

SENATE BILL 1012

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CF HB 1449

By: **Senator Carter**

Introduced and read first time: February 12, 2020

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **Health – Medical Cannabis Reauthorization Act**

3 FOR the purpose of repealing the limit on the number of licenses the Natalie M. LaPrade
4 Medical Cannabis Commission may issue for medical cannabis growers and medical
5 cannabis processors; repealing the requirement that the Commission rescind certain
6 preapprovals under certain circumstances; repealing the requirement that the
7 number of certain licenses the Commission may issue be decreased by a certain
8 number under certain circumstances; requiring, rather than authorizing, the
9 Commission to conduct certain studies; requiring that the studies be conducted in a
10 certain year; requiring the Commission to report the findings of their studies to the
11 General Assembly; altering certain review processes required to be established by
12 the Commission; requiring the Commission to grant or deny certain applications for
13 certain licenses within a certain number of days; requiring certain applicants who
14 have received a certain preapproval to request certain inspections within a certain
15 period of time; requiring the Commission to conduct certain inspections requested
16 by certain applicants within a certain number of days; authorizing the Commission
17 to grant certain extensions for obtaining certain inspections; and generally relating
18 to licensure of medical cannabis growers and processors.

19 BY repealing and reenacting, with amendments,
20 Article – Health – General
21 Section 13–3306 and 13–3309
22 Annotated Code of Maryland
23 (2019 Replacement Volume)

24 BY repealing and reenacting, without amendments,
25 Article – Health – General
26 Section 13–3316
27 Annotated Code of Maryland
28 (2019 Replacement Volume)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
That the Laws of Maryland read as follows:

Article – Health – General

13–3306.

(a) (1) The Commission shall license medical cannabis growers that meet all requirements established by the Commission to operate in the State to provide cannabis to:

(i) Processors licensed by the Commission under this subtitle;

(ii) Dispensaries licensed by the Commission under this subtitle;

and

(iii) Independent testing laboratories registered with the Commission under this subtitle.

(2) (i) [Subject to subparagraph (ii) of this paragraph, the Commission may license no more than 22 medical cannabis growers.

(ii) 1. If an applicant for licensure that received Stage One preapproval in calendar year 2016 for a medical cannabis grower license fails to satisfy the requirements for licensure established by the Commission, the Commission shall rescind the applicant's Stage One preapproval.

2. If the Commission rescinds the Stage One preapproval for a license of an applicant under subparagraph 1 of this subparagraph, the maximum number of medical cannabis grower licenses authorized under subparagraph (i) of this paragraph shall be reduced by one medical cannabis grower license.

(iii) 1. Subject to subparagraph 2 of this subparagraph, [beginning December 1, 2024, the Commission may report to the General Assembly, in accordance with § 2–1257 of the State Government Article,] **IN 2030 THE COMMISSION SHALL:**

A. CONDUCT A STUDY on the number of licenses necessary to meet the demand for medical cannabis by qualifying patients and caregivers issued identification cards under this subtitle in an affordable, accessible, secure, and efficient manner; **AND**

B. REPORT THE FINDINGS OF THE STUDY TO THE GENERAL ASSEMBLY, IN ACCORDANCE WITH § 2–1257 OF THE STATE GOVERNMENT ARTICLE.

2. Before the Commission [determines to submit] **SUBMITS**

the report described under subparagraph 1 of this subparagraph, the Commission shall provide the Legislative Policy Committee at least 30 days to submit comments to the Commission.

[(iv)] (II) The Commission shall establish an application review process for granting medical cannabis grower licenses in which applications are [reviewed, evaluated, and ranked] **REVIEWED AND EVALUATED ON A FIRST-COME, FIRST-SERVED BASIS**, based on criteria established by the Commission.

(III) THE COMMISSION SHALL GRANT OR DENY AN APPLICATION FOR STAGE ONE PREAPPROVAL WITHIN 60 DAYS AFTER RECEIVING THE APPLICATION.

(IV) 1. SUBJECT TO SUBSUBPARAGRAPH 3 OF THIS SUBPARAGRAPH, AN APPLICANT THAT HAS RECEIVED STAGE ONE PREAPPROVAL FOR A LICENSE SHALL REQUEST THE COMMISSION TO CONDUCT ANY INSPECTIONS NECESSARY FOR LICENSURE WITHIN 1 YEAR AFTER RECEIVING PREAPPROVAL.

