

1 AN ACT relating to medical cannabis.

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 for Medical Cannabis Administration or
4 its 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) 1. Possesses a license to deliver medical cannabis; and*
- 5 *2. May also possess a license to deliver or distribute alcoholic beverages*
- 6 *and may deliver medical cannabis and alcoholic beverages in the same*
- 7 *vehicle at the same time; or*
- 8 *(d) Operates a delivery service for cardholders;*
- 9 *(13) "Distributor agent" means a principal officer, board member, employee, or agent*
- 10 *of a distributor who is twenty-one (21) years of age or older and has not been*
- 11 *convicted of a disqualifying felony offense;*
- 12 *(14) "Enclosed, locked facility" means:*
- 13 *(a) A closet, room, greenhouse, building, or other enclosed area that is*
- 14 *equipped with locks or other security devices that permit access only by the*
- 15 *cardholder allowed to cultivate the plants or, in the case of a cultivator, the*
- 16 *cultivator agents working for the cultivator;*
- 17 *(b) A shared enclosed, locked facility used by two (2) or more qualifying*
- 18 *patients or designated caregivers who reside in the same dwelling and have*
- 19 *a registry identification card that removes state penalties for cannabis*
- 20 *cultivation; or*
- 21 *(c) For licensed cultivators, producers, or processors, operating large-scale*
- 22 *growing operations for sale to cardholders, distributors, or compassion*
- 23 *centers, a secured and electronically monitored outdoor growing space that*
- 24 *complies with department requirements;*
- 25 *(15) "Gross receipts" means all amounts received in money, credits, property, or other*
- 26 *money's worth in any form, by a medical cannabis business;*
- 27 *(16) "Mature cannabis plant" means a cannabis plant that has flowers;*

1 (17) "Medical cannabis" or "cannabis" means all parts of the plant Cannabis sp.,
2 whether growing or not; the seeds thereof; the resin extracted from any part of
3 the plant; and every compound, manufacture, salt, derivative, mixture, or
4 preparation of the plant, its seeds or resin; or any compound, mixture, or
5 preparation which contains any quantity of these substances; when utilized for
6 medical use in pursuit of a recommendation to treat a debilitating illness by a
7 practitioner pursuant to Sections 1 to 29 of this Act. The term "medical
8 cannabis" does not include:

9 (a) Industrial hemp that is in the possession, custody, or control of a person
10 who holds a license issued by the Department of Agriculture permitting that
11 person to cultivate, handle, or process industrial hemp;

12 (b) Industrial hemp products that do not include any living plants, viable seeds,
13 leaf materials, or floral materials;

14 (c) The substance cannabidiol, when transferred, dispensed, or administered
15 pursuant to the written order of a physician practicing at a hospital or
16 associated clinic affiliated with a Kentucky public university having a
17 college or school of medicine;

18 (d) For persons participating in a clinical trial or in an expanded access
19 program, a drug or substance approved for the use of those participants by
20 the United States Food and Drug Administration;

21 (e) A cannabidiol product derived from industrial hemp, as defined in KRS
22 260.850; or

23 (f) A cannabidiol product approved as a prescription medication by the United
24 States Food and Drug Administration;

25 (18) "Medical cannabis business" means a cultivator, compassion center, distributor,
26 processor, producer, or a safety compliance facility licensed pursuant to Sections
27 1 to 29 of this Act;

- 1 (19) "Medical cannabis business agent" means a principal officer, board member,
2 employee, or agent of a medical cannabis business who is twenty-one (21) years
3 of age or older and has not been convicted of a disqualifying felony offense;
- 4 (20) "Medical use" includes the acquisition, administration, cultivation, or
5 manufacture in an enclosed, locked facility or the delivery, possession, transfer,
6 transportation, or use of cannabis or supplies relating to the administration of
7 cannabis to treat or alleviate a qualifying patient's debilitating medical condition
8 or symptoms associated with the patient's debilitating medical condition.
9 "Medical use" does not include cultivation by a visiting qualifying patient or
10 cultivation by a designated caregiver or registered patient who is not designated
11 as being allowed to cultivate;
- 12 (21) "Practitioner" means a physician, dentist, podiatrist, optometrist as authorized in
13 KRS 320.240, an advanced practice registered nurse as authorized under KRS
14 314.011, or other person licensed, registered, or otherwise permitted by state or
15 federal law to administer a controlled substance in the course of professional
16 practice in this state. In relation to a visiting qualifying patient, "practitioner"
17 means a person who is licensed with authority to prescribe controlled substances
18 to humans in the state of the patient's residence;
- 19 (22) "Processor" means a licensed entity that acquires the cultivated cannabis plant
20 from a cultivator in order to manipulate, blend, prepare, and package medical
21 cannabis products for sale to a licensed distributor;
- 22 (23) "Processor agent" means a principal officer, board member, employee, or agent
23 of a processor who is twenty-one (21) years of age or older and has not been
24 convicted of a disqualifying felony offense;
- 25 (24) "Producer" means a licensed entity that acquires medical cannabis from a
26 cultivator and prepares, trims, or otherwise modifies raw medical cannabis plant
27 material, packages medical cannabis, and sells medical cannabis to a licensed

1 distributor;

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

5 (26) "Qualifying patient" means a person who has been diagnosed by a practitioner
6 as having a debilitating medical condition;

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

12 (28) "Safety compliance facility" means an independent entity that does not have staff
13 or board members who own, are employed, are contracted with, or are board
14 members of a licensed or certified cultivator, distributor, processor, producer, or
15 compassion center and is licensed by the department to provide one (1) or more of
16 the following services:

17 (a) Testing cannabis produced for medical use, including for potency and
18 contaminants; and

19 (b) Training cardholders, cultivator agents, and compassion center agents. The
20 training may include but need not be limited to information related to one
21 (1) or more of the following:

22 1. The safe and efficient cultivation, harvesting, packaging, labeling, and
23 distribution of cannabis;

24 2. Security and inventory accountability procedures; and

25 3. Up-to-date scientific and medical research findings related to medical
26 cannabis;

27 (29) "Safety compliance facility agent" means a principal officer, board member,

1 employee, or agent of a safety compliance facility who is twenty-one (21) years of
2 age or older and has not been convicted of a disqualifying felony offense;

3 (30) "Seedling" means a medical cannabis plant that has no flowers and is larger
4 than eight (8) inches tall;

5 (31) "Usable medical cannabis" means the flowers of the cannabis plant and any
6 mixture, concentrate, resin, or preparation thereof, but does not include the
7 seeds, stalks, and roots of the plant. It does not include the weight of any
8 noncannabis ingredients combined with the medical cannabis, including
9 ingredients added to prepare a topical administration, oil, tincture, food, or drink;

10 (32) "Verification system" means a telephone-based and Web-based system
11 established and maintained by the department that is available to law
12 enforcement personnel and compassion center agents on a twenty-four (24) hour
13 basis for verification of registry identification cards, and may cross-reference or
14 utilize the system established in KRS 218A.202 as necessary;

15 (33) "Visiting qualifying patient" means a person who:

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

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

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

25 (34) "Written certification" means a document dated and signed by a practitioner,
26 that:

27 (a) States that in the practitioner's professional opinion the patient is likely to

1 receive therapeutic or palliative benefit from the medical use of cannabis to
2 treat or alleviate the patient's debilitating medical condition or symptoms
3 associated with the debilitating medical condition, and indicates an amount
4 of medical cannabis not greater than the amount established in Section 2 of
5 this Act;

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

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

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

11 (1) A qualifying patient shall not be subject to arrest, prosecution, or denial of any
12 right or privilege, including but not limited to civil penalty or disciplinary action
13 by a court or occupational or professional licensing board, for the medical use of
14 cannabis, if the registered qualifying patient does not possess more medical
15 cannabis, cannabis plants, or equivalent active psychoactive ingredient in a
16 processed or produced medical cannabis product as limited by subsection (2) of
17 this section than allowed by this section. A qualifying patient shall not possess
18 more than:

19 (a) A ninety (90) day supply of his or her daily supply of medical cannabis at
20 his or her residence;

21 (b) A ten (10) day supply of his or her ninety (90) day supply on his or her
22 person, except that greater than a ten (10) day supply of a ninety (90) day
23 supply, including up to a ninety (90) day supply, may be transported from a
24 compassion center to a qualifying patient's home by the patient or caregiver
25 if the supply is sealed by the compassion center and requires at least a two
26 (2) step process to open;

27 (c) Twelve (12) mature cannabis plants and twelve (12) seedlings cultivated in

1 an enclosed, locked facility.

2 (2) In no case shall a produced or processed medical cannabis product intended for
3 oral consumption as an edible, oil, or tincture exceed ten (10) milligrams per
4 serving of delta-9 tetrahydrocannabinol. For the purposes of this section, oil
5 intended for consumption as a vaping product shall not be limited to ten (10)
6 milligrams per serving of delta-9 tetrahydrocannabinol.

7 (3) A distributor may offer a service that delivers up to a ninety (90) day supply of
8 medical cannabis to the home of a qualifying patient or caregiver if:

9 (a) The service is operated through a compassion center and regulated by the
10 department; and

11 (b) The medical cannabis is in a sealed package that requires a two (2) step
12 process for the initial opening.

