

1 AN ACT relating to the regulation of cannabis and making an appropriation
2 therefor.

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

4 ➔SECTION 1. KRS CHAPTER 245 IS ESTABLISHED AND A NEW
5 SECTION THEREOF IS CREATED TO READ AS FOLLOWS:

6 *For the purposes of this chapter:*

7 *(1) "Cannabis" means all parts of the plant Cannabis sp., whether growing or not;*
8 *the seeds thereof; the resin extracted from any part of the plant; and every*
9 *compound, manufacture, salt, derivative, mixture, or preparation of the plant, its*
10 *seeds or resin or any compound, mixture, or preparation which contains any*
11 *quantity of these substances. The term "cannabis" does not include:*

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

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

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

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

24 *(e) A cannabidiol product derived from industrial hemp, as defined in KRS*
25 *260.850; or*

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

- 1 (2) "Cannabis accessories" means any equipment, products, or materials of any kind
2 which are used, intended for use, or designed for use in planting, propagating,
3 cultivating, growing, harvesting, composting, manufacturing, compounding,
4 converting, producing, processing, preparing, testing, analyzing, packaging,
5 repackaging, storing, vaporizing, or containing cannabis, or for ingesting,
6 inhaling, or otherwise introducing cannabis into the human body;
- 7 (3) "Cannabis concentrate" means the separated resin, whether crude or purified,
8 obtained from any part of the cannabis plant;
- 9 (4) "Cannabis cultivation facility" means an entity located in Kentucky and
10 registered to cultivate, prepare, and package cannabis and sell cannabis to retail
11 cannabis stores, to cannabis product manufacturing facilities, to on-site
12 consumption facilities, and to other cannabis cultivation facilities, but not to
13 consumers. A cannabis cultivation facility may not produce cannabis
14 concentrates, tinctures, extracts, or other cannabis products;
- 15 (5) "Cannabis establishment" means an entity located in Kentucky that is a
16 cannabis cultivation facility, a cannabis testing facility, a cannabis product
17 manufacturing facility, an on-site consumption facility, or a retail cannabis
18 store;
- 19 (6) "Cannabis product" means a product that is composed of cannabis and other
20 ingredients and is intended for use or consumption, including but not limited to
21 an edible product, ointment, or tincture;
- 22 (7) "Cannabis product manufacturing facility" means an entity located in Kentucky
23 that is licensed to purchase cannabis; manufacture, prepare, and package
24 cannabis products; and sell cannabis and cannabis products to other cannabis
25 product manufacturing facilities, on-site consumption facilities, and retail
26 cannabis stores, but not to individual purchasers or consumers;
- 27 (8) "Cannabis testing facility" means an entity located in Kentucky that is registered

1 to test cannabis for potency and contaminants;

2 (9) "Consumer" means a person twenty-one (21) years of age or older who
3 purchases cannabis or cannabis products for personal use by persons twenty-one
4 (21) years of age or older, but not for resale;

5 (10) "Department" means the Department of Cannabis Control;

6 (11) "Disqualifying felony offense" means:

7 (a) A felony offense that would classify the person as a violent offender under
8 KRS 439.3401; or

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

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

14 2. An offense that consisted of conduct for which Sections 1 to 17 of this
15 Act would likely have prevented a conviction, but the conduct either
16 occurred prior to the enactment of Section 1 to 17 of this Act or was
17 prosecuted by an authority other than the Commonwealth of
18 Kentucky;

19 (12) "Immature cannabis plant" means a cannabis plant that has not flowered and
20 that does not have buds that may be observed by visual examination;

21 (13) "Locality" means a municipality, or, in reference to a location outside the
22 boundaries of a municipality, a county;

23 (14) "Local regulatory authority" means the office or entity designated to process
24 cannabis establishment applications by a municipality or, in reference to a
25 location outside the boundaries of a municipality, a county;

26 (15) "Mature cannabis plant" means a cannabis plant that has flowered or has buds
27 that may be observed by visual examination;

1 (16) "Public place" means any place to which the general public has access;

2 (17) "On-site consumption facility" means an entity located in Kentucky that is
 3 registered to:

4 (a) Purchase cannabis from cannabis cultivation facilities;

5 (b) Purchase cannabis and cannabis products from cannabis product
 6 manufacturing facilities;

7 (c) Sell cannabis and cannabis products to consumers; and

8 (d) Provide consumers with an on-site location in which to consume cannabis
 9 and cannabis products purchased from the entity;

10 (18) "Retail cannabis store" means an entity located in Kentucky that is registered to:

11 (a) Purchase cannabis from cannabis cultivation facilities;

12 (b) Purchase cannabis and cannabis products from cannabis product
 13 manufacturing facilities; and

14 (c) Sell cannabis and cannabis products to consumers; and

15 (19) "Unreasonably impracticable" means that the measures necessary to comply
 16 with the regulations require such a high investment of risk, money, time, or any
 17 other resource or asset that the operation of a cannabis establishment is not
 18 worthy of being carried out in practice by a reasonably prudent businessperson.

19 ➔SECTION 2. A NEW SECTION OF KRS CHAPTER 245 IS CREATED TO
 20 READ AS FOLLOWS:

21 (1) Notwithstanding any other provision of Kentucky law to the contrary, except as
 22 provided in this chapter, the following acts are not unlawful and shall not be a
 23 criminal or civil offense under Kentucky law or the law of any political
 24 subdivision of Kentucky or be a basis for seizure or forfeiture of assets under
 25 Kentucky law for persons twenty-one (21) years of age or older:

26 (a) Possessing, consuming, growing, cultivating, using, processing, purchasing,
 27 or transporting an amount of cannabis that does not exceed the possession

1 limit defined in Section 3 of this Act;

2 (b) Consuming cannabis on private property with the permission of the
3 property owner or, in the case of non-smoked consumption, in a rented or
4 leased residential dwelling with the permission of the lessee;

5 (c) Transferring no more than:

6 1. One (1) ounce of cannabis in plant form;

7 2. Five (5) grams of concentrated cannabis;

8 3. Cannabis products containing no more than three hundred (300)
9 milligrams of delta-9 tetrahydrocannabinol;

10 4. Three (3) immature cannabis plants; or

11 5. Any combination of the products listed in subsections 1(c)1. to 1(c)3.
12 of this section if the combination of cannabis and cannabis containing
13 products do no exceed the equivalent of one (1) ounce of cannabis
14 flower as defined in Section 3 of this Act;

15 to persons twenty-one (21) years of age or older without remuneration,
16 except as permitted pursuant to this chapter; or

17 (d) Assisting any person who is twenty-one (21) years of age or older in any of
18 the acts described in this section.

19 (2) Notwithstanding any other provision of Kentucky law to the contrary, it is not
20 unlawful, and shall not be an offense or violation under Kentucky law, or the law
21 of any political subdivision of Kentucky, or be a basis for seizure or forfeiture of
22 assets under Kentucky law for persons twenty-one (21) years of age or older to
23 manufacture, possess, or purchase cannabis accessories, or to distribute or sell
24 cannabis accessories to a person who is twenty-one (21) years of age or older.

25 (3) Notwithstanding any other provision of Kentucky law to the contrary, the
26 following acts, when performed by a retail cannabis store with a current, valid
27 license, or a person twenty-one (21) years of age or older who is acting in his or

1 her capacity as an owner, employee, or agent of a retail cannabis store, are not
2 unlawful and shall not be an offense under Kentucky law or be a basis for seizure
3 or forfeiture of assets under Kentucky law:

4 (a) Possessing, displaying, storing, or transporting cannabis or cannabis
5 products;

6 (b) Purchasing cannabis from a cannabis cultivation facility;

7 (c) Purchasing cannabis or cannabis products from a cannabis product
8 manufacturing facility;

9 (d) Delivering or transferring cannabis or cannabis products to a cannabis
10 testing facility; or

11 (e) Delivering, distributing, or selling cannabis or cannabis products to
12 consumers or retail cannabis stores.

13 (4) Notwithstanding any other provision of Kentucky law to the contrary, the
14 following acts, when performed by an on-site consumption establishment with a
15 current, valid license, or a person twenty-one (21) years of age or older who is
16 acting in his or her capacity as an owner, employee, or agent of an on-site
17 consumption establishment, are not unlawful and shall not be an offense under
18 Kentucky law or be a basis for seizure or forfeiture of assets under Kentucky law:

19 (a) Possessing, displaying, storing, or transporting cannabis or cannabis
20 products;

21 (b) Purchasing cannabis from a cannabis cultivation facility;

22 (c) Purchasing cannabis or cannabis products from a cannabis product
23 manufacturing facility;

24 (d) Delivering or transferring cannabis or cannabis products to a cannabis
25 testing facility; or

26 (e) Delivering, distributing, or selling cannabis or cannabis products to
27 consumers or on-site consumption establishments.

