EMERGENCY BILL (PRE-FILED) 8lr0680 CF HB 2

### By: Senators Conway, McFadden, and Miller

Requested: September 25, 2017 Introduced and read first time: January 10, 2018 Assigned to: Finance

### A BILL ENTITLED

1 AN ACT concerning

### Natalie M. LaPrade Medical Cannabis Commission Reform Act

3 FOR the purpose of declaring the intent of the General Assembly with regard to the State's 4 medical cannabis programs; requiring the Natalie M. LaPrade Medical Cannabis  $\mathbf{5}$ Commission to conduct certain outreach to certain small, minority, and women 6 business owners and entrepreneurs for certain purposes; authorizing the 7 Commission to make grants to certain educational and business development 8 organizations for certain purposes; requiring the Commission to partner with the 9 Department of Labor, Licensing, and Regulation to identify certain employment 10 opportunities; altering the membership of the Commission; providing that the 11 certain appointments made to the Commission are subject to the advice and consent 12of the Senate of Maryland; establishing certain gualifications for appointed members 13 of the Commission; prohibiting a member of the Commission from having certain 14 interests in certain licensees, having a certain relationship to a person who holds a 15certain license, being a certain official, receiving or sharing in certain receipts or 16proceeds, or having a certain interest in certain contracts; requiring the membership 17of the Commission, to the extent practicable and consistent with federal and State 18 law, to reflect the racial, ethnic, and gender diversity of the State; requiring a 19member of the Commission to file a certain disclosure statement; providing that the 20terms of the appointed members of the Commission are staggered as required by the 21terms provided for members on a certain date; providing that appointed members of 22the Commission are entitled to a certain salary and reimbursement for certain 23expenses; requiring that an appointed member of the Commission be paid at certain 24intervals; providing that the Secretary of Health, or the Secretary's designee, is 25entitled to certain reimbursement; authorizing the Governor to remove a member of 26the Commission for just cause: requiring the Governor to appoint an executive 27director of the Commission with the advice and consent of the Senate of Maryland; 28establishing the Natalie M. LaPrade Medical Cannabis Compassionate Use Fund; 29requiring the Maryland Department of Health to administer the Fund and set 30 certain fees; prohibiting the Commission from imposing certain fees on certain

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW. [Brackets] indicate matter deleted from existing law.



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1 licensed medical cannabis growers, processors, and dispensaries under certain  $\mathbf{2}$ circumstances; providing that the Fund is a special, nonlapsing fund that is not 3 subject to a certain provision of law; providing for the purpose of the Fund; requiring 4 the State Treasurer to hold the Fund separately and the Comptroller to account for  $\mathbf{5}$ the Fund; requiring the Fund to be invested and reinvested in a certain manner; 6 providing that interest earnings of the Fund shall be retained to the credit of the 7Fund; exempting the Fund from a certain provision of law requiring interest 8 earnings on State money to accrue to the General Fund of the State; providing that 9 the Fund is subject to a certain audit; requiring the Comptroller to pay out money 10 from the Fund as directed by the Department; requiring the Commission, in 11 consultation with the Maryland Department of Health, to report to the General 12Assembly, on or before a certain date, on certain anticipated revenues, the amount 13 of certain fees and on which licensees the fees should be assessed in order to generate 14certain revenues, the use of any other funding mechanisms to implement a certain 15program, and certain anticipated savings; prohibiting any part of the Fund from 16 reverting or being credited to certain funds; providing that expenditures from the 17Fund may be made only in accordance with the State budget; requiring the Maryland 18 Department of Health, in consultation with the Commission, to establish a certain 19 program to allow certain individuals to obtain medical cannabis from certain 20dispensaries at no cost or a reduced cost and to reimburse certain dispensaries from 21a certain Fund; requiring the Maryland Department of Health to adopt certain 22regulations; prohibiting a constitutional officer or a secretary of a principal 23department of the Executive Branch of State government, except under certain circumstances, from being an owner or an employee of a certain business entity that 2425holds a certain license or from having an official relationship to a certain business 26entity; requiring the Commission, in consultation with certain entities, to evaluate 27a certain study of the medical cannabis industry, make a certain determination 28relating to certain business participation in the medical cannabis industry, evaluate 29certain race-neutral programs and other methods, and submit certain emergency 30 regulations; altering the number of medical cannabis growers that may be licensed 31 by the Commission; authorizing the Commission to license a certain number of 32processors; requiring the Commission to report to the General Assembly, on or before 33 a certain date, on the number of grower and processor licenses necessary to meet a 34demand for medical cannabis by certain individuals; prohibiting the Commission 35from submitting a certain report before a certain date; authorizing the Commission 36 to submit a certain report during a certain time period only under certain 37 circumstances; requiring the Commission, to the extent permitted by federal and 38 State law, to seek to achieve certain diversity when licensing certain growers, 39 processors, and dispensaries; requiring the Commission to encourage applicants who 40 are small, minority, or women-owned business entities to apply for licensure; 41 authorizing the Commission, except under certain circumstances, to register as an 42agent of certain licensed entities an individual who has been convicted of a certain 43offense; altering the period of time for which certain medical cannabis grower and 44processor licenses are valid; altering certain reporting requirements for certain 45medical cannabis growers; requiring certain dispensaries and processors, beginning 46 on a certain date, to annually report certain information to the Commission; altering 47the information that the Commission must report to the Governor and the General