13 (4) A designated caregiver shall not be subject to arrest, prosecution, or denial of any
14 right or privilege, including but not limited to civil penalty or disciplinary action
15 by a court or occupational or professional licensing board, for:

16 (a) Assisting a qualifying patient to whom he or she is connected through the
17 department's registration process with the medical use of cannabis if the
18 designated caregiver does not possess more than:

19 1. The amount of usable medical cannabis specified on the written
20 certification or compassion center recommendation for each
21 qualifying patient to whom the registered caregiver is connected
22 through the department's registration process; and

23 2. Twelve (12) mature cannabis plants and twelve (12) seedlings at the
24 site where the medical cannabis is cultivated for each qualifying
25 patient who has specified that the designated caregiver will be allowed
26 under state law to cultivate medical cannabis for the qualifying
27 patient; or

1 **(b) Receiving compensation for reasonable costs associated with assisting a**
2 **qualifying patient's medical use of cannabis if the designated caregiver is**
3 **connected to the qualifying patient through the department's registration**
4 **process.**

5 **(5) Each qualifying patient shall be exclusively registered to one (1) designated**
6 **caregiver.**

7 **(6) All mature medical cannabis plants and seedlings possessed pursuant to this**
8 **section shall be kept in an enclosed, locked facility, unless they are being**
9 **transported to a permissible location, for any reason, including the reason that**
10 **the cardholder is changing residences, the qualifying patient has changed his or**
11 **her designation of who can cultivate, or the plants are being given to someone**
12 **allowed to possess them pursuant to Sections 1 to 29 of this Act.**

13 **(7) A visiting qualifying patient shall not be subject to arrest, prosecution, or denial**
14 **of any right or privilege, including but not limited to civil penalty or disciplinary**
15 **action by a court or occupational or professional licensing board, for the medical**
16 **use of cannabis, if the visiting qualifying patient does not possess more than the**
17 **amount specified on his or her written certification or compassion center**
18 **recommendation.**

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

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

25 **(b) Selling, transferring, or delivering cannabis seeds produced by the**
26 **qualifying patient, visiting qualifying patient, or designated caregiver to a**
27 **compassion center;**

- 1 (c) Transferring medical cannabis to a safety compliance facility for testing; or
2 (d) Giving medical cannabis to a qualifying patient, a compassion center, or a
3 designated caregiver for a qualifying patient's medical use where nothing of
4 value is transferred in return, or for offering to do the same, if the person
5 giving the medical cannabis does not knowingly cause the recipient to
6 possess more medical cannabis than is permitted by this section.

- 7 (9) (a) There shall be a presumption that a qualifying patient is engaged in, or a
8 designated caregiver is assisting with, the medical use of cannabis if the
9 qualifying patient or designated caregiver:
10 1. Is in possession of a valid registry identification card, or, in the case of
11 a visiting qualifying patient, its equivalent; and
12 2. Is in possession of an amount of medical cannabis that does not
13 exceed the amount allowed under this section.

- 14 (b) The presumption may be rebutted by evidence that conduct related to
15 cannabis was not for the purpose of treating or alleviating the qualifying
16 patient's debilitating medical condition or symptoms associated with the
17 debilitating medical condition.

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

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

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

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

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

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

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

14 (c) Assisting a qualifying patient with using or administering medical
 15 cannabis. For purposes of illustration and not limitation, this includes
 16 preparing a vaporizer for a registered qualifying patient's use or brewing
 17 tea for a qualifying patient. It does not include providing medical cannabis
 18 to a patient that the patient did not already possess.

19 (12) The provisions of KRS 138.870 to 138.889 shall not apply to any individual or
 20 entity for:

21 (a) Any amount of cannabis that is necessary or reasonably necessary for use
 22 of a license issued pursuant to Sections 1 to 29 of this Act; or

23 (b) Any person whose use of medical cannabis complies with Sections 1 to 29 of
 24 this Act.

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

27 (1) Any cannabis, cannabis supplies, lawful property, or interest in lawful property

1 that is possessed, owned, or used in connection with the medical use of cannabis
2 or acts incidental to that use, shall not be seized or forfeited. Sections 1 to 29 of
3 this Act shall not prevent the seizure or forfeiture of cannabis exceeding the
4 amounts allowed under Section 2 of this Act nor shall it prevent seizure or
5 forfeiture if the basis for the action is unrelated to the cannabis that is possessed,
6 manufactured, transferred, or used pursuant to Sections 1 to 29 of this Act.

7 (2) Mere possession of, or application for, a registry identification card or
8 registration certificate shall not constitute probable cause or reasonable
9 suspicion, nor shall it be used to support the search of the person, property, or
10 home of the person possessing or applying for the registry identification card.
11 The possession of, or application for, a registry identification card shall not
12 preclude the existence of probable cause if probable cause exists on other
13 grounds.

14 (3) For the purposes of Kentucky law and any provisions to the contrary of Sections
15 1 to 29 of this Act, the medical use of cannabis by a cardholder or compassion
16 center shall be considered lawful as long as it is in accordance with Sections 1 to
17 29 of this Act.

18 (4) No law enforcement officer employed by an agency which receives state or local
19 government funds shall expend any state or local resources, including the
20 officer's time, to effect any arrest or seizure of medical cannabis, or conduct any
21 investigation, on the sole basis of activity the officer believes to constitute a
22 violation of the federal Controlled Substances Act, 21 U.S.C. secs. 801 et seq., if
23 the officer has reason to believe that such activity is in compliance with Sections
24 1 through 29 of this Act, nor shall any such officer expend any state or local
25 resources, including the officer's time, to provide any information or logistical
26 support related to such activity to any federal law enforcement authority or
27 prosecuting entity.

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

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

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

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

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

15 (a) In a school bus, except as permitted under Section 5 of this Act;

16 (b) On the grounds of any preschool or primary or secondary school, except as
 17 permitted under Section 5 of this Act;

18 (c) In any correctional facility; or

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

20 (3) Possessing medical cannabis that is within the operator's arm's reach or requires
 21 less than a two (2) step process to access while operating a motor vehicle, aircraft,
 22 motorboat, or personal watercraft. The Department for Medical Cannabis
 23 Administration shall promulgate administrative regulations to enforce this
 24 subsection and establish acceptable standards for carrying and packaging
 25 medical cannabis;

26 (4) Smoking medical cannabis;

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

1 (b) In any public place;

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

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

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

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

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

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

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

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

24 (b) No employer is required to allow the ingestion of medical cannabis in any
 25 workplace or to allow any employee to work while under the influence of
 26 medical cannabis.

27 (c) A qualifying patient shall not be considered to be under the influence of

1 cannabis solely because of the presence of metabolites or components of
2 cannabis that appear in insufficient concentration to cause impairment.

3 (3) No school or landlord may refuse to enroll or lease to, or otherwise penalize, a
4 person solely for his or her status as a qualifying patient or a designated
5 caregiver, unless failing to do so would violate federal law or regulations or cause
6 the school or landlord to lose a monetary or licensing-related benefit under
7 federal law or regulations.

8 (4) For the purposes of medical care, including organ transplants, a qualifying
9 patient's authorized use of medical cannabis is the equivalent of the authorized
10 use of any other medication used at the direction of a practitioner, and shall not
11 constitute the use of an illicit substance or otherwise disqualify a qualifying
12 patient from needed medical care.

13 (5) A person otherwise entitled to custody of or visitation or parenting time with a
14 minor shall not be denied such a right, and there shall be no presumption of
15 neglect or child endangerment, for conduct allowed under Sections 1 to 29 of this
16 Act unless the person's actions in relation to medical cannabis were such that
17 they created an unreasonable danger to the safety of the minor as established by
18 clear and convincing evidence.

19 (6) No school, landlord, or employer may be penalized or denied any benefit under
20 state law for enrolling, leasing to, or employing a cardholder.

21 (7) A health facility as defined in KRS 216B.015 may develop regulations to allow a
22 patient who is a registered cardholder to consume medical cannabis.

23 (8) A local school board may develop regulations to permit a pupil who is a
24 registered cardholder to consume medical cannabis products on the premises of a
25 school. However, any medical use allowed pursuant to this subsection shall not
26 allow smoking, vaping, or the use of vapor products.

27 ➔SECTION 6. A NEW SECTION OF KRS CHAPTER 218A IS CREATED TO

1 READ AS FOLLOWS:

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

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

5 (b) Any person or establishment in lawful possession of property to allow a
6 guest, client, customer, or other visitor to consume medical cannabis on or
7 in that property.

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

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

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

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

25 (b) The individual and the individual's designated caregiver, if any, were
26 collectively in possession of a quantity of medical cannabis that was not
27 more than was reasonably necessary to ensure the uninterrupted

1 availability of medical cannabis for the purpose of treating or alleviating
2 the individual's debilitating medical condition or symptoms associated with
3 the individual's debilitating medical condition;

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

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

11 (2) The defense and motion to dismiss shall not prevail if either of the following are
12 proven by a preponderance of the evidence:

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

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

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

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

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

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

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

27 (1) (a) The Department for Medical Cannabis Administration shall operate and

1 implement the medical cannabis program established in Sections 1 to 29 of
2 this Act.

3 (b) The Department for Medical Cannabis Administration is hereby instituted
4 and placed within the Public Protection Cabinet.

5 (c) The Department for Medical Cannabis Administration shall employ a
6 commissioner and necessary staff for its statewide regulatory
7 responsibilities as established in Sections 1 to 29 of this Act. However, the
8 department shall first attempt to enter into memoranda of understanding or
9 contracts with local police departments or sheriff departments to conduct
10 inspections, investigations, and local administrative duties as required
11 under Sections 1 to 29 of this Act for its local inspection and oversight
12 obligations.

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

21 (3) The department shall promulgate administrative regulations to regulate the
22 production of medical cannabis. The administrative regulations shall include the
23 following:

24 (a) Requiring a medical cannabis producer, cultivator, distributor, or processor
25 to contract with an independent safety compliance facility to test the
26 medical cannabis before it is sold at a compassion center. The department
27 may approve the safety compliance facility chosen by a producer, cultivator,

1 distributor, or processor and require that the safety compliance facility
2 report test results for a designated quantity of medical cannabis to the
3 producer, cultivator, distributor, or processor and department;

4 (b) Establishing, publishing, and annually updating a list of varieties of
5 medical cannabis that possess a low but effective level of
6 tetrahydrocannabinol, including the substance cannabidiol, by comparing
7 percentages of chemical compounds within a given variety against other
8 varieties of cannabis;

9 (c) Prioritizing the development, sale, and manufacture of medical cannabis
10 products with a low but effective level of tetrahydrocannabinol, including
11 the substance cannabidiol, and encouraging priority access to medical
12 cannabis containing a low but effective level of tetrahydrocannabinol,
13 including the substance cannabidiol, for patients younger than age eighteen
14 (18) and patients who suffer from conditions that may benefit from medical
15 cannabis containing a low but effective level of tetrahydrocannabinol; and

16 (d) Establishing a rating system that tracks the terpene content of at least the
17 twelve major terpenoids within each strain of cannabis available for
18 medical use within the Commonwealth.

