each employer may request of the board hazardous duty coverage for those
19 positions as defined in subsection (1) of this section. Upon request, each employer
20 shall certify to the system, in the manner prescribed by the board, the names of all
21 employees working in a hazardous position as defined in subsection (1) of this
22 section for which coverage is requested. The certification of the employer shall bear
23 the approval of the agent or agency responsible for the budget of the department or
24 county indicating that the required employer contributions have been provided for
25 in the budget of the employing department or county. The system shall determine
26 whether the employees whose names have been certified by the employer are
27 working in positions meeting the definition of a hazardous position as provided by

1 subsection (1) of this section. This process shall not be required for employees who
2 elect coverage under KRS 196.167(3)(b)2.

3 (3) (a) An employee who elects coverage under KRS 196.167(3)(b)2., and an
4 employee participating in the Kentucky Employees Retirement System who is
5 determined by the system to be working in a hazardous position in accordance
6 with subsection (2) of this section, shall contribute, for each pay period for
7 which he or she receives compensation, eight percent (8%) of his or her
8 creditable compensation.

9 (b) Each employer shall pay employer contributions based on the creditable
10 compensation of the employees determined by the system to be working in a
11 hazardous position at the employer contribution rate as determined by the
12 board. The rate shall be determined by actuarial methods consistent with the
13 provisions of KRS 61.565.

14 (c) If the employer participated in the system prior to electing hazardous duty
15 coverage, the employer may pay to the system the cost of converting the
16 nonhazardous service to hazardous service from the date of participation to
17 the date the payment is made, or the employer may establish a payment
18 schedule for payment of the cost of the hazardous service above that which
19 would be funded within the existing employer contribution rate. The employer
20 may extend the payment schedule to a maximum of thirty (30) years.
21 Payments made by the employer under this subsection shall be deposited to
22 the retirement allowance account of the proper retirement system and these
23 funds shall not be considered accumulated contributions of the individual
24 members. If the employer elects not to make the additional payment, the
25 employee may pay the cost of converting the service and provide payment for
26 the cost as provided by KRS 61.552(9). Payments made by the employee
27 under this subsection shall not be picked up, as described in KRS 61.560(4),

1 by the employer. If neither the employer nor employee makes the payment, the
2 service prior to hazardous coverage shall remain nonhazardous. The
3 provisions of this paragraph shall not apply to members who begin
4 participating in the systems administered by Kentucky Retirement Systems on
5 or after January 1, 2014.

6 (4) The normal retirement age, retirement allowance, hybrid cash balance plans, other
7 benefits, eligibility requirements, rights, and responsibilities of a member in a
8 hazardous position, as prescribed by subsections (1), (2), and (3) of this section, and
9 the responsibilities, rights, and requirements of his or her employer shall be as
10 prescribed for a member and employer participating in the State Police Retirement
11 System as provided for by KRS 16.505 to 16.652.

12 (5) Any person employed in a hazardous position after July 1, 1972, shall be required to
13 undergo a thorough medical examination by a licensed physician, and a copy of the
14 medical report of the physician shall be retained on file by the employee's
15 department or county and made available to the system upon request.

16 (6) If doubt exists regarding the benefits payable to a hazardous position employee
17 under this section, the board shall determine the benefits payable under KRS 61.510
18 to 61.705 or 16.505 to 16.652.

19 ➔Section 51. KRS 62.160 is amended to read as follows:

20 (1) The state officers elected by the voters of the state at large, except the Governor and
21 the Lieutenant Governor, the heads of departments, offices, and cabinets of the state
22 government, the adjutant general, the members of the Public Service Commission,
23 the members of the State Fair Board and Fish and Wildlife Resources Commission,
24 and the members of the Board of Tax Appeals, Board of Claims, Crime Victims
25 Compensation Board, and the Alcoholic Beverage Control Board, shall each give
26 bond. The amounts of the bonds shall be fixed by the Governor, which amounts as
27 to those offices set forth in subsection (2) of this section shall be not less than the

1 amounts set forth for the respective offices. At any time when it appears to be to the
 2 interest of the Commonwealth, the Governor may increase the penal sum of any
 3 bond or require a renewal of the bond with other or additional surety.

4 (2) The minimum sum of the bond for the following offices shall be as follows:

5	Secretary of State	\$10,000
6	Attorney General	10,000
7	State Treasurer	300,000
8	Secretary for economic development	10,000
9	Commissioner of Agriculture	10,000
10	Secretary for education	10,000
11	Auditor of Public Accounts	25,000
12	Adjutant general	10,000
13	Secretary of finance and administration	100,000
14	Commissioner of revenue	50,000
15	Secretary of transportation	50,000
16	Commissioner of highways	50,000
17	Secretary of justice and public safety	50,000
18	Secretary of corrections	25,000
19	Commissioner for public health services	10,000
20	Secretary of labor	5,000
21	Commissioner for natural resources	50,000
22	State librarian	5,000
23	Commissioner of alcoholic beverage <u>and cannabis</u> control	10,000
24	Commissioner of financial institutions	25,000
25	Secretary for energy and environment	50,000
26	Commissioner of insurance	50,000
27	Commissioner of vehicle regulation	10,000

1	Commissioner of fish and wildlife resources	5,000
2	Secretary for health and family services	20,000
3	Commissioner of environmental protection	10,000
4	Secretary of public protection	10,000
5	Secretary of tourism, arts and heritage	25,000
6	Commissioner for community based services	20,000
7	Member of the Public Service Commission	10,000
8	Member of State Fair Board	10,000
9	Member of Fish and Wildlife Resources Commission	1,000
10	Member of Board of Tax Appeals	10,000
11	Member of Board of Claims.....	10,000
12	Member of Crime Victims Compensation Board.....	10,000
13	Associate member of Alcoholic Beverage Control Board	5,000
14	Commissioner of local government	100,000

15 ➔Section 52. KRS 131.1815 is amended to read as follows:

- 16 (1) Whenever it is determined that a taxpayer, who holds a license under KRS Chapter
 17 243, is a delinquent taxpayer as defined in subsection (2) of this section, the
 18 department may, after giving notice as provided in subsection (3) of this section,
 19 submit the name of the taxpayer to the Department of Alcoholic Beverage **and**
 20 **Cannabis** Control for revocation of any license issued under KRS Chapter 243.
- 21 (2) Any of the following situations shall be sufficient to cause a taxpayer to be
 22 classified as a "delinquent taxpayer" for purposes of this section:
- 23 (a) When a taxpayer has an overdue state tax liability arising directly or indirectly
 24 from the manufacture, sale, transportation, or distribution of alcoholic
 25 beverages, for which all protest and appeal rights granted by law have expired,
 26 and the taxpayer has been contacted by the department concerning the overdue
 27 tax liability. This does not include a taxpayer who is making current timely

1 installment payments on the overdue tax liability under agreement with the
2 department;

3 (b) When a taxpayer has not filed a required tax return as of ninety (90) days after
4 the due date or after the extended due date, and the taxpayer has been
5 contacted by the department concerning the delinquent return; or

6 (c) When an owner, partner, or corporate officer of a proprietorship, partnership,
7 or corporation holding a license under KRS Chapter 243 held a similar
8 position in a business whose license was revoked as a "delinquent taxpayer,"
9 and the tax liability remains unpaid as of ninety (90) days after the due date.