2. THE COMMISSION SHALL CONDUCT ANY INSPECTIONS NECESSARY FOR LICENSURE WITHIN 30 DAYS AFTER A REQUEST FOR INSPECTION HAS BEEN MADE BY AN APPLICANT IN ACCORDANCE WITH SUBSUBPARAGRAPH 1 OF THIS SUBPARAGRAPH.

3. ON A CASE-BY-CASE BASIS, THE COMMISSION MAY GRANT AN EXTENSION OF THE TIME WITHIN WHICH A STAGE ONE PREAPPROVED APPLICANT IS REQUIRED TO REQUEST INSPECTIONS UNDER SUBSUBPARAGRAPH 1 OF THIS SUBPARAGRAPH.

(v) A person may not have an ownership interest in or control of, including the power to manage and operate, more than one grower.

(vi) A grower shall pay an application fee in an amount to be determined by the Commission consistent with this subtitle.

(3) The Commission shall set standards for licensure as a medical cannabis grower to ensure public safety and safe access to medical cannabis, which may include a requirement for the posting of security.

(4) Each medical cannabis grower agent shall:

(i) Be registered with the Commission before the medical cannabis grower agent may volunteer or work for a licensed grower; and

(ii) Obtain a State and national criminal history records check in accordance with § 13-3312 of this subtitle.

(5) (i) A licensed grower shall apply to the Commission for a registration card for each medical cannabis grower agent by submitting the name, address, and date of birth of the agent.

(ii) 1. Within 1 business day after a medical cannabis grower agent ceases to be associated with a grower, the grower shall:

A. Notify the Commission; and

B. Return the medical cannabis grower agent's registration card to the Commission.

2. On receipt of a notice described in subsubparagraph 1A of this subparagraph, the Commission shall:

A. Immediately revoke the registration card of the medical cannabis grower agent; and

B. If the registration card was not returned to the Commission, notify the Department of State Police.

(iii) The Commission may register a person who has been convicted of a felony drug offense as a medical cannabis grower agent unless:

1. Except as provided in item 2 of this subparagraph, the individual submitted an application under subparagraph (i) of this paragraph earlier than 7 years after the individual satisfied the sentence imposed for the conviction, including parole, probation, or mandatory supervision;

2. The individual has been convicted of a violation of § 5–612 or § 5–613 of the Criminal Law Article, regardless of whether the individual has satisfactorily completed the sentence for the offense; or

3. The Commission finds a substantial reason to deny the registration.

(6) (i) A medical cannabis grower license is valid for 6 years on initial licensure.

(ii) A medical cannabis grower license is valid for 4 years on renewal.

(7) An application to operate as a medical cannabis grower may be submitted in paper or electronic form.

(8) The Commission shall encourage licensing medical cannabis growers that grow strains of cannabis, including strains with high cannabidiol content and a broad

1 variety of tetrahydrocannabinol (THC) and cannabidiol (CBD) content, with demonstrated
2 success in alleviating symptoms of specific diseases or conditions.

3 (9) (i) The Commission shall:

4 1. To the extent permitted by federal and State law, actively
5 seek to achieve racial, ethnic, gender, and geographic diversity when licensing medical
6 cannabis growers; and

7 2. Encourage applicants who qualify as a minority business
8 enterprise, as defined in § 14–301 of the State Finance and Procurement Article, or who
9 are small, minority, or women–owned business entities to apply for licensure as medical
10 cannabis growers.

11 (ii) Beginning June 1, 2018, a grower licensed under this subtitle to
12 operate as a medical cannabis grower shall report annually to the Commission on:

13 1. The number of minority and women owners of the grower;

14 2. The ownership interest of any minority and women
15 owners of the grower; and

16 3. The number of minority and women employees of the
17 grower.

18 (10) An entity seeking licensure as a medical cannabis grower shall meet
19 local zoning and planning requirements.

