AN ACT relating to medicinal marijuana and making an appropriation therefor.

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

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

For the purposes of Sections 1 to 30 of this Act, unless the context otherwise requires:

(1) "Bona fide practitioner-patient relationship" means a treatment or consulting relationship, during the course of which the practitioner:

(a) Has completed an assessment of the patient's medical history and current medical condition;

(b) Has consulted with the patient with respect to the possible therapeutic and palliative properties of medicinal marijuana;

(c) Has advised the patient of the possible risks and side effects associated with the use of medicinal marijuana; and

(d) Provides follow-up care and treatment to the patient;

The relationship may be established via telehealth as defined by KRS 304.17A-005;

(2) "Cannabis business" means a cultivator, dispensary, processor, or a safety compliance facility licensed under this chapter;

(3) "Cannabis business agent" means a principal officer, board member, employee, volunteer, or agent of a cannabis business;

(4) "Cardholder" means:

(a) A registered qualified patient, designated caregiver, or visiting qualified patient who has applied for, obtained, and possesses a valid registry identification card issued by the department as required by this chapter; or

(b) A visiting qualified patient who has obtained and possesses a valid registry identification card, or its equivalent, that was issued pursuant to the laws of another state, district, territory, commonwealth, insular possession of the
United States, or country recognized by the United States that allows the
person to use marijuana for medicinal purposes in the jurisdiction of
issuance;

(5) "Cultivator" means an entity licensed under this chapter that cultivates, harvests,
and delivers raw plant material to another cultivator, dispensary, processor, or
safety compliance facility;

(6) "Cultivator agent" means a principal officer, board member, employee,
volunteer, or agent of a cultivator;

(7) "Department" means the Department of Alcoholic Beverage and Cannabis
Control or its successor agency;

(8) "Designated caregiver" means a person who has registered as such with the
department as required by this chapter;

(9) "Dispensary" means an entity licensed under this chapter that acquires,
possesses, delivers, transfers, transports, sells, supplies, or dispenses medicinal
marijuana to cardholders;

(10) "Dispensary agent" means a principal officer, board member, employee,
volunteer, or agent of a dispensary;

(11) "Disqualifying felony offense" means:

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

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

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

2. An offense that consisted of conduct for which Sections 1 to 30 of this
   Act would likely have prevented a conviction, but the conduct either
occurred prior to the enactment of Sections 1 to 30 of this Act or was prosecuted by an authority other than the Commonwealth of Kentucky;

(12) "Enclosed, locked facility" means:

(a) An indoor growing space such as a room, greenhouse, building, or other indoor enclosed area that is maintained and operated by a cultivator and is equipped with locks and other security devices that permit access only by agents of the cultivator, as required by the department; or

(b) An outdoor growing space that is maintained and operated by a cultivator and is secured and electronically monitored to permit access only by agents of the cultivator, as required by the department;

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

(14) "Growth area" means the same as an enclosed, locked facility;

(15) "Marijuana," means the same as defined in KRS 218A.010;

(16) "Medicinal marijuana" means marijuana as defined in KRS 2108A.010 when cultivated, harvested, processed, produced, transported, dispensed, distributed, sold, possessed, or used in accordance with Sections 1 to 30 of this Act. The term "medicinal marijuana" includes medicinal marijuana products and raw plant material;

(17) "Medicinal marijuana accessories" means any equipment, product, or material of any kind which is used, intended for use, or designed for use in the preparing, storing, using, or consuming medicinal marijuana in accordance with Sections 1 to 30 of this Act;

(18) "Medicinal marijuana product" means any compound, manufacture, salt, derivative, mixture, or preparation of any part of the plant Cannabis sp., its seeds or its resin; or any compound, mixture, or preparation which contains any
quantity of these substances when cultivated, harvested, processed, produced,
transported, dispensed, distributed, sold, possessed, or used in accordance with
Sections 1 to 30 of this Act;

(19) "Minor" means a person less than eighteen (18) years of age;

(20) "Practitioner" means a physician, dentist, podiatrist, optometrist who is
authorized to prescribe controlled substances under KRS 320.240, or an
advanced practice registered nurse who is authorized to prescribe controlled
substances under KRS 314.042, who is authorized by a state licensing board to
provide written certifications pursuant to Section 5 of this Act;

(21) "Processor" means an entity licensed under this chapter that acquires raw plant
material from a cultivator in order to prepare, trim, manipulate, blend,
manufacture, or otherwise modify the raw plant material, and package products
containing or derived from the raw plant material for sale to a licensed
dispensary;

(22) "Processor agent" means a principal officer, board member, employee,
volunteer, or agent of a processor;

(23) "Qualified patient" means a person who has obtained a written certification from
a practitioner with whom he or she has a bona fide practitioner-patient
relationship;

(24) "Qualifying medical condition" means:

(a) A terminal illness as defined in KRS 217.5401;

(b) Acquired immune deficiency syndrome;

(c) Autism spectrum disorder;

(d) Chronic pain;

(e) Crohn's disease;

(f) Epilepsy or another seizure disorder;

(g) Glaucoma;
(h) Inflammatory bowel disease;

(i) Intractable spasticity;

(j) Multiple sclerosis;

(k) Opioid use disorder;

(l) Parkinson’s disease;

(m) Positive status for human immunodeficiency virus;

(n) Post-traumatic stress disorder;

(o) Any chronic or debilitating disease, any medical condition, or the treatment thereof that produces one (1) or more of the following:

1. Cachexia or wasting syndrome;

2. Severe, debilitating pain;

3. Severe nausea;

4. Seizures; or

5. Severe and persistent muscle spasms or muscle weakness;

(p) Any other disease or medical condition approved by the department;

(q) Any other disease or medical condition that a practitioner, in his or her professional judgment, determines to be severe and resistant to conventional medication;

(r) Any other disease or medical condition for which a practitioner, in his or her professional judgment, believes a patient may receive therapeutic or palliative relief from the use of medicinal marijuana; and

(s) Any other disease or medical condition for which a patient is admitted into a hospice program or residential hospice facility licensed under KRS Chapter 216B;

(25) "Raw plant material" means the trichome-covered part of the female plant Cannabis sp. or any mixture of shredded leaves, stems, seeds, and flowers of the Cannabis sp. plant;
"Registry identification card" means a document issued by the department that identifies a person as a qualified patient, visiting qualified patient, or designated caregiver;

"Registered qualified patient" means a qualified patient who has applied for, obtained, and possesses a valid registry identification card or provisional licensure receipt issued by the department;

"Safety compliance facility" means an entity licensed under this chapter that provides at least one (1) of the following services:

(a) Testing medicinal marijuana produced by a cannabis business licensed under this chapter; or

(b) Training cardholders and cannabis business agents;

"Safety compliance facility agent" means a principal officer, board member, employee, volunteer, or agent of a safety compliance facility;

"Seedling" means a marijuana plant that has no flowers and is taller than eight (8) inches;

"Smoking" means the inhalation of smoke produced from the combustion of raw plant material when ignited by a flame. The term "smoking" does not include vaporizing;

"State licensing board" means any of the following:

(a) The Kentucky Board of Dentistry;

(b) The Kentucky Board of Medical Licensure;

(c) The Kentucky Board of Nursing;

(d) The Kentucky Board of Optometric Examiners; and

(e) The State Board of Podiatry;

"Use of medicinal marijuana" or "medicinal use of marijuana" includes the acquisition, administration, possession, transfer, transportation, or consumption of medicinal marijuana or medicinal marijuana accessories by a cardholder in
accordance with Sections 1 to 30 of this Act. The terms ’use of medicinal marijuana’ and ’medicinal use of marijuana’ do not include:

(a) Cultivation of marijuana by a cardholder; or

(b) The use or consumption of marijuana by smoking;

(34) ’Vaporizing’ means the inhalation of vapors produced from applying heat, at a temperature lower than the point of combustion, to medicinal marijuana;

(35) ’Visiting qualified patient’ means a person who has registered as such through the department as required under this chapter or who possesses a valid registry identification card, or an equivalent document, that was issued pursuant to the laws of another state, district, territory, commonwealth, insular possession of the United States, or country recognized by the United States that allows the person to use medicinal marijuana in the jurisdiction of issuance; and

(36) ’Written certification’ means a document dated and signed by a practitioner, that:

(a) States that in the practitioner's professional opinion the patient may receive therapeutic or palliative benefit from the use of medicinal marijuana;

(b) Specifies the qualifying medical condition or conditions for which the practitioner believes that the patient may receive therapeutic or palliative benefit; and

(c) Affirms that the practitioner has a bona fide practitioner-patient relationship with the patient.

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

Notwithstanding any provisions to the contrary:

(1) The use of medicinal marijuana by a cardholder shall be considered lawful if done in accordance with Sections 1 to 30 of this Act and any administrative regulations promulgated thereunder.
(2) The acquisition, blending, cultivation, delivery, distribution, manufacturing, manipulation, packaging for sale, preparation, possession, sale, testing, transportation, or transfer of medicinal marijuana or medicinal marijuana accessories to the use of medicinal marijuana by a cannabis business or cannabis business agent shall be considered lawful if done in accordance with Sections 1 to 30 of this Act and any administrative regulations promulgated thereunder.

(3) The recommending of medicinal marijuana use by a practitioner shall be considered lawful if the practitioner's recommendation is made in accordance with Sections 1 to 30 of this Act and any administrative regulations promulgated thereunder.

(4) A registered qualified patient or visiting qualified patient shall not be considered to be under the influence of marijuana solely because of the presence of metabolites or components of marijuana that appear in insufficient concentration to cause impairment.

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

(1) The Department of Alcoholic Beverage and Cannabis Control is hereby charged with the implementation, operation, oversight, and regulation of the medicinal marijuana program established in Sections 1 to 4 and 11 to 30 of this Act, and there is hereby created within the department a Division of Medicinal Marijuana. The Division of Medicinal Marijuana shall consist of a director and the necessary staff to fulfill its statewide regulatory responsibilities.

(2) No later than December 1 of each year beginning in 2020, the department, in consultation with the University of Kentucky, College of Medicine shall submit an annual report to the Legislative Research Commission. The report submitted by the department shall, at a minimum, include:

(a) The number of applications and renewals received by the department for
registry identification cards for registered qualified patients, visiting
qualified patients, and designated caregivers, individually and collectively;

(b) The number of applications and renewals for registry identification cards
that were approved and denied by the department;

(c) The number of registry identification cards revoked by the department for
misconduct and the nature of the misconduct;

(d) The number of practitioners authorized to provide written certifications;

(e) The nature of the qualifying medical conditions for which practitioners
have provided written certifications;

(f) The number of applications and renewals received by the department for
cannabis business licenses; the number of cannabis business licenses issued
for each business type and tier; and the number of cannabis business
license applications and renewals that were denied by the department;

(g) The number of cannabis business agents employed by each type of cannabis
business;

(h) An assessment of:

1. The ability of cardholders in all areas of the state to obtain timely
   affordable access to medicinal marijuana;

2. The effectiveness of the cultivators licensed under this chapter,
   individually and collectively, in serving the needs of processors,
   dispensaries and cardholders, the reasonableness of their fees,
   whether they are generating any complaints or security problems, and
   the sufficiency of the number operating to serve processors,
   dispensaries and cardholders in the Commonwealth;

3. The effectiveness of the processors licensed under this chapter,
   individually and collectively, in serving the needs of dispensaries and
   cardholders, the reasonableness of their fees, whether they are
generating any complaints or security problems, and the sufficiency of
the number operating to serve dispensaries and cardholders in the
Commonwealth;

4. The effectiveness of the dispensaries licensed under this chapter,
individually and collectively, in serving the needs of cardholders,
including the provision of educational and support services, the
reasonableness of their fees, whether they are generating any
complaints or security problems, and the sufficiency of the number
operating to serve cardholders in the Commonwealth; and

5. The effectiveness of the licensed safety compliance facilities licensed
under this chapter, individually and collectively, in serving the needs
of other cannabis businesses including the provision of testing and
training services, the reasonableness of their fees, whether they are
generating any complaints or security problems, and the sufficiency of
the number operating to serve other cannabis businesses and
cardholders in the Commonwealth;

(i) The profits and expenditures by cannabis businesses, individually and
collectively;

(j) The amount of medicinal marijuana sold per month in the Commonwealth;

(k) The total amount of revenue generated from cannabis business licensure
and cardholder fees for each calendar year and aggregated by prior years;

(l) The total amount of revenue generated by the excise tax established in
Section 33 of this Act;

(m) The total cost of enforcement for the medicinal marijuana program at the
time of the report, by city, county, and overall;

(n) The sufficiency of the regulatory and security safeguards contained in
Sections 1 to 30 of this Act and adopted by the department through
administrative regulations to ensure that access to and use of medicinal
marijuana cultivated and processed in this state is provided only to
cardholders;

(o) Recommendations regarding medical conditions or disorders that the
department considers appropriate for inclusion on the list of qualifying
medical conditions established in Section 1 of this Act;

(p) Any recommended additions or revisions to Sections 1 to 30 of this Act or
administrative regulations promulgated thereunder, including those
relating to security, safe handling, labeling, and nomenclature;

(q) The results of any scientific research studies regarding the health effects of
marijuana; and

(r) Any other data requested by the Legislative Research Commission relating
to the medicinal marijuana program and Sections 1 to 30 of this Act.

(3) The department shall provide the University of Kentucky, College of Medicine
with all information necessary to allow collaboration with the department on the
preparation of this report. The University of Kentucky, College of Medicine may
also produce its own report regarding the medicinal marijuana program
established in Sections 1 to 30 of this Act which, if produced, shall be submitted
to the Legislative Research Commission upon completion.

(4) The information contained in the report described in subsection (2) of this section
shall be presented in a manner that does not disclose any identifying information
about cardholders or licensed cannabis businesses.

(5) Nothing in Sections 1 to 30 of this Act shall require the department to assume
duties in relation to the medicinal marijuana program that are more than
administrative in nature if federal law or a current and clear directive from the
federal government indicates that duties assumed by the department that are
more than administrative could result in federal prosecution or invalidation of
the medicinal marijuana program established in Sections 1 to 30 of this Act.

(6) If the department makes a determination that it is required by Sections 1 to 30 of this Act to conduct duties that are more than administrative in nature, then it shall continue to conduct duties that are administrative in nature and designate or enter into a contract with a qualified nongovernmental entity to conduct any duties required by Sections 1 to 30 of this Act that are more than administrative in nature. The department may reimburse the state for any costs involved in working with outside consultants to implement the program.

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

(1) A registered qualified patient shall not be subject to arrest, prosecution, or denial of any right or privilege, including but not limited to a civil penalty or disciplinary action by a court or occupational or professional licensing board, for the use of medicinal marijuana, if the registered qualified patient does not possess more than:

(a) An amount of medicinal marijuana determined by the department to constitute an uninterrupted thirty (30) day supply at his or her residence; or

(b) An amount of medicinal marijuana determined by the department to constitute an uninterrupted ten (10) day supply on his or her person, except that an amount greater than a ten (10) day supply, including up to a thirty (30) day supply, may be transported by a registered qualified patient from a dispensary to his or her residence if the medicinal marijuana is contained in a sealed package that requires at least a two (2) step process for initial opening.

(2) A visiting qualified patient shall not be subject to arrest, prosecution, or denial of any right or privilege, including but not limited to civil penalty or disciplinary action by a court or occupational or professional licensing board, for the use of
medicinal marijuana, if the visiting qualified patient does not possess more than
an amount of medicinal marijuana determined by the department to constitute an
uninterrupted ten (10) day supply on his or her person.

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

(a) Assisting a registered qualified patient to whom the designated caregiver is
connected through the department's registration process with the use of
medicinal marijuana if the designated caregiver does not possess more
than:

1. An amount of medicinal marijuana determined by the department to
constitute an uninterrupted thirty (30) day supply at his or her
residence for each registered qualified patient to whom the caregiver
is connected through the department's registration process; or

2. An amount of medicinal marijuana determined by the department to
constitute an uninterrupted ten (10) day supply on his or her person
for each registered qualified patient to whom the caregiver is
connected through the department's registration process, except that
an amount greater than a ten (10) day supply, including up to a thirty
(30) day supply for each registered qualified patient to whom the
caregiver is connected through the department's registration process,
may be transported by a designated caregiver from a dispensary to his
or her residence if the medicinal marijuana is contained in a sealed
package that requires at least a two (2) step process for initial
opening; or

(b) Receiving compensation for reasonable costs associated with assisting a
registered qualified patient in the use of medicinal marijuana if the
designated caregiver is connected to the registered qualified patient through the department's registration process.

(4) Notwithstanding subsections (1) to (3) of this section:

(a) A registered qualified patient shall not be permitted to purchase more medicinal marijuana than the amount determined by the department to constitute an uninterrupted thirty (30) day supply of medicinal marijuana during a given twenty-five (25) day period;

(b) A designated caregiver shall not be permitted to purchase more medicinal marijuana than the amount determined by the department to constitute an uninterrupted thirty (30) day supply of medicinal marijuana for each registered qualified patient to whom the caregiver is connected through the department's registration process during a given twenty-five (25) day period; and

(c) A visiting qualified patient shall not be permitted to purchase more medicinal marijuana than the amount determined by the department to constitute an uninterrupted ten (10) day supply of medicinal marijuana during a given eight (8) day period.

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

(a) Possession of marijuana that is incidental to the use of medicinal marijuana;

(b) Possession of medicinal marijuana accessories; or

(c) Transferring medicinal marijuana to a safety facility for testing.

(6) No person shall be subject to arrest, prosecution, or denial of any right or privilege, including but not limited to a civil penalty or disciplinary action by a court or occupational or professional licensing board, for:
(a) Selling medicinal marijuana accessories to a cardholder upon presentation of a valid registry identification card issued by the department in accordance with Sections 11 to 13 of this Act, or its equivalent issued pursuant to the laws of another state, district, territory, commonwealth, insular possession of the United States, or country recognized by the United States that allows the person to use medicinal marijuana in the jurisdiction of issuance;

(b) Being in the presence or vicinity of the use of medicinal marijuana as allowed under Sections 1 to 30 of this Act; or

(c) Assisting a registered qualified patient or visiting qualified patient with using or administering medicinal marijuana. For purposes of illustration and not limitation, this includes preparing a vaporizer or brewing tea for a registered qualified patient or visiting qualified patient. It does not include providing medicinal marijuana to a patient that the patient did not already possess.

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

(1) Except as provided in subsection (11) of this section, a physician, dentist, podiatrist, optometrist who is authorized to prescribe controlled substances under KRS 320.240, or an advanced practice registered nurse who is authorized to prescribe controlled substances under KRS 314.042 seeking to provide written certifications for the use of medicinal marijuana shall apply to the same state licensing board that issued his or her professional practice license, on a form prescribed by the state licensing board, for authorization to provide written certifications for the use of medicinal marijuana.

(2) (a) A state licensure board shall authorize an application for authorization to provide written certifications for the use of medicinal marijuana if the
application is complete and meets the requirements established in administrative regulations promulgated by the state licensing board; and

(b) A state licensure board shall not authorize an application for authorization to provide written certifications for the use of medicinal marijuana if the applicant has an ownership or investment interest in or compensation agreement with a cannabis business licensed under this chapter. A state licensure board may consult with the department to determine if an applicant has an ownership or investment interest in or compensation agreement with a cannabis business.

(3) Authorization to provide written certifications for the use of medicinal marijuana granted under this section shall expire in accordance with administrative regulations promulgated by a state licensing board.

(4) A practitioner authorized by a state licensing board to provide written certifications for the use of medicinal marijuana may provide a patient with a written certification only after:

(a) A bona fide practitioner-patient relationship has been established through:

1. An in-person examination or an examination conducted via telehealth, as defined in KRS 304.17A-005, of the patient by the practitioner;

2. A review of the patient's medical history and current medical condition by the practitioner, including providing an initial diagnosis for a qualifying medical condition or confirming a diagnosis for a qualifying medical condition provided by another health care provider; and

3. An expectation of providing care and receiving care on an ongoing basis;

(b) The practitioner has reviewed a report of information from the electronic
system for monitoring controlled substances established in KRS 218A.202
related to the patient for a period of time that covers at least the twelve (12)
months immediately preceding the date of the report; and
(c) The practitioner has consulted with the patient with respect to the potential
benefits of medicinal marijuana as well as the possible risks and side
effects; and
(d) The practitioner has consulted with the patient's custodial parent or legal
guardian responsible for providing consent to treatment with respect to the
potential benefits of medicinal marijuana as well as the possible risks and
side effects and obtained the consent of the patient's parent or other person
responsible for providing consent to treatment, if the patient is a minor
child.
(5) (a) When issuing a written certification for the use of medicinal marijuana to a
patient, the practitioner shall use a form prescribed by the department.
(b) A written certification provided under this section shall be valid for a period
of not more than ninety (90) days. The practitioner may renew the
certification for not more than three (3) additional periods of not more than
ninety (90) days each. Thereafter, the practitioner may issue another
certification to the patient only after an in-person examination or an
examination conducted via telehealth, as defined in KRS 304.17A-005, of
the patient by the practitioner.
(c) Within twenty-four (24) hours of providing a patient with a written
certification for the use of medicinal marijuana, a practitioner shall record
the issuance of the written certification in the electronic system developed
by the department pursuant to subsection (1)(a) of Section 28 of this Act.
(6) A practitioner shall not:
(a) Dispense medicinal marijuana; or
(b) Provide a written certification for the use of medicinal marijuana to a
family member or for himself or herself.

(7) A practitioner shall not be subject to arrest, prosecution, or penalty in any
manner, or denied any right or privilege, including but not limited to a civil
penalty or disciplinary action by a state licensing board or by any other
occupational or professional licensing board, solely for providing written
certifications or for otherwise stating that, in the practitioner's professional
opinion, a patient may receive therapeutic or palliative benefit from the use of
medicinal marijuana, if done in accordance with this section.

(8) Nothing in Sections 1 to 30 of this Act shall prevent a practitioner from being
sanctioned for:

(a) Issuing a written certification without first obtaining authorization to
provide written certifications from a state licensing board;

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

(c) Failing to properly evaluate a patient's medical history and current medical
condition prior to issuing a written certification;

(d) Otherwise failing to use good faith in his or her treatment of the patient; or

(e) Any other violation of this section.

(9) A state licensing board may suspend or revoke a practitioner's authorization to
provide written certification for the use of medicinal marijuana and practice
license for multiple violations or a serious violation of this section or
administrative regulations promulgated thereunder.

(10) The state licensing boards shall:

(a) Within one hundred twenty (120) days after the effective date of this Act
promulgate administrative regulations to carry out the provisions of this
section, including but not limited to:
1. The procedures for applying for authorization to provide written certifications;

2. The conditions that must be met to be eligible for authorization to provide written certifications;

3. The process and procedures for renewing authorization to provide written certifications;

4. Continuing education requirements for practitioners who are authorized to provide written certifications;

5. The reasons for which authorization to provide written certifications for the use of medicinal marijuana may be suspended or revoked; and

6. The minimal standards of care when providing written certifications;

(b) On a regular basis, provide the department with the names of all practitioners authorized by the state licensing board to provide written certifications; and

(c) Immediately provide the department with the name of any practitioner whose authorization to provide written certifications is suspended or revoked.

(II) This section does not apply to a practitioner who recommends treatment with marijuana or a drug derived from marijuana under any of the following that are approved by an investigational review board or equivalent entity, the United States Food and Drug Administration, or the National Institutes for Health or any of its cooperative groups or centers under the United States Department of Health and Human Services:

(a) A research protocol;

(b) A clinical trial;

(c) An investigational new drug application; or

(d) An expanded access submission.
SECTION 6. A NEW SECTION OF KRS CHAPTER 218A IS CREATED TO READ AS FOLLOWS:

(1) An attorney shall not be subject to disciplinary action by the Kentucky Bar Association or other professional licensing association for providing legal assistance to any individual or cannabis business related to activity that is no longer subject to criminal penalties under state law pursuant to Sections 1 to 30 of this Act.

(2) No person shall be subject to arrest, prosecution, or penalty in any manner, or denied any right or privilege, including but not limited to a civil penalty or disciplinary action by an occupational or professional licensing board, for providing assistance or services, including but not limited to accounting services, security services, or business consulting services to any individual or cannabis business related to activity that is no longer subject to criminal penalties under state law pursuant to Sections 1 to 30 of this Act.

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

(1) (a) Any medicinal marijuana, medicinal marijuana accessories, lawful property, or interest in lawful property that is possessed, owned, or used in connection with the medicinal use of marijuana or acts incidental to that use, shall not be seized or forfeited.

