

SENATE BILL 426

J1

9lr2130

By: **Senator West**

Introduced and read first time: February 1, 2019

Assigned to: Judicial Proceedings

Committee Report: Favorable with amendments

Senate action: Adopted with floor amendments

Read second time: March 27, 2019

CHAPTER _____

1 AN ACT concerning

2 ~~Natalie M. LaPrade Medical Cannabis Commission – Licensed Dispensaries~~
3 Medical Cannabis – Regulation of Dispensaries, Growers, and Processors

4 FOR the purpose of providing that growers, processors, and dispensaries licensed under
5 certain provisions of law are subject to certain provisions of law; repealing the
6 provision prohibiting the Natalie M. LaPrade Medical Cannabis Commission from
7 issuing more than one medical cannabis grower license to each applicant; prohibiting
8 a person from having an ownership interest in or control of, including the power to
9 manage and operate, more than one grower; requiring the Natalie M. LaPrade
10 Medical Cannabis Commission to allow a person to have an ownership interest in or
11 control of up to a certain number of dispensaries licensed under a certain provision
12 of law; prohibiting a person from having an ownership interest in or control of,
13 including the power to manage and operate, more than one processor; and generally
14 relating to medical cannabis ~~dispensaries.~~

15 BY repealing and reenacting, without amendments,
16 Article – Health – General
17 Section 13–3306(a)(1), 13–3307(a)(1), and 13–3309(a)
18 Annotated Code of Maryland
19 (2015 Replacement Volume and 2018 Supplement)

20 ~~BY adding to~~
21 ~~Article – Health – General~~
22 ~~Section 13–3307(d)~~
23 ~~Annotated Code of Maryland~~

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.



~~(2015 Replacement Volume and 2018 Supplement)~~

BY repealing and reenacting, with amendments,
 Article – Health – General
 Section 13–3306(a)(2), 13–3307(d) through (i), and 13–3309(d) through (h)
 Annotated Code of Maryland
 (2015 Replacement Volume and 2018 Supplement)

BY adding to
Article – Health – General
Section 13–3306(i), 13–3307(d) and (k), and 13–3309(d) and (j)
Annotated Code of Maryland
(2015 Replacement Volume and 2018 Supplement)

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

Article – Health – General

13–3306.

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

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

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

and

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

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

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

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

(iii) 1. Subject to subparagraph 2 of this subparagraph, beginning December 1, 2024, the Commission may report to the General Assembly, in

1 accordance with § 2–1246 of the State Government Article, on the number of licenses
2 necessary to meet the demand for medical cannabis by qualifying patients and caregivers
3 issued identification cards under this subtitle in an affordable, accessible, secure, and
4 efficient manner.

5 2. Before the Commission determines to submit the report
6 described under subsubparagraph 1 of this subparagraph, the Commission shall provide
7 the Legislative Policy Committee at least 30 days to submit comments to the Commission.

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

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

13 (V) A PERSON MAY NOT HAVE AN OWNERSHIP INTEREST IN OR
14 CONTROL OF, INCLUDING THE POWER TO MANAGE AND OPERATE, MORE THAN ONE
15 GROWER.

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

18 (I) A GROWER LICENSED UNDER THIS SUBTITLE IS SUBJECT TO THE
19 MARYLAND ANTITRUST ACT AND THE MARYLAND SALES BELOW COST ACT.

20 13–3307.

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

22 (D) THE COMMISSION SHALL ALLOW A PERSON TO HAVE AN OWNERSHIP
23 INTEREST IN OR CONTROL OF, INCLUDING THE POWER TO MANAGE AND OPERATE,
24 UP TO ~~SIX FIVE~~ FOUR DISPENSARIES UNDER THIS SECTION.

25 [(d)] (E) (1) A dispensary license is valid for 6 years on initial licensure.

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

27 [(e)] (F) A dispensary licensed under this section or a dispensary agent
28 registered under § 13–3308 of this subtitle may not be penalized or arrested under State
29 law for acquiring, possessing, processing, transferring, transporting, selling, distributing,
30 or dispensing cannabis, products containing cannabis, related supplies, or educational
31 materials for use by a qualifying patient or a caregiver.

1 **[(f)] (G)** The Commission shall establish requirements for security and product
2 handling procedures that a dispensary must meet to obtain a license under this section,
3 including a requirement for a product-tracking system.

4 **[(g)] (H)** The Commission may inspect a dispensary licensed under this section
5 to ensure compliance with this subtitle.

6 **[(h)] (I)** The Commission may impose penalties or rescind the license of a
7 dispensary that does not meet the standards for licensure set by the Commission.

8 **[(i)] (J)** (1) Each dispensary licensed under this section shall submit to the
9 Commission a quarterly report.

10 (2) The quarterly report shall include:

11 (i) The number of patients served;

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

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

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

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

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

20 **(K) A DISPENSARY LICENSED UNDER THIS SUBTITLE IS SUBJECT TO THE**
21 **MARYLAND ANTITRUST ACT AND THE MARYLAND SALES BELOW COST ACT.**

22 13-3309.

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

24 **(D) A PERSON MAY NOT HAVE AN OWNERSHIP INTEREST IN OR CONTROL OF,**
25 **INCLUDING THE POWER TO MANAGE AND OPERATE, MORE THAN ONE PROCESSOR.**

26 **[(d)] (E)** (1) A processor license is valid for 6 years on initial licensure.

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

28 **[(e)] (F)** A processor licensed under this section or a processor agent registered
29 under § 13-3310 of this subtitle may not be penalized or arrested under State law for:

1 (1) Acquiring, possessing, processing, packaging, labeling, transferring,
2 transporting, selling, or distributing medical cannabis or products containing medical
3 cannabis to a dispensary for use by a qualifying patient or a caregiver; or

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

6 **[(f)] (G)** The Commission shall establish requirements for security and product
7 handling procedures that a processor must meet to obtain a license under this section,
8 including a requirement for a product-tracking system.

9 **[(g)] (H)** The Commission may inspect a processor licensed under this section to
10 ensure compliance with this subtitle.

11 **[(h)] (I)** The Commission may impose penalties or rescind the license of a
12 processor that does not meet the standards for licensure set by the Commission.

13 **(J) A PROCESSOR LICENSED UNDER THIS SUBTITLE IS SUBJECT TO THE**
14 **MARYLAND ANTITRUST ACT AND THE MARYLAND SALES BELOW COST ACT.**

15 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
16 1, 2019.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.