HOUSE BILL 1443

J1  EMERGENCY BILL  7lr2826
CF SB 999


Introduced and read first time: February 10, 2017
Assigned to: Health and Government Operations

Committee Report: Favorable with amendments
House action: Adopted with floor amendments
Read second time: March 27, 2017

CHAPTER ______

AN ACT concerning

Natalie M. LaPrade Medical Cannabis Commission Reform Act

FOR the purpose of repealing provisions of law establishing the Natalie M. LaPrade Medical Cannabis Commission, authorizing the Commission to register certifying providers, authorizing the Commission to license medical cannabis growers, dispensaries, processors, certain agents, and independent testing laboratories, and requiring the Commission to provide certain reports and adopt certain regulations; repealing provisions of law related to the functions of the Commission; establishing the Medical Cannabis Division in the Department of Health and Mental Hygiene; providing for the purpose of the Division; requiring the Division to develop certain identification cards and adopt certain regulations; requiring the Division to develop and maintain a Web site that provides certain information; authorizing the Division to employ certain staff and set certain fees; establishing the Natalie M. LaPrade Medical Cannabis Licensing Unit in the Division; providing for the membership of the Unit; requiring the membership of the Unit to reflect the racial and gender diversity of the State; providing for the terms of the members; requiring the

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.
Brackets] indicate matter deleted from existing law.
Underlining indicates amendments to bill.
Strike out indicates matter stricken from the bill by amendment or deleted from the law by amendment.
Governor to designate the chair of the Unit; providing that a majority of the full 
authorized membership of the Unit is a quorum; providing that a member of the Unit 
shall receive a certain annual salary and is entitled to certain reimbursement; 
requiring the Unit to solicit, review, minimally qualify, and rank applications for 
certain licenses each year; establishing the Natalie M. LaPrade Medical Cannabis 
Division Fund; requiring the Division to administer the Fund; providing that the 
Fund is a special, nonlapsing fund that is not subject to a certain provision of law; 
requiring the State Treasurer to hold the Fund separately, and the Comptroller to 
account for the Fund; requiring the Fund to be invested and reinvested in a certain 
manner; providing that investment earnings of the Fund shall be retained to the 
credit of the Fund; providing that the Fund is subject to a certain audit; requiring 
the Comptroller to pay out money from the Fund as directed by the Division; 
providing that the Fund consists of certain money and fees; prohibiting any part of 
the Fund from reverting or being credited to certain funds; providing that 
expenditures from the Fund may be made only in accordance with the State budget; 
establishing the Small, Minority, and Women-Owned Medical Cannabis Business 
Account under the authority of the Board of Public Works; providing for the purpose 
of the Account; providing that the Account shall receive a certain percentage of 
certain sales; requiring money in the Account to be invested and reinvested by the 
Treasurer and that interest and earnings shall accrue to the Account; requiring the 
Comptroller to account for the Account and to pay out money from the Account in a 
certain manner; providing that the Account is a special, nonlapsing fund that is not 
subject to a certain provision of law; providing that expenditures from the Account 
shall be made only in a certain manner; requiring the Board of Public Works to make 
certain grants; requiring certain eligible fund managers to reserve a certain portion 
of certain grants for a certain purpose; requiring the Unit to consider certain funds 
when scoring and ranking certain applications; requiring certain eligible fund 
managers to prioritize meeting certain needs, keep certain records, and provide a 
certain annual report; authorizing certain eligible fund managers to make a certain 
determination; providing that certain eligible fund managers are subject to a certain 
audit; authorizing an eligible fund manager to use certain money to pay certain 
expenses; requiring the Division to register certain individuals as certifying 
providers; requiring a provider to submit a certain proposal to the Division to be 
registered as a certifying provider; prohibiting the Division from requiring an 
individual to meet certain requirements to be registered as a certifying provider; 
encouraging the Division to approve provider applications for certain medical 
conditions; prohibiting the Division from limiting treatment of a particular medical 
condition to one class of providers; authorizing the Division to approve certain 
applications; prohibiting a certifying provider or the spouse of a certifying provider 
from receiving certain gifts or having a certain ownership interest; authorizing a 
certifying provider to receive certain compensation under certain circumstances; 
providing that a qualifying patient may be a patient of a certifying provider or may 
be referred by the certifying provider; requiring a certifying provider to provide each 
written certification to the Division; requiring the Division to issue an identification 
card to certain individuals under certain circumstances; authorizing a certifying 
provider to discuss medical cannabis with a patient; providing that a qualifying 
patient or caregiver may obtain medical cannabis only from certain entities;
providing that certain qualifying patients may obtain medical cannabis only through
a certain individual; providing that a caregiver may serve no more than a certain
number of qualifying patients at any time; providing that a qualifying patient may
have no more than a certain number of caregivers; authorizing a certifying provider
to register on a certain basis; requiring the Division to grant or deny a certain
renewal based on the performance of the certifying provider in complying with
certain regulations; requiring the Division, on or before a certain date each year, to
report certain information to the Governor and the General Assembly; requiring the
Division to license medical cannabis growers that meet certain requirements;
requiring the Division, on or before a certain date, to provide certain assistance to
the Unit and to award a certain number of medical cannabis grower licenses;
authorizing the Division, on or before a certain date and with a certain frequency, to
award a certain number of medical cannabis grower licenses; requiring the Division
to establish a certain application review process; requiring that certain applicants
be placed on a certain waiting list in a certain order; requiring the Division to
consider a certain applicant's placement on the waiting list when awarding certain
licenses unless the Division makes a certain determination; prohibiting the Division
from awarding more than one medical cannabis grower license to each applicant;
requiring a medical cannabis grower to pay a certain application fee; requiring the
Division to set certain standards; requiring each medical cannabis grower agent to
be registered with the Division and to obtain a certain criminal history records check;
requiring a medical cannabis grower to apply to the Division for a certain
registration card in a certain manner; requiring a medical cannabis grower to follow
certain procedures after a grower agent ceases to be associated with the grower
within a certain timeframe; requiring the Division to take certain action on receipt
of a certain notice; prohibiting the Division from registering certain persons as
grower agents; providing that a medical cannabis grower license is valid for a certain
number of years on initial licensure and on renewal; providing that a certain
application may be submitted in certain forms; requiring the Division to encourage
the licensure of certain medical cannabis growers; requiring certain factors to
account for certain percentages of a certain score if a certain scoring system is used;
requiring the Division to actively seek to achieve certain diversity when licensing
certain growers, processors, and dispensaries; requiring the Division to strongly
encourage and conduct ongoing outreach to certain business enterprises to apply for
certain licensure; requiring the Division to establish a certain evaluation preference;
requiring certain growers, dispensaries, and processors, beginning on a certain date,
to provide certain information to the Division at certain intervals; requiring certain
entities to meet certain requirements; providing that certain growers may provide
medical cannabis only to certain entities and individuals; authorizing certain
growers to dispense medical cannabis from a certain location; authorizing certain
individuals to obtain medical cannabis from certain facilities; authorizing certain
entities to grow and process medical cannabis on the same premises; requiring
certain growers to ensure that certain safety precautions are followed; requiring the
Division to establish certain requirements; authorizing the Division to inspect
certain entities for a certain purpose; authorizing the Division to impose certain
penalties or rescind certain licenses under certain circumstances; requiring the
Division to license medical cannabis dispensaries; requiring an applicant for a
medical cannabis dispensary license to submit a certain application and fee to the Division; requiring the Division to award a certain number of medical cannabis dispensary licenses; prohibiting the Division from awarding more than one medical cannabis dispensary license to each applicant; providing that a medical cannabis dispensary license is valid for a certain number of years on initial licensure and on renewal; providing that certain dispensaries and certain dispensary agents may not be subject to certain penalties; requiring each medical cannabis dispensary agent to be at least a certain age, be registered with the Division, and obtain a certain criminal history records check; requiring a medical cannabis dispensary to apply to the Division for a certain registration card in a certain manner; requiring a medical cannabis dispensary to follow certain procedures after a dispensary agent ceases to be associated with the dispensary within a certain time frame; prohibiting the Division from registering certain individuals as dispensary agents; requiring the Division to license medical cannabis processors; requiring an applicant for a medical cannabis processor license to submit a certain application and fee to the Division; requiring the Division to award a certain number of medical cannabis processor licenses; prohibiting the Division from awarding more than one medical cannabis processor license to each applicant; providing that a medical cannabis processor license is valid for a certain number of years on initial licensure and on renewal; providing that certain processors and certain processor agents may not be subject to certain penalties; requiring each medical cannabis processor agent to be at least a certain age, be registered with the Division, and obtain a certain criminal history records check; requiring a medical cannabis processor to apply to the Division for a certain registration card in a certain manner; requiring a medical cannabis processor to follow certain procedures after a processor agent ceases to be associated with the processor within a certain time frame; prohibiting the Division from registering certain persons as processor agents; requiring the Division to license at least a certain number of private independent testing laboratories for a certain purpose; requiring a laboratory to meet certain requirements to be registered as an independent testing laboratory; authorizing the Division to inspect certain independent testing laboratories for a certain purpose; authorizing the sale or transfer of certain licenses under certain circumstances; providing for the forfeiture of certain licenses under certain circumstances with a certain exception; requiring certain entities to follow certain procedures when selling or transferring a certain license; requiring certain applicants to submit certain forms and fees to the Criminal Justice Information System Central Repository as part of a certain process; requiring the Central Repository to forward certain information to the Division; authorizing the Division to accept an alternate method of a criminal history records check under certain circumstances; providing that certain information is confidential, may not be redisseminated, and may be used only for a certain purpose; authorizing certain individuals to contest the contents of certain statements as provided in a certain provision of law; providing that certain persons may not be subject to certain penalties for the medical use of cannabis; prohibiting a person from distributing, possessing, manufacturing, or using cannabis that has been diverted from certain individuals or entities; establishing certain penalties; providing that certain penalties are in addition to certain other penalties; providing that certain provisions of this Act may not be construed to authorize an individual to engage in certain
activities and does not prevent the imposition of certain penalties for certain actions; providing that this Act may not be construed to provide certain immunity to certain persons; providing that this Act may not be construed to require certain facilities or programs to report certain disciplinary actions to the Division; providing that certain State employees are eligible for certain reimbursement under certain circumstances; authorizing the Governor to suspend implementation of certain provisions of this Act under certain circumstances; making a conforming change; requiring all functions, powers, duties, equipment, assets, liabilities, and employees of the Natalie M. LaPrade Medical Cannabis Commission to be transferred to the Medical Cannabis Division; requiring the Department to take certain actions to ensure that the Medical Cannabis Division and the Unit are operational within a certain period of time; requiring the Department to assign certain staff to the Division and to the Unit; providing that certain actions of the Natalie M. LaPrade Medical Cannabis Commission shall be given full force and effect by the Division; specifying the terms of the initial members of the Unit; making the provisions of this Act severable; defining certain terms; making this Act an emergency measure; and generally relating to the repeal of the Natalie M. LaPrade Medical Cannabis Commission and the establishment of the Medical Cannabis Division and the Natalie M. LaPrade Medical Cannabis Licensing Unit in the Department of Health and Mental Hygiene.