- 1 (5) Notwithstanding any other provision of Kentucky law to the contrary, the
2 following acts, when performed by a cannabis cultivation facility with a current,
3 valid license, or a person twenty-one (21) years of age or older who is acting in
4 his or her capacity as an owner, employee, or agent of a cannabis cultivation
5 facility, are not unlawful and shall not be an offense under Kentucky law or be a
6 basis for seizure or forfeiture of assets under Kentucky law:
- 7 (a) Cultivating, harvesting, processing, packaging, transporting, displaying,
8 storing, or possessing cannabis;
- 9 (b) Delivering or transferring cannabis to a cannabis testing facility;
- 10 (c) Delivering, distributing, or selling cannabis to:
- 11 1. A cannabis cultivation facility;
12 2. A cannabis product manufacturing facility;
13 3. An on-site consumption establishment; or
14 4. A retail cannabis store;
- 15 (d) Receiving or purchasing cannabis from a cannabis cultivation facility; or
16 (e) Receiving cannabis seeds or immature cannabis plants from a person
17 twenty-one (21) years of age or older.
- 18 (6) Notwithstanding any other provision of Kentucky law to the contrary, the
19 following acts, when performed by a cannabis product manufacturing facility
20 with a current, valid license, or a person twenty-one (21) years of age or older
21 who is acting in his or her capacity as an owner, employee, or agent of a
22 cannabis product manufacturing facility, are not unlawful and shall not be an
23 offense under Kentucky law or be a basis for seizure or forfeiture of assets under
24 Kentucky law:
- 25 (a) Packaging, processing, transporting, manufacturing, displaying, or
26 possessing cannabis or cannabis products;
- 27 (b) Delivering or transferring cannabis or cannabis products to a cannabis

1 testing facility;

2 (c) Delivering, distributing, or selling cannabis to:

3 1. A cannabis cultivation facility;

4 2. A cannabis product manufacturing facility;

5 3. An on-site consumption establishment; or

6 4. A retail cannabis store;

7 (d) Purchasing cannabis from a cannabis cultivation facility; or

8 (e) Purchasing cannabis or cannabis products from a cannabis product
 9 manufacturing facility.

10 (7) Notwithstanding any other provision of Kentucky law to the contrary, the
 11 following acts, when performed by a cannabis testing facility with a current, valid
 12 license, or a person twenty-one (21) years of age or older who is acting in his or
 13 her capacity as an owner, employee, or agent of a cannabis testing facility, are
 14 not unlawful and shall not be an offense under Kentucky law or be a basis for
 15 seizure or forfeiture of assets under Kentucky law:

16 (a) Possessing, cultivating, processing, repackaging, storing, transporting, or
 17 displaying cannabis or cannabis products;

18 (b) Receiving cannabis or cannabis products from a cannabis establishment or
 19 a person twenty-one (21) years of age or older; or

20 (c) Returning cannabis or cannabis products to a cannabis establishment, or a
 21 person twenty-one (21) years of age or older.

22 (8) Nothing in this section prevents the imposition of penalties for violating this
 23 chapter or administrative regulations promulgated by the department or
 24 regulations adopted by localities pursuant to this chapter.

25 ➔SECTION 3. A NEW SECTION OF KRS CHAPTER 245 IS CREATED TO
 26 READ AS FOLLOWS:

27 (1) A person twenty-one (21) years of age or older may possess an amount of

1 cannabis that does not exceed:

2 (a) One (1) ounce of cannabis in flower form;

3 (b) Eight (8) grams of cannabis concentrate;

4 (c) Cannabis products containing no more than eight hundred (800)
5 milligrams of delta-9 tetrahydrocannabinol;

6 (d) Six (6) mature cannabis plants and six (6) immature cannabis plants;

7 (e) Any combination of the products listed in subsections (1)(a) to (c) of this
8 section if the combination of cannabis and cannabis containing products
9 does not exceed the equivalent of one (1) ounce of cannabis flower as
10 defined in subsection (2) of this section; or

11 (f) Any cannabis produced by the person's cannabis plants, provided that any
12 amount of cannabis in excess of the amounts listed in subsections (1)(a) to
13 (e) of this section shall be possessed in the same secure facility where the
14 person's plants are cultivated.

15 (2) One (1) ounce of cannabis in flower form shall be equivalent to:

16 (a) Eight (8) grams of cannabis concentrate; or

17 (b) Cannabis products containing no more than eight hundred (800)
18 milligrams of delta-9 tetrahydrocannabinol.

19 (3) In a twenty-four (24) hour period, no person shall purchase and no licensed
20 cannabis retail store shall sell to a person more cannabis or cannabis containing
21 products than he or she is permitted to possess pursuant to subsection (1) of this
22 section.

23 ➔SECTION 4. A NEW SECTION OF KRS CHAPTER 245 IS CREATED TO
24 READ AS FOLLOWS:

25 (1) A person is guilty of smoking cannabis in public when he or she uses a flame or
26 any other source of heat to combust cannabis for the purpose of consuming
27 cannabis in a public place except that a person shall not be guilty of smoking

1 cannabis in public if done in a licensed on-site consumption facility.

2 (2) Smoking cannabis in a public place is a violation subject to a maximum fine of:

3 (a) Fifty dollars (\$50) for a first offense; and

4 (b) One hundred dollars (\$100) for each subsequent offense.

5 ➔SECTION 5. A NEW SECTION OF KRS CHAPTER 245 IS CREATED TO
6 READ AS FOLLOWS:

7 (1) No person shall consume cannabis while operating or driving in:

8 (a) A vehicle as defined in KRS 189.010;

9 (b) A vessel as defined in KRS 235.010;

10 (c) An aircraft as defined in KRS 183.011; or

11 (d) Any other device now known, or hereafter invented, that is powered by
12 machinery and that is or may be used to transport persons or property

13 anywhere where in this state, except that consuming cannabis while operating a
14 vehicle powered by human or animal muscular power while on private property
15 shall not be considered a violation of this subsection.

16 (2) The penalty for a violation of subsection (1) of this section shall be the same as
17 those established for operating a motor vehicle while under the influence of
18 alcohol or any other substance in KRS 189A.010.

19 (3) Nothing in this section supersedes statutory laws relating to driving while under
20 the influence of intoxicants. This section shall not prevent the enforcement of
21 current laws pertaining to driving while intoxicated, including KRS 183.061,
22 189.520, 189A.010, and 235.240.

23 ➔SECTION 6. A NEW SECTION OF KRS CHAPTER 245 IS CREATED TO
24 READ AS FOLLOWS:

25 (1) No law enforcement officer may expend any state or local resources, including
26 the officer's time, on the sole basis of activity the officer believes to constitute a
27 violation of the federal Controlled Substances Act, if the officer has reason to

1 believe the activity is in compliance with this chapter. An officer shall not expend
2 any state or local resources, including the officer's time, to provide information
3 or logistical support related to any federal law enforcement authority or
4 prosecuting entity.

5 (2) Nothing in this chapter:

6 (a) Requires an employer to permit or accommodate the use, consumption,
7 possession, transfer, display, transportation, sale, or growing of cannabis in
8 the workplace; or

9 (b) Impacts the ability of employers to have policies restricting employees from
10 workplace impairment of cannabis during work hours.

11 ➔SECTION 7. A NEW SECTION OF KRS CHAPTER 245 IS CREATED TO
12 READ AS FOLLOWS:

13 (1) Except as provided in this section, a person under twenty-one (21) years of age
14 shall not enter any cannabis establishment.

15 (2) A person under twenty-one (21) years of age shall not possess for his or her own
16 use or purchase or attempt to purchase or have another purchase for him or her
17 any cannabis or cannabis products. No person shall aid or assist any person
18 under twenty-one (21) years of age in purchasing or having delivered or served to
19 him or her any cannabis or cannabis products.

20 (3) A person under twenty-one (21) years of age shall not misrepresent his or her age
21 for the purpose of inducing any retail cannabis store, or the retail cannabis
22 store's agent or employee, to sell any cannabis or cannabis products to the person
23 under twenty-one (21) years of age.

24 (4) A person under twenty-one (21) years of age shall not use, or attempt to use any
25 false, fraudulent, or altered identification card, paper, or any other document to
26 purchase or attempt to purchase or otherwise obtain any cannabis or cannabis
27 products.

1 (5) Except as provided in this section, a licensee, or his or her agents or employees,
2 shall not permit any person under twenty-one (21) years of age to remain on any
3 premises where cannabis and cannabis products are sold. For the purposes of
4 this section, "premises" means the building where a person licensed by the
5 department sells cannabis, cannabis products, and immature cannabis plants to
6 retail consumers.

7 (6) A violation of subsections (1) to (5) of this section shall be deemed a status
8 offense if committed by a person under the age of eighteen (18) and shall be
9 under the jurisdiction of the juvenile session of the District Court or the family
10 division of the Circuit Court, as appropriate.