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

21 (1) The department shall promulgate administrative regulations necessary for
22 implementation of Sections 1 to 29 of this Act which shall include:

23 (a) Procedures for the issuance, renewal, suspension, and revocation of
24 licenses issued pursuant to Sections 1 to 29 of this Act, with such
25 procedures subject to all requirements of KRS Chapters 13A and 13B;

26 (b) Security requirements including lighting, physical security, video
27 surveillance, and alarm requirements;

- 1 (c) Requirements for the secure transportation and storage of medical cannabis
2 and products containing medical cannabis by licensees and their employees
3 or agents;
- 4 (d) Employment and training requirements for licensees, their agents, or their
5 employees, including requiring each licensee to create an identification
6 badge for each of the licensee's agents or employees;
- 7 (e) Standards for medical cannabis product processors to determine the
8 amount of unprocessed medical cannabis that medical cannabis products
9 are considered the equivalent to;
- 10 (f) Requirements for the packaging and labeling of medical cannabis and
11 medical cannabis products sold or distributed by licensees, including:
- 12 1. Warnings for the length of time it typically takes for the product to
13 take effect and how long the effects will typically last;
- 14 2. The amount of medical cannabis the product is considered the
15 equivalent to;
- 16 3. Disclosing ingredients and possible allergens;
- 17 4. A nutritional fact panel;
- 18 5. Opaque, child-resistant packaging;
- 19 6. A requirement that edible medical cannabis products be clearly
20 marked with an identifiable and standardized symbol indicating that
21 the product contains medical cannabis; and
- 22 7. A requirement that edible medical cannabis products not be visually
23 reminiscent of major brands of edible noncannabis products or
24 otherwise present an attractive nuisance to minors;
- 25 (g) Health and safety requirements for the processing of medical cannabis and
26 medical cannabis products and both the indoor and outdoor cultivation of
27 medical cannabis by licensees;

- 1 (h) Restrictions on advertising, marketing, and signage in regard to operations
2 or establishments owned by licensees necessary to prevent the targeting of
3 minors;
- 4 (i) Restrictions on additives to medical cannabis and medical cannabis
5 products that are toxic or increase the likelihood of addiction;
- 6 (j) Restrictions on pesticides used during medical cannabis cultivation which
7 pose a threat to human health and safety;
- 8 (k) Restrictions on visits to medical cannabis cultivation and processing
9 facilities, including requiring the use of visitor logs;
- 10 (l) Standards for the safe processing of medical cannabis products created by
11 extracting or concentrating compounds from plant materials;
- 12 (m) Requirements that evidence-based educational materials regarding dosage
13 and impairment be disseminated to consumers who purchase medical
14 cannabis products;
- 15 (n) Requirements for random sample testing of medical cannabis and medical
16 cannabis products to ensure quality control, including testing for
17 cannabinoids, terpenoids, residual solvents, pesticides, poisons, toxins,
18 mold, mildew, insects, bacteria, and any other dangerous adulterant; and
- 19 (o) Standards for the operation of medical cannabis testing facilities including
20 requirements for equipment and personnel qualifications.
- 21 (2) The department shall promulgate the required administrative regulations within
22 one hundred and eighty (180) days after the effective date of this Act.

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

- 25 (1) No person shall cultivate, process, produce, possess, test, transfer, or sell medical
26 cannabis or products derived from medical cannabis in this state without first
27 obtaining a license under this section except as provided in Section 2 of this Act.

1 (2) (a) The department shall create separate licenses allowing persons to operate:

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

3 2. A medical cannabis safety compliance facility pursuant to Sections 1
4 to 29 of this Act;

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

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

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

9 and

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

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

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

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

20 (5) The Department for Medical Cannabis Administration shall approve a license
21 holder's sale of a license issued pursuant to Sections 1 to 29 of this Act if the
22 purchaser and any new facilities meet the requirements of Sections 1 to 29 of this
23 Act.

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

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

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

6 (3) The department shall issue a license to operate a medical cannabis business to a
7 person who applies for one unless:

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

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

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

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

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

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

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

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

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

- 1 (b) If the patient is not a visiting qualifying patient, documentation required to
2 reasonably establish proof of residency in Kentucky;
- 3 (c) If the patient is a visiting qualifying patient, a copy of his or her registry
4 identification card or its equivalent that was issued pursuant to the laws of
5 the jurisdiction of the person's residence;
- 6 (d) The application or renewal fee;
- 7 (e) The name, address, and date of birth of the qualifying patient, except that if
8 the applicant is homeless an address where the applicant may be reached
9 shall be provided to the department;
- 10 (f) The name, address, and telephone number of the qualifying patient's
11 practitioner;
- 12 (g) The name, address, and date of birth of the designated caregiver, if any,
13 chosen by the qualifying patient, except that a visiting qualifying patient
14 may not have a designated caregiver;
- 15 (h) The name of the compassion center the qualifying patient designates, if
16 any;
- 17 (i) If the qualifying patient designates a designated caregiver, a designation as
18 to whether the qualifying patient or designated caregiver may possess and
19 cultivate cannabis plants for the qualifying patient's medical use. A
20 patient's designation shall be registered by the Department for Medical
21 Cannabis Administration;
- 22 (j) A statement, signed by the qualifying patient, pledging not to divert
23 cannabis to anyone who is prohibited from possessing medical cannabis
24 pursuant to Sections 1 to 29 of this Act. The statement shall contain a
25 listing of potential penalties for diverting cannabis; and
- 26 (k) A signed statement from the designated caregiver, if any, agreeing to be
27 designated as the patient's designated caregiver and pledging not to divert

1 cannabis to anyone who is prohibited from possessing medical cannabis
2 pursuant to Sections 1 to 29 of this Act.

3 (2) The application for qualifying patients' registry identification cards shall ask
4 whether the patient would like the department to notify him or her of any clinical
5 studies needing human subjects for research on the medical use of cannabis. The
6 department shall notify interested patients if it is notified of studies that will be
7 conducted in the United States.

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

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

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

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

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

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

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

27 (a) The qualifying patient's practitioner has explained the potential risks and

1 benefits of the medical use of cannabis to the custodial parent or legal
2 guardian with responsibility for health care decisions for the qualifying
3 patient; and

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

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

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

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

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

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

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

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

16 (c) Provided false or falsified information.

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

20 (a) The designated caregiver does not meet the requirements of Sections 1 and
21 2 of this Act;

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

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

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

27 (3) The department may conduct a criminal background check of the prospective

1 designated caregiver.

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

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

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

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

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

14 (a) The name of the cardholder;

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

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

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

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

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

- 1 (g) A photograph of the cardholder, if the department's administrative
2 regulations require one; and
- 3 (h) The telephone number or Web address for the verification system.
- 4 (3) (a) Except as provided in this subsection, the expiration date for registry
5 identification cards shall be one (1) year after the date of issuance.
- 6 (b) If the practitioner stated in the written certification that the qualifying
7 patient would benefit from medical cannabis until a specified earlier date,
8 then the registry identification card shall expire on that date.
- 9 (4) The department may, at its discretion, electronically store in the card all of the
10 information listed in subsection (2) of this section, along with the address and
11 date of birth of the cardholder, to allow it to be read by law enforcement agents.
- 12 (5) (a) The department shall promulgate administrative regulations that operate a
13 provisional licensure receipt system for registered qualifying patients,
14 caregivers, and visiting qualifying patients that shall be accepted for forty-
15 five (45) days or until a permanent card can be issued as if it were a card
16 issued pursuant to Sections 1 to 29 of this Act. This program shall be
17 implemented and operational simultaneously with the department's
18 implementation of the registry identification card program established in
19 this section. A provisional licensure receipt shall contain the following:
- 20 1. A watermark designed or approved by the department;
21 2. A temporary licensure number;
22 3. A barcode or other marking that can be scanned electronically;
23 4. The name of the applicant;
24 5. The effective date of the receipt;
25 6. The expiration date of the receipt;
26 7. An indication that the cardholder fee has been paid;
27 8. An indication that the application has been submitted and is

1 apparently complete; and

2 9. The name of the recommending practitioner.

3 (b) The licensure receipt system shall be designed so that this provisional
4 licensure receipt shall be produced by the application Web site upon
5 completion of an application which includes a practitioner recommendation
6 and payment of the cardholder fee. In order to reduce application errors
7 and processing time, a recommending practitioner or a compassion center
8 may offer a service that allows an applicant to use a computer and printer
9 on the premises of the practitioner's office or compassion center to complete
10 an application and receive a provisional licensure receipt pursuant to this
11 subsection.

12 (c) A provisional license shall not be used to purchase seedlings or mature
13 cannabis plants for cultivation by the qualifying patient or caregiver.

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

16 (1) Unless the department sets a lower fee pursuant to Section 28 of this Act, the
17 cardholder fees shall be as follows:

18 (a) A registry identification card for a qualifying patient who is a Kentucky
19 resident shall be sixty dollars (\$60);

20 (b) A registry identification card for a visiting qualifying patient from a state or
21 territory without a medical cannabis or medical marijuana program shall
22 be one hundred twenty dollars (\$120);

23 (c) 1. A registry identification card for a visiting qualifying patient from a
24 state or territory with a medical cannabis or medical marijuana
25 program shall be sixty dollars (\$60).