20 (b) An entity licensed to grow medical cannabis under this section may provide
21 cannabis only to:

22 (1) Processors licensed by the Commission under this subtitle;

23 (2) Dispensaries licensed by the Commission under this subtitle;

24 (3) Qualified patients;

25 (4) Caregivers;

26 (5) Independent testing laboratories registered with the Commission
27 under this subtitle; and

28 (6) Academic research representatives purchasing medical cannabis under
29 § 13–3304.1 of this subtitle.

30 (c) (1) An entity licensed to grow cannabis under this section may dispense
31 cannabis from a facility of a grower licensed as a dispensary.

(2) A qualifying patient, a caregiver, or an academic research representative purchasing medical cannabis under § 13–3304.1 of this subtitle may obtain medical cannabis from a facility of a grower licensed as a dispensary.

(3) An entity licensed to grow medical cannabis under this section may grow and process medical cannabis on the same premises.

(d) An entity licensed to grow medical cannabis under this section shall ensure that safety precautions established by the Commission are followed by any facility operated by the grower.

(e) The Commission shall establish requirements for security and the manufacturing process that a grower must meet to obtain a license under this section, including a requirement for a product–tracking system.

(f) The Commission may inspect a grower licensed under this section to ensure compliance with this subtitle.

(g) The Commission may impose penalties or rescind the license of a grower that does not meet the standards for licensure set by the Commission.

(h) A grower licensed under this section or a medical cannabis grower agent registered under this section may not be penalized or arrested under State law for:

(1) Cultivating, possessing, packaging, transferring, transporting, selling, or distributing medical cannabis to a processor or dispensary; or

(2) Transporting the medical cannabis to an independent testing laboratory.

(i) A grower licensed under this subtitle is subject to the Maryland Antitrust Act and the Maryland Sales Below Cost Act.

13–3309.

(a) A processor shall be licensed by the Commission.

(b) To be licensed as a processor, an applicant shall submit to the Commission:

(1) An application fee in an amount to be determined by the Commission in accordance with this subtitle; and

(2) An application that includes:

(i) The legal name and physical address of the proposed processor;

(ii) The name, address, and date of birth of each principal officer and director, none of whom may have served as a principal officer or director for a licensee under this subtitle that has had its license revoked; and

(iii) Operating procedures that the processor will use, consistent with Commission regulations for oversight, including storage of cannabis, extracts, and products containing cannabis only in enclosed and locked facilities.

(c) (1) [(i) Subject to subparagraph (ii) of this paragraph, the Commission may license no more than 28 processors.

(ii) 1. If an applicant for licensure that received Stage One preapproval in calendar year 2016 for a medical cannabis processor license fails to satisfy the requirements for licensure established by the Commission, the Commission shall rescind the applicant's Stage One preapproval.

2. If the Commission rescinds the Stage One preapproval for a license of an applicant under subparagraph 1 of this subparagraph, the maximum number of medical cannabis processor licenses authorized under subparagraph (i) of this paragraph shall be reduced by the number of medical cannabis processor licenses rescinded by the Commission.

(2) (i) Subject to subparagraph (ii) of this paragraph, [beginning December 1, 2024, the Commission may report to the General Assembly, in accordance with § 2–1257 of the State Government Article,] **IN 2030 THE COMMISSION SHALL:**

1. CONDUCT A STUDY on the number of licenses necessary to meet the demand for medical cannabis by qualifying patients and caregivers issued identification cards under this subtitle in an affordable, accessible, secure, and efficient manner; **AND**

2. REPORT THE FINDINGS OF THE STUDY TO THE GENERAL ASSEMBLY, IN ACCORDANCE WITH § 2–1257 OF THE STATE GOVERNMENT ARTICLE.

(ii) Before the Commission [determines to submit] **SUBMITS** the report described under subparagraph (i) of this paragraph, the Commission shall provide the Legislative Policy Committee at least 30 days to submit comments to the Commission.

[(3)] **(2) (I)** The Commission shall establish an application review process for granting processor licenses in which applications are [reviewed, evaluated, and ranked] **REVIEWED AND EVALUATED ON A FIRST-COME, FIRST-SERVED BASIS**, based on criteria established by the Commission.