10 (3) At least twenty (20) days before submitting a taxpayer's name to the Department of
11 Alcoholic Beverage and Cannabis Control as provided in subsection (1) of this
12 section, the department shall notify the taxpayer by certified mail that the action is
13 to be taken. The notice shall state the reason for the action and shall set out the
14 amount of any tax liability including any applicable penalties and interest and any
15 other area of noncompliance that must be satisfied in order to prevent the
16 submission of his name to the Department of Alcoholic Beverage and Cannabis
17 Control as a delinquent taxpayer.

18 ➔Section 53. KRS 211.285 is amended to read as follows:

19 (1) There is hereby created the malt beverage educational fund which shall provide
20 moneys on a matching basis for educational information and materials that deter or
21 eliminate underage drinking. The fund shall consist of moneys generated from one
22 percent (1%) of the excise tax collected from the sale and distribution of malt
23 beverages under KRS 243.720 and one percent (1%) of the wholesale tax collected
24 from distributors of malt beverages and microbreweries under KRS 243.884.

25 (2) The malt beverage educational fund shall be established in the State Treasury as a
26 trust and revolving account under KRS 45.253. Moneys in the account shall be
27 distributed by the State Treasurer to the Malt Beverage Educational Corporation, a

1 nonprofit organization that is organized under the laws of this state, upon the
2 authorization of the secretary of the Cabinet for Health and Family Services. The
3 moneys shall be awarded to the corporation solely to fund educational programs to
4 deter or eliminate underage drinking.

5 (3) The secretary of the Cabinet for Health and Family Services shall authorize that
6 moneys from the fund be disbursed to the corporation upon the secretary's receipt of
7 a certification from the corporation showing the moneys the corporation has
8 received from malt beverage distributors, microbreweries, and other private sources
9 since the last certification. The moneys disbursed from the fund shall be equal to the
10 contributions that the corporation has received from its members and other private
11 sources during that period. The moneys in the fund shall be disbursed in accordance
12 with a schedule established by the secretary, and shall be disbursed until the moneys
13 in the fund are exhausted or until the moneys in the fund lapse in accordance with
14 subsection (4) of this section, whichever comes first.

15 (4) Moneys that are credited to the fund and not issued to the corporation shall lapse at
16 the end of the fiscal year and shall be returned to the general fund.

17 (5) As a condition of receiving the governmental funds, the corporation's board of
18 directors shall include the following among its directors:

- 19 (a) The Governor or his or her designee;
- 20 (b) The Attorney General or his or her designee;
- 21 (c) The President of the Senate or his or her designee;
- 22 (d) The Speaker of the House or his or her designee;
- 23 (e) The secretary of the Cabinet for Health and Family Services or his or her
24 designee; and
- 25 (f) The commissioner of the Department of Alcoholic Beverage and Cannabis
26 Control or his or her designee.

27 (6) All expenditures of moneys from the fund shall be approved by a majority of those

1 persons set out in subsection (5)(a) to (f) of this section. If the moneys from the
2 fund are not expended in their entirety, any moneys that remain unused by the
3 corporation at the end of the fiscal year shall be returned to the general fund.

4 (7) Any moneys from the fund that are not expended shall be returned to the general
5 fund upon the dissolution of the corporation.

6 (8) Any high school in the Commonwealth of Kentucky that was registered with the
7 Department of Education as of July 1, 1997, may make an application to the Malt
8 Beverage Education Corporation by February 28 of each year and shall be granted a
9 minimum of five hundred dollars (\$500) annually from the funds contributed by the
10 malt beverage educational fund for the single purpose of supporting "Project
11 Graduation" events.

12 ➔Section 54. KRS 241.010 is amended to read as follows:

13 As used in KRS Chapters 241 to 244, unless the context requires otherwise:

14 (1) "Alcohol" means ethyl alcohol, hydrated oxide of ethyl or spirit of wine, from
15 whatever source or by whatever process it is produced;

16 (2) "Alcoholic beverage" means every liquid, solid, powder, or crystal, whether
17 patented or not, containing alcohol in an amount in excess of more than one percent
18 (1%) of alcohol by volume, which is fit for beverage purposes. It includes every
19 spurious or imitation liquor sold as, or under any name commonly used for,
20 alcoholic beverages, whether containing any alcohol or not. It does not include the
21 following products:

22 (a) Medicinal preparations manufactured in accordance with formulas prescribed
23 by the United States Pharmacopoeia, National Formulary, or the American
24 Institute of Homeopathy;

25 (b) Patented, patent, and proprietary medicines;

26 (c) Toilet, medicinal, and antiseptic preparations and solutions;

27 (d) Flavoring extracts and syrups;

- 1 (e) Denatured alcohol or denatured rum;
- 2 (f) Vinegar and preserved sweet cider;
- 3 (g) Wine for sacramental purposes; and
- 4 (h) Alcohol unfit for beverage purposes that is to be sold for legitimate external
- 5 use;
- 6 (3) (a) "Alcohol vaporizing device" or "AWOL device" means any device, machine,
- 7 or process that mixes liquor, spirits, or any other alcohol product with pure
- 8 oxygen or by any other means produces a vaporized alcoholic product used for
- 9 human consumption;
- 10 (b) "Alcohol vaporizing device" or "AWOL device" does not include an inhaler,
- 11 nebulizer, atomizer, or other device that is designed and intended by the
- 12 manufacturer to dispense a prescribed or over-the-counter medication or a
- 13 device installed and used by a licensee under this chapter to demonstrate the
- 14 aroma of an alcoholic beverage;
- 15 (4) "Automobile race track" means a facility primarily used for vehicle racing that has a
- 16 seating capacity of at least thirty thousand (30,000) people;
- 17 (5) "Bed and breakfast" means a one (1) family dwelling unit that:
- 18 (a) Has guest rooms or suites used, rented, or hired out for occupancy or that are
- 19 occupied for sleeping purposes by persons not members of the single-family
- 20 unit;
- 21 (b) Holds a permit under KRS Chapter 219; and
- 22 (c) Has an innkeeper who resides on the premises or property adjacent to the
- 23 premises during periods of occupancy;
- 24 (6) "Board" means the State Alcoholic Beverage Control Board created by KRS
- 25 241.030;
- 26 (7) "Bottle" means any container which is used for holding alcoholic beverages for the
- 27 use and sale of alcoholic beverages at retail;