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1 Assembly; requiring the terms of certain members of the Commission to terminate  $\mathbf{2}$ on a certain date; declaring the intent of the General Assembly relating to continuity 3 within the membership of the Commission; specifying the terms of certain initial 4 members of the Commission; prohibiting the Commission, except under certain  $\mathbf{5}$ circumstances, from reviewing, evaluating, or ranking an application for certain 6 licenses or awarding certain additional licenses until certain regulations are 7 adopted; requiring the Commission, under certain circumstances, to accept certain 8 applications for licensure, allow certain persons who previously applied for licensure 9 to amend and resubmit or withdraw certain applications, and resume reviewing, 10 evaluating, and ranking applications for certain licenses and awarding certain 11 additional licenses; providing that the Commission, under certain circumstances, may waive a certain initial application fee for a certain person, but may charge a 1213 certain fee for the submission of an amended application; requiring the Commission, 14in consultation with the Maryland Department of Health, to report to the General Assembly on or before a certain date; defining certain terms; making certain 1516 conforming and stylistic changes; repealing certain provisions of law made obsolete 17by this Act; applying certain provisions of this Act prospectively; making the 18 provisions of this Act severable; making this Act an emergency measure; and 19 generally relating to the Natalie M. LaPrade Medical Cannabis Commission.

- 20 BY adding to
- 21 Article Health General
- 22 Section 13–3301.1, 13–3303.1, 13–3305.1, and 13–3305.2
- 23 Annotated Code of Maryland
- 24 (2015 Replacement Volume and 2017 Supplement)
- 25 BY repealing and reenacting, with amendments,
- 26 Article Health General
- 27 Section 13–3302, 13–3303, 13–3305, 13–3306(a), 13–3307(c), 13–3308(d), 13–3309(c) 28 and (d), 13–3310(d), and 13–3316
- 29 Annotated Code of Maryland
- 30 (2015 Replacement Volume and 2017 Supplement)
- 31 BY repealing and reenacting, without amendments,
- 32 Article Health General
- 33 Section 13–3307(a) and 13–3309(a)
- 34 Annotated Code of Maryland
- 35 (2015 Replacement Volume and 2017 Supplement)
- 36 BY repealing and reenacting, without amendments,
- 37 Article State Finance and Procurement
- 38 Section 6-226(a)(2)(i)
- 39 Annotated Code of Maryland
- 40 (2015 Replacement Volume and 2017 Supplement)
- 41 BY repealing and reenacting, with amendments,
- 42 Article State Finance and Procurement

- 1 Section 6–226(a)(2)(ii)101. and 102.
- 2 Annotated Code of Maryland
- 3 (2015 Replacement Volume and 2017 Supplement)
- 4 BY adding to
- 5 Article State Finance and Procurement
- 6 Section 6–226(a)(2)(ii)103.
- 7 Annotated Code of Maryland
- 8 (2015 Replacement Volume and 2017 Supplement)

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

Article – Health – General

12 **13–3301.1**.

11

13THE GENERAL ASSEMBLY INTENDS THAT THE PROGRAMS IMPLEMENTED IN14ACCORDANCE WITH THIS SUBTITLE YIELD A SUCCESSFUL BUT15CONSUMER-FRIENDLY MEDICAL CANNABIS INDUSTRY IN THE STATE TO PROVIDE16PATIENTS AFFORDABLE ACCESS TO MEDICAL CANNABIS.

17 13–3302.

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

19 (b) The Commission is an independent commission that functions within the 20 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.

24 (d) (1) The Commission shall develop identification cards for qualifying 25 patients and caregivers.

26 (2) (i) The Department shall adopt regulations that establish the 27 requirements for identification cards provided by the Commission.

28 (ii) The regulations adopted under subparagraph (i) of this 29 paragraph shall include:

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

3132 identification cards; and32 The method through which the Commission will distribute

$\frac{1}{2}$	3. The method through which the Commission will track identification cards.				
3	(e) The Commission shall develop and maintain a Web site that:				
4 5	(1) Provides information on how an individual can obtain medical cannabis in the State; and				
6	(2) Provides contact information for licensed dispensaries.				
7	(F) (1) THE COMMISSION:				
8 9 10 11	(I) SHALL CONDUCT ONGOING, THOROUGH, AND COMPREHENSIVE OUTREACH TO SMALL, MINORITY, AND WOMEN BUSINESS OWNERS AND ENTREPRENEURS WHO MAY HAVE AN INTEREST IN APPLYING FOR MEDICAL CANNABIS GROWER, PROCESSOR, OR DISPENSARY LICENSES; AND				
12 13 14 15	(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.				
$\frac{16}{17}$	(2) THE OUTREACH REQUIRED UNDER PARAGRAPH (1)(I) OF THIS SUBSECTION SHALL INCLUDE:				
18	(I) DEVELOPING PARTNERSHIPS WITH:				
19 20 21	1. TRADITIONAL MINORITY–SERVING INSTITUTIONS IN THE STATE AND SURROUNDING JURISDICTIONS, INCLUDING HISTORICALLY BLACK COLLEGES AND UNIVERSITIES;				
22 23	2. TRADE ASSOCIATIONS REPRESENTING MINORITY AND WOMEN-OWNED BUSINESSES; AND				
24 $25$	3. THE GOVERNOR'S OFFICE OF SMALL, MINORITY, AND WOMEN BUSINESS AFFAIRS;				
26 27	(II) ESTABLISHING AND CONDUCTING TRAINING PROGRAMS FOR EMPLOYMENT IN THE MEDICAL CANNABIS INDUSTRY;				
28 29 30	(III) DISSEMINATING INFORMATION ABOUT THE LICENSING PROCESS FOR MEDICAL CANNABIS GROWERS, PROCESSORS, AND DISPENSARIES THROUGH MEDIA DEMONSTRATED TO REACH LARGE NUMBERS OF MINORITY AND				