(b) Sections 1 to 30 of this Act shall not prevent the seizure or forfeiture of marijuana exceeding the amounts allowed under Section 4 of this Act nor shall it prevent seizure or forfeiture if the basis for that action is unrelated to the medicinal use of marijuana in accordance to Sections 1 to 30 of this Act and any administrative regulation promulgated thereunder.

(2) Possession of, or application for, a registry identification card or cannabis business license shall not constitute probable cause or reasonable suspicion, nor
shall it be used to support the search of the person, property, or home of the
person possessing or applying for the registry identification card or cannabis
business license. The possession of, or application for, a registry identification
card or cannabis business license shall not preclude the existence of probable
cause if probable cause exists on other grounds.

(3) (a) There shall be a presumption that a cardholder is engaged in the medicinal
use of marijuana, or in the case of a designated caregiver, assisting with the
medicinal use of marijuana, if the cardholder:

1. Possesses a valid registry identification card or, in the case of a visiting qualified patient, an equivalent document issued pursuant to the laws of another state, district, territory, commonwealth, insular possession of the United States, or country recognized by the United States that allows the person to use medicinal marijuana in the jurisdiction of issuance; and

2. Possesses an amount of medicinal marijuana that does not exceed the amount allowed under Section 4 of this Act.

(b) The presumption may be rebutted by evidence that conduct was unrelated to the medicinal use of marijuana or was otherwise in violation of Sections 1 to 30 of this Act.

(4) No law enforcement officer employed by an agency which receives state or local government funds shall expend any state or local resources, including the officer’s time, to effect any arrest or seizure of medicinal marijuana, or conduct any investigation, on the sole basis of activity the officer believes to constitute a violation of the federal Controlled Substances Act, 21 U.S.C. secs. 801 et seq., if the officer should have reason to believe that such activity is in compliance with Sections 1 to 30 of this Act.

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

(1) Sections 1 to 30 of this Act do not authorize any person to engage in, and shall not prevent the imposition of any civil, criminal, or other penalties, including but not limited to criminal prosecution or disciplinary action by the department or an occupational or professional licensing board, for engaging in, the following conduct:

(a) Operating, navigating, or being in actual physical control of any aircraft, vehicle, vessel, or any other device known, or hereafter invented, that is powered by machinery and that is or may be used to transport persons or property while under the influence of medicinal marijuana;

(b) Consuming medicinal marijuana while operating, navigating, or being in actual physical control of an aircraft, vehicle, vessel, or any other device known, or hereafter invented, that is powered by machinery and that is or may be used to transport persons or property;

(c) Possessing medicinal marijuana that is within the operator's arm's reach or requires less than a two (2) step process to access while operating, navigating, or being in actual physical control of an aircraft, vehicle, vessel, or any other device known, or hereafter invented, that is powered by machinery and that is or may be used to transport persons or property;

(d) Undertaking any task under the influence of medicinal marijuana, when doing so would constitute negligence or professional malpractice;

(e) Possessing medicinal marijuana, or otherwise engaging in the use of medicinal marijuana:

1. On a school bus, except as permitted under Section 10 of this Act;

2. On the grounds of any preschool or primary or secondary school, except as permitted under Section 10 of this Act;

3. In any correctional facility; or
4. On any property of the federal government;

(f) Using marijuana, if that person is not a register qualified patient or visiting qualified patient;

(g) Using or consuming marijuana by smoking; or

(h) Cultivating marijuana unless that person is licensed by the department as a cannabis cultivator pursuant to Sections 16 to 19 of this Act or is a cultivator agent.

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

(3) (a) An individual who violates subsection (1)(g) of this section shall not be considered to be in possession of medicinal marijuana or engaged in the use of medicinal marijuana and shall not benefit from the legal protections afforded by Sections 1 to 30 of this Act.

(b) The odor or smell of marijuana shall not constitute evidence of use or consumption of marijuana by smoking.

(c) If an individual uses or consumes marijuana by smoking while on any form of public transportation, in any public place as defined in KRS 525.010, or in any place of public accommodation, resort, or amusement as defined in KRS 344.130:

1. The department may revoke the individual's registry identification card; and

2. The individual may be subject to prosecution under Section 38 of this Act.

(d) Notwithstanding paragraph (a) of this subsection, if an individual violates subsection (1)(g) of this subsection by using or consuming marijuana by smoking on residential property owned or leased by that individual, the
penalty shall be a fine of not more than one hundred dollars ($100) per violation.

(4) Nothing in Sections 1 to 30 of this Act supersedes statutory laws relating to driving while under the influence of intoxicants. Sections 1 to 30 of this Act shall not prevent the enforcement of current laws pertaining to driving while intoxicated, including KRS 183.061, 189.520, 189A.010, and 235.240.

(5) As used in this section:

(a) "Aircraft" means the same as defined in KRS 183.011;

(b) "Vehicle" means the same as defined in KRS 189.010; and

(c) "Vessel" means the same as defined in KRS 235.010.

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

(1) Nothing in Sections 1 to 30 of this Act shall:

(a) Require an employer to permit or accommodate the use, consumption, possession, transfer, display, transportation, distribution, sale, or growing of medicinal marijuana in the workplace;

(b) Prohibit an employer from implementing policies promoting workplace health and safety by restricting the use of medicinal marijuana by employees;

(c) Prohibit an employer from including in any contract provisions that prohibit the use of medicinal marijuana by employees;

(d) Permit a cause of action against an employer for wrongful discharge or discrimination;

(e) Except as provided in Section 10 of this Act, prohibit a person, employer, corporation, or any other entity who occupies, owns, or controls a property from prohibiting or otherwise regulating the use, consumption, possession, transfer, display, transportation, sale, or growing of medicinal marijuana
on or in that property; or

(f) Prohibit an employer from establishing and enforcing a drug testing policy, drug-free workplace, or zero-tolerance drug policy.

(2) An employee who is discharged from employment for consuming medicinal marijuana in the workplace, working while under the influence of medicinal marijuana, or testing positive for a controlled substance shall not be eligible to receive benefits under KRS Chapter 341, if such actions are in violation of an employment contract or established personnel policy.

(3) No employer may be penalized or denied any benefit under state law for employing a cardholder.

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

(1) A registered qualified patient or visiting qualified patient who uses medicinal marijuana shall be afforded all the same rights under state and local law, including those guaranteed under KRS Chapter 344, as the individual would have been afforded if he or she were solely prescribed pharmaceutical medications, as they pertain to drug testing required by any state or local law.

(2) A cardholder otherwise entitled to custody of, visitation time, or parenting time with a minor child shall not be denied that right, and there shall be no presumption of abuse, neglect or dependency, for conduct permitted under Sections 1 to 30 of this Act unless the person’s actions in relation to medicinal marijuana created an unreasonable danger to the safety of the minor child as established by clear and convincing evidence.

(3) (a) For the purposes of medical care, including organ transplants, a patient’s authorized use of medicinal marijuana is the equivalent of the authorized use of any other medication used at the direction of a practitioner, and shall not constitute the use of an illicit substance or otherwise disqualify a patient
from needed medical care.

(b) A health facility as defined in KRS 216B.015 may develop regulations to allow a patient who is a registered qualified patient or visiting qualified patient to use medicinal marijuana on the premises of the health facility.

(4) (a) No school may refuse to enroll, or otherwise penalize, a person solely for his or her status as a cardholder, unless failing to do so would violate federal law or regulations and cause the school to lose a monetary or licensing-related benefit under federal law or regulations.

(b) No school may be penalized or denied any benefit under state law for enrolling a cardholder.

(c) A local school board may develop regulations to permit a pupil who is a cardholder to possess on a school bus and to possess and use medicinal marijuana on the premises of a school.

(5) (a) No landlord may refuse to lease to, or otherwise penalize, a person solely for his or her status as a cardholder, unless failing to do so would violate federal law or regulations and cause the landlord to lose a monetary or licensing-related benefit under federal law or regulations.

(b) No landlord may be penalized or denied any benefit under state law for leasing to a cardholder.

(c) A landlord shall not include in a rental agreement terms and conditions that prohibit the use of medicinal marijuana by a cardholder.

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

(1) Except as provided in subsection (5) of this section, no person shall possess, purchase, acquire, or otherwise engage, or assist, in the use of medicinal marijuana in Kentucky without first applying for and receiving a registry identification card for registered qualified patients, designated caregivers, or
visiting qualified patients issued by the department.

(2) A person shall be eligible to apply for a registry identification card as a registered qualified patient if he or she is a resident of Kentucky, has been diagnosed with a qualifying medical condition, has obtained a written certification from a practitioner with whom he or she has a bona fide practitioner-patient relationship, and has not been convicted of a disqualifying felony offense.

(3) A person shall be eligible to apply for a registry identification card as a designated caregiver if he or she is a resident of Kentucky, is at least twenty-one (21) years of age, has not been convicted of a disqualifying felony offense, and has agreed to assist no more than three (3) registered qualified patients with the use of medicinal marijuana.

(4) A person shall be eligible to apply for a registry identification card as a visiting qualified patient if he or she is not a resident of Kentucky or has been a resident of Kentucky for less than thirty (30) days, is at least twenty-one (21) years of age, has not been convicted of a disqualifying felony offense, and possesses a valid registry identification card, or an equivalent document, issued pursuant to the laws of another state, district, territory, commonwealth, insular possession, of the United States, or country recognized by the United States, that allows the person to use medicinal marijuana in the jurisdiction of issuance.

(5) A person with a valid registry identification card, or its equivalent, that was issued pursuant to the laws of another state, district, territory, commonwealth, insular possession of the United States, or country recognized by the United States that allows the person to use medicinal marijuana in the jurisdiction of issuance may use that registry identification card, or its equivalent, for all purposes established in Sections 1 to 30 of this Act and shall not be required to apply for or receive a visiting qualified patient registry identification card from the department.
(6) To apply for a registry identification card a qualified patient shall submit the following, in accordance with administrative regulations promulgated by the department:

(a) The name, address, and date of birth of the qualified patient, except that if the applicant is homeless an address where the applicant may be reached shall be provided to the department;

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

(c) The name, address, and telephone number of the qualified patient's practitioner;

(d) The application or renewal fee;

(e) The name, address, and date of birth of not more than two (2) individuals chosen by the qualified patient to be designated as a caregiver, if the qualified patient chooses to designate a caregiver;

(f) A statement, signed by the qualified patient, pledging not to divert medicinal marijuana to anyone who is not permitted to possess marijuana pursuant to Sections 1 to 30 of this Act. The statement shall contain a listing of potential penalties, including criminal prosecution, for diverting marijuana; and

(g) A statement, signed by the individuals chosen by the qualified patient to be designated as a caregiver, if any, agreeing to be designated as the patient's designated caregiver and pledging not to divert medicinal marijuana to anyone other than the registered qualified patient to whom the caregiver is connected through the department's registration process. The statement shall contain a listing of potential penalties, including criminal prosecution, for diverting marijuana.

(7) To apply for a registry identification card a visiting qualified patient shall submit the following, in accordance with administrative regulations promulgated by the
department:

(a) The name, address, and date of birth of the visiting qualified patient, except that if the applicant is homeless an address where the applicant may be reached shall be provided to the department;

(b) A copy of his or her valid registry identification card or its equivalent that was issued pursuant to the laws of the jurisdiction of the person’s residence;

(c) The application or renewal fee; and

(d) A statement, signed by the visiting qualified patient, pledging not to divert medicinal marijuana to anyone who is not permitted to possess marijuana pursuant to Sections 1 to 30 of this Act. The statement shall contain a listing of potential penalties, including criminal prosecution, for diverting marijuana.

(8) The application for qualified patients’ registry identification cards shall ask whether the patient would like the department to notify him or her of any clinical studies needing human subjects for research on the medicinal use of marijuana. The department shall notify interested patients if it is aware of studies that will be conducted in the United States.

(9) A registered qualified patient applying to renew a registry identification card issued by the department shall be required to submit to the department a written certification issued by a practitioner within ninety (90) days immediately preceding the date of a renewal application.
(a) The name of the cardholder;

(b) A designation of whether the cardholder is a registered qualified patient,
    visiting qualified patient, or designated caregiver;

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

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

(e) A bar code or other marking that can be scanned electronically;

(f) A photograph of the cardholder, if the department’s administrative
    regulations require one;

(g) The telephone number and Web site address for the electronic verification
    system developed by the department pursuant to subsection (1)(a) of Section
    28 of this Act;

(h) If the cardholder is a designated caregiver, the random alphanumeric
    identification number of the registered qualified patient the designated
    caregiver is receiving the registry identification card to assist; and

(i) If the cardholder is under eighteen (18) years of age, a clear and obvious
    designation or identifier indicating that the cardholder is under eighteen
    (18) years of age.

(3) (a) Except as provided in this subsection, the expiration date for registry
    identification cards shall be one (1) year after the date of issuance.

(b) If a practitioner states in the written certification that the qualified patient
    would benefit from the use of medicinal marijuana until a specified earlier
    date, then the registry identification card shall expire on that date.

(4) The department may, at its discretion, electronically store in the card all of the
    information listed in subsection (2) of this section, along with the address and
    date of birth of the cardholder, to allow it to be read electronically by law
enforcement agents and licensed cannabis businesses.

(5) The registry identification card application and renewal fees shall be as follows:

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

(b) A registry identification card for a visiting qualified patient shall be sixty dollars ($60); and

(c) A registry identification card for a designated caregiver shall be twenty dollars ($20) per registered qualified patient to whom the designated caregiver is connected unless the designated caregiver is the spouse or adult child of the qualified patient, in which case there shall be no fee for a registry identification card.

(6) (a) The department shall operate a provisional licensure receipt system for registered qualified patients, designated caregivers, and visiting qualified patients that shall be valid for forty-five (45) days or until a permanent card can be issued as if it is a registry identification card issued pursuant to this section and Sections 11 and 13 of this Act. This program shall be implemented and operational simultaneously with the department's implementation of the registry identification card program established in this section. A provisional licensure receipt shall contain the following:

1. A temporary licensure number;

2. A barcode or other marking that can be scanned electronically;

3. The name of the applicant;

4. The effective date of the receipt;

5. The expiration date of the receipt;

6. An indication that the cardholder fee has been paid;

7. An indication that the application has been submitted and is apparently complete; and
8. The name of the certifying practitioner.

(b) The licensure receipt system shall be designed so that this provisional licensure receipt shall be produced by the application Web site upon completion of an application that includes a practitioner recommendation and payment of the cardholder fee. To reduce application errors and processing time, a recommending practitioner or a dispensary may offer a service that allows an applicant to use a computer and printer on the premises of the practitioner's office or dispensary to complete an application and receive a provisional licensure receipt pursuant to this subsection.

(c) Notwithstanding any other provision of Sections 1 to 30 of this Act, a valid provisional licensure receipt issued pursuant to this subsection shall convey to the individual whose name appears on the provisional licensure receipt all of the same rights and privileges as a registry identification card issued pursuant to this section and Sections 11 and 13 of this Act and shall be accepted by a cannabis business in place of a registry identification card.

(7) All registry identification card fees collected by the department pursuant to subsection (5) of this section shall be forwarded to the medicinal marijuana trust fund established in Section 31 of this Act.

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

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

(a) Acknowledge receipt of an application within fifteen (15) days of receipt, and approve or deny an application or renewal within thirty (30) days of receiving a completed application or renewal application; and

(b) Issue registry identification cards to a qualified patient and any individual designated by the qualified patient as a designated caregiver, or a visiting
qualified patient within five (5) days of approving the application or renewal. An individual designated as a caregiver shall be issued a designated caregiver registry identification card for each registered qualified patient to whom he or she is connected through the department's registration process.

(2) The department shall not issue a registry identification card to a qualified patient who is younger than eighteen (18) years of age unless the custodial parent or legal guardian with responsibility for health care decisions for the qualified patient consents in writing to:

(a) Allow the qualified patient's use of medicinal marijuana;

(b) Serve as the qualified patient's designated caregiver; and

(c) Control the acquisition of the medicinal marijuana, the dosage, and the frequency of the use by the qualified patient.

(3) The department may deny an application or renewal of a qualified patient's or visiting qualified patient's registry identification card for any reason that the department, in the exercise of sound discretion, deems sufficient, including but not limited to if the applicant:

(a) Did not provide the information or materials required by Section 11 of this Act;

(b) Previously had a registry identification card revoked;

(c) Provided false or falsified information; or

(d) Does not meet the eligibility requirements established in Section 11 of this Act.

(4) The department may deny an application or renewal for a designated caregiver chosen by a qualified patient whose registry identification card was granted for any reason that the department, in the exercise of sound discretion, deems sufficient, including but not limited to if the applicant:
(a) Is already registered as a designated caregiver for more than three (3) registered qualified patients;

(b) Does not meet the eligibility requirements established in Section 11 of this Act;

(c) Did not provide the information or materials required by Section 11 of this Act;

(d) Previously had a registry identification card revoked;

(e) Provided false or falsified information;

(f) Was previously convicted of a disqualifying felony offense; or

(g) Has applied as a designated caregiver for a qualified patient whose application for a registry identification card was denied.

(5) The department may conduct a criminal background check of any applicant if the criminal background check is conducted solely to determine whether the applicant was previously convicted of a disqualifying felony offense.

(6) The department shall notify the registered qualified patient who has designated someone to serve as his or her designated caregiver if the individual designated as a caregiver is denied a registry identification card.

(7) The department shall notify the applicant in writing of the denial and reasons by registered or certified mail at the address given in the application or supplement. The applicant may, within thirty (30) days after the date of the mailing of the department's notice, file a written request for an administrative hearing on the application. The hearing shall be conducted on the application in compliance with the requirements of KRS Chapter 13B.

(8) Final orders of the department 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 appealing party resides.
TO READ AS FOLLOWS:

(1) Cardholders shall be required to make the following notifications to the department:

(a) A cardholder shall notify the department of any change in his or her name or address;

(b) A registered qualified patient shall notify the department within thirty (30) days if he or she ceases to suffer from the qualifying medical condition for which a practitioner provided a written certification;

(c) A registered qualified patient shall notify the department if he or she wishes to terminate a designated caregiver relationship with an individual who has been designated as his or her caregiver;

(d) A designated caregiver shall notify the department within thirty (30) days if he or she becomes aware that a registered qualified to whom the caregiver is connected through the department's registration process has died or has ceased to suffer from the qualified medical condition for which a practitioner provided a written certification; and

(e) If a cardholder loses his or her registry identification card, he or she shall notify the department within ten (10) days of becoming aware the card has been lost.

(2) When a cardholder notifies the department of items listed in subsection (1) of this section, but remains eligible under Sections 1 to 30 of this Act, the department shall issue the cardholder a new registry identification card with a new random ten (10) character alphanumeric identification number. If the department issues a new registry identification card to a registered qualified patient, the department shall also issue a new registry identification card with a new ten (10) character alphanumeric number to the registered qualified patient's designated caregivers. New registry identification cards issued under this subsection shall be issued by
the department within ten (10) days of receiving the updated information and a twenty dollar ($20) fee for each new registry identification card to be issued.

(3) If a registered qualified patient ceases to be a registered qualified patient or changes his or her designated caregiver, the department shall promptly notify the designated caregiver in writing. The designated caregiver's protections under Sections 1 to 30 of this Act as to that registered qualified patient shall expire fifteen (15) days after notification by the department.

(4) If a practitioner who provided a written certification notifies the department in writing either that the registered qualified patient has died, ceased to suffer from the qualifying medical condition for which a practitioner provided a written certification, or that the practitioner no longer believes the patient might receive therapeutic or palliative benefit from the use of medicinal marijuana, the department shall promptly notify the registered qualified patient in writing. The registered qualified patient's protections under Sections 1 to 30 of this Act shall expire fifteen (15) days after notification by the department, and the registered qualified patient shall have fifteen (15) days to dispose of or donate his or her medicinal marijuana to a dispensary.

(5) All fees and penalties collected pursuant to this section shall be forwarded to the medicinal marijuana trust fund established in Section 31 of this Act.

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

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

(1) Any cardholder who sells, distributes, or dispenses marijuana to a person who is not permitted to possess or use marijuana under Sections 1 to 30 of this Act shall have his or her registry identification card revoked and shall be subject to other
penalties, including but not limited to criminal prosecution under this chapter and KRS 138.870 to 138.889.

(2) The department may revoke the registry identification card of any cardholder who knowingly commits multiple violations or a serious violation of Sections 1 to 30 of this Act.

(3) The department shall provide notice of revocation, fine, or other penalty by mailing, via certified mail, the same in writing to the cardholder. The cardholder may, within thirty (30) days after the date of the mailing of the department's notice, file a written request for an administrative hearing regarding the revocation, fine, or other penalty. The hearing shall be conducted in compliance with the requirements of KRS Chapter 13B.

(4) Final orders of the department 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 appealing party resides.

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

(1) No person shall cultivate, process, produce, possess, test, transfer, transport, or sell medicinal marijuana or otherwise operate a cannabis business in this state without first obtaining a license under this section.

(2) The department shall create separate licenses allowing persons to operate a cannabis business, pursuant to Sections 1 to 30 of this Act, as:

(a) A cannabis cultivator;

(b) A cannabis dispensary;

(c) A cannabis processor; or

(d) A cannabis safety compliance facility.

(3) A cannabis business shall be required to apply for and obtain from the department a separate license for each location it intends to operate.
(4) A cannabis business license issued under this section and Sections 17 to 19 of this Act shall be valid for one (1) year from the date of issuance. The department shall notify each licensee ninety (90) days prior to the date the license expires to allow the licensee to begin the renewal procedure promulgated by the department pursuant to Section 28 of this Act.

(5) The department shall approve a license holder's sale of a license issued pursuant to this section and Sections 17 to 19 of this Act if the purchaser and any new facilities meet the requirements of Sections 1 to 30 of this Act.

(6) The cannabis business licensure categories established in subsection (2) of this section shall be further tiered by business size pursuant to Section 17 of this Act.

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

(1) The department shall establish three (3) licensure tiers for each of the licensure categories established in Section 16 of this Act.

(2) (a) A first tier cannabis business license shall be issued to:

1. A Person or entity applying for an initial cannabis business license for the first time; or

2. A cannabis business who, upon applying for renewal of a cannabis business license, had no more than two million dollars ($2,000,000) of gross receipts during the previous calendar year.

(b) The initial license fee for a cannabis business license issued under subparagraph 1. of paragraph (a) of this subsection shall be five thousand dollars ($5,000).

(c) The licensure renewal fee for a first tier cannabis business license renewed under subparagraph 2. of paragraph (a) of this subsection shall be five hundred dollars ($500) plus one percent (1%) of all gross receipts during the previous calendar year.
(3) (a) A second tier cannabis business license shall be issued to a cannabis business who, upon applying for renewal of a cannabis business license, had more than two million dollars ($2,000,000) but not more than eight million dollars ($8,000,000) of gross receipts during the previous calendar year.

(b) The licensure renewal fee for a second tier cannabis business license shall be two thousand dollars ($2,000) plus one and one-half percent (1.5%) of all gross receipts during the previous calendar year.

(4) (a) A third tier cannabis business license shall be issued to cannabis businesses who, upon applying for renewal of a cannabis business license, had over eight million dollars ($8,000,000) of gross receipts during the previous calendar year.

(b) The licensure renewal fee for a third tier cannabis business license shall be four thousand dollars ($4,000) plus two percent (2%) of all gross receipts during the previous calendar year.

(5) All licensure fees collected pursuant to this section shall be forwarded to the medicinal marijuana trust fund established in Section 31 of this Act.

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

(1) The department shall create a uniform application form for the cannabis business licenses established in Section 16 of this Act.

(2) When applying for a license, the applicant shall submit the following in accordance with the department's administrative regulations:

(a) The proposed legal name of the cannabis business;

(b) The proposed physical address of the cannabis business and the global positioning system coordinates for any proposed cultivation activities;

(c) The name, address, and date of birth of each principal officer and board...
member of the cannabis business;

(d) Any instances in which a business or not-for-profit entity that any of the prospective board members managed or served on the board of was convicted, fined, censured, or had a registration or license suspended or revoked in any administrative or judicial proceeding;

(e) Any information required by the department to evaluate the applicant pursuant to the competitive bid process described in Section 19 of this Act; and

(f) A nonrefundable licensure application fee of one hundred dollars ($100).

(3) The application fee required under subsection (2) of this section shall be applied to the initial licensing fee if the license is approved; otherwise it shall be retained by the department for administrative purposes.

(4) If a cannabis business license application is approved:

(a) The cannabis business shall, before it begins operations, submit the initial license fee established in Section 17 of this Act, minus the one hundred dollars ($100) application fee, to the department and, if a physical address had not been finalized when it applied, it shall submit its complete physical address; and

(b) The department shall issue a copy of the license that includes the business’s identification number. The department shall also provide each licensed dispensary with the contact information for the cardholder verification system.