FOR the purpose of requiring the Natalie M. LaPrade Medical Cannabis Commission to conduct ongoing, thorough, and comprehensive outreach to certain small, minority, and women business owners and entrepreneurs for certain purposes; authorizing the Commission to make grants to certain educational and business development organizations for certain purposes; requiring the Commission to partner with the Division of Workforce Development and Adult Learning in the Department of Labor, Licensing, and Regulation to identify certain employment opportunities; altering the membership of the Commission; providing that the certain appointments made to the Commission are subject to the advice and consent of the Senate of Maryland; establishing certain qualifications for appointed members of the Commission; prohibiting a member of the Commission from having certain interests in certain licensees, having a certain relationship to a person who holds a certain license, being a certain official, receiving or sharing in certain receipts or proceeds, or having a certain interest in certain contracts; requiring the membership of the Commission, to the extent practicable and consistent with federal and State law, to reflect the racial, ethnic, and gender diversity of the State; requiring a member of the Commission to file a certain disclosure statement; providing that the terms of the appointed members of the Commission are staggered as required by the terms provided for members on a certain date; providing that appointed members of the Commission are entitled to a certain salary, paid at certain intervals, and reimbursement for certain expenses; authorizing the Governor to remove a member of the Commission for just cause; requiring the Governor to appoint an executive director of the Commission with the advice and consent of the Senate of Maryland; establishing the Natalie M. LaPrade Medical Cannabis Compassionate Use Fund; requiring the Department of Health and Mental Hygiene to administer the Fund; providing that the Fund is a special, nonlapsing fund that is not subject to a certain provision of law; providing for the purpose of the Fund; requiring the State Treasurer to hold the Fund separately and the Comptroller to account for the Fund; requiring
the Fund to be invested and reinvested in a certain manner; providing that interest earnings of the Fund shall be retained to the credit of the Fund; exempting the Fund from a certain provision of law requiring interest earnings on State money to accrue to the General Fund of the State; providing that the Fund is subject to a certain audit; requiring the Comptroller to pay out money from the Fund as directed by the Department; requiring the Commission, in consultation with the Department, to report to the General Assembly, on or before a certain date, on certain anticipated necessary revenues, the amount of certain fees and on which licensees the fees should be assessed in order to generate the necessary revenues, and the use of any other funding mechanisms to implement a certain program; prohibiting any part of the Fund from reverting or being credited to certain funds; providing that expenditures from the Fund may be made only in accordance with the State budget; requiring the Department, in consultation with the Commission, to establish a certain program to allow certain individuals to obtain medical cannabis from certain dispensaries at no cost or a reduced cost and to reimburse certain dispensaries from a certain Fund; requiring the Department to adopt certain regulations; establishing the Small Medical Cannabis Business Enterprise Program; requiring a certain certification agency to certify certain business entities as small medical cannabis business enterprises under certain circumstances; requiring the certification agency, on or before a certain date, to establish a process for reviewing and evaluating certain applicants; requiring the process to include provisions for a certain unit to expedite certifications during a certain period of time; requiring a certified small medical cannabis business enterprise to submit to the certification agency a certain affidavit and certain other information; requiring the certification agency to modify a certain directory to include certain small medical cannabis business enterprises; requiring the Commission to establish a certain evaluation preference for licensure of certified small medical cannabis business enterprises; requiring a constitutional officer or a secretary of a principal department of the Executive Branch of State government from being an owner or an employee of a certain business entity that holds a certain license or from having an official relationship to a certain business entity; altering the number of medical cannabis growers that may be licensed by the Commission; requiring the Commission to rescind the Stage One preapproval of certain applicants under certain circumstances; requiring that the maximum number of grower licenses authorized by the Commission be reduced by a certain number under certain circumstances; prohibiting the Commission, beginning on a certain date, from awarding Stage One preapproval for certain licenses except under certain circumstances; requiring the Commission to grant Stage One preapproval for a dispensary license to a certain applicant and authorizing the Commission, under certain circumstances, to grant final approval for a dispensary license to that applicant under certain circumstances; requiring the Commission to report, on or before a certain date, on the number of grower licenses necessary to meet a demand for medical cannabis by certain individuals; requiring the Commission, to the extent permitted by federal and State law, to seek to achieve certain diversity when licensing certain growers, processors, and dispensaries; requiring the Commission to encourage applicants who are small, minority, or women–owned business entities to apply for certain certification; authorizing the Commission to license a certain number of processors; authorizing the Commission, beginning on a certain date, to
increase the number of processor licenses in order to meet a demand for medical
cannabis by certain individuals; requiring the Commission, if the Commission
increases the number of processor licenses, to report to the General Assembly on the
total number of new processor licenses; authorizing the Commission, except under
certain circumstances, to register as an agent of certain licensed entities an
individual who has been convicted of a certain offense; altering the period of time for
which certain medical cannabis grower and processor licenses are valid; altering
certain reporting requirements for certain medical cannabis growers; requiring
certain dispensaries and processors, beginning on a certain date, to annually report
certain information to the Commission; encouraging the Commission to approve
certain patient applications for patients suffering from an opioid use disorder;
altering the information that the Commission must report to the Governor and the
General Assembly; requiring the terms of certain members of the Commission to
terminate on a certain date, with a certain exception; requiring certain positions on
the Commission to be filled in accordance with certain provisions of this Act;
declaring the intent of the General Assembly relating to continuity within the
membership of the Commission; specifying the terms of certain initial members of
the Commission; requiring a certain certification agency, in consultation with the
General Assembly and the Office of the Attorney General, to initiate a certain study
of the medical cannabis industry and market to make a certain evaluation relating
to certain business participation in the medical cannabis industry; authorizing the
Commission to require certain licensed entities and certain applicants for licensure
to provide to the Commission certain information and provide that information to
the certification agency; requiring the certification agency to report certain findings
to the Commission and the Legislative Policy Committee on or before a certain date;
requiring the Commission, in consultation with the Office of the Attorney General,
to submit certain emergency regulations; prohibiting the Commission, except under
certain circumstances, from reviewing, evaluating, or ranking an application for
certain licenses or awarding certain additional licenses until a certain study is
completed; requiring the Commission, under certain circumstances, to accept certain
applications for licensure, permit certain persons who previously applied for
licensure to amend and resubmit or withdraw certain applications, and resume
reviewing, evaluating, and ranking applications for certain licenses and awarding
certain additional licenses; providing that the Commission, under certain
circumstances, may waive a certain initial application fee for a certain person, but
may charge a certain fee for the submission of an amended application; defining
certain terms; making certain conforming and stylistic changes; repealing certain
provisions of law made obsolete by this Act; providing for the termination of certain
provisions of this Act under certain circumstances; making the provisions of this Act
severable; making this Act an emergency measure; and generally relating to the
Natalie M. LaPrade Medical Cannabis Commission.

BY repealing

Article—Health—General
Section 13–3301 through 13–3316 and the subtitle “Subtitle 33. Natalie M. LaPrade
Medical Cannabis Commission”
Annotated Code of Maryland
(2015 Replacement Volume and 2016 Supplement)

BY adding to

Article – Health – General

Section 13–3301 through 13–3318 to be under the new subtitle “Subtitle 33. Medical Cannabis Division”

Annotated Code of Maryland

(2015 Replacement Volume and 2016 Supplement)

BY repealing and reenacting, without amendments,

Article – State Finance and Procurement

Section 6–226(a)(2)(i)

Annotated Code of Maryland

(2015 Replacement Volume and 2016 Supplement)

BY repealing and reenacting, with amendments,

Article – State Finance and Procurement

Section 6–226(a)(2)(ii)

Annotated Code of Maryland

(2015 Replacement Volume and 2016 Supplement)

BY repealing and reenacting, with amendments,

Article – Health – General

Section 13–3302, 13–3303, 13–3304(d)(1), 13–3305, 13–3306(a), 13–3307(a) and (c), 13–3308(d), 13–3309(c) and (d), 13–3310(d), and 13–3316

Annotated Code of Maryland

(2015 Replacement Volume and 2016 Supplement)

BY adding to

Article – Health – General

Section 13–3303.1, 13–3304.1, and 13–3305.1

Annotated Code of Maryland

(2015 Replacement Volume and 2016 Supplement)

BY repealing and reenacting, with amendments,

Article – Health – General

Section 13–3304(d)(1) and 13–3305

Annotated Code of Maryland

(2015 Replacement Volume and 2016 Supplement)

(As enacted by Chapter 474 of the Acts of the General Assembly of 2016)

BY repealing and reenacting, without amendments,

Article – State Finance and Procurement

Section 6–226(a)(2)(i)

Annotated Code of Maryland

(2015 Replacement Volume and 2016 Supplement)
BY repealing and reenacting, with amendments,

Article – State Finance and Procurement
Section 6–226(a)(2)(ii)94. and 95.
Annotated Code of Maryland
(2015 Replacement Volume and 2016 Supplement)

BY adding to
Article – State Finance and Procurement
Section 6–226(a)(2)(ii)96.
Annotated Code of Maryland
(2015 Replacement Volume and 2016 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
That Section(s) 13–3301 through 13–3316 and the subtitle “Subtitle 33. Natalie M. LaPrade Medical Cannabis Commission” of Article – Health – General of the Annotated Code of Maryland be repealed.

SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

Article – Health – General

Subtitle 33. Medical Cannabis Division.

13–3301.

(A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(B) “ACCOUNT” MEANS THE SMALL, MINORITY, AND WOMEN-OWNED MEDICAL CANNABIS BUSINESS ACCOUNT ESTABLISHED UNDER § 13–3304 OF THIS SUBTITLE.

(C) “CAREGIVER” MEANS:

(1) A PERSON WHO HAS AGREED TO ASSIST WITH A QUALIFYING PATIENT'S MEDICAL USE OF CANNABIS; AND

(2) FOR A QUALIFYING PATIENT UNDER THE AGE OF 18 YEARS, A PARENT OR LEGAL GUARDIAN.

(D) “CERTIFYING PROVIDER” MEANS AN INDIVIDUAL WHO;

(1) (I) HAS AN ACTIVE, UNRESTRICTED LICENSE TO PRACTICE MEDICINE THAT WAS ISSUED BY THE STATE BOARD OF PHYSICIANS UNDER TITLE 14 OF THE HEALTH OCCUPATIONS ARTICLE; AND
2. Is in good standing with the State Board of Physicians;

(ii) 1. Has an active, unrestricted license to practice dentistry that was issued by the State Board of Dental Examiners under Title 4 of the Health Occupations Article; and

2. Is in good standing with the State Board of Dental Examiners;

(iii) 1. Has an active, unrestricted license to practice podiatry that was issued by the State Board of Podiatric Medical Examiners under Title 16 of the Health Occupations Article; and

2. Is in good standing with the State Board of Podiatric Medical Examiners; or

(iv) 1. Has an active, unrestricted license to practice registered nursing and has an active, unrestricted certification to practice as a nurse practitioner or a nurse midwife that were issued by the State Board of Nursing under Title 8 of the Health Occupations Article; and

2. Is in good standing with the State Board of Nursing;

(2) Has a state controlled dangerous substances registration; and

(3) Is registered with the Division to make cannabis available to patients for medical use in accordance with regulations adopted by the Division.

(e) “Commission” means the Natalie M. LaPrade Medical Cannabis Commission.

(f) “Dispensary” means an entity licensed under this subtitle that acquires, possesses, processes, transfers, transports, sells, distributes, dispenses, or administers cannabis, products containing cannabis, related supplies, related products containing cannabis including food, tinctures, aerosols, oils, or ointments, or educational materials for use by a qualifying patient or caregiver.
“DISPENSARY AGENT” means an owner, a member, an employee, a volunteer, an officer, or a director of a dispensary.

“DIVISION” means the Medical Cannabis Division in the Department.

“FUND” means the Natalie M. LaPrade Medical Cannabis Division Fund established under §13–3304 of this subtitle.