	6	SENATE BILL 1
1	WOMEN BUSINES	S OWNERS AND ENTREPRENEURS; AND
$2 \\ 3 \\ 4$	(I) OF THIS PA TARGETED.	(IV) COLLABORATING WITH THE PARTNERS DESCRIBED IN ITEM RAGRAPH TO ENSURE THAT OUTREACH IS APPROPRIATELY
5 6 7 8	LICENSING, AND	COMMISSION SHALL PARTNER WITH THE DEPARTMENT OF LABOR, REGULATION TO IDENTIFY EMPLOYMENT OPPORTUNITIES WITHIN NNABIS INDUSTRY FOR JOB SEEKERS, DISLOCATED WORKERS, AND
9	13–3303.	
10	(a) The C	Commission consists of the following [16] NINE members:
11	(1)	The Secretary of Health, or the Secretary's designee; [and
12	(2)	The following 15 members, appointed by the Governor:
$\begin{array}{c} 13\\14\\15\end{array}$	medical purposes a cannabis;	(i) Two members of the public who support the use of cannabis for and who are or were patients who found relief from the use of medical
$\begin{array}{c} 16 \\ 17 \end{array}$	of the National Co	(ii) One member of the public designated by the Maryland Chapter uncil on Alcoholism and Drug Dependence;
18		(iii) Three physicians licensed in the State;
19 20	care, nominated by	(iv) One nurse licensed in the State who has experience in hospice a State research institution or trade association;
$\begin{array}{c} 21 \\ 22 \end{array}$	research institutio	(v) One pharmacist licensed in the State, nominated by a State n or trade association;
$\begin{array}{c} 23\\ 24 \end{array}$	nominated by a Sta	(vi) One scientist who has experience in the science of cannabis, ate research institution;
$\frac{25}{26}$	Association;	(vii) One representative of the Maryland State's Attorneys'
27		(viii) One representative of law enforcement;
$\begin{array}{c} 28\\ 29 \end{array}$	in the United State	(ix) An attorney who is knowledgeable about medical cannabis laws es;
30		(x) An individual with experience in horticulture, recommended by

1	the Department of Agriculture;			
2	(xi) One representative of the University of Maryland Extension; and			
3	(xii) One representative of the Office of the Comptroller]			
45	(2) FIVE MEMBERS, APPOINTED BY THE GOVERNOR WITH THE ADVICE AND CONSENT OF THE SENATE;			
$6 \\ 7$	(3) ONE MEMBER APPOINTED BY THE GOVERNOR FROM A LIST OF THREE INDIVIDUALS RECOMMENDED BY THE PRESIDENT OF THE SENATE;			
8 9 10	(4) ONE MEMBER APPOINTED BY THE GOVERNOR FROM A LIST OF THREE INDIVIDUALS RECOMMENDED BY THE SPEAKER OF THE HOUSE OF DELEGATES; AND			
$\frac{11}{12}$	(5) ONE MEMBER APPOINTED BY THE GOVERNOR FROM EITHER OF THE TWO LISTS DESCRIBED IN ITEMS (3) AND (4) OF THIS SUBSECTION.			
13	(B) (1) AN APPOINTED MEMBER OF THE COMMISSION SHALL:			
14	(I) BE AT LEAST 25 YEARS OLD;			
15 $16$	(II) BE A RESIDENT OF THE STATE WHO HAS RESIDED IN THE STATE FOR AT LEAST THE IMMEDIATELY PRECEDING 5 YEARS;			
17	(III) BE A QUALIFIED VOTER OF THE STATE; AND			
18	(IV) HAVE SUBSTANTIAL EXPERIENCE:			
19 20	1. AS AN EXECUTIVE WITH FIDUCIARY RESPONSIBILITIES FOR A LARGE ORGANIZATION OR FOUNDATION;			
$\frac{21}{22}$	2. IN AN ACADEMIC FIELD RELATING TO HEALTH, AGRICULTURE, OR FINANCE; OR			
$\frac{23}{24}$	3. AS A PROFESSIONAL IN A PROFESSION RELATING TO HEALTH, AGRICULTURE, OR FINANCE.			
25	(2) A MEMBER OF THE COMMISSION MAY NOT:			
26 27 28	(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			