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

(1) The department may deny an application for a cannabis business license for any reason that the department, in the exercise of sound discretion, deems sufficient, including but not limited to:
(a) The applicant failed to submit the materials required by this section and
Section 18 of this Act, including if the applicant’s plans do not satisfy the
security, oversight, or recordkeeping administrative regulations
promulgated by the department;

(b) The applicant falsifies information on the licensure application;

(c) The applicant would not be in compliance with local cannabis business
prohibitions enacted pursuant to Section 26 of this Act;

(d) The applicant does not meet the requirements of Section 20 of this Act;

(e) One (1) or more of the prospective principal officers or board members:

1. Has been convicted of a disqualifying felony offense, the provisions of
   KRS 335B.020 and 335B.030 notwithstanding;

2. Has served as a principal officer or board member for a cannabis
   business that has had its license revoked;

3. Is younger than twenty-one (21) years of age; or

4. Is a practitioner who has been authorized by a state licensing board to
   provide patients with a written certification; or

(f) 1. For a safety compliance facility, one (1) or more of the prospective
   principal officers or board members is a principal officer or board
   member of a cultivator, processor, or dispensary licensed to operate in
   Kentucky; or

2. For a cultivator, processor, or dispensary, one (1) or more of the
   prospective principal officers or board members is a principal officer
   or board member of a safety compliance facility licensed to operate in
   Kentucky.

(2) The department shall acknowledge receipt of an application for a cannabis
business license within fifteen (15) days of receipt, and approve or deny the
application within forty-five (45) days of receiving a completed application.
(3) The department shall notify the applicant in writing of a license denial and reasons by registered or certified mail at the address given in the application or supplement. Except for license denials based upon subsections (5) and (6) of this section, the applicant may, within thirty (30) days after the mailing of the department’s notice, file a written request for an administrative hearing on the application. The hearing shall be conducted on the application in compliance with the requirements of KRS Chapter 13B.

(4) Final orders of the department after administrative hearings shall be subject to judicial review as provided in KRS 13B.140. Jurisdiction and venue for judicial review are vested in the Circuit Court of the county in which the applicant business would be located.

(5) Notwithstanding subsection (1) of this section, the department shall not be required to issue more cannabis business licenses than market pressures dictate, except that the department shall not place a limit on the number of licenses issued for safety compliance facilities.

(6) If the department receives a greater number of cannabis business license applications in any cannabis business category than it deems necessary to meet the demonstrated or anticipated needs for current or anticipated cardholders, the department shall use an impartial and numerically scored competitive bid process developed by the department to evaluate cannabis business license applications. The competitive bid process shall consider the following criteria:

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

(b) The principal officers’ and board members’ relevant experience, including any training or professional licensing related to medicine, pharmaceuticals, natural treatments, botany, or medicinal marijuana cultivation and
preparation, and their experience running any other business or not-for-profit entity;

(c) The proposed cannabis business's plan for operations and services, including:

1. Staffing and training plans;
2. A plan to provide employees with a safe, healthy, and economically sustainable working environment;
3. Whether it has sufficient capital to operate; and
4. The ability to assist with the provision of an adequate supply of medicinal marijuana to the cardholders in its locality, area development district, or the state;

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

(e) The sufficiency of the applicant’s plans for safety, security, and the prevention of diversion, including proposed locations and security devices employed;

(f) The applicant’s plan for making medicinal marijuana available on an affordable basis to registered qualified patients who are veterans, or who are enrolled in Medicaid or receiving Supplemental Security Income or Social Security disability insurance;

(g) The applicant’s plan for safe and accurate packaging and labeling of medicinal marijuana, including the applicant’s plan for ensuring that all medicinal marijuana is free of contaminants; and

(h) The absence of violations by the applicant or one (1) or more of its principal officers of any local, state, or federal tax, criminal, public safety, food safety, discrimination, workplace safety, employment, or other laws relevant to the operation of its business.

(7) Notwithstanding subsection (5) of this section:
(a) 1. No later than one (1) year after the effective date of this Act, if a sufficient number of cannabis business license applications has been submitted to the department, the department shall issue a cannabis business license to at least the fifteen (15) highest-scoring applicants within each cannabis business category, except that the need to ensure an adequate geographic distribution of cannabis businesses may supersede the requirement that the department approve license applications based solely on the competitive bid process described in subsection (4) of this section, and the department may divide the state into geographical areas and grant a license to the highest-scoring applicant within each cannabis business category in each geographic area.

2. If the department decides to divide the state into geographic areas, pursuant to this subsection, the department is encouraged to use the area development district counties as established in KRS 147A.050 on the effective date of this Act;

(b) No later than two (2) years after the effective date of this Act, if a sufficient number of cannabis business license applications has been submitted to the department, the department shall issue a cannabis business license to at least one (1) cannabis business in each cannabis business category within each geographical area; and

(c) After reviewing a report issued pursuant to Section 3 of this Act, if the department determines that additional cannabis businesses are needed to meet the needs of cardholders either within an area development district or throughout the state, the department shall expand the number of cannabis business licenses issued within an area development district, city, or county and shall issue an appropriate number of cannabis business licenses to
ensure that the needs of cardholders can be adequately met.

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

(1) A cannabis business licensed under this chapter shall:

(a) Comply with Sections 1 to 30 of this Act and any administrative regulations promulgated thereunder by the department;

(b) Conduct a criminal background check into the criminal history of each person seeking to become a principal officer, board member, agent, volunteer, or employee before that person begins work. A cannabis business shall not employ, accept as a volunteer, or have as a board member, principal officer, or agent any person who:

1. Was convicted of a disqualifying felony offense; or

2. Is under twenty-one (21) years of age;

(c) Implement appropriate security measures to deter and prevent the theft of medicinal marijuana and unauthorized entrance into areas containing medicinal marijuana;

(d) Demonstrate sufficient capital such that it can establish its business and meet the needs for its type of cannabis business;

(e) Display their license on the premises at all times; and

(f) Be subject to reasonable inspection by the department and the Department for Public Health pursuant to the department’s procedures or administrative regulations. The department and the Department for Public Health may inspect any licensed premises without having to first obtain a search warrant.

(2) A practitioner who has been authorized by a state licensing board to provide patients with a written certification shall not be permitted to be a board member of any cannabis business or to own any portion of a cannabis business.
The operating documents of a cannabis business shall include procedures for its oversight and procedures to ensure accurate recordkeeping and inventory control.

A cannabis business shall not be located within one thousand (1,000) feet of an existing elementary or secondary school or a day-care center.

When transporting medicinal marijuana on behalf of a cannabis business that is permitted to transport medicinal marijuana, a cannabis business agent shall have:

(a) A copy of the cannabis business license for the business that employs the agent;
(b) Documentation that specifies the amount of medicinal marijuana being transported and the date on which the medicinal marijuana is being transported; and
(c) The cannabis business license number and telephone number of any other cannabis business receiving or otherwise involved in the transportation of the medicinal marijuana.

A cannabis business shall only acquire, possess, cultivate, manufacture, deliver, transfer, transport, supply, or dispense medicinal marijuana for the purposes of distributing medicinal marijuana to cardholders who possess a valid registry identification card issued by the department, or for visiting qualified patients, an equivalent document issued in another jurisdiction.

A cannabis business is prohibited from acquiring, possessing, delivering, transferring, transporting, supplying, dispensing, or selling any product that contains or is derived from marijuana unless that product was manufactured or otherwise produced by a cannabis business licensed under this chapter.

All cultivation of medicinal marijuana for cannabis businesses licensed in this state shall be done by cultivators licensed under this chapter and shall take place
in an enclosed, locked facility which can only be accessed by cultivator agents working on behalf of the cultivator at the physical address provided to the department during the registration process.

(9) A cannabis business shall not acquire, possess, cultivate, process, manufacture, deliver, transfer, transport, supply, dispense, or sell:

(a) Raw plant material with a delta-9 tetrahydrocannabinol content of more than thirty-five percent (35%);

(b) Medicinal marijuana products intended for oral consumption as an edible, oil, or tincture with more than ten (10) milligrams of delta-9 tetrahydrocannabinol per serving, except that this paragraph shall not apply to oils intended for consumption by vaporization; or

(c) Oils intended for consumption by vaporization or any medicinal marijuana product not described in paragraph (b) of this subsection with a delta-9 tetrahydrocannabinol content of more than seventy percent (70%).

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

(1) A cultivator or cultivator agent acting on behalf of a cultivator shall not be subject to prosecution under state or local law, to search or inspection except by the department and the Department for Public Health pursuant to Sections 20 and 25 of this Act, or to seizure or penalty in any manner, or be denied any right or privilege, including but not limited to civil penalty or disciplinary action by a court or business licensing board, for acting pursuant to Sections 1 to 30 of this Act and the department's administrative regulations for:

(a) Acquiring, possessing, planting, cultivating, raising, harvesting, trimming, or storing cannabis seeds, seedlings, plants, or raw plant material;

(b) Delivering, transporting, transferring, supplying, or selling raw plant material and related supplies to other licensed cannabis businesses in this
state; or

(c) Selling cannabis seeds or seedlings to similar entities that are licensed to cultivate cannabis in this state or in any other jurisdiction; or

(2) Cultivators and cultivator agents acting on behalf of a cultivator shall:

(a) Only deliver raw plant material to a licensed cultivator, licensed processor, licensed safety compliance facility, or licensed dispensary for fair market value;

(b) Only deliver raw plant material to a licensed dispensary or processor after it has been checked by a safety compliance facility agent for cannabinoid contents and contaminants; and

(c) Not supply a dispensary with more than the amount of medicinal marijuana reasonably required by a dispensary.

(3) The following square footage limits shall apply to cultivators licensed within each of the tier levels established in Section 17 of this Act:

(a) A cultivator operating within the first tier shall not exceed a growth area of two thousand five hundred (2,500) square feet for an indoor growth area or three (3) times that amount for an outdoor crop;

(b) A cultivator operating within the second tier shall not exceed a growth area of ten thousand (10,000) square feet for an indoor growth area or three (3) times that amount for an outdoor crop; and

(c) A cultivator operating within the third tier shall not exceed a growth area of twenty-five thousand (25,000) square feet for an indoor growth area or three (3) times that amount for an outdoor crop.

(4) If a need for additional marijuana cultivation in this state is demonstrated by cannabis businesses or the department's own analysis, the department may increase the cultivation area square footage limits for either indoor or outdoor cultivation, or both, in any or all three (3) licensure tiers by up to three (3) times
the limits established in this section. Any increase in cultivation area square
footage limits authorized by the department, pursuant to this subsection, shall not
result in an increase in the licensure application and renewal fees established in
Sections 17 and 18 of this Act.

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

(1) A dispensary or dispensary agent acting on behalf of a dispensary shall not be
subject to prosecution under state or local law, to search or inspection except by
the department and the Department for Public Health pursuant to Sections 20
and 25 of this Act, to seize or penalty in any manner, or be denied any right or
privilege, including but not limited to a civil penalty or disciplinary action by a
court or business licensing board, for acting pursuant to Sections 1 to 30 of this
Act and the department's administrative regulations for:

(a) Acquiring or possessing medicinal marijuana from a cultivator or processor
in this state;

(b) Acquiring or possessing medicinal marijuana accessories or educational
material;

(c) Supplying, selling, dispensing, or distributing medicinal marijuana,
medicinal marijuana accessories, or educational material to cardholders or
other dispensaries;

(d) Selling cannabis seeds to similar entities that are licensed to cultivate
cannabis in this state or in any other jurisdiction; or

(e) Acquiring, accepting, or receiving medicinal marijuana products from a
cardholder, except that a dispensary may not offer anything of monetary
value in return for medicinal marijuana received from a cardholder. Any
medicinal marijuana received by a dispensary under this paragraph shall be
destroyed by the dispensary or its agents and shall not be sold, dispensed, or
(2) A dispensary or dispensary agent acting on behalf of a dispensary shall:

(a) Maintain records that include specific notations of the amount of medicinal marijuana being dispensed to a cardholder and whether it was dispensed directly to a registered qualified patient or visiting qualified patient, or to a registered qualified patient's designated caregiver. Each entry shall include the date and time the medicinal marijuana was dispensed. The data required to be recorded by this paragraph shall be entered into the electronic system developed by the department pursuant to subsection (1)(a) of Section 28 of this Act in accordance with administrative regulations promulgated by the department for the record of medicinal marijuana dispensing;

(b) Only dispense or sell medicinal marijuana after it has been checked by a safety compliance facility agent for cannabinoid contents and contaminants;

(c) Only dispense or sell medicinal marijuana to a registered qualified patient, visiting qualified patient, or designated caregiver after making a diligent effort to verify:

1. That the registry identification card, or its equivalent for a visiting qualified patient, presented to the dispensary is valid, including by checking the verification system, if it is operational, or other department-designated databases;

2. That the person presenting the registry identification card, or its equivalent for a visiting qualified patient, is the person identified on the registry identification card or its equivalent by examining at least one (1) other form of government-issued photo identification; and

3. The amount of medicinal marijuana the person is legally permitted to
purchase at the time of verification pursuant to subsection (4) of Section 4 of this Act by checking the electronic system developed by the department pursuant to subsection (1)(a) of Section 28 of this Act, if it is operational, or other department-designated databases;

(d) Not acquire medicinal marijuana from any person other than cannabis businesses licensed under this chapter, or an agent thereof, a registered qualified patient, or a designated caregiver; and

(e) Not rent office space to a practitioner.

(3) If a dispensary fails to comply with subsection (2)(c) of this section, the department may issue the dispensary a civil fine of up to fifty thousand dollars ($50,000), except that the fine shall be one hundred thousand dollars ($100,000) if the person purchasing or attempting to purchase medicinal marijuana is a minor. All fines collected pursuant to this subsection shall be forwarded to the medicinal marijuana trust fund established in Section 31 of this Act.

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

(1) A processor or processor agent acting on behalf of a processor shall not be subject to prosecution under state or local law, to search or inspection except by the department and the Department for Public Health pursuant to Sections 20 and 25 of this Act, to seizure or penalty in any manner, or be denied any right or privilege, including but not limited to civil penalty or disciplinary action by a court or business licensing board, for acting pursuant to Sections 1 to 30 of this Act and the department's administrative regulations for:

(a) Acquiring or purchasing raw plant material from a cultivator or processor in this state;

(b) Possessing, processing, preparing, manufacturing, manipulating, blending, preparing, or packaging medicinal marijuana;
(c) Transferring, transporting, supplying, or selling medicinal marijuana and related supplies to other cannabis businesses in this state; or

(d) Selling cannabis seeds or seedlings to similar entities that are licensed to cultivate cannabis in this state or in any other jurisdiction.

(2) In no case shall a processed or produced medicinal marijuana product intended for oral consumption as an edible, oil, or tincture exceed ten (10) milligrams of delta-9 tetrahydrocannabinol per serving. For the purposes of this subsection, oil intended for consumption as a vaporizing product shall not be limited to ten (10) milligrams of delta-9 tetrahydrocannabinol per serving.

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

A safety compliance facility or safety compliance facility agent acting on behalf of a safety compliance facility shall not be subject to prosecution, search except by the department and the Department for Public Health pursuant to Sections 20 and 25 of this Act, seizure, or penalty in any manner, or be denied any right or privilege, including but not limited to civil penalty or disciplinary action by a court or business licensing board, for acting in accordance with Sections 1 to 30 of this Act and the department's administrative regulations to provide the following services:

(1) Acquiring or possessing medicinal marijuana obtained from cardholders or cannabis businesses in this state;

(2) Returning the medicinal marijuana to cardholders or cannabis businesses in this state;

(3) Transporting medicinal marijuana that was produced by cannabis businesses in this state;

(4) The production or sale of approved educational materials related to the use of medicinal marijuana;

(5) The production, sale, or transportation of equipment or materials other than
(6) **Testing** of medicinal marijuana produced in this state, including testing for cannabinoid content, pesticides, mold, and contamination;

(7) **Training** cardholders and cannabis business agents. Training may include but need not be limited to:

(a) The safe and efficient cultivation, harvesting, packaging, labeling, and distribution of medicinal marijuana;

(b) Security and inventory accountability procedures;

(c) Up-to-date scientific and medical research findings related to medicinal use of marijuana; and

(8) **Receiving** compensation for actions allowed under this section.

⇒ **SECTION 25.** A NEW SECTION OF KRS CHAPTER 218A IS CREATED TO READ AS FOLLOWS:

(1) **Cannabis businesses** shall be subject to reasonable inspection by the department and the Department for Public Health pursuant to the department's procedures or administrative regulations. The department and the Department for Public Health may inspect any licensed cannabis business premises without having to first obtain a search warrant.

(2) Except as provided in Section 22 of this Act, the department may issue a civil fine of up to three thousand dollars ($3,000) to a cannabis business for a violation of Sections 1 to 30 of this Act. All fines collected pursuant to this section shall be forwarded to the medicinal marijuana trust fund established in Section 31 of this Act.

(3) The department may, on its own motion or on complaint, after investigation and opportunity for a public hearing at which the cannabis business has been
afforded an opportunity to appear and be heard pursuant to KRS Chapter 13B.

suspend or revoke a cannabis business license for multiple violations or a serious

violation of Sections 1 to 30 of this Act 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.

(4) The department 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 department'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.

(5) Final orders of the department 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.

(6) A cultivator may continue to cultivate and possess marijuana plants during a

suspension, but it shall not transfer or sell medicinal marijuana during a

suspension.

(7) A dispensary may continue to possess its existing medicinal marijuana inventory

during a suspension, but it shall not acquire additional medicinal marijuana, or

dispense, transfer, or sell medicinal marijuana during a suspension.

(8) A processor may continue to process and possess its existing medicinal marijuana

inventory during a suspension, but it shall not acquire additional medicinal

marijuana, or dispense, transfer, or sell medicinal marijuana products during a

suspension.

(9) A safety compliance facility may continue to possess medicinal marijuana during

a suspension, but it shall not receive any new medicinal marijuana, test or
otherwise analyze medicinal marijuana, or transfer or transport medicinal marijuana during a suspension.

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

(1) For the purposes of this section, "local government" means a city, county, urban-county government, consolidated local government, charter county government, or unified local government.

(2) A local government may:

(a) Enact ordinances, not in conflict with Sections 1 to 30 of this Act or with the department's administrative regulations, regulating the time, place, and manner of cannabis business operations, except that a local government shall not enact ordinances that impose an undue burden or make cannabis business operations unreasonable or impractical;

(b) Prohibit all cannabis business operations within its territory through the passage of an ordinance; or

(c) Enact resolutions directing that the question of prohibiting cannabis businesses from operating within its territory be submitted to the voters of its territory at the next regular election pursuant to subsection (5)(j) of this section.

(3) If a county, consolidated local government, charter county government, or unified local government prohibits all cannabis business operations, the legislative body of a city located within the county, consolidated local government, charter county government, or unified local government may:

(a) Approve cannabis business operations within the limits of the city through the passage of an ordinance; or

(b) Enact resolutions directing that the question of allowing cannabis businesses to operate within the limits of the city be submitted to the voters
who are eligible to vote in that city's elections at the next regular election
pursuant to subsection (5)(j) of this section.

(4) If a local government legislative body with jurisdiction prohibits cannabis
business operations through the passage of an ordinance, a public question that
is initiated by petition and that proposes allowing a cannabis business to operate
within the affected territory is authorized.

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

(a) Before a petition for submission of the proposal may be presented for
signatures, an intent to circulate the petition, including a copy of the
unsigned petition, shall be filed with the county clerk of the affected
territory by any person or group of persons seeking the submission of the
public question. The statement of intent shall include the addresses of the
person or group of persons and shall specify the person or group of persons,
as well as the address, to whom all notices are to be sent. Within ten (10)
days after the intent to circulate the petition is filed, the county clerk shall
deliver a copy of the intent to circulate the petition, including a copy of the
unsigned petition, to the legislative body of the affected territory;

(b) The petition shall set out in full the following question: "Are you in favor of
the sale of medicinal marijuana at a licensed dispensary and the operation
of other cannabis businesses in (affected territory)?"

(c) The petition for the submission of the proposal shall be signed by a number
of constitutionally qualified voters of the territory to be affected equal to five
percent (5%) of registered voters for the affected territory;

(d) Each signature shall be executed in ink or indelible pencil and shall be
followed by the legibly printed name of each voter, followed by the voter's
residence address, year of birth, and the correct date upon which the voter’s
name was signed;

(e) No petition for the submission of the proposal shall be circulated for more
than six (6) months prior to its filing;

(f) After a petition for the submission of the proposal has received no fewer
than the number of qualifying signatures required by paragraph (c) of this
subsection, the signed petition shall be filed with the county clerk. When it
is filed, each sheet of the petition shall have an affidavit executed by the
circulator stating that he or she personally circulated the sheet, the number
of signatures thereon, that all signatures were affixed in his or her
presence, that he or she believes them to be the genuine signatures of
registered voters within the affected territory, and that each signer had an
opportunity before signing to read the full text of the proposal;

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

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

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

(j) If, not later than the second Tuesday in August preceding the day established for a regular election, the county clerk has certified that a petition is sufficient or has received a local government resolution pursuant to subsection (2) or (3) of this section, the county clerk shall have prepared to place before the voters of the affected territory at the next regular election the question, which shall be "Are you in favor of the sale of medicinal marijuana at a licensed dispensary and the operation of other cannabis businesses in (affected territory)? Yes....No....". The county clerk shall cause to be published in accordance with KRS Chapter 424, at the same time as the remaining voter information, the full text of the proposal. The county clerk shall cause to be posted in each polling place one (1) copy of the full text of the proposal.
(6) If the question submitted to the voters under subsection (3) or (5) of this section fails to pass, three (3) years shall elapse before the question of medicinal marijuana sales and cannabis business operations may be included on a regular election ballot for the affected territory.

(7) If the question submitted to the voters under subsection (3) or (5) of this section passes, medicinal marijuana sales and cannabis business operations may be conducted in the affected territory, notwithstanding any local government ordinances which prohibit all cannabis business operations within its territory.

(8) In circumstances where a county, consolidated local government, charter county government, or unified local government prohibits cannabis business operations but a city within that county, consolidated local government, charter county government, or unified local government approves cannabis business operations either through the adoption of an ordinance or following the affirmative vote of a public question allowing cannabis business operations, then:

(a) The cannabis business operations may proceed within the limits of the city;

and

(b) The county, consolidated local government, charter county government, or unified local government may assess an additional reasonable fee to compensate for any additional corrections impact caused by the approval of cannabis business operations. Any additional fees collected pursuant to this subsection shall not exceed the additional corrections impact caused by the approval of cannabis business operations.

(9) In circumstances where neither a city or the county, urban-county government, consolidated local government, charter county government, or unified local government in which the city is located prohibit cannabis business operations, a cannabis business that is located within the jurisdiction of both the city and the county shall only pay the reasonable established local fees of either the city or the
county. The fee shall be established, assessed, collected, and shared between the
city and the county, in a manner to be negotiated between the city and the county.

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

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

(1) The department shall maintain a confidential list of the persons to whom the
department has issued registry identification cards and their addresses, telephone
numbers, and registry identification numbers.

(2) The department shall, only at a cardholder’s request, confirm his or her status as
a registered qualified patient, visiting qualified patient, or designated caregiver to
a third party, such as a landlord, employer, school, medical professional, or
court.

(3) The following information received and records kept pursuant to the
department's administrative regulations promulgated for purposes of
administering Sections 1 to 30 of this Act shall be confidential and exempt from
the Open Records Act, KRS 61.870 to 61.884, and shall not be subject to
disclosure to any individual or public or private entity, except as necessary for
authorized employees of the department to perform official duties pursuant to
Sections 1 to 30 of this Act:

(a) Applications and renewals, their contents, and supporting information
    submitted by qualified patients, visiting qualified patients, and designated
caregivers in compliance with Section 12 of this Act, including information
    regarding their designated caregivers and practitioners;

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

(c) Any dispensing information required to be kept under Section 22 of this Act
or the department's administrative regulations which shall only identify
cardholders by their registry identification numbers and shall not contain
names or other personal identifying information; and

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

Data subject to this section shall not be combined or linked in any manner with
any other list or database maintained by the department or the Public Protection
Cabinet and shall not be used for any purpose not provided for in Sections 1 to 30
of this Act.