“GROWER” means an entity licensed under this subtitle that:

(1) Cultivates, manufactures, processes, packages, or dispenses medical cannabis; or

(2) Processes medical cannabis products; and

(2) Is authorized by the Division to provide cannabis to a qualifying patient, a caregiver, a processor, a dispensary, or an independent testing laboratory.

“GROWER AGENT” means an owner, an employee, a volunteer, an officer, or a director of a grower.

“INDEPENDENT TESTING LABORATORY” means a facility, an entity, or a site that offers or performs tests related to the inspection and testing of cannabis and products containing cannabis.

“PROCESSOR” means an entity that:

(1) Transforms medical cannabis into another product or extracts; and

(2) Packages and labels medical cannabis.

“PROCESSOR AGENT” means an owner, a member, an employee, a volunteer, an officer, or a director of a processor.

“QUALIFYING PATIENT” means an individual who:

(1) Has been provided with a written certification by a certifying provider in accordance with a bona fide provider–patient relationship; and

(2) If under the age of 18 years, has a caregiver.
(P) “Unit” means the Natalie M. LaPrade Medical Cannabis Licensing Unit in the Division.

(Q) “Written certification” means a certification that:

1. Is issued by a certifying provider to a qualifying patient with whom the provider has a bona fide provider–patient relationship;

2. Includes a written statement certifying that, in the provider’s professional opinion, after having completed an assessment of the patient’s medical history and current medical condition, the patient has a condition:

   (i) that meets the inclusion criteria and does not meet the exclusion criteria of the certifying provider’s application; and

   (ii) for which the potential benefits of the medical use of cannabis would likely outweigh the health risks for the patient; and

   (3) may include a written statement certifying that, in the provider’s professional opinion, a 30-day supply of medical cannabis would be inadequate to meet the medical needs of the qualifying patient.

(A) There is a Medical Cannabis Division in the Department.

(B) The purpose of the Division is to develop policies, procedures, guidelines, and regulations to implement programs to make medical cannabis available to qualifying patients in a safe and effective manner.

(C) (1) The Division shall develop identification cards for qualifying patients and caregivers.

   (2) (i) The Division shall adopt regulations that establish the requirements for identification cards provided by the Division.
(II) The regulations adopted under subparagraph (I) of this paragraph shall include:

1. The information to be included on an identification card;

2. The method through which the Division will distribute identification cards; and

3. The method through which the Division will track identification cards.

(D) The Division shall develop and maintain a Web site that:

1. Provides information on how an individual can obtain medical cannabis in the State; and

2. Provides contact information for licensed growers, processors, and dispensaries.

(E) The Division may employ a staff, including contractual staff, in accordance with the State budget.

(F) The Division may set reasonable fees to cover the costs of operating the Division.

13–3303.

(A) There is a Natalie M. LaPrade Medical Cannabis Licensing Unit in the Division.

(B) The Unit consists of the following members:

1. Three members of the public, appointed by the Governor with the consent of the Senate of Maryland and the House of Delegates;

2. Three members of the public, appointed by the President of the Senate, with the consent of the Senate of Maryland and the House of Delegates; and

3. Three members of the public, appointed by the Speaker of the House of Delegates, with the consent of the Senate of Maryland and the House of Delegates.
(c) The membership of the Unit shall reflect the racial and gender diversity of the State.

(b) (1) The term of a member is 4 years.

(2) The terms of the members are staggered as required by the terms provided for members as of the effective date of this subtitle.

(3) At the end of a term, a member continues to serve until a successor is appointed and qualifies.

(4) A member may not serve more than two consecutive full terms.

(5) A member who is appointed after a term has begun serves only for the rest of the term and until a successor is appointed and qualifies.

(e) The Governor shall designate the chair from among the members of the Unit.

(f) A majority of the full authorized membership of the Unit is a quorum.

(g) A member of the Unit:

(1) shall receive an annual salary of $40,000; and

(2) is entitled to reimbursement for expenses under the Standard State Travel Regulations, as provided in the State budget.

(h) Each year, the Unit shall solicit, review, minimally qualify, and rank applications for grower, processor, and dispensary licenses.

13-3304.

(a) (1) There is a Natalie M. LaPrade Medical Cannabis Division Fund.

(2) The Division shall administer the Fund.

(3) The Fund is a special, nonlapsing fund that is not subject to § 7-302 of the State Finance and Procurement Article.
(4) The State Treasurer shall hold the Fund separately, and the Comptroller shall account for the Fund.

(5) The Fund shall be invested and reinvested in the same manner as other State funds, and any investment earnings shall be retained to the credit of the Fund.

(6) The Fund shall be subject to an audit by the Office of Legislative Audits as provided for in § 2–1220 of the State Government Article.

(7) The Comptroller shall pay out money from the Fund as directed by the Division.

(8) The Fund consists of:

   (i) Any money appropriated in the State budget to the Fund;

   (ii) Any other money from any other source accepted for the benefit of the Fund, in accordance with any conditions adopted by the Division for the acceptance of donations or gifts to the Fund; and

   (iii) Any fees collected by the Division under this subtitle.

(9) No part of the Fund may revert or be credited to:

   (i) The General Fund of the State; or

   (ii) Any other special fund of the State.

(10) Expenditures from the Fund may be made only in accordance with the State budget.

(B) (1) There is a Small, Minority, and Women-Owned Medical Cannabis Business Account under the authority of the Board of Public Works.

   (2) (i) The purpose of the Account is to provide equity investments and lending capital to small, minority, and women-owned business enterprises in the State, including minority and
WOMEN-OWNED BUSINESSES THAT OPERATE, OR ARE SEEKING TO OPERATE, IN THE MEDICAL CANNABIS INDUSTRY.

2. The Account shall receive 2% of the gross annual sales of each grower, processor, and dispensary licensed by the Division under this subtitle.

(ii) Money in the Account shall be invested and reinvested by the State Treasurer and interest and earnings shall accrue to the Account.

(iii) The Comptroller shall:

1. Account for the Account; and

2. On a properly approved transmittal prepared by the Board of Public Works, issue a warrant to pay out money from the Account in the manner provided under this section.

(iv) The Account is a special, nonlapsing fund that is not subject to § 7-302 of the State Finance and Procurement Article.

(v) Expenditures from the Account shall be made only on a properly approved transmittal prepared by the Board of Public Works as provided under subparagraph (iii) of this paragraph.

(3) (i) In this paragraph, “Eligible Fund Manager” means an entity that has significant financial or investment experience with small, minority, and women-owned businesses in the State.

(ii) Subject to the provisions of subparagraph (iii) of this paragraph, the Board of Public Works shall make grants to eligible fund managers to provide investment capital and loans to small, minority, and women-owned businesses in the State.

(iii) 1. Eligible fund managers receiving grants under this paragraph shall reserve a portion of the grants received from the Account to match up to 100% of the capitalization reserves collectively shown by minority and women-owned business applicants for medical cannabis grower, processor, and dispensary licenses during each licensure cycle for the solicitation of applications, application review, and issuance of medical cannabis grower, processor, and dispensary licenses performed by the Unit.
2. The matching funds reserved under subsubparagraph 1 of this subparagraph shall be considered by the unit when scoring and ranking license applications submitted by each minority and women-owned business applicant for a grower, processor, or dispensary license in the same manner as the capitalization of an applicant who is not a minority or women-owned business would be considered.

3. A. Subject to subsubparagraph B of this subsubparagraph, eligible fund managers providing grants shall prioritize meeting the investment needs of minority and women-owned businesses licensed as medical cannabis growers, processors, and dispensaries.

B. Eligible fund managers may determine, in their professional judgment, the portion of the overall grant funding received that should be reserved for serving the investment and financing needs of small, minority, and women-owned businesses operating in industries other than the medical cannabis industry.

(4) Eligible fund managers receiving grants under paragraph (3) of this subsection shall:

(i) Keep proper records of funds and accounts;

(ii) Provide an annual report to the Governor and, in accordance with §2–1246 of the State Government Article, the General Assembly on investment capital and loans made under paragraph (3) of this subsection; and

(iii) Be subject to audit by the Office of Legislative Audits as provided for in §2–1220 of the State Government Article.

(5) An eligible fund manager may use money from grants received under paragraph (3) of this subsection to pay expenses for administrative, actuarial, legal, and technical services.

13–3305.

(A) The Division shall register as a certifying provider an individual who:

(i) Meets the requirements of this subtitle; and
(2) Submits application materials that meet the requirements of this subtitle.

(b) To be registered as a certifying provider, a provider shall submit a proposal to the Division that includes:

(1) The reasons for including a patient under the care of the provider for the purposes of this subtitle, including the patient’s qualifying medical conditions;

(2) An attestation that a standard patient evaluation will be completed, including a history, a physical examination, a review of symptoms, and any other pertinent medical information; and

(3) The provider’s plan for the ongoing assessment and follow-up care of a patient and for collecting and analyzing data.

(c) The Division may not require an individual to meet requirements in addition to the requirements listed in subsections (a) and (b) of this section to be registered as a certifying provider.

(d) (1) The Division is encouraged to approve provider applications for the following medical conditions:

(i) A chronic or debilitating disease or medical condition that results in a patient being admitted into hospice or receiving palliative care; or

(ii) A chronic or debilitating disease or medical condition or the treatment of a chronic or debilitating disease or medical condition that produces:

1. Cachexia, anorexia, or wasting syndrome;

2. Severe or chronic pain;

3. Severe nausea;

4. Seizures; or

5. Severe or persistent muscle spasms.

(2) The Division may not limit treatment of a particular medical condition to one class of providers.
(6) The Division may approve applications that include any other condition that is severe and for which other medical treatments have been ineffective if the symptoms reasonably can be expected to be relieved by the medical use of cannabis.

(f) (1) A certifying provider or the spouse of a certifying provider may not receive any gifts from or have an ownership interest in a medical cannabis grower, processor, or dispensary.

(2) A certifying provider may receive compensation from a medical cannabis grower, processor, or dispensary if the certifying provider:

(i) obtains the approval of the Division before receiving the compensation; and

(ii) discloses the amount of compensation received from the medical cannabis grower, processor, or dispensary to the Division.

(6) (1) A qualifying patient may be a patient of the certifying provider or may be referred to the certifying provider.

(2) A certifying provider shall provide each written certification to the Division.

(3) On receipt of a written certification provided under paragraph (2) of this subsection, the Division shall issue an identification card to each qualifying patient or caregiver named in the written certification.

(4) A certifying provider may discuss medical cannabis with a patient.

(5) (i) Except as provided in subparagraph (ii) of this paragraph, a qualifying patient or caregiver may obtain medical cannabis only from a medical cannabis grower licensed by the Division or a dispensary licensed by the Division.

(ii) A qualifying patient under the age of 18 years may obtain medical cannabis only through the qualifying patient's caregiver.
(6) (i) A CAREGIVER MAY SERVE NO MORE THAN FIVE QUALIFYING PATIENTS AT ANY TIME.

(ii) A QUALIFYING PATIENT MAY HAVE NO MORE THAN TWO CAREGIVERS.

(ii) (1) A CERTIFYING PROVIDER MAY REGISTER BIENNIALY.

(2) The Division shall grant or deny a renewal of a registration based on the provider’s performance in complying with regulations adopted by the Division.

13–3306.

On or before January 1 each year, the Division shall report to the Governor and, in accordance with § 2–1246 of the State Government Article, the General Assembly on providers certified under this subtitle.

13–3307.

