

1 AN ACT relating to medical cannabis and making an appropriation therefor.

2 *Be it enacted by the General Assembly of the Commonwealth of Kentucky:*

3 ➔SECTION 1. A NEW SECTION OF KRS CHAPTER 218A IS CREATED TO  
4 READ AS FOLLOWS:

5 *For the purposes of Sections 1 to 29 of this Act, unless the context otherwise requires:*

6 *(1) "Area development district" means the geographic boundaries by county of the*  
7 *fifteen (15) area development districts established in KRS 147A.050. The use of*  
8 *the term "area development district" does not include or imply control by the*  
9 *boards of directors for the area development districts of any aspect of the medical*  
10 *cannabis program established in Sections 1 to 29 of this Act or control of any*  
11 *trust funds established in Section 31 or 32 of this Act;*

12 *(2) "Bona fide practitioner-patient relationship" means that:*

13 *(a) A practitioner and patient have a treatment or consulting relationship,*  
14 *during the course of which the practitioner has completed an assessment of*  
15 *the patient's medical history and current medical condition, including an*  
16 *appropriate physical examination;*

17 *(b) The practitioner has consulted with the patient with respect to the patient's*  
18 *debilitating medical condition; and*

19 *(c) The practitioner provides follow-up care and treatment to the patient,*  
20 *including but not limited to physical examinations;*

21 *(3) "Cardholder" means a qualifying patient, visiting qualifying patient, or*  
22 *designated caregiver who has been issued and possesses a valid registry*  
23 *identification card;*

24 *(4) "Compassion center" means an entity licensed pursuant to Sections 1 to 29 of*  
25 *this Act that acquires, possesses, manufactures, delivers, transfers, transports,*  
26 *sells, supplies, or dispenses medical cannabis, usable medical cannabis, or related*  
27 *supplies and educational materials to registered qualifying patients;*

- 1 (5) "Compassion center agent" means a principal officer, board member, employee,  
2 volunteer, or agent of a compassion center who is twenty-one (21) years of age or  
3 older, has not been convicted of a disqualifying felony offense, and has been  
4 registered through the department;
- 5 (6) "Cultivator" means a business entity licensed pursuant to Sections 1 to 29 of this  
6 Act that grows, processes, and delivers medical cannabis to another cultivator,  
7 processor, producer, distributor, or compassion center in accordance with  
8 Sections 1 to 29 of this Act;
- 9 (7) "Cultivator agent" means a principal officer, board member, employee,  
10 volunteer, or agent of a cultivator who is twenty-one (21) years of age or older  
11 and has not been convicted of a disqualifying felony offense and has been  
12 registered through the department;
- 13 (8) "Debilitating medical condition" means:
- 14 (a) A terminal illness, peripheral neuropathy, anorexia, cancer, glaucoma,  
15 positive status for human immunodeficiency virus, acquired immune  
16 deficiency syndrome, hepatitis C, amyotrophic lateral sclerosis, Crohn's  
17 disease, mood disorders, Alzheimer's disease, lupus, muscular dystrophy,  
18 post-traumatic stress disorder, diabetes, sleep-wake disorders, fibromyalgia,  
19 autism, ulcerative colitis, arthritis, Parkinson's disease, traumatic brain  
20 injury, Tourette syndrome, movement disorder, porphyria,  
21 neurodevelopmental disorders, feeding and eating disorders, cognitive  
22 disorders, irritable bowel syndrome, or the treatment of these conditions;
- 23 (b) A chronic or debilitating disease or medical condition or its treatment that  
24 produces one (1) or more of the following: cachexia or wasting syndrome;  
25 severe, debilitating pain; severe nausea; seizures; or severe and persistent  
26 muscle spasms, including but not limited to those characteristic of multiple  
27 sclerosis; or

1 (c) Any other medical condition or its treatment added by the department, as  
2 provided for in Section 8 of this Act;

3 (9) "Department" means the Department of Alcoholic Beverage Control or its  
4 successor agency;

5 (10) "Designated caregiver" means a person who:

6 (a) Is at least twenty-one (21) years of age;

7 (b) Has agreed to assist with a patient's medical use of cannabis;

8 (c) Has not been convicted of a disqualifying felony offense;

9 (d) Assists no more than three (3) qualifying patients with their medical use of  
10 cannabis; and

11 (e) Has been registered through the department;

12 (11) "Disqualifying felony offense" means:

13 (a) A felony offense that would qualify the person as a violent offender under  
14 KRS 439.3401; or

15 (b) A violation of a state or federal controlled substance law that was classified  
16 as a felony in the jurisdiction where the person was convicted, except:

17 1. An offense for which the sentence, including any term of probation,  
18 incarceration, or supervised release, was completed five (5) or more  
19 years earlier; or

20 2. An offense that consisted of conduct for which Sections 1 to 29 of this  
21 Act would likely have prevented a conviction, but the conduct either  
22 occurred prior to the enactment of Sections 1 to 29 of this Act or was  
23 prosecuted by an authority other than the Commonwealth of  
24 Kentucky;

25 (12) "Distributor" means a licensed entity that:

26 (a) Purchases medical cannabis from a cultivator, producer, or processor and  
27 delivers, transfers, possesses, transports, supplies, and sells medical

1 cannabis to a compassion center;

2 (b) Delivers, transfers, transports, and supplies medical cannabis to a safety  
3 compliance facility for testing;

4 (c) Possesses a license to deliver medical cannabis and a license to deliver or  
5 distribute alcoholic beverages and may deliver medical cannabis and  
6 alcoholic beverages in the same vehicle at the same time; or

7 (d) Operates a delivery service for cardholder patients who are not otherwise  
8 capable of transport and who do not have a caregiver under a program that  
9 may be approved by the department;

10 (13) "Distributor agent" means a principal officer, board member, employee, or agent  
11 of a distributor who is twenty-one (21) years of age or older and has not been  
12 convicted of a disqualifying felony offense;

13 (14) "Enclosed, locked facility" means:

14 (a) A closet, room, greenhouse, building, or other enclosed area that is  
15 equipped with locks or other security devices that permit access only by the  
16 cardholder allowed to cultivate the plants or, in the case of a cultivator, the  
17 cultivator agents working for the cultivator;

18 (b) A shared enclosed, locked facility used by two (2) or more qualifying  
19 patients or designated caregivers who reside in the same dwelling and have  
20 a registry identification card that removes state penalties for cannabis  
21 cultivation; or

22 (c) For licensed cultivators, producers, or processors, operating large-scale  
23 growing operations for sale to cardholders, distributors, or compassion  
24 centers, a secured and electronically monitored outdoor growing space that  
25 complies with department requirements;

26 (15) "Gross receipts" means all amounts received in money, credits, property, or other  
27 money's worth in any form, by a medical cannabis business;

- 1 (16) "Mature cannabis plant" means a cannabis plant that has flowers;
- 2 (17) (a) "Medical cannabis" or "cannabis" means all parts of the plant Cannabis  
3 sp., whether growing or not; the seeds thereof; the resin extracted from any  
4 part of the plant; and every compound, manufacture, salt, derivative,  
5 mixture, or preparation of the plant, its seeds or resin; or any compound,  
6 mixture, or preparation which contains any quantity of these substances;  
7 when utilized for medical use in pursuit of a recommendation to treat a  
8 debilitating illness by a practitioner pursuant to Sections 1 to 29 of this Act.
- 9 (b) The term "cannabis" does not include industrial hemp as defined in KRS  
10 260.850;
- 11 (18) "Medical cannabis business" means a cultivator, compassion center, distributor,  
12 processor, producer, or a safety compliance facility licensed pursuant to Sections  
13 1 to 29 of this Act;
- 14 (19) "Medical cannabis business agent" means a principal officer, board member,  
15 employee, or agent of a medical cannabis business who is twenty-one (21) years  
16 of age or older and has not been convicted of a disqualifying felony offense;
- 17 (20) "Medical order" means a written, electronic, or oral document, on a department-  
18 approved form, that indicates a practitioner's signed, authorized, or given  
19 authority for a patient to acquire medical cannabis pursuant to Sections 1 to 29  
20 of this Act;
- 21 (21) "Medical use" includes the acquisition, administration, cultivation, or  
22 manufacture in an enclosed, locked facility or the delivery, possession, transfer,  
23 transportation, or use of cannabis or supplies relating to the administration of  
24 cannabis to treat or alleviate a qualifying patient's debilitating medical condition  
25 or symptoms associated with the patient's debilitating medical condition.  
26 "Medical use" does not include cultivation by a visiting qualifying patient or  
27 cultivation by a designated caregiver or registered patient who is not designated

1 as being allowed to cultivate;

2 (22) "Practitioner" has the same meaning as in KRS 218A.010, except that if the  
3 qualifying patient's debilitating medical condition is post-traumatic stress  
4 disorder, the practitioner shall only be a licensed psychiatrist. In relation to a  
5 visiting qualifying patient, "practitioner" means a person who is licensed with  
6 authority to prescribe controlled substances to humans in the state of the  
7 patient's residence;

8 (23) "Processor" means a licensed entity that acquires the cultivated cannabis plant  
9 from a cultivator in order to manipulate, blend, prepare, and package medical  
10 cannabis products for sale to a licensed distributor;

11 (24) "Processor agent" means a principal officer, board member, employee, or agent  
12 of a processor who is twenty-one (21) years of age or older and has not been  
13 convicted of a disqualifying felony offense;

14 (25) "Producer" means a licensed entity that acquires medical cannabis from a  
15 cultivator and prepares, trims, or otherwise modifies raw medical cannabis plant  
16 material, packages medical cannabis, and sells medical cannabis to a licensed  
17 distributor;

18 (26) "Producer agent" means a principal officer, board member, employee, or agent  
19 of a producer who is twenty-one (21) years of age or older and has not been  
20 convicted of a disqualifying felony offense;

21 (27) "Qualifying patient" means a person who has been diagnosed by a practitioner  
22 as having a debilitating medical condition;

23 (28) "Registry identification card" means a document issued by the department that  
24 identifies a person as a qualifying patient or visiting qualifying patient, or a  
25 registered designated caregiver, compassion center agent, cultivator agent,  
26 producer agent, processor agent, distributor agent, safety compliance facility  
27 agent, or any agent working for a medical cannabis business;

- 1 (29) "Safety compliance facility" means an independent entity that does not have staff  
2 or board members who own, are employed, are contracted with, or are board  
3 members of a licensed or certified cultivator, distributor, processor, producer, or  
4 compassion center and is licensed by the department to provide one (1) or more of  
5 the following services:
- 6 (a) Testing cannabis produced for medical use, including for potency and  
7 contaminants; and
- 8 (b) Training cardholders, cultivator agents, and compassion center agents. The  
9 training may include but need not be limited to information related to one  
10 (1) or more of the following:
- 11 1. The safe and efficient cultivation, harvesting, packaging, labeling, and  
12 distribution of cannabis;
- 13 2. Security and inventory accountability procedures; and
- 14 3. Up-to-date scientific and medical research findings related to medical  
15 cannabis;
- 16 (30) "Safety compliance facility agent" means a principal officer, board member,  
17 employee, or agent of a safety compliance facility who is twenty-one (21) years of  
18 age or older and has not been convicted of a disqualifying felony offense;
- 19 (31) "Seedling" means a medical cannabis plant that has no flowers and is larger  
20 than eight (8) inches tall;
- 21 (32) "Usable medical cannabis" means the flowers of the cannabis plant and any  
22 mixture, concentrate, resin, or preparation thereof, but does not include the  
23 seeds, stalks, and roots of the plant. It does not include the weight of any  
24 noncannabis ingredients combined with the medical cannabis, including  
25 ingredients added to prepare a topical administration, oil, tincture, food, or drink;
- 26 (33) "Verification system" means a telephone-based and Web-based system  
27 established and maintained by the department that is available to law

1 enforcement personnel and compassion center agents on a twenty-four (24) hour  
 2 basis for verification of registry identification cards, and may cross-reference or  
 3 utilize the system established in KRS 218A.202 as necessary;

4 (34) "Visiting qualifying patient" means a person who:

5 (a) Has been diagnosed with a debilitating medical condition;

6 (b) Possesses a valid registry identification card, or its equivalent, that was  
 7 issued pursuant to the laws of another state, district, territory,  
 8 commonwealth, insular possession of the United States, or country  
 9 recognized by the United States that allows the person to use cannabis for  
 10 medical purposes in the jurisdiction of issuance; and

11 (c) Is not a resident of Kentucky or who has been a resident of Kentucky for  
 12 less than thirty (30) days and prefers to have a visiting qualifying patient  
 13 distinction; and

14 (35) "Written certification" means a document dated and signed by a practitioner,  
 15 that:

16 (a) States that in the practitioner's professional opinion the patient is likely to  
 17 receive therapeutic or palliative benefit from the medical use of cannabis to  
 18 treat or alleviate the patient's debilitating medical condition or symptoms  
 19 associated with the debilitating medical condition, and indicates an amount  
 20 of medical cannabis not greater than the amount established in Section 2 of  
 21 this Act;

22 (b) Affirms that it is made in the course of a bona fide practitioner-patient  
 23 relationship; and

24 (c) Specifies the qualifying patient's debilitating medical condition.