11 (7) A violation of subsections (1) and (4) of this section shall be a Class B
12 misdemeanor if committed by a person over the age of eighteen (18).

13 (8) A person who is at least eighteen (18) years of age but under twenty-one (21)
14 years of age may enter the premises of a cannabis establishment, and may be
15 allowed to enter and remain on the premises if:

16 (a) The person is present at the cannabis establishment to perform contract
17 work, including but not limited to electrical or security maintenance, that
18 does not involve handling cannabis; or

19 (b) The person is a government employee and is at the cannabis establishment
20 in the course of his or her official duties.

21 ➔SECTION 8. A NEW SECTION OF KRS CHAPTER 245 IS CREATED TO
22 READ AS FOLLOWS:

23 (1) A person who is under twenty-one (21) years of age is guilty of underage
24 possession of cannabis when he or she knowingly and unlawfully possesses no
25 more than one (1) ounce of cannabis in plant form, no more than five (5) grams
26 of concentrated cannabis, or cannabis products containing no more than three
27 hundred (300) milligrams of delta-9 tetrahydrocannabinol.

1 (2) Underage possession of cannabis is a violation subject to a maximum fine of one
2 hundred dollars (\$100).

3 ➔SECTION 9. A NEW SECTION OF KRS CHAPTER 245 IS CREATED TO
4 READ AS FOLLOWS:

5 (1) A person who is under twenty-one (21) years of age is guilty of underage
6 cultivation of cannabis when he or she knowingly and unlawfully cultivates no
7 more than five (5) cannabis plants.

8 (2) Underage cultivation of cannabis is a Class B misdemeanor.

9 ➔SECTION 10. A NEW SECTION OF KRS CHAPTER 245 IS CREATED TO
10 READ AS FOLLOWS:

11 (1) Any person who chooses to cultivate cannabis for personal consumption shall
12 take reasonable precautions to ensure that any cannabis or cannabis plants are
13 secure from unauthorized access and access by persons under twenty-one (21)
14 years of age.

15 (2) Cannabis cultivation for personal consumption shall only occur on property
16 lawfully in possession of the person cultivating cannabis or with the consent of
17 the person in lawful possession of the property.

18 (3) Cannabis plants may not be cultivated in a location where the plants are subject
19 to public view, including to view from another private property, without the use of
20 binoculars, aircraft, or other optical aids.

21 (4) Any person who violates subsection (1), (2), or (3) of this section shall be subject
22 to a maximum fine of five hundred dollars (\$500).

23 ➔SECTION 11. A NEW SECTION OF KRS CHAPTER 245 IS CREATED TO
24 READ AS FOLLOWS:

25 (1) (a) The Department of Cannabis Control shall operate and implement the
26 cannabis regulation program established in this chapter.

27 (b) The department is hereby instituted and placed within the Public Protection

1 Cabinet.

2 (c) The department shall employ a commissioner and necessary staff.

3 (2) The department shall employ staff as necessary; however, it shall first attempt to
4 enter into memoranda of understanding or contracts with local police
5 departments or sheriff departments to conduct inspections, investigations, and
6 local administrative duties as required under this chapter for its local inspection
7 and oversight obligations.

8 (3) The department shall promulgate administrative regulations necessary for
9 implementation of this chapter. The administrative regulations shall not prohibit
10 the operation of cannabis establishments, either expressly or through
11 administrative regulations that make their operation unreasonably impracticable.
12 The administrative regulations shall include:

13 (a) Procedures for the issuance, renewal, suspension, and revocation of
14 licenses issued pursuant to this chapter, which shall be subject to all
15 requirements of KRS Chapters 13A and 13B;

16 (b) Qualifications for registration that are directly and demonstrably related to
17 the operation of the type of cannabis establishment the qualifications apply
18 to;

19 (c) Security requirements, including lighting, physical security, video
20 surveillance, and alarm requirements;

21 (d) Requirements for the secure transportation and storage of cannabis and
22 cannabis products by licensees and their employees or agents;

23 (e) Employment and training requirements for cannabis establishments, their
24 agents, or their employees, including requiring each licensee to create an
25 identification badge for each of the licensee's agents or employees;

26 (f) Requirements for the packaging and labeling of cannabis and cannabis
27 products sold or distributed by licensees, including:

- 1 1. Warnings for the length of time it typically takes for the product to
2 take effect and how long the effects will typically last;
- 3 2. The amount of cannabis the product is considered the equivalent to;
- 4 3. Disclosing ingredients and possible allergens;
- 5 4. A nutritional fact panel;
- 6 5. Opaque, child-resistant packaging; and
- 7 6. A requirement that edible cannabis products be clearly marked with
8 an identifiable and standardized symbol indicating that the product
9 contains cannabis;
- 10 (g) Health and safety requirements for the processing of cannabis and
11 cannabis products and both the indoor and outdoor cultivation of cannabis
12 by licensees;
- 13 (h) Restrictions on advertising, marketing, and signage in regards to operations
14 or establishments owned by licensees necessary to prevent the targeting of
15 minors;
- 16 (i) Restrictions on additives to cannabis and cannabis products that are toxic
17 or increase the likelihood of addiction;
- 18 (j) Restrictions on pesticides used during cannabis cultivation which pose a
19 threat to human health and safety;
- 20 (k) Restrictions on visits to cannabis cultivation and processing facilities,
21 including requiring the use of visitor logs;
- 22 (l) A definition of the amount of delta-9 tetrahydrocannabinol that constitutes
23 a single serving in a cannabis product;
- 24 (m) Standards for the safe processing of cannabis products created by
25 extracting or concentrating compounds from plant materials;
- 26 (n) Requirements that evidence-based educational materials regarding dosage
27 and impairment be disseminated to consumers who purchase cannabis

1 products;

2 (o) Requirements for random sample testing of cannabis and cannabis
 3 products to ensure quality control, including testing for residual solvents,
 4 pesticides, poisons, toxins, mold, mildew, insects, bacteria, and any other
 5 dangerous adulterant; and

6 (p) Standards for the operation of cannabis testing facilities, including
 7 requirements for equipment and personnel qualifications.

8 (4) The department shall promulgate the required administrative regulations within
 9 one hundred eighty (180) days after the effective date of this Act.

10 (5) The department shall establish a computer database that shall share data with all
 11 licensed cannabis retail stores in real time to ensure compliance with purchase
 12 limits established in Section 3 of this Act.

13 ➔SECTION 12. A NEW SECTION OF KRS CHAPTER 245 IS CREATED TO
 14 READ AS FOLLOWS:

15 (1) No person shall cultivate, possess, test, transfer, or sell cannabis in this state
 16 without first obtaining a license under this section, except as provided in Section
 17 2 of this Act.

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

19 (a) A cannabis cultivation facility;

20 (b) A cannabis product manufacturing facility;

21 (c) A cannabis testing facility;

22 (d) An on-site consumption facility; or

23 (e) A retail cannabis store.

24 (3) Persons operating a cannabis establishment, except for a cannabis testing
 25 facility, shall be required to apply for and obtain from the department a separate
 26 license for each location that they intend to operate.

27 (4) A person may not simultaneously hold a cannabis testing facility license and any

1 other class of license established in this section.

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

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

8 (7) Notwithstanding any provision of Kentucky law to the contrary, the provisions of
9 KRS 138.870 to 138.889 shall not apply to:

10 (a) A licensee or a license issued pursuant to this chapter for any amount of
11 cannabis necessary or reasonably necessary for use of that license; or

12 (b) Any person whose use complies with this chapter or who does not exceed
13 the possession limit.

14 ➔SECTION 13. A NEW SECTION OF KRS CHAPTER 245 IS CREATED TO
15 READ AS FOLLOWS:

16 (1) The department shall create a uniform application form for licenses issued
17 pursuant to this section.

18 (2) A person applying for a license to operate a cannabis establishment shall
19 complete the application form prescribed by the department in subsection (1) of
20 this section and return the application form to the department with the required
21 application fee of two thousand dollars (\$2,000).

22 (3) The department shall issue a license to a person who applies for one unless:

23 (a) The person has been convicted of a disqualifying felony offense;

24 (b) The person knowingly provides false information on the application for a
25 license;

26 (c) The person has had a previous license issued pursuant to this section
27 revoked by the department within the previous twelve (12) months prior to

1 his or her reapplication;

2 (d) The department finds the applicant is not in compliance with regulations
3 promulgated or enacted pursuant to provisions of this chapter; or

4 (e) The department is notified by the relevant locality that the applicant is not
5 in compliance with ordinances and regulations made pursuant to this
6 chapter and in effect at the time of application.

7 (4) Licenses issued pursuant to this section shall not be transferrable.

8 (5) The department shall issue a license no more than forty-five (45) days after
9 receipt of an application unless:

10 (a) The department finds that the applicant is not in compliance with
11 regulations promulgated or enacted pursuant to this chapter; or

12 (b) The department is notified by the locality with jurisdiction that the applicant
13 is not in compliance with ordinances established by that locality and in
14 effect at the time of application. However, when a locality has established a
15 numerical limit on the number of cannabis establishments and a greater
16 number of applicants seek licenses, the department shall solicit and
17 consider input from the locality as to the locality's preferences for licensure.