(A) (1) The Division shall license medical cannabis growers that meet all requirements established by the Division to operate in the state to provide cannabis to:

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

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

(iii) Qualifying patients and caregivers; and

(iv) Independent testing laboratories registered with the Division under this subtitle.

(2) (i) Except as provided in subparagraph (ii) of this paragraph, on or before October 1, 2017, the Division shall:

1. Assist the Unit in soliciting, reviewing, scoring, and ranking applications for medical cannabis grower licenses; and
2. In addition to the Stage One preapproval grower licenses issued by the Commission in August 2016, award no fewer than five and no more than seven medical cannabis grower licenses.

(ii) Beginning July 1, 2019, and every 2 years thereafter, the Division may award the number of grower 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.

(iii) 1. The Division shall establish an application review process for awarding medical cannabis grower licenses in which applications are reviewed, evaluated, prequalified based on minimal licensing standards, and ranked based on criteria established by the Division.

2. An applicant for a medical cannabis grower license that is prequalified by the Division under subsubparagraph 1 of this subparagraph and is not ranked high enough to be awarded a license shall be placed on a waiting list in the order in which the applicant ranked for the purposes of the award of licenses by the Division in subsequent licensure cycles.

3. Unless the Division determines that there are material changes in the status and operations of the applicant placed on a waiting list by the Division under subsubparagraph 2 of this subparagraph, the Division shall consider the applicant’s placement on the waiting list when awarding licenses in subsequent licensure cycles.

(iv) 1. The Division may not award more than one grower license to each applicant.

2. An individual may not have an ownership interest in more than one grower license awarded by the Division.

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

(3) The Division 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 Division before the agent may volunteer or work for a licensed grower; and

   (ii) Obtain a state and national criminal history records check in accordance with § 13–3314 of this subtitle.

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

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

       A. Notify the Division; and

       B. Return the grower agent’s registration card to the Division.

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

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

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

   (iii) The Division may not register as a grower agent a person who has been convicted of a felony drug offense.

(6) (i) A medical cannabis grower license is valid for 4 years on initial licensure.

   (ii) A medical cannabis grower license is valid for 2 years on renewal.

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

(8) (i) The Division shall encourage the licensure of medical cannabis growers that grow strains of cannabis, including
STRAINS WITH HIGH CANNABIDIOL CONTENT, WITH DEMONSTRATED SUCCESS IN
ALLEVIATING SYMPTOMS OF SPECIFIC DISEASES OR CONDITIONS.

(ii) The Division shall encourage the licensure of
medical cannabis growers that prepare medical cannabis in a range of
routes of administration.

(iii) 1. If a scoring system is used to evaluate
applications for medical cannabis growers, vertically integrated
operations located in close proximity to enhance the safety, security,
and efficiency of the operations, reduce costs, and decrease prices for
patients using medical cannabis shall account for at least 5% of the
score.

2. If a scoring system is used to evaluate
applications for medical cannabis growers, the location of the
applicant's operations shall account for at least 5% of the score and
shall include consideration of locations within:

A. A certified historically underutilized
business zone marked by high unemployment;

B. A zip code where the percentage of minority
residents convicted of nonviolent drug offenses exceeds the overall
state average for convicted nonviolent drug offenders; and

C. A subdivision of the state that has a high
patient demand for medical cannabis based on the subdivision's
incidence of chronic and debilitating diseases and medical conditions
as listed in § 13–3305(d) of this subtitle.

(9) (i) The Division shall:

1. Actively seek to achieve racial, ethnic, and
geographic diversity when licensing medical cannabis growers;

2. Strongly encourage and conduct ongoing
outreach to business enterprises that qualify as a certified minority
business enterprise, as defined in § 14–301 of the State Finance and
Procurement Article, or as a women-owned business enterprise to
apply for licensure as a medical cannabis grower; and

3. Establish an evaluation preference for an
applicant for a medical cannabis grower license that meets minimal
Licensure standards and is a certified minority business enterprise, as defined in § 14–301 of the State Finance and Procurement Article, or a women-owned business enterprise.

(ii) The evaluation preference established under subparagraph (i) of this paragraph shall:

1. Be equal in weight to no less than 10% of the total available evaluation points to be assigned by the Unit for use in the ranking of license applicant proposals; and

2. For purposes of the Unit’s selection of qualified medical cannabis grower license applicants, be used for each cycle of solicitation and review of applications conducted by the Unit.

(iii) Beginning July 1, 2017, a medical cannabis grower licensed under this subtitle shall report annually to the Division on:

1. The number of minority owners;

2. The ownership share of any minority owners; and

3. The number of minority employees of the licensee.

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

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

1. Processors licensed by the Division under this subtitle;

2. Dispensaries licensed by the Division under this subtitle;

3. Qualified patients;

4. Caregivers; and

5. Independent testing laboratories registered with the Division under this subtitle.
(c) (1) An entity licensed to grow cannabis under this section may dispense cannabis from a facility of a grower licensed as a dispensary.

(2) A qualifying patient or caregiver 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 Division are followed by any facility operated by the grower.

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

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

13-3308.

(A) A dispensary shall be licensed by the Division.

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

(1) An application fee in an amount to be determined by the Division 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 Division regulations for oversight, including storage of medical cannabis and products containing medical cannabis only in enclosed and locked facilities.

(c) (1) Except as provided in paragraph (2) of this subsection, on or before October 1, 2017, the Division shall:

(i) Assist the Unit in soliciting, reviewing, scoring, and ranking applications for medical cannabis dispensary licenses; and

(ii) In addition to the stage one preapproval dispensary licenses granted by the Commission in August 2016, award no fewer than 15 and no more than 25 medical cannabis dispensary licenses.

(2) Beginning July 1, 2019, and every 2 years thereafter, the Division may issue the number of dispensary 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.

(3) (i) The Division shall establish an application review process for granting medical cannabis dispensary licenses in which applications are reviewed, evaluated, prequalified based on minimal licensing standards, and ranked based on criteria established by the Division.

(ii) An applicant for a medical cannabis dispensary license that is prequalified by the Division under subparagraph (i) of this paragraph and is not ranked high enough to be awarded a license shall be placed on a waiting list in the order in which the applicant ranked for the purposes of the award of licenses by the Division in subsequent licensure cycles.

(iii) Unless the Division determines that there are material changes to the status and operations of the applicant placed on a waiting list by the Division under subparagraph (ii) of this paragraph, the Division shall consider the applicant’s placement on the waiting list when awarding licenses in subsequent licensure cycles.
(iv) 1. The Division may not award more than one medical cannabis dispensary license to each applicant.

2. An individual may not have an ownership interest in more than one dispensary license awarded by the Division.

(v) If a scoring system is used to evaluate applications for medical cannabis dispensaries, the location of the applicant's operations shall account for at least 5% of the score and shall include consideration of locations within:

1. A certified historically underutilized business zone marked by high unemployment;

2. A zip code where the percentage of minority residents convicted of nonviolent drug offenses exceeds the overall state average for convicted nonviolent drug offenders; and

3. A subdivision of the State that has a high patient demand for medical cannabis based on the subdivision's incidence of chronic and debilitating diseases and medical conditions as listed in § 13–3305(d) of this subtitle.

(vi) 1. The Division shall:

A. Actively seek to achieve racial, ethnic, and geographic diversity when licensing medical cannabis dispensaries;

B. Strongly encourage and conduct ongoing outreach to business enterprises that qualify as a certified minority business enterprise, as defined in § 14–301 of the State Finance and Procurement Article, or a women-owned business enterprise to apply for licensure as a medical cannabis dispensary; and

C. Establish an evaluation preference for an applicant for a medical cannabis dispensary license that meets minimal licensure standards and is a certified minority business enterprise, as defined in § 14–301 of the State Finance and Procurement Article, or a women-owned business enterprise.

2. The evaluation preference established under subsubparagraph 1C of this subparagraph shall be equal in weight to no less than 10% of the total available evaluation points to be assigned by the Unit for use in the ranking of dispensary license
APPLICANT PROPOSALS FOR EACH CYCLE OF SOLICITATION AND REVIEW OF
APPLICATIONS CONDUCTED BY THE UNIT.

(d) Beginning July 1, 2017, a dispensary licensed under this
subtitle shall report annually to the Division on:

(1) The number of minority owners;
(2) The ownership share of any minority owners; and
(3) The number of minority employees of the licensee.

(e) (1) A dispensary license is valid for 4 years on initial
licensure.
(2) A dispensary license is valid for 2 years on renewal.

(f) A dispensary licensed under this section or a dispensary
agent registered under § 13–3309 of this subtitle may not be penalized
or arrested under State law for acquiring, possessing, processing,
transferring, transporting, selling, distributing, or dispensing
cannabis, products containing cannabis, or related supplies or
providing educational materials for use by a qualifying patient or a
caregiver.

(g) The Division 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.

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

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

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

13–3309.

(A) A dispensary agent shall:

(1) Be at least 21 years old;

(2) Be registered with the Division before the agent may volunteer or work for a dispensary; and

(3) Obtain a State and national criminal history records check in accordance with §13–3314 of this subtitle.

(B) A dispensary shall apply to the Division for a registration card for each dispensary agent by submitting the name, address, and date of birth of the agent.

(C) (1) Within 1 business day after a dispensary agent ceases to be associated with a dispensary, the dispensary shall:

   (i) Notify the Division; and

   (ii) Return the dispensary agent’s registration card to the Division.

   (2) On receipt of a notice described in paragraph (1) of this subsection, the Division shall:

   (i) Immediately revoke the registration card of the dispensary agent; and
(II) If the registration card was not returned to the Division, notify the Department of State Police.

(D) The Division may not register as a dispensary agent an individual who has been convicted of a felony drug offense.

13–3310.

(A) A processor shall be licensed by the Division.

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

(1) An application fee in an amount to be determined by the Division 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 Division regulations for oversight, including storage of cannabis, extracts, and products containing cannabis only in enclosed and locked facilities.

(C) (1) Except as provided in paragraph (2) of this subsection, on or before October 1, 2017, the Division shall:

(i) Assist the Unit in soliciting, reviewing, scoring, and ranking applications for medical cannabis processor licenses; and

(ii) In addition to the Stage One preapproval processor licenses issue by the Commission in August 2016, award no fewer than five and no more than seven medical cannabis processor licenses.

(2) Beginning July 1, 2019, and every 2 years thereafter, the Division may award the number of processor 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.

(3) (i) The Division shall establish an application review process for granting medical cannabis processor licenses in which applications are reviewed, evaluated, prequalified based on minimal licensing standards, and ranked based on criteria established by the Division.

(ii) An applicant for a medical cannabis processor license that is prequalified by the Division under subparagraph (i) of this paragraph and is not ranked high enough to be awarded a license shall be placed on a waiting list in the order in which the applicant ranked for the purposes of the award of licenses by the Division in subsequent licensure cycles.

(iii) Unless the Division determines that there are material changes in the status and operations of the applicant placed on a waiting list by the Division under subparagraph (ii) of this paragraph, the Division shall consider the applicant’s placement on the waiting list when awarding licenses in subsequent licensure cycles.

(4) (i) The Division may not award more than one medical cannabis processor license to each applicant.

(ii) An individual may not have an ownership interest in more than one processor license awarded by the Division.

(5) (i) If a scoring system is used to evaluate applications for medical cannabis processors, vertically integrated operations located in close proximity to enhance the safety, security, and efficiency of the operations, reduce costs, and decrease prices for patients using medical cannabis shall account for at least 5% of the score.

