

# HOUSE BILL 1068

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By: **Delegate Kipke**

Introduced and read first time: February 6, 2020

Assigned to: Health and Government Operations

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## A BILL ENTITLED

1 AN ACT concerning

2 **Medical Cannabis – Dispensaries and Medical Cannabis Laboratory Advisory**  
3 **Council**

4 FOR the purpose of prohibiting the imposition of a penalty or arrest for a medical cannabis  
5 dispensary or its agents for acquiring, possessing, transferring, transporting, selling,  
6 distributing, or dispensing medical cannabis, products containing medical cannabis,  
7 related supplies, or educational materials for use by a certain independent testing  
8 laboratory or its agents; establishing the Medical Cannabis Laboratory Advisory  
9 Council within the Natalie M. LaPrade Medical Cannabis Commission; providing for  
10 the composition, chair, and staffing of the Advisory Council; providing for the terms  
11 of the members; prohibiting a member of the Advisory Council from receiving certain  
12 compensation, but authorizing the reimbursement of certain expenses; requiring the  
13 Advisory Council to meet at least a certain number of times a year and make  
14 recommendations to the Commission regarding certain matters; authorizing the  
15 Advisory Council to seek, accept, and expend certain funds and to seek, accept, and  
16 use certain services; specifying the terms of certain initial members of the Advisory  
17 Council; defining certain terms; and generally relating to testing on medical  
18 cannabis.

19 BY repealing and reenacting, with amendments,  
20 Article – Health – General  
21 Section 13–3307  
22 Annotated Code of Maryland  
23 (2019 Replacement Volume)

24 BY repealing and reenacting, without amendments,  
25 Article – Health – General  
26 Section 13–3311  
27 Annotated Code of Maryland  
28 (2019 Replacement Volume)

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



BY adding to  
Article – Health – General  
Section 13–3311.2  
Annotated Code of Maryland  
(2019 Replacement Volume)

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

**Article – Health – General**

13–3307.

(a) (1) A dispensary shall be licensed 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, 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.

(ii) Before the Commission determines to submit 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.

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

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

(2) An application that includes:

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

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

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

(c) (1) The Commission shall:

(i) Establish an application review process for granting dispensary licenses in which applications are reviewed, evaluated, and ranked based on criteria established by the Commission;

(ii) To the extent permitted by federal and State law, actively seek to achieve racial, ethnic, gender, and geographic diversity when licensing dispensaries; and

(iii) Encourage applicants who qualify as a minority business enterprise, as defined in § 14–301 of the State Finance and Procurement Article, or who are small, minority, or women-owned business entities to apply for licensure as dispensaries.

(2) Beginning June 1, 2018, a dispensary licensed under this subtitle shall report annually to the Commission on:

(i) The number of minority and women owners of the dispensary;

(ii) The ownership interest of any minority and women owners of the dispensary; and

(iii) The number of minority and women employees of the dispensary.

(d) The Commission shall allow a person to have an ownership interest in or control of, including the power to manage and operate, up to four dispensaries under this section.

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

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

(f) The Commission shall allow a dispensary licensed under this section or a dispensary agent registered under § 13–3308 of this subtitle to acquire, possess, transfer, transport, sell, distribute, or dispense 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.

(g) **(1) (I) IN THIS SUBSECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.**

**(II) “INDEPENDENT TESTING LABORATORY” MEANS AN ENTITY THAT IS REGISTERED BY THE COMMISSION AS AN INDEPENDENT TESTING LABORATORY UNDER § 13–3311 OF THIS SUBTITLE.**

**(III) “INDEPENDENT TESTING LABORATORY AGENT” MEANS AN OWNER, AN EMPLOYEE, OR A VOLUNTEER OF A CERTIFIED INDEPENDENT TESTING LABORATORY WHO IS AT LEAST 21 YEARS OLD AND HAS NOT BEEN CONVICTED OF A FELONY DRUG OFFENSE.**

**(2)** A dispensary licensed under this section or a dispensary agent

registered under § 13–3308 of this subtitle may not be penalized or arrested under State law for acquiring, possessing, transferring, transporting, selling, distributing, or dispensing medical cannabis, products containing medical cannabis, related supplies, or educational materials for use by [a]:

(I) A qualifying patient[, a];

(II) A caregiver[, or an];

(III) AN academic research representative purchasing medical cannabis under § 13–3304.1 of this subtitle; OR

(IV) AN INDEPENDENT TESTING LABORATORY OR AN INDEPENDENT TESTING LABORATORY AGENT.