25 ➔SECTION 2. A NEW SECTION OF KRS CHAPTER 218A IS CREATED TO  
 26 READ AS FOLLOWS:

27 (1) A qualifying patient shall not be subject to arrest, prosecution, or denial of any

- 1 right or privilege, including but not limited to civil penalty or disciplinary action  
2 by a court or occupational or professional licensing board, for the medical use of  
3 cannabis, if the registered qualifying patient does not possess more than the  
4 practitioner-recommended plant count or equivalent active psychoactive  
5 ingredient in a processed or produced medical cannabis product as limited by  
6 subsection (2) of this section . A qualifying patient shall not possess more than:
- 7 (a) A ninety (90) day supply of his or her daily supply of medical cannabis at  
8 his or her residence;
- 9 (b) A ten (10) day supply of his or her ninety (90) day supply on his or her  
10 person, except that greater than a ten (10) day supply of a ninety (90) day  
11 supply, including up to a ninety (90) day supply, may be transported from a  
12 compassion center to a qualifying patient's home by the patient or caregiver  
13 if the supply is sealed by the compassion center and requires at least a two  
14 (2) step process to open;
- 15 (c) Twelve (12) mature cannabis plants and twelve (12) seedlings cultivated in  
16 an enclosed, locked facility.
- 17 (2) In no case shall a produced or processed medical cannabis product intended for  
18 oral consumption as an edible, oil, or tincture exceed ten (10) milligrams per  
19 serving of delta-9 tetrahydrocannabinol. For the purposes of this section, oil  
20 intended for consumption as a vaping product shall not be limited to ten (10)  
21 milligrams per serving of delta-9 tetrahydrocannabinol.
- 22 (3) A distributor may offer a service that delivers up to a ninety (90) day supply of  
23 medical cannabis to the home of a qualifying patient or caregiver if:
- 24 (a) The service is operated through a compassion center and regulated by the  
25 department; and
- 26 (b) The medical cannabis is in a sealed package that requires a two (2) step  
27 process for the initial opening.

- 1 (4) A designated caregiver shall not be subject to arrest, prosecution, or denial of any  
2 right or privilege, including but not limited to civil penalty or disciplinary action  
3 by a court or occupational or professional licensing board, for:
- 4 (a) Assisting a qualifying patient to whom he or she is connected through the  
5 department's registration process with the medical use of cannabis if the  
6 designated caregiver does not possess more than:
- 7 1. The amount of usable medical cannabis specified on the medical order  
8 for each qualifying patient to whom the registered caregiver is  
9 connected through the department's registration process; and
- 10 2. Twelve (12) mature cannabis plants and twelve (12) seedlings at the  
11 site where the medical cannabis is cultivated for each qualifying  
12 patient who has specified that the designated caregiver will be allowed  
13 under state law to cultivate medical cannabis for the qualifying  
14 patient; or
- 15 (b) Receiving compensation for costs associated with assisting a qualifying  
16 patient's medical use of cannabis if the designated caregiver is connected to  
17 the qualifying patient through the department's registration process.
- 18 (5) Each qualifying patient shall be exclusively registered to one (1) designated  
19 caregiver.
- 20 (6) All mature medical cannabis plants and seedlings possessed pursuant to this  
21 section shall be kept in an enclosed, locked facility, unless they are being  
22 transported to a permissible location, for any reason, including the reason that  
23 the cardholder is changing residences, the qualifying patient has changed his or  
24 her designation of who can cultivate, or the plants are being given to someone  
25 allowed to possess them pursuant to Sections 1 to 29 of this Act.
- 26 (7) A visiting qualifying patient shall not be subject to arrest, prosecution, or denial  
27 of any right or privilege, including but not limited to civil penalty or disciplinary

1 action by a court or occupational or professional licensing board, for the medical  
2 use of cannabis, if the visiting qualifying patient does not possess more than the  
3 amount specified on his or her medical order.

4 (8) A qualifying patient, visiting qualifying patient, or designated caregiver shall not  
5 be subject to arrest, prosecution, or denial of any right or privilege, including but  
6 not limited to civil penalty or disciplinary action by a court or occupational or  
7 professional licensing board, for:

8 (a) Possession of cannabis that is incidental to medical use, but is not mature  
9 cannabis plants, seedlings, or usable medical cannabis;

10 (b) Selling, transferring, or delivering cannabis seeds produced by the  
11 qualifying patient, visiting qualifying patient, or designated caregiver to a  
12 compassion center;

13 (c) Transferring medical cannabis to a safety compliance facility for testing; or

14 (d) Giving medical cannabis to a qualifying patient, a compassion center, or a  
15 designated caregiver for a qualifying patient's medical use where nothing of  
16 value is transferred in return, or for offering to do the same, if the person  
17 giving the medical cannabis does not knowingly cause the recipient to  
18 possess more medical cannabis than is permitted by this section.

19 (9) (a) There shall be a presumption that a qualifying patient is engaged in, or a  
20 designated caregiver is assisting with, the medical use of cannabis if the  
21 qualifying patient or designated caregiver:

22 1. Is in possession of a valid registry identification card, or, in the case of  
23 a visiting qualifying patient, its equivalent; and

24 2. Is in possession of an amount of medical cannabis that does not  
25 exceed the amount allowed under this section.

26 (b) The presumption may be rebutted by evidence that conduct related to  
27 cannabis was not for the purpose of treating or alleviating the qualifying

1           patient's debilitating medical condition or symptoms associated with the  
2           debilitating medical condition.

3   (10) A practitioner shall not be subject to arrest, prosecution, or penalty in any  
4   manner, or denied any right or privilege, including but not limited to civil penalty  
5   or disciplinary action by the Kentucky Board of Medical Licensure or by any  
6   other occupational or professional licensing board, solely for providing written  
7   certifications or for otherwise stating that, in the practitioner's professional  
8   opinion, a patient is likely to receive therapeutic or palliative benefit from the  
9   medical use of cannabis to treat or alleviate the patient's debilitating medical  
10   condition or symptoms associated with the debilitating medical condition, except  
11   that nothing in Sections 1 to 29 of this Act shall prevent a practitioner from being  
12   sanctioned for:

13   (a) Issuing a written certification to a patient with whom the practitioner does  
14   not have a bona fide practitioner-patient relationship;

15   (b) Failing to properly evaluate a patient's medical condition; or

16   (c) Otherwise failing to use good faith in his or her treatment of the patient.

17   (11) No person may be subject to arrest, prosecution, or denial of any right or  
18   privilege, including but not limited to civil penalty or disciplinary action by a  
19   court or occupational or professional licensing board, for:

20   (a) Selling medical cannabis paraphernalia to a cardholder upon presentation  
21   of a registry identification card in the recipient's name that has not expired  
22   or to a compassion center agent or safety compliance facility agent upon  
23   presentation of an unexpired copy of the entity's registration certificate;

24   (b) Being in the presence or vicinity of the medical use of cannabis as allowed  
25   under Sections 1 to 29 of this Act; or

26   (c) Assisting a qualifying patient with using or administering medical cannabis.  
27   For purposes of illustration and not limitation, this includes preparing a

1           vaporizer for a registered qualifying patient's use or brewing tea for a  
2           qualifying patient. It does not include providing medical cannabis to a  
3           patient that the patient did not already possess.

4           ➔SECTION 3. A NEW SECTION OF KRS CHAPTER 218A IS CREATED TO  
5 READ AS FOLLOWS:

6           (1) Any cannabis, cannabis supplies, lawful property, or interest in lawful property  
7           that is possessed, owned, or used in connection with the medical use of cannabis  
8           or acts incidental to that use, shall not be seized or forfeited. Sections 1 to 29 of  
9           this Act shall not prevent the seizure or forfeiture of cannabis exceeding the  
10           amounts allowed under Section 2 of this Act nor shall it prevent seizure or  
11           forfeiture if the basis for the action is unrelated to the cannabis that is possessed,  
12           manufactured, transferred, or used pursuant to Sections 1 to 29 of this Act.

13           (2) Mere possession of, or application for, a registry identification card or  
14           registration certificate shall not constitute probable cause or reasonable  
15           suspicion, nor shall it be used to support the search of the person, property, or  
16           home of the person possessing or applying for the registry identification card.  
17           The possession of, or application for, a registry identification card shall not  
18           preclude the existence of probable cause if probable cause exists on other  
19           grounds.

20           (3) For the purposes of Kentucky law and any provisions to the contrary of Sections  
21           1 to 29 of this Act, the medical use of cannabis by a cardholder or compassion  
22           center shall be considered lawful as long as it is in accordance with Sections 1 to  
23           29 of this Act.

24           (4) No law enforcement officer employed by an agency which receives state or local  
25           government funds shall expend any state or local resources, including the  
26           officer's time, to effect any arrest or seizure of medical cannabis, or conduct any  
27           investigation, on the sole basis of activity the officer believes to constitute a

1 violation of the federal Controlled Substances Act, 21 U.S.C. secs. 801 et seq., if  
 2 the officer has reason to believe that such activity is in compliance with Sections  
 3 1 through 29 of this Act, nor shall any such officer expend any state or local  
 4 resources, including the officer's time, to provide any information or logistical  
 5 support related to such activity to any federal law enforcement authority or  
 6 prosecuting entity.

7 (5) An attorney shall not be subject to disciplinary action by the Kentucky Bar  
 8 Association or other professional licensing association for providing legal  
 9 assistance to medical cannabis businesses, including prospective or licensed  
 10 cultivators, compassion centers, or safety compliance facilities or others related  
 11 to activity that is no longer subject to criminal penalties under state law pursuant  
 12 to Sections 1 to 29 of this Act.

13 ➔SECTION 4. A NEW SECTION OF KRS CHAPTER 218A IS CREATED TO  
 14 READ AS FOLLOWS:

15 Sections 1 to 29 of this Act shall not authorize any person to engage in, and shall not  
 16 prevent the imposition of any civil, criminal, or other penalties for engaging in, the  
 17 following conduct:

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

20 (2) Possessing cannabis, or otherwise engaging in the medical use of cannabis:

21 (a) In a school bus;

22 (b) On the grounds of any preschool or primary or secondary school;

23 (c) In any correctional facility; or

24 (d) On any property of the federal government;

25 (3) Possessing medical cannabis that is within the operator's arm's reach or requires  
 26 less than a two (2) step process to access while operating a motor vehicle, aircraft,  
 27 motorboat, or personal watercraft. The Department of Alcoholic Beverage

1 Control shall promulgate administrative regulations to enforce this subsection  
2 and establish acceptable standards for carrying and packaging medical cannabis;

3 (4) Smoking medical cannabis;

4 (a) On any form of public transportation; or

5 (b) In any public place;

6 (5) Operating, navigating, or being in actual physical control of any motor vehicle,  
7 aircraft, or motorboat or personal watercraft while under the influence of  
8 medical cannabis, except that a qualifying patient or visiting qualifying patient  
9 shall not be considered to be under the influence of cannabis solely because of  
10 the presence of metabolites or components of cannabis that appear in insufficient  
11 concentration to cause impairment; or

12 (6) Using medical cannabis, if that person does not have a debilitating medical  
13 condition, unless the use is otherwise in compliance with state or federal law.

14 ➔SECTION 5. A NEW SECTION OF KRS CHAPTER 218A IS CREATED TO  
15 READ AS FOLLOWS:

16 (1) A qualifying patient who uses cannabis for medical purposes shall be afforded all  
17 the same rights under state and local law, including those guaranteed under KRS  
18 Chapter 344, as the individual would have been afforded if he or she were solely  
19 prescribed pharmaceutical medications, as they pertain to:

20 (a) Any interaction with a person's employer;

21 (b) Drug testing by one's employer; or

22 (c) Drug testing required by any state or local law, agency, or government  
23 official.

24 (2) (a) The rights provided by this section do not apply to the extent that they  
25 conflict with an employer's obligations under federal law or regulations or  
26 to the extent that they would disqualify an employer from a monetary or  
27 licensing-related benefit under federal law or regulations.