(ii) If a scoring system is used to evaluate applications for medical cannabis processors, the location of the applicant’s operations shall account for at least 5% of the score and shall include consideration of locations within:

1. A certified historically underutilized business zone marked by high unemployment;
2. A zip code where the percentage of minority residents convicted of nonviolent drug offenses exceeds the overall State average for convicted nonviolent drug offenders; and

3. A subdivision of the State that has a high patient demand for medical cannabis based on the subdivision’s incidence of chronic and debilitating diseases and medical conditions as listed in §13–3305(d) of this subtitle.

(6) (i) The Division shall:

1. Actively seek to achieve racial, ethnic, and geographic diversity when licensing medical cannabis processors;

2. Strongly encourage and conduct ongoing outreach to business enterprises that qualify as a certified minority business enterprise, as defined in §14–301 of the State Finance and Procurement Article, or a women-owned business enterprise to apply for licensure as a medical cannabis processor; and

3. Establish an evaluation preference for an applicant for a medical cannabis processor license that meets minimal licensure standards and is a certified minority business enterprise, as defined in §14–301 of the State Finance and Procurement Article, or a women-owned business enterprise.

(ii) The evaluation preference established under subparagraph (i)3 of this paragraph shall:

1. Be equal in weight to no less than 10% of the total available evaluation points to be assigned by the Unit for use in the ranking of license applicant proposals; and

2. For purposes of the Unit’s selection of qualified medical cannabis processor license applicants, be used for each cycle of solicitation and review of applications conducted by the Unit.

(7) Beginning July 1, 2017, a processor licensed under this subtitle shall report annually to the Division on:

(i) The number of minority owners;

(ii) The ownership share of any minority owners; and
(iii) The number of minority employees of the licensee.

(d) (1) A processor license is valid for 4 years on initial licensure.

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

(e) A processor licensed under this section or a processor agent registered under § 13-3311 of this subtitle may not be penalized or arrested under State law for acquiring, possessing, processing, transferring, transporting, selling, distributing, or dispensing cannabis, products containing cannabis, or related supplies or providing educational materials for use by a licensee under this subtitle or a qualifying patient or a caregiver.

(f) The Division 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.

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

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

13-3311.

(A) A processor agent shall:

(1) Be at least 21 years old;

(2) Be registered with the Division before the agent may volunteer or work for a processor; and

(3) Obtain a State and national criminal history records check in accordance with § 13-3314 of this subtitle.

(B) A processor shall apply to the Division for a registration card for each processor agent by submitting the name, address, and date of birth of the agent.
(c) (1) Within 1 business day after a processor agent ceases to be associated with a processor, the processor shall:

(i) Notify the Division; and

(ii) Return the processor agent's registration card to the Division.

(2) On receipt of a notice described in paragraph (1) of this subsection, the Division shall:

(i) Immediately revoke the registration card of the processor agent; and

(ii) If the registration card was not returned to the Division, notify the Department of State Police.

(d) The Division may not register as a processor agent an individual who has been convicted of a felony drug offense.

(13) 3312.

(A) The Division 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 Division;

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

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

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

(A) The holder of a medical cannabis grower, processor, or dispensary license may sell or transfer ownership of the license if the licensee was physically and actively engaged in the cultivation, processing, or dispensing of medical cannabis for at least 2 years before selling or transferring ownership of the license.

(B) (1) Except as provided in paragraph (2) of this subsection, the license of a licensee shall be forfeited if the facility of the licensee is not operational within 6 months after issuance of the license due to a lack of a good faith effort by the licensee to become operational.

(2) If the licensee can demonstrate to the Division that the failure to become operational under paragraph (1) of this subsection was due to unforeseen hardship beyond the control of the licensee, the Division may extend the time for becoming operational for an additional 6 months before requiring the forfeiture of the licensee’s license.

(3) On the sale or transfer of a license held by a minority business enterprise or a women-owned business enterprise, the minority business enterprise or women-owned business enterprise shall:

(I) Provide a right of first refusal to any prospective minority business enterprise or women-owned business enterprise investor or buyer that meets the asking price of the transferor or seller; or

(II) Allow any prospective minority business enterprise or women-owned business enterprise investor or buyer to match the highest offer for purchase or transfer that has been received by the minority business enterprise or the women-owned
BUSINESS ENTERPRISE LICENSEE FROM PROSPECTIVE NONMINORITY BUYERS OR INVESTORS; AND

2. Complete the sale or transfer of the license to the minority business enterprise or the women-owned business enterprise investor or buyer that matches the highest offer.

13–3314.

(A) In this section, “Central Repository” means the Criminal Justice Information System Central Repository of the Department of Public Safety and Correctional Services.

(B) As part of an application to the Central Repository for a State and national criminal history records check, an applicant shall submit to the Central Repository:

(1) Two complete sets of legible fingerprints taken on forms approved by the Director of the Central Repository and the Director of the Federal Bureau of Investigation;

(2) The fee authorized under § 10–221(b)(7) of the Criminal Procedure Article for access to State criminal history records; and

(3) The processing fee required by the Federal Bureau of Investigation for a national criminal history records check.

(C) In accordance with §§ 10–201 through 10–228 of the Criminal Procedure Article, the Central Repository shall forward to the Division and to the applicant the criminal history record information of the applicant.

(D) If an applicant has made two or more unsuccessful attempts at securing legible fingerprints, the Commission may accept an alternate method of a criminal history records check as permitted by the Director of the Central Repository and the Director of the Federal Bureau of Investigation.

(E) Information obtained from the Central Repository under this section:

(1) Is confidential;

(2) May not be redisseminated; and
(3) May be used only for the registration purpose authorized by this subtitle.

(f) The subject of a criminal history records check under this section may contest the contents of the printed statement issued by the Central Repository, as provided in §10-223 of the Criminal Procedure Article.

13–3315.

(a) Any of the following persons acting in accordance with the provisions of this subtitle may not be subject to arrest, prosecution, or any civil or administrative penalty, including a civil penalty or disciplinary action by a professional licensing board, or be denied any right or privilege, for the medical use of cannabis:

(1) A qualifying patient:

   (i) In possession of an amount of medical cannabis determined by the Division to constitute a 30-day supply; or

   (ii) In possession of an amount of medical cannabis that is greater than a 30-day supply if the qualifying patient's certifying provider stated in the written certification that a 30-day supply would be inadequate to meet the medical needs of the qualifying patient;

(2) A grower licensed under §13–3307 of this subtitle or a grower agent registered under §13–3307 of this subtitle;

(3) A certifying provider;

(4) A caregiver;

(5) A dispensary licensed under §13–3308 of this subtitle or a dispensary agent registered under §13–3309 of this subtitle;

(6) A processor licensed under §13–3310 of this subtitle or a processor agent registered under §13–3311 of this subtitle; or

(7) A hospital, medical facility, or hospice program where a qualifying patient is receiving treatment.
(B) (1) A person may not distribute, possess, manufacture, or use cannabis that has been diverted from a qualifying patient, a caregiver, a licensed grower, or a licensed dispensary.

(2) A person that violates this subsection is guilty of a felony and on conviction is subject to imprisonment not exceeding 5 years or a fine not exceeding $10,000 or both.

(3) The penalty under this subsection is in addition to any penalties that a person may be subject to for manufacture, possession, or distribution of marijuana under the Criminal Law Article 13–3316.

(A) This subtitle may not be construed to authorize any individual to engage in, and does not prevent the imposition of any civil, criminal, or other penalties for, the following:

(1) Undertaking any task under the influence of marijuana or cannabis, when doing so would constitute negligence or professional malpractice;

(2) Operating, navigating, or being in actual physical control of any motor vehicle, aircraft, or boat while under the influence of marijuana or cannabis;

(3) Smoking marijuana or cannabis in any public place;

(4) Smoking marijuana or cannabis in a motor vehicle; or

(5) Except as provided in subsection (B) of this section, smoking marijuana or cannabis on a private property that:

(i) 1. is rented from a landlord; and

2. is subject to a policy that prohibits the smoking of marijuana or cannabis on the property; or

(ii) is subject to a policy that prohibits the smoking of marijuana or cannabis on the property of an attached dwelling adopted by:

1. the board of directors of the council of unit owners of a condominium regime; or
2. The governing body of a homeowners association.

(b) The provisions of subsection (a)(5) of this section do not apply to vaporizing cannabis.

(c) This subtitle may not be construed to provide immunity to a person that violates the provisions of this subtitle from criminal prosecution for a violation of any law prohibiting or regulating the use, possession, dispensing, distribution, or promotion of controlled dangerous substances, dangerous drugs, detrimental drugs, or harmful drugs, or any conspiracy or attempt to commit any of those offenses.

(d) This subtitle may not be construed to require a hospital, medical facility, or hospice program to report to the Division any disciplinary action taken by the hospital, medical facility, or hospice program against a certifying provider, including the revocation of privileges, after the registration of the certifying provider by the Division.

(e) This subtitle may not be construed to prohibit a person from being concurrently licensed by the Division as a grower, a dispensary, or a processor.

13–3317.

(a) Notwithstanding §12–315 of the State Government Article, a state employee who incurs counsel fees in connection with a federal criminal investigation or prosecution solely related to the employee's good faith discharge of public responsibilities under this subtitle is eligible for reimbursement of counsel fees as authorized by §12–314 of the State Government Article.

(b) The Governor may suspend implementation of this subtitle on making a determination that there is a reasonable chance of federal prosecution of state employees for involvement with implementation of this subtitle.

13–3318.

On or before September 1, 2017, the Division shall adopt regulations;
(1) REPEALING ANY REGULATIONS RELATED TO THE COMMISSION;

AND

(2) IMPLEMENTING THE PROVISIONS OF THIS SUBTITLE.

Article—State Finance and Procurement

6–226.

(a) (2) (i) Notwithstanding any other provision of law, and unless inconsistent with a federal law, grant agreement, or other federal requirement or with the terms of a gift or settlement agreement, net interest on all State money allocated by the State Treasurer under this section to special funds or accounts, and otherwise entitled to receive interest earnings, as accounted for by the Comptroller, shall accrue to the General Fund of the State.

(ii) The provisions of subparagraph (i) of this paragraph do not apply to the following funds:

73. Natalie M. LaPrade Medical Cannabis [Commission]

DIVISION Fund;

SECTION 3. AND BE IT FURTHER ENACTED, That:

(a) All the functions, powers, duties, equipment, assets, liabilities, and employees of the Natalie M. LaPrade Medical Cannabis Commission shall be transferred to the Medical Cannabis Division in the Department of Health and Mental Hygiene.

(b) Within 30 days after the effective date of this Act, the Department of Health and Mental Hygiene shall:

(1) take any action necessary to ensure that the Medical Cannabis Division and the Natalie M. LaPrade Medical Cannabis Licensing Unit are operational; and

(2) assign the staff necessary, including contractual staff, to the Medical Cannabis Division to support the work of the Division and the Natalie M. LaPrade Medical Cannabis Licensing Unit.

(c) Any actions performed by the Natalie M. LaPrade Medical Cannabis Commission before the enactment of this Act, including the ranking of applicants for a medical cannabis grower, processor, or dispensary license and the issuance or preapproval of a medical cannabis grower, processor, or dispensary license, shall be given full force and effect by the Medical Cannabis Division established under Section 2 of this Act.
SECTION 4. AND BE IT FURTHER ENACTED, That the terms of the initial members of the Natalie M. LaPrade Medical Cannabis Licensing Unit shall expire as follows:

(1) three members in 2019;

(2) three members in 2020; and

(3) three members in 2021.