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1	CANNABIS GROWER, PROCESSOR, OR DISPENSARY;				
$2 \\ 3$	(II) HAVE AN OFFICIAL RELATIONSHIP TO A PERSON WHO HOLDS A LICENSE UNDER THIS SUBTITLE;				
45	(III) BE AN ELECTED OFFICIAL OF STATE OR LOCAL GOVERNMENT;				
6 7 8	(IV) RECEIVE OR SHARE IN, DIRECTLY OR INDIRECTLY, THE RECEIPTS OR PROCEEDS OF ANY STATE LICENSED MEDICAL CANNABIS GROWER, PROCESSOR, OR DISPENSARY; OR				
9 10 11 12	(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.				
$\begin{array}{c} 13\\14\\15\end{array}$	(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.				
16 17 18	(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.				
19	[(b)] (C) (1) The term of a member is 4 years.				
$\begin{array}{c} 20\\ 21 \end{array}$	(2) The terms of the <b>APPOINTED</b> members are staggered as required by the terms provided for members on [October 1, 2013] <b>JUNE 1, 2018</b> .				
$\begin{array}{c} 22\\ 23 \end{array}$	(3) At the end of a term, a member continues to serve until a successor is appointed and qualifies.				
24	(4) A member may not serve more than three consecutive full terms.				
$\begin{array}{c} 25\\ 26 \end{array}$	(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.				
$\begin{array}{c} 27\\ 28 \end{array}$	[(c)] (D) The Governor shall designate the chair from among the members of the Commission.				
29 30	[(d)] (E) A majority of the full authorized membership of the Commission is a quorum.				
31	[(e)] (F) (1) [A] AN APPOINTED member of the Commission IS ENTITLED				

1 TO:  $\mathbf{2}$ (1)May not receive compensation as a member of the Commission; but] 3 Тне **(I)** SALARY PROVIDED IN THE BUDGET OF THE 4 **COMMISSION: AND**  $\mathbf{5}$ **(II) REIMBURSEMENT FOR REASONABLE EXPENSES:** 6 1. INCURRED IN THE PERFORMANCE THE OF 7 **COMMISSION MEMBER'S DUTIES; AND** 2. 8 AS PROVIDED IN THE BUDGET OF THE COMMISSION. 9 AN APPOINTED MEMBER OF THE COMMISSION SHALL BE PAID (2) 10 **ONCE EVERY 2 WEEKS.** 11 **[**(2)**] (3)** [Is] THE SECRETARY OF HEALTH, OR THE SECRETARY'S 12**DESIGNEE**, IS entitled to reimbursement for expenses under the Standard State Travel 13Regulations, as provided in the State budget. 14(G) THE GOVERNOR MAY REMOVE A MEMBER OF THE COMMISSION FOR 15JUST CAUSE. 16 (1) [The] SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, [(f)] **(H)** 17THE Commission may employ a staff, including contractual staff, in accordance with the State budget. 18(2) THE GOVERNOR SHALL APPOINT AN EXECUTIVE DIRECTOR OF 19 20THE COMMISSION WITH THE ADVICE AND CONSENT OF THE SENATE. 21[(g)] **(I)** The Commission may set reasonable fees to cover the costs of operating 22the Commission. 23There is a Natalie M. LaPrade Medical Cannabis Commission [(h)] (J) (1)Fund. 2425(2)The Commission shall administer the Fund. 26(3)The Fund is a special [continuing], nonlapsing fund that is not subject to § 7-302 of the State Finance and Procurement Article. 2728The State Treasurer shall hold the Fund separately, and the (4)29Comptroller shall account for the Fund.

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	10 SENATE BILL 1				
$\frac{1}{2}$	(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.				
$\frac{3}{4}$	(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.				
$5\\6$	(7) The Comptroller shall pay out money from the Fund as directed by the Commission.				
7	(8) The Fund consists of:				
8	(i) Any money appropriated in the State budget to the Fund;				
9 10 11	(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				
$\frac{12}{13}$	(iii) [Any] EXCEPT AS PROVIDED IN § 13-3303.1 OF THIS SUBTITLE, ANY fees collected by the Commission under this subtitle.				
14	(9) No part of the Fund may revert or be credited to:				
15	(i) The General Fund of the State; or				
16	(ii) Any other special fund of the State.				
17 18	(10) Expenditures from the Fund may be made only in accordance with the State budget.				
19	13-3303.1.				
$\begin{array}{c} 20\\ 21 \end{array}$	(A) IN THIS SECTION, "COMPASSIONATE USE FUND" MEANS THE NATALIE M. LAPRADE MEDICAL CANNABIS COMPASSIONATE USE FUND.				
$\frac{22}{23}$	(B) THERE IS A NATALIE M. LAPRADE MEDICAL CANNABIS COMPASSIONATE USE FUND.				
24	(C) (1) THE DEPARTMENT SHALL:				
25	(I) ADMINISTER THE COMPASSIONATE USE FUND; AND				
26 27 28	(II) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, SET FEES IN AN AMOUNT NECESSARY TO PROVIDE REVENUES FOR THE PURPOSES OF THE COMPASSIONATE USE FUND.				
29	(2) The Commission may not impose the fees established				

1 UNDER PARAGRAPH (1)(II) OF THIS SUBSECTION ON A LICENSED MEDICAL 2 CANNABIS GROWER, PROCESSOR, OR DISPENSARY DURING THE 2 YEARS 3 IMMEDIATELY FOLLOWING THE PREAPPROVAL OF THE LICENSEE FOR A LICENSE 4 UNDER THIS SUBTITLE.

5 (D) THE PURPOSE OF THE COMPASSIONATE USE FUND IS TO PROVIDE 6 ACCESS TO MEDICAL CANNABIS FOR INDIVIDUALS ENROLLED IN THE MARYLAND 7 MEDICAL ASSISTANCE PROGRAM OR IN THE VETERANS ADMINISTRATION 8 MARYLAND HEALTH CARE SYSTEM.