(4) Nothing in this section shall preclude the following:

(a) Notification by the department's employees to state or local law enforcement
about falsified or fraudulent information submitted to the department or of
other apparently criminal violations of Sections 1 to 30 of this Act if the
employee who suspects that falsified or fraudulent information has been
submitted has conferred with his or her supervisor and both agree that
circumstances exist that warrant reporting;

(b) Notification by the department's employees to state licensing board if the
department has reasonable suspicion to believe a practitioner did not have a
bona fide practitioner-patient relationship with a patient for whom he or
she signed a written certification, if the department has reasonable
suspicion to believe the practitioner violated the standard of care, or for
other suspected violations of Sections 1 to 30 of this Act by a practitioner;

(c) Notification by dispensary agents to the department of a suspected violation
or attempted violation of Sections 1 to 30 of this Act or the administrative
regulations promulgated thereunder;
(d) Verification by the department of registry identification cards issued pursuant to Sections 11 to 13 of this Act; and

(e) The submission of the report required by Section 3 of this Act to the General Assembly.

(5) It shall be a misdemeanor punishable by up to one hundred eighty (180) days in jail and a one thousand dollar ($1,000) fine for any person, including an employee or official of the department or another state agency or local government, to knowingly breach the confidentiality of information obtained pursuant to Sections 1 to 30 of this Act.

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

(1) Within one hundred twenty (120) days after the effective date of this Act, the department shall:

(a) Establish, maintain, and operate an electronic system for monitoring the medicinal marijuana program. The electronic system established pursuant to this paragraph shall be designed to enable:

1. Practitioners to record the issuance of written certifications to qualified patients, as required by Section 5 of this Act;

2. The department and state licensing board to monitor the issuance of written certifications by practitioners to qualified patients;

3. Department personnel, law enforcement personnel, and dispensary agents to verify the validity of registry identification cards issued by the department by entering a registry identification number to determine whether or not the identification number corresponds with a current, valid registry identification card. The system shall only disclose whether the identification card is valid and whether the cardholder is a registered qualified patient, visiting qualified patient.
or designated caregiver;

5. Dispensary agents to record the amount of medicinal marijuana that is dispensed to a cardholder during each transaction as required by Section 22 of this Act; and

6. The sharing of dispensing data recorded by dispensary agents pursuant to Section 22 of this Act with all dispensaries in real time.

(b) Establish, maintain, and operate an electronic inventory tracking system that is capable of tracking medicinal marijuana from the point of cultivation to the point of sale to cardholders; and

(c) Promulgate administrative regulations to establish:

1. Procedures for the issuance, renewal, suspension, and revocation of registry identification cards, including the creation of a standardized written certification form and a uniform application form;

2. Procedures for the issuance and revocation of registry identification cards;

3. Procedures for the issuance, renewal, suspension, and revocation of cannabis business licenses, including the creation of a uniform licensure application form and the competitive bid process described in Section 19 of this Act, with all such procedures subject to the requirements of KRS Chapters 13A and 13B;

4. A convenience fee to be assessed and collected by dispensaries for visiting qualified patients who do not possess a valid registry identification card issued by the department and who purchase medicinal marijuana with a registry identification card or its equivalent issued pursuant to the laws of another state, district, territory, commonwealth, insular possession of the United States, or country recognized by the United States that allows the person to use...
medicinal marijuana in the jurisdiction of issuance. The convenience
fee established pursuant to this subparagraph shall not exceed fifteen
dollars ($15) per transaction;

5. A definition of the amount of medicinal marijuana or delta-9
tetrahydrocannabinol that constitutes a daily supply, a ten (10) day
supply, and a thirty (30) day supply as well as the amount of raw plant
material that medicinal marijuana products are considered to be
equivalent to;

6. Provisions governing the following matters related to cannabis
businesses with the goal of protecting against diversion and theft,
without imposing any undue burden that would make cannabis
business operations unreasonable or impractical on cannabis
businesses or compromising the confidentiality of cardholders:

a. Recordkeeping and inventory control requirements including the
   use of the electronic systems developed by the department
   pursuant to paragraphs (a) and (b) of this subsection;

b. Procedures for the verification and validation of a registry
   identification card, or its equivalent, that was issued pursuant to
   the laws of another state, district, territory, commonwealth,
   insular possession of the United States, or country recognized by
   the United States that allows for the use of medicinal marijuana
   in the jurisdiction of issuance;

c. Security requirements for safety compliance facilities,
   processors, dispensaries, and cultivators, which shall include at
   a minimum lighting, video security, alarm requirements, on-site
   parking, and measures to prevent loitering;

d. Procedures for the secure transportation and storage of
medicinal marijuana by cannabis business licensees and their employees or agents;

e. Employment and training requirements for licensees and their agents, including requiring each licensee to create an identification badge for each of the licensee’s agents or employees; and

f. Restrictions on visits to licensed cultivation and processing facilities, including requiring the use of visitor logs;

7. Procedures to establish, publish, and annually update a list of varieties of marijuana that possess a low but effective level of tetrahydrocannabinol, including the substance cannabidiol, by comparing percentages of chemical compounds within a given variety against other varieties of marijuana;

8. A rating system that tracks the terpene content of at least the twelve (12) major terpenoids within each strain of marijuana available for medicinal use within the Commonwealth;

9. Requirements for random sample testing of medicinal marijuana to ensure quality control, including testing for cannabinoids, terpenoids, residual solvents, pesticides, poisons, toxins, mold, mildew, insects, bacteria, and any other dangerous adulterant;

10. Requirements for licensed cultivators and processors to contract with an independent safety compliance facility to test the medicinal marijuana before it is sold at a dispensary. The department may approve the safety compliance facility chosen by a cultivator or processor and require that the safety compliance facility report test results for a designated quantity of medicinal marijuana to the cultivator or processor and department:
11. Standards for the operation of safety compliance facilities which may include:
   a. Requirements for equipment;
   b. Personnel qualifications; and
   c. Requiring facilities to be accredited by a relevant certifying entity;

12. Standards for the packaging and labeling of medicinal marijuana sold or distributed by cannabis businesses, including:
   a. Standards for packaging that requires at least a two (2) step process of initial opening;
   b. A warning label which may include the length of time it typically takes for the product to take effect, how long the effects of the product typically last, and any other information deemed appropriate or necessary by the department;
   c. The amount of medicinal marijuana the product is considered the equivalent to;
   d. Disclosing ingredients and possible allergens;
   e. A nutritional fact panel;
   f. Opaque, child-resistant packaging;
   g. A requirement that all raw plant material packaged or sold in this state be marked or labeled as "NOT INTENDED FOR CONSUMPTION BY SMOKING";
   h. A requirement that medicinal marijuana products be clearly marked with an identifiable and standardized symbol indicating that the product contains marijuana; and
   i. A requirement that medicinal marijuana products not be visually reminiscent of major brands of edible noncannabis products or
otherwise present an attractive nuisance to minors;

13. Health and safety requirements for the processing of medicinal marijuana and both the indoor and outdoor cultivation of medicinal marijuana by licensees;

14. Restrictions on:
   a. Additives to medicinal marijuana that are toxic or increase the likelihood of addiction; and
   b. Pesticides, fertilizers, and herbicides used during medicinal marijuana cultivation which pose a threat to human health and safety;

15. Standards for the safe processing of medicinal marijuana products created by extracting or concentrating compounds from raw plant material;

16. Standards for determining the amount of unprocessed raw plant material that medicinal marijuana products are considered the equivalent to;

17. Restrictions on advertising, marketing, and signage in regard to operations or establishments owned by licensees necessary to prevent the targeting of minors;

18. The requirement that evidence-based educational materials regarding dosage and impairment be disseminated to registered qualified patients, visiting qualified patients, and designated caregivers who purchase medicinal marijuana products;

19. Policies governing insurance requirements for cultivators, dispensaries, processors, and safety compliance facilities;

20. The process by which the board will consider adding additional diseases and medical conditions to the list of qualifying medical
21. Standards, procedures, or restrictions that the department deems necessary to ensure the efficient, transparent, and safe operation of the medicinal marijuana program, except that the department shall not promulgate any administrative regulation that would impose an undue burden or make cannabis business operations unreasonable or impractical.

(2) The department shall perform all acts necessary or advisable for the purpose of contracting with a third party for the development and maintenance of the electronic systems described in subsection (1)(a) and (b) of this section.

(3) When promulgating administrative regulations under this section, the department shall consider standards, procedures, and restrictions that have been found to be best practices relative to the use and regulation of medicinal marijuana.

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

Nothing in Sections 1 to 30 of this Act shall require a government medical assistance program, private health insurer or workers' compensation carrier, or self-funded employer providing workers' compensation benefits to reimburse a person for costs associated with the medicinal use of marijuana.

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

The provisions of KRS 138.870 to 138.889 shall not apply to any individual or entity for:

(1) Any amount of medicinal marijuana that is necessary or reasonably necessary for use of a license or registry identification card issued pursuant to Sections 1 to 30 of this Act; or
Any use of medicinal marijuana that complies with Sections 1 to 30 of this Act and any administrative regulations promulgated thereunder.

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

(1) The medicinal marijuana trust fund is hereby created within the State Treasury. The fund shall consist of funds collected from registration fees, licensing fees, fines, and penalties established pursuant to Sections 1 to 26 and Sections 28 and 30 of this Act, a portion of the excise taxes imposed under Section 33 of this Act, and any proceeds from grants, contributions, appropriations, or other moneys made available for purposes of this fund.

(2) The medicinal marijuana trust fund shall be administered by the Finance and Administration Cabinet.

(3) Trust fund moneys shall be used as follows:

(a) Fifteen percent (15%) shall be transferred to the Kentucky State Police for the purposes of enforcement of medicinal marijuana laws, the hiring and training of additional drug recognition experts (DRE), and advanced roadside impaired driving enforcement (ARIDE) training;

(b) No less than fifteen percent (15%) shall be returned equally to the dispensaries for the use of indigent persons who are registered qualified patients enrolled in Medicaid, receiving Supplemental Security Income or Social Security disability insurance, or veterans of the United States Armed Forces; and

(c) No more than seventy percent (70%) shall be used to offset the department's actual cost and expenses of operating the medicinal marijuana program and enforcement activities established in Sections 1 to 30 of this Act.

(4) Notwithstanding KRS 45.229, moneys in the fund not expended at the close of the fiscal year shall not lapse but shall be carried forward to the next fiscal year.
Section 32. A new section of KRS Chapter 218A is created to read as follows:

1. The local medicinal marijuana trust fund is hereby created within the State Treasury. The fund shall consist of funds collected from a portion of the excise taxes imposed under Section 33 of this Act.

2. The local medicinal marijuana trust fund shall be administered by the Finance and Administration Cabinet.

3. The Finance and Administration Cabinet shall, on a quarterly basis, distribute the funds deposited into the local medicinal marijuana trust fund during the fiscal quarter immediately preceding the most recent fiscal quarter. Funds shall be distributed among those cities, counties, urban-county governments, consolidated local governments, charter county governments, and unified local governments in which at least one (1) cannabis business licensed as a cultivator, processor, or dispensary was permitted to operate during the fiscal quarter immediately preceding the most recent fiscal quarter.

4. A city in which at least one (1) cannabis business licensed as a cultivator, processor, or dispensary operated during the fiscal quarter immediately preceding the most recent fiscal quarter shall receive an amount equal to seventy-five percent (75%) of the total excise tax revenue collected from all cannabis businesses licensed to operate inside the territory of the city and deposited into the trust fund during the fiscal quarter immediately preceding the most recent fiscal quarter.
unless the county, consolidated local government, charter county
government, or unified local government in which the city is located
has, pursuant to Section 26 of the Act, prohibited the operation of
cannabis businesses.

2. If the county, consolidated local government, charter county
government, or unified local government in which the city is located
has prohibited the operation of cannabis businesses, then the city shall
receive an amount equal to one hundred percent (100%) of the total
excise tax revenue collected from all cannabis businesses licensed to
operate inside the territory of the city and deposited into the trust fund
during the fiscal quarter immediately preceding the most recent fiscal
quarter.

(c) A county that has not prohibited the operation of cannabis businesses,
pursuant to Section 26 of this Act, and in which at least one (1) cannabis
business licensed as a cultivator, processor, or dispensary was operated
during the fiscal quarter immediately preceding the most recent fiscal
quarter shall receive an amount equal to one hundred percent (100%) of the
total excise tax revenue collected from all cannabis businesses licensed to
operate inside the territory of the county but outside the territory of any
city and deposited into the trust fund during the fiscal quarter immediately
preceding the most recent fiscal quarter plus twenty-five percent (25%) of
the total excise tax revenue collected from all cannabis businesses licensed
to operate inside the territory of an incorporated municipality inside the
territory of the county and deposited into the trust fund during the fiscal
quarter immediately preceding the most recent fiscal quarter.

(4) Trust fund moneys may be used for the purposes of local enforcement of
medicinal marijuana laws by local law enforcement agencies, local medicinal
marijuana licensing, the hiring or training of additional Drug Recognition
Experts (DRE), Advanced Roadside Impaired Driving Enforcement (ARIDE)
training, local evidence-based drug addiction rehabilitation projects, or
educational activities within local jails.

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

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

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

SECTION 33. A NEW SECTION OF KRS CHAPTER 138 IS CREATED TO
READ AS FOLLOWS:

(1) As used in this section:

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

(b) "Department" means the Department of Revenue;

(c) "Dispensary" has the same meaning as in Section 1 of this Act;

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

and

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

(2) Effective January 1, 2021:

(a) An excise tax is hereby imposed on the gross receipts of a cultivator or
processor received from the sale of medicinal marijuana by a cultivator or
processor to a dispensary, to be paid by the cultivator or processor at a rate
of twelve percent (12%) of the actual price for which a cultivator or
processor sells medicinal marijuana to a dispensary in this state.

(b) The tax shall be charged against and be paid by the cultivator or processor
and shall not be added as a separate charge or line item on any sales slip.
invoice, receipt, or other statement or memorandum of the price paid by the

dispensary.

(3)  (a) Eighty percent (80%) of the revenue from the excise tax established in this

paragraph shall be deposited in the medicinal marijuana trust fund

established in Section 31 of this Act for the purpose of administration of the

medicinal marijuana program and for the purposes established in that

section.

(b) Twenty percent (20%) of the revenue from the excise tax established in this

paragraph shall be deposited in the local medicinal marijuana trust fund

established in Section 32 of this Act for the purposes of distributing tax

proceeds among participating local governments and for the purposes

established in that section; and

(4) Cultivators and processors of medicinal marijuana products shall:

(a) Register with the department;

(b) Report and pay the tax levied under this section on or before the twentieth

day of the calendar month immediately following the month in which the

medicinal marijuana was sold. A tax return shall be filed for each reporting

period whether or not tax is due; and

(c) Identify the county and city, if any, in which the medicinal marijuana

business is located.

(5) Any person who violates any provision of this section shall be subject to the

uniform civil penalties imposed pursuant to KRS 131.180 and interest at the tax

interest rate as defined in KRS 131.010(6) from the date due until the date of

payment.

(6)  (a) Notwithstanding any other provision of this section, the president, vice

president, secretary, treasurer, or any other person holding any equivalent

corporate office of any corporation subject to the provisions of this section
shall be personally and individually liable, both jointly and severally, for the
taxes imposed under this section.

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

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

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

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

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

(7) The department shall administer the provisions of this chapter and shall have all
of the powers, rights, duties, and authority with respect to the assessment,
collection, refunding, and administration of the taxes levied by this section,
conferred generally upon the department by the Kentucky Revised Statutes,
including KRS Chapters 131, 134, and 135.

(8) Every cultivator and processor shall keep records, receipts, invoices, and other
pertinent papers in such form as the department may require for not less than
four (4) years from the making of such records, receipts, invoices, and other
pertinent papers.

Section 34. KRS 342.815 is amended to read as follows:

(1) The authority may provide coverage for insurance, authorized in KRS 342.803, to
any employer in the Commonwealth, and who tenders the required premium for
coverage and comply with other conditions and qualifications for obtaining and
maintaining coverage adopted by the authority to protect and ensure its actuarial
soundness and solvency.

(2) The authority shall provide coverage to any employer who is unable to secure
coverage in the voluntary market unless:

(a) The employer owes undisputed premiums to a previous workers'
compensation carrier or to a workers' compensation residual market
mechanism; or

(b) Providing coverage to the employer would subject the authority or its
employees to a violation of federal or state law.

Section 35. KRS 139.470 is amended to read as follows:

There are excluded from the computation of the amount of taxes imposed by this chapter:

(1) Gross receipts from the sale of, and the storage, use, or other consumption in this
state of, tangible personal property or digital property which this state is prohibited
from taxing under the Constitution or laws of the United States, or under the
Constitution of this state;
(2) Gross receipts from sales of, and the storage, use, or other consumption in this state
of:
   (a) Nonreturnable and returnable containers when sold without the contents to
       persons who place the contents in the container and sell the contents together
       with the container; and
   (b) Returnable containers when sold with the contents in connection with a retail
       sale of the contents or when resold for refilling;
As used in this section the term "returnable containers" means containers of a kind
customarily returned by the buyer of the contents for reuse. All other containers are
"nonreturnable containers";
(3) Gross receipts from occasional sales of tangible personal property or digital
    property and the storage, use, or other consumption in this state of tangible personal
    property or digital property, the transfer of which to the purchaser is an occasional
    sale;
(4) Gross receipts from sales of tangible personal property to a common carrier,
    shipped by the retailer via the purchasing carrier under a bill of lading, whether the
    freight is paid in advance or the shipment is made freight charges collect, to a point
    outside this state and the property is actually transported to the out-of-state
    destination for use by the carrier in the conduct of its business as a common carrier;
(5) Gross receipts from sales of tangible personal property sold through coin-operated
    bulk vending machines, if the sale amounts to fifty cents ($0.50) or less, if the
    retailer is primarily engaged in making the sales and maintains records satisfactory
    to the department. As used in this subsection, "bulk vending machine" means a
    vending machine containing unsorted merchandise which, upon insertion of a coin,
    dispenses the same in approximately equal portions, at random and without
selection by the customer;

(6) Gross receipts from sales to any cabinet, department, bureau, commission, board, or other statutory or constitutional agency of the state and gross receipts from sales to counties, cities, or special districts as defined in KRS 65.005. This exemption shall apply only to purchases of tangible personal property, digital property, or services for use solely in the government function. A purchaser not qualifying as a governmental agency or unit shall not be entitled to the exemption even though the purchaser may be the recipient of public funds or grants;

(7) (a) Gross receipts from the sale of sewer services, water, and fuel to Kentucky residents for use in heating, water heating, cooking, lighting, and other residential uses. As used in this subsection, "fuel" shall include but not be limited to natural gas, electricity, fuel oil, bottled gas, coal, coke, and wood. Determinations of eligibility for the exemption shall be made by the department;

(b) In making the determinations of eligibility, the department shall exempt from taxation all gross receipts derived from sales:

1. Classified as "residential" by a utility company as defined by applicable tariffs filed with and accepted by the Public Service Commission;

2. Classified as "residential" by a municipally owned electric distributor which purchases its power at wholesale from the Tennessee Valley Authority;

3. Classified as "residential" by the governing body of a municipally owned electric distributor which does not purchase its power from the Tennessee Valley Authority, if the "residential" classification is reasonably consistent with the definitions of "residential" contained in tariff filings accepted and approved by the Public Service Commission with respect to utilities which are subject to Public Service Commission
regulation.

If the service is classified as residential, use other than for "residential" purposes by the customer shall not negate the exemption;

(c) The exemption shall not apply if charges for sewer service, water, and fuel are billed to an owner or operator of a multi-unit residential rental facility or mobile home and recreational vehicle park other than residential classification; and

(d) The exemption shall apply also to residential property which may be held by legal or equitable title, by the entireties, jointly, in common, as a condominium, or indirectly by the stock ownership or membership representing the owner's or member's proprietary interest in a corporation owning a fee or a leasehold initially in excess of ninety-eight (98) years;

(8) Gross receipts from sales to an out-of-state agency, organization, or institution exempt from sales and use tax in its state of residence when that agency, organization, or institution gives proof of its tax-exempt status to the retailer and the retailer maintains a file of the proof;

(9) (a) Gross receipts derived from the sale of, the following tangible personal property to a manufacturer or industrial processor if the property is to be directly used in the manufacturing or industrial processing process of tangible personal property at a plant facility and which will be for sale:

1. Materials which enter into and become an ingredient or component part of the manufactured product;

2. Other tangible personal property which is directly used in the manufacturing or industrial processing process, if the property has a useful life of less than one (1) year. Specifically these items are categorized as follows:

a. Materials. This refers to the raw materials which become an
ingredient or component part of supplies or industrial tools exempt under subdivisions b. and c. below;

b. Supplies. This category includes supplies such as lubricating and compounding oils, grease, machine waste, abrasives, chemicals, solvents, fluxes, anodes, filtering materials, fire brick, catalysts, dyes, refrigerants, and explosives. The supplies indicated above need not come in direct contact with a manufactured product to be exempt. "Supplies" does not include repair, replacement, or spare parts of any kind; and

c. Industrial tools. This group is limited to hand tools such as jigs, dies, drills, cutters, rolls, reamers, chucks, saws, and spray guns and to tools attached to a machine such as molds, grinding balls, grinding wheels, dies, bits, and cutting blades. Normally, for industrial tools to be considered directly used in the manufacturing or industrial processing process, they shall come into direct contact with the product being manufactured or processed; and

3. Materials and supplies that are not reusable in the same manufacturing or industrial processing process at the completion of a single manufacturing or processing cycle. A single manufacturing cycle shall be considered to be the period elapsing from the time the raw materials enter into the manufacturing process until the finished product emerges at the end of the manufacturing process.

(b) The property described in paragraph (a) of this subsection shall be regarded as having been purchased for resale.

(c) For purposes of this subsection, a manufacturer or industrial processor includes an individual or business entity that performs only part of the manufacturing or industrial processing activity, and the person or business
entity need not take title to tangible personal property that is incorporated into,
or becomes the product of, the activity.

(d) The exemption provided in this subsection does not include repair,
replacement, or spare parts;

(10) Any water use fee paid or passed through to the Kentucky River Authority by
facilities using water from the Kentucky River basin to the Kentucky River
Authority in accordance with KRS 151.700 to 151.730 and administrative
regulations promulgated by the authority;

(11) Gross receipts from the sale of newspaper inserts or catalogs purchased for storage,
use, or other consumption outside this state and delivered by the retailer's own
vehicle to a location outside this state, or delivered to the United States Postal
Service, a common carrier, or a contract carrier for delivery outside this state,
regardless of whether the carrier is selected by the purchaser or retailer or an agent
or representative of the purchaser or retailer, or whether the F.O.B. is retailer's
shipping point or purchaser's destination.

(a) As used in this subsection:

1. "Catalogs" means tangible personal property that is printed to the special
order of the purchaser and composed substantially of information
regarding goods and services offered for sale; and

2. "Newspaper inserts" means printed materials that are placed in or
distributed with a newspaper of general circulation.

(b) The retailer shall be responsible for establishing that delivery was made to a
non-Kentucky location through shipping documents or other credible evidence
as determined by the department;

(12) Gross receipts from the sale of water used in the raising of equine as a business;

(13) Gross receipts from the sale of metal retail fixtures manufactured in this state and
purchased for storage, use, or other consumption outside this state and delivered by
the retailer's own vehicle to a location outside this state, or delivered to the United States Postal Service, a common carrier, or a contract carrier for delivery outside this state, regardless of whether the carrier is selected by the purchaser or retailer or an agent or representative of the purchaser or retailer, or whether the F.O.B. is the retailer's shipping point or the purchaser's destination.

(a) As used in this subsection, "metal retail fixtures" means check stands and belted and nonbelted checkout counters, whether made in bulk or pursuant to specific purchaser specifications, that are to be used directly by the purchaser or to be distributed by the purchaser.