26 2. A visiting qualifying patient who has his or her card from a state or
27 territory with a medical cannabis or medical marijuana program may

- 1 use his or her existing registry identification card, or its equivalent,
2 from the state or territory with a medical cannabis program to utilize
3 medical cannabis services within Kentucky and shall not be required
4 to purchase a visiting qualifying patient registry identification card;
- 5 (d) A registry identification card for a caregiver shall be twenty dollars (\$20)
6 and an additional twenty dollars (\$20) per patient card;
- 7 (e) A registry identification card for a medical cannabis business shall be three
8 hundred dollars (\$300); and
- 9 (f) 1. A registry identification card for a medical cannabis business agent
10 shall be one hundred dollars (\$100).
11 2. An individual may apply for and receive a medical cannabis business
12 agent card to work in the medical cannabis business field regardless
13 of whether he or she currently works for a medical cannabis business.
- 14 (2) The following notifications to the department are required:
- 15 (a) A qualifying patient shall notify the department of any change in his or her
16 name or address, or if the qualifying patient ceases to have his or her
17 debilitating medical condition, within thirty (30) days of the change;
- 18 (b) A designated caregiver shall notify the department of any change in his or
19 her name or address, or if the designated caregiver becomes aware that the
20 qualifying patient has died, within thirty (30) days of the change or of
21 becoming aware of the qualifying patient's death;
- 22 (c) Before a qualifying patient changes his or her designated caregiver, the
23 qualifying patient shall notify the department of the change;
- 24 (d) When a qualifying patient changes his or her preference as to who may
25 cultivate medical cannabis for the qualifying patient, the qualifying patient
26 shall notify the department of the change; and
- 27 (e) If a cardholder loses his or her registry identification card, he or she shall

1 notify the department within thirty (30) days of becoming aware the card
2 has been lost.

3 (3) When a cardholder notifies the department of items listed in subsection (2) of this
4 section, but remains eligible under Sections 1 to 29 of this Act, the department
5 shall issue the cardholder a new registry identification card with a new random
6 ten (10) character alphanumeric identification number within ten (10) days of
7 receiving the updated information and a twenty dollar (\$20) fee. The department
8 shall use this fee for the purposes expressed in subsection (5)(a) of Section 28 of
9 this Act. If the person notifying the department is a qualifying patient, the
10 department shall also issue his or her designated caregiver, if any, a new registry
11 identification card within ten (10) days of receiving the updated information and
12 a twenty dollar (\$20) fee.

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

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

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

1 (7) A visiting qualifying patient with a valid registry identification card, or its
2 equivalent, that was issued pursuant to the laws of another state, district,
3 territory, commonwealth, insular possession of the United States, or country
4 recognized by the United States that allows the person to use cannabis for
5 medical purposes in the jurisdiction of issuance may use that registry
6 identification card for all purposes established in Sections 1 to 29 of this Act.

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

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

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

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

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

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

1 immediately following year.

2 (b) The second tier shall consist of cannabis businesses that have more than
3 two million dollars (\$2,000,000) but not more than eight million dollars
4 (\$8,000,000) of gross receipts each calendar year and shall include
5 producers, distributors, cultivators, processors, safety compliance facilities,
6 and compassion centers. The license fees for a cannabis business operating
7 under this tier shall be two thousand dollars (\$2,000) plus one and one-half
8 percent (1.5%) of all gross receipts derived from the sale of medical
9 cannabis or products that contain medical cannabis. The license fee shall
10 be paid to the department on or before January 30 for the immediately
11 following year.

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

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

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

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

1 (c) A cultivator business operating within the third tier and which conducts at
2 least eight million dollars (\$8,000,000) of gross business receipts each year
3 shall not exceed a growth area of twenty five thousand (25,000) square feet
4 for an indoor growth area or three (3) times that amount for an outdoor
5 crop; and

6 (d) Upon a showing of need for additional medical cannabis by the cannabis
7 businesses, the department's own analysis, or by the request of the oversight
8 committee established in Section 27 of this Act, the department shall have
9 the authority to increase the indoor or outdoor square footage allowance of
10 any of the tiers established for cultivators within this subsection by up to
11 three (3) times the limits established in this subsection. An expansion
12 pursuant to this subsection shall not result in a year-end fee that is greater
13 than that established for the cultivator within its original tier established
14 pursuant to subsection (3) of this section.

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

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

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

- 1 (c) The proposed cannabis business's plan for operations and services,
2 including its staffing and training plans, its plan to provide employees with
3 a safe, healthy, and economically sustainable working environment,
4 whether it has sufficient capital to operate, and its ability to assist with the
5 provision of an adequate supply of medical cannabis to the registered
6 patients in its locality, area development district, or the state;
- 7 (d) The sufficiency of the applicant's plans for recordkeeping;
- 8 (e) The sufficiency of the applicant's plans for safety, security, and the
9 prevention of diversion, including proposed locations and security devices
10 employed;
- 11 (f) The applicant's plan for making medical cannabis available on an
12 affordable basis to qualifying patients who are veterans, or who are enrolled
13 in Medicaid or receiving Supplemental Security Income or Social Security
14 disability insurance;
- 15 (g) The applicant's plan for safe and accurate packaging and labeling of
16 cannabis, including the applicant's plan for ensuring that all cannabis is
17 free of contaminants; and
- 18 (h) The absence of violations by the applicant or one (1) or more of its principal
19 officers of any local, state, or federal tax, criminal, public safety, food
20 safety, discrimination, workplace safety, employment, or other laws relevant
21 to the operation of its business.
- 22 (7) No later than one (1) year after the effective date of this Act, if at least five (5)
23 applications have been submitted, the department shall issue registration
24 certificates to the five (5) highest-scoring applicants within each tier and within
25 each medical cannabis business type, except that the department may divide the
26 state into geographical areas and grant a registration to the highest-scoring
27 applicant within each tier in each geographical area. The geographical areas that

1 the department is encouraged to use for this step are the area development district
2 counties as they existed on January 1, 2017. The department shall not be
3 required to establish more medical cannabis businesses within an area
4 development district than market pressures dictate.

5 (8) No later than two (2) years after the effective date of this Act, the department
6 shall issue registration certifications to at least one (1) cannabis business located
7 within each area development district not already awarded a registration
8 certificate, if a sufficient number of additional applications have been submitted.
9 The need to ensure an adequate geographic distribution by area development
10 district may supersede the requirement that the approved applicants be granted
11 registration certificates based solely on which applicants receive the highest
12 scores. If the department determines, after reviewing the report issued pursuant
13 to Section 27 of this Act, that additional cannabis businesses are needed to meet
14 the needs of qualifying patients either within an area development district or
15 throughout the state, the department shall issue registration certificates to the
16 corresponding number of applicants who score the highest.

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

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

- 1 1. The applicant failed to submit the materials required by this section,
2 including if the applicant's plans do not satisfy the security, oversight,
3 or recordkeeping administrative regulations promulgated by the
4 department;
- 5 2. The applicant would not be in compliance with local zoning
6 regulations issued in accordance with Section 22 of this Act;
- 7 3. The applicant does not meet the requirements of Section 24 of this
8 Act;
- 9 4. One (1) or more of the prospective principal officers or board
10 members has been convicted of a disqualifying violent felony offense
11 as established in Section 11;
- 12 5. One (1) or more of the prospective principal officers or board
13 members has served as a principal officer or board member for a
14 compassion center, cultivator, or safety compliance facility that has
15 had its registration certificate revoked; or
- 16 6. One (1) or more of the principal officers or board members is younger
17 than twenty-one (21) years of age.
- 18 (10) At any time, the department shall have the authority to expand the number of
19 medical cannabis business licenses issued within any area development district,
20 city, or county in order to meet the demonstrated or anticipated need for medical
21 cannabis by current or anticipated qualifying patients, or visiting qualifying
22 patients.
- 23 (11) After a medical cannabis business is approved, but before it begins operations, it
24 shall submit a registration fee to the department in the amount determined by the
25 department's administrative regulations and, if a physical address had not been
26 finalized when it applied, it shall submit a complete listing of all its physical
27 addresses. Each location shall be separately licensed by the department.

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

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

10 (14) All license fees, registration costs, and fines collected pursuant to this section
 11 shall be forwarded to the medical cannabis trust fund established in Section 31 of
 12 this Act.

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

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

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

23 (b) Acquiring medical cannabis from a distributor, processor, or cultivator,
 24 possessing, supplying, selling, or dispensing medical cannabis, usable
 25 medical cannabis, related supplies, and educational materials to qualifying
 26 patients, visiting qualifying patients, designated caregivers on behalf of the
 27 qualifying patients who have designated the compassion center, or to other

1 compassion centers.

2 (2) A compassion center agent shall not be subject to prosecution, search, or penalty
3 in any manner, or be denied any right or privilege, including but not limited to
4 civil penalty or disciplinary action by a court or business licensing board, for
5 working for a compassion center pursuant to Sections 1 to 29 of this Act and the
6 department's administrative regulations to acquire, possess, manufacture, deliver,
7 transfer, transport, supply, sell, or dispense medical cannabis or related supplies
8 and educational materials to qualifying patients, to designated caregivers on
9 behalf of the qualifying patients, or to other compassion centers.

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

12 (1) Cultivators shall:

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

17 (b) Be subject to the same rights, responsibilities, and protections as a
18 compassion center;

19 (c) Supply the amount of medical cannabis required by the compassion centers;
20 and

21 (d) Only deliver usable medical cannabis after it has been checked by a safety
22 compliance facility for cannabinoid contents and contaminants.

23 (2) Cultivators shall not operate without a valid registration certificate from the
24 department pursuant to Section 17 of this Act.

25 (3) A cultivator or cultivator agent acting on behalf of a cultivator shall not be
26 subject to prosecution under state or local law, to search or inspection except by
27 the department pursuant to Section 24 of this Act, or to seizure or penalty in any

1 manner, or be denied any right or privilege, including but not limited to civil
2 penalty or disciplinary action by court or business licensing board, for acting
3 pursuant to Sections 1 to 29 of this Act and the department's administrative
4 regulations for:

5 (a) Selling medical cannabis seeds or seedlings to similar entities that are
6 licensed to cultivate cannabis for medical use in other jurisdictions; or

7 (b) Acquiring, possessing, cultivating, manufacturing, delivering, transferring,
8 transporting, supplying, or selling usable medical cannabis and related
9 supplies to other licensed cultivators or licensed compassion centers.

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

12 (1) Safety compliance facilities shall not operate without a valid registration
13 certificate from the department. When applying for a safety compliance facility
14 registration certificate, the applicant shall submit the required information in
15 accordance with Section 17 of this Act.

16 (2) The department shall place no limit on the number of licenses or registration
17 certificates that may be issued for a safety compliance facility provided that the
18 safety compliance facility otherwise complies with the requirements of Sections 1
19 to 29 of this Act.