18 (6) Any person licensed under Section 12 of this Act who violates any provision of
19 this chapter, or any administrative regulation promulgated under this chapter,
20 shall become indebted to the Commonwealth in the sum of five hundred dollars
21 (\$500) for each violation. The civil penalty may be collected by action in the
22 Franklin Circuit Court.

23 (7) Any licensee who fails to keep written records, and submit reports to the
24 Department of Cannabis Control as required by the administrative regulations
25 promulgated pursuant to Section 11 of this Act or to the Department of Revenue
26 as required by Section 20 of this Act shall become indebted to the Commonwealth
27 in the sum of one thousand dollars (\$1,000) for each violation.

1 (8) Upon denial of an application, the department shall notify the applicant in
2 writing of the specific reason for its denial and within thirty (30) days refund one-
3 half (1/2) of the application fee required by subsection (2) of this section unless
4 the application was denied because the applicant knowingly provided false
5 information on the application for a license. If an application is denied because
6 the applicant knowingly provided false information on the application then the
7 applicant shall forfeit the entire application fee.

8 ➔SECTION 14. A NEW SECTION OF KRS CHAPTER 245 IS CREATED TO
9 READ AS FOLLOWS:

10 The department shall prioritize in any competitive application process an applicant that
11 has been a Kentucky resident for the immediately preceding three (3) years as of the
12 date of submission of the application.

13 ➔SECTION 15. A NEW SECTION OF KRS CHAPTER 245 IS CREATED TO
14 READ AS FOLLOWS:

15 (1) It is declared to be the legislative intent of this chapter that any cannabis or
16 cannabis products held, owned, possessed, or in control of any person other than
17 as provided in this chapter is contraband and subject to seizure and forfeiture as
18 set out in this section.

19 (2) Whenever any peace officer of this state, or any representative of the department,
20 finds any cannabis or cannabis products within the borders of this state in the
21 possession of any person under the age of twenty-one (21), the peace officer or
22 representative of the department shall following the same procedures established
23 in KRS 244.190, 244.195, and 244.200 in terms of seizing and disposing of
24 contraband.

25 ➔SECTION 16. A NEW SECTION OF KRS CHAPTER 100 IS CREATED TO
26 READ AS FOLLOWS:

27 (1) A locality may prohibit the operation of cannabis cultivation facilities, cannabis

1 product manufacturing facilities, cannabis testing facilities, on-site consumption
 2 facilities, or retail cannabis stores by referring a public question to the voters of
 3 that locality which shall appear on a regular election ballot.

4 (2) A locality may enact ordinances not in conflict with this chapter, or with
 5 regulations promulgated or enacted pursuant to this chapter, governing the time,
 6 place, manner, and number of cannabis establishment operations. A locality may
 7 establish civil penalties for violation of an ordinance or regulations governing the
 8 time, place, and manner of a cannabis establishment that may operate in such
 9 locality. Nothing in this section shall authorize a locality to make the operation of
 10 cannabis cultivation facilities, cannabis product manufacturing facilities,
 11 cannabis testing facilities, or retail cannabis stores unreasonably impracticable
 12 except as established in subsection (1) of this section

13 ➔SECTION 17. A NEW SECTION OF KRS CHAPTER 245 IS CREATED TO
 14 READ AS FOLLOWS:

15 (1) All of the fees paid into the State Treasury for licenses issued under Section 12 of
 16 this Act and all fees collected pursuant to the department's administrative
 17 regulations promulgated pursuant to Section 11 of this Act shall be credited to a
 18 revolving trust and agency account, as provided in KRS 45.253, for the
 19 department.

20 (2) The moneys in the account necessary to support the regulation of cannabis shall
 21 be used solely for the administration and enforcement of this chapter and,
 22 notwithstanding KRS 45.229, shall not lapse at the close of the fiscal year.

23 ➔SECTION 18. A NEW SECTION OF KRS CHAPTER 245 IS CREATED TO
 24 READ AS FOLLOWS:

25 (1) The Kentucky cannabis regulation fund is created and established as a restricted
 26 fund.

27 (2) The fund shall be administered by the Finance and Administration Cabinet.

- 1 (3) For all tax periods beginning on or after January 1, 2020, all receipts collected
2 under KRS 139.200 from the sales tax collected from the retail sale of cannabis
3 and cannabis products in this state pursuant to this chapter and a portion of the
4 excise taxes collected pursuant to Section 20 of this Act shall be deposited in the
5 fund together with any other money contributed, appropriated, or allocated to the
6 fund from all other sources. The money deposited in the fund is hereby
7 recommended to be used for the uses set forth in this section. Notwithstanding
8 KRS 45.229, any money remaining in the fund at the close of any calendar year
9 shall not lapse but shall be carried forward to the next calendar year. The fund
10 may also receive additional state appropriations, gifts, grants, and federal funds.
11 All interest earned on money in the fund shall be credited to the fund.
- 12 (4) The money contained in the fund shall be distributed on an annual basis
13 according to the following formula:
- 14 (a) One percent (1%) of the money shall be transferred to the Office of Drug
15 Control Policy, which shall dispense the money in the form of grants to
16 substance abuse treatment programs that employ evidence-based behavioral
17 health treatment or medically assisted treatment;
- 18 (b) One percent (1%) shall be distributed to the Department for Public Health
19 for a scientifically and medically accurate public education campaign
20 educating youth and adults about the health and safety risks of alcohol and
21 cannabis;
- 22 (c) Three percent (3%) of the money shall be transferred to the Kentucky Law
23 Enforcement Council, for Advanced Roadside Impaired Driving
24 Enforcement (ARIDE) and Drug Recognition Expert (DRE) training; and
- 25 (d) Ninety-five percent (95%) shall be used to offset the actual cost and
26 expenses of operating cannabis program and enforcement activities
27 established in Sections 1 to 17 of this Act.

1 ➔SECTION 19. A NEW SECTION OF KRS CHAPTER 245 IS CREATED TO
2 READ AS FOLLOWS:

3 (1) The local cannabis regulation fund is created and established as a restricted
4 fund. The fund shall consist of funds collected from a portion of the excise tax
5 collected pursuant to Section 20 of this Act.

6 (2) The fund shall be administered by the Finance and Administration Cabinet.

7 (3) (a) The Finance and Administration Cabinet shall, on a quarterly basis,
8 distribute the funds deposited into the local cannabis regulation fund
9 during the fiscal quarter immediately preceding the most recent fiscal
10 quarter. Funds shall be distributed among those localities in which at least
11 one (1) cannabis establishment licensed pursuant to Section 12 of this Act
12 as a cannabis cultivation facility, cannabis product manufacturing facility,
13 or retail cannabis store was permitted to operate during the fiscal quarter
14 immediately preceding the most recent fiscal quarter.

15 (b) A city in which at least one (1) cannabis business licensed as a cannabis
16 cultivation facility, cannabis product manufacturing facility, or retail
17 cannabis store operated during the fiscal quarter immediately preceding the
18 most recent fiscal quarter shall receive an amount equal to seventy-five
19 percent (75%) of the total excise tax revenue collected from all cannabis
20 establishments licensed to operate inside the territory of the city and
21 deposited into the fund during the fiscal quarter immediately preceding the
22 most recent fiscal quarter.

23 (c) A county in which at least one (1) cannabis business licensed as a cannabis
24 cultivation facility, cannabis product manufacturing facility, or retail
25 cannabis store operated during the fiscal quarter immediately preceding the
26 most recent fiscal quarter shall receive:

27 1. An amount equal to one hundred percent (100%) of the total excise

1 tax revenue collected from all cannabis establishments licensed to
 2 operated inside the territory of the county but outside the territory of
 3 any city and deposited into the fund during the fiscal quarter
 4 immediately preceding the most recent fiscal quarter; and

5 2. An amount equal to twenty-five percent (25%) of the total excise tax
 6 revenue collected from all cannabis businesses licensed to operated
 7 inside the territory of the county and inside the territory of an
 8 incorporated municipality and deposited into the fund during the
 9 fiscal quarter immediately preceding the most recent fiscal quarter.

