

CABINET FOR HEALTH AND FAMILY SERVICES

Office of the Secretary

(Amended at ARRS Committee)

915 KAR 1:050. Producer.

RELATES TO: KRS Chapter 218B

STATUTORY AUTHORITY: KRS 218B.140

NECESSITY, FUNCTION, AND CONFORMITY: KRS 218B.140 requires the Cabinet for Health and Family Services to promulgate administrative regulations establishing requirements and procedures for medicinal cannabis producer operations in the Commonwealth. This administrative regulation establishes those requirements and procedures.

Section 1. General Requirements.

(1) A person or entity shall not engage in cultivation activities or processing activities in the Commonwealth without first being issued a license by the cabinet. A producer shall not sell or transfer, or allow the sale or transfer, of medicinal cannabis or medicinal cannabis products to any person or entity in the Commonwealth who does not hold a cannabis business license issued by the cabinet.

(2) A producer shall comply with all applicable requirements of KRS Chapter 218B, specifically KRS 218B.095 and 218B.120, and 915 KAR Chapter 1, specifically 915 KAR 1:030 and 915 KAR 1:040.

(3) A producer shall not employ, take on as a volunteer, or have as a board member, principal officer, or agent any person who was convicted of a disqualifying felony offense or is younger than twenty-one (21) years of age.

(4) A producer may conduct cultivation and processing activities at separate locations, but shall not operate more than one (1) cultivation and one (1) processing facility per license issued by the cabinet.

(5) If a producer intends to conduct cultivation and processing activities at the same licensed location, the producer shall, prior to its first day of cultivation and processing activities at the same location, provide the cabinet with:

(a) A written plan for keeping strictly separated all cultivation activities from the processing activities; and

(b) A site map or blueprint showing which portions of its facility are designated for cultivation activities and which portions are designated for processing activities.

(6) A producer shall not exceed 50,000 square feet of total canopy size at an enclosed, locked facility.

(7) The qualifications that a producer shall meet to receive a license are continuing qualifications to maintain the license throughout the licensure period.

(8) If a need for additional medicinal cannabis cultivation or processing is demonstrated by cannabis businesses or the cabinet's own analysis, the cabinet may offer currently licensed cultivators or processors with the option to become licensed as a producer at the expiration of their current license. In making this determination, the cabinet may consider factors including:

(a) The population of the Commonwealth;

(b) The number of active cardholders;

(c) Changes to the list of qualifying medical conditions for medicinal cannabis;

(d) Market supply and demand;

(e) Geographic distribution of cannabis businesses;

(f) The desire of cultivators or processors to receive a producer license;

(g) The demonstrated experience of the cultivators and processors;

- (h) Workforce development opportunities; and
- (i) Any other factors that the cabinet deems relevant to its analysis.

Section 2. Increase of Canopy Limits.

- (1) If a need for additional medicinal cannabis cultivation is demonstrated by cannabis businesses or the cabinet's own analysis, the cabinet may through the promulgation of administrative regulations increase the canopy size limits for producers by up to three (3) times the limits established in KRS 218B.120. Any increase in the canopy size limits adopted by the cabinet shall not result in an increase in licensure application or renewal fees established by the cabinet.
- (2) In making its determination whether to increase canopy limits for producers, the cabinet may consider factors including:
 - (a) The population of the Commonwealth;
 - (b) The number of active cardholders;
 - (c) Changes to the list of qualifying medical conditions for medicinal cannabis;
 - (d) Market supply and demand;
 - (e) The amount of medicinal cannabis being sold by dispensaries;
 - (f) The amount of allowable canopy space being utilized by producers;
 - (g) Workforce development opportunities; and
 - (h) Any other factors that the cabinet deems relevant to its analysis.

Section 3. Duty to Report.

- (1) At the time a producer submits a license renewal application to the cabinet, the producer shall report to the cabinet by electronic mail to kymedcanreporting@ky.gov:
 - (a) The average amount of allowable canopy space being utilized by the producer during the current licensure period. If a producer is not utilizing the full amount of allowable canopy space during the current licensure period, the producer shall provide a written explanation to the cabinet of the reasons for not utilizing all available canopy space;
 - (b) Any significant issues with the supply and demand of medicinal cannabis experienced by the producer;
 - (c) The total amount of raw plant material sold during the current licensure period and the average price per pound;
 - (d) The total amount of raw plant material processed during the current licensure period and the average price per pound; and
 - (e) The number of current employees, their respective job titles, and hourly wage.
 - (2) A producer shall participate in market surveys distributed by the cabinet throughout a licensure period and provide full and complete responses.
- (50 Ky.R. 1821; 51 Ky.R. 300; eff. 8-28-2024.)

FILED WITH LRC: July 9, 2024

CONTACT PERSON: Krista Quarles, Policy Analyst, Office of Legislative and Regulatory Affairs, 275 East Main Street 5 W-A, Frankfort, Kentucky 40621; phone 502-564-7476; fax 502-564-7091; email CHFSregs@ky.gov.