20 (3) The department shall establish quality and facility requirements for any applying
21 safety compliance facilities. These requirements may include requiring an
22 accreditation by a relevant certifying entity.

23 (4) A safety compliance facility and safety compliance facility agents acting on
24 behalf of a safety compliance facility shall not be subject to prosecution, search
25 except by the department pursuant to Section 24 of this Act, seizure, or penalty in
26 any manner, or be denied any right or privilege, including but not limited to civil
27 penalty or disciplinary action by a court or business licensing board, solely for

1 acting in accordance with Sections 1 to 29 of this Act and the department's
2 administrative regulations to provide the following services:

3 (a) Acquiring or possessing medical cannabis obtained from cardholders,
4 cultivators, producers, distributors, other laboratories, processors, or
5 compassion centers;

6 (b) Returning the medical cannabis to cardholders, cultivators, producers,
7 distributors, other laboratories, processors, or compassion centers;

8 (c) Transporting medical cannabis that was produced by cardholders,
9 cultivators, producers, distributors, other laboratories, processors, and
10 compassion centers to or from those cardholders, cultivators, and
11 compassion centers;

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

14 (e) The production, sale, or transportation of equipment or materials other
15 than medical cannabis to compassion centers, cultivators, processors,
16 producers, distributors, caregivers, or cardholders, including lab equipment
17 and packaging materials, that are used by compassion centers, cultivators,
18 and cardholders;

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

21 (g) Providing training to cardholders, prospective cultivator agents, and
22 prospective compassion center agents, provided that only cardholders may
23 be allowed to possess or cultivate medical cannabis and any possession or
24 cultivation of medical cannabis must occur on the location registered with
25 the department; and

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

27 ➔SECTION 21. A NEW SECTION OF KRS CHAPTER 218A IS CREATED

1 TO READ AS FOLLOWS:

- 2 (1) The department may, on its own motion or on complaint, after investigation and
3 opportunity for a public hearing at which the cannabis business has been
4 afforded an opportunity to appear and be heard pursuant to KRS Chapter 13B,
5 suspend or revoke a registration certificate for multiple or serious violations by
6 the registrant or any of its agents of Sections 1 to 29 of this Act or any
7 administrative regulations promulgated pursuant to those sections.
- 8 (2) The department shall provide notice of suspension, revocation, fine, or other
9 sanction, as well as the required notice of the hearing, by mailing the same in
10 writing to the cannabis business at the address on the registration certificate. A
11 suspension shall not be for a longer period than six (6) months.
- 12 (3) A cultivator may continue to cultivate and possess cannabis plants during a
13 suspension, but it shall not transfer or sell cannabis.
- 14 (4) A compassion center may possess cannabis during a suspension, but it shall not
15 dispense, transfer, or sell cannabis.
- 16 (5) A safety compliance facility may possess cannabis during a suspension, but it
17 shall not transfer or receive any new cannabis.
- 18 (6) A processor may continue to process and possess its existing cannabis during a
19 suspension, but it shall not transfer or receive any new cannabis.
- 20 (7) A distributor shall complete deliveries for which it is currently holding cannabis
21 at the time of notification of suspension, but shall not engage in cannabis
22 distribution or receive any new cannabis upon notification of a suspension.
- 23 (8) A producer may possess and produce its existing cannabis during a suspension,
24 but it shall not transfer or receive any new cannabis.

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

- 27 (1) A medical cannabis business, excluding a distributor that is transporting medical

1 cannabis on a public roadway, shall not be located in a:

2 (a) City; or

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

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

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

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

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

23 (a) Before a petition for submission of the proposal may be presented for
24 signatures, an intent to circulate the petition, including a copy of the
25 unsigned petition, shall be filed with the county clerk of the affected
26 territory by any person or group of persons seeking the submission of the
27 public question. The statement of intent shall also include the addresses of

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

1 from the petition after the petition has been filed. If the name of any person
2 has been placed on the petition for submission of the public question
3 without that person's authority, the person may, at any time prior to
4 certification of sufficiency of the petition by the county clerk as required by
5 paragraph (h) of this subsection, request the removal of his or her name by
6 the county board of elections and, upon proof that the person's name was
7 placed on the petition without his or her authority, the person's name and
8 personal information shall be eliminated and he or she shall not be counted
9 as a petitioner.

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

24 (i) A final determination as to the sufficiency of a petition shall be subject to
25 review in the Circuit Court of the county of the affected territory and shall
26 be limited to the validity of the county clerk's determination. A final
27 determination of insufficiency shall not prejudice the filing of a new

1 petition for the same purpose.

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

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

17 (7) In circumstances where a city approves medical cannabis business operations but
18 the county, urban-county government, consolidated local government, charter
19 county government, or unified local government fails to approve medical
20 cannabis business operations, then:

21 (a) The medical cannabis business operations may proceed within the limits of
22 the city; and

23 (b) The county, urban-county government, consolidated local government,
24 charter county government, or unified local government may assess an
25 additional reasonable fee to compensate for any additional corrections
26 impact caused by the approval of medical cannabis business operations.

27 (8) In circumstances where a city approves medical cannabis business operations

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

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

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

24 ➔SECTION 23. A NEW SECTION OF KRS CHAPTER 218A IS CREATED
 25 TO READ AS FOLLOWS:

26 (1) Each medical cannabis business shall conduct a criminal background check into
 27 the criminal history of each person seeking to become a principal officer, board

1 member, agent, volunteer, or employee before the person begins working at the
2 compassion center, cultivator, or safety compliance facility. A medical cannabis
3 business may not employ any person who:

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

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

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

13 ➔SECTION 24. A NEW SECTION OF KRS CHAPTER 218A IS CREATED
14 TO READ AS FOLLOWS:

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

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

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

25 (4) A medical cannabis business is prohibited from acquiring, possessing,
26 cultivating, manufacturing, delivering, transferring, transporting, supplying, or
27 dispensing cannabis for the purposes of distributing medical cannabis to any

- 1 person except qualifying patients directly or through their designated caregivers.
- 2 (5) All cultivation of cannabis for medical cannabis businesses shall be grown by
3 cultivators and take place in an enclosed, locked location at the physical address
4 or addresses provided to the department during the registration process, which
5 can only be accessed by cultivator agents working on behalf of the cultivator.
- 6 (6) A compassion center shall not acquire usable medical cannabis or mature
7 cannabis plants from any person other than a cultivator, processor, producer,
8 distributor, qualifying patient, or designated caregiver.
- 9 (7) Before medical cannabis is dispensed to a designated caregiver or a registered
10 qualifying patient, a compassion center agent shall make a diligent effort to
11 verify each of the following:
- 12 (a) That the registry identification card presented to the compassion center is
13 valid, including by checking the verification system if it is operational or
14 other department-designated databases; and
- 15 (b) That the person presenting the card is the person identified on the registry
16 identification card presented to the compassion center agent, by examining
17 government-issued photo identification.
- 18 (8) Compassion centers shall maintain internal, confidential records that include
19 specific notations of how much cannabis is being dispensed to the qualifying
20 patient and whether it was dispensed directly to the registered qualifying patient
21 or to the caregiver. Each entry shall include the date and time the cannabis was
22 dispensed.
- 23 (9) A compassion center or compassion center agent shall only dispense cannabis to
24 a visiting qualifying patient if he or she possesses a valid registry identification
25 card and if the procedures in this section are otherwise followed.
- 26 (10) No person shall advertise medical cannabis sales in printed materials, on radio or
27 television, or by paid in-person solicitation of customers. This shall not prevent

1 appropriate signs on the property of the licensed compassion center, listings in
2 business directories including telephone books, listings in cannabis-related or
3 medical publications, or the sponsorship of health or not-for-profit charity or
4 advocacy events.

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

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

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

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

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

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

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

23 (18) Cannabis businesses shall be subject to reasonable inspection pursuant to the
24 department's administrative regulations. The department shall give reasonable
25 notice of an inspection under this subsection.

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

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

7 (a) Applications and renewals, their contents, and supporting information
8 submitted by qualifying patients and designated caregivers, including
9 information regarding their designated caregivers and practitioners;

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

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

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

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

24 Data subject to this section shall not be combined or linked in any manner with
25 any other list or database and shall not be used for any purpose not provided for
26 in Sections 1 to 29 of this Act.

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

- 1 (a) Notification by the department's employees to state or local law enforcement
2 about falsified or fraudulent information submitted to the department or of
3 other apparently criminal violations of Sections 1 to 29 of this Act if the
4 employee who suspects that falsified or fraudulent information has been
5 submitted conferred with his or her supervisor, and both agree that
6 circumstances exist that warrant reporting;
- 7 (b) Notification by the department's employees to the Kentucky Board of
8 Medical Licensure or other appropriate licensure board if the department
9 has reasonable suspicion to believe a practitioner did not have a bona fide
10 practitioner-patient relationship with a patient for whom he or she signed a
11 written certification, if the department has reasonable suspicion to believe
12 the practitioner violated the standard of care, or for other suspected
13 violations of Sections 1 to 29 of this Act by a practitioner;
- 14 (c) Notification by compassion center agents to the department of a suspected
15 violation or attempted violation of Sections 1 to 29 of this Act or the
16 administrative regulations issued thereunder;
- 17 (d) Verification by the department of registry identification cards pursuant to
18 Section 26 of this Act; and
- 19 (e) The submission of the report required by Section 27 of this Act to the
20 General Assembly.
- 21 (3) It shall be a misdemeanor punishable by up to one hundred eighty (180) days in
22 jail and a one thousand dollar (\$1,000) fine for any person, including an
23 employee or official of the department or another state agency or local
24 government, to breach the confidentiality of information obtained pursuant to
25 Sections 1 to 29 of this Act.