- 1 (8) "Brewer" means any person who manufactures malt beverages or owns, occupies,
2 carries on, works, or conducts any brewery, either alone or through an agent;
- 3 (9) "Brewery" means any place or premises where malt beverages are manufactured for
4 sale, and includes all offices, granaries, mash rooms, cooling rooms, vaults, yards,
5 and storerooms connected with the premises; or where any part of the process of the
6 manufacture of malt beverages is carried on; or where any apparatus connected with
7 manufacture is kept or used; or where any of the products of brewing or
8 fermentation are stored or kept;
- 9 (10) "Building containing licensed premises" means the licensed premises themselves
10 and includes the land, tract of land, or parking lot in which the premises are
11 contained, and any part of any building connected by direct access or by an entrance
12 which is under the ownership or control of the licensee by lease holdings or
13 ownership;
- 14 (11) "Caterer" means a person operating a food service business that prepares food in a
15 licensed and inspected commissary, transports the food and alcoholic beverages to
16 the caterer's designated and inspected banquet hall or to an agreed location, and
17 serves the food and alcoholic beverages pursuant to an agreement with another
18 person;
- 19 (12) "Charitable organization" means a nonprofit entity recognized as exempt from
20 federal taxation under section 501(c) of the Internal Revenue Code (26 U.S.C. sec.
21 501(c)) or any organization having been established and continuously operating
22 within the Commonwealth of Kentucky for charitable purposes for three (3) years
23 and which expends at least sixty percent (60%) of its gross revenue exclusively for
24 religious, educational, literary, civic, fraternal, or patriotic purposes;
- 25 (13) "Cider" means any fermented fruit-based beverage containing seven percent (7%) or
26 more alcohol by volume and includes hard cider and perry cider;
- 27 (14) "City administrator" means city alcoholic beverage control administrator;

- 1 (15) "Commercial airport" means an airport through which more than five hundred
2 thousand (500,000) passengers arrive or depart annually;
- 3 (16) (a) "Commercial quadricycle" means a vehicle equipped with a minimum of ten
4 (10) pairs of fully operative pedals for propulsion by means of human
5 muscular power and which:
- 6 1. Has four (4) wheels;
 - 7 2. Is operated in a manner similar to that of a bicycle;
 - 8 3. Is equipped with a minimum of thirteen (13) seats for passengers;
 - 9 4. Has a unibody design;
 - 10 5. Is equipped with a minimum of four (4) hydraulically operated brakes;
 - 11 6. Is used for commercial tour purposes;
 - 12 7. Is operated by the vehicle owner or an employee of the owner; and
 - 13 8. Has an electrical assist system that shall only be used when traveling to
14 or from its storage location while not carrying passengers.
- 15 (b) A "commercial quadricycle" is not a motor vehicle as defined in KRS 186.010
16 or 189.010;
- 17 (17) "Commissioner" means the commissioner of the Department of Alcoholic Beverage
18 and Cannabis Control;
- 19 (18) "Consumer" means a person who purchases alcoholic beverages and who:
- 20 (a) Does not hold a license or permit issued by the department;
 - 21 (b) Purchases the alcoholic beverages for personal consumption only and not for
22 resale;
 - 23 (c) Is of lawful drinking age;
 - 24 (d) Receives the alcoholic beverages at a location other than a licensed premises;
25 and
 - 26 (e) Receives the alcoholic beverages in territory where the alcoholic beverages
27 may be lawfully sold or received;

- 1 (19) "Convention center" means any facility which, in its usual and customary business,
2 provides seating for a minimum of one thousand (1,000) people and offers
3 convention facilities and related services for seminars, training and educational
4 purposes, trade association meetings, conventions, or civic and community events
5 or for plays, theatrical productions, or cultural exhibitions;
- 6 (20) "Convicted" and "conviction" means a finding of guilt resulting from a plea of
7 guilty, the decision of a court, or the finding of a jury, irrespective of a
8 pronouncement of judgment or the suspension of the judgment;
- 9 (21) "County administrator" means county alcoholic beverage control administrator;
- 10 (22) "Department" means the Department of Alcoholic Beverage and Cannabis Control;
- 11 (23) "Dining car" means a railroad passenger car that serves meals to consumers on any
12 railroad or Pullman car company;
- 13 (24) "Discount in the usual course of business" means price reductions, rebates, refunds,
14 and discounts given by wholesalers to distilled spirits and wine retailers pursuant to
15 an agreement made at the time of the sale of the merchandise involved and are
16 considered a part of the sales transaction, constituting reductions in price pursuant
17 to the terms of the sale, irrespective of whether the quantity discount was:
- 18 (a) Prorated and allowed on each delivery;
- 19 (b) Given in a lump sum after the entire quantity of merchandise purchased had
20 been delivered; or
- 21 (c) Based on dollar volume or on the quantity of merchandise purchased;
- 22 (25) "Distilled spirits" or "spirits" means any product capable of being consumed by a
23 human being which contains alcohol in excess of the amount permitted by KRS
24 Chapter 242 obtained by distilling, mixed with water or other substances in
25 solution, except wine, hard cider, and malt beverages;
- 26 (26) "Distiller" means any person who is engaged in the business of manufacturing
27 distilled spirits at any distillery in the state and is registered in the Office of the

- 1 Collector of Internal Revenue for the United States at Louisville, Kentucky;
- 2 (27) "Distillery" means any place or premises where distilled spirits are manufactured for
- 3 sale, and which are registered in the office of any collector of internal revenue for
- 4 the United States. It includes any United States government bonded warehouse;
- 5 (28) "Distributor" means any person who distributes malt beverages for the purpose of
- 6 being sold at retail;
- 7 (29) "Dry" means a territory in which a majority of the electorate voted to prohibit all
- 8 forms of retail alcohol sales through a local option election held under KRS Chapter
- 9 242;
- 10 (30) "Election" means:
- 11 (a) An election held for the purpose of taking the sense of the people as to the
- 12 application or discontinuance of alcoholic beverage sales under KRS Chapter
- 13 242; or
- 14 (b) Any other election not pertaining to alcohol;
- 15 (31) "Horse racetrack" means a facility licensed to conduct a horse race meeting under
- 16 KRS Chapter 230;
- 17 (32) "Hotel" means a hotel, motel, or inn for accommodation of the traveling public,
- 18 designed primarily to serve transient patrons;
- 19 (33) "Investigator" means any employee or agent of the department who is regularly
- 20 employed and whose primary function is to travel from place to place for the
- 21 purpose of visiting licensees, and any employee or agent of the department who is
- 22 assigned, temporarily or permanently, by the commissioner to duty outside the main
- 23 office of the department at Frankfort, in connection with the administration of
- 24 alcoholic beverage statutes;
- 25 (34) "License" means any license issued pursuant to KRS Chapters 241 to 244;
- 26 (35) "Licensee" means any person to whom a license has been issued, pursuant to KRS
- 27 Chapters 241 to 244;

