

218B.100 Cannabis businesses subject to reasonable inspection by the cabinet to evaluate compliance -- License suspension or revocation -- Notice required -- Administrative hearing and judicial review -- Permissible activities during suspension.

- (1) (a) Cannabis businesses shall be subject to reasonable inspection and investigation by the cabinet pursuant to this subsection and the cabinet's procedures or administrative regulations.
- (b) The cabinet may inspect any licensed cannabis business premises without having to first obtain a search warrant.
- (c) The executive director of the Office of Medical Cannabis, or the executive director's authorized representatives, shall have the authority to:
 1. Enter any cannabis business without delay or advance notice during regular working hours and at other reasonable times to:
 - a. Inspect the premises;
 - b. Privately question any owner, operator, agent, or employee of the cannabis business or an employee's representative; and
 - c. Investigate conditions, facts, materials, practices, or other matters deemed appropriate by the cabinet;
to determine if the cannabis business is operating in compliance with this chapter and any administrative regulations promulgated thereunder;
 2. Apply to the Circuit Court in the county in which the cannabis business is located for an order to enforce the right of entry if the cannabis business refuses entry as permitted in this subsection;
 3. Following the completion of an inspection or investigation, confiscate, possess, transport, and destroy any medicinal cannabis deemed by the executive director, or the executive director's authorized representatives, to be noncompliant with the cultivation, processing, producing, transporting, safety compliance, or dispensary sale standards established in this chapter or any administrative regulation promulgated thereunder;
 4. Administer oaths, examine witnesses under oath, take depositions, certify official acts, review records and accounts, take photographs, and secure any other evidence deemed necessary to evaluate compliance with this chapter and any administrative regulations promulgated thereunder; and
 5. Issue subpoenas to compel the:
 - a. Attendance of witnesses and parties; and
 - b. Production of books, accounts, correspondence, memoranda, and other materials or records considered necessary and relevant to a matter under investigation by the cabinet.
- (d) If a witness or party fails to comply with a subpoena issued by the executive director or the executive director's authorized representatives, the executive director or the executive director's authorized representatives may petition the Circuit Court of the county in which the witness or party is located to compel

compliance with the subpoena. Failure of a witness or party to comply with an order of the court issued pursuant to this paragraph shall constitute a basis for a finding of contempt by the court under KRS 432.230. In any proceeding brought before a Circuit Court under this paragraph, the court may modify or set aside the subpoena.

- (2) The cabinet may, on its own motion or on complaint and after investigation, suspend or revoke a cannabis business license for multiple violations or a serious violation of this chapter or any administrative regulations promulgated thereunder by the licensee or any of its agents. A suspension shall not be for a period of time longer than six (6) months.
- (3) The cabinet shall provide notice of suspension, revocation, fine, or other penalty, as well as the required notice of the hearing, by mailing, via certified mail, the same in writing to the cannabis business at the address on the license. The cannabis business may, within thirty (30) days after the date of the mailing of the cabinet's notice, file a written request for an administrative hearing regarding the suspension, revocation, fine, or other penalty. The hearing shall be conducted in compliance with the requirements of KRS Chapter 13B.
- (4) Final orders of the cabinet after administrative hearings shall be subject to judicial review. Jurisdiction and venue for judicial review are vested in the Circuit Court of the county in which the cannabis business is physically located.
- (5) A cultivator may continue to cultivate and possess cannabis plants during a suspension, but it shall not transfer or sell medicinal cannabis during a suspension.
- (6) A dispensary may continue to possess its existing medicinal cannabis inventory during a suspension, but it shall not acquire additional medicinal cannabis, or dispense, transfer, or sell medicinal cannabis during a suspension.
- (7) A processor may continue to process and possess its existing medicinal cannabis inventory during a suspension, but it shall not acquire additional medicinal cannabis, or dispense, transfer, or sell medicinal cannabis products during a suspension.
- (8) A producer may continue to cultivate, process, and possess cannabis plants and its existing medicinal cannabis inventory during a suspension, but it shall not acquire additional medicinal cannabis, or dispense, transfer, or sell medicinal cannabis during a suspension.
- (9) A safety compliance facility may continue to possess medicinal cannabis during a suspension, but it shall not receive any new medicinal cannabis, test or otherwise analyze medicinal cannabis, or transfer or transport medicinal cannabis during a suspension.

Effective: July 1, 2024

History: Amended 2024 Ky. Acts ch. 195, sec. 11, effective July 1, 2024. -- Created 2023 Ky. Acts ch. 146, sec. 19, effective July 1, 2024.

Legislative Research Commission Note (4/17/2024). The effective date of the creation of this statute in 2023 Ky. Acts ch. 146, sec. 19, was changed from January 1, 2025, to July 1, 2024, in 2024 Ky. Acts ch. 195, sec. 24.