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

- 1 (1) The department shall maintain a confidential list of the persons to whom the
2 department has issued registry identification cards and their addresses, telephone
3 numbers, and registry identification numbers. This confidential list may be linked
4 to the database established in KRS 218A.202 for purposes consistent with
5 Sections 1 to 29 of this Act.
- 6 (2) Within one hundred twenty (120) days of the effective date of this Act, the
7 department shall establish a verification system. The verification system shall
8 allow law enforcement personnel and cannabis business agents that need access
9 to the verification system to enter a registry identification number to determine
10 whether or not the number corresponds with a current, valid registry
11 identification card. The system shall only disclose whether the identification card
12 is valid, whether the cardholder is a qualifying patient or designated caregiver,
13 whether the cardholder is permitted to cultivate cannabis under Sections 1 to 29
14 of this Act, and the registry identification number of the compassion center
15 designated to serve the qualifying patient who holds the card or the registry
16 identification number of the patient who is assisted by the designated caregiver
17 who holds the card.
- 18 (3) The department shall, at a cardholder's request, confirm his or her status as a
19 qualifying patient or designated caregiver to a third party, such as a landlord,
20 employer, school, medical professional, or court.
- 21 (4) The department shall disclose the fact that a registry identification card was
22 revoked to a prosecutor or court personnel in any case where the prosecutor or
23 court personnel inquiries about a specific person who is seeking to assert the
24 protections of Sections 1 to 29 of this Act. The prosecutor or court personnel
25 shall provide the department with the person's name and date of birth.

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

1 (1) (a) The department shall establish a nineteen (19) member oversight committee

2 composed of:

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

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

5 3. The commissioner of the department;

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

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

8 6. One (1) nurse;

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

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

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

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

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

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

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

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

20 15. One (1) peace officer; and

21 16. Four (4) registered patients.

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

25 1. The ability of qualifying patients in all areas of the state to obtain
26 timely access to high-quality medical cannabis;

27 2. The effectiveness of the compassion centers and other cannabis

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

1 report that does not disclose any identifying information about cardholders,
2 compassion centers, cultivators, processors, producers, distributors, caregivers, or
3 practitioners. The report shall include the following information:

4 (a) The number of applications and renewals filed for registry identification
5 cards;

6 (b) The number of qualifying patients who are residents of Kentucky at the time
7 of the report;

8 (c) The number of registry identification cards that were issued to visiting
9 qualifying patients at the time of the report;

10 (d) The nature of the debilitating medical conditions of the qualifying patients;

11 (e) The number of registry identification cards revoked for misconduct;

12 (f) The number of practitioners providing written certifications for qualifying
13 patients;

14 (g) The number of compassion centers and their agents at the time of the
15 report;

16 (h) The number of cultivators and their agents at the time of the report;

17 (i) The number of caregivers and their agents at the time of the report;

18 (j) The number of safety compliance facilities and their agents at the time of
19 the report;

20 (k) The number of producers and their agents at the time of the report;

21 (l) The number of distributors and their agents at the time of the report;

22 (m) The number of processors and their agents at the time of the report;

23 (n) The profits and expenditures by cannabis business, individually and overall;

24 (o) The amount of cannabis sold and consumed per month;

25 (p) The amount of revenue generated from cannabis businesses and qualifying
26 patient fees, permits, and licenses for each calendar year and aggregated by
27 prior years;

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

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

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

7 The department shall promulgate administrative regulations:

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

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

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

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

23 (a) Oversight requirements for compassion centers;

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

26 (c) Security requirements for safety compliance facilities, processors,
 27 producers, distributors, compassion centers, and cultivators, which shall

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

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

3 (1) If the department fails to promulgate administrative regulations to implement
4 Sections 1 to 29 of this Act within the times provided for in Sections 1 to 29 of
5 this Act, any citizen may commence an action in the Franklin Circuit Court to
6 compel the department to perform the actions mandated pursuant to the
7 provisions of Sections 1 to 29 of this Act.

8 (2) If the department fails to issue a valid registry identification card in response to a
9 valid application or renewal submitted pursuant to Sections 1 to 29 of this Act
10 within sixty (60) days of its submission, the registry identification card shall be
11 deemed granted, and a copy of the registry identification application or renewal
12 and proof of receipt of the mailing shall be deemed a valid registry identification
13 card.

14 (3) If, at any time after one hundred forty (140) days following the effective date of
15 Sections 1 to 29 of this Act, the department has not established a process for
16 accepting and approving or denying applications, a notarized statement by a
17 qualifying patient containing the information required in an application
18 pursuant to Section 12 of this Act, together with a written certification issued by a
19 practitioner within ninety (90) days immediately preceding the notarized
20 statement, shall be deemed a valid registry identification card for all purposes
21 under Sections 1 to 29 of this Act.

22 (4) Nothing in Sections 1 to 29 of this Act shall require the department to assume
23 duties in relation to the medical cannabis program that are more than
24 administrative in nature if federal law or a current and clear directive from the
25 federal government indicates that duties assumed by the department that are
26 more than administrative could result in federal prosecution or invalidation of
27 the medical cannabis program established in Sections 1 to 29 of this Act..

1 (5) If the department makes a determination that it is required by this section to
2 conduct duties that are more than administrative in nature, then it shall continue
3 to conduct duties that are administrative in nature and designate or enter into a
4 contract with a nongovernmental entity to conduct any duties required by
5 Sections 1 to 29 of this Act that are more than administrative in nature. The
6 Department for Medical Cannabis Administration may reimburse the state for
7 any costs involved in working with outside consultants to implement the program.

8 ➔SECTION 30. A NEW SECTION OF KRS CHAPTER 218A IS CREATED
9 TO READ AS FOLLOWS:

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

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

17 (3) Trust fund moneys shall be used to offset the costs and expenses of operating the
18 medical cannabis program and enforcement activities established in Sections 1 to
19 29 of this Act.

20 (4) Five percent (5%) of the trust fund moneys received shall be returned equally to
21 the compassion centers for the use of indigent persons that are qualifying
22 patients enrolled in Medicaid or receiving Supplemental Security Income or
23 Social Security disability insurance or who are veterans of the United States
24 Armed Forces.

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

27 (6) Any interest earnings of the trust fund shall become part of the fund and shall

1 not lapse.

2 (7) Moneys transferred to this fund are hereby appropriated for the purposes set
3 forth in this section.

4 ➔Section 31. KRS 218A.1421 is amended to read as follows:

5 (1) A person is guilty of trafficking in marijuana when he knowingly and unlawfully
6 traffics in marijuana, and the trafficking is not in compliance with, or otherwise
7 authorized by, Sections 1 to 29 of this Act.

8 (2) Unless authorized by Sections 1 to 29 of this Act, trafficking in less than eight (8)
9 ounces of marijuana is:

10 (a) For a first offense a Class A misdemeanor.

11 (b) For a second or subsequent offense a Class D felony.

12 (3) Unless authorized by Sections 1 to 29 of this Act, trafficking in eight (8) or more
13 ounces but less than five (5) pounds of marijuana is:

14 (a) For a first offense a Class D felony.

15 (b) For a second or subsequent offense a Class C felony.

16 (4) Unless authorized by Sections 1 to 29 of this Act, trafficking in five (5) or more
17 pounds of marijuana is:

18 (a) For a first offense a Class C felony.

19 (b) For a second or subsequent offense a Class B felony.

20 (5) Unless authorized by Sections 1 to 29 of this Act, the unlawful possession by any
21 person of eight (8) or more ounces of marijuana shall be prima facie evidence that
22 the person possessed the marijuana with the intent to sell or transfer it.

23 (6) This section shall not apply to:

24 (a) A medical cannabis business, as defined in Section 1 of this Act, or a
25 medical cannabis business agent, as defined in Section 1 of this Act, when
26 acting in compliance with a license issued pursuant to Sections 1 to 29 of
27 this Act; or

1 (b) A cardholder, qualifying patient, or caregiver whose medical use of medical
 2 cannabis is in compliance with Sections 1 to 29 of this Act.

3 ➔Section 32. KRS 218A.1422 is amended to read as follows:

4 (1) A person is guilty of possession of marijuana when he or she knowingly and
 5 unlawfully possesses marijuana, and the possession is not in compliance with, or
 6 otherwise authorized by, Sections 1 to 29 of this Act.

7 (2) Possession of marijuana is a Class B misdemeanor, except that, KRS Chapter 532
 8 to the contrary notwithstanding, the maximum term of incarceration shall be no
 9 greater than forty-five (45) days.

10 (3) This section shall not apply to:

11 (a) A medical cannabis business, as defined in Section 1 of this Act, or a
 12 medical cannabis business agent, as defined in Section 1 of this Act, when
 13 acting in compliance with a license issued pursuant to Sections 1 to 29 of
 14 this Act; or

15 (b) A cardholder, qualifying patient, or caregiver whose medical use of medical
 16 cannabis is in compliance with Sections 1 to 29 of this Act.

17 ➔Section 33. KRS 218A.1423 is amended to read as follows:

18 (1) A person is guilty of marijuana cultivation when he knowingly and unlawfully
 19 plants, cultivates, or harvests marijuana with the intent to sell or transfer it, and the
 20 cultivation is not in compliance with, or otherwise authorized by, Sections 1 to 29
 21 of this Act.

22 (2) Unless authorized by Sections 1 to 29 of this Act, marijuana cultivation of five (5)
 23 or more plants of marijuana is:

24 (a) For a first offense a Class D felony.

25 (b) For a second or subsequent offense a Class C felony.

26 (3) Unless authorized by Sections 1 to 29 of this Act, marijuana cultivation of fewer
 27 than five (5) plants is:

- 1 (a) For a first offense a Class A misdemeanor ~~;~~~~and~~~~[.]~~
- 2 (b) For a second or subsequent offense a Class D felony.
- 3 (4) **Unless authorized by Sections 1 to 29 of this Act,** the planting, cultivating, or
 4 harvesting of five (5) or more marijuana plants shall be prima facie evidence that
 5 the marijuana plants were planted, cultivated, or harvested for the purpose of sale or
 6 transfer.