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

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

(j) The Commission, in consultation with the Department, shall adopt regulations to require a dispensary to meet any additional requirements that the Commission determines are necessary, including requiring a permit, for the dispensing of edible cannabis products.

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

(l) (1) Each dispensary licensed under this section shall submit to the Commission a quarterly report.

(2) The quarterly report shall include:

(i) The number of patients served;

(ii) The county of residence of each patient served;

(iii) The medical condition for which medical cannabis was recommended;

(iv) The type and amount of medical cannabis dispensed; and

(v) If available, a summary of clinical outcomes, including adverse events and any cases of suspected diversion.

(3) The quarterly report may not include any personal information that identifies a patient.

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

13-3311.

(a) The Commission shall register at least one private independent testing laboratory to test cannabis and products containing cannabis that are to be sold in the State.

(b) To be registered as an independent testing laboratory, a laboratory shall:

(1) Meet the application requirements established by the Commission;

(2) Pay any applicable fee required by the Commission; and

(3) Meet the standards and requirements for accreditation, inspection, and testing established by the Commission.

(c) The Commission shall adopt regulations that establish:

(1) The standards and requirements to be met by an independent laboratory to obtain a registration;

(2) The standards of care to be followed by an independent testing laboratory;

(3) The initial and renewal terms for an independent laboratory registration and the renewal procedure; and

(4) The bases and processes for denial, revocation, and suspension of a registration of an independent testing laboratory.

(d) The Commission may inspect an independent testing laboratory registered under this section to ensure compliance with this subtitle.

**13-3311.2.**

**(A) THERE IS A MEDICAL CANNABIS LABORATORY ADVISORY COUNCIL WITHIN THE COMMISSION.**

**(B) THE ADVISORY COUNCIL CONSISTS OF THE FOLLOWING MEMBERS, APPOINTED BY THE GOVERNOR, WITH THE ADVICE AND CONSENT OF THE SENATE**

1 OF MARYLAND:

2 (1) ONE REPRESENTATIVE OF THE DEPARTMENT;

3 (2) ONE REPRESENTATIVE OF A STATE AGENCY IN CHARGE OF  
4 REGULATING ENVIRONMENTAL, FOOD, OR PHARMACEUTICAL TESTING  
5 LABORATORIES IN THE STATE;

6 (3) ONE REPRESENTATIVE OF A GOVERNMENT AGENCY IN CHARGE  
7 OF ENSURING FOOD AND OTHER CONSUMER PRODUCT SAFETY;

8 (4) ONE REPRESENTATIVE FOR THE OFFICE OF THE GOVERNOR IN  
9 CHARGE OF COORDINATING MEDICAL CANNABIS POLICY;

10 (5) ONE REPRESENTATIVE OF A STATE-REGISTERED INDEPENDENT  
11 TESTING LABORATORY;

12 (6) ONE REPRESENTATIVE OF A MEDICAL CANNABIS CULTIVATION  
13 FACILITY;

14 (7) ONE REPRESENTATIVE OF A MEDICAL CANNABIS PROCESSING  
15 FACILITY;

16 (8) ONE REPRESENTATIVE OF MEDICAL CANNABIS CONSUMERS;

17 (9) ONE LABORATORY SCIENTIST WHO HOLDS A DOCTORATE,  
18 MASTERS, OR BACHELOR OF SCIENCE DEGREE AND WHO HAS AT LEAST 2 YEARS OF  
19 EXPERIENCE IN TESTING PHARMACEUTICALS OR CANNABIS IN A LABORATORY;

20 (10) ONE REPRESENTATIVE FROM A GOVERNMENT AGENCY OR  
21 PRIVATE INDUSTRY WITH EXPERIENCE OPERATING OR AUDITING FOOD, MEDICINE,  
22 OR CONSUMER PRODUCTS TESTING LABORATORIES;

23 (11) ONE REPRESENTATIVE FROM A GOVERNMENT AGENCY OR  
24 PRIVATE INDUSTRY WITH EXPERIENCE IN THE POLICY AND SCIENCE OF PRODUCT  
25 SAMPLING OR LABORATORY TESTING; AND

26 (12) ANY OTHER MEMBERS THE COMMISSION DETERMINES ARE  
27 NECESSARY.