10 ➔SECTION 20. A NEW SECTION OF KRS CHAPTER 138 IS CREATED TO
 11 READ AS FOLLOWS:

12 (1) For the purposes of this section:

13 (a) "Cannabis cultivation facility" has the same meaning as in Section 1 of this
 14 Act;

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

16 (c) "Cannabis processing facility" has the same meaning as in Section 1 of this
 17 Act;

18 (d) "Department" means the Department of Revenue;

19 (e) "Gross receipts" means all amounts received in money, credits, property, or
 20 other money's worth in any form, by a cannabis establishment; and

21 (f) "Immature cannabis plant" has the same meaning as in Section 1 of this
 22 Act;

23 (2) Effective January 1, 2020, an excise tax is hereby imposed on every entity
 24 licensed as a cannabis cultivation facility on the gross receipts derived from the
 25 sale or transfer of cannabis flowers, all parts of the cannabis plant other than the
 26 flowers, and immature cannabis plants to a cannabis processing facility or a
 27 retail cannabis store in this state at the rate of:

- 1 (a) Ten percent (10%) of the actual price of the sale on all cannabis flowers;
- 2 (b) Five percent (5%) of the actual price of the sale on all parts of the cannabis
- 3 plant other than the flowers; and
- 4 (c) Eight percent (8%) of the actual price of the sale per immature cannabis
- 5 plant.
- 6 (3) (a) Eighty percent (80%) of the revenue from the excise tax established in
- 7 subsection (2) of this section shall be deposited into the Kentucky cannabis
- 8 regulation fund established in Section 18 of this Act; and
- 9 (b) Twenty percent (20%) of the revenue from the excise tax establish in
- 10 subsection (2) of this section shall be deposited into the local cannabis
- 11 regulation fund established in Section 19 of this Act.
- 12 (4) Each entity licensed as a cannabis cultivation facility shall report and pay to the
- 13 department the tax levied by subsection (2) of this section on or before the
- 14 twentieth day of the calendar month next succeeding the month. A tax return
- 15 shall be filed for each reporting period whether or not tax is due.
- 16 (5) The department may prescribe forms and promulgate administrative regulations
- 17 in conformance with KRS Chapter 13A to execute and administer the provisions
- 18 of this section.
- 19 (6) Any entity that violates any provision of this section shall be subject to the
- 20 uniform civil penalties imposed pursuant to KRS 131.180 and interest at the tax
- 21 interest rate as defined in KRS 131.010(6) from the date due until the date of
- 22 payment.
- 23 (7) The department may adjust the excise tax rates annually to account for inflation
- 24 or deflation based on the Consumer Price Index. All rate changes shall take
- 25 effect six (6) months after the rate adjustment or on January 1 of the following
- 26 year, whichever is later.
- 27 (8) Nothing in this chapter shall prevent the application of the sales tax imposed

- 1 under KRS 139.200 at the point of retail sale in a retail cannabis facility.
- 2 (9) Notwithstanding any other provision of this chapter to the contrary, the president,
3 vice president, secretary, treasurer, or any other person holding any equivalent
4 corporate office of any corporation subject to this chapter shall be personally and
5 individually liable, both jointly and severally, for the taxes imposed under
6 subsection (2) of this section.
- 7 (10) Corporate dissolution, withdrawal of the corporation from the state, or the
8 cessation of holding any corporate office shall not discharge the liability of any
9 person. The personal and individual liability shall apply to every person holding a
10 corporate office at the time the tax becomes or became due.
- 11 (11) Notwithstanding any other provision of this chapter, KRS 275.150, 362.1-306(3)
12 or predecessor law, or 362.2-404(3) to the contrary, the managers of a limited
13 liability company, the partners of a limited liability partnership, and the general
14 partners of a limited liability limited partnership or any other person holding any
15 equivalent office of a limited liability company, limited liability partnership, or
16 limited liability limited partnership subject to this chapter shall be personally and
17 individually liable, both jointly and severally, for the taxes imposed under
18 subsection (2) of this section.
- 19 (12) Dissolution, withdrawal of the limited liability company, limited liability
20 partnership, or limited liability limited partnership from the state, or the cessation
21 of holding any office, shall not discharge the liability of any person. The personal
22 and individual liability shall apply to every manager of a limited liability
23 company, partner of a limited liability partnership, or general partner of a limited
24 liability limited partnership at the time the tax becomes or became due.
- 25 (13) No person shall be personally and individually liable under this section who had
26 no authority to collect, truthfully account for, or pay over any tax imposed by
27 subsection (2) of this section at the time the tax imposed becomes or became due.

1 (14) "Tax" as used in this section includes interest accrued at the rate provided by
2 KRS 131.183, all applicable penalties imposed under this chapter, and all
3 applicable penalties imposed under KRS 131.180, 131.410 to 131.445, and
4 131.990.

5 ➔SECTION 21. A NEW SECTION OF KRS CHAPTER 139 IS CREATED TO
6 READ AS FOLLOWS:

7 All tax receipts, interest, and penalties resulting from the sale of cannabis, cannabis
8 products, and immature cannabis plants, including eighty percent (80%) of the tax
9 established in Section 20 of this Act, shall be deposited in the fund created in Section
10 18 of this Act.

11 ➔Section 22. KRS 2.015 is amended to read as follows:

12 Persons of the age of eighteen (18) years are of the age of majority for all purposes in this
13 Commonwealth except for the purchase of alcoholic beverages, the cultivation,
14 purchase, use, and possession of cannabis, and for purposes of care and treatment of
15 children with disabilities, for which twenty-one (21) years is the age of majority, all other
16 statutes to the contrary notwithstanding.

17 ➔Section 23. KRS 610.010 is amended to read as follows:

18 (1) Unless otherwise exempted by KRS Chapters 600 to 645, the juvenile session of the
19 District Court of each county shall have exclusive jurisdiction in proceedings
20 concerning any child living or found within the county who has not reached his or
21 her eighteenth birthday or of any person who at the time of committing a public
22 offense was under the age of eighteen (18) years, who allegedly has committed a
23 public offense prior to his or her eighteenth birthday, except a motor vehicle offense
24 involving a child sixteen (16) years of age or older. A child sixteen (16) years of age
25 or older taken into custody upon the allegation that the child has committed a motor
26 vehicle offense shall be treated as an adult and shall have the same conditions of
27 release applied to him or her as an adult. A child taken into custody upon the

1 allegation that he or she has committed a motor vehicle offense who is not released
2 under conditions of release applicable to adults shall be held, pending his or her
3 appearance before the District Court, in a facility as defined in KRS 15A.067.
4 Children sixteen (16) years of age or older who are convicted of, or plead guilty to,
5 a motor vehicle offense shall, if sentenced to a term of confinement, be placed in a
6 facility for that period of confinement preceding their eighteenth birthday and an
7 adult detention facility for that period of confinement subsequent to their eighteenth
8 birthday. The term "motor vehicle offense" shall not be deemed to include the
9 offense of stealing or converting a motor vehicle nor operating the same without the
10 owner's consent nor any offense which constitutes a felony;

11 (2) Unless otherwise exempted by KRS Chapters 600 to 645, the juvenile session of the
12 District Court of each county or the family division of the Circuit Court shall have
13 exclusive jurisdiction in proceedings concerning any child living or found within
14 the county who has not reached his or her eighteenth birthday and who allegedly:

15 (a) Is beyond the control of the school or beyond the control of parents as defined
16 in KRS 600.020;

17 (b) Is an habitual truant from school;

18 (c) Is an habitual runaway from his or her parent or other person exercising
19 custodial control or supervision of the child;

20 (d) Is dependent, neglected, or abused;

21 (e) Has committed an alcohol offense in violation of KRS 244.085;

22 (f) Has committed a tobacco offense as provided in KRS 438.305 to 438.340;{
23 or}

24 (g) **Has committed a cannabis offense as provided in Section 7 or 8 of this Act;**
25 **or**

26 **(h)** Is mentally ill.

27 (3) Actions brought under subsection (1) of this section shall be considered to be public

- 1 offense actions.
- 2 (4) Actions brought under subsection (2)(a), (b), (c), (e), and (f) of this section shall be
3 considered to be status offense actions.
- 4 (5) Actions brought under subsection (2)(d) of this section shall be considered to be
5 nonoffender actions.
- 6 (6) Actions brought under subsection (2)(g) of this section shall be considered to be
7 mental health actions.
- 8 (7) Nothing in this chapter shall deprive other courts of the jurisdiction to determine the
9 custody or guardianship of children upon writs of habeas corpus or to determine the
10 custody or guardianship of children when such custody or guardianship is incidental
11 to the determination of other causes pending in such other courts; nor shall anything
12 in this chapter affect the jurisdiction of Circuit Courts over adoptions and
13 proceedings for termination of parental rights.
- 14 (8) The court shall have no jurisdiction to make permanent awards of custody of a child
15 except as provided by KRS 620.027.
- 16 (9) If the court finds an emergency to exist affecting the welfare of a child, or if the
17 child is eligible for kinship care as established in KRS 605.120, it may make
18 temporary orders for the child's custody; however, if the case involves allegations of
19 dependency, neglect, or abuse, no emergency removal or temporary custody orders
20 shall be effective unless the provisions of KRS Chapter 620 are followed. Such
21 orders shall be entirely without prejudice to the proceedings for permanent custody
22 of the child and shall remain in effect until modified or set aside by the court. Upon
23 the entry of a temporary or final judgment in the Circuit Court awarding custody of
24 such child, all prior orders of the juvenile session of the District Court in conflict
25 therewith shall be deemed canceled. This section shall not work to deprive the
26 Circuit Court of jurisdiction over cases filed in Circuit Court.
- 27 (10) The court of each county wherein a public offense, as defined in subsection (1) of

1 this section, is committed by a child who is a resident of another county of this state
2 shall have concurrent jurisdiction over such child with the court of the county
3 wherein the child resides or the court of the county where the child is found.
4 Whichever court first acquires jurisdiction of such child may proceed to final
5 disposition of the case, or in its discretion may make an order transferring the case
6 to the court of the county of the child's residence or the county wherein the offense
7 was committed, as the case may be.