9 (E) (1) THE COMPASSIONATE USE FUND IS A SPECIAL, NONLAPSING 10 FUND THAT IS NOT SUBJECT TO § 7–302 OF THE STATE FINANCE AND 11 PROCUREMENT ARTICLE.

12 (2) THE STATE TREASURER SHALL HOLD THE COMPASSIONATE USE 13 FUND SEPARATELY, AND THE COMPTROLLER SHALL ACCOUNT FOR THE 14 COMPASSIONATE USE FUND.

15 (3) THE COMPASSIONATE USE FUND SHALL BE INVESTED AND 16 REINVESTED IN THE SAME MANNER AS OTHER STATE FUNDS, AND ANY INVESTMENT 17 EARNINGS SHALL BE RETAINED TO THE CREDIT OF THE COMPASSIONATE USE 18 FUND.

19 (4) THE COMPASSIONATE USE FUND SHALL BE SUBJECT TO AN 20 AUDIT BY THE OFFICE OF LEGISLATIVE AUDITS AS PROVIDED FOR IN § 2–1220 OF 21 THE STATE GOVERNMENT ARTICLE.

22 (5) THE COMPTROLLER SHALL PAY OUT MONEY FROM THE 23 COMPASSIONATE USE FUND AS DIRECTED BY THE DEPARTMENT.

**(F)** ON OR BEFORE DECEMBER 1, 2018, THE COMMISSION, IN CONSULTATION WITH THE DEPARTMENT, SHALL REPORT TO THE GENERAL ASSEMBLY, IN ACCORDANCE WITH § 2–1246 OF THE STATE GOVERNMENT ARTICLE, ON:

28(1)THE REVENUES THE COMMISSION ANTICIPATES ARE NECESSARY29TO IMPLEMENT THE PROGRAM DESCRIBED IN SUBSECTION (I) OF THIS SECTION;

30(2)THE AMOUNT OF FEES AND THE LICENSEES ON WHICH THOSE31FEES SHALL BE ASSESSED IN ORDER TO GENERATE THE NECESSARY REVENUES;

32 (3) THE USE OF ANY OTHER FUNDING MECHANISM TO IMPLEMENT 33 THE PROGRAM; AND

1 (4) ANY ANTICIPATED SAVINGS IN PRESCRIPTION DRUG COSTS FOR 2 THE MARYLAND MEDICAL ASSISTANCE PROGRAM THAT WOULD RESULT FROM THE 3 PROVISION OF MEDICAL CANNABIS UNDER THIS SUBTITLE.

4 (G) NO PART OF THE COMPASSIONATE USE FUND MAY REVERT OR BE 5 CREDITED TO:

- 6 (1) THE GENERAL FUND OF THE STATE; OR
- 7 (2) ANY OTHER SPECIAL FUND OF THE STATE.

8 (H) EXPENDITURES FROM THE COMPASSIONATE USE FUND MAY BE MADE 9 ONLY IN ACCORDANCE WITH THE STATE BUDGET.

10 **(I)** (1) THE DEPARTMENT, IN CONSULTATION WITH THE COMMISSION, SHALL ESTABLISH A PROGRAM TO ALLOW ELIGIBLE INDIVIDUALS ENROLLED IN THE 11 12MEDICAL ASSISTANCE PROGRAM VETERANS MARYLAND OR IN THE **ADMINISTRATION MARYLAND HEALTH CARE SYSTEM TO:** 13

14(I) OBTAIN MEDICAL CANNABISFROM A LICENSED15DISPENSARY AT NO COST OR A REDUCED COST; AND

16 (II) REIMBURSE A LICENSED DISPENSARY FOR THE COST OF 17 THE MEDICAL CANNABIS DISPENSED TO AN ELIGIBLE INDIVIDUAL UNDER THE 18 PROGRAM FROM THE COMPASSIONATE USE FUND.

19(2)THE DEPARTMENT SHALL ADOPT REGULATIONS TO IMPLEMENT20THIS SUBSECTION.

21 13-3305.

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]:

25 (1)

**PROVIDERS** certified under this subtitle; AND

26 (2) THE DEMAND, BY CONDITION TREATED, AND AVERAGE 27 CONSUMER PRICE FOR MEDICAL CANNABIS PRODUCTS PROVIDED IN ACCORDANCE 28 WITH THIS SUBTITLE.

- 29 **13–3305.1**.
- 30 (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.

6 (B) EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION, A 7 CONSTITUTIONAL OFFICER OR A SECRETARY OF A PRINCIPAL DEPARTMENT OF THE 8 EXECUTIVE BRANCH OF THE STATE GOVERNMENT MAY NOT:

9 (1) BE AN OWNER OR AN EMPLOYEE OF ANY BUSINESS ENTITY THAT 10 HOLDS A LICENSE UNDER THIS SUBTITLE; OR

11 (2) HAVE AN OFFICIAL RELATIONSHIP TO A BUSINESS ENTITY THAT 12 HOLDS A LICENSE UNDER THIS SUBTITLE.

13 (C) A CONSTITUTIONAL OFFICER OR A SECRETARY OF A PRINCIPAL 14 DEPARTMENT OF THE EXECUTIVE BRANCH OF THE STATE GOVERNMENT MAY 15 REMAIN AN OWNER OR AN EMPLOYEE OF A BUSINESS ENTITY THAT HOLDS A LICENSE 16 UNDER THIS SUBTITLE IF THE CONSTITUTIONAL OFFICER OR SECRETARY WAS AN 17 OWNER OR EMPLOYEE OF THE BUSINESS ENTITY BEFORE THE CONSTITUTIONAL 18 OFFICER'S ELECTION OR APPOINTMENT OR THE SECRETARY'S APPOINTMENT.