SECTION 5. AND BE IT FURTHER ENACTED, That, if any provision of this Act or the application thereof to any person or circumstance is held invalid for any reason in a court of competent jurisdiction, the invalidity does not affect other provisions or any other application of this Act that can be given effect without the invalid provision or application, and for this purpose the provisions of this Act are declared severable.

SECTION 6. AND BE IT FURTHER ENACTED, That this Act is an emergency measure, is necessary for the immediate preservation of the public health or safety, has been passed by a yea and nay vote supported by three-fifths of all the members elected to each of the two Houses of the General Assembly, and shall take effect from the date it is enacted.

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

Article – Health – General

13–3302.

(a) There is a Natalie M. LaPrade Medical Cannabis Commission.

(b) The Commission is an independent commission that functions within the Department.

(c) The purpose of the Commission is to develop policies, procedures, guidelines, and regulations to implement programs to make medical cannabis available to qualifying patients in a safe and effective manner.

(d) (1) The Commission shall develop identification cards for qualifying patients and caregivers.

(2) (i) The Department shall adopt regulations that establish the requirements for identification cards provided by the Commission.

(ii) The regulations adopted under subparagraph (i) of this paragraph shall include:
1. The information to be included on an identification card;
2. The method through which the Commission will distribute identification cards; and
3. The method through which the Commission will track identification cards.

(e) The Commission shall develop and maintain a Web site that:

(1) Provides information on how an individual can obtain medical cannabis in the State; and
(2) Provides contact information for licensed dispensaries.

(F) (1) THE COMMISSION:

(1) SHALL CONDUCT ONGOING, THOROUGH, AND COMPREHENSIVE OUTREACH TO SMALL, MINORITY, AND WOMEN BUSINESS OWNERS AND ENTREPRENEURS THAT MAY HAVE AN INTEREST IN APPLYING FOR MEDICAL CANNABIS GROWER, PROCESSOR, OR DISPENSARY LICENSES; AND

(II) MAY MAKE GRANTS TO APPROPRIATE EDUCATIONAL AND BUSINESS DEVELOPMENT ORGANIZATIONS TO TRAIN AND ASSIST SMALL, MINORITY, AND WOMEN BUSINESS OWNERS AND ENTREPRENEURS SEEKING TO BECOME LICENSED AS MEDICAL CANNABIS GROWERS, PROCESSORS, OR DISPENSARIES.

(2) THE OUTREACH REQUIRED UNDER PARAGRAPH (1)(I) OF THIS SUBSECTION SHALL INCLUDE:

(1) DEVELOPING PARTNERSHIPS WITH:

1. TRADITIONAL MINORITY–SERVING INSTITUTIONS IN THE STATE AND SURROUNDING JURISDICTIONS, INCLUDING HISTORICALLY BLACK COLLEGES AND UNIVERSITIES;

2. TRADE ASSOCIATIONS REPRESENTING MINORITY AND WOMEN–OWNED BUSINESSES; AND

3. THE GOVERNOR’S OFFICE OF MINORITY AFFAIRS;

(II) ESTABLISHING AND CONDUCTING TRAINING PROGRAMS FOR EMPLOYMENT IN THE MEDICAL CANNABIS INDUSTRY;
(III) Disseminating information about the licensing process for medical cannabis growers, processors, and dispensaries through media demonstrated to reach large numbers of minority and women business owners and entrepreneurs; and

(IV) Collaborating with the partners described in item (I) of this paragraph to ensure that outreach is appropriately targeted.

(G) The Commission shall partner with the Division of Workforce Development and Adult Learning in the Department of Labor, Licensing, and Regulation to identify employment opportunities within the medical cannabis industry for job seekers, dislocated workers, and ex-offenders.

(a) The Commission consists of the following [16] nine members:

(1) The Secretary of Health and Mental Hygiene, or the Secretary’s designee; and

(2) The following 15 members, appointed by the Governor:

(i) Two members of the public who support the use of cannabis for medical purposes and who are or were patients who found relief from the use of medical cannabis;

(ii) One member of the public designated by the Maryland Chapter of the National Council on Alcoholism and Drug Dependence;

(iii) Three physicians licensed in the State;

(iv) One nurse licensed in the State who has experience in hospice care, nominated by a State research institution or trade association;

(v) One pharmacist licensed in the State, nominated by a State research institution or trade association;

(vi) One scientist who has experience in the science of cannabis, nominated by a State research institution;

(vii) One representative of the Maryland State’s Attorneys’ Association;

(viii) One representative of law enforcement;
(ix) An attorney who is knowledgeable about medical cannabis laws in the United States;

(x) An individual with experience in horticulture, recommended by the Department of Agriculture;

(xi) One representative of the University of Maryland Extension; and

(xii) One representative of the Office of the Comptroller.

(2) Six Five members, appointed by the Governor with the advice and consent of the Senate; and

(3) Two members, one appointed by the Governor from each of:

(3)(i) A One member appointed by the Governor from a list of three individuals recommended by the President of the Senate; and

(3)(ii) A One member appointed by the Governor from a list of three individuals recommended by the Speaker of the House of Delegates; and

(5) One member appointed by the Governor from either of the two lists described in items (4) and (5) of this subsection.

(B) (1) An appointed member of the Commission shall:

(1) Be at least 25 years old;

(II) Be a resident of the State who has resided in the State for at least 5 years;

(III) Be a qualified voter of the State; and

(IV) Have substantial experience:

1. As an executive with fiduciary responsibilities for a large organization or foundation;

2. In an academic field relating to health, agriculture, law enforcement, or finance; or
3. As a professional in a profession relating to health, agriculture, law enforcement, or finance.

(2) A member of the Commission may not:

   (I) Have a direct or indirect financial, ownership, or management interest, including ownership of any stocks, bonds, or other similar financial instruments, in any state licensed medical cannabis grower, processor, or dispensary;

   (II) Have an official relationship to a person who holds a license under this subtitle;

   (III) Be an elected official of state or local government;

   (IV) Receive or share in, directly or indirectly, the receipts or proceeds of any state licensed medical cannabis grower, processor, or dispensary; or

   (V) Have a beneficial interest in any contract for the manufacture or sale of medical cannabis or the provision of any independent consulting services in connection with any medical cannabis license.

3. To the extent practicable and consistent with federal and state law, the membership of the Commission shall reflect the racial, ethnic, and gender diversity of the State.

4. A member of the Commission shall file a financial disclosure statement with the State Ethics Commission in accordance with Title 5, Subtitle 6 of the General Provisions Article.

   [(b)] (C) (1) The term of a member is 4 years.

   (2) The terms of the members are staggered as required by the terms provided for members on [October 1, 2013] JUNE 1, 2017.

   (3) At the end of a term, a member continues to serve until a successor is appointed and qualifies.

   (4) A member may not serve more than three consecutive full terms.

   (5) A member who is appointed after a term has begun serves only for the rest of the term and until a successor is appointed and qualifies.
The Governor shall designate the chair from among the members of the Commission.

A majority of the full authorized membership of the Commission is a quorum.

[A] EXCEPT FOR THE SECRETARY OF HEALTH AND MENTAL HYGIENE OR THE SECRETARY’S DESIGNEE, EACH member of the Commission IS ENTITLED TO:

[(1)] May not receive compensation as a member of the Commission; but

(1) THE SALARY PROVIDED IN THE BUDGET OF THE COMMISSION; AND

(II) REIMBURSEMENT FOR REASONABLE EXPENSES:

1. INCURRED IN THE PERFORMANCE OF THE COMMISSION MEMBER’S DUTIES; AND

2. AS PROVIDED IN THE BUDGET OF THE COMMISSION.

EXCEPT FOR THE SECRETARY OF HEALTH AND MENTAL HYGIENE OR THE SECRETARY’S DESIGNEE, EACH MEMBER OF THE COMMISSION SHALL BE PAID ONCE EVERY 2 WEEKS.

[Is] EACH MEMBER IS entitled to reimbursement for expenses under the Standard State Travel Regulations, as provided in the State budget.

[The] GOVERNOR MAY REMOVE A MEMBER OF THE COMMISSION FOR JUST CAUSE.

SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, THE Commission may employ a staff, including contractual staff, in accordance with the State budget.

THE GOVERNOR SHALL APPOINT AN EXECUTIVE DIRECTOR OF THE COMMISSION, WITH THE ADVICE AND CONSENT OF THE SENATE.

The Commission may set reasonable fees to cover the costs of operating the Commission.

There is a Natalie M. LaPrade Medical Cannabis Commission Fund.
(2) The Commission shall administer the Fund.

(3) The Fund is a special [continuing], nonlapsing fund that is not subject to § 7–302 of the State Finance and Procurement Article.

(4) The State Treasurer shall hold the Fund separately, and the Comptroller shall account for the Fund.

(5) The Fund shall be invested and reinvested in the same manner as other State funds, and any investment earnings shall be retained to the credit of the Fund.

(6) The Fund shall be subject to an audit by the Office of Legislative Audits as provided for in § 2–1220 of the State Government Article.

(7) The Comptroller shall pay out money from the Fund as directed by the Commission.

(8) The Fund consists of:

(i) Any money appropriated in the State budget to the Fund;

(ii) Any other money from any other source accepted for the benefit of the Fund, in accordance with any conditions adopted by the Commission for the acceptance of donations or gifts to the Fund; and

(iii) [Any] EXCEPT AS PROVIDED IN § 13–3303.1 OF THIS SUBTITLE, ANY fees collected by the Commission under this subtitle.

(9) No part of the Fund may revert or be credited to:

(i) The General Fund of the State; or

(ii) Any other special fund of the State.

(10) Expenditures from the Fund may be made only in accordance with the State budget.

13–3303.1.

(A) IN THIS SECTION, “COMPASSIONATE USE FUND” MEANS THE NATALIE M. LAPRADE MEDICAL CANNABIS COMPASSIONATE USE FUND.

(B) THERE IS A NATALIE M. LAPRADE MEDICAL CANNABIS COMPASSIONATE USE FUND.
(C) THE DEPARTMENT SHALL ADMINISTER THE COMPASSIONATE USE FUND.

(D) THE PURPOSE OF THE COMPASSIONATE USE FUND IS TO PROVIDE ACCESS TO MEDICAL CANNABIS FOR INDIVIDUALS ENROLLED IN THE MARYLAND MEDICAL ASSISTANCE PROGRAM OR IN THE VETERANS ADMINISTRATION MARYLAND HEALTH CARE SYSTEM.

(E) (1) THE COMPASSIONATE USE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT SUBJECT TO § 7–302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

(2) THE STATE TREASURER SHALL HOLD THE COMPASSIONATE USE FUND SEPARATELY, AND THE COMPTROLLER SHALL ACCOUNT FOR THE COMPASSIONATE USE FUND.

(3) THE COMPASSIONATE USE FUND SHALL BE INVESTED AND REINVESTED IN THE SAME MANNER AS OTHER STATE FUNDS, AND ANY INVESTMENT EARNINGS SHALL BE RETAINED TO THE CREDIT OF THE COMPASSIONATE USE FUND.

(4) THE COMPASSIONATE USE FUND SHALL BE SUBJECT TO AN AUDIT BY THE OFFICE OF LEGISLATIVE AUDITS AS PROVIDED FOR IN § 2–1220 OF THE STATE GOVERNMENT ARTICLE.

(5) THE COMPTROLLER SHALL PAY OUT MONEY FROM THE COMPASSIONATE USE FUND AS DIRECTED BY THE DEPARTMENT.