- 1        (b) No employer is required to allow the ingestion of medical cannabis in any  
2                    workplace or to allow any employee to work while under the influence of  
3                    medical cannabis.
- 4        (c) A qualifying patient shall not be considered to be under the influence of  
5                    cannabis solely because of the presence of metabolites or components of  
6                    cannabis that appear in insufficient concentration to cause impairment.
- 7        (3) No school or landlord may refuse to enroll or lease to, or otherwise penalize, a  
8                    person solely for his or her status as a qualifying patient or a designated  
9                    caregiver, unless failing to do so would violate federal law or regulations or cause  
10                   the school or landlord to lose a monetary or licensing-related benefit under  
11                   federal law or regulations.
- 12       (4) For the purposes of medical care, including organ transplants, a qualifying  
13                   patient's authorized use of medical cannabis is the equivalent of the authorized  
14                   use of any other medication used at the direction of a practitioner, and shall not  
15                   constitute the use of an illicit substance or otherwise disqualify a qualifying  
16                   patient from needed medical care.
- 17       (5) A person otherwise entitled to custody of or visitation or parenting time with a  
18                   minor shall not be denied such a right, and there shall be no presumption of  
19                   neglect or child endangerment, for conduct allowed under Sections 1 to 29 of this  
20                   Act unless the person's actions in relation to medical cannabis were such that  
21                   they created an unreasonable danger to the safety of the minor as established by  
22                   clear and convincing evidence.
- 23       (6) No school, landlord, or employer may be penalized or denied any benefit under  
24                   state law for enrolling, leasing to, or employing a cardholder.
- 25       (7) A health facility as defined in KRS 216B.015 may develop regulations to allow a  
26                   patient who is a registered cardholder to consume medical cannabis.
- 27       (8) A local school board may develop regulations to permit a pupil who is a

1 registered cardholder to consume medical cannabis products on the premises of a  
2 school. However, any medical use allowed pursuant to this subsection shall not  
3 allow smoking, vaping, or the use of vapor products.

4 ➔SECTION 6. A NEW SECTION OF KRS CHAPTER 218A IS CREATED TO  
5 READ AS FOLLOWS:

6 (1) Nothing in Sections 1 to 29 of this Act requires:

7 (a) A government medical assistance program or private insurer to reimburse a  
8 person for costs associated with the medical use of cannabis; or

9 (b) Any person or establishment in lawful possession of property to allow a  
10 guest, client, customer, or other visitor to smoke medical cannabis on or in  
11 that property.

12 (2) Nothing in this chapter prohibits an employer from disciplining an employee for  
13 being impaired in the workplace from the use of medical cannabis or working  
14 while intoxicated from the use of medical cannabis.

15 ➔SECTION 7. A NEW SECTION OF KRS CHAPTER 218A IS CREATED TO  
16 READ AS FOLLOWS:

17 (1) Except as provided in Sections 2 and 3 of this Act and this section, an individual  
18 may assert a medical purpose for using cannabis as a defense to any prosecution  
19 of an offense involving cannabis intended for the patient's medical use, and this  
20 defense shall be presumed valid and the prosecution shall be dismissed if the  
21 evidence shows that:

22 (a) A practitioner states that, in the practitioner's professional opinion, after  
23 having completed a full assessment of the individual's medical history and  
24 current medical condition made in the course of a bona fide practitioner-  
25 patient relationship, the patient is likely to receive therapeutic or palliative  
26 benefit from medical cannabis to treat or alleviate the individual's  
27 debilitating medical condition or symptoms associated with the individual's

1           debilitating medical condition;

2           (b) The individual and the individual's designated caregiver, if any, were  
3           collectively in possession of a quantity of medical cannabis that was not  
4           more than was reasonably necessary to ensure the uninterrupted  
5           availability of medical cannabis for the purpose of treating or alleviating  
6           the individual's debilitating medical condition or symptoms associated with  
7           the individual's debilitating medical condition;

8           (c) The individual was engaged in the acquisition, possession, cultivation,  
9           manufacture, use, or transportation of medical cannabis, supplies, or both  
10           medical cannabis and supplies, relating to the administration of cannabis to  
11           treat or alleviate the individual's debilitating medical condition or symptoms  
12           associated with the individual's debilitating medical condition; and

13           (d) Any cultivation of medical cannabis occurred in an enclosed, locked area  
14           that only the person asserting the defense could access.

15           (2) The defense and motion to dismiss shall not prevail if either of the following are  
16           proven:

17           (a) The individual had a registry identification card revoked for misconduct; or

18           (b) The purposes for the possession or cultivation of medical cannabis were not  
19           solely for palliative or therapeutic use by the individual with a debilitating  
20           medical condition who raised the defense.

21           (3) An individual is not required to possess a registry identification card to raise the  
22           affirmative defense set forth in this section.

23           (4) If an individual demonstrates the individual's medical purpose for using  
24           cannabis pursuant to this section, except as provided in Sections 2 and 3 of this  
25           Act, the individual shall not be subject to the following for the individual's use of  
26           cannabis for medical purposes:

27           (a) Disciplinary action by an occupational or professional licensing board; or

1       **(b) Forfeiture of any interest in or right to non-cannabis, lawful property.**

2       ➔SECTION 8. A NEW SECTION OF KRS CHAPTER 218A IS CREATED TO  
3 READ AS FOLLOWS:

4       **(1) The department shall establish a Cannabis Enforcement Program to administer**  
5       **and enforce the department's duties pursuant to Sections 1 to 29 of this Act.**

6       **(2) Any citizen may petition the department to add conditions to the list of**  
7       **debilitating medical conditions defined in Section 1 of this Act. The department**  
8       **shall consider petitions in the manner required by administrative regulations**  
9       **promulgated by the department, including public notice and hearing. The**  
10       **department shall approve or deny a petition within one hundred (100) days of its**  
11       **submission. The approval or denial of any petition is a final decision of the**  
12       **department subject to judicial review. Jurisdiction and venue are vested in the**  
13       **Franklin Circuit Court.**

14       **(3) The department shall promulgate administrative regulations to regulate the**  
15       **production of medical cannabis. The administrative regulations shall include the**  
16       **following:**

17       **(a) Requiring a medical cannabis producer, cultivator, distributor, or processor**  
18       **to contract with an independent safety compliance facility to test the**  
19       **medical cannabis before it is sold at a compassion center. The department**  
20       **may approve the safety compliance facility chosen by a producer, cultivator,**  
21       **distributor, or processor and require that the safety compliance facility**  
22       **report test results for a designated quantity of medical cannabis to the**  
23       **producer, cultivator, distributor, or processor and department;**

24       **(b) Establishing, publishing, and annually updating a list of varieties of**  
25       **medical cannabis that possess a low but effective level of**  
26       **tetrahydrocannabinol, including the substance cannabidiol, by comparing**  
27       **percentages of chemical compounds within a given variety against other**

- 1 varieties of cannabis;
- 2 (c) Prioritizing the development, sale, and manufacture of medical cannabis
- 3 products with a low but effective level of tetrahydrocannabinol, including
- 4 the substance cannabidiol, and encouraging priority access to medical
- 5 cannabis containing a low but effective level of tetrahydrocannabinol,
- 6 including the substance cannabidiol, for patients younger than age eighteen
- 7 (18) and patients who suffer from conditions that may benefit from medical
- 8 cannabis containing a low but effective level of tetrahydrocannabinol; and
- 9 (d) Establishing a rating system that tracks the terpene content of at least the
- 10 twelve major terpenoids within each strain of cannabis available for
- 11 medical use within the Commonwealth.

12 ➔SECTION 9. A NEW SECTION OF KRS CHAPTER 218A IS CREATED TO

13 READ AS FOLLOWS:

- 14 (1) The department shall promulgate administrative regulations necessary for
- 15 implementation of Sections 1 to 29 of this Act which shall include:
- 16 (a) Procedures for the issuance, renewal, suspension, and revocation of
- 17 licenses issued pursuant to Sections 1 to 29 of this Act, with such
- 18 procedures subject to all requirements of KRS Chapters 13A and 13B;
- 19 (b) Security requirements including lighting, physical security, video
- 20 surveillance, and alarm requirements;
- 21 (c) Requirements for the secure transportation and storage of medical cannabis
- 22 and products containing medical cannabis by licensees and their employees
- 23 or agents;
- 24 (d) Employment and training requirements for licensees, their agents, or their
- 25 employees, including requiring each licensee to create an identification
- 26 badge for each of the licensee's agents or employees;
- 27 (e) Standards for medical cannabis product processors to determine the

- 1           amount of unprocessed medical cannabis that medical cannabis products  
2           are considered the equivalent to;
- 3           (f) Requirements for the packaging and labeling of medical cannabis and  
4           medical cannabis products sold or distributed by licensees, including:
- 5           1. Warnings for the length of time it typically takes for the product to  
6           take effect and how long the effects will typically last;
- 7           2. The amount of medical cannabis the product is considered the  
8           equivalent to;
- 9           3. Disclosing ingredients and possible allergens;
- 10          4. A nutritional fact panel;
- 11          5. Opaque, child-resistant packaging;
- 12          6. A requirement that edible medical cannabis products be clearly  
13          marked with an identifiable and standardized symbol indicating that  
14          the product contains medical cannabis; and
- 15          7. A requirement that edible medical cannabis products not be visually  
16          reminiscent of major brands of edible noncannabis products or  
17          otherwise present an attractive nuisance to minors;
- 18          (g) Health and safety requirements for the processing of medical cannabis and  
19          medical cannabis products and both the indoor and outdoor cultivation of  
20          medical cannabis by licensees;
- 21          (h) Restrictions on advertising, marketing, and signage in regard to operations  
22          or establishments owned by licensees necessary to prevent the targeting of  
23          minors;
- 24          (i) Restrictions on additives to medical cannabis and medical cannabis  
25          products that are toxic or increase the likelihood of addiction;
- 26          (j) Restrictions on pesticides used during medical cannabis cultivation which  
27          pose a threat to human health and safety;

- 1        (k) Restrictions on visits to medical cannabis cultivation and processing  
 2        facilities, including requiring the use of visitor logs;
- 3        (l) A definition of the amount of delta-9 tetrahydrocannabinol that constitutes  
 4        a single serving in a medical cannabis product sold at a compassion center;
- 5        (m) Standards for the safe processing of medical cannabis products created by  
 6        extracting or concentrating compounds from plant materials;
- 7        (n) Requirements that evidence-based educational materials regarding dosage  
 8        and impairment be disseminated to consumers who purchase medical  
 9        cannabis products;
- 10       (o) Requirements for random sample testing of medical cannabis and medical  
 11       cannabis products to ensure quality control, including testing for  
 12       cannabinoids, terpenoids, residual solvents, pesticides, poisons, toxins,  
 13       mold, mildew, insects, bacteria, and any other dangerous adulterant; and
- 14       (p) Standards for the operation of medical cannabis testing facilities including  
 15       requirements for equipment and personnel qualifications.
- 16       (2) The department shall promulgate the required administrative regulations within  
 17       one hundred and eighty (180) days after the effective date of this Act.

18       ➔SECTION 10. A NEW SECTION OF KRS CHAPTER 218A IS CREATED  
 19 TO READ AS FOLLOWS:

- 20       (1) No person shall cultivate, process, produce, possess, test, transfer, or sell medical  
 21       cannabis or products derived from medical cannabis in this state without first  
 22       obtaining a license under this section except as provided in Section 2 of this Act.
- 23       (2) (a) The department shall create separate licenses allowing persons to operate:
- 24                1. A medical cannabis cultivator pursuant to Sections 1 to 29 of this Act;  
 25                2. A medical cannabis safety compliance facility pursuant to Sections 1  
 26                to 29 of this Act;
- 27                3. A medical cannabis distributor pursuant to Sections 1 to 29 of this

1                    Act;

2                    4. A medical cannabis producer pursuant to Sections 1 to 29 of this Act;

3                    5. A medical cannabis processor pursuant to Sections 1 to 29 of this Act;

4                    and

5                    6. A medical cannabis compassion center pursuant to sections 1 to 29 of  
6                    this Act.

7                    (b) Each of these licensure categories may be further tiered by business size  
8                    pursuant to Section 17 of this Act.

9                    (3) A license issued under this section shall be valid for one (1) year from the date of  
10                    issuance. The department shall notify each licensee ninety (90) days prior to the  
11                    date the license expires to allow the licensee to begin the renewal procedure  
12                    promulgated by the department pursuant to Section 9 of this Act.

13                    (4) The licensing and renewal fees for each license created under subsection (2) of  
14                    this section shall be five thousand dollars (\$5,000).

15                    (5) The Department of Alcoholic Beverage Control shall approve a license holder's  
16                    sale of a license issued pursuant to Sections 1 to 29 of this Act if the purchaser  
17                    and any new facilities meet the requirements of Sections 1 to 29 of this Act.

18                    ➔SECTION 11. A NEW SECTION OF KRS CHAPTER 218A IS CREATED  
19 TO READ AS FOLLOWS:

20                    (1) The department shall create a uniform application form for licenses issued to  
21                    operate a medical cannabis business pursuant to Sections 1 to 29 of this Act.

22                    (2) A person applying for a license to operate a medical cannabis-related entity shall  
23                    complete the application form prescribed by the department in subsection (1) of  
24                    this section and return the application form to the department with the required  
25                    nonrefundable application form fee of one hundred dollars (\$100), except as  
26                    provided in Section 23 of this Act.

27                    (3) The department shall issue a license to operate a medical cannabis business to a

1 person who applies for one unless:

2 (a) The person has been convicted of a criminal offense which would qualify  
3 him or her as a violent offender as defined in KRS 439.3401;

4 (b) The person or entity requesting the license does not have the technical  
5 capability to operate a facility licensed pursuant to Section 17 of this Act;

6 (c) The person falsifies information on the application for a license;

7 (d) The person has had a previous license issued pursuant to this section  
8 revoked by the department within the previous twelve (12) months prior to  
9 his or her reapplication; or

10 (e) The person fails to meet the grading requirements established in Section 17  
11 of this Act.