19 **13–3305.2.** 

THE COMMISSION, IN CONSULTATION WITH THE CERTIFICATION AGENCY AS DEFINED IN § 14–301 OF THE STATE FINANCE AND PROCUREMENT ARTICLE, THE GOVERNOR'S OFFICE OF SMALL, MINORITY, AND WOMEN BUSINESS AFFAIRS, AND THE OFFICE OF THE ATTORNEY GENERAL, SHALL:

(1) EVALUATE A STUDY OF THE MEDICAL CANNABIS INDUSTRY AND
MARKET TO DETERMINE WHETHER THERE IS A COMPELLING INTEREST TO
IMPLEMENT REMEDIAL MEASURES, INCLUDING THE APPLICATION OF 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;

30 (2) EVALUATE RACE-NEUTRAL PROGRAMS OR OTHER METHODS
 31 THAT MAY BE USED TO ADDRESS THE NEEDS OF MINORITY AND WOMEN APPLICANTS
 32 AND MINORITY AND WOMEN-OWNED BUSINESSES SEEKING TO PARTICIPATE IN THE
 33 MEDICAL CANNABIS INDUSTRY; AND

34 (3) SUBMIT EMERGENCY REGULATIONS, IN ACCORDANCE WITH 35 TITLE 10, SUBTITLE 1 OF THE STATE GOVERNMENT ARTICLE, TO IMPLEMENT

# 1 REMEDIAL MEASURES, IF NECESSARY AND TO THE EXTENT PERMITTED BY STATE 2 AND FEDERAL LAW, BASED ON THE FINDINGS OF THE STUDY EVALUATED UNDER 3 ITEM (1) OF THIS SECTION.

4 13-3306.

5 (a) (1) The Commission shall license medical cannabis growers that meet all 6 requirements established by the Commission to operate in the State to provide cannabis to:

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

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

9 (iii) Qualifying patients and caregivers; and

10 (iv) Independent testing laboratories registered with the 11 Commission under this subtitle.

(2) (i) [Except as provided in subparagraph (ii) of this paragraph, the]
 THE Commission may license no more than [15] 20 medical cannabis growers.

141. June 2018,the **SUBJECT** (ii) Beginning 1. TO SUBSUBPARAGRAPHS 2 AND 3 OF THIS SUBPARAGRAPH, ON OR BEFORE DECEMBER 151, 2028, THE Commission [may issue] SHALL REPORT TO THE GENERAL ASSEMBLY, 16 IN ACCORDANCE WITH § 2–1246 OF THE STATE GOVERNMENT ARTICLE, ON the 17number of licenses necessary to meet the demand for medical cannabis by qualifying 18 19 patients and caregivers issued identification cards under this subtitle in an affordable, accessible, secure, and efficient manner. 20

21 2. THE COMMISSION MAY NOT SUBMIT THE REPORT 22 REQUIRED UNDER SUBSUBPARAGRAPH 1 OF THIS SUBPARAGRAPH BEFORE 23 DECEMBER 1, 2024.

243. BEGINNING DECEMBER 1, 2024, BUT BEFORE25DECEMBER 1, 2028, THE COMMISSION MAY SUBMIT THE REPORT REQUIRED UNDER26SUBSUBPARAGRAPH 1 OF THIS SUBPARAGRAPH ONLY IF THE COMMISSION FIRST27OBTAINS THE APPROVAL OF THE LEGISLATIVE POLICY COMMITTEE.

(iii) 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.

31 (iv) The Commission may not issue more than one medical cannabis 32 grower license to each applicant.

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(v) A grower shall pay an application fee in an amount to be

1	determined by the Commission consistent with this subtitle.			
$2 \\ 3 \\ 4$	(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.			
5	(4) Each medical cannabis grower agent shall:			
$6 \\ 7$	(i) Be registered with the Commission before the MEDICAL CANNABIS GROWER agent may volunteer or work for a licensed grower; and			
8 9	(ii) Obtain a State and national criminal history records check in accordance with § 13–3312 of this subtitle.			
$10 \\ 11 \\ 12$	(5) (i) A licensed grower shall apply to the Commission for a registration card for each <b>MEDICAL CANNABIS</b> grower agent by submitting the name, address, and date of birth of the agent.			
$\frac{13}{14}$	(ii) 1. Within 1 business day after a <b>MEDICAL CANNABIS</b> grower agent ceases to be associated with a grower, the grower shall:			
15	A. Notify the Commission; and			
$\frac{16}{17}$	B. Return the <b>MEDICAL CANNABIS</b> grower agent's registration card to the Commission.			
$\frac{18}{19}$	2. On receipt of a notice described in subsubparagraph 1A of this subparagraph, the Commission shall:			
$\begin{array}{c} 20\\ 21 \end{array}$	A. Immediately revoke the registration card of the MEDICAL CANNABIS grower agent; and			
$\frac{22}{23}$	B. If the registration card was not returned to the Commission, notify the Department of State Police.			
24 $25$	(iii) The Commission may [not] register a person who has been convicted of a felony drug offense as a MEDICAL CANNABIS grower agent UNLESS:			
26 27 28 29 30	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; OR			
$\frac{31}{32}$	2. THE COMMISSION FINDS A SUBSTANTIAL REASON TO DENY THE REGISTRATION.			