7 **(5) This section shall not apply to:**

- 8 **(a) A medical cannabis business, as defined in Section 1 of this Act, or a**
 9 **medical cannabis business agent, as defined in Section 1 of this Act, when**
 10 **acting in compliance with a license issued pursuant to Sections 1 to 29 of**
 11 **this Act; or**
- 12 **(b) A cardholder, qualifying patient, or caregiver whose medical use of medical**
 13 **cannabis is in compliance with Sections 1 to 29 of this Act.**

14 ➔Section 34. KRS 12.020 is amended to read as follows:

15 Departments, program cabinets and their departments, and the respective major
 16 administrative bodies that they include are enumerated in this section. It is not intended
 17 that this enumeration of administrative bodies be all-inclusive. Every authority, board,
 18 bureau, interstate compact, commission, committee, conference, council, office, or any
 19 other form of organization shall be included in or attached to the department or program
 20 cabinet in which they are included or to which they are attached by statute or statutorily
 21 authorized executive order; except in the case of the Personnel Board and where the
 22 attached department or administrative body is headed by a constitutionally elected officer,
 23 the attachment shall be solely for the purpose of dissemination of information and
 24 coordination of activities and shall not include any authority over the functions,
 25 personnel, funds, equipment, facilities, or records of the department or administrative
 26 body.

27 I. Cabinet for General Government - Departments headed by elected officers:

- 1 (1) The Governor.
 - 2 (2) Lieutenant Governor.
 - 3 (3) Department of State.
 - 4 (a) Secretary of State.
 - 5 (b) Board of Elections.
 - 6 (c) Registry of Election Finance.
 - 7 (4) Department of Law.
 - 8 (a) Attorney General.
 - 9 (5) Department of the Treasury.
 - 10 (a) Treasurer.
 - 11 (6) Department of Agriculture.
 - 12 (a) Commissioner of Agriculture.
 - 13 (b) Kentucky Council on Agriculture.
 - 14 (7) Auditor of Public Accounts.
- 15 II. Program cabinets headed by appointed officers:
- 16 (1) Justice and Public Safety Cabinet:
 - 17 (a) Department of Kentucky State Police.
 - 18 (b) Department of Criminal Justice Training.
 - 19 (c) Department of Corrections.
 - 20 (d) Department of Juvenile Justice.
 - 21 (e) Office of the Secretary.
 - 22 (f) Office of Drug Control Policy.
 - 23 (g) Office of Legal Services.
 - 24 (h) Office of the Kentucky State Medical Examiner.
 - 25 (i) Parole Board.
 - 26 (j) Kentucky State Corrections Commission.
 - 27 (k) Office of Legislative and Intergovernmental Services.

- 1 (l) Office of Management and Administrative Services.
- 2 (m) Department of Public Advocacy.
- 3 (2) Education and Workforce Development Cabinet:
- 4 (a) Office of the Secretary.
- 5 1. Governor's Scholars Program.
- 6 2. Governor's School for Entrepreneurs Program.
- 7 (b) Office of Legal and Legislative Services.
- 8 1. Client Assistance Program.
- 9 (c) Office of Communication.
- 10 (d) Office of Budget and Administration.
- 11 1. Division of Human Resources.
- 12 2. Division of Administrative Services.
- 13 (e) Office of Technology Services.
- 14 (f) Office of Educational Programs.
- 15 (g) Office for Education and Workforce Statistics.
- 16 (h) Board of the Kentucky Center for Education and Workforce Statistics.
- 17 (i) Board of Directors for the Center for School Safety.
- 18 (j) Department of Education.
- 19 1. Kentucky Board of Education.
- 20 2. Kentucky Technical Education Personnel Board.
- 21 (k) Department for Libraries and Archives.
- 22 (l) Department of Workforce Investment.
- 23 1. Office for the Blind.
- 24 2. Office of Vocational Rehabilitation.
- 25 3. Office of Employment and Training.
- 26 a. Division of Grant Management and Support.
- 27 b. Division of Workforce and Employment Services.

- 1 c. Division of Unemployment Insurance.
- 2 (m) Foundation for Workforce Development.
- 3 (n) Kentucky Office for the Blind State Rehabilitation Council.
- 4 (o) Kentucky Workforce Investment Board.
- 5 (p) Statewide Council for Vocational Rehabilitation.
- 6 (q) Unemployment Insurance Commission.
- 7 (r) Education Professional Standards Board.
- 8 1. Division of Educator Preparation.
- 9 2. Division of Certification.
- 10 3. Division of Professional Learning and Assessment.
- 11 4. Division of Legal Services.
- 12 (s) Kentucky Commission on the Deaf and Hard of Hearing.
- 13 (t) Kentucky Educational Television.
- 14 (u) Kentucky Environmental Education Council.
- 15 (3) Energy and Environment Cabinet:
- 16 (a) Office of the Secretary.
- 17 1. Office of Legislative and Intergovernmental Affairs.
- 18 2. Office of General Counsel.
- 19 3. Office of Administrative Hearings.
- 20 4. Mine Safety Review Commission.
- 21 5. Kentucky State Nature Preserves Commission.
- 22 6. Kentucky Public Service Commission.
- 23 (b) Department for Environmental Protection.
- 24 1. Office of the Commissioner.
- 25 2. Division for Air Quality.
- 26 3. Division of Water.
- 27 4. Division of Environmental Program Support.

- 1 5. Division of Waste Management.
- 2 6. Division of Enforcement.
- 3 7. Division of Compliance Assistance.
- 4 (c) Department for Natural Resources.
- 5 1. Office of the Commissioner.
- 6 2. Division of Technical and Administrative Support.
- 7 3. Division of Mine Permits.
- 8 4. Division of Mine Reclamation and Enforcement.
- 9 5. Division of Abandoned Mine Lands.
- 10 6. Division of Oil and Gas.
- 11 7. Division of Mine Safety.
- 12 8. Division of Forestry.
- 13 9. Division of Conservation.
- 14 10. Office of the Reclamation Guaranty Fund.
- 15 (d) Department for Energy Development and Independence.
- 16 1. Division of Efficiency and Conservation.
- 17 2. Division of Renewable Energy.
- 18 3. Division of Biofuels.
- 19 4. Division of Energy Generation Transmission and Distribution.
- 20 5. Division of Carbon Management.
- 21 6. Division of Fossil Energy Development.
- 22 (4) Public Protection Cabinet.
- 23 (a) Office of the Secretary.
- 24 1. Office of Communications and Public Outreach.
- 25 2. Office of Legal Services.
- 26 a. Insurance Legal Division.
- 27 b. Charitable Gaming Legal Division.

- 1 c. Alcoholic Beverage Control Legal Division.
- 2 d. Housing, Buildings and Construction Legal Division.
- 3 e. Financial Institutions Legal Division.
- 4 (b) Kentucky Claims Commission.
- 5 (c) Kentucky Boxing and Wrestling Commission.
- 6 (d) Kentucky Horse Racing Commission.
 - 7 1. Office of Executive Director.
 - 8 a. Division of Pari-mutuel Wagering and Compliance.
 - 9 b. Division of Stewards.
 - 10 c. Division of Licensing.
 - 11 d. Division of Enforcement.
 - 12 e. Division of Incentives and Development.
 - 13 f. Division of Veterinary Services.
 - 14 (e) Department of Alcoholic Beverage Control.
 - 15 1. Division of Distilled Spirits.
 - 16 2. Division of Malt Beverages.
 - 17 3. Division of Enforcement.
 - 18 (f) Department of Charitable Gaming.
 - 19 1. Division of Licensing and Compliance.
 - 20 2. Division of Enforcement.
 - 21 (g) Department of Financial Institutions.
 - 22 1. Division of Depository Institutions.
 - 23 2. Division of Non-Depository Institutions.
 - 24 3. Division of Securities.
 - 25 (h) Department of Housing, Buildings and Construction.
 - 26 1. Division of Fire Prevention.
 - 27 2. Division of Plumbing.

- 1 3. Division of Heating, Ventilation, and Air Conditioning.
- 2 4. Division of Building Code Enforcement.
- 3 (i) Department of Insurance.
- 4 1. Division of Insurance Product Regulation.
- 5 2. Division of Administrative Services.
- 6 3. Division of Financial Standards and Examination.
- 7 4. Division of Agent Licensing.
- 8 5. Division of Insurance Fraud Investigation.
- 9 6. Division of Consumer Protection.
- 10 7. Division of Kentucky Access.
- 11 (j) Department of Professional Licensing.
- 12 1. Real Estate Authority.
- 13 **(k) Department for Medical Cannabis Administration.**
- 14 (5) Labor Cabinet.
- 15 (a) Office of the Secretary.
- 16 1. Division of Management Services.
- 17 2. Office of General Counsel.
- 18 a. Workplace Standards Legal Division.
- 19 b. Workers' Claims Legal Division.
- 20 (b) Office of General Administration and Program Support for Shared
- 21 Services.
- 22 1. Division of Human Resource Management.
- 23 2. Division of Fiscal Management.
- 24 3. Division of Budgets.
- 25 4. Division of Information Services.
- 26 (c) Office of Inspector General for Shared Services.
- 27 (d) Department of Workplace Standards.

- 1 1. Division of Apprenticeship.
- 2 2. Division of Occupational Safety and Health Compliance.
- 3 3. Division of Occupational Safety and Health Education and
- 4 Training.
- 5 4. Division of Wages and Hours.
- 6 (e) Department of Workers' Claims.
- 7 1. Division of Workers' Compensation Funds.
- 8 2. Office of Administrative Law Judges.
- 9 3. Division of Claims Processing.
- 10 4. Division of Security and Compliance.
- 11 5. Division of Information Services.
- 12 6. Division of Ombudsman and Workers' Compensation Specialist
- 13 Services.
- 14 7. Workers' Compensation Board.
- 15 (f) Workers' Compensation Funding Commission.
- 16 (g) Occupational Safety and Health Standards Board.
- 17 (h) Apprenticeship and Training Council.
- 18 (i) State Labor Relations Board.
- 19 (j) Employers' Mutual Insurance Authority.
- 20 (k) Kentucky Occupational Safety and Health Review Commission.
- 21 (l) Workers' Compensation Nominating Committee.
- 22 (6) Transportation Cabinet:
- 23 (a) Department of Highways.
- 24 1. Office of Project Development.
- 25 2. Office of Project Delivery and Preservation.
- 26 3. Office of Highway Safety.
- 27 4. Highway District Offices One through Twelve.