28 (C) THE REPRESENTATIVE FROM THE MARYLAND DEPARTMENT OF  
29 HEALTH AND THE REPRESENTATIVE OF A STATE AGENCY IN CHARGE OF  
30 REGULATING ENVIRONMENTAL, FOOD, OR PHARMACEUTICAL TESTING

1 LABORATORIES IN THE STATE SHALL SERVE AS THE COCHAIRS OF THE ADVISORY  
2 COUNCIL.

3 (D) THE COMMISSION SHALL PROVIDE STAFF FOR THE ADVISORY  
4 COMMITTEE.

5 (E) (1) THE TERM OF A MEMBER IS 4 YEARS.

6 (2) THE TERMS OF THE APPOINTED MEMBERS ARE STAGGERED AS  
7 REQUIRED BY THE TERMS PROVIDED FOR MEMBERS ON OCTOBER 1, 2020.

8 (3) AT THE END OF A TERM, A MEMBER CONTINUES TO SERVE UNTIL  
9 A SUCCESSOR IS APPOINTED AND QUALIFIES.

10 (4) A MEMBER MAY NOT SERVE MORE THAN THREE CONSECUTIVE  
11 FULL TERMS.

12 (5) A MEMBER WHO IS APPOINTED AFTER A TERM HAS BEGUN SERVES  
13 ONLY FOR THE REST OF THE TERM AND UNTIL A SUCCESSOR IS APPOINTED AND  
14 QUALIFIES.

15 (F) A MEMBER OF THE ADVISORY COUNCIL:

16 (1) MAY NOT RECEIVE COMPENSATION AS A MEMBER OF THE  
17 ADVISORY COUNCIL; BUT

18 (2) IS ENTITLED TO REIMBURSEMENT FOR EXPENSES UNDER THE  
19 STANDARD STATE TRAVEL REGULATIONS, AS PROVIDED IN THE STATE BUDGET.

20 (G) (1) THE ADVISORY COUNCIL SHALL:

21 (I) MEET AT LEAST FOUR TIMES PER YEAR; AND

22 (II) MAKE RECOMMENDATIONS TO THE COMMISSION  
23 REGARDING:

24 1. ESTABLISHING A REQUIRED MEDICAL CANNABIS  
25 TESTING PROGRAM TO ENSURE PATIENT SAFETY;

26 2. TESTING AND POTENCY STANDARDS FOR ALL  
27 MEDICAL CANNABIS PRODUCTS;

28 3. PROCEDURAL REQUIREMENTS FOR COLLECTING,

1 STORING, AND TESTING SAMPLES OF ALL MEDICAL CANNABIS PRODUCTS FROM  
2 GROWERS, PROCESSORS, AND DISPENSARIES LICENSED UNDER THIS TITLE;

3 4. REMEDIATION AND DISPOSAL REQUIREMENTS FOR  
4 MEDICAL CANNABIS PRODUCTS THAT FAIL TO MEET TESTING STANDARDS; AND

5 5. ANY ADDITIONAL ITEMS RELATED TO TESTING OF  
6 MEDICAL CANNABIS.

7 (2) THE ADVISORY COUNCIL MAY:

8 (I) SEEK, ACCEPT, AND EXPEND FUNDS FROM ANY SOURCE,  
9 INCLUDING DONATIONS, STATE APPROPRIATIONS, AND STATE GRANTS; AND

10 (II) SEEK, ACCEPT, AND USE SERVICES FROM INDIVIDUALS,  
11 CORPORATIONS, AND GOVERNMENT ENTITIES.

12 SECTION 2. AND BE IT FURTHER ENACTED, That the initial terms of members  
13 of the Medical Cannabis Laboratory Advisory Council appointed under § 13–3311.2(b)(1)  
14 through (11) of the Health – General Article, as enacted by Section 1 of this Act, shall expire  
15 as follows:

16 (1) four members in 2023;

17 (2) four members in 2024; and

18 (3) three members in 2025.

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