1 (36) "Limited restaurant" means:

2 (a) A facility where the usual and customary business is the preparation and
3 serving of meals to consumers, which has a bona fide kitchen facility, which
4 receives at least seventy percent (70%) of its food and alcoholic beverage
5 receipts from the sale of food, which maintains a minimum seating capacity of
6 fifty (50) persons for dining, which has no open bar, which requires that
7 alcoholic beverages be sold in conjunction with the sale of a meal, and which
8 is located in a wet or moist territory under KRS 242.1244; or

9 (b) A facility where the usual and customary business is the preparation and
10 serving of meals to consumers, which has a bona fide kitchen facility, which
11 receives at least seventy percent (70%) of its food and alcoholic beverage
12 receipts from the sale of food, which maintains a minimum seating capacity of
13 one hundred (100) persons of dining, and which is located in a wet or moist
14 territory under KRS 242.1244;

15 (37) "Local administrator" means a city alcoholic beverage administrator, county
16 alcoholic beverage administrator, or urban-county alcoholic beverage control
17 administrator;

18 (38) "Malt beverage" means any fermented undistilled alcoholic beverage of any name or
19 description, manufactured from malt wholly or in part, or from any substitute for
20 malt, and includes weak cider;

21 (39) "Manufacture" means distill, rectify, brew, bottle, and operate a winery;

22 (40) "Manufacturer" means a winery, distiller, rectifier, or brewer, and any other person
23 engaged in the production or bottling of alcoholic beverages;

24 (41) "Minor" means any person who is not twenty-one (21) years of age or older;

25 (42) "Moist" means a territory in which a majority of the electorate voted to permit
26 limited alcohol sales by any one (1) or a combination of special limited local option
27 elections authorized by KRS Chapter 242;

- 1 (43) "Population" means the population figures established by the federal decennial
2 census for a census year or the current yearly population estimates prepared by the
3 Kentucky State Data Center, Urban Studies Center of the University of Louisville,
4 Louisville, Kentucky, for all other years;
- 5 (44) "Premises" means the land and building in and upon which any business regulated
6 by alcoholic beverage statutes is operated or carried on. "Premises" shall not include
7 as a single unit two (2) or more separate businesses of one (1) owner on the same
8 lot or tract of land, in the same or in different buildings if physical and permanent
9 separation of the premises is maintained, excluding employee access by keyed entry
10 and emergency exits equipped with crash bars, and each has a separate public
11 entrance accessible directly from the sidewalk or parking lot. Any licensee holding
12 an alcoholic beverage license on July 15, 1998, shall not, by reason of this
13 subsection, be ineligible to continue to hold his or her license or obtain a renewal,
14 of the license;
- 15 (45) "Primary source of supply" or "supplier" means the distiller, winery, brewer,
16 producer, owner of the commodity at the time it becomes a marketable product,
17 bottler, or authorized agent of the brand owner. In the case of imported products, the
18 primary source of supply means either the foreign producer, owner, bottler, or agent
19 of the prime importer from, or the exclusive agent in, the United States of the
20 foreign distiller, producer, bottler, or owner;
- 21 (46) "Private club" means a nonprofit social, fraternal, military, or political organization,
22 club, or nonprofit or for-profit entity maintaining or operating a club room, club
23 rooms, or premises from which the general public is excluded;
- 24 (47) "Public nuisance" means a condition that endangers safety or health, is offensive to
25 the senses, or obstructs the free use of property so as to interfere with the
26 comfortable enjoyment of life or property by a community or neighborhood or by
27 any considerable number of persons;

- 1 (48) "Qualified historic site" means:
- 2 (a) A contributing property with dining facilities for at least fifty (50) persons at
- 3 tables, booths, or bars where food may be served within a commercial district
- 4 listed in the National Register of Historic Places;
- 5 (b) A site that is listed as a National Historic Landmark or in the National
- 6 Register of Historic Places with dining facilities for at least fifty (50) persons
- 7 at tables, booths, or bars where food may be served;
- 8 (c) A distillery which is listed as a National Historic Landmark and which
- 9 conducts souvenir retail package sales under KRS 243.0305; or
- 10 (d) A not-for-profit or nonprofit facility listed on the National Register of Historic
- 11 Places;
- 12 (49) "Rectifier" means any person who rectifies, purifies, or refines distilled spirits, malt,
- 13 or wine by any process other than as provided for on distillery premises, and every
- 14 person who, without rectifying, purifying, or refining distilled spirits by mixing
- 15 alcoholic beverages with any materials, manufactures any imitations of or
- 16 compounds liquors for sale under the name of whiskey, brandy, gin, rum, wine,
- 17 spirits, cordials, bitters, or any other name;
- 18 (50) "Repackaging" means the placing of alcoholic beverages in any retail container
- 19 irrespective of the material from which the container is made;
- 20 (51) "Restaurant" means a facility where the usual and customary business is the
- 21 preparation and serving of meals to consumers, that has a bona fide kitchen facility,
- 22 and that receives at least fifty percent (50%) of its food and alcoholic beverage
- 23 receipts from the sale of food at the premises;
- 24 (52) "Retail container" means any bottle, can, barrel, or other container which, without a
- 25 separable intermediate container, holds alcoholic beverages and is suitable and
- 26 destined for sale to a retail outlet, whether it is suitable for delivery or shipment to
- 27 the consumer or not;

- 1 (53) "Retail sale" means any sale of alcoholic beverages to a consumer, including those
2 transactions taking place in person, electronically, online, by mail, or by telephone;
- 3 (54) "Retailer" means any licensee who sells and delivers any alcoholic beverage to
4 consumers, except for manufacturers with limited retail sale privileges and direct
5 shipper licensees;
- 6 (55) "Riverboat" means any boat or vessel with a regular place of mooring in this state
7 that is licensed by the United States Coast Guard to carry one hundred (100) or
8 more passengers for hire on navigable waters in or adjacent to this state;
- 9 (56) "Sale" means any transfer, exchange, or barter for consideration, and includes all
10 sales made by any person, whether principal, proprietor, agent, servant, or
11 employee, of any alcoholic beverage;
- 12 (57) "Service bar" means a bar, counter, shelving, or similar structure used for storing or
13 stocking supplies of alcoholic beverages that is a workstation where employees
14 prepare alcoholic beverage drinks to be delivered to customers away from the
15 service bar;
- 16 (58) "Sell" includes solicit or receive an order for, keep or expose for sale, keep with
17 intent to sell, and the delivery of any alcoholic beverage;
- 18 (59) "Small farm winery" means a winery whose wine production is not less than two
19 hundred fifty (250) gallons and not greater than five hundred thousand (500,000)
20 gallons in a calendar year;
- 21 (60) "Souvenir package" means a special package of distilled spirits available from a
22 licensed retailer that is:
- 23 (a) Available for retail sale at a licensed Kentucky distillery where the distilled
24 spirits were produced or bottled; or
- 25 (b) Available for retail sale at a licensed Kentucky distillery but produced or
26 bottled at another of that distiller's licensed distilleries in Kentucky;
- 27 (61) "State administrator" or "administrator" means the distilled spirits administrator or

