

SENATE BILL 1038

J1

EMERGENCY BILL

7lr2328
CF HB 1259

By: **Senators Serafini and Ready**

Introduced and read first time: February 10, 2017

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **Natalie M. LaPrade Medical Cannabis Commission – Medical Cannabis Grower**
3 **Licenses**

4 FOR the purpose of increasing the number of medical cannabis grower licenses that may
5 be authorized by the Natalie M. LaPrade Medical Cannabis Commission; requiring
6 the Commission to grant a certain approval to certain applicants; making this Act
7 an emergency measure; and generally relating to the Natalie M. LaPrade Medical
8 Cannabis Commission and medical cannabis grower licenses.

9 BY repealing and reenacting, with amendments,
10 Article – Health – General
11 Section 13–3306(a)
12 Annotated Code of Maryland
13 (2015 Replacement Volume and 2016 Supplement)

14 Preamble

15 WHEREAS, Regulations authorizing the Natalie M. LaPrade Medical Cannabis
16 Commission (Commission) to approve no more than 15 medical cannabis grower licenses
17 before 2018 provide that “[f]or scoring purposes, the Commission may take into account the
18 geographic location of the growing operation to ensure there is geographic diversity in the
19 award of licenses” (COMAR 10.62.08.05.1); and

20 WHEREAS, The Commission delegated the independent evaluation review process
21 of medical cannabis grower applications to the Towson University Regional Economic
22 Studies Institute (RESI); and

23 WHEREAS, During the application period, the Commission never advised applicants
24 that geographic diversity would be used to exclude applicants and instead expressly advised
25 applicants in its responses to frequently asked questions 82e and 83e, that “the specific
26 location of the proposed location is not relevant for purposes of Stage One application”; and

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 WHEREAS, In July 2016 the Commission and its grower subcommittee voted
2 unanimously to use the RESI scoring and rankings to award Stage One pre-approval to
3 the top 15 grower applications; and

4 WHEREAS, The Commission reversed its decision to award Stage One pre-approval
5 to the top 15 grower applications, removed the applicants ranked 8th and 12th from the top
6 15 Stage One pre-approved grower licenses, and replaced the applicants ranked 8th and
7 12th with the applicants ranked 20th and 21st to account for “geographic diversity”; and

8 WHEREAS, The integrity of the medical cannabis program has been jeopardized and
9 places patients at risk by granting licenses to lower ranked applicants; and

10 WHEREAS, Immediately expanding the number of medical cannabis grower licenses
11 awarded Stage One pre-approval from 15 to 17 will allow two applicants who were
12 arbitrarily and unfairly removed to be reinstated for Stage One pre-approval without
13 additional undue burden to patients; now, therefore,

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

16 **Article – Health – General**

17 13-3306.

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

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

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

22 (iii) Qualifying patients and caregivers; and

23 (iv) Independent testing laboratories registered with the
24 Commission under this subtitle.

25 (2) (i) Except as provided in subparagraph (ii) of this paragraph, **AND**
26 **SUBJECT TO SUBPARAGRAPH (IV) OF THIS PARAGRAPH**, the Commission may license
27 no more than [15] 17 medical cannabis growers.

28 (ii) Beginning June 1, 2018, the Commission may issue the number
29 of licenses necessary to meet the demand for medical cannabis by qualifying patients and
30 caregivers issued identification cards under this subtitle in an affordable, accessible,
31 secure, and efficient manner.

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

4 (IV) THE COMMISSION SHALL AWARD STAGE ONE
5 PRE-APPROVAL FOR A MEDICAL CANNABIS GROWER LICENSE TO THE TOP 15
6 APPLICANTS AS RANKED BY THE REGIONAL ECONOMIC STUDIES INSTITUTE IN
7 JULY, 2016.

8 [(iv)] (v) The Commission may not issue more than one medical
9 cannabis grower license to each applicant.

10 [(v)] (VI) A grower shall pay an application fee in an amount to be
11 determined by the Commission consistent with this subtitle.

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

15 (4) Each medical cannabis grower agent shall:

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

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

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

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

25 A. Notify the Commission; and

26 B. Return the grower agent's registration card to the
27 Commission.

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

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

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

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

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

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

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

10 (8) (i) The Commission shall encourage licensing medical cannabis
11 growers that grow strains of cannabis, including strains with high cannabidiol content,
12 with demonstrated success in alleviating symptoms of specific diseases or conditions.

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

15 (9) (i) The Commission shall:

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

18 2. Encourage applicants who qualify as a minority business
19 enterprise, as defined in § 14–301 of the State Finance and Procurement Article.

20 (ii) Beginning June 1, 2016, a grower licensed under this subtitle to
21 operate as a medical cannabis grower shall report annually to the Commission on the
22 minority owners and employees of the grower.

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

25 SECTION 2. AND BE IT FURTHER ENACTED, That this Act is an emergency
26 measure, is necessary for the immediate preservation of the public health or safety, has
27 been passed by a ye and nay vote supported by three–fifths of all the members elected to
28 each of the two Houses of the General Assembly, and shall take effect from the date it is
29 enacted.