8 (11) Nothing in this chapter shall prevent the court from holding a child in contempt of
9 court to enforce valid court orders previously issued by the court, subject to the
10 requirements contained in KRS 610.265 and 630.080.

11 (12) Except as provided in KRS 635.060(4), 630.120(5), or 635.090, nothing in this
12 chapter shall confer upon the District Court or the family division of the Circuit
13 Court, as appropriate, jurisdiction over the actions of the Department of Juvenile
14 Justice or the cabinet in the placement, care, or treatment of a child committed to
15 the Department of Juvenile Justice or committed to or in the custody of the cabinet;
16 or to require the department or the cabinet to perform, or to refrain from
17 performing, any specific act in the placement, care, or treatment of any child
18 committed to the department or committed to or in the custody of the cabinet.

19 (13) Unless precluded by KRS Chapter 635 or 640, in addition to informal adjustment,
20 the court shall have the discretion to amend the petition to reflect jurisdiction
21 pursuant to the proper chapter of the Kentucky Unified Juvenile Code.

22 (14) The court shall have continuing jurisdiction over a child pursuant to subsection (1)
23 of this section, to review dispositional orders, and to conduct permanency hearings
24 under 42 U.S.C. sec. 675(5)(c) until the child is placed for adoption, returned home
25 to his or her parents with all the court imposed conditions terminated, completes a
26 disposition pursuant to KRS 635.060, or reaches the age of eighteen (18) years.

27 ➔Section 24. KRS 630.020 is amended to read as follows:

1 The court shall have exclusive jurisdiction in proceedings concerning any child living, or
2 found within the district, who allegedly:

3 (1) Has been an habitual runaway from his parent or person exercising custodial control
4 or supervision of the child;

5 (2) Is beyond the control of the school or beyond the control of parents as defined in
6 KRS 600.020;

7 (3) Has been an habitual truant from school;

8 (4) Has committed a tobacco offense under KRS 438.305 to 438.340;~~[or]~~

9 (5) Has committed an alcohol offense under KRS 244.085; or

10 **(6) *Has committed a cannabis offense under Section 7 or 8 of this Act.***

11 ➔Section 25. KRS 630.120 is amended to read as follows:

12 (1) All dispositional hearings conducted under this chapter shall be conducted in
13 accordance with the provisions of KRS 610.060 and 610.070. In addition, the court
14 shall, at the time the dispositional order is issued:

15 (a) Give the child adequate and fair written warning of the consequences of the
16 violation of the order; and

17 (b) Provide the child and the child's attorney, and parent, or legal guardian a
18 written statement setting forth the conditions of the order and the
19 consequences for violating the order.

20 An order issued pursuant to this section is a valid court order and any child
21 violating that order may be subject to the provisions of KRS 630.080(4).

22 (2) The court shall consider all appropriate local remedies to aid the child and the
23 child's family subject to the following conditions:

24 (a) Residential and nonresidential treatment programs for status offenders shall be
25 community-based and nonsecure; and

26 (b) With the approval of the education agency, the court may place the child in a
27 nonsecure public or private education agency accredited by the Department of

1 Education.

2 (3) At the disposition of a child adjudicated on a petition brought pursuant to this
3 chapter, all information helpful in making a proper disposition, including oral and
4 written reports, shall be received by the court provided that the child, the child's
5 parents, their counsel, the prosecuting attorney, the child's counsel, or other
6 interested parties as determined by the judge shall be afforded an opportunity to
7 examine and controvert the reports. For good cause, the court may allow the
8 admission of hearsay evidence.

9 (4) The court shall affirmatively determine that all appropriate remedies have been
10 considered and exhausted to assure that the least restrictive alternative method of
11 treatment is utilized.

12 (5) The court may order the child and the child's family to participate in any programs
13 which are necessary to effectuate a change in the child and the family.

14 (6) When all appropriate resources have been reviewed and considered insufficient to
15 adequately address the needs of the child and the child's family, the court may,
16 except as provided in subsection (7) of this section, commit the child to the cabinet
17 for such services as may be necessary. The cabinet shall consider all appropriate
18 local remedies to aid the child and the child's family subject to the following
19 conditions:

20 (a) Treatment programs for status offenders shall be, unless excepted by federal
21 law, community-based and nonsecure;

22 (b) The cabinet may place the child in a nonsecure public or private education
23 agency accredited by the department of education;

24 (c) The cabinet may initiate proceedings pursuant to KRS 610.160 when the
25 parents fail to participate in the cabinet's treatment programs; and

26 (d) The cabinet may discharge the child from commitment after providing ten
27 (10) days' prior written notice to the committing court which may object to

1 such discharge by holding court review of the commitment under KRS
2 610.120.

3 (7) No child adjudicated guilty of an alcohol offense under KRS 244.085, ~~or~~ a
4 tobacco offense under KRS 438.305 to 438.340, or a cannabis offense under
5 Section 7 or 8 of this Act shall be committed as a result of that adjudication.

6 ➔Section 26. KRS 218A.1421 is amended to read as follows:

7 (1) A person is guilty of trafficking in marijuana when he or she knowingly and
8 unlawfully traffics in marijuana, and the amount of marijuana is greater than the
9 cannabis possession limit established in Section 3 of this Act.

10 (2) Trafficking in less than eight (8) ounces of marijuana is:

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

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

13 (3) Trafficking in eight (8) or more ounces but less than five (5) pounds of marijuana
14 is:

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

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

17 (4) Trafficking in five (5) or more 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) The unlawful possession by any person of eight (8) or more ounces of marijuana
21 shall be prima facie evidence that the person possessed the marijuana with the intent
22 to sell or transfer it.

23 (6) This section does not apply to a cannabis establishment that is licensed pursuant
24 to Section 12 of this Act or to a person twenty-one (21) years of age or older who
25 is acting in his or her capacity as an owner, employee, or agent of a cannabis
26 establishment licensed pursuant to Section 12 of this Act.

27 ➔Section 27. KRS 218A.1422 is amended to read as follows:

- 1 (1) A person is guilty of possession of marijuana when he or she knowingly and
 2 unlawfully possesses an amount of marijuana that is greater than the cannabis
 3 possession limit established in Section 3 of this Act.
- 4 (2) Possession of marijuana is a Class B misdemeanor, except that, KRS Chapter 532
 5 to the contrary notwithstanding, the maximum term of incarceration shall be no
 6 greater than forty-five (45) days.
- 7 **(3) This section does not apply to a cannabis establishment that is licensed pursuant**
 8 **to Section 12 of this Act or to a person twenty-one (21) years of age or older who**
 9 **is acting in his or her capacity as an owner, employee, or agent of a cannabis**
 10 **establishment licensed pursuant to Section 12 of this Act.**
- 11 ➔Section 28. KRS 218A.1423 is amended to read as follows:
- 12 (1) A person is guilty of marijuana cultivation when he or she knowingly and
 13 unlawfully plants, cultivates, or harvests an amount of marijuana that is greater
 14 than the cannabis possession limit established in Section 3 of this Act with the
 15 intent to sell or transfer it.
- 16 (2) Marijuana cultivation of more than five (5)~~or more~~ plants of marijuana is:
- 17 (a) For a first offense a Class A misdemeanor~~D felony~~.
- 18 (b) For a second or subsequent offense a Class D~~C~~ felony.
- 19 ~~(3) Marijuana cultivation of fewer than five (5) plants is:~~
- 20 ~~(a) For a first offense a Class A misdemeanor.~~
- 21 ~~(b) For a second or subsequent offense a Class D felony.~~
- 22 ~~(4)~~ The planting, cultivating, or harvesting of more than five (5)~~or more~~ marijuana
 23 plants shall be prima facie evidence that the marijuana plants were planted,
 24 cultivated, or harvested for the purpose of sale or transfer.
- 25 **(4) This section does not apply to a cannabis establishment that is licensed pursuant**
 26 **to Section 12 of this Act or to a person twenty-one (21) years of age or older who**
 27 **is acting in his or her capacity as an owner, employee, or agent of a cannabis**

1 *establishment licensed pursuant to Section 12 of this Act.*

2 ➔Section 29. KRS 12.020 is amended to read as follows:

3 Departments, program cabinets and their departments, and the respective major
4 administrative bodies that they include are enumerated in this section. It is not intended
5 that this enumeration of administrative bodies be all-inclusive. Every authority, board,
6 bureau, interstate compact, commission, committee, conference, council, office, or any
7 other form of organization shall be included in or attached to the department or program
8 cabinet in which they are included or to which they are attached by statute or statutorily
9 authorized executive order; except in the case of the Personnel Board and where the
10 attached department or administrative body is headed by a constitutionally elected officer,
11 the attachment shall be solely for the purpose of dissemination of information and
12 coordination of activities and shall not include any authority over the functions,
13 personnel, funds, equipment, facilities, or records of the department or administrative
14 body.