- 1 the malt beverages administrator, or both, as the context requires;
- 2 (62) "State park" means a state park that has a:
- 3 (a) Nine (9) or eighteen (18) hole golf course; or
- 4 (b) Full-service lodge and dining room;
- 5 (63) "Supplemental bar" means a bar, counter, shelving, or similar structure used for
- 6 serving and selling distilled spirits or wine by the drink for consumption on the
- 7 licensed premises to guests and patrons from additional locations other than the
- 8 main bar;
- 9 (64) "Territory" means a county, city, district, or precinct;
- 10 (65) "Urban-county administrator" means an urban-county alcoholic beverage control
- 11 administrator;
- 12 (66) "Valid identification document" means an unexpired, government-issued form of
- 13 identification that contains the photograph and date of birth of the individual to
- 14 whom it is issued;
- 15 (67) "Vehicle" means any device or animal used to carry, convey, transport, or otherwise
- 16 move alcoholic beverages or any products, equipment, or appurtenances used to
- 17 manufacture, bottle, or sell these beverages;
- 18 (68) "Vintage distilled spirit" means a package or packages of distilled spirits that:
- 19 (a) Are in their original manufacturer's unopened container;
- 20 (b) Are not owned by a distillery; and
- 21 (c) Are not otherwise available for purchase from a licensed wholesaler within
- 22 the Commonwealth;
- 23 (69) "Warehouse" means any place in which alcoholic beverages are housed or stored;
- 24 (70) "Weak cider" means any fermented fruit-based beverage containing more than one
- 25 percent (1%) but less than seven percent (7%) alcohol by volume;
- 26 (71) "Wet" means a territory in which a majority of the electorate voted to permit all
- 27 forms of retail alcohol sales by a local option election under KRS 242.050 or

1 242.125 on the following question: "Are you in favor of the sale of alcoholic
2 beverages in (name of territory)?";

3 (72) "Wholesale sale" means a sale to any person for the purpose of resale;

4 (73) "Wholesaler" means any person who distributes alcoholic beverages for the purpose
5 of being sold at retail, but it shall not include a subsidiary of a manufacturer or
6 cooperative of a retail outlet;

7 (74) "Wine" means the product of the normal alcoholic fermentation of the juices of
8 fruits, with the usual processes of manufacture and normal additions, and includes
9 champagne and sparkling and fortified wine of an alcoholic content not to exceed
10 twenty-four percent (24%) by volume. It includes sake, cider, hard cider, and perry
11 cider and also includes preparations or mixtures vended in retail containers if these
12 preparations or mixtures contain not more than fifteen percent (15%) of alcohol by
13 volume. It does not include weak cider; and

14 (75) "Winery" means any place or premises in which wine is manufactured from any
15 fruit, or brandies are distilled as a by-product of wine or other fruit, or cordials are
16 compounded, except a place or premises that manufactures wine for sacramental
17 purposes exclusively.

18 ➔Section 55. KRS 241.015 is amended to read as follows:

19 There is created a Department of Alcoholic Beverage and Cannabis Control, which shall
20 constitute a statutory administrative department of the state government within the
21 meaning of KRS Chapter 12. The department consists of the commissioner of alcoholic
22 beverage and cannabis control, ~~and~~ the Alcoholic Beverage Control Board, the
23 Division of Medicinal Cannabis, and the Division of Alcoholic Beverage and
24 Medicinal Cannabis Enforcement. The commissioner shall head the department, shall be
25 its executive officer, and shall have charge of the administration of the department and
26 perform all functions of the department not specifically assigned to the board or division.
27 The Governor shall appoint as commissioner a person with administrative experience in

1 the field of alcoholic beverage or cannabis control.

2 ➔Section 56. KRS 241.030 is amended to read as follows:

3 The Alcoholic Beverage Control Board shall consist of the commissioner~~[of alcoholic~~
4 ~~beverage control]~~ and two (2) persons appointed by the secretary of the Public Protection
5 Cabinet with the approval of the Governor, who shall be persons with administrative
6 experience in the field of alcoholic beverage or cannabis control. One (1) of these
7 persons shall serve as administrator of the Division of Distilled Spirits, and the other shall
8 serve as administrator of the Division of Malt Beverages. The commissioner shall be
9 chairman of the board.

10 ➔Section 57. KRS 243.025 is amended to read as follows:

11 (1) All of the fees paid into the State Treasury for state licenses shall be credited to a
12 revolving trust and agency account, as provided in KRS 45.253, for the Department
13 of Alcoholic Beverage and Cannabis Control.

14 (2) All fees associated with the department's server training program shall be collected
15 on a cost recovery basis and shall be credited to the revolving trust and agency
16 account established under subsection (1) of this section.

17 (3) These moneys shall be used solely for the administration and enforcement of KRS
18 Chapters 241 to 244. The moneys in the account shall not lapse at the close of the
19 fiscal year.

20 ➔Section 58. KRS 243.0307 is amended to read as follows:

21 (1) A sampling license may be issued to the holder of:

- 22 (a) A quota retail drink license;
- 23 (b) A quota retail package license;
- 24 (c) A nonquota retail malt beverage package license;
- 25 (d) An NQ1 license;
- 26 (e) An NQ2 license;
- 27 (f) An NQ4 retail malt beverage drink license; or