12 (4) The application form fee required under subsection (2) of this section shall be  
13 applied to the licensing fee if the license is issued; otherwise it shall be retained  
14 by the department.

15 ➔SECTION 12. A NEW SECTION OF KRS CHAPTER 218A IS CREATED  
16 TO READ AS FOLLOWS:

17 (1) The department shall issue registry identification cards to qualifying patients who  
18 submit the following, in accordance with administrative regulations promulgated  
19 by the department:

20 (a) A written certification issued by a practitioner within ninety (90) days  
21 immediately preceding the date of an application;

22 (b) If the patient is not a visiting qualifying patient, documentation required to  
23 reasonably establish proof of residency in Kentucky;

24 (c) If the patient is a visiting qualifying patient, a copy of his or her registry  
25 identification card or its equivalent that was issued pursuant to the laws of  
26 the jurisdiction of the person's residence;

27 (d) The application or renewal fee;

- 1        (e) The name, address, and date of birth of the qualifying patient, except that if  
2        the applicant is homeless an address where the applicant may be reached  
3        shall be provided to the department;
- 4        (f) The name, address, and telephone number of the qualifying patient's  
5        practitioner;
- 6        (g) The name, address, and date of birth of the designated caregiver, if any,  
7        chosen by the qualifying patient, except that a visiting qualifying patient  
8        may not have a designated caregiver;
- 9        (h) The name of the compassion center the qualifying patient designates, if  
10       any;
- 11       (i) If the qualifying patient designates a designated caregiver, a designation as  
12       to whether the qualifying patient or designated caregiver may possess and  
13       cultivate cannabis plants for the qualifying patient's medical use. A  
14       patient's designation shall be registered by the Department of Alcoholic  
15       Beverage Control;
- 16       (j) A statement, signed by the qualifying patient, pledging not to divert  
17       cannabis to anyone who is prohibited from possessing medical cannabis  
18       pursuant to Sections 1 to 29 of this Act. The statement shall contain a  
19       listing of potential penalties for diverting cannabis; and
- 20       (k) A signed statement from the designated caregiver, if any, agreeing to be  
21       designated as the patient's designated caregiver and pledging not to divert  
22       cannabis to anyone who is prohibited from possessing medical cannabis  
23       pursuant to Sections 1 to 29 of this Act.
- 24       (2) The application for qualifying patients' registry identification cards shall ask  
25       whether the patient would like the department to notify him or her of any clinical  
26       studies needing human subjects for research on the medical use of cannabis. The  
27       department shall notify interested patients if it is notified of studies that will be

1 conducted in the United States.

2 (3) The Department of Alcoholic Beverage Control shall establish a program that  
3 allows a compassion center to initiate and complete a fast-track process for  
4 emergency registration of a visiting qualifying patient. This emergency  
5 registration process shall be designed to be completed within three (3) hours if  
6 requested within a reasonable time before close of business.

7 ➔SECTION 13. A NEW SECTION OF KRS CHAPTER 218A IS CREATED  
8 TO READ AS FOLLOWS:

9 (1) Except as provided in subsection (2) of this section, the department shall:

10 (a) Verify the information contained in an application or renewal submitted  
11 pursuant to Section 11 of this Act, and acknowledge receipt of an  
12 application within fifteen (15) days of receipt, and approve or deny an  
13 application or renewal within thirty (30) days of receiving a completed  
14 application or renewal application;

15 (b) Issue registry identification cards to a qualifying patient and his or her  
16 designated caregiver, if any, within five (5) days of approving the  
17 application or renewal. A designated caregiver shall have a registry  
18 identification card for each of his or her qualifying patients;

19 (c) Enter the registry identification number of the compassion center the  
20 patient designates into the verification system as his or her main, but not  
21 exclusive, compassion center; and

22 (d) Establish a computer database that shall share data with all compassion  
23 centers to monitor amounts of medical cannabis purchased in real time.

24 (2) The department shall not issue a registry identification card to a qualifying  
25 patient who is younger than eighteen (18) years of age unless:

26 (a) The qualifying patient's practitioner has explained the potential risks and  
27 benefits of the medical use of cannabis to the custodial parent or legal

1 guardian with responsibility for health care decisions for the qualifying  
 2 patient; and

3 (b) The custodial parent or legal guardian with responsibility for health care  
 4 decisions for the qualifying patient consents in writing to:

5 1. Allow the qualifying patient's medical use of cannabis;

6 2. Serve as the qualifying patient's designated caregiver; and

7 3. Control the acquisition of the medical cannabis, the dosage, and the  
 8 frequency of the medical use of cannabis by the qualifying patient.

9 ➔SECTION 14. A NEW SECTION OF KRS CHAPTER 218A IS CREATED  
 10 TO READ AS FOLLOWS:

11 (1) The department may deny an application or renewal of a qualifying patient's  
 12 registry identification card only if the applicant:

13 (a) Did not provide the required information or materials;

14 (b) Previously had a registry identification card revoked; or

15 (c) Provided false or falsified information.

16 (2) The department may deny an application or renewal for a designated caregiver  
 17 chosen by a qualifying patient whose registry identification card was granted only  
 18 if:

19 (a) The designated caregiver does not meet the requirements of Sections 1 and  
 20 2 of this Act;

21 (b) The applicant did not provide the information required;

22 (c) The designated caregiver previously had a registry identification card  
 23 revoked; or

24 (d) The applicant or the designated caregiver provides false or falsified  
 25 information.

26 (3) The department may conduct a criminal background check of the prospective  
 27 designated caregiver.

1 (4) The department shall notify the qualifying patient who has designated someone  
2 to serve as his or her designated caregiver if the designated caregiver is denied a  
3 registry identification card.

4 (5) Denial of an application or renewal is considered a final department action,  
5 subject to judicial review. Jurisdiction and venue for judicial review are vested in  
6 the Franklin Circuit Court.

7 ➔SECTION 15. A NEW SECTION OF KRS CHAPTER 218A IS CREATED  
8 TO READ AS FOLLOWS:

9 (1) Every qualifying patient, designated caregiver, visiting qualifying patient,  
10 medical cannabis business, and agent or employee of a medical cannabis  
11 business shall apply for, receive, and carry a registry identification card.

12 (2) Registry identification cards shall contain all of the following:

13 (a) The name of the cardholder;

14 (b) A designation of whether the cardholder is a designated caregiver,  
15 qualifying patient, or agent of a medical cannabis business;

16 (c) The date of issuance and expiration date of the registry identification card;

17 (d) A random alphanumeric identification number of at least ten (10)  
18 characters, containing at least four (4) numbers and at least four (4) letters,  
19 that is unique to the cardholder;

20 (e) If the cardholder is a designated caregiver, the random alphanumeric  
21 identification number of at least ten (10) characters of the qualifying  
22 patient the designated caregiver is receiving the registry identification card  
23 to assist;

24 (f) A clear designation as to whether the cardholder may possess the cannabis  
25 plants for the qualifying patient's medical use, which shall be determined  
26 based solely on the qualifying patient's preference;

27 (g) A photograph of the cardholder, if the department's administrative

- 1           regulations require one; and
- 2           (h) The telephone number or Web address for the verification system.
- 3       (3) (a) Except as provided in this subsection, the expiration date for registry  
4           identification cards shall be one (1) year after the date of issuance.
- 5           (b) If the practitioner stated in the written certification that the qualifying  
6           patient would benefit from medical cannabis until a specified earlier date,  
7           then the registry identification card shall expire on that date.
- 8       (4) The department may, at its discretion, electronically store in the card all of the  
9           information listed in subsection (2) of this section, along with the address and  
10           date of birth of the cardholder, to allow it to be read by law enforcement agents.

11       ➔SECTION 16. A NEW SECTION OF KRS CHAPTER 218A IS CREATED  
12 TO READ AS FOLLOWS:

- 13       (1) The cardholder fees shall be as follows:
- 14           (a) A registry identification card for a qualifying patient who is a Kentucky  
15           resident shall be sixty dollars (\$60);
- 16           (b) A registry identification card for a visiting qualifying patient from a state or  
17           territory without a medical cannabis or medical marijuana program shall be  
18           one hundred twenty dollars (\$120);
- 19           (c) 1. A registry identification card for a visiting qualifying patient from a  
20           state or territory with a medical cannabis or medical marijuana  
21           program shall be sixty dollars (\$60).
- 22           2. A visiting qualifying patient who has his or her card from a state or  
23           territory with a medical cannabis or medical marijuana program may  
24           use his or her existing registry identification card, or its equivalent,  
25           from the state or territory with a medical cannabis program to utilize  
26           medical cannabis services within Kentucky and shall not be required  
27           to purchase a visiting qualifying patient registry identification card;

- 1        (d) A registry identification card for a caregiver shall be twenty dollars (\$20)  
2                and an additional twenty dollars (\$20) per patient card;
- 3        (e) A registry identification card for a medical cannabis business shall be three  
4                hundred dollars (\$300); and
- 5        (f) 1. A registry identification card for a medical cannabis business agent  
6                shall be sixty dollars (\$60).
- 7                2. An individual may apply for and receive a medical cannabis business  
8                agent card to work in the medical cannabis business field regardless  
9                of whether he or she currently works for a medical cannabis business.
- 10        (2) The following notifications to the department are required:
- 11        (a) A qualifying patient shall notify the department of any change in his or her  
12                name or address, or if the qualifying patient ceases to have his or her  
13                debilitating medical condition, within thirty (30) days of the change;
- 14        (b) A designated caregiver shall notify the department of any change in his or  
15                her name or address, or if the designated caregiver becomes aware that the  
16                qualifying patient has died, within thirty (30) days of the change or of  
17                becoming aware of the qualifying patient's death;
- 18        (c) Before a qualifying patient changes his or her designated caregiver, the  
19                qualifying patient shall notify the department of the change;
- 20        (d) When a qualifying patient changes his or her preference as to who may  
21                cultivate medical cannabis for the qualifying patient, the qualifying patient  
22                shall notify the department of the change; and
- 23        (e) If a cardholder loses his or her registry identification card, he or she shall  
24                notify the department within thirty (30) days of becoming aware the card  
25                has been lost.
- 26        (3) When a cardholder notifies the department of items listed in subsection (2) of this  
27                section, but remains eligible under Sections 1 to 29 of this Act, the department

1 shall issue the cardholder a new registry identification card with a new random  
2 ten (10) character alphanumeric identification number within ten (10) days of  
3 receiving the updated information and a twenty dollar (\$20) fee. The department  
4 shall use this fee for the purposes expressed in subsection (5)(a) of Section 28 of  
5 this Act. If the person notifying the department is a qualifying patient, the  
6 department shall also issue his or her designated caregiver, if any, a new registry  
7 identification card within ten (10) days of receiving the updated information and  
8 a twenty dollar (\$20) fee.

9 (4) If a qualifying patient ceases to be a qualifying patient or changes his or her  
10 designated caregiver, the department shall promptly notify the designated  
11 caregiver. The designated caregiver's protections under Sections 1 to 29 of this  
12 Act as to that qualifying patient shall expire fifteen (15) days after notification by  
13 the department.

14 (5) A cardholder who fails to make a notification to the department that is required  
15 by this section is subject to a violation, punishable by a penalty of no more than  
16 one hundred fifty dollars (\$150).

17 (6) If the qualifying patient's certifying practitioner notifies the department in  
18 writing either that the qualifying patient has ceased to suffer from a debilitating  
19 medical condition or that the practitioner no longer believes the patient would  
20 receive therapeutic or palliative benefit from the medical use of cannabis, the  
21 card shall become void. A qualifying patient shall have fifteen (15) days to  
22 dispose of or give away his or her medical cannabis to a compassion center,  
23 designated caregiver, or qualifying patient.

24 (7) A visiting qualifying patient with a valid registry identification card, or its  
25 equivalent, that was issued pursuant to the laws of another state, district,  
26 territory, commonwealth, insular possession of the United States, or country  
27 recognized by the United States that allows the person to use cannabis for

1 medical purposes in the jurisdiction of issuance may use that registry  
2 identification card for all purposes established in Sections 1 to 29 of this Act.

3 (8) All cardholder fees collected pursuant to this section shall be forwarded to the  
4 medical cannabis trust fund established in Section 31 of this Act.

5 ➔SECTION 17. A NEW SECTION OF KRS CHAPTER 218A IS CREATED  
6 TO READ AS FOLLOWS:

7 (1) At least sixty percent (60%) of the board of each medical cannabis business  
8 licensed pursuant to Sections 1 to 29 of this Act shall be composed of individuals  
9 who can demonstrate three (3) years of continuous residency in Kentucky.

10 (2) A medical cannabis business shall demonstrate sufficient capital such that it can  
11 establish its business and meet the medical cannabis need for its type of medical  
12 cannabis business.

13 (3) The department shall establish three (3) tiers of medical cannabis-related  
14 businesses and by January 1, 2019, shall issue at least one (1) license per each  
15 type of medical cannabis business within each tier level.