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

- 16 (1) The Governor.
- 17 (2) Lieutenant Governor.
- 18 (3) Department of State.
- 19 (a) Secretary of State.
- 20 (b) Board of Elections.
- 21 (c) Registry of Election Finance.
- 22 (4) Department of Law.
- 23 (a) Attorney General.
- 24 (5) Department of the Treasury.
- 25 (a) Treasurer.
- 26 (6) Department of Agriculture.
- 27 (a) Commissioner of Agriculture.

- 1 (b) Kentucky Council on Agriculture.
- 2 (7) Auditor of Public Accounts.
- 3 II. Program cabinets headed by appointed officers:
- 4 (1) Justice and Public Safety Cabinet:
- 5 (a) Department of Kentucky State Police.
- 6 (b) Department of Criminal Justice Training.
- 7 (c) Department of Corrections.
- 8 (d) Department of Juvenile Justice.
- 9 (e) Office of the Secretary.
- 10 (f) Office of Drug Control Policy.
- 11 (g) Office of Legal Services.
- 12 (h) Office of the Kentucky State Medical Examiner.
- 13 (i) Parole Board.
- 14 (j) Kentucky State Corrections Commission.
- 15 (k) Office of Legislative and Intergovernmental Services.
- 16 (l) Office of Management and Administrative Services.
- 17 (m) Department of Public Advocacy.
- 18 (2) Education and Workforce Development Cabinet:
- 19 (a) Office of the Secretary.
- 20 1. Governor's Scholars Program.
- 21 2. Governor's School for Entrepreneurs Program.
- 22 (b) Office of Legal and Legislative Services.
- 23 1. Client Assistance Program.
- 24 (c) Office of Communication.
- 25 (d) Office of Budget and Administration.
- 26 1. Division of Human Resources.
- 27 2. Division of Administrative Services.

- 1 (e) Office of Technology Services.
- 2 (f) Office of Educational Programs.
- 3 (g) Office for Education and Workforce Statistics.
- 4 (h) Board of the Kentucky Center for Education and Workforce Statistics.
- 5 (i) Board of Directors for the Center for School Safety.
- 6 (j) Department of Education.
- 7 1. Kentucky Board of Education.
- 8 2. Kentucky Technical Education Personnel Board.
- 9 (k) Department for Libraries and Archives.
- 10 (l) Department of Workforce Investment.
- 11 1. Office for the Blind.
- 12 2. Office of Vocational Rehabilitation.
- 13 3. Office of Employment and Training.
- 14 a. Division of Grant Management and Support.
- 15 b. Division of Workforce and Employment Services.
- 16 c. Division of Unemployment Insurance.
- 17 (m) Foundation for Workforce Development.
- 18 (n) Kentucky Office for the Blind State Rehabilitation Council.
- 19 (o) Kentucky Workforce Investment Board.
- 20 (p) Statewide Council for Vocational Rehabilitation.
- 21 (q) Unemployment Insurance Commission.
- 22 (r) Education Professional Standards Board.
- 23 1. Division of Educator Preparation.
- 24 2. Division of Certification.
- 25 3. Division of Professional Learning and Assessment.
- 26 4. Division of Legal Services.
- 27 (s) Kentucky Commission on the Deaf and Hard of Hearing.

- 1 (t) Kentucky Educational Television.
- 2 (u) Kentucky Environmental Education Council.
- 3 (3) Energy and Environment Cabinet:
- 4 (a) Office of the Secretary.
- 5 1. Office of Legislative and Intergovernmental Affairs.
- 6 2. Office of Legal Services.
- 7 a. Legal Division I.
- 8 b. Legal Division II.
- 9 3. Office of Administrative Hearings.
- 10 4. Office of Communication.
- 11 5. Mine Safety Review Commission.
- 12 6. Office of Kentucky Nature Preserves.
- 13 7. Kentucky Public Service Commission.
- 14 (b) Department for Environmental Protection.
- 15 1. Office of the Commissioner.
- 16 2. Division for Air Quality.
- 17 3. Division of Water.
- 18 4. Division of Environmental Program Support.
- 19 5. Division of Waste Management.
- 20 6. Division of Enforcement.
- 21 7. Division of Compliance Assistance.
- 22 (c) Department for Natural Resources.
- 23 1. Office of the Commissioner.
- 24 2. Division of Mine Permits.
- 25 3. Division of Mine Reclamation and Enforcement.
- 26 4. Division of Abandoned Mine Lands.
- 27 5. Division of Oil and Gas.

- 1 6. Division of Mine Safety.
- 2 7. Division of Forestry.
- 3 8. Division of Conservation.
- 4 9. Office of the Reclamation Guaranty Fund.
- 5 (d) Office of Energy Policy.
 - 6 1. Division of Energy Assistance.
- 7 (e) Office of Administrative Services.
 - 8 1. Division of Human Resources Management.
 - 9 2. Division of Financial Management.
 - 10 3. Division of Information Services.
- 11 (4) Public Protection Cabinet.
 - 12 (a) Office of the Secretary.
 - 13 1. Office of Communications and Public Outreach.
 - 14 2. Office of Legal Services.
 - 15 a. Insurance Legal Division.
 - 16 b. Charitable Gaming Legal Division.
 - 17 c. Alcoholic Beverage Control Legal Division.
 - 18 d. Housing, Buildings and Construction Legal Division.
 - 19 e. Financial Institutions Legal Division.
 - 20 f. Professional Licensing Legal Division.
 - 21 3. Office of Administrative Hearings.
 - 22 4. Office of Administrative Services.
 - 23 a. Division of Human Resources.
 - 24 b. Division of Fiscal Responsibility.
 - 25 (b) Kentucky Claims Commission.
 - 26 (c) Kentucky Boxing and Wrestling Commission.
 - 27 (d) Kentucky Horse Racing Commission.

- 1 1. Office of Executive Director.
- 2 a. Division of Pari-mutuel Wagering and Compliance.
- 3 b. Division of Stewards.
- 4 c. Division of Licensing.
- 5 d. Division of Enforcement.
- 6 e. Division of Incentives and Development.
- 7 f. Division of Veterinary Services.
- 8 (e) Department of Alcoholic Beverage Control.
- 9 1. Division of Distilled Spirits.
- 10 2. Division of Malt Beverages.
- 11 3. Division of Enforcement.
- 12 (f) Department of Charitable Gaming.
- 13 1. Division of Licensing and Compliance.
- 14 2. Division of Enforcement.
- 15 (g) Department of Financial Institutions.
- 16 1. Division of Depository Institutions.
- 17 2. Division of Non-Depository Institutions.
- 18 3. Division of Securities.
- 19 (h) Department of Housing, Buildings and Construction.
- 20 1. Division of Fire Prevention.
- 21 2. Division of Plumbing.
- 22 3. Division of Heating, Ventilation, and Air Conditioning.
- 23 4. Division of Building Code Enforcement.
- 24 (i) Department of Insurance.
- 25 1. Division of Insurance Product Regulation.
- 26 2. Division of Administrative Services.
- 27 3. Division of Financial Standards and Examination.

- 1 4. Division of Agent Licensing.
- 2 5. Division of Insurance Fraud Investigation.
- 3 6. Division of Consumer Protection.
- 4 7. Division of Kentucky Access.
- 5 (j) Department of Professional Licensing.
- 6 1. Real Estate Authority.
- 7 **(k) Department of Cannabis Control.**
- 8 (5) Labor Cabinet.
- 9 (a) Office of the Secretary.
- 10 1. Office of General Counsel.
- 11 a. Workplace Standards Legal Division.
- 12 b. Workers' Claims Legal Division.
- 13 2. Office of Administrative Services.
- 14 a. Division of Human Resources Management.
- 15 b. Division of Fiscal Management.
- 16 c. Division of Professional Development and Organizational
- 17 Management.
- 18 d. Division of Information Technology and Support Services.
- 19 3. Office of Inspector General.
- 20 (b) Department of Workplace Standards.
- 21 1. Division of Apprenticeship.
- 22 2. Division of Occupational Safety and Health Compliance.
- 23 3. Division of Occupational Safety and Health Education and
- 24 Training.
- 25 4. Division of Wages and Hours.
- 26 (c) Department of Workers' Claims.
- 27 1. Division of Workers' Compensation Funds.