(b) The retailer shall be responsible for establishing that delivery was made to a non-Kentucky location through shipping documents or other credible evidence as determined by the department;

(14) Gross receipts from the sale of unenriched or enriched uranium purchased for ultimate storage, use, or other consumption outside this state and delivered to a common carrier in this state for delivery outside this state, regardless of whether the carrier is selected by the purchaser or retailer, or is an agent or representative of the purchaser or retailer, or whether the F.O.B. is the retailer's shipping point or purchaser's destination;

(15) Amounts received from a tobacco buydown. As used in this subsection, "buydown" means an agreement whereby an amount, whether paid in money, credit, or otherwise, is received by a retailer from a manufacturer or wholesaler based upon the quantity and unit price of tobacco products sold at retail that requires the retailer to reduce the selling price of the product to the purchaser without the use of a manufacturer's or wholesaler's coupon or redemption certificate;

(16) Gross receipts from the sale of tangible personal property or digital property returned by a purchaser when the full sales price is refunded either in cash or credit. This exclusion shall not apply if the purchaser, in order to obtain the refund, is
required to purchase other tangible personal property or digital property at a price
greater than the amount charged for the property that is returned;
(17) Gross receipts from the sales of gasoline and special fuels subject to tax under KRS
Chapter 138;
(18) The amount of any tax imposed by the United States upon or with respect to retail
sales, whether imposed on the retailer or the consumer, not including any
manufacturer's excise or import duty;
(19) Gross receipts from the sale of any motor vehicle as defined in KRS 138.450 which
is:
   (a) Sold to a Kentucky resident, registered for use on the public highways, and
       upon which any applicable tax levied by KRS 138.460 has been paid; or
   (b) Sold to a nonresident of Kentucky if the nonresident registers the motor
       vehicle in a state that:
           1. Allows residents of Kentucky to purchase motor vehicles without
              payment of that state's sales tax at the time of sale; or
           2. Allows residents of Kentucky to remove the vehicle from that state
              within a specific period for subsequent registration and use in Kentucky
              without payment of that state's sales tax;
(20) Gross receipts from the sale of a semi-trailer as defined in KRS 189.010(12) and
    trailer as defined in KRS 189.010(17);
(21) Gross receipts from the collection of:
   (a) Any fee or charge levied by a local government pursuant to KRS 65.760;
   (b) The charge imposed by KRS 65.7629(3);
   (c) The fee imposed by KRS 65.7634; and
   (d) The service charge imposed by KRS 65.7636;
(22) Gross receipts derived from charges for labor or services to apply, install, repair, or
    maintain tangible personal property directly used in manufacturing or industrial
processing process, and that is not otherwise exempt under subsection (9) of this section or KRS 139.480(10), if the charges for labor or services are separately stated on the invoice, bill of sale, or similar document given to purchaser;

(23) (a) For persons selling services included in KRS 139.200(2)(g) to (q) prior to January 1, 2019, gross receipts derived from the sale of those services if the gross receipts were less than six thousand dollars ($6,000) during calendar year 2018. When gross receipts from these services exceed six thousand dollars ($6,000) in a calendar year:

1. All gross receipts over six thousand dollars ($6,000) are taxable in that calendar year; and

2. All gross receipts are subject to tax in subsequent calendar years.

(b) The exemption provided in this subsection shall not apply to a person also engaged in the business of selling tangible personal property, digital property, or services included in KRS 139.200(2)(a) to (f);

(24) (a) For persons that first begin making sales of services included in KRS 139.200(2)(g) to (q) on or after January 1, 2019, gross receipts derived from the sale of those services if the gross receipts are less than six thousand dollars ($6,000) within the first calendar year of operation. When gross receipts from these services exceed six thousand dollars ($6,000) in a calendar year:

1. All gross receipts over six thousand dollars ($6,000) are taxable in that calendar year; and

2. All gross receipts are subject to tax in subsequent calendar years.

(b) The exemption provided in this subsection shall not apply to a person that is also engaged in the business of selling tangible personal property, digital property, or services included in KRS 139.200(2)(a) to (f);

(25) Gross receipts from the sale of medicinal marijuana as defined in Section 1 of this Act and subject to tax under Section 33 of this Act.
Section 36. KRS 218A.010 is amended to read as follows:

As used in this chapter:

1. "Administer" means the direct application of a controlled substance, whether by injection, inhalation, ingestion, or any other means, to the body of a patient or research subject by:
   (a) A practitioner or by his or her authorized agent under his or her immediate supervision and pursuant to his or her order; or
   (b) The patient or research subject at the direction and in the presence of the practitioner;

2. "Anabolic steroid" means any drug or hormonal substance chemically and pharmacologically related to testosterone that promotes muscle growth and includes those substances classified as Schedule III controlled substances pursuant to KRS 218A.020 but does not include estrogens, progestins, and anticosteroids;

3. "Cabinet" means the Cabinet for Health and Family Services;

4. "Carfentanil" means any substance containing any quantity of carfentanil, or any of its salts, isomers, or salts of isomers;

5. "Certified community based palliative care program" means a palliative care program which has received certification from the Joint Commission;

6. "Child" means any person under the age of majority as specified in KRS 2.015;

7. "Cocaine" means a substance containing any quantity of cocaine, its salts, optical and geometric isomers, and salts of isomers;

8. "Controlled substance" means methamphetamine, or a drug, substance, or immediate precursor in Schedules I through V and includes a controlled substance analogue;

9. (a) "Controlled substance analogue," except as provided in paragraph (b) of this subsection, means a substance:
   1. The chemical structure of which is substantially similar to the structure
of a controlled substance in Schedule I or II; and

2. Which has a stimulant, depressant, or hallucinogenic effect on the central nervous system that is substantially similar to or greater than the stimulant, depressant, or hallucinogenic effect on the central nervous system of a controlled substance in Schedule I or II; or

3. With respect to a particular person, which such person represents or intends to have a stimulant, depressant, or hallucinogenic effect on the central nervous system that is substantially similar to or greater than the stimulant, depressant, or hallucinogenic effect on the central nervous system of a controlled substance in Schedule I or II.

(b) Such term does not include:

1. Any substance for which there is an approved new drug application;

2. With respect to a particular person, any substance if an exemption is in effect for investigational use for that person pursuant to federal law to the extent conduct with respect to such substance is pursuant to such exemption; or

3. Any substance to the extent not intended for human consumption before the exemption described in subparagraph 2. of this paragraph takes effect with respect to that substance;

(10) "Counterfeit substance" means a controlled substance which, or the container or labeling of which, without authorization, bears the trademark, trade name, or other identifying mark, imprint, number, or device, or any likeness thereof, of a manufacturer, distributor, or dispenser other than the person who in fact manufactured, distributed, or dispensed the substance;

(11) "Dispense" means to deliver a controlled substance to an ultimate user or research subject by or pursuant to the lawful order of a practitioner, including the packaging, labeling, or compounding necessary to prepare the substance for that delivery;
(12) "Dispenser" means a person who lawfully dispenses a Schedule II, III, IV, or V controlled substance to or for the use of an ultimate user;

(13) "Distribute" means to deliver other than by administering or dispensing a controlled substance;

(14) "Dosage unit" means a single pill, capsule, ampule, liquid, or other form of administration available as a single unit;

(15) "Drug" means:

(a) Substances recognized as drugs in the official United States Pharmacopoeia, official Homeopathic Pharmacopoeia of the United States, or official National Formulary, or any supplement to any of them;

(b) Substances intended for use in the diagnosis, care, mitigation, treatment, or prevention of disease in man or animals;

(c) Substances (other than food) intended to affect the structure or any function of the body of man or animals; and

(d) Substances intended for use as a component of any article specified in this subsection.

It does not include devices or their components, parts, or accessories;

(16) "Fentanyl" means a substance containing any quantity of fentanyl, or any of its salts, isomers, or salts of isomers;

(17) "Fentanyl derivative" means a substance containing any quantity of any chemical compound, except compounds specifically scheduled as controlled substances by statute or by administrative regulation pursuant to this chapter, which is structurally derived from 1-ethyl-4-(N-phenylamido) piperadine:

(a) By substitution:

1. At the 2-position of the 1-ethyl group with a phenyl, furan, thiophene, or ethyloxytetrazole ring system; and

2. Of the terminal amido hydrogen atom with an alkyl, alkoxy, cycloalkyl,
1 or furanyl group; and
2 (b) Which may be further modified in one (1) or more of the following ways:
3 1. By substitution on the N-phenyl ring to any extent with alkyl, alkoxy,
4 haloalkyl, hydroxyl, or halide substituents;
5 2. By substitution on the piperadine ring to any extent with alkyl, allyl,
6 alkoxy, hydroxy, or halide substituents at the 2-, 3-, 5-, and/or 6-
7 positions;
8 3. By substitution on the piperadine ring to any extent with a phenyl,
9 alkoxy, or carboxylate ester substituent at the 4- position; or
10 4. By substitution on the 1-ethyl group to any extent with alkyl, alkoxy, or
11 hydroxy substituents;
12 (18) "Good faith prior examination," as used in KRS Chapter 218A and for criminal
13 prosecution only, means an in-person medical examination of the patient conducted
14 by the prescribing practitioner or other health-care professional routinely relied
15 upon in the ordinary course of his or her practice, at which time the patient is
16 physically examined and a medical history of the patient is obtained. "In-person"
17 includes telehealth examinations. This subsection shall not be applicable to hospice
18 providers licensed pursuant to KRS Chapter 216B;
19 (19) "Hazardous chemical substance" includes any chemical substance used or intended
20 for use in the illegal manufacture of a controlled substance as defined in this section
21 or the illegal manufacture of methamphetamine as defined in KRS 218A.1431,
22 which:
23 (a) Poses an explosion hazard;
24 (b) Poses a fire hazard; or
25 (c) Is poisonous or injurious if handled, swallowed, or inhaled;
26 (20) "Heroin" means a substance containing any quantity of heroin, or any of its salts,
27 isomers, or salts of isomers;
(21) "Hydrocodone combination product" means a drug with:

(a) Not more than three hundred (300) milligrams of dihydrocodeinone, or any of its salts, per one hundred (100) milliliters or not more than fifteen (15) milligrams per dosage unit, with a fourfold or greater quantity of an isoquinoline alkaloid of opium; or

(b) Not more than three hundred (300) milligrams of dihydrocodeinone, or any of its salts, per one hundred (100) milliliters or not more than fifteen (15) milligrams per dosage unit, with one (1) or more active, nonnarcotic ingredients in recognized therapeutic amounts;

(22) "Immediate precursor" means a substance which is the principal compound commonly used or produced primarily for use, and which is an immediate chemical intermediary used or likely to be used in the manufacture of a controlled substance or methamphetamine, the control of which is necessary to prevent, curtail, or limit manufacture;

(23) "Industrial hemp" has the same meaning as in KRS 260.850;

(24) "Industrial hemp products" has the same meaning as in KRS 260.850;

(25) "Intent to manufacture" means any evidence which demonstrates a person's conscious objective to manufacture a controlled substance or methamphetamine. Such evidence includes but is not limited to statements and a chemical substance's usage, quantity, manner of storage, or proximity to other chemical substances or equipment used to manufacture a controlled substance or methamphetamine;

(26) "Isomer" means the optical isomer, except the Cabinet for Health and Family Services may include the optical, positional, or geometric isomer to classify any substance pursuant to KRS 218A.020;

(27) "Manufacture," except as provided in KRS 218A.1431, means the production, preparation, propagation, compounding, conversion, or processing of a controlled substance, either directly or indirectly by extraction from substances of natural
origin or independently by means of chemical synthesis, or by a combination of
extraction and chemical synthesis, and includes any packaging or repackaging of the
substance or labeling or relabeling of its container except that this term does not
include activities:

(a) By a practitioner as an incident to his or her administering or dispensing of a
controlled substance in the course of his or her professional practice;
(b) By a practitioner, or by his or her authorized agent under his supervision, for
the purpose of, or as an incident to, research, teaching, or chemical analysis
and not for sale; or
(c) By a pharmacist as an incident to his or her dispensing of a controlled
substance in the course of his or her professional practice;

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

(a) Industrial hemp that is in the possession, custody, or control of a person who
holds a license issued by the Department of Agriculture permitting that person
to cultivate, handle, or process industrial hemp;
(b) Industrial hemp products that do not include any living plants, viable seeds,
leaf materials, or floral materials;
(c) The substance cannabidiol, when transferred, dispensed, or administered
pursuant to the written order of a physician practicing at a hospital or
associated clinic affiliated with a Kentucky public university having a college
or school of medicine;
(d) For persons participating in a clinical trial or in an expanded access program,
a drug or substance approved for the use of those participants by the United
States Food and Drug Administration;

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

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

(g) Medicinal marijuana as defined in Section 1 of this Act;

(29) "Medical history," as used in KRS Chapter 218A and for criminal prosecution only, means an accounting of a patient's medical background, including but not limited to prior medical conditions, prescriptions, and family background;

(30) "Medical order," as used in KRS Chapter 218A and for criminal prosecution only, means a lawful order of a specifically identified practitioner for a specifically identified patient for the patient's health-care needs. "Medical order" may or may not include a prescription drug order;

(31) "Medical record," as used in KRS Chapter 218A and for criminal prosecution only, means a record, other than for financial or billing purposes, relating to a patient, kept by a practitioner as a result of the practitioner-patient relationship;

(32) "Methamphetamine" means any substance that contains any quantity of methamphetamine, or any of its salts, isomers, or salts of isomers;

(33) "Narcotic drug" means any of the following, whether produced directly or indirectly by extraction from substances of vegetable origin, or independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis:

(a) Opium and opiate, and any salt, compound, derivative, or preparation of opium or opiate;

(b) Any salt, compound, isomer, derivative, or preparation thereof which is chemically equivalent or identical with any of the substances referred to in paragraph (a) of this subsection, but not including the isoquinoline alkaloids of opium;
(c) Opium poppy and poppy straw;
(d) Coca leaves, except coca leaves and extracts of coca leaves from which cocaine, ekgonine, and derivatives of ekgonine or their salts have been removed;
(e) Cocaine, its salts, optical and geometric isomers, and salts of isomers;
(f) Ecgonine, its derivatives, their salts, isomers, and salts of isomers; and
(g) Any compound, mixture, or preparation which contains any quantity of any of the substances referred to in paragraphs (a) to (f) of this subsection;

(34) "Opiate" means any substance having an addiction-forming or addiction-sustaining liability similar to morphine or being capable of conversion into a drug having addiction-forming or addiction-sustaining liability. It does not include, unless specifically designated as controlled under KRS 218A.020, the dextrorotatory isomer of 3-methoxy-n-methylmorphinan and its salts (dextromethorphan). It does include its racemic and levorotatory forms;

(35) "Opium poppy" means the plant of the species papaver somniferum L., except its seeds;

(36) "Person" means individual, corporation, government or governmental subdivision or agency, business trust, estate, trust, partnership or association, or any other legal entity;

(37) "Physical injury" has the same meaning it has in KRS 500.080;

(38) "Poppy straw" means all parts, except the seeds, of the opium poppy, after mowing;

(39) "Pharmacist" means a natural person licensed by this state to engage in the practice of the profession of pharmacy;

(40) "Practitioner" means a physician, dentist, podiatrist, veterinarian, scientific investigator, optometrist as authorized in KRS 320.240, advanced practice registered nurse as authorized under KRS 314.011, or other person licensed, registered, or otherwise permitted by state or federal law to acquire, distribute,
dispense, conduct research with respect to, or to administer a controlled substance in the course of professional practice or research in this state. "Practitioner" also includes a physician, dentist, podiatrist, veterinarian, or advanced practice registered nurse authorized under KRS 314.011 who is a resident of and actively practicing in a state other than Kentucky and who is licensed and has prescriptive authority for controlled substances under the professional licensing laws of another state, unless the person's Kentucky license has been revoked, suspended, restricted, or probated, in which case the terms of the Kentucky license shall prevail;

(41) "Practitioner-patient relationship," as used in KRS Chapter 218A and for criminal prosecution only, means a medical relationship that exists between a patient and a practitioner or the practitioner's designee, after the practitioner or his or her designee has conducted at least one (1) good faith prior examination;

(42) "Prescription" means a written, electronic, or oral order for a drug or medicine, or combination or mixture of drugs or medicines, or proprietary preparation, signed or given or authorized by a medical, dental, chiropody, veterinarian, optometric practitioner, or advanced practice registered nurse, and intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease in man or other animals;

(43) "Prescription blank," with reference to a controlled substance, means a document that meets the requirements of KRS 218A.204 and 217.216;

(44) "Presumptive probation" means a sentence of probation not to exceed the maximum term specified for the offense, subject to conditions otherwise authorized by law, that is presumed to be the appropriate sentence for certain offenses designated in this chapter, notwithstanding contrary provisions of KRS Chapter 533. That presumption shall only be overcome by a finding on the record by the sentencing court of substantial and compelling reasons why the defendant cannot be safely and effectively supervised in the community, is not amenable to community-based
treatment, or poses a significant risk to public safety;

(45) "Production" includes the manufacture, planting, cultivation, growing, or harvesting of a controlled substance;

(46) "Recovery program" means an evidence-based, nonclinical service that assists individuals and families working toward sustained recovery from substance use and other criminal risk factors. This can be done through an array of support programs and services that are delivered through residential and nonresidential means;

(47) "Salvia" means Salvia divinorum or Salvinorin A and includes all parts of the plant presently classified botanically as Salvia divinorum, whether growing or not, the seeds thereof, any extract from any part of that plant, and every compound, manufacture, derivative, mixture, or preparation of that plant, its seeds, or its extracts, including salts, isomers, and salts of isomers whenever the existence of such salts, isomers, and salts of isomers is possible within the specific chemical designation of that plant, its seeds, or extracts. The term shall not include any other species in the genus salvia;

(48) "Second or subsequent offense" means that for the purposes of this chapter an offense is considered as a second or subsequent offense, if, prior to his or her conviction of the offense, the offender has at any time been convicted under this chapter, or under any statute of the United States, or of any state relating to substances classified as controlled substances or counterfeit substances, except that a prior conviction for a nontrafficking offense shall be treated as a prior offense only when the subsequent offense is a nontrafficking offense. For the purposes of this section, a conviction voided under KRS 218A.275 or 218A.276 shall not constitute a conviction under this chapter;

(49) "Sell" means to dispose of a controlled substance to another person for consideration or in furtherance of commercial distribution;

(50) "Serious physical injury" has the same meaning it has in KRS 500.080;
(51) "Synthetic cannabinoids or piperazines" means any chemical compound which is not approved by the United States Food and Drug Administration or, if approved, which is not dispensed or possessed in accordance with state and federal law, that contains Benzylpiperazine (BZP); Trifluoromethylphenylpiperazine (TFMPP); 1,1-Dimethylheptyl-11-hydroxytetrahydrocannabinol (HU-210); 1-Butyl-3-(1-naphthoyl)indole; 1-Pentyl-3-(1-naphthoyl)indole; dexanabinol (HU-211); or any compound in the following structural classes:

(a) Naphthoylindoles: Any compound containing a 3-(1-naphthoyl)indole structure with substitution at the nitrogen atom of the indole ring by an alkyl, haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl, or 2-(4-morpholinyl)ethyl group, whether or not further substituted in the indole ring to any extent and whether or not substituted in the naphthyl ring to any extent. Examples of this structural class include but are not limited to JWH-015, JWH-018, JWH-019, JWH-073, JWH-081, JWH-122, JWH-200, and AM-2201;

(b) Phenylacetylindoles: Any compound containing a 3-phenylacetylindole structure with substitution at the nitrogen atom of the indole ring by an alkyl, haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl, or 2-(4-morpholinyl)ethyl group whether or not further substituted in the indole ring to any extent and whether or not substituted in the phenyl ring to any extent. Examples of this structural class include but are not limited to JWH-167, JWH-250, JWH-251, and RCS-8;

(c) Benzoylindoles: Any compound containing a 3-(benzoyl)indole structure with substitution at the nitrogen atom of the indole ring by an alkyl, haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl, or 2-(4-morpholinyl)ethyl group whether or not further substituted in the indole ring to any extent and whether or not substituted in the phenyl ring to
any extent. Examples of this structural class include but are not limited to AM-630, AM-2233, AM-694, Pravadoline (WIN 48,098), and RCS-4;

(d) Cyclohexylphenols: Any compound containing a 2-((3-hydroxycyclohexyl)phenol structure with substitution at the 5-position of the phenolic ring by an alkyl, haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl, or 2-(4-morpholinyl)ethyl group whether or not substituted in the cyclohexyl ring to any extent. Examples of this structural class include but are not limited to CP 47,497 and its C8 homologue (cannabicyclohexanol);

(e) Naphthylmethylindoles: Any compound containing a 1H-indol-3-yl-(1-naphthyl)methane structure with substitution at the nitrogen atom of the indole ring by an alkyl, haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl, or 2-(4-morpholinyl)ethyl group whether or not further substituted in the indole ring to any extent and whether or not substituted in the naphthyl ring to any extent. Examples of this structural class include but are not limited to JWH-175, JWH-184, and JWH-185;

(f) Naphthoylpyrroles: Any compound containing a 3-(1-naphthoyl)pyrrole structure with substitution at the nitrogen atom of the pyrrole ring by an alkyl, haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl, or 2-(4-morpholinyl)ethyl group whether or not further substituted in the pyrrole ring to any extent and whether or not substituted in the naphthyl ring to any extent. Examples of this structural class include but are not limited to JWH-030, JWH-145, JWH-146, JWH-307, and JWH-368;

(g) Naphthylmethylindenes: Any compound containing a 1-(1-naphthylmethyl)indene structure with substitution at the 3-position of the indene ring by an alkyl, haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl, or 2-(4-morpholinyl)ethyl group whether...
or not further substituted in the indene ring to any extent and whether or not substituted in the naphthyl ring to any extent. Examples of this structural class include but are not limited to JWH-176;

(h) Tetramethycyclopropanoylindoles: Any compound containing a 3-(1-tetramethycyclopropyl)indole structure with substitution at the nitrogen atom of the indole ring by an alkyl, haloalkyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl, or 2-(4-morpholiny)ethyl group, whether or not further substituted in the indole ring to any extent and whether or not further substituted in the tetramethycyclopropyl ring to any extent. Examples of this structural class include but are not limited to UR-144 and XLR-11;

(i) Adamantoylindoles: Any compound containing a 3-(1-adamantoyl)indole structure with substitution at the nitrogen atom of the indole ring by an alkyl, haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl, or 2-(4-morpholiny)ethyl group, whether or not further substituted in the indole ring to any extent and whether or not substituted in the adamantyl ring system to any extent. Examples of this structural class include but are not limited to AB-001 and AM-1248; or

(j) Any other synthetic cannabinoid or piperazine which is not approved by the United States Food and Drug Administration or, if approved, which is not dispensed or possessed in accordance with state and federal law;

(52) "Synthetic cathinones" means any chemical compound which is not approved by the United States Food and Drug Administration or, if approved, which is not dispensed or possessed in accordance with state and federal law (not including bupropion or compounds listed under a different schedule) structurally derived from 2-aminopropan-1-one by substitution at the 1-position with either phenyl, naphthyl, or thiophene ring systems, whether or not the compound is further modified in one (1)
or more of the following ways:

(a) By substitution in the ring system to any extent with alkyl, alkylenedioxy, alkoxy, haloalkyl, hydroxyl, or halide substituents, whether or not further substituted in the ring system by one (1) or more other univalent substituents. Examples of this class include but are not limited to 3,4-Methylenedioxycathinone (bk-MDA);

(b) By substitution at the 3-position with an acyclic alkyl substituent. Examples of this class include but are not limited to 2-methylamino-1-phenylbutan-1-one (buphedrone);

(c) By substitution at the 2-amino nitrogen atom with alkyl, dialkyl, benzyl, or methoxybenzyl groups, or by inclusion of the 2-amino nitrogen atom in a cyclic structure. Examples of this class include but are not limited to Dimethylcathinone, Ethcathinone, and α-Pyrrolidinopropiophenone (α-PPP); or

(d) Any other synthetic cathinone which is not approved by the United States Food and Drug Administration or, if approved, is not dispensed or possessed in accordance with state or federal law;

(53) "Synthetic drugs" means any synthetic cannabinoids or piperazines or any synthetic cathinones;

(54) "Telehealth" has the same meaning it has in KRS 311.550;

(55) "Tetrahydrocannabinols" means synthetic equivalents of the substances contained in the plant, or in the resinous extractives of the plant Cannabis, sp. or synthetic substances, derivatives, and their isomers with similar chemical structure and pharmacological activity such as the following:

(a) Delta 1 cis or trans tetrahydrocannabinol, and their optical isomers;

(b) Delta 6 cis or trans tetrahydrocannabinol, and their optical isomers; and

(c) Delta 3, 4 cis or trans tetrahydrocannabinol, and its optical isomers;
(56) "Traffic," except as provided in KRS 218A.1431, means to manufacture, distribute, dispense, sell, transfer, or possess with intent to manufacture, distribute, dispense, or sell a controlled substance;

(57) "Transfer" means to dispose of a controlled substance to another person without consideration and not in furtherance of commercial distribution; and

(58) "Ultimate user" means a person who lawfully possesses a controlled substance for his or her own use or for the use of a member of his or her household or for administering to an animal owned by him or her or by a member of his or her household.

Section 37. KRS 218A.1421 is amended to read as follows:

(1) A person is guilty of trafficking in marijuana when he or she knowingly and unlawfully traffics in marijuana, and the trafficking is not in compliance with, or otherwise authorized by, Sections 1 to 30 of this Act.