16 (a) The first tier shall consist of cannabis businesses that have no more than  
17 two million dollars (\$2,000,000) of gross receipts each calendar year and  
18 shall include producers, cultivators, distributors, processors, safety  
19 compliance facilities, and compassion centers. The license fees for a  
20 cannabis business operating under this tier shall be five hundred dollars  
21 (\$500) plus one percent (1%) of all gross receipts derived from the sale of  
22 medical cannabis or products that contain medical cannabis. The license  
23 fee shall be paid to the department on or before January 30 for the  
24 immediately following year.

25 (b) The second tier shall consist of cannabis businesses that have more than  
26 two million dollars (\$2,000,000) but not more than eight million dollars  
27 (\$8,000,000) of gross receipts each calendar year and shall include

1 producers, distributors, cultivators, processors, safety compliance facilities,  
2 and compassion centers. The license fees for a cannabis business operating  
3 under this tier shall be two thousand dollars (\$2,000) plus one and one-half  
4 percent (1.5%) of all gross receipts derived from the sale of medical  
5 cannabis or products that contain medical cannabis. The license fee shall  
6 be paid to the department on or before January 30 for the immediately  
7 following year.

8 (c) The third tier shall consist of cannabis businesses that have over eight  
9 million dollars (\$8,000,000) of gross receipts each calendar year and shall  
10 include producers, distributors, cultivators, processors, safety compliance  
11 facilities, and compassion centers. The license fees shall be four thousand  
12 dollars (\$4,000) plus two percent (2%) of all gross receipts derived from the  
13 sale of medical cannabis or products that contain medical cannabis. The  
14 license fee shall be paid to the department on or before January 30 for the  
15 immediately following year.

16 (4) Producers, cultivators, distributors, processors, safety compliance facilities, and  
17 compassion centers may only operate if they have been issued a valid license  
18 from the department. When applying for a registration certificate, the applicant  
19 shall submit the following in accordance with the department's administrative  
20 regulations:

21 (a) For compassion centers and distributors, an application fee in an amount  
22 not to exceed five thousand dollars (\$5,000), to be used by the department  
23 for the purposes expressed in subsection (5)(a) of Section 28 of this Act;

24 (b) The proposed legal name of the cannabis business;

25 (c) The proposed physical address of the cannabis business and the proposed  
26 physical address of any additional locations, if any, where cannabis will be  
27 cultivated, processed, produced, packaged, labeled, or prepared for

- 1           distribution by the cannabis business;
- 2           (d) The name, address, and date of birth of each principal officer and board
- 3           member of the cannabis business. All such individuals shall be at least
- 4           twenty-one (21) years of age;
- 5           (e) Any instances in which a business or not-for-profit entity that any of the
- 6           prospective board members managed or served on the board of was
- 7           convicted, fined, censured, or had a registration or license suspended or
- 8           revoked in any administrative or judicial proceeding; and
- 9           (f) Any information required by the department to evaluate the applicant
- 10           pursuant to the competitive bidding process described in subsection (6) of
- 11           this section.
- 12           (5) For cultivators, the following square footage limits shall apply within each of the
- 13           tier levels established in subsection (3) of this section:
- 14           (a) A cultivator business operating within the first tier and which conducts no
- 15           more than two million dollars (\$2,000,000) of gross business receipts each
- 16           year shall not exceed a growth area of two thousand five hundred (2,500)
- 17           square feet or its equivalent in acreage;
- 18           (b) A cultivator business operating within the second tier and which conducts
- 19           no more than eight million dollars (\$8,000,000) of gross business receipts
- 20           each year shall not exceed a growth area of ten thousand (10,000) square
- 21           feet or its equivalent in acreage; and
- 22           (c) A cultivator business operating within the third tier and which conducts at
- 23           least eight million dollars (\$8,000,000) of gross business receipts each year
- 24           shall not exceed a growth area of twenty five thousand (25,000) square feet
- 25           or its equivalent in acreage; and
- 26           (d) Upon a showing of need for additional medical cannabis by the cannabis
- 27           businesses, the department's own analysis, or by the request of the oversight

1 committee established in Section 27 of this Act, the department shall have  
2 the authority to increase the square footage allowance of any of the tiers  
3 established for cultivators within this subsection by up to three (3) times the  
4 limits established in this subsection. An expansion pursuant to this  
5 subsection shall not result in a year-end fee that is greater than that  
6 established for the cultivator within its original tier established pursuant to  
7 subsection (3) of this section.

8 (6) The department shall evaluate applications for each tier of registration certificate  
9 using an impartial and numerically scored competitive bidding process developed  
10 by the department in accordance with Sections 1 to 29 of this Act. The  
11 department shall not be required to establish more cannabis businesses within an  
12 area development district than market pressures dictate. The registration  
13 considerations shall consist of the following criteria:

14 (a) The suitability of the proposed location or locations, including compliance  
15 with any local zoning laws and the geographic convenience to patients from  
16 throughout the Commonwealth should the applicant be approved;

17 (b) The principal officers' and board members' relevant experience, including  
18 any training or professional licensing related to medicine, pharmaceuticals,  
19 natural treatments, botany, or cannabis cultivation and preparation and  
20 their experience running businesses or not-for-profit entities;

21 (c) The proposed cannabis business's plan for operations and services,  
22 including its staffing and training plans, whether it has sufficient capital to  
23 operate, and its ability to assist with the provision of an adequate supply of  
24 medical cannabis to the registered patients in its locality, area development  
25 district, or the state;

26 (d) The sufficiency of the applicant's plans for recordkeeping;

27 (e) The sufficiency of the applicant's plans for safety, security, and the

1           prevention of diversion, including proposed locations and security devices  
2           employed;

3           (f) The applicant's plan for making medical cannabis available on an  
4           affordable basis to qualifying patients enrolled in Medicaid or receiving  
5           Supplemental Security Income or Social Security disability insurance; and

6           (g) The applicant's plan for safe and accurate packaging and labeling of  
7           cannabis, including the applicant's plan for ensuring that all cannabis is  
8           free of contaminants.

9           (7) No later than one (1) year after the effective date of this Act, if at least five (5)  
10           applications have been submitted, the department shall issue registration  
11           certificates to the five (5) highest-scoring applicants within each tier, except that  
12           the department may divide the state into geographical areas and grant a  
13           registration to the highest-scoring applicant within each tier in each geographical  
14           area. The geographical areas that the department is encouraged to use for this  
15           step are the area development district counties as they existed on January 1,  
16           2017. The department shall not be required to establish more medical cannabis  
17           businesses within an area development district than market pressures dictate.

18           (8) No later than two (2) years after the effective date of this Act, the department  
19           shall issue registration certifications to at least one (1) cannabis business located  
20           within each area development district not already awarded a registration  
21           certificate, if a sufficient number of additional applications have been submitted.  
22           The need to ensure an adequate geographic distribution by area development  
23           district may supersede the requirement that the approved applicants be granted  
24           registration certificates based solely on which applicants receive the highest  
25           scores. If the department determines, after reviewing the report issued pursuant  
26           to Section 27 of this Act, that additional cannabis businesses are needed to meet  
27           the needs of qualifying patients either within an area development district or

1 throughout the state, the department shall issue registration certificates to the  
2 corresponding number of applicants who score the highest.

3 (9) (a) At any time after two (2) years after the effective date of this Act that the  
4 number of outstanding and valid cannabis business certificates is lower  
5 than the number of registration certificates the department is required to  
6 issue pursuant to subsections (5), (6), and (7) of this section, the department  
7 shall accept applications for the needed cannabis business and issue  
8 registration certificates to the corresponding number of additional  
9 applicants that score the highest, or that score the highest in given  
10 geographic areas.

11 (b) Notwithstanding this subsection, an application for a cannabis business  
12 registration certificate shall be denied if any of the following conditions are  
13 met:

14 1. The applicant failed to submit the materials required by this section,  
15 including if the applicant's plans do not satisfy the security, oversight,  
16 or recordkeeping administrative regulations promulgated by the  
17 department;

18 2. The applicant would not be in compliance with local zoning  
19 regulations issued in accordance with Section 22 of this Act;

20 3. The applicant does not meet the requirements of Section 24 of this  
21 Act;

22 4. One (1) or more of the prospective principal officers or board  
23 members has been convicted of a disqualifying felony offense;

24 5. One (1) or more of the prospective principal officers or board  
25 members has served as a principal officer or board member for a  
26 compassion center, cultivator, or safety compliance facility that has  
27 had its registration certificate revoked; or

1           6. One (1) or more of the principal officers or board members is younger  
2           than twenty-one (21) years of age.

3           (10) After a medical cannabis business is approved, but before it begins operations, it  
4           shall submit a registration fee to the department in the amount determined by the  
5           department's administrative regulations and, if a physical address had not been  
6           finalized when it applied, it shall submit a complete listing of all its physical  
7           addresses. Each location shall be separately licensed by the department.

8           (11) The department shall issue each medical cannabis business one (1) copy of its  
9           registration certificate for each business location. Registration certificates shall  
10           include the business's identification number. The department shall also provide  
11           each business with the contact information for the verification system.

12           (12) A medical cannabis business, excluding a distributor, shall not be located within  
13           one thousand (1,000) feet of an existing elementary or secondary school or a day-  
14           care center. However, within densely populated urban areas of a combined metro  
15           government, the department may allow for a reduction of up to five hundred  
16           (500) feet of the required distance under this subsection on a case-by-case basis.

17           (13) All license fees, registration costs, and fines collected pursuant to this section  
18           shall be forwarded to the medical cannabis trust fund established in Section 31 of  
19           this Act.

20           ➔SECTION 18. A NEW SECTION OF KRS CHAPTER 218A IS CREATED  
21 TO READ AS FOLLOWS:

22           (1) A compassion center shall not be subject to prosecution under state or local law,  
23           to search or inspection except by the department pursuant to Section 24 of this  
24           Act, to seizure or penalty in any manner, or be denied any right or privilege,  
25           including but not limited to civil penalty or disciplinary action by a court or  
26           business licensing board, for acting pursuant to Sections 1 to 29 of this Act and  
27           the department's administrative regulations for:

1 (a) Selling medical cannabis seeds to similar entities that are licensed to  
 2 dispense cannabis for medical use in other jurisdictions; or

3 (b) Acquiring medical cannabis from a distributor, processor, or cultivator,  
 4 possessing, supplying, selling, or dispensing medical cannabis, usable  
 5 medical cannabis, related supplies, and educational materials to qualifying  
 6 patients, visiting qualifying patients who have designated the compassion  
 7 center to provide for them, designated caregivers on behalf of the qualifying  
 8 patients who have designated the compassion center, or to other compassion  
 9 centers.

10 (2) A compassion center agent shall not be subject to prosecution, search, or penalty  
 11 in any manner, or be denied any right or privilege, including but not limited to  
 12 civil penalty or disciplinary action by a court or business licensing board, for  
 13 working for a compassion center pursuant to Sections 1 to 29 of this Act and the  
 14 department's administrative regulations to acquire, possess, manufacture, deliver,  
 15 transfer, transport, supply, sell, or dispense medical cannabis or related supplies  
 16 and educational materials to qualifying patients who have designated the  
 17 compassion center to provide for them, to designated caregivers on behalf of the  
 18 qualifying patients who have designated the compassion center, or to other  
 19 compassion centers.

20 ➔SECTION 19. A NEW SECTION OF KRS CHAPTER 218A IS CREATED  
 21 TO READ AS FOLLOWS:

22 (1) Cultivators shall:

23 (a) Only grow, process, and deliver cannabis to a licensed cultivator, licensed  
 24 processor, licensed producer, licensed distributor, licensed safety  
 25 compliance facility, or licensed compassion center for fair market value and  
 26 subject to applicable taxes for the transfer of agricultural products;

27 (b) Be subject to the same rights, responsibilities, and protections as a

- 1           compassion center;
- 2           (c) Supply the amount of medical cannabis required by the compassion centers;
- 3           and
- 4           (d) Only deliver usable medical cannabis after it has been checked by a safety
- 5           compliance facility for cannabinoid contents and contaminants.
- 6           (2) Cultivators shall not operate without a valid registration certificate from the
- 7           department pursuant to Section 17 of this Act.
- 8           (3) A cultivator or cultivator agent acting on behalf of a cultivator shall not be
- 9           subject to prosecution under state or local law, to search or inspection except by
- 10           the department pursuant to Section 24 of this Act, or to seizure or penalty in any
- 11           manner, or be denied any right or privilege, including but not limited to civil
- 12           penalty or disciplinary action by court or business licensing board, for acting
- 13           pursuant to Sections 1 to 29 of this Act and the department's administrative
- 14           regulations for:
- 15           (a) Selling medical cannabis seeds or seedlings to similar entities that are
- 16           licensed to cultivate cannabis for medical use in other jurisdictions; or
- 17           (b) Acquiring, possessing, cultivating, manufacturing, delivering, transferring,
- 18           transporting, supplying, or selling usable medical cannabis and related
- 19           supplies to other licensed cultivators or licensed compassion centers.