- 1 2. Office of Administrative Law Judges.
- 2 3. Division of Claims Processing.
- 3 4. Division of Security and Compliance.
- 4 5. Division of Information Services.
- 5 6. Division of Specialist and Medical Services.
- 6 7. Workers' Compensation Board.
- 7 (d) Workers' Compensation Funding Commission.
- 8 (e) Occupational Safety and Health Standards Board.
- 9 (f) Apprenticeship and Training Council.
- 10 (g) State Labor Relations Board.
- 11 (h) Employers' Mutual Insurance Authority.
- 12 (i) Kentucky Occupational Safety and Health Review Commission.
- 13 (j) Workers' Compensation Nominating Committee.
- 14 (6) Transportation Cabinet:
- 15 (a) Department of Highways.
 - 16 1. Office of Project Development.
 - 17 2. Office of Project Delivery and Preservation.
 - 18 3. Office of Highway Safety.
 - 19 4. Highway District Offices One through Twelve.
- 20 (b) Department of Vehicle Regulation.
- 21 (c) Department of Aviation.
- 22 (d) Department of Rural and Municipal Aid.
 - 23 1. Office of Local Programs.
 - 24 2. Office of Rural and Secondary Roads.
- 25 (e) Office of the Secretary.
 - 26 1. Office of Public Affairs.
 - 27 2. Office for Civil Rights and Small Business Development.

- 1 3. Office of Budget and Fiscal Management.
- 2 4. Office of Inspector General.
- 3 (f) Office of Support Services.
- 4 (g) Office of Transportation Delivery.
- 5 (h) Office of Audits.
- 6 (i) Office of Human Resource Management.
- 7 (j) Office of Information Technology.
- 8 (k) Office of Legal Services.
- 9 (7) Cabinet for Economic Development:
- 10 (a) Office of the Secretary.
- 11 1. Office of Legal Services.
- 12 2. Department for Business Development.
- 13 3. Department for Financial Services.
- 14 a. Kentucky Economic Development Finance Authority.
- 15 b. Finance and Personnel Division.
- 16 c. IT and Resource Management Division.
- 17 d. Compliance Division.
- 18 e. Incentive Administration Division.
- 19 f. Bluegrass State Skills Corporation.
- 20 4. Office of Marketing and Public Affairs.
- 21 a. Communications Division.
- 22 b. Graphics Design Division.
- 23 5. Office of Workforce, Community Development, and Research.
- 24 6. Office of Entrepreneurship.
- 25 a. Commission on Small Business Advocacy.
- 26 (8) Cabinet for Health and Family Services:
- 27 (a) Office of the Secretary.

- 1 (b) Office of Health Policy.
- 2 (c) Office of Legal Services.
- 3 (d) Office of Inspector General.
- 4 (e) Office of Communications and Administrative Review.
- 5 (f) Office of the Ombudsman.
- 6 (g) Office of Finance and Budget.
- 7 (h) Office of Human Resource Management.
- 8 (i) Office of Administrative and Technology Services.
- 9 (j) Department for Public Health.
- 10 (k) Department for Medicaid Services.
- 11 (l) Department for Behavioral Health, Developmental and Intellectual
- 12 Disabilities.
- 13 (m) Department for Aging and Independent Living.
- 14 (n) Department for Community Based Services.
- 15 (o) Department for Income Support.
- 16 (p) Department for Family Resource Centers and Volunteer Services.
- 17 (q) Office for Children with Special Health Care Needs.
- 18 (r) Governor's Office of Electronic Health Information.
- 19 (s) Office of Legislative and Regulatory Affairs.
- 20 (9) Finance and Administration Cabinet:
- 21 (a) Office of the Secretary.
- 22 (b) Office of the Inspector General.
- 23 (c) Office of Legislative and Intergovernmental Affairs.
- 24 (d) Office of General Counsel.
- 25 (e) Office of the Controller.
- 26 (f) Office of Administrative Services.
- 27 (g) Office of Policy and Audit.

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

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

- 1 7. Division of Venue Services.
- 2 8. Division of Personnel Management and Staff Development.
- 3 9. Division of Sales.
- 4 10. Division of Security and Traffic Control.
- 5 11. Division of Information Technology.
- 6 12. Division of the Louisville Arena.
- 7 13. Division of Fiscal and Contract Management.
- 8 14. Division of Access Control.
- 9 (f) Office of the Secretary.
 - 10 1. Office of Finance.
 - 11 2. Office of Government Relations and Administration.
 - 12 3. Office of Film and Tourism Development.
- 13 (g) Office of Legal Affairs.
- 14 (h) Office of Human Resources.
- 15 (i) Office of Public Affairs and Constituent Services.
- 16 (j) Office of Arts and Cultural Heritage.
- 17 (k) Kentucky African-American Heritage Commission.
- 18 (l) Kentucky Foundation for the Arts.
- 19 (m) Kentucky Humanities Council.
- 20 (n) Kentucky Heritage Council.
- 21 (o) Kentucky Arts Council.
- 22 (p) Kentucky Historical Society.
 - 23 1. Division of Museums.
 - 24 2. Division of Oral History and Educational Outreach.
 - 25 3. Division of Research and Publications.
 - 26 4. Division of Administration.
- 27 (q) Kentucky Center for the Arts.

- 1 1. Division of Governor's School for the Arts.
- 2 (r) Kentucky Artisans Center at Berea.
- 3 (s) Northern Kentucky Convention Center.
- 4 (t) Eastern Kentucky Exposition Center.
- 5 (11) Personnel Cabinet:
- 6 (a) Office of the Secretary.
- 7 (b) Department of Human Resources Administration.
- 8 (c) Office of Employee Relations.
- 9 (d) Kentucky Public Employees Deferred Compensation Authority.
- 10 (e) Office of Administrative Services.
- 11 (f) Office of Legal Services.
- 12 (g) Governmental Services Center.
- 13 (h) Department of Employee Insurance.
- 14 (i) Office of Diversity, Equality, and Training.
- 15 (j) Office of Public Affairs.
- 16 III. Other departments headed by appointed officers:
- 17 (1) Council on Postsecondary Education.
- 18 (2) Department of Military Affairs.
- 19 (3) Department for Local Government.
- 20 (4) Kentucky Commission on Human Rights.
- 21 (5) Kentucky Commission on Women.
- 22 (6) Department of Veterans' Affairs.
- 23 (7) Kentucky Commission on Military Affairs.
- 24 (8) Office of Minority Empowerment.
- 25 (9) Governor's Council on Wellness and Physical Activity.
- 26 (10) Kentucky Communications Network Authority.
- 27 ➔Section 30. KRS 12.252 is amended to read as follows:

- 1 (1) There is established within the Public Protection Cabinet a Department of Financial
2 Institutions, a Department of Insurance, a Department of Housing, Buildings and
3 Construction, a Department of Charitable Gaming, a Department of Professional
4 Licensing, a Department of Cannabis Control, and a Department of Alcoholic
5 Beverage Control. Each department shall be headed by a commissioner appointed
6 by the Governor as required by KRS 12.040 and, where appropriate, by KRS
7 238.510, 241.015, and 304.2-020. Commissioners shall be directly responsible to
8 the secretary and shall perform the functions, powers, and duties provided by law
9 and prescribed by the secretary.
- 10 (2) The secretary of the Public Protection Cabinet shall be appointed by the Governor
11 in accordance with KRS 12.255. The Office of the Secretary shall contain the
12 following entities:
- 13 (a) The Office of Communications and Public Outreach, which shall be headed
14 by an executive director appointed by the secretary with the approval of the
15 Governor in accordance with KRS 12.050;
- 16 (b) The Office of Legal Services, which shall be headed by an executive director
17 appointed by the secretary with the approval of the Governor in accordance
18 with KRS 12.050 and 12.210;
- 19 (c) The Office of Administrative Hearings, which shall be headed by an executive
20 director appointed by the secretary with the approval of the Governor in
21 accordance with KRS 12.050 and 12.210; and
- 22 (d) The Office of Administrative Services, which shall be headed by an executive
23 director appointed by the secretary with the approval of the Governor in
24 accordance with KRS 12.050.
- 25 (3) There is established within the Public Protection Cabinet the Kentucky Claims
26 Commission pursuant to KRS 49.010.
- 27 (4) The Kentucky Horse Racing Commission is attached to the Public Protection

- 1 Cabinet for administrative purposes only, except as provided in KRS 131.330.
- 2 (5) There is established within the Public Protection Cabinet the Kentucky Boxing and
3 Wrestling Commission, which shall be headed by an executive director appointed
4 by the secretary with the approval of the Governor as required by KRS 12.050. The
5 executive director shall be directly responsible to the secretary and shall perform the
6 functions, powers, and duties provided by law and prescribed by the secretary.
- 7 ➔Section 31. This Act shall be known and may be cited as the Cannabis Control
8 Act.