- 1 (g) A distiller's license.
- 2 (2) A sampling license shall authorize the licensee to allow customers to sample, free of
3 charge, distilled spirits, wine, and malt beverages under the following conditions:
- 4 (a) Sampling shall be permitted only on licensed premises and by licensees
5 holding a sampling license, during regular business hours;
- 6 (b) A distillery shall provide samples as authorized by KRS 243.0305;
- 7 (c) All other licensees shall limit a customer to:
- 8 1. One (1) ounce of distilled spirits samples per day;
- 9 2. Six (6) ounces of wine samples per day; or
- 10 3. Twelve (12) ounces of malt beverage samples per day; and
- 11 (d) A brewer, microbrewery, or out-of-state malt beverage supplier may conduct a
12 sampling of malt beverages as permitted by this section at the licensed
13 premises of a retailer licensee holding a sampling license.
- 14 (3) Retailers holding a sampling license shall:
- 15 (a) Notify the Department of Alcoholic Beverage and Cannabis Control at least
16 seven (7) days in advance of conducting a free sampling event; and
- 17 (b) Limit a sampling event to a period not to exceed four (4) consecutive hours
18 between 12 noon and 8 p.m.
- 19 (4) In addition to free sampling, a quota retail package licensee holding a sampling
20 license may also sell sample distilled spirits and wine under the following
21 conditions:
- 22 (a) Paid samples may be sold only on licensed premises and by licensees holding
23 a sampling license, during regular business hours; and
- 24 (b) A licensee shall limit a customer to purchased samples totaling no more than:
- 25 1. Two (2) ounces of distilled spirits per day; and
- 26 2. Nine (9) ounces of wine per day.
- 27 (5) A quota retail package licensee holding both a sampling license and a nonquota

1 retail malt beverage package license may also sell samples of malt beverages under
2 the following conditions:

3 (a) Paid samples may be sold only on licensed premises and by licensees holding
4 a sampling license, during regular business hours;

5 (b) A licensee shall limit a customer to no more than sixteen (16) ounces of malt
6 beverages per day; and

7 (c) The retail price of a sample shall not be less than a licensee's purchase cost of
8 the sample.

9 (6) No customer shall be allowed to receive a combination of free and purchased
10 samples totaling more than:

11 (a) Two (2) ounces of distilled spirits per day; and

12 (b) Nine (9) ounces of wine per day.

13 (7) Free and paid samples provided under this section shall not constitute drink sales.

14 ➔Section 59. KRS 243.038 is amended to read as follows:

15 (1) The Department of Alcoholic Beverage and Cannabis Control shall not issue a
16 license to an applicant authorized to apply for a license to sell alcoholic beverages
17 by the drink under KRS 243.039 unless the applicant and the golf course, if
18 different from the applicant, agree to voluntarily comply with the provisions of KRS
19 Chapter 344, whether or not the applicant and the golf course would otherwise be
20 covered by the provisions of KRS Chapter 344.

21 (2) The department shall revoke or suspend any license issued under KRS 243.039 if
22 the department or the Kentucky Commission on Human Rights makes a finding that
23 the applicant or the golf course, if different from the applicant, has violated a
24 requirement specified in this section.

25 ➔Section 60. KRS 243.090 is amended to read as follows:

26 (1) All licenses issued by the department, except special event licenses, temporary
27 licenses, or licenses listed in subsection (5) of this section, shall be valid for a

1 period of no more than a year. The board shall promulgate administrative
2 regulations establishing the year-round system for renewal of licenses. The system
3 shall be designed to distribute the workload as uniformly as possible within the
4 offices of the local administrators and the Department of Alcoholic Beverage and
5 Cannabis Control.

6 (2) (a) Except for licenses listed in paragraph (b) of this subsection, all licenses
7 issued after January 1, 2017, by a local administrator shall be valid for a
8 period of no more than a year and shall be renewable upon the date
9 established by the department for the expiration of state licenses issued for
10 premises located in that county or city. During the first year following July 15,
11 2016, if the new date for renewal for the licensee does not occur on the date
12 established by the department for the expiration of the licensee's state license,
13 the local administrator shall either:

- 14 1. Prorate the cost of the renewed license by proportionally reducing the
15 cost of the renewed license if the new date for the renewal occurs prior
16 to the expiration of a previous license; or
- 17 2. Provide a prorated provisional local license to cover any period of time
18 between the expiration of the previous license and the new date for
19 renewal if the new date for renewal occurs after the expiration of the
20 licensee's previous license.

21 (b) Paragraph (a) of this subsection shall not apply to licenses issued by a
22 consolidated local government, special event licenses, temporary licenses, or
23 licenses listed in subsection (5) of this section.

24 (3) When any person applies for a new license authorized under KRS Chapters 241 to
25 244, the person shall be charged, if the license is issued, the full fee for the
26 respective license if six (6) months or more remain before the license is due to be
27 renewed and one-half (1/2) the fee if less than six (6) months remain before the

1 license is due to be renewed. No abatement of license fees shall be permitted to any
2 person who held a license of the same kind for the same premises in the preceding
3 license period and who was actually doing business under the license during the last
4 month of the preceding license period.

5 (4) The renewal by the department of any alcoholic beverage license shall not be
6 construed to waive or condone any violation that occurred prior to the renewal and
7 shall not prevent subsequent proceedings against the licensee.

8 (5) All alcoholic beverage producers, wholesalers, or distributors may obtain or renew
9 their licenses for either a one (1) year term or a two (2) year term.

10 (6) The department may deny license renewal if the licensee is a delinquent taxpayer as
11 defined in KRS 131.1815.

12 ➔Section 61. KRS 243.360 is amended to read as follows:

13 (1) All persons shall, before applying for a license, advertise by publication their
14 intention to apply for a license in the newspaper for legal notices under KRS
15 424.120 for the county or city whose local administrator has local jurisdiction over
16 the proposed premises. This requirement shall not apply to an applicant for the same
17 license for the same premises, or an applicant for any of the following licenses:

- 18 (a) Out-of-state malt beverage supplier's license;
- 19 (b) Limited out-of-state malt beverage supplier's license;
- 20 (c) Out-of-state distilled spirits and wine supplier's license;
- 21 (d) Limited out-of-state distilled spirits and wine supplier's license;
- 22 (e) Supplemental bar license;
- 23 (f) Extended hours supplemental license;
- 24 (g) Special agent or solicitor's license;
- 25 (h) Special nonbeverage alcohol license;
- 26 (i) Transporter's license;
- 27 (j) Special Sunday drink license;

1 (k) Hotel in-room license;

2 (l) Sampling license;

3 (m) Direct shipper license; or

4 (n) Special temporary drink license.

5 (2) The notice shall contain the following information:

6 (a) The notice shall state: the name and address of the applicant and the name and
7 address of each principal owner, partner, member, officer, and director if the
8 applicant is a partnership, limited partnership, limited liability company,
9 corporation, governmental agency, or other business entity recognized by law;

10 (b) The notice shall specifically state the location of the premises for which the
11 license is sought, the type of business, and the type of license being requested;
12 and

13 (c) The notice shall state the date the application will be filed and shall contain
14 the following statement: "Any person may protest the approval of the license
15 by writing the Department of Alcoholic Beverage and Cannabis Control
16 within thirty (30) days of the date of legal publication."

17 (3) Any protest received after the thirty (30) day period has expired shall not be
18 considered a valid legal protest by the board.

19 (4) Substantial compliance with the information listed in subsection (2) of this section
20 shall be sufficient to comply with this section.