20           ➔SECTION 20. A NEW SECTION OF KRS CHAPTER 218A IS CREATED  
 21 TO READ AS FOLLOWS:

- 22           (1) Safety compliance facilities shall not operate without a valid registration
- 23           certificate from the department. When applying for a safety compliance facility
- 24           registration certificate, the applicant shall submit the required information in
- 25           accordance with Section 17 of this Act.
- 26           (2) The department shall place no limit on the number of licenses or registration
- 27           certificates that may be issued for a safety compliance facility provided that the

1 safety compliance facility otherwise complies with the requirements of Sections 1  
2 to 29 of this Act.

3 (3) A safety compliance facility and safety compliance facility agents acting on  
4 behalf of a safety compliance facility shall not be subject to prosecution, search  
5 except by the department pursuant to Section 24 of this Act, seizure, or penalty in  
6 any manner, or be denied any right or privilege, including but not limited to civil  
7 penalty or disciplinary action by a court or business licensing board, solely for  
8 acting in accordance with Sections 1 to 29 of this Act and the department's  
9 administrative regulations to provide the following services:

10 (a) Acquiring or possessing medical cannabis obtained from cardholders,  
11 cultivators, or compassion centers;

12 (b) Returning the medical cannabis to cardholders, cultivators, or compassion  
13 centers;

14 (c) Transporting medical cannabis that was produced by cardholders,  
15 cultivators, and compassion centers to or from those cardholders,  
16 cultivators, and compassion centers;

17 (d) The production or sale of approved educational materials related to medical  
18 cannabis;

19 (e) The production, sale, or transportation of equipment or materials other  
20 than medical cannabis to compassion centers, cultivators, processors,  
21 producers, distributors, caregivers, or cardholders, including lab equipment  
22 and packaging materials, that are used by compassion centers, cultivators,  
23 and cardholders;

24 (f) Testing of medical cannabis samples, including for potency, pesticides,  
25 mold, and contamination;

26 (g) Providing training to cardholders, prospective cultivator agents, and  
27 prospective compassion center agents, provided that only cardholders may

1           be allowed to possess or cultivate medical cannabis and any possession or  
2           cultivation of medical cannabis must occur on the location registered with  
3           the department; and

4           (h) Receiving compensation for actions allowed under this section.

5           ➔SECTION 21. A NEW SECTION OF KRS CHAPTER 218A IS CREATED  
6 TO READ AS FOLLOWS:

7           (1) The department may, on its own motion or on complaint, after investigation and  
8           opportunity for a public hearing at which the cannabis business has been  
9           afforded an opportunity to be heard pursuant to KRS Chapter 13B, suspend or  
10           revoke a registration certificate for multiple or serious violations by the registrant  
11           or any of its agents of Sections 1 to 29 of this Act or any administrative  
12           regulations promulgated pursuant to those sections.

13           (2) The department shall provide notice of suspension, revocation, fine, or other  
14           sanction, as well as the required notice of the hearing, by mailing the same in  
15           writing to the cannabis business at the address on the registration certificate. A  
16           suspension shall not be for a longer period than six (6) months.

17           (3) A cultivator may continue to cultivate and possess cannabis plants during a  
18           suspension, but it shall not transfer or sell cannabis.

19           (4) A compassion center may possess cannabis during a suspension, but it shall not  
20           dispense, transfer, or sell cannabis.

21           (5) A safety compliance facility may possess cannabis during a suspension, but it  
22           shall not transfer or receive any new cannabis.

23           (6) A processor may continue to process and possess its existing cannabis during a  
24           suspension, but it shall not transfer or receive any new cannabis.

25           (7) A distributor shall complete deliveries for which it is currently holding cannabis  
26           at the time of notification of suspension, but shall not engage in cannabis  
27           distribution or receive any new cannabis upon notification of a suspension.

1 (8) A producer may possess and produce its existing cannabis during a suspension,  
2 but it shall not transfer or receive any new cannabis.

3 ➔SECTION 22. A NEW SECTION OF KRS CHAPTER 218A IS CREATED  
4 TO READ AS FOLLOWS:

5 (1) A medical cannabis business, excluding a distributor that is transporting medical  
6 cannabis on a public roadway, shall not be located in a:

7 (a) City; or

8 (b) County, urban-county government, consolidated local government, charter  
9 county government, or unified local government, if located outside a city;  
10 except as provided in this section.

11 (2) A city, county, urban-county government, consolidated local government, charter  
12 county government, or unified local government may approve medical cannabis  
13 business operations through legislative action.

14 (3) A city, county, urban-county government, consolidated local government, charter  
15 county government, or unified local government may direct that the question of  
16 allowing operation of one (1) or more medical cannabis businesses within its  
17 territory be submitted to the voters of the affected territory at the next regular  
18 election.

19 (4) If a local legislative body with jurisdiction does not approve medical cannabis  
20 business operations through legislative action and further fails to direct that the  
21 question of allowing the operation of one (1) or more medical cannabis  
22 businesses within its territory be submitted to the voters within the first two (2)  
23 years after the effective date of this Act, a public question that is initiated by  
24 petition and that proposes medical cannabis business operations is authorized.

25 (5) A public question that is initiated by petition and is authorized by subsection (4)  
26 of this section shall be submitted to the voters within the affected territory at the  
27 next regular election by complying with the following requirements:

- 1        (a) Before a petition for submission of the proposal may be presented for  
2        signatures, an intent to circulate the petition, including a copy of the  
3        unsigned petition, shall be filed with the county clerk of the affected  
4        territory by any person or group of persons seeking the submission of the  
5        public question. The statement of intent shall also include the addresses of  
6        the person or group of persons and shall specify the person or group of  
7        persons, as well as the address, to which all notices are to be sent. Within  
8        ten (10) days after the intent to circulate the petition is filed, the county  
9        clerk shall deliver a copy of the intent to circulate the petition, including a  
10       copy of the unsigned petition, to the legislative body of the affected territory.
- 11       (b) The petition shall set out in full the following question: "Are you in favor of  
12       the sale of medical cannabis at a compassion center and the operation of  
13       medical cannabis businesses in (affected territory)?"
- 14       (c) The petition for the submission of the proposal shall be signed by a number  
15       of constitutionally qualified voters of the territory to be affected equal to  
16       five percent (5%) of registered voters for the affected territory.
- 17       (d) Each signature shall be executed in ink or indelible pencil and shall be  
18       followed by the legibly printed name of each voter, followed by the voter's  
19       residence address, year of birth, and the correct date upon which the voter's  
20       name was signed.
- 21       (e) No petition for the submission of the proposal shall be circulated for more  
22       than six (6) months prior to its filing.
- 23       (f) After a petition for the submission of the proposal has received no fewer  
24       than the number of qualifying signatures required by paragraph (c) of this  
25       subsection, the signed petition shall be filed with the county clerk. When it  
26       is filed, each sheet of the petition shall have an affidavit executed by the  
27       circulator stating that he or she personally circulated the sheet, the number

1 of signatures thereon, that all signatures were affixed in his or her  
2 presence, that he or she believes them to be the genuine signatures of  
3 registered voters within the affected territory, and that each signer had an  
4 opportunity before signing to read the full text of the proposal.

5 (g) No signer of the petition may withdraw his or her name or have it taken  
6 from the petition after the petition has been filed. If the name of any person  
7 has been placed on the petition for submission of the public question  
8 without that person's authority, the person may, at any time prior to  
9 certification of sufficiency of the petition by the county clerk as required by  
10 paragraph (h) of this subsection, request the removal of his or her name by  
11 the county board of elections and, upon proof that the person's name was  
12 placed on the petition without his or her authority, the person's name and  
13 personal information shall be eliminated and he or she shall not be counted  
14 as a petitioner.

15 (h) Within thirty (30) days after the petition is filed, the county clerk shall  
16 complete a certificate as to its sufficiency, specifying, if it is insufficient, the  
17 particulars of the insufficiency, and shall send a copy to the person or  
18 persons specified in the statement of intent to receive all notices and to the  
19 legislative body of the affected territory, all by registered mail. A petition  
20 certified insufficient for lack of the required number of valid signatures  
21 may be amended once by filing a supplemental petition upon additional  
22 sheets within thirty (30) days after receiving the certificate of insufficiency.  
23 The supplemental petition shall comply with the requirements applicable to  
24 the original petition and, within ten (10) days after it is filed, the county  
25 clerk shall complete a certificate as to the sufficiency of the petition as  
26 amended and promptly send a copy of the certificate to the person or  
27 persons specified to receive all notices and to the legislative body of the

1 affected territory by registered mail.

2 (i) A final determination as to the sufficiency of a petition shall be subject to  
3 review in the Circuit Court of the county of the affected territory and shall  
4 be limited to the validity of the county clerk's determination. A final  
5 determination of insufficiency shall not prejudice the filing of a new  
6 petition for the same purpose.

7 (j) If, not later than the second Tuesday in August preceding the day  
8 established for a regular election, the county clerk has certified that a  
9 petition is sufficient, the county clerk shall have prepared to place before  
10 the voters of the affected territory at the next regular election the question,  
11 which shall be "Are you in favor of the sale of medical cannabis at a  
12 compassion center and the operation of medical cannabis businesses in  
13 (affected territory)? Yes....No....". The county clerk shall cause to be  
14 published in accordance with KRS Chapter 424, at the same time as the  
15 remaining voter information, the full text of the proposal. The county clerk  
16 shall cause to be posted in each polling place one (1) copy of the full text of  
17 the proposal.

18 (6) If the question submitted to the voters under subsection (3) or (5) of this section  
19 fails to pass, two (2) years must elapse before the question of medical cannabis  
20 sales and medical cannabis business operations may be included on a regular  
21 election ballot for the affected territory.

22 (7) In circumstances where a city approves medical cannabis business operations but  
23 the county, urban-county government, consolidated local government, charter  
24 county government, or unified local government fails to approve medical  
25 cannabis business operations, then the medical cannabis business operations may  
26 proceed within the limits of the city. Any local medical cannabis trust fund  
27 moneys returned pursuant to Section 32 of this Act shall only be returned to the

1 jurisdictions within a county that have approved medical cannabis business  
 2 operations.

3 (8) In circumstances where a city approves medical cannabis business operations  
 4 and the county, urban-county government, consolidated local government,  
 5 charter county government, or unified local government also approves medical  
 6 cannabis business operations, a medical cannabis business that is located within  
 7 the jurisdiction of both the city and the county, urban-county government,  
 8 consolidated local government, charter county government, or unified local  
 9 government shall only pay the reasonable established local fees of either the city  
 10 or the county, urban-county government, consolidated local government, charter  
 11 county government, or unified local government. The fee shall be shared  
 12 proportionally between the city and the county, urban-county government,  
 13 consolidated local government, charter county government, or unified local  
 14 government.

15 (9) After the adoption of a provision allowing cannabis business operations within a  
 16 city, county, urban-county government, consolidated local government, charter  
 17 county government, or unified local government under subsections (2), (3), or (5)  
 18 of this section, nothing shall prohibit any of these local governments from  
 19 enacting ordinances not in conflict with Sections 1 to 29 of this Act or with the  
 20 department's administrative regulations regulating the time, place, and manner  
 21 of cannabis business operations, except that no local government may prohibit  
 22 cannabis business operation altogether, either expressly or through the  
 23 enactment of ordinances which make cannabis business operation unreasonably  
 24 impracticable in the jurisdiction.

25 (10) The provisions of general election law shall apply to public questions submitted to  
 26 voters under this section.

27 ➔SECTION 23. A NEW SECTION OF KRS CHAPTER 218A IS CREATED

1 TO READ AS FOLLOWS:

2 (1) Each medical cannabis business shall conduct a criminal background check into  
 3 the criminal history of each person seeking to become a principal officer, board  
 4 member, agent, volunteer, or employee before the person begins working at the  
 5 compassion center, cultivator, or safety compliance facility. A medical cannabis  
 6 business may not employ any person who:

7 (a) Was convicted of a disqualifying felony offense; or

8 (b) Is under twenty-one (21) years of age.

9 (2) A medical cannabis business agent shall have documentation when transporting  
 10 medical cannabis on behalf of a medical cannabis business that is permitted to  
 11 transport cannabis that specifies the amount of cannabis being transported, the  
 12 date the cannabis is being transported, the registry identification certificate  
 13 number of the involved cannabis businesses, and a contact number to verify that  
 14 the cannabis is being transported on behalf of the cannabis business or  
 15 businesses.

16 ➔SECTION 24. A NEW SECTION OF KRS CHAPTER 218A IS CREATED

17 TO READ AS FOLLOWS:

18 (1) The operating documents of a medical cannabis business shall include  
 19 procedures for its oversight and procedures to ensure accurate recordkeeping.

20 (2) A medical cannabis business shall implement appropriate security measures to  
 21 deter and prevent the theft of cannabis and unauthorized entrance into areas  
 22 containing cannabis.

23 (3) A medical cannabis business, except a distributor, shall not be located within one  
 24 thousand (1,000) feet of the property line of a pre-existing public or private  
 25 school. However, within densely populated urban areas of a combined metro  
 26 government, the department may allow for a reduction of up to five hundred  
 27 (500) feet of the required distance under this subsection on a case-by-case basis.