(2) Unless authorized by Sections 1 to 30 of this Act, trafficking in less than eight (8) ounces of marijuana is:

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

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

(3) Unless authorized by Sections 1 to 30 of this Act, trafficking in eight (8) or more ounces but less than five (5) pounds of marijuana is:

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

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

(4) Unless authorized by Sections 1 to 30 of this Act, trafficking in five (5) or more pounds of marijuana is:

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

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

(5) Unless authorized by Sections 1 to 30 of this Act, the unlawful possession by any person of eight (8) or more ounces of marijuana shall be prima facie evidence that
the person possessed the marijuana with the intent to sell or transfer it.

(6) **This section does not apply to:**

(a) A cannabis business or a cannabis business agent, as defined in Section 1 of this Act, when acting in compliance with Sections 1 to 30 of this Act; or

(b) A cardholder, as defined in Section 1 of this Act, whose medicinal use of marijuana is in compliance with Sections 1 to 30 of this Act.

Section 38. KRS 218A.1422 is amended to read as follows:

(1) A person is guilty of possession of marijuana when he or she knowingly and unlawfully possesses marijuana, and the possession is not in compliance with, or otherwise authorized by, Sections 1 to 30 of this Act.

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

(3) **This section does not apply to:**

(a) A cannabis business or a cannabis business agent, as defined in Section 1 of this Act, when acting in compliance with Sections 1 to 30 of this Act; or

(b) A cardholder, as defined in Section 1 of this Act, whose medicinal use of marijuana is in compliance with Sections 1 to 30 of this Act.

Section 39. KRS 218A.1423 is amended to read as follows:

(1) A person is guilty of marijuana cultivation when he or she knowingly and unlawfully plants, cultivates, or harvests marijuana with the intent to sell or transfer it, and the cultivation is not in compliance with, or otherwise authorized by, Sections 1 to 30 of this Act.

(2) Unless authorized by Sections 1 to 30 of this Act, marijuana cultivation of five (5) or more plants of marijuana is:

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

(b) For a second or subsequent offense a Class C felony.
(3) Unless authorized by Sections 1 to 30 of this Act, marijuana cultivation of fewer than five (5) plants is:
   (a) For a first offense a Class A misdemeanor.
   (b) For a second or subsequent offense a Class D felony.

(4) Unless authorized by Sections 1 to 30 of this Act, the planting, cultivating, or harvesting of five (5) or more marijuana plants shall be prima facie evidence that the marijuana plants were planted, cultivated, or harvested for the purpose of sale or transfer.

(5) This section does not apply to a cannabis business or a cannabis business agent, as defined in Section 1 of this Act, when acting in compliance with Sections 1 to 30 of this Act.

As used in this section and KRS 218A.510:

(1) "Drug paraphernalia" means all equipment, products and materials of any kind which are used, intended for use, or designed for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, containing, concealing, injecting, ingesting, inhaling, or otherwise introducing into the human body a controlled substance in violation of this chapter. The term "drug paraphernalia" does not include medicinal marijuana accessories, as defined in Section 1 of this Act. It includes but is not limited to:
   (a) Kits used, intended for use, or designed for use in planting, propagating, cultivating, growing, or harvesting of any species of plant which is a controlled substance or from which a controlled substance can be derived;
   (b) Kits used, intended for use, or designed for use in manufacturing, compounding, converting, producing, processing, or preparing controlled substances;
(c) Isomerization devices used, intended for use, or designed for use in increasing
the potency of any species of plant which is a controlled substance;
(d) Testing equipment used, intended for use, or designed for use in identifying,
or in analyzing the strength, effectiveness or purity of controlled substances;
(e) Scales and balances used, intended for use, or designed for use in weighing or
measuring controlled substances;
(f) Diluents and adulterants, such as quinine hydrochloride, mannitol, mannite,
dextrose and lactose, used, intended for use, or designed for use in cutting
controlled substances;
(g) Separation gins and sifters used, intended for use, or designed for use in
removing twigs and seeds from, or in otherwise cleaning or refining
marijuana;
(h) Blenders, bowls, containers, spoons, and mixing devices used, intended for
use, or designed for use in compounding controlled substances;
(i) Capsules, balloons, envelopes, and other containers used, intended for use, or
designed for use in packaging small quantities of controlled substances;
(j) Containers and other objects used, intended for use, or designed for use in
storing or concealing controlled substances;
(k) Hypodermic syringes, needles, and other objects used, intended for use, or
designed for use in parenterally injecting controlled substances into the human
body; and
(l) Objects used, intended for use, or designed for use in ingesting, inhaling, or
otherwise introducing marijuana, cocaine, hashish, or hashish oil into the
human body, such as: metal, wooden, acrylic, glass, stone, plastic, or ceramic
pipes with or without screens, permanent screens, hashish heads, or punctured
metal bowls; water pipes; carburation tubes and devices; smoking and
carburation masks; roach clips which mean objects used to hold burning
material, such as marijuana cigarettes, that have become too small or too short
to be held in the hand; miniature cocaine spoons, and cocaine vials; chamber
pipes; carburetor pipes; electric pipes; air-driven pipes; chillums; bongs; ice
pipes or chillers.

(2) It is unlawful for any person to use, or to possess with intent to use, drug
paraphernalia for the purpose of planting, propagating, cultivating, growing,
harvesting, manufacturing, compounding, converting, producing, processing,
preparing, testing, analyzing, packing, repacking, storing, containing, concealing,
injecting, ingesting, inhaling, or otherwise introducing into the human body a
controlled substance in violation of this chapter.

(3) It is unlawful for any person to deliver, possess with intent to deliver, or
manufacture with intent to deliver, drug paraphernalia, knowing, or under
circumstances where one reasonably should know, that it will be used to plant,
propagate, cultivate, grow, harvest, manufacture, compound, convert, produce,
process, prepare, test, analyze, pack, repack, store, contain, conceal, inject, ingest,
inhale, or otherwise introduce into the human body a controlled substance in
violation of this chapter.

(4) It is unlawful for any person to place in any newspaper, magazine, handbill, or other
publication any advertisement, knowing, or under circumstances where one
reasonably should know, that the purpose of the advertisement, in whole or in part,
is to promote the sale of objects designed or intended for use as drug paraphernalia.

(5) (a) This section shall not prohibit a local health department from operating a
substance abuse treatment outreach program which allows participants to
exchange hypodermic needles and syringes.

(b) To operate a substance abuse treatment outreach program under this
subsection, the local health department shall have the consent, which may be
revoked at any time, of the local board of health and:
1. The legislative body of the first or home rule class city in which the
program would operate if located in such a city; and
2. The legislative body of the county, urban-county government, or
consolidated local government in which the program would operate.

(c) Items exchanged at the program shall not be deemed drug paraphernalia under
this section while located at the program.

(6) (a) Prior to searching a person, a person's premises, or a person's vehicle, a peace
officer may inquire as to the presence of needles or other sharp objects in the
areas to be searched that may cut or puncture the officer and offer to not
charge a person with possession of drug paraphernalia if the person declares to
the officer the presence of the needle or other sharp object. If, in response to
the offer, the person admits to the presence of the needle or other sharp object
prior to the search, the person shall not be charged with or prosecuted for
possession of drug paraphernalia for the needle or sharp object or for
possession of a controlled substance for residual or trace drug amounts present
on the needle or sharp object.

(b) The exemption under this subsection shall not apply to any other drug
paraphernalia that may be present and found during the search or to controlled
substances present in other than residual or trace amounts.

(7) Any person who violates any provision of this section shall be guilty of a Class A
misdemeanor.

⇒ Section 41. KRS 12.020 is amended to read as follows:

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

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

(1) The Governor.
(2) Lieutenant Governor.
(3) Department of State.
   (a) Secretary of State.
   (b) Board of Elections.
   (c) Registry of Election Finance.
(4) Department of Law.
   (a) Attorney General.
(5) Department of the Treasury.
   (a) Treasurer.
(6) Department of Agriculture.
   (a) Commissioner of Agriculture.
   (b) Kentucky Council on Agriculture.
(7) Auditor of Public Accounts.

II. Program cabinets headed by appointed officers:

(1) Justice and Public Safety Cabinet:
   (a) Department of Kentucky State Police.
   (b) Department of Criminal Justice Training.
   (c) Department of Corrections.
(d) Department of Juvenile Justice.
(e) Office of the Secretary.
(f) Office of Drug Control Policy.
(g) Office of Legal Services.
(h) Office of the Kentucky State Medical Examiner.
(i) Parole Board.
(j) Kentucky State Corrections Commission.
(k) Office of Legislative and Intergovernmental Services.
(m) Department of Public Advocacy.

(2) Education and Workforce Development Cabinet:

(a) Office of the Secretary.
   1. Governor's Scholars Program.
   2. Governor's School for Entrepreneurs Program.
   3. Office of the Kentucky Workforce Innovation Board.
   4. Foundation for Adult Education.

(b) Office of Legal and Legislative Services.
   1. Client Assistance Program.

(c) Office of Communication.

(d) Office of Administrative Services.
   1. Division of Human Resources.
   3. Division of Fiscal Management.

(e) Office of Technology Services.

(f) Office of Educational Programs.

(g) Office of the Kentucky Center for Statistics.
1. Board of the Kentucky Center for Statistics.

2. Board of Directors for the Center for School Safety.

3. Department of Education.

   1. Kentucky Board of Education.

   2. Kentucky Technical Education Personnel Board.


5. Department of Workforce Investment.

   1. Office of Vocational Rehabilitation.

      a. Division of Kentucky Business Enterprise.

      b. Division of the Carl D. Perkins Vocational Training Center.

      c. Division of Blind Services.

      d. Division of Field Services.

      e. Statewide Council for Vocational Rehabilitation.

   2. Office of Unemployment Insurance.


      a. Division of Apprenticeship.

   4. Office of Career Development.

   5. Office of Adult Education.


   (m) Foundation for Workforce Development.

   (n) Kentucky Workforce Investment Board.

   (o) Education Professional Standards Board.

   1. Division of Educator Preparation.

   2. Division of Certification.

   3. Division of Professional Learning and Assessment.

   4. Division of Legal Services.
Kentucky Commission on the Deaf and Hard of Hearing.

Kentucky Educational Television.

Kentucky Environmental Education Council.

Energy and Environment Cabinet:

(a) Office of the Secretary.
   1. Office of Legislative and Intergovernmental Affairs.
   2. Office of Legal Services.
      a. Legal Division I.
      b. Legal Division II.
   3. Office of Administrative Hearings.

(b) Department for Environmental Protection.
   1. Office of the Commissioner.
   2. Division for Air Quality.
   3. Division of Water.
   4. Division of Environmental Program Support.
   5. Division of Waste Management.
   6. Division of Enforcement.
   7. Division of Compliance Assistance.

(c) Department for Natural Resources.
   1. Office of the Commissioner.
   2. Division of Mine Permits.
   3. Division of Mine Reclamation and Enforcement.
   4. Division of Abandoned Mine Lands.
5. Division of Oil and Gas.
6. Division of Mine Safety.
7. Division of Forestry.
8. Division of Conservation.
(d) Office of Energy Policy.
1. Division of Energy Assistance.
(e) Office of Administrative Services.
1. Division of Human Resources Management.
2. Division of Financial Management.
3. Division of Information Services.
(4) Public Protection Cabinet.
(a) Office of the Secretary.
1. Office of Communications and Public Outreach.
2. Office of Legal Services.
   a. Insurance Legal Division.
   b. Charitable Gaming Legal Division.
   c. Alcoholic Beverage and Cannabis Control Legal Division.
   d. Housing, Buildings and Construction Legal Division.
   e. Financial Institutions Legal Division.
   f. Professional Licensing Legal Division.
3. Office of Administrative Hearings.
   a. Division of Human Resources.
   b. Division of Fiscal Responsibility.
(b) Kentucky Claims Commission.
(c) Kentucky Boxing and Wrestling Commission.
(d) Kentucky Horse Racing Commission.
   1. Office of Executive Director.
   a. Division of Pari-mutuel Wagering and Compliance.
   b. Division of Stewards.
   c. Division of Licensing.
   d. Division of Enforcement.
   e. Division of Incentives and Development.
   f. Division of Veterinary Services.

(e) Department of Alcoholic Beverage and Cannabis Control.
   1. Division of Distilled Spirits.
   2. Division of Malt Beverages.
   3. Division of Medicinal Marijuana.
   4. Division of Alcohol and Cannabis Enforcement.

(f) Department of Charitable Gaming.
   1. Division of Licensing and Compliance.
   2. Division of Enforcement.

(g) Department of Financial Institutions.
   1. Division of Depository Institutions.
   2. Division of Non-Depository Institutions.
   3. Division of Securities.

(h) Department of Housing, Buildings and Construction.
   1. Division of Fire Prevention.
   2. Division of Plumbing.
   3. Division of Heating, Ventilation, and Air Conditioning.

(i) Department of Insurance.
   1. Division of Insurance Product Regulation.
1. Division of Administrative Services.

2. Division of Financial Standards and Examination.

3. Division of Agent Licensing.

4. Division of Insurance Fraud Investigation.

5. Division of Consumer Protection.

(j) Department of Professional Licensing.

1. Real Estate Authority.

8. (5) Labor Cabinet.

(a) Office of the Secretary.

1. Office of General Counsel.

a. Workplace Standards Legal Division.

b. Workers' Claims Legal Division.

2. Office of Administrative Services.

a. Division of Human Resources Management.

b. Division of Fiscal Management.

c. Division of Professional Development and Organizational Management.

d. Division of Information Technology and Support Services.


(b) Department of Workplace Standards.

1. Division of Occupational Safety and Health Compliance.

2. Division of Occupational Safety and Health Education and Training.

3. Division of Wages and Hours.

(c) Department of Workers' Claims.

1. Division of Workers' Compensation Funds.

3. Division of Claims Processing.
4. Division of Security and Compliance.
5. Division of Information Services.
6. Division of Specialist and Medical Services.
7. Workers' Compensation Board.
(d) Workers' Compensation Funding Commission.
(e) Occupational Safety and Health Standards Board.
(f) State Labor Relations Board.
(g) Employers' Mutual Insurance Authority.
(h) Kentucky Occupational Safety and Health Review Commission.
(i) Workers' Compensation Nominating Committee.

6. Transportation Cabinet:

(a) Department of Highways.
1. Office of Project Development.
2. Office of Project Delivery and Preservation.
4. Highway District Offices One through Twelve.

(b) Department of Vehicle Regulation.

(c) Department of Aviation.

(d) Department of Rural and Municipal Aid.
1. Office of Local Programs.
2. Office of Rural and Secondary Roads.

(e) Office of the Secretary.
2. Office for Civil Rights and Small Business Development.
3. Office of Budget and Fiscal Management.
1 (f) Office of Support Services.
2 (g) Office of Transportation Delivery.
3 (h) Office of Audits.
5 (j) Office of Information Technology.
6 (k) Office of Legal Services.
7 (7) Cabinet for Economic Development:
8 (a) Office of the Secretary.
9 1. Office of Legal Services.
10 2. Department for Business Development.
13 b. Finance and Personnel Division.
14 c. IT and Resource Management Division.
15 d. Compliance Division.
16 e. Incentive Administration Division.
17 f. Bluegrass State Skills Corporation.
19 a. Communications Division.
21 5. Office of Workforce, Community Development, and Research.
22 6. Office of Entrepreneurship.
24 (8) Cabinet for Health and Family Services:
25 (a) Office of the Secretary.
26 1. Office of Health Data and Analytics.
27 2. Office of the Ombudsman and Administrative Review.
   (b) Office of Finance and Budget.
12. Department for Aging and Independent Living.
13. Department for Community Based Services.
17. Office of Legislative and Regulatory Affairs.
18. Finance and Administration Cabinet:
   (a) Office of the Secretary.
   (b) Office of the Inspector General.
   (c) Office of Legislative and Intergovernmental Affairs.
   (d) Office of General Counsel.
   (e) Office of the Controller.
   (f) Office of Administrative Services.
   (g) Office of Policy and Audit.
   (h) Department for Facilities and Support Services.
   (i) Department of Revenue.


5. Commonwealth Credit Union.


8. Kentucky Local Correctional Facilities Construction Authority.


13. Kentucky River Authority.

14. Kentucky Teachers' Retirement System Board of Trustees.

15. Executive Branch Ethics Commission.

(10) Tourism, Arts and Heritage Cabinet:

(a) Kentucky Department of Tourism.

1. Division of Tourism Services.

2. Division of Marketing and Administration.

3. Division of Communications and Promotions.

(b) Kentucky Department of Parks.

1. Division of Information Technology.

2. Division of Human Resources.


4. Division of Facilities Management.

5. Division of Facilities Maintenance.

1. Division of Recreation.
2. Division of Golf Courses.
3. Division of Food Services.
4. Division of Rangers.
5. Division of Resort Parks.
6. Division of Recreational Parks and Historic Sites.
7. (c) Department of Fish and Wildlife Resources.
8. Division of Law Enforcement.
10. Division of Engineering, Infrastructure, and Technology.
11. Division of Fisheries.
12. Division of Information and Education.
14. Division of Marketing.
15. (d) Kentucky Horse Park.
17. Division of Buildings and Grounds.
18. Division of Operational Services.
19. (e) Kentucky State Fair Board.
20. Office of Administrative and Information Technology Services.
22. Division of Expositions.
23. Division of Kentucky Exposition Center Operations.
24. Division of Kentucky International Convention Center.
25. Division of Public Relations and Media.
26. Division of Venue Services.
27. Division of Personnel Management and Staff Development.
1. Division of Sales.
2. Division of Security and Traffic Control.
3. Division of Information Technology.
4. Division of the Louisville Arena.
5. Division of Fiscal and Contract Management.
6. Division of Access Control.
7. Office of the Secretary.
   (f) Office of Finance.
8. Office of Government Relations and Administration.
9. Office of Film and Tourism Development.
11. Office of Human Resources.
15. Kentucky Foundation for the Arts.
   (p) Division of Museums.
20. Division of Oral History and Educational Outreach.
21. Division of Research and Publications.
22. Division of Administration.
23. Kentucky Center for the Arts.
   (q) Division of Governor's School for the Arts.
24. Kentucky Artisans Center at Berea.
   (r)
(s) Northern Kentucky Convention Center.
(t) Eastern Kentucky Exposition Center.

(11) Personnel Cabinet:
(a) Office of the Secretary.
(b) Department of Human Resources Administration.
(c) Office of Employee Relations.
(d) Kentucky Public Employees Deferred Compensation Authority.
(e) Office of Administrative Services.
(f) Office of Legal Services.
(g) Governmental Services Center.
(h) Department of Employee Insurance.
(i) Office of Diversity, Equality, and Training.
(j) Office of Public Affairs.

III. Other departments headed by appointed officers:
(1) Council on Postsecondary Education.
(2) Department of Military Affairs.
(3) Department for Local Government.
(4) Kentucky Commission on Human Rights.
(5) Kentucky Commission on Women.
(6) Department of Veterans' Affairs.
(7) Kentucky Commission on Military Affairs.
(8) Office of Minority Empowerment.
(9) Governor's Council on Wellness and Physical Activity.
(10) Kentucky Communications Network Authority.

Section 42. KRS 12.252 is amended to read as follows:
(1) There is established within the Public Protection Cabinet a Department of Financial
Institutions, a Department of Insurance, a Department of Housing, Buildings and
Construction, a Department of Charitable Gaming, a Department of Professional Licensing, and a Department of Alcoholic Beverage and Cannabis Control. Each department shall be headed by a commissioner appointed by the Governor as required by KRS 12.040 and, where appropriate, by KRS 238.510, 241.015, and 304.2-020. Commissioners shall be directly responsible to the secretary and shall perform the functions, powers, and duties provided by law and prescribed by the secretary.

(2) The secretary of the Public Protection Cabinet shall be appointed by the Governor in accordance with KRS 12.255. The Office of the Secretary shall contain the following entities:

(a) The Office of Communications and Public Outreach, which shall be headed by an executive director appointed by the secretary with the approval of the Governor in accordance with KRS 12.050;

(b) The Office of Legal Services, which shall be headed by an executive director appointed by the secretary with the approval of the Governor in accordance with KRS 12.050 and 12.210;

(c) The Office of Administrative Hearings, which shall be headed by an executive director appointed by the secretary with the approval of the Governor in accordance with KRS 12.050 and 12.210; and

(d) The Office of Administrative Services, which shall be headed by an executive director appointed by the secretary with the approval of the Governor in accordance with KRS 12.050.

(3) There is established within the Public Protection Cabinet the Kentucky Claims Commission pursuant to KRS 49.010.

(4) The Kentucky Horse Racing Commission is attached to the Public Protection Cabinet for administrative purposes only, except as provided in KRS 131.330.

(5) There is established within the Public Protection Cabinet the Kentucky Boxing and
Wrestling Commission, which shall be headed by an executive director appointed
by the secretary with the approval of the Governor as required by KRS 12.050. The
executive director shall be directly responsible to the secretary and shall perform the
functions, powers, and duties provided by law and prescribed by the secretary.

Section 43. KRS 15.300 is amended to read as follows:

(1) As used in this section, "consent order" means the consent order of December 21,
1998, agreed to in Commonwealth of Kentucky v. Philip Morris Inc. et al., Docket
Number 98-CI-01579, Franklin Circuit Court.

(2) There is created the Tobacco Master Settlement Agreement Compliance Advisory
Board in the Department of Law. The board shall be composed of six (6) members
as follows:

(a) The Attorney General, or the Attorney General's designee;
(b) The secretary of the Cabinet for Health and Family Services, or the secretary's
designee;
(c) The Commissioner of Agriculture, or the Commissioner's designee;
(d) The secretary of the Public Protection Cabinet, or the secretary's designee; and
(e) Two (2) citizens at large appointed by the Attorney General.

(3) The citizen members of the board shall serve for terms of one (1) year and until
their successors are appointed. The citizen members shall be eligible for successive
terms on the board.

(4) The board shall annually elect a member to serve as its chair and shall meet at least
quarterly on a date set by the board. Board members shall be reimburs[ed] for
necessary expenses incurred in serving on the board.

(5) The board may adopt rules governing the conduct of its meetings, the creation of
meeting agendas, and other procedural matters it deems necessary. The board may
adopt reporting forms, which shall be developed in consultation with participating
agencies.
(6) The Office of the Attorney General shall:

(a) Enter into a memorandum of agreement with the Department of Public Health of the Cabinet for Health and Family Services, the Department of Alcoholic Beverage and Cannabis Control in the Public Protection Cabinet, and the Department of Agriculture to identify and report possible violations of the consent order;

(b) Attempt to secure funding under the master settlement agreement to reimburse the agencies specified in paragraph (a) of this subsection for any compliance activity that they perform; and

(c) Provide necessary funding and staff for administrative expenses related to the operation of the board. The board may request assistance from other state agencies.

(7) The Tobacco Master Settlement Agreement Compliance Advisory Board shall:

(a) Identify activities for which training is required for personnel of the state agencies specified in paragraph (a) of subsection (6) of this section that are responsible for identifying and reporting possible violations of the consent order;

(b) Determine eligible compliance training costs and seek reimbursement for the costs; and

(c) Notify the appropriate tobacco manufacturer, in writing, of any alleged violation of the consent order and request a response and, if applicable, a corrective action plan within thirty (30) days from the date of the notice. If the manufacturer fails to respond or to satisfactorily resolve the matter, the board shall review the matter at its next meeting and may refer the matter to the Office of the Attorney General for enforcement action, if warranted.

Section 44. KRS 15.380 is amended to read as follows:

(1) The following officers employed or appointed as full-time, part-time, or auxiliary
officers, whether paid or unpaid, shall be certified:

(a) Department of Kentucky State Police officers, but for the commissioner of the Department of Kentucky State Police;

(b) City, county, and urban-county police officers;

(c) Court security officers and deputy sheriffs, except those identified in KRS 70.045 and 70.263(3);

(d) State or public university police officers appointed pursuant to KRS 164.950;

(e) School resource officers as defined in KRS 158.441 and employed or appointed under KRS 158.4414;

(f) Airport safety and security officers appointed under KRS 183.880;

(g) Department of Alcoholic Beverage and Cannabis Control investigators appointed under KRS 241.090;

(h) Division of Insurance Fraud Investigation investigators appointed under KRS 304.47040;

(i) Fire investigators appointed or employed under KRS 95A.100 or 227.220; and

(j) County detectives appointed in accordance with KRS 69.360 after July 1, 2019.

(2) The requirements of KRS 15.380 to 15.404 for certification may apply to all state peace officers employed pursuant to KRS Chapter 18A and shall, if adopted, be incorporated by the Personnel Cabinet for job specifications.

(3) Additional training in excess of the standards set forth in KRS 15.380 to 15.404 for all peace officers possessing arrest powers who have specialized law enforcement responsibilities shall be the responsibility of the employing agency.