21 ➔Section 62. KRS 438.310 is amended to read as follows:

22 (1) No person shall sell or cause to be sold any tobacco product, alternative nicotine
23 product, or vapor product at retail to any person under the age of twenty-one (21), or
24 solicit any person under the age of twenty-one (21) to purchase any tobacco product,
25 alternative nicotine product, or vapor product at retail.

26 (2) Any person who sells tobacco products, alternative nicotine products, or vapor
27 products at retail shall cause to be posted in a conspicuous place in his or her

1 establishment a notice stating that it is illegal to sell tobacco products, alternative
2 nicotine products, or vapor products to persons under age twenty-one (21).

3 (3) Any person selling tobacco products, alternative nicotine products, or vapor
4 products shall require proof of age from a prospective buyer or recipient if the
5 person has reason to believe that the prospective buyer or recipient is under the age
6 of twenty-one (21).

7 (4) A person who violates subsection (1) or (2) of this section shall be subject to a fine
8 of not less than one hundred dollars (\$100) nor more than five hundred dollars
9 (\$500) for a first violation and a fine of not less than five hundred dollars (\$500) nor
10 more than one thousand dollars (\$1,000) for any subsequent violation. The fine
11 shall be administered by the Department of Alcoholic Beverage and Cannabis
12 Control using a civil enforcement procedure.

13 ➔Section 63. KRS 438.311 is amended to read as follows:

14 (1) Except for the provisions of KRS 438.330, it shall be unlawful for a person who has
15 not attained the age of twenty-one (21) years to purchase or accept receipt of or to
16 attempt to purchase or accept receipt of a tobacco product, alternative nicotine
17 product, or vapor product, or to present or offer to any person any purported proof
18 of age which is false, fraudulent, or not actually his or her own, for the purpose of
19 purchasing or receiving any tobacco product, alternative nicotine product, or vapor
20 product. It shall not be unlawful for such a person to accept receipt of a tobacco
21 product, alternative nicotine product, or vapor product from an employer when
22 required in the performance of the person's duties.

23 (2) All peace officers with general law enforcement authority and employees of the
24 Department of Alcoholic Beverage and Cannabis Control may confiscate the
25 tobacco product, alternative nicotine product, or vapor product of a person under the
26 age of twenty-one (21) who has violated this section. Notwithstanding any provision
27 of law to the contrary, no other penalty shall apply to a person under the age of

1 twenty-one (21) for a violation of this section.

2 ➔Section 64. KRS 438.313 is amended to read as follows:

- 3 (1) No wholesaler, retailer, or manufacturer of cigarettes, tobacco products, alternative
4 nicotine products, or vapor products may distribute cigarettes, tobacco products,
5 alternative nicotine products, or vapor products, including samples thereof, free of
6 charge or otherwise, to any person under the age of twenty-one (21).
- 7 (2) Any person who distributes cigarettes, tobacco products, alternative nicotine
8 products, or vapor products, including samples thereof, free of charge or otherwise
9 shall require proof of age from a prospective buyer or recipient if the person has
10 reason to believe that the prospective purchaser or recipient is under the age of
11 twenty-one (21).
- 12 (3) Any person who violates the provisions of this section shall be fined not less than
13 one thousand dollars (\$1,000) nor more than two thousand five hundred dollars
14 (\$2,500) for each offense. The fine shall be administered by the Department of
15 Alcoholic Beverage and Cannabis Control using a civil enforcement procedure for
16 persons eighteen (18) years of age or older.
- 17 (4) All peace officers with general law enforcement authority and employees of the
18 Department of Alcoholic Beverage and Cannabis Control may issue a uniform
19 citation, but may not make an arrest, or take a child into custody, for a violation of
20 this section.

21 ➔Section 65. KRS 438.315 is amended to read as follows:

- 22 (1) The sale of tobacco products, alternative nicotine products, or vapor products
23 dispensed through a vending machine is prohibited to any person under the age of
24 twenty-one (21) years.
- 25 (2) The purchase of tobacco products, alternative nicotine products, or vapor products
26 dispensed through a vending machine is prohibited to any person under the age of
27 twenty-one (21) years.

1 (3) Except for vending machines located in factories or vending machines located in
2 bars or taverns to which minors are not permitted access, any vending machine from
3 which tobacco products, alternative nicotine products, or vapor products are
4 dispensed shall be located in the line of sight of the cashier for the retail
5 establishment.

6 (4) Any owner of a retail establishment violating this section shall be subject to a fine
7 of not less than one hundred dollars (\$100) nor more than five hundred dollars
8 (\$500) for each violation. The fine shall be administered by the Department of
9 Alcoholic Beverage and Cannabis Control using a civil enforcement procedure for
10 persons eighteen (18) years of age or older.

11 (5) All peace officers with general law enforcement authority and employees of the
12 Department of Alcoholic Beverage and Cannabis Control may issue a uniform
13 citation, but may not make an arrest, or take a child into custody, for a violation of
14 this section.

15 ➔Section 66. KRS 438.317 is amended to read as follows:

16 (1) No person shall sell or cause to be sold at retail cigarettes packaged in units of
17 fewer than twenty (20) cigarettes.

18 (2) No resident wholesaler, nonresident wholesaler, or subjobber shall make available
19 to a retail establishment cigarettes packaged for retail sale in units of less than
20 twenty (20) cigarettes.

21 (3) Any person violating subsection (1) of this section shall be subject to a fine of not
22 less than one hundred dollars (\$100) nor more than five hundred dollars (\$500).
23 Any person violating subsection (2) of this section shall be fined not less than one
24 thousand dollars (\$1,000) nor more than two thousand five hundred dollars
25 (\$2,500). These penalties shall be enforced by the Department of Alcoholic
26 Beverage and Cannabis Control through civil enforcement procedures.

27 ➔Section 67. KRS 438.320 is amended to read as follows:

1 Each resident wholesaler, nonresident wholesaler, or subjobber making tobacco products
2 available to a retail establishment for sale or distribution shall report the name and
3 address of the owner of the retail establishment to the Department of Alcoholic Beverage
4 and Cannabis Control in a manner specified by administrative regulations promulgated
5 pursuant to KRS Chapter 13A.

6 ➔Section 68. KRS 438.325 is amended to read as follows:

7 (1) Each owner of a retail establishment selling or distributing tobacco products,
8 alternative nicotine products, or vapor products shall notify each individual
9 employed in the retail establishment as a retail sales clerk that the sale of tobacco
10 products, alternative nicotine products, or vapor products to any person under the
11 age of twenty-one (21) years and the purchase of tobacco products, alternative
12 nicotine products, or vapor products by any person under the age of twenty-one (21)
13 years are prohibited.