- 1 (4) A medical cannabis business is prohibited from acquiring, possessing,  
2 cultivating, manufacturing, delivering, transferring, transporting, supplying, or  
3 dispensing cannabis for the purposes of distributing medical cannabis to any  
4 person except qualifying patients directly or through their designated caregivers.
- 5 (5) All cultivation of cannabis for medical cannabis businesses shall be grown by  
6 cultivators and take place in an enclosed, locked location at the physical address  
7 or addresses provided to the department during the registration process, which  
8 can only be accessed by cultivator agents working on behalf of the cultivator.
- 9 (6) A compassion center shall not acquire usable medical cannabis or mature  
10 cannabis plants from any person other than a cultivator, processor, producer,  
11 distributor, qualifying patient, or designated caregiver.
- 12 (7) Before medical cannabis is dispensed to a designated caregiver or a registered  
13 qualifying patient, a compassion center agent shall make a diligent effort to  
14 verify each of the following:
- 15 (a) That the registry identification card presented to the compassion center is  
16 valid, including by checking the verification system if it is operational or  
17 other department-designated databases; and
- 18 (b) That the person presenting the card is the person identified on the registry  
19 identification card presented to the compassion center agent, by examining  
20 government-issued photo identification.
- 21 (8) Compassion centers shall maintain internal, confidential records that include  
22 specific notations of how much cannabis is being dispensed to the qualifying  
23 patient and whether it was dispensed directly to the registered qualifying patient  
24 or to the caregiver. Each entry shall include the date and time the cannabis was  
25 dispensed.
- 26 (9) A compassion center or compassion center agent shall only dispense cannabis to  
27 a visiting qualifying patient if he or she possesses a valid registry identification

1 card and if the procedures in this section are otherwise followed.

2 (10) No person shall advertise medical cannabis sales in printed materials, on radio or  
3 television, or by paid in-person solicitation of customers. This shall not prevent  
4 appropriate signs on the property of the licensed compassion center, listings in  
5 business directories including telephone books, listings in cannabis-related or  
6 medical publications, or the sponsorship of health or not-for-profit charity or  
7 advocacy events.

8 (11) A compassion center shall not rent office space to a practitioner.

9 (12) No person who has been convicted of a disqualifying felony offense shall be a  
10 cannabis business agent.

11 (13) Cannabis businesses shall display their registration certificates on the premises at  
12 all times.

13 (14) The department may issue a civil fine of up to three thousand dollars (\$3,000) for  
14 violations of this section.

15 (15) The suspension or revocation of a certificate is a final department action, subject  
16 to judicial review. Jurisdiction and venue for judicial review are vested in the  
17 Franklin Circuit Court.

18 (16) Any cardholder who sells cannabis to a person prohibited from possessing  
19 cannabis for medical purposes under Sections 1 to 29 of this Act shall have his or  
20 her registry identification card revoked and shall be subject to other penalties for  
21 the unauthorized sale of cannabis, unless the sale is otherwise permitted under  
22 Sections 1 to 29 of this Act.

23 (17) The department may revoke the registry identification card of any cardholder  
24 who knowingly commits multiple or serious violations of Sections 1 to 29 of this  
25 Act.

26 (18) Cannabis businesses shall be subject to reasonable inspection pursuant to the  
27 department's administrative regulations. The department shall give reasonable

1 notice of an inspection under this subsection.

2 ➔SECTION 25. A NEW SECTION OF KRS CHAPTER 218A IS CREATED  
3 TO READ AS FOLLOWS:

4 (1) The following information received and records kept pursuant to the  
5 department's administrative regulations for purposes of administering Sections 1  
6 to 29 of this Act shall be confidential and exempt from the Open Records Act,  
7 KRS 61.870 to 61.884, and shall not be subject to disclosure to any individual or  
8 public or private entity, except as necessary for authorized employees of the  
9 department to perform official duties pursuant to Sections 1 to 29 of this Act:

10 (a) Applications and renewals, their contents, and supporting information  
11 submitted by qualifying patients and designated caregivers, including  
12 information regarding their designated caregivers and practitioners;

13 (b) Applications and renewals, their contents, and supporting information  
14 submitted by or on behalf of cannabis businesses in compliance with  
15 Sections 1 to 29 of this Act, including their physical addresses;

16 (c) The individual names and other information identifying persons to whom  
17 the department has issued registry identification cards;

18 (d) Any dispensing information required to be kept under Section 26 of this Act  
19 or the department's administrative regulation which shall only identify  
20 cardholders, designated caregivers, and cannabis businesses by their  
21 registry identification numbers and shall not contain names or other  
22 personal identifying information; and

23 (e) Any department hard drives or other data-recording media that are no  
24 longer in use and that contain cardholder information. These hard drives  
25 and other media shall be destroyed after a reasonable time or after the data  
26 is otherwise stored.

27 Data subject to this section shall not be combined or linked in any manner with

1 any other list or database and shall not be used for any purpose not provided for  
2 in Sections 1 to 29 of this Act.

3 (2) Nothing in this section shall preclude the following:

4 (a) Notification by the department's employees to state or local law  
5 enforcement about falsified or fraudulent information submitted to the  
6 department or of other apparently criminal violations of Sections 1 to 29 of  
7 this Act if the employee who suspects that falsified or fraudulent  
8 information has been submitted conferred with his or her supervisor, and  
9 both agree that circumstances exist that warrant reporting;

10 (b) Notification by the department's employees to the Kentucky Board of  
11 Medical Licensure or other appropriate licensure board if the department  
12 has reasonable suspicion to believe a practitioner did not have a bona fide  
13 practitioner-patient relationship with a patient for whom he or she signed a  
14 written certification, if the department has reasonable suspicion to believe  
15 the practitioner violated the standard of care, or for other suspected  
16 violations of Sections 1 to 29 of this Act by a practitioner;

17 (c) Notification by compassion center agents to the department of a suspected  
18 violation or attempted violation of Sections 1 to 29 of this Act or the  
19 administrative regulations issued thereunder;

20 (d) Verification by the department of registry identification cards pursuant to  
21 Section 26 of this Act; and

22 (e) The submission of the report required by Section 26 of this Act to the  
23 General Assembly.

24 (3) It shall be a misdemeanor punishable by up to one hundred eighty (180) days in  
25 jail and a one thousand dollar (\$1,000) fine for any person, including an  
26 employee or official of the department or another state agency or local  
27 government, to breach the confidentiality of information obtained pursuant to

1        Sections 1 to 29 of this Act.

2        ➔SECTION 26. A NEW SECTION OF KRS CHAPTER 218A IS CREATED  
3 TO READ AS FOLLOWS:

4        (1) The department shall maintain a confidential list of the persons to whom the  
5        department has issued registry identification cards and their addresses, telephone  
6        numbers, and registry identification numbers. This confidential list may be linked  
7        to the database established in KRS 218A.202 for purposes consistent with  
8        Sections 1 to 29 of this Act.

9        (2) Within one hundred twenty (120) days of the effective date of this Act, the  
10        department shall establish a verification system. The verification system shall  
11        allow law enforcement personnel and cannabis business agents that need access  
12        to the verification system to enter a registry identification number to determine  
13        whether or not the number corresponds with a current, valid registry  
14        identification card. The system shall only disclose whether the identification card  
15        is valid, whether the cardholder is a qualifying patient or designated caregiver,  
16        whether the cardholder is permitted to cultivate cannabis under Sections 1 to 29  
17        of this Act, and the registry identification number of the compassion center  
18        designated to serve the qualifying patient who holds the card or the registry  
19        identification number of the patient who is assisted by the designated caregiver  
20        who holds the card.

21        (3) The department shall, at a cardholder's request, confirm his or her status as a  
22        qualifying patient or designated caregiver to a third party, such as a landlord,  
23        employer, school, medical professional, or court.

24        (4) The department shall disclose the fact that a registry identification card was  
25        revoked to a prosecutor or court personnel in any case where the prosecutor or  
26        court personnel inquiries about a specific person who is seeking to assert the  
27        protections of Sections 1 to 29 of this Act. The prosecutor or court personnel

1 shall provide the department with the person's name and date of birth.

2 ➔SECTION 27. A NEW SECTION OF KRS CHAPTER 218A IS CREATED  
3 TO READ AS FOLLOWS:

4 (1) (a) The department shall establish a nineteen (19) member oversight committee  
5 composed of:

6 1. One (1) member of the House of Representatives;

7 2. One (1) member of the Senate;

8 3. The commissioner of the department;

9 4. The executive director of the Office of Drug Control Policy;

10 5. One (1) practitioner with experience in medical cannabis issues;

11 6. One (1) nurse;

12 7. One (1) board member or principal officer of a compassion center;

13 8. One (1) board member or principal officer of a cultivator;

14 9. One (1) board member or principal officer of a licensed safety  
15 compliance facility;

16 10. One (1) board member or principal officer of a processor;

17 11. One (1) board member or principal officer of a producer;

18 12. One (1) board member or principal officer of a distributor;

19 13. One (1) board member with experience in regulating the alcohol  
20 industry;

21 14. One (1) individual with experience in policy development or  
22 implementation in the field of medical cannabis;

23 15. One (1) peace officer; and

24 16. Four (4) registered patients.

25 (b) The oversight committee shall meet at least two (2) times per year for the  
26 purpose of evaluating and making recommendations to the General  
27 Assembly and the department regarding:

- 1            1. The ability of qualifying patients in all areas of the state to obtain  
2            timely access to high-quality medical cannabis;
- 3            2. The effectiveness of the compassion centers and other cannabis  
4            businesses, individually and together, in serving the needs of  
5            qualifying patients, including the provision of educational and support  
6            services, the reasonableness of their fees, whether they are generating  
7            any complaints or security problems, and the sufficiency of the  
8            number operating to serve the qualifying patients of the  
9            Commonwealth;
- 10           3. The effectiveness of the licensed safety compliance facility or  
11           facilities, including whether a sufficient number are operating;
- 12           4. The sufficiency of the regulatory and security safeguards contained in  
13           Sections 1 to 29 of this Act and adopted by the department to ensure  
14           that access to and use of cannabis cultivated is provided only to  
15           cardholders;
- 16           5. Any recommended additions or revisions to the department's  
17           administrative regulations or Sections 1 to 29 of this Act including  
18           those relating to security, safe handling, labeling, and nomenclature;
- 19           6. A patient portal that shall allow for patient input, tracking of  
20           conditions, and allowing for research, and the connection of patients  
21           and researchers, if the patient consents to contact;
- 22           7. Any research studies regarding health effects of medical cannabis for  
23           patients; and
- 24           8. The effectiveness of the cultivators individually and together, in  
25           serving the needs of the compassion centers, the reasonableness of  
26           their fees, whether they are generating any complaints or security  
27           problems, and the sufficiency of the number operating to serve the

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compassion centers of the Commonwealth.

- (2) The department shall submit to the Legislative Research Commission an annual report that does not disclose any identifying information about cardholders, compassion centers, cultivators, processors, producers, distributors, caregivers, or practitioners. The report shall include the following information:
- (a) The number of applications and renewals filed for registry identification cards;
  - (b) The number of qualifying patients who are residents of Kentucky at the time of the report;
  - (c) The number of registry identification cards that were issued to visiting qualifying patients at the time of the report;
  - (d) The nature of the debilitating medical conditions of the qualifying patients;
  - (e) The number of registry identification cards revoked for misconduct;
  - (f) The number of practitioners providing written certifications for qualifying patients;
  - (g) The number of compassion centers and their agents at the time of the report;
  - (h) The number of cultivators and their agents at the time of the report;
  - (i) The number of caregivers and their agents at the time of the report;
  - (j) The number of safety compliance facilities and their agents at the time of the report;
  - (k) The number of producers and their agents at the time of the report;
  - (l) The number of distributors and their agents at the time of the report;
  - (m) The number of processors and their agents at the time of the report;
  - (n) The profits and expenditures by cannabis business, individually and overall;
  - (o) The amount of cannabis sold and consumed per month;
  - (p) The amount of revenue generated from cannabis businesses and qualifying

1           patient fees, permits, and licenses for each calendar year and aggregated by  
2           prior years;

3           (q) The total cost of cannabis program enforcement at the time of the report, by  
4           county and overall; and

5           (r) Any other data requested by the Legislative Research Commission relating  
6           to the medical cannabis program and Sections 1 to 29 of this Act.