(4) The following officers may, upon request of the employing agency, be certified by the council:

(a) Deputy coroners;

(b) Deputy constables;
(c) Deputy jailers;
(d) Deputy sheriffs under KRS 70.045 and 70.263(3);
(e) Officers appointed under KRS 61.360;
(f) Officers appointed under KRS 61.902, except those who are school resource officers as defined in KRS 158.441 and who shall be certified under subsection (1)(e) of this section;
(g) Private security officers;
(h) Employees of a correctional services division created pursuant to KRS 67A.028 and employees of a metropolitan correctional services department created pursuant to KRS 67B.010 to 67B.080; and
(i) Investigators employed by the Department of Charitable Gaming in accordance with KRS 238.510; and
(j) Commonwealth detectives employed under KRS 69.110 and county detectives employed under KRS 69.360.

(5) The following officers shall be exempted from the certification requirements but may upon their request be certified by the council:
(a) Sheriffs;
(b) Coroners;
(c) Constables;
(d) Jailers;
(e) Kentucky Horse Racing Commission security officers employed under KRS 230.240; and
(f) Commissioner of the State Police.

(6) Federal peace officers cannot be certified under KRS 15.380 to 15.404.

(7) Local alcoholic beverage control investigators appointed under KRS Chapter 241 on or after April 1, 2019, shall be certified by the council if all minimum standards set forth in KRS 15.380 to 15.404 have been met. Local alcoholic beverage control
investigators appointed under KRS Chapter 241 before April 1, 2019, shall be exempt from this requirement.

Section 45. KRS 15.398 is amended to read as follows:

The following Kentucky Revised Statutes and any administrative regulations promulgated thereunder affecting those peace officers required to be certified pursuant to KRS 15.380 to 15.404 shall not be superseded by the provisions of KRS 15.380 to 15.404, and in all instances the provisions of all statutes specified below shall prevail:

(1) KRS Chapter 16, relating to Department of Kentucky State Police Officers;
(2) KRS Chapter 70, relating to sheriffs, and deputy sheriffs;
(3) KRS Chapter 78, relating to county police;
(4) KRS Chapters 15 and 95, except for KRS 95.955, relating to city and urban-county police;
(5) KRS Chapter 183, relating to airport safety and security officers;
(6) KRS Chapter 164, relating to State Universities and Colleges; Regional Education and Archaeology officers;
(7) KRS Chapter 18A, relating to all state peace officers;
(8) KRS 241.090, relating to Department of Alcoholic Beverage and Cannabis Control investigators;
(9) KRS 304.47-040, relating to Division of Insurance Fraud Investigators; and
(10) Any other statutes affecting peace officers not specifically cited herein.

Section 46. KRS 15.420 is amended to read as follows:

As used in KRS 15.410 to 15.510, unless the context otherwise requires:

(1) "Cabinet" means the Justice and Public Safety Cabinet;
(2) (a) "Police officer" means:
   1. A local officer, limited to:
      a. A full-time:
         i. Member of a lawfully organized police department of county,
urban-county, or city government; or

ii. Sheriff or full-time deputy sheriff, including any sheriff providing court security or appointed under KRS 70.030; or

b. A school resource officer as defined in KRS 158.441; and

2. A state officer, limited to:

a. A public university police officer;

b. A Kentucky state trooper;

c. A Kentucky State Police arson investigator;

d. A Kentucky State Police hazardous device investigator;

e. A Kentucky State Police legislative security specialist;

f. A Kentucky vehicle enforcement officer;

g. A Kentucky Horse Park mounted patrol officer, subject to KRS 15.460(1)(f);

h. A Kentucky state park ranger, subject to KRS 15.460(1)(f);

i. An agriculture investigator;

j. A charitable gaming investigator;

k. An alcoholic beverage and cannabis control investigator;

l. An insurance fraud investigator;

m. An Attorney General investigator; and

n. A Kentucky Department of Fish and Wildlife Resources conservation officer, subject to KRS 15.460(1)(e);

who is responsible for the prevention and detection of crime and the enforcement of the general criminal laws of the state;

(b) "Police officer" does not include any sheriff who earns the maximum constitutional salary for this office, any special deputy sheriff appointed under KRS 70.045, any constable, deputy constable, district detective, deputy district detective, special local peace officer, auxiliary police officer, or any other
peace officer not specifically authorized in KRS 15.410 to 15.510;

(3) "Police department" means the employer of a police officer;

(4) "Retirement plan" means a defined benefit plan consisting of required employer contributions pursuant to KRS 61.565, 61.702, or any other provision of law;

(5) "Unit of government" means any city, county, combination of cities and counties, public university, state agency, local school district, or county sheriff's office of the Commonwealth; and

(6) "Validated job task analysis" means the core job description that describes the minimum entry level requirements, qualifications, and training requirements for peace officers in the Commonwealth, and that is based upon an actual survey and study of police officer duties and responsibilities conducted by an entity recognized by the council as being competent to conduct such a study.

Section 47. KRS 15A.340 is amended to read as follows:

(1) As used in this section and KRS 15A.342 and 15A.344, "KY-ASAP" means the Kentucky Agency for Substance Abuse Policy.

(2) The Office of Drug Control Policy shall administer an endowment from interest generated through funds appropriated or gifts, donations, or funds received from any source. The Office of Drug Control Policy may expend endowment principal, if necessary in its discretion, to carry out the purposes of this section and KRS 15A.342 and 15A.344. These expenditures from the endowment principal are hereby appropriated for this purpose.

(3)(a) The Office of Drug Control Policy shall oversee the activities specified in this section and KRS 15A.342 and 15A.344 and provide administrative support to the seventeen (17) member KY-ASAP Board, which is created to oversee the activities of KY-ASAP. Membership of the board shall be appointed by the Governor and shall consist of the following:

1. One (1) member representing the Kentucky Family Resource Youth
1. Services Coalition, or a designee;
2. One (1) member representing the Kentucky Health Department Association, or a designee;
3. The secretary of the Cabinet for Health and Family Services, or a designee;
4. The secretary of the Justice and Public Safety Cabinet, or a designee;
5. One (1) member representing the Division of Behavioral Health within the Department for Behavioral Health, Developmental and Intellectual Disabilities, Cabinet for Health and Family Services, or a designee;
6. The commissioner of the Department for Public Health, Cabinet for Health and Family Services, or a designee;
7. The commissioner of the Department of Alcoholic Beverage and Cannabis Control, or a designee;
8. The commissioner of the Department of Education;
9. The director of the Administrative Office of the Courts, or a designee;
10. One (1) member representing the Kentucky Association of Regional Programs, or a designee;
11. One (1) member representing the Kentucky Heart Association, or a designee;
12. One (1) member representing the Kentucky Lung Association, or a designee;
13. One (1) member representing the Kentucky Cancer Society, or a designee;
14. Two (2) members representing local tobacco addiction and substance abuse advisory and coordination boards; and
15. Two (2) members representing private community-based organizations, whether for-profit or nonprofit, with experience in programs involving
smoking cessation or prevention or alcohol or substance abuse prevention and treatment.

(b) Members shall serve for a term of four (4) years, may be reappointed, and may serve no more than two (2) consecutive terms. Members shall not be compensated but shall receive reimbursement for expenses incurred while performing board business.

(c) The board shall meet at least quarterly. A quorum of nine (9) members shall be required for the transaction of business. Meetings shall be held at the call of the chair, or upon the written request of two (2) members to the chair.

(d) The board shall:

1. Oversee deposits and expenditures from the endowment;
2. Request, in its discretion, an audit relating to the expenditure of endowment funds;
3. Receive quarterly reports from the commissioner of the Department of Alcoholic Beverage and Cannabis Control regarding KY-ASAP's activities;
4. Progress toward development and implementation of the strategic plan;
5. Recommend to KY-ASAP the most efficient means for using public funds to coordinate, supplement, and support high quality and ongoing programs of all public agencies and private service providers related to smoking cessation and prevention and alcohol and substance abuse prevention and treatment;
6. Recommend matters for review and analysis by KY-ASAP; and
7. Perform other duties as necessary for the oversight of KY-ASAP.

(4) The Office of Drug Control Policy and KY-ASAP shall promote the implementation of research-based strategies that target Kentucky's youth and adult populations.
(5) The Office of Drug Control Policy and KY-ASAP shall vigorously pursue the philosophy that tobacco in the hands of Kentucky's youth is a drug abuse problem because of the addictive qualities of nicotine, and because tobacco is the most prevalent gateway drug that leads to later and escalated drug and alcohol abuse.

Section 48. KRS 61.592 is amended to read as follows:

(1) "Hazardous position" for employees participating in the Kentucky Employees Retirement System, and for employees who begin participating in the County Employees Retirement System before September 1, 2008, means:

1. Any position whose principal duties involve active law enforcement, including the positions of probation and parole officer and Commonwealth detective, active fire suppression or prevention, or other positions, including, but not limited to, pilots of the Transportation Cabinet and paramedics and emergency medical technicians, with duties that require frequent exposure to a high degree of danger or peril and also require a high degree of physical conditioning;

2. Positions in the Department of Corrections in state correctional institutions and the Kentucky Correctional Psychiatric Center with duties that regularly and routinely require face-to-face contact with inmates; and

3. Positions of employees who elect coverage under KRS 196.167(3)(b)2. and who continue to provide educational services and support to inmates as a Department of Corrections employee.

(b) "Hazardous position" for employees who begin participating in the County Employees Retirement System on or after September 1, 2008, means police officers and firefighters as defined in KRS 61.315(1), paramedics, correctional officers with duties that routinely and regularly require face-to-face contact with inmates, and emergency medical technicians if:
1. The employee's duties require frequent exposure to a high degree of
danger or peril and a high degree of physical conditioning; and
2. The employee's duties are not primarily clerical or administrative.

(c) The effective date of participation under hazardous duty coverage for
positions in the Department of Alcoholic Beverage and Cannabis Control
shall be April 1, 1998. The employer and employee contributions shall be paid
by the employer and forwarded to the retirement system for the period not
previously reported.

(2) (a) Each employer may request of the board hazardous duty coverage for those
positions as defined in subsection (1) of this section. Upon request, each
employer shall certify to the system, in the manner prescribed by the board,
the names of all employees working in a hazardous position as defined in
subsection (1) of this section for which coverage is requested. The
certification of the employer shall bear the approval of the agent or agency
responsible for the budget of the department or county indicating that the
required employer contributions have been provided for in the budget of the
employing department or county. The system shall determine whether the
employees whose names have been certified by the employer are working in
positions meeting the definition of a hazardous position as provided by
subsection (1) of this section. This process shall not be required for employees
who elect coverage under KRS 196.167(3)(b)2.

(b) Each employer desiring to provide hazardous duty coverage to employees who
begin participating in the County Employees Retirement System on or after
September 1, 2008, may request that the board approve hazardous duty
coverage for those positions that meet the criteria set forth in subsection (1)(b)
of this section. Each employer shall certify to the system, in the manner
prescribed by the board, the names of all employees working in a hazardous
position as defined in subsection (1)(b) of this section for which coverage is requested and a job description for each position or employee. The certification of the employer shall bear the approval of the agent or agency responsible for the budget of the department or county indicating that the required employer contributions have been provided for in the budget of the employing department or county. Each employer shall also certify, under penalty of perjury in accordance with KRS Chapter 523, that each employee's actual job duties are accurately reflected in the job description provided to the system. The system shall determine whether the employees whose names have been certified by the employer are working in positions meeting the definition of a hazardous position as defined in subsection (1)(b) of this section. The board shall have the authority to remove any employee from hazardous duty coverage if the board determines the employee is not working in a hazardous duty position or if the employee is classified in a hazardous duty position but has individual job duties that do not meet the definition of a hazardous duty position or are not accurately reflected in the job descriptions filed by the employer with the system.

(3) (a) An employee who elects coverage under KRS 196.167(3)(b)2., and an employee participating in the Kentucky Employees Retirement System who is determined by the system to be working in a hazardous position in accordance with subsection (2) of this section, shall contribute, for each pay period for which he receives compensation, eight percent (8%) of his creditable compensation. An employee participating in the County Employees Retirement System who is determined by the system to be working in a hazardous duty position in accordance with subsection (2) of this section shall contribute, for each pay period for which he receives compensation, eight percent (8%) of his creditable compensation.
(b) Each employer shall pay employer contributions based on the creditable compensation of the employees determined by the system to be working in a hazardous position at the employer contribution rate as determined by the board. The rate shall be determined by actuarial methods consistent with the provisions of KRS 61.565.

(c) If the employer participated in the system prior to electing hazardous duty coverage, the employer may pay to the system the cost of converting the nonhazardous service to hazardous service from the date of participation to the date the payment is made, or the employer may establish a payment schedule for payment of the cost of the hazardous service above that which would be funded within the existing employer contribution rate. The employer may extend the payment schedule to a maximum of thirty (30) years. Payments made by the employer under this subsection shall be deposited to the retirement allowance account of the proper retirement system and these funds shall not be considered accumulated contributions of the individual members. If the employer elects not to make the additional payment, the employee may pay the cost of converting the service and provide payment for the cost as provided by KRS 61.552(14). Payments made by the employee under this subsection shall not be picked up, as described in KRS 61.560(4), by the employer. If neither the employer nor employee makes the payment, the service prior to hazardous coverage shall remain nonhazardous. The provisions of this paragraph shall not apply to members who begin participating in the systems administered by Kentucky Retirement Systems on or after January 1, 2014.

(4) The normal retirement age, retirement allowance, hybrid cash balance plans, other benefits, eligibility requirements, rights, and responsibilities of a member in a hazardous position, as prescribed by subsections (1), (2), and (3) of this section, and
the responsibilities, rights, and requirements of his employer shall be as prescribed
for a member and employer participating in the State Police Retirement System as
provided for by KRS 16.505 to 16.652.

(5) Any person employed in a hazardous position after July 1, 1972, shall be required to
undergo a thorough medical examination by a licensed physician, and a copy of the
medical report of the physician shall be retained on file by the employee's
department or county and made available to the system upon request.

(6) If doubt exists regarding the benefits payable to a hazardous position employee
under this section, the board shall determine the benefits payable under KRS 61.510
to 61.705, or 78.510 to 78.852, or 16.505 to 16.652.

Section 49. KRS 62.160 is amended to read as follows:

(1) The state officers elected by the voters of the state at large, except the Governor and
the Lieutenant Governor, the heads of departments, offices, and cabinets of the state
government, the adjutant general, the members of the Public Service Commission,
the members of the State Fair Board and Fish and Wildlife Resources Commission,
and the members of the Kentucky Claims Commission and the Alcoholic Beverage
Control Board, shall each give bond. The amounts of the bonds shall be fixed by the
Governor, which amounts as to those offices set forth in subsection (2) of this
section shall be not less than the amounts set forth for the respective offices. At any
time when it appears to be to the interest of the Commonwealth, the Governor may
increase the penal sum of any bond or require a renewal of the bond with other or
additional surety.

(2) The minimum sum of the bond for the following offices shall be as follows:

Secretary of State .................................................................$10,000
Attorney General .................................................................10,000
State Treasurer .................................................................300,000
Secretary for economic development ......................................10,000
<table>
<thead>
<tr>
<th>No.</th>
<th>Position</th>
<th>Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Commissioner of Agriculture</td>
<td>10,000</td>
</tr>
<tr>
<td>2</td>
<td>Secretary for education</td>
<td>10,000</td>
</tr>
<tr>
<td>3</td>
<td>Auditor of Public Accounts</td>
<td>25,000</td>
</tr>
<tr>
<td>4</td>
<td>Adjutant general</td>
<td>10,000</td>
</tr>
<tr>
<td>5</td>
<td>Secretary of finance and administration</td>
<td>100,000</td>
</tr>
<tr>
<td>6</td>
<td>Commissioner of revenue</td>
<td>50,000</td>
</tr>
<tr>
<td>7</td>
<td>Secretary of transportation</td>
<td>50,000</td>
</tr>
<tr>
<td>8</td>
<td>Commissioner of highways</td>
<td>50,000</td>
</tr>
<tr>
<td>9</td>
<td>Secretary of justice and public safety</td>
<td>50,000</td>
</tr>
<tr>
<td>10</td>
<td>Secretary of corrections</td>
<td>25,000</td>
</tr>
<tr>
<td>11</td>
<td>Commissioner for public health services</td>
<td>10,000</td>
</tr>
<tr>
<td>12</td>
<td>Secretary of labor</td>
<td>5,000</td>
</tr>
<tr>
<td>13</td>
<td>Commissioner for natural resources</td>
<td>50,000</td>
</tr>
<tr>
<td>14</td>
<td>State librarian</td>
<td>5,000</td>
</tr>
<tr>
<td>15</td>
<td>Commissioner of alcoholic beverage and cannabis control</td>
<td>10,000</td>
</tr>
<tr>
<td>16</td>
<td>Commissioner of financial institutions</td>
<td>25,000</td>
</tr>
<tr>
<td>17</td>
<td>Secretary for energy and environment</td>
<td>50,000</td>
</tr>
<tr>
<td>18</td>
<td>Commissioner of insurance</td>
<td>50,000</td>
</tr>
<tr>
<td>19</td>
<td>Commissioner of vehicle regulation</td>
<td>10,000</td>
</tr>
<tr>
<td>20</td>
<td>Commissioner of fish and wildlife resources</td>
<td>5,000</td>
</tr>
<tr>
<td>21</td>
<td>Secretary for health and family services</td>
<td>20,000</td>
</tr>
<tr>
<td>22</td>
<td>Commissioner of environmental protection</td>
<td>10,000</td>
</tr>
<tr>
<td>23</td>
<td>Secretary of public protection</td>
<td>10,000</td>
</tr>
<tr>
<td>24</td>
<td>Secretary of tourism, arts and heritage</td>
<td>25,000</td>
</tr>
<tr>
<td>25</td>
<td>Commissioner for community based services</td>
<td>20,000</td>
</tr>
<tr>
<td>26</td>
<td>Member of the Public Service Commission</td>
<td>10,000</td>
</tr>
<tr>
<td>27</td>
<td>Member of State Fair Board</td>
<td>10,000</td>
</tr>
</tbody>
</table>
Member of Fish and Wildlife Resources Commission ........................................1,000
Member of Kentucky Claims Commission .......................................................10,000
Associate member of Alcoholic Beverage Control Board ...............................5,000
Commissioner of local government ..............................................................100,000

Section 50. KRS 131.1815 is amended to read as follows:

(1) Whenever it is determined that a taxpayer, who holds a license under KRS Chapter 243, is a delinquent taxpayer as defined in subsection (2) of this section, the department may, after giving notice as provided in subsection (3) of this section, submit the name of the taxpayer to the Department of Alcoholic Beverage and Cannabis Control for revocation of any license issued under KRS Chapter 243.

(2) Any of the following situations shall be sufficient to cause a taxpayer to be classified as a "delinquent taxpayer" for purposes of this section:

(a) When a taxpayer has an overdue state tax liability arising directly or indirectly from the manufacture, sale, transportation, or distribution of alcoholic beverages, for which all protest and appeal rights granted by law have expired, and the taxpayer has been contacted by the department concerning the overdue tax liability. This does not include a taxpayer who is making current timely installment payments on the overdue tax liability under agreement with the department;

(b) When a taxpayer has not filed a required tax return as of ninety (90) days after the due date or after the extended due date, and the taxpayer has been contacted by the department concerning the delinquent return; or

(c) When an owner, partner, or corporate officer of a proprietorship, partnership, or corporation holding a license under KRS Chapter 243 held a similar position in a business whose license was revoked as a "delinquent taxpayer," and the tax liability remains unpaid as of ninety (90) days after the due date.

(3) At least twenty (20) days before submitting a taxpayer's name to the Department of
Alcoholic Beverage and Cannabis Control as provided in subsection (1) of this section, the department shall notify the taxpayer by certified mail that the action is to be taken. The notice shall state the reason for the action and shall set out the amount of any tax liability including any applicable penalties and interest and any other area of noncompliance that must be satisfied in order to prevent the submission of his name to the Department of Alcoholic Beverage and Cannabis Control as a delinquent taxpayer.

Section 51. KRS 211.285 is amended to read as follows:

(1) There is hereby created the malt beverage educational fund which shall provide moneys on a matching basis for educational information and materials that deter or eliminate underage drinking. The fund shall consist of moneys generated from one percent (1%) of the excise tax collected from the sale and distribution of malt beverages under KRS 243.720 and one percent (1%) of the wholesale tax collected from distributors of malt beverages and microbreweries under KRS 243.884.

(2) The malt beverage educational fund shall be established in the State Treasury as a trust and revolving account under KRS 45.253. Moneys in the account shall be distributed by the State Treasurer to the Malt Beverage Educational Corporation, a nonprofit organization that is organized under the laws of this state, upon the authorization of the secretary of the Cabinet for Health and Family Services. The moneys shall be awarded to the corporation solely to fund educational programs to deter or eliminate underage drinking.

(3) The secretary of the Cabinet for Health and Family Services shall authorize that moneys from the fund be disbursed to the corporation upon the secretary's receipt of a certification from the corporation showing the moneys the corporation has received from malt beverage distributors, microbreweries, and other private sources since the last certification. The moneys disbursed from the fund shall be equal to the contributions that the corporation has received from its members and other private
sources during that period. The moneys in the fund shall be disbursed in accordance
with a schedule established by the secretary, and shall be disbursed until the moneys
in the fund are exhausted or until the moneys in the fund lapse in accordance with
subsection (4) of this section, whichever comes first.

(4) Moneys that are credited to the fund and not issued to the corporation shall lapse at
the end of the fiscal year and shall be returned to the general fund.

(5) As a condition of receiving the governmental funds, the corporation's board of
directors shall include the following among its directors:

(a) The Governor or his or her designee;
(b) The Attorney General or his or her designee;
(c) The President of the Senate or his or her designee;
(d) The Speaker of the House or his or her designee;
(e) The secretary of the Cabinet for Health and Family Services or his or her
designee; and
(f) The commissioner of the Department of Alcoholic and Cannabis Beverage
   Control or his or her designee.

(6) All expenditures of moneys from the fund shall be approved by a majority of those
persons set out in subsection (5)(a) to (f) of this section. If the moneys from the
fund are not expended in their entirety, any moneys that remain unused by the
corporation at the end of the fiscal year shall be returned to the general fund.

(7) Any moneys from the fund that are not expended shall be returned to the general
fund upon the dissolution of the corporation.

(8) Any high school in the Commonwealth of Kentucky that was registered with the
Department of Education as of July 1, 1997, may make an application to the Malt
Beverage Education Corporation by February 28 of each year and shall be granted a
minimum of five hundred dollars ($500) annually from the funds contributed by the
malt beverage educational fund for the single purpose of supporting "Project
Graduation” events.