14 (2) Each owner of a retail establishment selling or distributing tobacco products,
15 alternative nicotine products, or vapor products shall notify each individual
16 employed in the retail establishment as a retail sales clerk that proof of age is
17 required from a prospective buyer or recipient if the person has reason to believe
18 that the prospective purchaser or recipient is under the age of twenty-one (21).

19 (3) The notice to employees that is required in subsection (1) of this section shall be
20 provided before the person commences work as a retail sales clerk, or, in the case of
21 a person employed as a retail sales clerk on March 26, 2020, within thirty (30) days
22 of that date. The employee shall signify receipt of the notice required by this section
23 by signing a form that states as follows:

24 "I understand that under the law of the Commonwealth of Kentucky it is illegal to
25 sell or distribute tobacco products, alternative nicotine products, or vapor products
26 to persons under the age of twenty-one (21) years and that it is illegal for persons
27 under the age of twenty-one (21) years to purchase tobacco products, alternative

1 nicotine products, or vapor products."

2 (4) The owner of the retail establishment shall maintain the signed notice that is
3 required pursuant to subsection (3) of this section in a place and in a manner so as
4 to be easily accessible to any employee of the Department of Alcoholic Beverage
5 and Cannabis Control or the Department of Agriculture conducting an inspection
6 of the retail establishment for the purpose of monitoring compliance in limiting the
7 sale or distribution of tobacco products, alternative nicotine products, or vapor
8 products to persons under the age of twenty-one (21) as provided in KRS 438.305 to
9 438.340.

10 (5) Any owner of the retail establishment violating subsections (1) to (4) of this section
11 shall be subject to a fine of not less than one hundred dollars (\$100) nor more than
12 five hundred dollars (\$500) for each violation. The fine shall be administered by the
13 Department of Alcoholic Beverage and Cannabis Control in a civil enforcement
14 procedure.

15 ➔Section 69. KRS 438.330 is amended to read as follows:

16 (1) The Department of Alcoholic Beverage and Cannabis Control and the Department
17 of Agriculture shall carry out annually conducted random, unannounced inspections
18 of retail establishments where tobacco products, alternative nicotine products, or
19 vapor products are sold or distributed for the purpose of enforcing the provisions of
20 KRS 438.305 to 438.340. The inspections shall be conducted to the extent
21 necessary to assure that the Commonwealth remains in compliance with Public Law
22 102-321 and applicable federal regulations. The Department of Alcoholic Beverage
23 and Cannabis Control and the Department of Agriculture shall also ensure that
24 targeted inspections are conducted at those retail establishments where, and at those
25 times when, persons under the age of twenty-one (21) years are most likely to
26 purchase tobacco products, alternative nicotine products, or vapor products. Persons
27 under the age of twenty-one (21) years may be used to test compliance with the

1 provisions of KRS 438.305 to 438.340 only if the testing is conducted under the
2 direct supervision of the Department of Alcoholic Beverage and Cannabis Control,
3 sheriff, or chief of police, or their employees, and written parental consent has been
4 obtained. The Department of Alcoholic Beverage and Cannabis Control shall
5 prepare annually, for submission by the Governor to the Secretary of the United
6 States Department of Health and Human Services, the report required by Section
7 1926 of Subpart 1 of Part B of Title XIX of the Federal Public Health Service Act.

- 8 (2) The Department of Alcoholic Beverage and Cannabis Control shall develop and
9 implement the survey sampling methodologies to carry out the inspections as
10 described in this section.

11 ➔Section 70. KRS 438.337 is amended to read as follows:

- 12 (1) The Department of Alcoholic Beverage and Cannabis Control shall carry out the
13 enforcement provisions of KRS 438.305 to 438.340.

- 14 (2) The Department of Alcoholic Beverage and Cannabis Control shall be entitled to
15 the revenue produced by one-twentieth of one cent (\$0.0005) of the three-cent
16 (\$0.03) per pack revenue collected by the Finance and Administration Cabinet from
17 the state excise tax on the sale of cigarettes as imposed by KRS 138.140 to be
18 deposited in a trust and agency account created in the State Treasury, and to keep
19 fifty percent (50%) of any fines collected under KRS 438.305 to 438.340 to offset
20 the costs of enforcement of KRS 438.305 to 438.340.

- 21 (3) The Department of Alcoholic Beverage and Cannabis Control shall be responsible
22 for maintaining statistics for compilation of required reports to be submitted to the
23 United States Department of Health and Human Services.

- 24 (4) The Department of Alcoholic Beverage and Cannabis Control shall devise a plan
25 and time frame for enforcement to determine by random inspection if the percentage
26 of retailers or distributors making illegal sales to persons under the age of twenty-
27 one (21) does or does not exceed federal guidelines preventing tobacco sales to

1 persons under the age of twenty-one (21).

2 ➔Section 71. KRS 438.340 is amended to read as follows:

3 The Department of Alcoholic Beverage and Cannabis Control and the Department of
4 Agriculture are authorized to promulgate administrative regulations pursuant to KRS
5 Chapter 13A as necessary to implement and carry out the provisions of KRS 438.305 to
6 438.340.

7 ➔Section 72. KRS 241.020 is amended to read as follows:

8 (1) The department shall administer statutes relating to, and regulate traffic in,
9 alcoholic beverages, except that the collection of taxes shall be administered by the
10 Department of Revenue. The department is charged with the implementation,
11 operation, oversight, and regulation of the medicinal cannabis program
12 established in Sections 1 to 30 of this Act. The department may issue advisory
13 opinions and declaratory rulings related to KRS Chapters 241 to 244 and the
14 administrative regulations promulgated under those chapters.

15 (2) A Division of Distilled Spirits, under the supervision of the board, shall administer
16 the laws in relation to traffic in distilled spirits and wine.

17 (3) A Division of Malt Beverages, under the supervision of the board, shall administer
18 the laws in relation to traffic in malt beverages.

19 (4) A Division of Medicinal Cannabis shall consist of a director and the necessary
20 staff to fill its statewide regulatory responsibilities under Sections 1 to 30 of this
21 Act.

22 (5) A Division of Alcoholic Beverage and Cannabis Enforcement shall be headed by
23 a director, who shall be responsible for the detection, investigation, and
24 enforcement of infractions of administrative regulations and laws associated with
25 Sections 1 to 30 of this Act.

26 ➔Section 73. There is hereby appropriated to the Department of Alcoholic
27 Beverage and Cannabis Control Restricted Funds in the amount of \$1,500,000 in fiscal

1 year 2022-2023 for the creation of the Division of Medicinal Cannabis and the Division
2 of Alcoholic Beverage and Cannabis Enforcement and for the initial development and
3 operation of the state's medicinal cannabis program.

4 ➔Section 74. Section 2, Sections 4 to 8, Section 11, Sections 13 to 15, Sections
5 18 to 25, Section 30, and Sections 37 to 41 of this Act take effect July 1, 2023.