7           ➔SECTION 28. A NEW SECTION OF KRS CHAPTER 218A IS CREATED  
8 TO READ AS FOLLOWS:

9           The department shall promulgate administrative regulations:

10          (1) Governing the manner in which the department shall consider petitions from the  
11          public to add debilitating medical conditions or treatments to debilitating medical  
12          conditions defined in Section 1 of this Act, including public notice of and an  
13          opportunity to comment in public hearings on the petitions;

14          (2) Establishing the form and content of registration and renewal applications  
15          submitted under Sections 1 to 29 of this Act;

16          (3) Governing the manner in which it shall consider applications for and renewals of  
17          registry identification cards, which may include creating a standardized written  
18          certification form;

19          (4) Governing the following matters related to safety compliance facilities,  
20          processors, producers, distributors, compassion centers, and cultivators, with the  
21          goal of protecting against diversion and theft, without imposing an undue burden  
22          on the safety compliance facilities, processors, producers, distributors,  
23          compassion centers, or cultivators or compromising the confidentiality of  
24          cardholders:

25               (a) Oversight requirements for compassion centers;

26               (b) Recordkeeping requirements for safety compliance facilities, processors,  
27               producers, distributors, compassion centers, and cultivators;

- 1        (c) Security requirements for safety compliance facilities, processors,  
2        producers, distributors, compassion centers, and cultivators, which shall  
3        include, at a minimum, lighting, video security, alarm requirements, on-site  
4        parking, and measures to prevent loitering;
- 5        (d) Electrical safety requirements;
- 6        (e) The competitive scoring process addressed in Section 17 of this Act;
- 7        (f) Procedures for suspending or terminating the registration certificates or  
8        registry identification cards of cardholders, compassion centers, processors,  
9        producers, distributors, cultivators, and safety compliance facilities that  
10       commit multiple or serious violations of the provisions of Sections 1 to 29 of  
11       this Act or the administrative regulations promulgated thereunder; and
- 12       (g) Labeling requirements for cannabis and cannabis products sold by  
13       compassion centers; and
- 14       (5) Establishing application and renewal fees for registry identification cards,  
15       caregiver registration, and application and registration fees for compassion  
16       centers, processors, producers, distributors, cultivators, and safety compliance  
17       facility certificates, according to the following:
- 18       (a) The total fees collected shall generate revenues sufficient to offset all  
19       expenses of implementing and administering Sections 1 to 29 of this Act,  
20       except that fee revenues may be offset or supplemented by private  
21       donations;
- 22       (b) The department may establish a sliding scale of patient application and  
23       renewal fees based upon a qualifying patient's household income; and
- 24       (c) The department may accept donations from private sources to reduce  
25       application and renewal fees.

26       ➔SECTION 29. A NEW SECTION OF KRS CHAPTER 218A IS CREATED  
27 TO READ AS FOLLOWS:

- 1 (1) If the department fails to promulgate administrative regulations to implement  
2 Sections 1 to 29 of this Act within the times provided for in Sections 1 to 29 of this  
3 Act, any citizen may commence an action in the Franklin Circuit Court to compel  
4 the department to perform the actions mandated pursuant to the provisions of  
5 Sections 1 to 29 of this Act.
- 6 (2) If the department fails to issue a valid registry identification card in response to a  
7 valid application or renewal submitted pursuant to Sections 1 to 29 of this Act  
8 within twenty (20) days of its submission, the registry identification card shall be  
9 deemed granted, and a copy of the registry identification application or renewal  
10 and proof of receipt of the mailing shall be deemed a valid registry identification  
11 card.
- 12 (3) If, at any time after one hundred forty (140) days following the effective date of  
13 Sections 1 to 29 of this Act, the department has not established a process for  
14 accepting and approving or denying applications, a notarized statement by a  
15 qualifying patient containing the information required in an application  
16 pursuant to Section 12 of this Act, together with a written certification issued by a  
17 practitioner within ninety (90) days immediately preceding the notarized  
18 statement, shall be deemed a valid registry identification card for all purposes  
19 under Sections 1 to 29 of this Act.
- 20 (4) Nothing in Sections 1 to 29 of this Act shall require the department to assume  
21 duties in relation to the medical cannabis program that are more than  
22 administrative in nature if federal law or a current and clear directive from the  
23 federal government indicates that duties assumed by the department that are  
24 more than administrative could result in federal prosecution or invalidation of  
25 the medical cannabis program established in Sections 1 to 29 of this Act..
- 26 (5) If the department makes a determination that it is required by this section to  
27 conduct duties that are more than administrative in nature, then it shall continue

1 to conduct duties that are administrative in nature and designate or enter into a  
2 contract with a nongovernmental entity to conduct any duties required by  
3 Sections 1 to 29 of this Act that are more than administrative in nature. The  
4 Cannabis Enforcement Program may reimburse the state for any costs involved  
5 in working with outside consultants to implement the program.

6 ➔SECTION 30. A NEW SECTION OF KRS CHAPTER 138 IS CREATED TO  
7 READ AS FOLLOWS:

8 (1) As used in this section:

9 (a) "Compassion center" has the same meaning as in Section 1 of this Act;

10 (b) "Cultivator" has the same meaning as in Section 1 of this Act;

11 (c) "Department" means the Department of Revenue;

12 (d) "Distributor" has the same meaning as in Section 1 of this Act;

13 (e) "Processor" has the same meaning as in Section 1 of this Act; and

14 (f) "Producer" has the same meaning as in Section 1 of this Act.

15 (2) Effective December 1, 2018:

16 (a) An excise tax is hereby imposed upon every cultivator, processor, and  
17 producer for the privilege of selling medical cannabis or products that  
18 contain medical cannabis to a distributor at the rate of five percent (5%) of  
19 the actual price for which the cultivator, processor, or producer sells the  
20 medical cannabis products in this state:

21 1. Eighty percent (80%) of the revenue from the excise tax established in  
22 this paragraph shall be deposited in the medical cannabis trust fund  
23 established in Section 31 of this Act for the purpose of administration  
24 of the medical cannabis program and for the purposes established in  
25 that section; and

26 2. Twenty percent (20%) of the revenue from the excise tax established  
27 in this paragraph shall be deposited in the local medical cannabis

1                   trust fund established in Section 32 of this Act for the purposes of  
2                   distributing tax proceeds among participating local governments and  
3                   for the purposes established in that section;

4           **(b) An excise tax is hereby imposed upon every cultivator, processor, and**  
5           **producer for the privilege of selling medical cannabis or products that**  
6           **contain medical cannabis to a licensed compassion center at the rate of ten**  
7           **percent (10%) of the actual price for which the cultivator, processor, or**  
8           **producer sells the medical cannabis products in this state:**

9                   **1. Eighty percent (80%) of the revenue from the excise tax established in**  
10                   **this paragraph shall be deposited in the medical cannabis trust fund**  
11                   **established in Section 31 of this Act for the purpose of administration**  
12                   **of the medical cannabis program and for the purposes established in**  
13                   **that section; and**

14                   **2. Twenty percent (20%) of the revenue from the excise tax established**  
15                   **in this paragraph shall be deposited in the local medical cannabis**  
16                   **trust fund established in Section 32 of this Act for the purposes of**  
17                   **distributing tax proceeds among participating local governments and**  
18                   **for the purposes established in that section; and**

19           **(c) An excise tax is hereby imposed upon every distributor for the privilege of**  
20           **selling medical cannabis or products that contain medical cannabis to a**  
21           **licensed compassion center at the rate of five percent (5%) of the actual**  
22           **price for which the distributor sells the medical cannabis products in this**  
23           **state:**

24                   **1. Eighty percent (80%) of the revenue from the excise tax established in**  
25                   **this paragraph shall be deposited in the medical cannabis trust fund**  
26                   **established in Section 31 of this Act for the purpose of administration**  
27                   **of the medical cannabis program and for the purposes established in**

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that section; and

2. Twenty percent (20%) of the revenue from the excise tax established in this paragraph shall be deposited in the local medical cannabis trust fund established in Section 32 of this Act for the purposes of distributing tax proceeds among participating local governments and for the purposes established in that section.

(3) Compassion centers, cultivators, processors, producers, and distributors of medical cannabis products shall:

(a) Register with the department;

(b) Report and pay the tax levied under this section on or before the twentieth day of the calendar month following the month in which the cannabis or medical cannabis products are sold. A tax return shall be filed for each reporting period whether or not tax is due; and

(c) The taxpayer shall identify the area development district where the medical cannabis business is located.

(4) Any person who violates any provision of this section shall be subject to the uniform civil penalties imposed pursuant to KRS 131.180 and interest at the tax interest rate as defined in KRS 131.010(6) from the date due until the date of payment.

(5) (a) Notwithstanding any other provision of this section, the president, vice president, secretary, treasurer, or any other person holding any equivalent corporate office of any corporation subject to the provisions of this section shall be personally and individually liable, both jointly and severally, for the taxes imposed under this section.

(b) Corporate dissolution, withdrawal of the corporation from the state, or the cessation of holding any corporate office shall not discharge the liability of any person. The personal and individual liability shall apply to every person

1 holding a corporate office at the time the tax becomes or became due.

2 (c) Notwithstanding any other provision of this chapter, KRS 275.150, 362.1-  
3 306(3) or predecessor law, or 362.2-404(3) to the contrary, the managers of  
4 a limited liability company, the partners of a limited liability partnership,  
5 and the general partners of a limited liability limited partnership, or any  
6 other person holding any equivalent office of a limited liability company,  
7 limited liability partnership, or limited liability limited partnership subject to  
8 the provisions of this section shall, be personally and individually liable,  
9 both jointly and severally, for the tax imposed under this section.

10 (d) Dissolution, withdrawal of the limited liability company, limited liability  
11 partnership, or limited liability limited partnership from the state, or the  
12 cessation of holding any office shall not discharge the liability of any  
13 person. The personal and individual liability shall apply to every manager  
14 of a limited liability company, partner of a limited liability partnership, or  
15 general partner of a limited liability limited partnership at the time the tax  
16 becomes or became due.

17 (e) No person shall be personally and individually liable under this section who  
18 had no authority to truthfully account for, or pay over, any tax imposed by  
19 this section at the time the tax imposed becomes or became due.

20 (f) "Taxes" as used in this subsection include interest accrued at the rate  
21 provided by KRS 131.183, all applicable penalties imposed under the  
22 provisions of this chapter, and all applicable penalties imposed under the  
23 provisions of KRS 131.180, 131.410 to 131.445, and 131.990.

24 (6) The department shall administer the provisions of this chapter and shall have all  
25 of the powers, rights, duties, and authority with respect to the assessment,  
26 collection, refunding, and administration of the taxes levied by this section,  
27 conferred generally upon the department by the Kentucky Revised Statutes,

1 including Chapters 131, 134, and 135.

2 (7) Every cultivator, compassion center, producer, processor, and distributor shall  
3 keep records, receipts, invoices, and other pertinent papers in such form as the  
4 department may require for not less than four (4) years from the making of such  
5 records, receipts, invoices, and other pertinent papers.

6 ➔SECTION 31. A NEW SECTION OF KRS CHAPTER 218A IS CREATED  
7 TO READ AS FOLLOWS:

8 (1) The medical cannabis trust fund is hereby created within the State Treasury. The  
9 fund shall consist of funds collected from a portion of the excise taxes imposed  
10 under Section 30 of this Act, registration costs established pursuant to Sections  
11 16 and 17 of this Act, license fees, and fines imposed under Sections 1 to 29 of  
12 this Act, and any proceeds from grants, contributions, appropriations, or other  
13 moneys made available for purposes of this fund.

14 (2) The medical cannabis trust fund shall be administered by the Finance and  
15 Administration Cabinet.

16 (3) Trust fund moneys shall be used to offset the costs and expenses of operating the  
17 medical cannabis program and enforcement activities established in Sections 1 to  
18 29 of this Act.

19 (4) Notwithstanding KRS 45.229, moneys in the fund not expended at the close of the  
20 fiscal year shall not lapse but shall be carried forward to the next fiscal year.

21 (5) Any interest earnings of the trust fund shall become part of the fund and shall  
22 not lapse.

23 (6) Moneys transferred to this fund are hereby appropriated for the purposes set  
24 forth in this section.

25 ➔SECTION 32. A NEW SECTION OF KRS CHAPTER 218A IS CREATED  
26 TO READ AS FOLLOWS:

27 (1) The local medical cannabis trust fund is hereby created within the State

- 1       Treasury. The fund shall consist of funds collected from a portion of the excise  
2       taxes imposed under Section 30 of this Act.
- 3       (2) The local medical cannabis trust fund shall be administered by the Finance and  
4       Administration Cabinet.
- 5       (3) The Finance and Administration Cabinet shall:
- 6           (a) Determine the funds generated by the excise tax revenue within each area  
7           development district;
- 8           (b) Distribute the funds equally among the first class or home rule cities,  
9           counties, or other localities within each area development district that  
10          permit at least one (1) medical cannabis businesses to operate as a  
11          cultivator, producer, processor, or compassion center; and
- 12          (c) Distribute funds under this subsection on a quarterly basis.
- 13       (4) Trust fund moneys shall be used only for the purposes of local enforcement of  
14       medical cannabis laws, local medical cannabis licensing, the hiring of extra drug  
15       recognition experts, local evidence-based drug addiction rehabilitation projects,  
16       or educational activities within local jails.
- 17       (5) Notwithstanding KRS 45.229, moneys in the fund not expended at the close of the  
18       fiscal year shall not lapse but shall be carried forward to the next fiscal year.
- 19       (6) Any interest earnings of the trust fund shall become part of the fund and shall  
20       not lapse.
- 21       (7) Moneys transferred to this fund are hereby appropriated for the purposes set  
22       forth in this section.