(F) ON OR BEFORE DECEMBER 1, 2017, THE COMMISSION, IN CONSULTATION WITH THE DEPARTMENT, SHALL REPORT TO THE GENERAL ASSEMBLY, IN ACCORDANCE WITH § 2–1246 OF THE STATE GOVERNMENT ARTICLE, ON:

(1) THE REVENUES THE COMMISSION ANTICIPATES ARE NECESSARY TO IMPLEMENT THE PROGRAM DESCRIBED IN SUBSECTION (I) OF THIS SECTION;

(2) THE AMOUNT OF FEES AND THE LICENSEES ON WHICH THOSE FEES SHOULD BE ASSESSED IN ORDER TO GENERATE THE NECESSARY REVENUES; AND

(3) THE USE OF ANY OTHER FUNDING MECHANISM TO IMPLEMENT THE PROGRAM.
(G) No part of the Compassionate Use Fund may revert or be credited to:

(1) The General Fund of the State; or

(2) Any other special fund of the State.

(H) Expenditures from the Compassionate Use Fund may be made only in accordance with the State budget.

(I) (1) The Department, in consultation with the Commission, shall establish a program to allow eligible individuals enrolled in the Maryland Medical Assistance Program or in the Veterans Administration Maryland Health Care System to:

   (I) Obtain medical cannabis from a licensed dispensary at no cost or a reduced cost; and

   (II) Reimburse a licensed dispensary for the cost of the medical cannabis dispensed to an eligible individual under the program from the Compassionate Use Fund.

   (2) The Department shall adopt regulations to implement this subsection.

13–3304.1.

(A) (1) In this section the following words have the meanings indicated.

(2) “Certification agency” has the meaning stated in § 14–301 of the State Finance and Procurement Article.

(3) “Program” means the Small Medical Cannabis Business Enterprise Program.

(B) There is a Small Medical Cannabis Business Enterprise Program.

(C) The certification agency shall certify a business entity as a small medical cannabis business enterprise if the business entity:

   (1) (1) 1. Is at least 51% owned by one or more individuals who have a personal net worth that does not exceed the
LIMITS ON PERSONAL NET WORTH PRESCRIBED BY THE MINORITY BUSINESS ENTERPRISE PROGRAM UNDER TITLE 14, SUBTITLE 3 OF THE STATE FINANCE AND PROCUREMENT ARTICLE; AND

2. MEETS THE SMALL BUSINESS SIZE STANDARDS FOR:
   A. THE MINORITY BUSINESS ENTERPRISE PROGRAM UNDER TITLE 14, SUBTITLE 3 OF THE STATE FINANCE AND PROCUREMENT ARTICLE; OR
   B. THE SMALL BUSINESS RESERVE PROGRAM UNDER TITLE 14, SUBTITLE 5 OF THE STATE FINANCE AND PROCUREMENT ARTICLE; OR

   (II) IS A CERTIFIED MINORITY BUSINESS ENTERPRISE AS DEFINED IN § 14–301 OF THE STATE FINANCE AND PROCUREMENT ARTICLE; AND

   (2) PROVIDES OR SEeks TO PROVIDE GOODS OR SERVICES IN THE MEDICAL CANNABIS INDUSTRY.

(D) (1) ON OR BEFORE MAY 15, 2017, THE CERTIFICATION AGENCY SHALL ESTABLISH A PROCESS FOR REVIEWING AND EVALUATING APPLICANTS SEEKING CERTIFICATION UNDER THE PROGRAM.

(2) THE PROCESS REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION SHALL INCLUDE PROVISIONS FOR A SPECIAL UNIT IN THE CERTIFICATION AGENCY TO EXPEDITE CERTIFICATIONS DURING THE INITIAL 180 DAYS OF THE PROGRAM.

(3) A SMALL MEDICAL CANNABIS BUSINESS ENTERPRISE CERTIFIED UNDER THIS SECTION SHALL SUBMIT TO THE CERTIFICATION AGENCY AN ANNUAL AFFIDAVIT AND ANY OTHER INFORMATION REQUIRED BY THE CERTIFICATION AGENCY TO DETERMINE WHETHER THE BUSINESS ENTITY CONTINUES TO SATISFY THE ELIGIBILITY REQUIREMENTS UNDER SUBSECTION (C) OF THIS SECTION.

(4) THE CERTIFICATION AGENCY SHALL MODIFY THE DIRECTORY MAINTAINED IN ACCORDANCE WITH § 14–304 OF THE STATE FINANCE AND PROCUREMENT ARTICLE TO INCLUDE THE SMALL MEDICAL CANNABIS BUSINESS ENTERPRISES CERTIFIED UNDER THIS SECTION.

(E) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, THE COMMISSION SHALL ESTABLISH AN EVALUATION PREFERENCE FOR THE LICENSURE UNDER THIS SUBTITLE OF SMALL MEDICAL CANNABIS BUSINESS ENTERPRISES CERTIFIED UNDER THIS SECTION.
(2) The evaluation preference established under paragraph (1) of this subsection:

(I) Shall be equal in weight to no less than 10% of the total available evaluation points to be assigned by the Commission for use in the ranking of license applicants; and

(II) For purposes of the Commission’s selection of applicants, shall be used for each cycle of solicitation and review of applications conducted by the Commission.

13–3305.1.

(A) In this section, “owner” includes any type of owner or beneficiary of a business entity, including an officer, a director, a principal employee, a partner, an investor, a stockholder, or a beneficial owner of the business entity and, notwithstanding any other provision of this subtitle, a person having any ownership interest regardless of the percentage of ownership interest.

(B) A constitutional officer or a secretary of a principal department of the Executive Branch of the State government may not:

(1) Be an owner or an employee of any business entity that holds a license under this subtitle; or

(2) Have an official relationship to a business entity that holds a license under this subtitle.

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;

(iii) Qualifying patients and caregivers; and

(iv) Independent testing laboratories registered with the Commission under this subtitle.
(2) (i) Except as provided in subparagraph [(ii)] (V) of this paragraph, AND SUBJECT TO SUBPARAGRAPH (III) OF THIS PARAGRAPH, the Commission may license no more than [15] 20 medical cannabis growers.

(II) IF AN APPLICANT FOR LICENSURE THAT RECEIVED STAGE ONE PREAPPROVAL FOR A MEDICAL CANNABIS GROWER LICENSE IN AUGUST 2016 FAILS TO SATISFY THE REQUIREMENTS FOR LICENSURE ESTABLISHED BY THE COMMISSION DUE TO A LACK OF GOOD FAITH EFFORT BY THE APPLICANT TO BECOME OPERATIONAL BEFORE AUGUST 15, 2017, THE COMMISSION SHALL RESCIND THE APPLICANT’S STAGE ONE PREAPPROVAL.

(III) IF THE COMMISSION RESCINDS THE STAGE ONE PREAPPROVAL FOR A LICENSE OF AN APPLICANT UNDER SUBPARAGRAPH (II) OF THIS PARAGRAPH, THE MAXIMUM NUMBER OF MEDICAL CANNABIS GROWER LICENSES AUTHORIZED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH SHALL BE REDUCED BY THE SAME NUMBER OF STAGE ONE PREAPPROVALS FOR LICENSURE RESCINDED BY THE COMMISSION.

(IV) BEGINNING APRIL 11, 2017, THE COMMISSION MAY NOT AWARD STAGE ONE PREAPPROVAL FOR A LICENSE UNDER THIS SECTION TO AN APPLICANT UNLESS:

1. THE CERTIFICATION AGENCY, AS DEFINED UNDER § 14–301 OF THE STATE FINANCE AND PROCUREMENT ARTICLE, CONDUCTS A DISPARITY STUDY OF THE MEDICAL CANNABIS INDUSTRY AND MARKET; AND

2. THE CRITERIA ON WHICH THE AWARD OF STAGE ONE PREAPPROVAL FOR LICENSURE IS GRANTED INCLUDE REMEDIAL MEASURES, IF NECESSARY, THAT ARE TAILORED TO ADDRESS THE FINDINGS OF THE DISPARITY STUDY CONDUCTED IN ACCORDANCE WITH ITEM 1 OF THIS SUBPARAGRAPH.

[(iii)] (V) [Beginning June 1, 2018.] ON OR BEFORE DECEMBER 1, 2020, the Commission [may issue] SHALL REPORT TO THE GENERAL ASSEMBLY, IN ACCORDANCE WITH § 2–1246 OF THE STATE GOVERNMENT ARTICLE, ON the number of grower 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.

[(iii)] (VI) The Commission shall establish an application review process for granting medical cannabis grower licenses in which applications are reviewed, evaluated, and ranked based on criteria established by the Commission.

[(iv)] (VII) The Commission may not issue more than one medical cannabis grower license to each applicant.
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 not register a person AN INDIVIDUAL who has been convicted of a felony drug offense as a MEDICAL CANNABIS grower agent UNLESS:

1. WITHIN THE 7-YEAR PERIOD IMMEDIATELY PRECEDING THE DATE ON WHICH THE INDIVIDUAL SUBMITTED AN APPLICATION UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH, THE INDIVIDUAL WAS CONVICTED OF THE OFFENSE OR SATISFACTORILY COMPLETED THE SENTENCE FOR THE
OFFENSE, INCLUDING PROBATION, THAT WAS IMPOSED FOR THE CONVICTION, WHICHEVER IS LATER; OR

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

(6) (i) A medical cannabis grower license is valid for 4 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) (i) The Commission shall encourage licensing medical cannabis growers that grow strains of cannabis, including strains with high cannabidiol content, with demonstrated success in alleviating symptoms of specific diseases or conditions.

(ii) The Commission shall encourage licensing medical cannabis growers that prepare medical cannabis in a range of routes of administration.

(9) (i) The Commission shall:

1. [Actively] to the extent permitted by federal and state law, actively seek to achieve racial, ethnic, and geographic diversity when licensing medical cannabis growers; and

2. Encourage applicants who [qualify as a minority business enterprise, as defined in § 14–301 of the State Finance and Procurement Article] are small, minority, or women–owned business entities to apply for certification under the small medical cannabis business enterprise program established under § 13–3304.1 of this subtitle.

(ii) Beginning June 1, [2016] 2017, a grower licensed under this subtitle to operate as a medical cannabis grower shall report annually to the Commission on [the minority owners and]:

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

2. The ownership interest of any minority and women owners of the grower; and
3. The number of minority and women employees of the grower.

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

13–3307.

(a) (1) A dispensary shall be licensed by the Commission.

(2) Beginning Except as provided in paragraph (3) of this subsection, beginning April 11, 2017, the Commission may not award Stage One preapproval for a license under this section to an applicant unless:

(i) The certification agency, as defined under § 14–301 of the State Finance and Procurement Article, conducts a disparity study of the medical cannabis industry and market; and

(ii) The criteria on which the award of Stage One preapproval for licensure is granted include remedial measures, if necessary, that are tailored to address the findings of the disparity study conducted in accordance with item 1 of this paragraph.

(3) Notwithstanding paragraph (2) of this subsection, the Commission:

(i) Shall grant Stage One preapproval for a license under this section to an applicant that is a licensed medical cannabis grower; and

(ii) May grant final approval for a license under this section to the applicant granted Stage One preapproval under item (i) of this paragraph if the applicant meets the requirements established by the Commission for final approval.