- 1 (b) Department of Vehicle Regulation.
- 2 (c) Department of Aviation.
- 3 (d) Department of Rural and Municipal Aid.
- 4 1. Office of Local Programs.
- 5 2. Office of Rural and Secondary Roads.
- 6 (e) Office of the Secretary.
- 7 1. Office of Public Affairs.
- 8 2. Office for Civil Rights and Small Business Development.
- 9 3. Office of Budget and Fiscal Management.
- 10 4. Office of Inspector General.
- 11 (f) Office of Support Services.
- 12 (g) Office of Transportation Delivery.
- 13 (h) Office of Audits.
- 14 (i) Office of Human Resource Management.
- 15 (j) Office of Information Technology.
- 16 (k) Office of Legal Services.
- 17 (7) Cabinet for Economic Development:
- 18 (a) Office of the Secretary.
- 19 1. Office of Legal Services.
- 20 2. Department for Business Development.
- 21 a. Office of Entrepreneurship.
- 22 i. Commission on Small Business Advocacy.
- 23 b. Office of Research and Public Affairs.
- 24 c. Bluegrass State Skills Corporation.
- 25 3. Office of Financial Services.
- 26 a. Kentucky Economic Development Finance Authority.
- 27 b. Division of Finance and Personnel.

- 1 c. Division of Network Administration.
- 2 d. Compliance Division.
- 3 e. Incentive Assistance Division.
- 4 (8) Cabinet for Health and Family Services:
- 5 (a) Office of the Secretary.
- 6 (b) Office of Health Policy.
- 7 (c) Office of Legal Services.
- 8 (d) Office of Inspector General.
- 9 (e) Office of Communications and Administrative Review.
- 10 (f) Office of the Ombudsman.
- 11 (g) Office of Finance and Budget.
- 12 (h) Office of Human Resource Management.
- 13 (i) Office of Administrative and Technology Services.
- 14 (j) Department for Public Health.
- 15 (k) Department for Medicaid Services.
- 16 (l) Department for Behavioral Health, Developmental and Intellectual
- 17 Disabilities.
- 18 (m) Department for Aging and Independent Living.
- 19 (n) Department for Community Based Services.
- 20 (o) Department for Income Support.
- 21 (p) Department for Family Resource Centers and Volunteer Services.
- 22 (q) Kentucky Commission on Community Volunteerism and Service.
- 23 (r) Kentucky Commission for Children with Special Health Care Needs.
- 24 (s) Governor's Office of Electronic Health Information.
- 25 (t) Office of Legislative and Regulatory Affairs.
- 26 (9) Finance and Administration Cabinet:
- 27 (a) Office of the Secretary.

- 1 (b) Office of the Inspector General.
- 2 (c) Office of Legislative and Intergovernmental Affairs.
- 3 (d) Office of General Counsel.
- 4 (e) Office of the Controller.
- 5 (f) Office of Administrative Services.
- 6 (g) Office of Policy and Audit.
- 7 (h) Department for Facilities and Support Services.
- 8 (i) Department of Revenue.
- 9 (j) Commonwealth Office of Technology.
- 10 (k) State Property and Buildings Commission.
- 11 (l) Office of Equal Employment Opportunity and Contract Compliance.
- 12 (m) Kentucky Employees Retirement Systems.
- 13 (n) Commonwealth Credit Union.
- 14 (o) State Investment Commission.
- 15 (p) Kentucky Housing Corporation.
- 16 (q) Kentucky Local Correctional Facilities Construction Authority.
- 17 (r) Kentucky Turnpike Authority.
- 18 (s) Historic Properties Advisory Commission.
- 19 (t) Kentucky Tobacco Settlement Trust Corporation.
- 20 (u) Kentucky Higher Education Assistance Authority.
- 21 (v) Kentucky River Authority.
- 22 (w) Kentucky Teachers' Retirement System Board of Trustees.
- 23 (x) Executive Branch Ethics Commission.
- 24 (10) Tourism, Arts and Heritage Cabinet:
 - 25 (a) Kentucky Department of Tourism.
 - 26 1. Division of Tourism Services.
 - 27 2. Division of Marketing and Administration.

- 1 3. Division of Communications and Promotions.
- 2 (b) Kentucky Department of Parks.
- 3 1. Division of Information Technology.
- 4 2. Division of Human Resources.
- 5 3. Division of Financial Operations.
- 6 4. Division of Facilities Management.
- 7 5. Division of Facilities Maintenance.
- 8 6. Division of Customer Services.
- 9 7. Division of Recreation.
- 10 8. Division of Golf Courses.
- 11 9. Division of Food Services.
- 12 10. Division of Rangers.
- 13 11. Division of Resort Parks.
- 14 12. Division of Recreational Parks and Historic Sites.
- 15 (c) Department of Fish and Wildlife Resources.
- 16 1. Division of Law Enforcement.
- 17 2. Division of Administrative Services.
- 18 3. Division of Engineering, Infrastructure, and Technology.
- 19 4. Division of Fisheries.
- 20 5. Division of Information and Education.
- 21 6. Division of Wildlife.
- 22 7. Division of Marketing.
- 23 (d) Kentucky Horse Park.
- 24 1. Division of Support Services.
- 25 2. Division of Buildings and Grounds.
- 26 3. Division of Operational Services.
- 27 (e) Kentucky State Fair Board.

- 1 1. Office of Administrative and Information Technology Services.
- 2 2. Office of Human Resources and Access Control.
- 3 3. Division of Expositions.
- 4 4. Division of Kentucky Exposition Center Operations.
- 5 5. Division of Kentucky International Convention Center.
- 6 6. Division of Public Relations and Media.
- 7 7. Division of Venue Services.
- 8 8. Division of Personnel Management and Staff Development.
- 9 9. Division of Sales.
- 10 10. Division of Security and Traffic Control.
- 11 11. Division of Information Technology.
- 12 12. Division of the Louisville Arena.
- 13 13. Division of Fiscal and Contract Management.
- 14 14. Division of Access Control.
- 15 (f) Office of the Secretary.
 - 16 1. Office of Finance.
 - 17 2. Office of Government Relations and Administration.
 - 18 3. Office of Film and Tourism Development.
 - 19 4. Kentucky Sports Authority.
- 20 (g) Office of Legal Affairs.
- 21 (h) Office of Human Resources.
- 22 (i) Office of Public Affairs and Constituent Services.
- 23 (j) Office of Creative Services.
- 24 (k) Office of Capital Plaza Operations.
- 25 (l) Office of Arts and Cultural Heritage.
- 26 (m) Kentucky African-American Heritage Commission.
- 27 (n) Kentucky Foundation for the Arts.

- 1 (o) Kentucky Humanities Council.
- 2 (p) Kentucky Heritage Council.
- 3 (q) Kentucky Arts Council.
- 4 (r) Kentucky Historical Society.
- 5 1. Division of Museums.
- 6 2. Division of Oral History and Educational Outreach.
- 7 3. Division of Research and Publications.
- 8 4. Division of Administration.
- 9 (s) Kentucky Center for the Arts.
- 10 1. Division of Governor's School for the Arts.
- 11 (t) Kentucky Artisans Center at Berea.
- 12 (u) Northern Kentucky Convention Center.
- 13 (v) Eastern Kentucky Exposition Center.
- 14 (11) Personnel Cabinet:
- 15 (a) Office of the Secretary.
- 16 (b) Department of Human Resources Administration.
- 17 (c) Office of Employee Relations.
- 18 (d) Kentucky Public Employees Deferred Compensation Authority.
- 19 (e) Office of Administrative Services.
- 20 (f) Office of Legal Services.
- 21 (g) Governmental Services Center.
- 22 (h) Department of Employee Insurance.
- 23 (i) Office of Diversity, Equality, and Training.
- 24 (j) Office of Public Affairs.
- 25 III. Other departments headed by appointed officers:
- 26 (1) Council on Postsecondary Education.
- 27 (2) Department of Military Affairs.

- 1 (3) Department for Local Government.
- 2 (4) Kentucky Commission on Human Rights.
- 3 (5) Kentucky Commission on Women.
- 4 (6) Department of Veterans' Affairs.
- 5 (7) Kentucky Commission on Military Affairs.
- 6 (8) Office of Minority Empowerment.
- 7 (9) Governor's Council on Wellness and Physical Activity.
- 8 (10) Kentucky Communications Network Authority.

9 ➔Section 35. KRS 12.252 is amended to read as follows:

- 10 (1) There is established within the Public Protection Cabinet a Department of Financial
11 Institutions, a Department of Insurance, a Department of Housing, Buildings and
12 Construction, a Department of Charitable Gaming, a Department of Professional
13 Licensing, *a Department for Medical Cannabis Administration*, and a Department
14 of Alcoholic Beverage Control. Each department shall be headed by a commissioner
15 appointed by the Governor as required by KRS 12.040 and, where appropriate, by
16 KRS 238.510, 241.015, and 304.2-020. Commissioners shall be directly responsible
17 to the secretary and shall perform the functions, powers, and duties provided by law
18 and prescribed by the secretary.
- 19 (2) The secretary of the Public Protection Cabinet shall be appointed by the Governor
20 in accordance with KRS 12.255. The Office of the Secretary shall contain the
21 following entities:
 - 22 (a) The Office of Communications and Public Outreach, which shall be headed
23 by an executive director appointed by the secretary with the approval of the
24 Governor in accordance with KRS 12.050; and
 - 25 (b) The Office of Legal Services, which shall be headed by an executive director
26 appointed by the secretary with the approval of the Governor in accordance
27 with KRS 12.050 and 12.210.

- 1 (3) There is established within the Public Protection Cabinet the Kentucky Claims
2 Commission pursuant to KRS 49.010.
- 3 (4) The Kentucky Horse Racing Commission is attached to the Public Protection
4 Cabinet for administrative purposes only, except as provided in KRS 131.330.
- 5 (5) There is established within the Public Protection Cabinet the Kentucky Boxing and
6 Wrestling Commission, which shall be headed by an executive director appointed
7 by the secretary with the approval of the Governor as required by KRS 12.050. The
8 executive director shall be directly responsible to the secretary and shall perform the
9 functions, powers, and duties provided by law and prescribed by the secretary.