$\frac{1}{2}$	(6) (i) A medical cannabis grower license is valid for [4] 6 years on initial licensure.			
$\frac{3}{4}$	(ii) A medical cannabis grower license is valid for [2] 4 years on renewal.			
$5 \\ 6$	(7) An application to operate as a medical cannabis grower may be submitted in paper or electronic form.			
7 8 9	(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.			
10 11	(ii) The Commission shall encourage licensing medical cannabis growers that prepare medical cannabis in a range of routes of administration.			
12	(9) (i) The Commission shall:			
$13 \\ 14 \\ 15$	1. [Actively] <b>TO THE EXTENT PERMITTED BY FEDERAL</b> <b>AND STATE LAW, ACTIVELY</b> seek to achieve racial, ethnic, and geographic diversity when licensing medical cannabis growers; and			
16 17 18 19	2. Encourage applicants who qualify as a minority business enterprise, as defined in § 14–301 of the State Finance and Procurement Article, OR WHO ARE SMALL, MINORITY, OR WOMEN–OWNED BUSINESS ENTITIES TO APPLY FOR LICENSURE AS MEDICAL CANNABIS GROWERS.			
20 21 22	(ii) Beginning June 1, [2016] <b>2018</b> , a grower licensed under this subtitle to operate as a medical cannabis grower shall report annually to the Commission on [the minority owners and]:			
$\frac{23}{24}$	1. THE NUMBER OF MINORITY AND WOMEN OWNERS OF THE GROWER;			
$\frac{25}{26}$	2. The ownership interest of any minority and women owners of the grower; and			
$\begin{array}{c} 27\\ 28 \end{array}$	<b>3. THE NUMBER OF MINORITY AND WOMEN</b> employees of the grower.			
$\begin{array}{c} 29\\ 30 \end{array}$	(10) An entity seeking licensure as a medical cannabis grower shall meet local zoning and planning requirements.			
31	13–3307.			

1	(a)	A dispensary shall be licensed by the Commission.			
2	(c)	(1)	The Commission shall:		
$3 \\ 4 \\ 5$			(I) Establish an application review process for granting dispensary applications are reviewed, evaluated, and ranked based on criteria Commission; [and]		
6 7 8	STATE LAV	,	(II) [Actively] TO THE EXTENT PERMITTED BY FEDERAL AND TIVELY seek to achieve racial, ethnic, and geographic diversity when ries; AND		
9 10 11 12	PROCUREM	IENT	(III) ENCOURAGE APPLICANTS WHO QUALIFY AS A MINORITY RPRISE, AS DEFINED IN § 14–301 OF THE STATE FINANCE AND ARTICLE, OR WHO ARE SMALL, MINORITY, OR WOMEN-OWNED IES TO APPLY FOR LICENSURE AS DISPENSARIES.		
$\begin{array}{c} 13\\14 \end{array}$	SUBTITLE S	(2) SHALL	BEGINNING JUNE 1, 2018, A DISPENSARY LICENSED UNDER THIS REPORT ANNUALLY TO THE COMMISSION ON:		
$\begin{array}{c} 15\\ 16 \end{array}$	DISPENSAR	RY;	(I) THE NUMBER OF MINORITY AND WOMEN OWNERS OF THE		
$17\\18$	OWNERS O	F THE	(II) THE OWNERSHIP INTEREST OF ANY MINORITY AND WOMEN DISPENSARY; AND		
$\begin{array}{c} 19\\ 20 \end{array}$	THE DISPE	NSARY	(III) THE NUMBER OF MINORITY AND WOMEN EMPLOYEES OF		
21	13–3308.				
$\frac{22}{23}$	(d) felony drug		Commission may [not] register an individual who has been convicted of a e as a dispensary agent UNLESS:		
24 25 26 27 28	(B) OF THE SATISFACT	IS SE( ORILY	WITHIN THE 7-YEAR PERIOD IMMEDIATELY PRECEDING THE THE INDIVIDUAL SUBMITTED AN APPLICATION UNDER SUBSECTION CTION, THE INDIVIDUAL WAS CONVICTED OF THE OFFENSE OR COMPLETED THE SENTENCE FOR THE OFFENSE, INCLUDING T WAS IMPOSED FOR THE CONVICTION; OR		
29 30	REGISTRAT	(2) TION.	THE COMMISSION FINDS A SUBSTANTIAL REASON TO DENY THE		
31	13-3309.				