(c) (1) The Commission shall:

[(1)] (1) Establish an application review process for granting dispensary licenses in which applications are reviewed, evaluated, and ranked based on criteria established by the Commission; [and]
[2] (II) [Actively] To the extent permitted by federal and state law, actively seek to achieve racial, ethnic, and geographic diversity when licensing dispensaries; and

(III) Encourage applicants who are small, minority, or women-owned business entities to apply for certification under the Small Medical Cannabis Business Enterprise Program established under §13–3304.1 of this subtitle.

(2) Beginning June 1, 2017, 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.

13–3308.

(d) The Commission may [not] register an individual who has been convicted of a felony drug offense as a dispensary agent UNLESS:

(1) Within the 7–year period immediately preceding the date on which the individual submitted an application under subsection (B) of this section, the individual was convicted of the offense or satisfactorily completed the sentence for the offense, including probation, that was imposed for the conviction, whichever is later; or

(2) The Commission finds a substantial reason to deny the registration.

13–3309.

(c) (1) Except as provided in paragraph (2)(1) of this subsection, the Commission may license 20 processors.

(2) (i) Beginning June 1, 2019, the Commission may increase the number of processor licenses in order to meet the demand for medical cannabis by qualifying patients and caregivers issued
IDENTIFICATION CARDS UNDER THIS SUBTITLE IN AN AFFORABLE, ACCESSIBLE, SECURE, AND EFFICIENT MANNER.

(II) If the Commission increases the number of processor licenses in accordance with subparagraph (I) of this paragraph, the Commission shall report to the General Assembly, in accordance with § 2–1246 of the State Government Article, on the new total number of processor licenses.

(3) Beginning April 11, 2017, the Commission may not award Stage One preapproval for a license under this section to an applicant unless:

(I) The certification agency, as defined under § 14–301 of the State Finance and Procurement Article, conducts a disparity study of the medical cannabis industry and market; and

(II) The criteria on which the award of Stage One preapproval for licensure is granted include remedial measures, if necessary, that are tailored to address the findings of the disparity study conducted in accordance with item 1 of this paragraph.

(4) The Commission shall establish an application review process for granting processor licenses in which applications are reviewed, evaluated, and ranked based on criteria established by the Commission.

(5) (I) The Commission shall:

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

2. Encourage applicants who are small, minority, or women–owned business entities to apply for certification under the Small Medical Cannabis Business Enterprise Program established under § 13–3304.1 of this subtitle.

(II) Beginning June 1, 2017, a processor licensed under this subtitle shall report annually to the Commission on:

1. The number of minority and women owners of the processor;
2. **The ownership interest of any minority and women owners of the processor; and**

3. **The number of minority and women employees of the processor.**

(d) (1) A processor license is valid for 4 years on initial licensure.

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

13–3310.

(d) The Commission may [not] register an individual who has been convicted of a felony drug offense as a processor agent UNLESS:

1. **Within the 7–year period immediately preceding the date on which the individual submitted an application under subsection (b) of this section, the individual was convicted of the offense or satisfactorily completed the sentence for the offense, including probation, that was imposed for the conviction, whichever is later; or**

2. **The Commission finds a substantial reason to deny the registration.**

13–3316.

[On or before September 15, 2014, the] **The Commission shall adopt regulations to implement the provisions of this subtitle.**

SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

**Article – Health – General**

13–3304.

(d) (1) The Commission is encouraged to approve physician applications for the following medical conditions:

(i) A chronic or debilitating disease or medical condition that results in a patient being admitted into hospice or receiving palliative care; or

(ii) **An opioid use disorder; or**
(III) A chronic or debilitating disease or medical condition or the treatment of a chronic or debilitating disease or medical condition that produces:

1. Cachexia, anorexia, or wasting syndrome;
2. Severe or chronic pain;
3. Severe nausea;
4. Seizures; or
5. Severe or persistent muscle spasms.

On or before January 1 each year, the Commission shall report to the Governor and, in accordance with § 2–1246 of the State Government Article, the General Assembly on [physicians]:

(1) PHYSICIANS certified under this subtitle;
(2) MINORITY AND WOMEN BUSINESS OWNERS LICENSED UNDER THIS SUBTITLE; AND
(3) THE OUTREACH CONDUCTED BY THE COMMISSION IN ACCORDANCE WITH § 13–3302(F) OF THIS SUBTITLE.

SECTION 3. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

Article – Health – General

13–3304.

(d) The Commission is encouraged to approve provider applications for the following medical conditions:

(i) A chronic or debilitating disease or medical condition that results in a patient being admitted into hospice or receiving palliative care; or

(ii) AN OPIOID USE DISORDER; OR

(III) A chronic or debilitating disease or medical condition or the treatment of a chronic or debilitating disease or medical condition that produces:

1. Cachexia, anorexia, or wasting syndrome;
2. Severe or chronic pain;
3. Severe nausea;
4. Seizures; or
5. Severe or persistent muscle spasms.

On or before January 1 each year, the Commission shall report to the Governor and, in accordance with § 2–1246 of the State Government Article, the General Assembly on [providers]:

(1) PROVIDERS certified under this subtitle;

(2) MINORITY AND WOMEN BUSINESS OWNERS LICENSED UNDER THIS SUBTITLE; AND

(3) THE OUTREACH CONDUCTED BY THE COMMISSION IN ACCORDANCE WITH § 13–3302(F) OF THIS SUBTITLE.

SECTION 4. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

Article – State Finance and Procurement

6–226.

(a) (2) (i) Notwithstanding any other provision of law, and unless inconsistent with a federal law, grant agreement, or other federal requirement or with the terms of a gift or settlement agreement, net interest on all State money allocated by the State Treasurer under this section to special funds or accounts, and otherwise entitled to receive interest earnings, as accounted for by the Comptroller, shall accrue to the General Fund of the State.

(ii) The provisions of subparagraph (i) of this paragraph do not apply to the following funds:

94. the Community Program Fund; [and]

95. the Maryland Corps Program Fund; AND

96. THE NATALIE M. LAPIRADE MEDICAL CANNABIS COMPASSIONATE USE FUND.
SECTION 5. AND BE IT FURTHER ENACTED, That, to implement the change in
the composition of the Natalie M. LaPrade Medical Cannabis Commission under § 13–3303
of the Health – General Article, as enacted by Section 1 of this Act:

   (1) (i) except as provided in item (ii) of this item, the terms of all
   members serving on the Commission shall terminate on the taking effect of this Act; and

   (ii) the terms of all members serving on the Commission whose
   terms would have expired on or after September 30, 2017, shall terminate on June 1, 2017;
   and

   (2) the eight positions provided for in § 13–3303(a)(2) and (3) of the Health
   – General Article shall be filled in accordance with § 13–3303 of the Health – General
   Article.

SECTION 6. AND BE IT FURTHER ENACTED, That it is the intent of the General
Assembly that, in filling the six five positions provided for in § 13–3303(a)(2) of the Health
– General Article, as enacted by Section 1 of this Act, the Governor may reappoint a member
of the Commission who served before the enactment of this Act in order to ensure a level of
continuity within the membership of the Natalie M. LaPrade Medical Cannabis
Commission.

SECTION 7. AND BE IT FURTHER ENACTED, That the terms of the eight initial
members of the Natalie M. LaPrade Medical Cannabis Commission provided for in §
13–3303(a)(2) and (3) of the Health – General Article, as enacted by Section 1 of this Act,
shall expire as follows:

   (1) two members in 2019;

   (2) two members in 2020;

   (3) two members in 2021; and

   (4) two members in 2022.

SECTION 8. AND BE IT FURTHER ENACTED, That:

   (a) The certification agency designated by the Board of Public Works under §
   14–303(b) of the State Finance and Procurement Article, in consultation with the General
   Assembly and the Office of the Attorney General, shall initiate a study of the medical
   cannabis industry and market to evaluate whether there is a compelling interest to apply
   the State Minority Business Enterprise Program under Title 14, Subtitle 3 of the State
   Finance and Procurement Article or a similar program to assist minorities and women in
   the medical cannabis industry, and whether that program would comply with federal and
   State law.
(b) The Natalie M. LaPrade Medical Cannabis Commission shall require licensed growers, processors, and dispensaries and applicants for licensure under Title 13, Subtitle 33 of the Health – General Article to provide to the Commission any information necessary to perform the study required under subsection (a) of this section and provide that information to the certification agency.

(c) In performing the study required under subsection (a) of this section, the certification agency also shall evaluate race-neutral programs or other methods that may be used to address the needs of minority and women applicants and minority and women-owned businesses seeking to participate in the medical cannabis industry.

(d) On or before July 1, 2017, the certification agency shall report to the Commission and the Legislative Policy Committee, in accordance with § 2–1246 of the State Government Article, on the findings of the study required under subsection (a) of this section.

(e) In consultation with the Office of the Attorney General, the Natalie M. LaPrade Medical Cannabis Commission shall submit emergency regulations, in accordance with Title 10, Subtitle 1 of the State Government Article, to implement remedial measures based on the findings of the study required under subsection (a) of this section.

SECTION 9. AND BE IT FURTHER ENACTED, That, except as provided in § 13–3307(a)(3) of the Health – General Article, as enacted by Section 1 of this Act, the Natalie M. LaPrade Medical Cannabis Commission may not review, evaluate, or rank an application for a license under Title 13, Subtitle 33 of the Health – General Article or award any additional licenses under Title 13, Subtitle 33 of the Health – General Article until the study required under Section 8 of this Act is completed.

SECTION 10. AND BE IT FURTHER ENACTED, That, following the completion of the study required under Section 8 of this Act and the adoption of any regulations necessary to implement the findings of the study, the Natalie M. LaPrade Medical Cannabis Commission:

(1) shall accept new applications for licensure under Title 13, Subtitle 33 of the Health – General Article in addition to the applications that the Commission previously received;

(2) shall permit a person who previously applied for licensure under Title 13, Subtitle 33 of the Health – General Article to amend and resubmit the person’s application or to withdraw the person’s application entirely;

(3) may waive the initial application fee for a person who previously applied for licensure under Title 13, Subtitle 33 of the Health – General Article, but may charge the person a reasonable fee for the submission of an amended application; and

(4) shall resume reviewing, evaluating, and ranking applications for licensure under Title 13, Subtitle 33 of the Health – General Article in accordance with an
evaluation system based on the findings of the study and awarding licenses under Title 13, Subtitle 33 of the Health – General Article.

SECTION 11. AND BE IT FURTHER ENACTED, That, if any provision of this Act or the application thereof to any person or circumstance is held invalid for any reason in a court of competent jurisdiction, the invalidity does not affect other provisions or any other application of this Act that can be given effect without the invalid provision or application, and for this purpose the provisions of this Act are declared severable.

SECTION 12. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall take effect on the taking effect of this Act. It shall remain effective until the taking effect of Section 3 of this Act. If Section 3 of this Act takes effect, Section 2 of this Act shall be abrogated and of no further force and effect.

SECTION 13. AND BE IT FURTHER ENACTED, That Section 3 of this Act shall take effect June 1, 2017, the effective date of Chapter 474 of the Acts of the General Assembly of 2016. If the effective date of Chapter 474 is amended, Section 3 of this Act shall take effect on the taking effect of Chapter 474.

SECTION 14. AND BE IT FURTHER ENACTED, That, subject to the provisions of Sections 12 and 13 of this Act, this Act is an emergency measure, is necessary for the immediate preservation of the public health or safety, has been passed by a yea and nay vote supported by three-fifths of all the members elected to each of the two Houses of the General Assembly, and shall take effect from the date it is enacted.

Approved: ____________________________
Governor.

______________________________
Speaker of the House of Delegates.

______________________________
President of the Senate.