(II) THE COMMISSION SHALL GRANT OR DENY AN APPLICATION FOR STAGE ONE PREAPPROVAL WITHIN 60 DAYS AFTER RECEIVING THE

1 APPLICATION.

2 (III) 1. SUBJECT TO SUBSUBPARAGRAPH 3 OF THIS
3 SUBPARAGRAPH, AN APPLICANT THAT HAS RECEIVED STAGE ONE PREAPPROVAL
4 FOR A LICENSE SHALL REQUEST THE COMMISSION TO CONDUCT ANY INSPECTIONS
5 NECESSARY FOR LICENSURE WITHIN 1 YEAR AFTER RECEIVING PREAPPROVAL.

6 2. THE COMMISSION SHALL CONDUCT ANY
7 INSPECTIONS NECESSARY FOR LICENSURE WITHIN 30 DAYS AFTER A REQUEST FOR
8 INSPECTION HAS BEEN MADE BY AN APPLICANT IN ACCORDANCE WITH
9 SUBSUBPARAGRAPH 1 OF THIS SUBPARAGRAPH.

10 3. ON A CASE-BY-CASE BASIS, THE COMMISSION MAY
11 GRANT AN EXTENSION OF THE TIME WITHIN WHICH A STAGE ONE PREAPPROVED
12 APPLICANT IS REQUIRED TO REQUEST INSPECTIONS UNDER SUBSUBPARAGRAPH 1
13 OF THIS SUBPARAGRAPH.

14 [(4)] (3) (i) The Commission shall:

15 1. To the extent permitted by federal and State law, actively
16 seek to achieve racial, ethnic, gender, and geographic diversity when licensing processors;
17 and

18 2. Encourage applicants who qualify as a minority business
19 enterprise, as defined in § 14-301 of the State Finance and Procurement Article, or who
20 are small, minority, or women-owned business entities to apply for licensure as processors.

21 (ii) Beginning June 1, 2018, a processor licensed under this subtitle
22 shall report annually to the Commission on:

23 1. The number of minority and women owners of the
24 processor;

25 2. The ownership interest of any minority and women
26 owners of the processor; and

27 3. The number of minority and women employees of the
28 processor.

29 (d) A person may not have an ownership interest in or control of, including the
30 power to manage and operate, more than one processor.

31 (e) (1) A processor license is valid for 6 years on initial licensure.

32 (2) A processor license is valid for 4 years on renewal.

(f) The Commission shall allow a processor licensed under this section or a processor agent registered under § 13–3310 of this subtitle to:

(1) Acquire, possess, process, package, label, transfer, transport, sell, and distribute to a dispensary edible cannabis products for use by a qualifying patient, a caregiver, or an academic research representative purchasing medical cannabis under § 13–3304.1 of this subtitle; and

(2) Transport edible cannabis products to an independent testing laboratory.

(g) A processor licensed under this section or a processor agent registered under § 13–3310 of this subtitle may not be penalized or arrested under State law for:

(1) Acquiring, possessing, processing, packaging, labeling, transferring, transporting, selling, or distributing medical cannabis or products containing medical cannabis to a dispensary for use by a qualifying patient, a caregiver, or an academic research representative purchasing medical cannabis under § 13–3304.1 of this subtitle; or

(2) Transporting medical cannabis or products containing medical cannabis to an independent testing laboratory.

(h) The Commission shall establish requirements for security and product handling procedures that a processor must meet to obtain a license under this section, including a requirement for a product–tracking system.

(i) The Commission may inspect a processor licensed under this section to ensure compliance with this subtitle.

(j) The Commission, in consultation with the Department, shall adopt regulations:

(1) Including but not limited to the packaging, labeling, marketing, and appearance of edible cannabis products, to ensure the safety of minors; and

(2) To require a processor to meet any additional requirements that the Commission determines are necessary, including requiring a permit, for the processing of edible cannabis products.

(k) The Commission may impose penalties or rescind the license of a processor that does not meet the standards for licensure set by the Commission.

(l) A processor licensed under this subtitle is subject to the Maryland Antitrust Act and the Maryland Sales Below Cost Act.

13–3316.

1 The Commission shall adopt regulations to implement the provisions of this subtitle.

2 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
3 October 1, 2020.