A processor shall be licensed by the Commission. (a) (c) (1) THE COMMISSION MAY LICENSE NO MORE THAN 20 PROCESSORS. SUBJECT TO SUBPARAGRAPHS (II) AND (III) OF THIS (2) **(I)** PARAGRAPH, ON OR BEFORE DECEMBER 1, 2028, THE COMMISSION SHALL REPORT TO THE GENERAL ASSEMBLY, IN ACCORDANCE WITH § 2-1246 OF THE STATE GOVERNMENT ARTICLE, ON THE NUMBER OF LICENSES NECESSARY TO MEET THE DEMAND FOR MEDICAL CANNABIS BY QUALIFYING PATIENTS AND CAREGIVERS ISSUED IDENTIFICATION CARDS UNDER THIS SUBTITLE IN AN AFFORDABLE, ACCESSIBLE, SECURE, AND EFFICIENT MANNER. **(II)** THE COMMISSION MAY NOT SUBMIT THE REPORT **REQUIRED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH BEFORE DECEMBER 1,** 2024. (III) **BEGINNING DECEMBER 1, 2024, BUT BEFORE DECEMBER 1,** 2028, THE COMMISSION MAY SUBMIT THE REPORT REQUIRED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH ONLY IF THE COMMISSION FIRST OBTAINS THE APPROVAL OF THE LEGISLATIVE POLICY COMMITTEE. (3) 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. (4) **(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 QUALIFY AS A MINORITY BUSINESS ENTERPRISE, AS DEFINED IN § 14–301 OF THE STATE FINANCE AND PROCUREMENT ARTICLE, OR WHO ARE SMALL, MINORITY, OR WOMEN-OWNED BUSINESS ENTITIES TO APPLY FOR LICENSURE AS PROCESSORS. **BEGINNING JUNE 1, 2018, A PROCESSOR LICENSED UNDER (II)** 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

#### **SENATE BILL 1**

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1	WOMEN OWNERS OF THE PROCESSOR; AND				
$2 \\ 3$	3. THE NUMBER OF MINORITY AND WOMEN EMPLOYEES OF THE PROCESSOR.				
4	(d)	(1) A pro	ssor license is valid for <b>[4] 6</b> years on initial licensu	ıre.	
5		(2) A pro	ssor license is valid for [2] 4 years on renewal.		
6	13–3310.				
7 8			ion may [not] register an individual who has been c ocessor agent UNLESS:	onvicted of a	
9 10 11 12 13					
$\begin{array}{c} 14 \\ 15 \end{array}$	REGISTRATI		OMMISSION FINDS A SUBSTANTIAL REASON TO	DENY THE	
16	13–3316.				
17 18	_	-	nber 15, 2014, the <b>] THE</b> Commission shall adopt re f this subtitle.	egulations to	
19		Ar	cle – State Finance and Procurement		
20	6–226.				
21 22 23 24 25 26	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				
$\begin{array}{c} 27\\ 28 \end{array}$	to the followi	(ii) ng funds:	'he provisions of subparagraph (i) of this paragraph	do not apply	
29			01. the Advance Directive Program Fund; [and]		
30			02. the Make Office Vacancies Extinct Matching	Fund <b>; AND</b>	

# 1 **103.** THE NATALIE M. LAPRADE MEDICAL CANNABIS 2 COMPASSIONATE USE FUND.

3 SECTION 2. AND BE IT FURTHER ENACTED, That, to implement the change in 4 the composition of the Natalie M. LaPrade Medical Cannabis Commission under § 13–3303 5 of the Health – General Article, as enacted by Section 1 of this Act, the terms of all members 6 serving on the Commission before the effective date of this Act shall terminate June 1, 7 2018.

8 SECTION 3. AND BE IT FURTHER ENACTED, That it is the intent of the General 9 Assembly that, in filling the five positions provided for in § 13–3303(a)(2) of the Health – 10 General Article, as enacted by Section 1 of this Act, the Governor may reappoint a member 11 of the Commission who served before of the effective date of this Act in order to ensure a 12 level of continuity within the membership of the Natalie M. LaPrade Medical Cannabis 13 Commission.

SECTION 4. 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) through (5) of the Health – General Article, as enacted by Section 1 of this Act, shall expire as follows:

- 18 (1) two members in 2020;
- 19 (2) two members in 2021;
- 20 (3) two members in 2022; and
- 21 (4) two members in 2023.

SECTION 5. AND BE IT FURTHER ENACTED, That 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 regulations required under § 13–3305.2 of the Health – General Article, as enacted by Section 1 of this Act, have been adopted.

SECTION 6. AND BE IT FURTHER ENACTED, That, following the adoption of any
 regulations in accordance with § 13–3305.2 of the Health – General Article, as enacted by
 Section 1 of this Act, 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;

34 (2) shall allow a person who previously applied for licensure under Title 35 13, Subtitle 33 of the Health – General Article to amend and resubmit the person's

1 application or to withdraw the person's application entirely;

2 (3) may waive the initial application fee for a person who previously 3 applied for licensure under Title 13, Subtitle 33 of the Health – General Article, but may 4 charge the person a reasonable fee for the submission of an amended application; and

5 (4) shall resume reviewing, evaluating, and ranking applications for 6 licensure under Title 13, Subtitle 33 of the Health – General Article in accordance with the 7 evaluation system adopted in regulation and awarding licenses under Title 13, Subtitle 33 8 of the Health – General Article.

9 SECTION 7. AND BE IT FURTHER ENACTED, That, on or before January 1, 2019, 10 the Natalie M. LaPrade Medical Cannabis Commission, in consultation with the Maryland 11 Department of Health, shall report to the General Assembly, in accordance with § 2–1246 12 of the State Government Article, on the treatment of an opioid use disorder by using 13 medical cannabis.

SECTION 8. AND BE IT FURTHER ENACTED, That any remedial measures adopted in regulation in accordance with § 13–3305.2 of the Health – General Article, as enacted by Section 1 of this Act, shall be construed to apply only prospectively and may not be applied or interpreted to have any effect on or application to a medical cannabis grower, processor, or dispensary awarded Stage One pre–approval before the effective date of this Act.

SECTION 9. 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 10. 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.