Section 52. KRS 241.010 is amended to read as follows:

As used in KRS Chapters 241 to 244, unless the context requires otherwise:

(1) "Alcohol" means ethyl alcohol, hydrated oxide of ethyl or spirit of wine, from whatever source or by whatever process it is produced;

(2) "Alcoholic beverage" means every liquid, solid, powder, or crystal, whether patented or not, containing alcohol in an amount in excess of more than one percent (1%) of alcohol by volume, which is fit for beverage purposes. It includes every spurious or imitation liquor sold as, or under any name commonly used for, alcoholic beverages, whether containing any alcohol or not. It does not include the following products:

(a) Medicinal preparations manufactured in accordance with formulas prescribed by the United States Pharmacopoeia, National Formulary, or the American Institute of Homeopathy;

(b) Patented, patent, and proprietary medicines;

(c) Toilet, medicinal, and antiseptic preparations and solutions;

(d) Flavoring extracts and syrups;

(e) Denatured alcohol or denatured rum;

(f) Vinegar and preserved sweet cider;

(g) Wine for sacramental purposes; and

(h) Alcohol unfit for beverage purposes that is to be sold for legitimate external use;

(3) (a) "Alcohol vaporizing device" or "AWOL device" means any device, machine, or process that mixes liquor, spirits, or any other alcohol product with pure oxygen or by any other means produces a vaporized alcoholic product used for human consumption;

(b) "Alcohol vaporizing device" or "AWOL device" does not include an inhaler,
nebulizer, atomizer, or other device that is designed and intended by the
manufacturer to dispense a prescribed or over-the-counter medication or a
device installed and used by a licensee under this chapter to demonstrate the
aroma of an alcoholic beverage;

(4) "Automobile race track" means a facility primarily used for vehicle racing that has a
seating capacity of at least thirty thousand (30,000) people;

(5) "Bed and breakfast" means a one (1) family dwelling unit that:

(a) Has guest rooms or suites used, rented, or hired out for occupancy or that are
occupied for sleeping purposes by persons not members of the single-family
unit;

(b) Holds a permit under KRS Chapter 219; and

(c) Has an innkeeper who resides on the premises or property adjacent to the
premises during periods of occupancy;

(6) "Board" means the State Alcoholic Beverage Control Board created by KRS
241.030;

(7) "Bottle" means any container which is used for holding alcoholic beverages for the
use and sale of alcoholic beverages at retail;

(8) "Brewer" means any person who manufactures malt beverages or owns, occupies,
carries on, works, or conducts any brewery, either alone or through an agent;

(9) "Brewery" means any place or premises where malt beverages are manufactured for
sale, and includes all offices, granaries, mash rooms, cooling rooms, vaults, yards,
and storerooms connected with the premises; or where any part of the process of the
manufacture of malt beverages is carried on; or where any apparatus connected with
manufacture is kept or used; or where any of the products of brewing or
fermentation are stored or kept;

(10) "Building containing licensed premises" means the licensed premises themselves
and includes the land, tract of land, or parking lot in which the premises are
contained, and any part of any building connected by direct access or by an entrance which is under the ownership or control of the licensee by lease holdings or ownership;

(11) "Caterer" means a person operating a food service business that prepares food in a licensed and inspected commissary, transports the food and alcoholic beverages to the caterer's designated and inspected banquet hall or to an agreed location, and serves the food and alcoholic beverages pursuant to an agreement with another person;

(12) "Charitable organization" means a nonprofit entity recognized as exempt from federal taxation under section 501(c) of the Internal Revenue Code (26 U.S.C. sec. 501(c)) or any organization having been established and continuously operating within the Commonwealth of Kentucky for charitable purposes for three (3) years and which expends at least sixty percent (60%) of its gross revenue exclusively for religious, educational, literary, civic, fraternal, or patriotic purposes;

(13) "Cider" means any fermented fruit-based beverage containing seven percent (7%) or more alcohol by volume and includes hard cider and perry cider;

(14) "City administrator" means city alcoholic beverage control administrator;

(15) "Commercial airport" means an airport through which more than five hundred thousand (500,000) passengers arrive or depart annually;

(16) "Commercial quadricycle" means a vehicle equipped with a minimum of ten (10) pairs of fully operative pedals for propulsion by means of human muscular power exclusively and which:

(a) Has four (4) wheels;

(b) Is operated in a manner similar to that of a bicycle;

(c) Is equipped with a minimum of thirteen (13) seats for passengers;

(d) Has a unibody design;

(e) Is equipped with a minimum of four (4) hydraulically operated brakes;
(f) Is used for commercial tour purposes; and

(g) Is operated by the vehicle owner or an employee of the owner;

(17) "Commissioner" means the commissioner of the Department of Alcoholic Beverage and Cannabis Control;

(18) "Convention center" means any facility which, in its usual and customary business, provides seating for a minimum of one thousand (1,000) people and offers convention facilities and related services for seminars, training and educational purposes, trade association meetings, conventions, or civic and community events or for plays, theatrical productions, or cultural exhibitions;

(19) "Convicted" and "conviction" means a finding of guilt resulting from a plea of guilty, the decision of a court, or the finding of a jury, irrespective of a pronouncement of judgment or the suspension of the judgment;

(20) "County administrator" means county alcoholic beverage control administrator;

(21) "Department" means the Department of Alcoholic Beverage and Cannabis Control;

(22) "Dining car" means a railroad passenger car that serves meals to consumers on any railroad or Pullman car company;

(23) "Discount in the usual course of business" means price reductions, rebates, refunds, and discounts given by wholesalers to distilled spirits and wine retailers pursuant to an agreement made at the time of the sale of the merchandise involved and are considered a part of the sales transaction, constituting reductions in price pursuant to the terms of the sale, irrespective of whether the quantity discount was:

(a) Prorated and allowed on each delivery;

(b) Given in a lump sum after the entire quantity of merchandise purchased had been delivered; or

(c) Based on dollar volume or on the quantity of merchandise purchased;

(24) "Distilled spirits" or "spirits" means any product capable of being consumed by a human being which contains alcohol in excess of the amount permitted by KRS
Chapter 242 obtained by distilling, mixed with water or other substances in solution, except wine, hard cider, and malt beverages;

(25) "Distiller" means any person who is engaged in the business of manufacturing distilled spirits at any distillery in the state and is registered in the Office of the Collector of Internal Revenue for the United States at Louisville, Kentucky;

(26) "Distillery" means any place or premises where distilled spirits are manufactured for sale, and which are registered in the office of any collector of internal revenue for the United States. It includes any United States government bonded warehouse;

(27) "Distributor" means any person who distributes malt beverages for the purpose of being sold at retail;

(28) "Dry" means a territory in which a majority of the electorate voted to prohibit all forms of retail alcohol sales through a local option election held under KRS Chapter 242;

(29) "Election" means:

(a) An election held for the purpose of taking the sense of the people as to the application or discontinuance of alcoholic beverage sales under KRS Chapter 242; or

(b) Any other election not pertaining to alcohol;

(30) "Horse racetrack" means a facility licensed to conduct a horse race meeting under KRS Chapter 230;

(31) "Hotel" means a hotel, motel, or inn for accommodation of the traveling public, designed primarily to serve transient patrons;

(32) "Investigator" means any employee or agent of the department who is regularly employed and whose primary function is to travel from place to place for the purpose of visiting licensees, and any employee or agent of the department who is assigned, temporarily or permanently, by the commissioner to duty outside the main office of the department at Frankfort, in connection with the administration of
(33) "License" means any license issued pursuant to KRS Chapters 241 to 244;

(34) "Licensee" means any person to whom a license has been issued, pursuant to KRS Chapters 241 to 244;

(35) "Limited restaurant" means:

(a) A facility where the usual and customary business is the preparation and serving of meals to consumers, which has a bona fide kitchen facility, which receives at least seventy percent (70%) of its food and alcoholic beverage receipts from the sale of food, which maintains a minimum seating capacity of fifty (50) persons for dining, which has no open bar, which requires that alcoholic beverages be sold in conjunction with the sale of a meal, and which is located in a wet or moist territory under KRS 242.1244; or

(b) A facility where the usual and customary business is the preparation and serving of meals to consumers, which has a bona fide kitchen facility, which receives at least seventy percent (70%) of its food and alcoholic beverage receipts from the sale of food, which maintains a minimum seating capacity of one hundred (100) persons of dining, and which is located in a wet or moist territory under KRS 242.1244;

(36) "Local administrator" means a city alcoholic beverage administrator, county alcoholic beverage administrator, or urban-county alcoholic beverage control administrator;

(37) "Malt beverage" means any fermented undistilled alcoholic beverage of any name or description, manufactured from malt wholly or in part, or from any substitute for malt, and includes weak cider;

(38) "Manufacture" means distill, rectify, brew, bottle, and operate a winery;

(39) "Manufacturer" means a winery, distiller, rectifier, or brewer, and any other person engaged in the production or bottling of alcoholic beverages;
"Minor" means any person who is not twenty-one (21) years of age or older;

"Moist" means a territory in which a majority of the electorate voted to permit limited alcohol sales by any one (1) or a combination of special limited local option elections authorized by KRS 242.022, 242.123, 242.1238, 242.124, 242.1242, 242.1243, 242.1244, or 242.1292;

"Population" means the population figures established by the federal decennial census for a census year or the current yearly population estimates prepared by the Kentucky State Data Center, Urban Studies Center of the University of Louisville, Louisville, Kentucky, for all other years;

"Premises" means the land and building in and upon which any business regulated by alcoholic beverage statutes is operated or carried on. "Premises" shall not include as a single unit two (2) or more separate businesses of one (1) owner on the same lot or tract of land, in the same or in different buildings if physical and permanent separation of the premises is maintained, excluding employee access by keyed entry and emergency exits equipped with crash bars, and each has a separate public entrance accessible directly from the sidewalk or parking lot. Any licensee holding an alcoholic beverage license on July 15, 1998, shall not, by reason of this subsection, be ineligible to continue to hold his or her license or obtain a renewal, of the license;

"Primary source of supply" or "supplier" means the distiller, winery, brewer, producer, owner of the commodity at the time it becomes a marketable product, bottler, or authorized agent of the brand owner. In the case of imported products, the primary source of supply means either the foreign producer, owner, bottler, or agent of the prime importer from, or the exclusive agent in, the United States of the foreign distiller, producer, bottler, or owner;

"Private club" means a nonprofit social, fraternal, military, or political organization, club, or entity maintaining or operating a club room, club rooms, or premises from
which the general public is excluded;

(46) "Public nuisance" means a condition that endangers safety or health, is offensive to the senses, or obstructs the free use of property so as to interfere with the comfortable enjoyment of life or property by a community or neighborhood or by any considerable number of persons;

(47) "Qualified historic site" means:

(a) A contributing property with dining facilities for at least fifty (50) persons at tables, booths, or bars where food may be served within a commercial district listed in the National Register of Historic Places;

(b) A site that is listed as a National Historic Landmark or in the National Register of Historic Places with dining facilities for at least fifty (50) persons at tables, booths, or bars where food may be served;

(c) A distillery which is listed as a National Historic Landmark and which conducts souvenir retail package sales under KRS 243.0305; or

(d) A not-for-profit or nonprofit facility listed on the National Register of Historic Places;

(48) "Rectifier" means any person who rectifies, purifies, or refines distilled spirits or wine by any process other than as provided for on distillery premises, and every person who, without rectifying, purifying, or refining distilled spirits by mixing alcoholic beverages with any materials, manufactures any imitations of or compounds liquors for sale under the name of whiskey, brandy, gin, rum, wine, spirits, cordials, bitters, or any other name;

(49) "Repackaging" means the placing of alcoholic beverages in any retail container irrespective of the material from which the container is made;

(50) "Restaurant" means a facility where the usual and customary business is the preparation and serving of meals to consumers, that has a bona fide kitchen facility, and that receives at least fifty percent (50%) of its food and alcoholic beverage
receipts from the sale of food at the premises;

(51) "Retail container" means any bottle, can, barrel, or other container which, without a separable intermediate container, holds alcoholic beverages and is suitable and destined for sale to a retail outlet, whether it is suitable for delivery to the consumer or not;

(52) "Retail sale" means any sale where delivery is made in Kentucky to any consumers;

(53) "Retailer" means any licensee who sells and delivers any alcoholic beverage to consumers, except for producers with limited retail sale privileges;

(54) "Riverboat" means any boat or vessel with a regular place of mooring in this state that is licensed by the United States Coast Guard to carry one hundred (100) or more passengers for hire on navigable waters in or adjacent to this state;

(55) "Sale" means any transfer, exchange, or barter for consideration, and includes all sales made by any person, whether principal, proprietor, agent, servant, or employee, of any alcoholic beverage;

(56) "Service bar" means a bar, counter, shelving, or similar structure used for storing or stocking supplies of alcoholic beverages that is a workstation where employees prepare alcoholic beverage drinks to be delivered to customers away from the service bar;

(57) "Sell" includes solicit or receive an order for, keep or expose for sale, keep with intent to sell, and the delivery of any alcoholic beverage;

(58) "Small farm winery" means a winery whose wine production is not less than two hundred fifty (250) gallons and not greater than one hundred thousand (100,000) gallons in a calendar year;

(59) "Souvenir package" means a special package of distilled spirits available from a licensed retailer that is:

(a) Available for retail sale at a licensed Kentucky distillery where the distilled spirits were produced or bottled; or
(b) Available for retail sale at a licensed Kentucky distillery but produced or
bottled at another of that distiller's licensed distilleries in Kentucky;

(60) "State administrator" or "administrator" means the distilled spirits administrator or
the malt beverages administrator, or both, as the context requires;

(61) "State park" means a state park that has a:

(a) Nine (9) or eighteen (18) hole golf course; or

(b) Full-service lodge and dining room;

(62) "Supplemental bar" means a bar, counter, shelving, or similar structure used for
serving and selling distilled spirits or wine by the drink for consumption on the
licensed premises to guests and patrons from additional locations other than the
main bar;

(63) "Territory" means a county, city, district, or precinct;

(64) "Urban-county administrator" means an urban-county alcoholic beverage control
administrator;

(65) "Vehicle" means any device or animal used to carry, convey, transport, or otherwise
move alcoholic beverages or any products, equipment, or appurtenances used to
manufacture, bottle, or sell these beverages;

(66) "Vintage distilled spirit" means a package or packages of distilled spirits that:

(a) Are in their original manufacturer's unopened container;

(b) Are not owned by a distillery; and

(c) Are not otherwise available for purchase from a licensed wholesaler within
the Commonwealth;

(67) "Warehouse" means any place in which alcoholic beverages are housed or stored;

(68) "Weak cider" means any fermented fruit-based beverage containing more than one
percent (1%) but less than seven percent (7%) alcohol by volume;

(69) "Wet" means a territory in which a majority of the electorate voted to permit all
forms of retail alcohol sales by a local option election under KRS 242.050 or
242.125 on the following question: "Are you in favor of the sale of alcoholic beverages in (name of territory)?";

(70) "Wholesale sale" means a sale to any person for the purpose of resale;

(71) "Wholesaler" means any person who distributes alcoholic beverages for the purpose of being sold at retail, but it shall not include a subsidiary of a manufacturer or cooperative of a retail outlet;

(72) "Wine" means the product of the normal alcoholic fermentation of the juices of fruits, with the usual processes of manufacture and normal additions, and includes champagne and sparkling and fortified wine of an alcoholic content not to exceed twenty-four percent (24%) by volume. It includes sake, cider, hard cider, and perry cider and also includes preparations or mixtures vended in retail containers if these preparations or mixtures contain not more than fifteen percent (15%) of alcohol by volume. It does not include weak cider; and

(73) "Winery" means any place or premises in which wine is manufactured from any fruit, or brandies are distilled as a by-product of wine or other fruit, or cordials are compounded, except a place or premises that manufactures wine for sacramental purposes exclusively.

Section 53. KRS 241.015 is amended to read as follows:

There is created a Department of Alcoholic Beverage and Cannabis Control, which shall constitute a statutory administrative department of the state government within the meaning of KRS Chapter 12. The department consists of the commissioner of alcoholic beverage and cannabis control, the Alcoholic Beverage Control Board, and the Division of Medicinal Marijuana. The commissioner shall head the department, shall be its executive officer, and shall have charge of the administration of the department and perform all functions of the department not specifically assigned to the board or division. The Governor shall appoint as commissioner a person with administrative experience in the field of alcoholic beverage or cannabis control.
Section 54. KRS 241.030 is amended to read as follows:

The Alcoholic Beverage Control Board shall consist of the commissioner of alcoholic beverage control and two (2) persons appointed by the secretary of the Public Protection Cabinet with the approval of the Governor, who shall be persons with administrative experience in the field of alcoholic beverage or cannabis control. One (1) of these persons shall serve as administrator of the Division of Distilled Spirits, and the other shall serve as administrator of the Division of Malt Beverages. The commissioner shall be chairman of the board.

Section 55. KRS 243.025 is amended to read as follows:

(1) All of the fees paid into the State Treasury for state licenses shall be credited to a revolving trust and agency account, as provided in KRS 45.253, for the Department of Alcoholic Beverage and Cannabis Control.

(2) All fees associated with the department's server training program shall be collected on a cost recovery basis and shall be credited to the revolving trust and agency account established under subsection (1) of this section.

(3) These moneys shall be used solely for the administration and enforcement of KRS Chapters 241 to 244. The moneys in the account shall not lapse at the close of the fiscal year.

Section 56. KRS 243.0307 is amended to read as follows:

(1) A sampling license may be issued to the holder of:

(a) A quota retail drink license;

(b) A quota retail package license;

(c) An NQ1 license;

(d) An NQ2 license; or

(e) A distiller's license.

(2) A sampling license shall authorize the licensee to allow customers to sample, free of charge, distilled spirits and wine under the following conditions:
(a) Sampling shall be permitted only on licensed premises and by licensees holding a sampling license, during regular business hours;

(b) A distillery shall provide samples as authorized by KRS 243.0305; and

(c) All other licensees shall limit a customer to:

1. One (1) ounce of distilled spirits samples per day; and

2. Six (6) ounces of wine samples per day.

(3) Retailers holding a sampling license shall:

(a) Notify the Department of Alcoholic Beverage and Cannabis Control at least seven (7) days in advance of conducting a free sampling event; and

(b) Limit a sampling event to a period not to exceed four (4) consecutive hours between 12 noon and 8 p.m.

(4) In addition to free sampling, a quota retail package licensee holding a sampling license may also sell sample distilled spirits and wine under the following conditions:

(a) Paid samples may be sold only on licensed premises and by licensees holding a sampling license, during regular business hours; and

(b) A licensee shall limit a customer to purchased samples totaling no more than:

1. Two (2) ounces of distilled spirits per day; and

2. Nine (9) ounces of wine per day.

(5) A quota retail package licensee holding both a sampling license and a nonquota retail malt beverage package license may also sell samples of malt beverages under the following conditions:

(a) Paid samples may be sold only on licensed premises and by licensees holding a sampling license, during regular business hours;

(b) A licensee shall limit a customer to no more than sixteen (16) ounces of malt beverages per day;

(c) Nothing in this subsection shall allow a quota retail package licensee to
provide a customer samples of malt beverages free of charge;

(d) The retail price of a sample shall not be less than a licensee's purchase cost of the sample; and

(e) A licensee, supplier, or individual shall not request, require, or allow a distributor to provide malt beverages free of charge or participate in any activity allowed under this subsection.

(6) No customer shall be allowed to receive a combination of free and purchased samples totaling more than:

(a) Two (2) ounces of distilled spirits per day; and

(b) Nine (9) ounces of wine per day.

(7) Free and paid samples provided under this section shall not constitute drink sales.

Section 57. KRS 243.038 is amended to read as follows:

(1) The Department of Alcoholic Beverage and Cannabis Control shall not issue a license to an applicant authorized to apply for a license to sell alcoholic beverages by the drink under KRS 243.039 unless the applicant and the golf course, if different from the applicant, agree to voluntarily comply with the provisions of KRS Chapter 344, whether or not the applicant and the golf course would otherwise be covered by the provisions of KRS Chapter 344.

(2) The department shall revoke or suspend any license issued under KRS 243.039 if the department or the Kentucky Commission on Human Rights makes a finding that the applicant or the golf course, if different from the applicant, has violated a requirement specified in this section.

Section 58. KRS 243.090 is amended to read as follows:

(1) All licenses issued by the department, except special event licenses, temporary licenses, or licenses listed in subsection (5) of this section, shall be valid for a period of no more than a year. The board shall promulgate administrative regulations establishing the year-round system for renewal of licenses. The system
shall be designed to distribute the workload as uniformly as possible within the offices of the local administrators and the Department of Alcoholic Beverage and Cannabis Control.

(2) (a) Except for licenses listed in paragraph (b) of this subsection, all licenses issued after January 1, 2017, by a local administrator shall be valid for a period of no more than a year and shall be renewable upon the date established by the department for the expiration of state licenses issued for premises located in that county or city. During the first year following July 15, 2016, if the new date for renewal for the licensee does not occur on the date established by the department for the expiration of the licensee's state license, the local administrator shall either:

1. Prorate the cost of the renewed license by proportionally reducing the cost of the renewed license if the new date for the renewal occurs prior to the expiration of a previous license; or

2. Provide a prorated provisional local license to cover any period of time between the expiration of the previous license and the new date for renewal if the new date for renewal occurs after the expiration of the licensee's previous license.

(b) Paragraph (a) of this subsection shall not apply to licenses issued by a consolidated local government, special event licenses, temporary licenses, or licenses listed in subsection (5) of this section.

(3) When any person applies for a new license authorized under KRS Chapters 241 to 244, the person shall be charged, if the license is issued, the full fee for the respective license if six (6) months or more remain before the license is due to be renewed and one-half (1/2) the fee if less than six (6) months remain before the license is due to be renewed. No abatement of license fees shall be permitted to any person who held a license of the same kind for the same premises in the preceding
license period and who was actually doing business under the license during the last month of the preceding license period.

(4) The renewal by the department of any alcoholic beverage license shall not be construed to waive or condone any violation that occurred prior to the renewal and shall not prevent subsequent proceedings against the licensee.

(5) All alcoholic beverage producers, wholesalers, or distributors may obtain or renew their licenses for either a one (1) year term or a two (2) year term.

(6) The department may deny license renewal if the licensee is a delinquent taxpayer as defined in KRS 131.1815.

Section 59. KRS 243.360 is amended to read as follows:

(1) All persons, except an applicant for the same license for the same premises, or an applicant for an out-of-state malt beverage supplier's license, limited out-of-state malt beverage supplier's license, out-of-state distilled spirits and wine supplier's license, limited out-of-state distilled spirits and wine supplier's license, supplemental bar license, extended hours supplemental license, a special agent or solicitor's license, a special nonbeverage alcohol license, a transporter's license, a special Sunday drink license, a hotel in-room license, a sampling license, or a special temporary drink license shall, before applying for a license, advertise by publication their intention to apply for a license in the newspaper for legal notices under KRS 424.120 for the county or city whose local administrator has local jurisdiction over the proposed premises.

(2) The notice shall contain the following information:

(a) The notice shall state: the name and address of the applicant and the name and address of each principal owner, partner, member, officer, and director if the applicant is a partnership, limited partnership, limited liability company, corporation, governmental agency, or other business entity recognized by law;

(b) The notice shall specifically state the location of the premises for which the
license is sought, the type of business, and the type of license being requested;
and
(c) The notice shall state the date the application will be filed and shall contain
the following statement: "Any person, association, corporation, or body politic
may protest the approval of the license by writing the Department of
Alcoholic Beverage and Cannabis Control, 1003 Twilight Trail, Frankfort,
Kentucky 40601, within thirty (30) days of the date of legal publication."
(3) Any protest received after the thirty (30) day period has expired shall not be
considered a valid legal protest by the board.
(4) Substantial compliance with the information listed in subsection (2) of this section
shall be sufficient to comply with this section.

Section 60. KRS 438.310 is amended to read as follows:
(1) No person shall sell or cause to be sold any tobacco product, alternative nicotine
product, or vapor product at retail to any person under the age of eighteen (18), or
solicit any person under the age of eighteen (18) to purchase any tobacco product,
alternative nicotine product, or vapor product at retail.
(2) Any person who sells tobacco products, alternative nicotine products, or vapor
products at retail shall cause to be posted in a conspicuous place in his
establishment a notice stating that it is illegal to sell tobacco products, alternative
nicotine products, or vapor products to persons under age eighteen (18).
(3) Any person selling tobacco products, alternative nicotine products, or vapor
products shall require proof of age from a prospective buyer or recipient if the
person has reason to believe that the prospective buyer or recipient is under the age
of eighteen (18).
(4) A person who violates subsection (1) or (2) of this section shall be subject to a fine
of not less than one hundred dollars ($100) nor more than five hundred dollars
($500) for a first violation and a fine of not less than five hundred dollars ($500) nor
more than one thousand dollars ($1,000) for any subsequent violation. The fine
shall be administered by the Department of Alcoholic Beverage and Cannabis Control using a civil enforcement procedure.

Section 61. KRS 438.311 is amended to read as follows:

(1) Except for the provisions of KRS 438.330, it shall be unlawful for a person who has not attained the age of eighteen (18) years to purchase or accept receipt of or to attempt to purchase or accept receipt of a tobacco product, alternative nicotine product, or vapor product, or to present or offer to any person any purported proof of age which is false, fraudulent, or not actually his or her own, for the purpose of purchasing or receiving any tobacco product, alternative nicotine product, or vapor product. It shall not be unlawful for such a person to accept receipt of a tobacco product, alternative nicotine product, or vapor product from an employer when required in the performance of the person's duties.

(2) This offense shall be deemed a status offense and shall be under the jurisdiction of the juvenile session of the District Court.

(3) All peace officers with general law enforcement authority and employees of the Department of Alcoholic Beverage and Cannabis Control may issue a uniform citation, but not make an arrest or take a child into custody, for a violation of this section. If a child fails to appear in court in response to a uniform citation issued pursuant to the section, the court may compel the attendance of the defendant in the manner specified by law.

Section 62. KRS 438.313 is amended to read as follows:

(1) No wholesaler, retailer, or manufacturer of cigarettes, tobacco products, alternative nicotine products, or vapor products may distribute cigarettes, tobacco products, alternative nicotine products, or vapor products, including samples thereof, free of charge or otherwise, to any person under the age of eighteen (18).

(2) Any person who distributes cigarettes, tobacco products, alternative nicotine
products, or vapor products, including samples thereof, free of charge or otherwise shall require proof of age from a prospective buyer or recipient if the person has reason to believe that the prospective purchaser or recipient is under the age of eighteen (18).

(3) Any person who violates the provisions of this section shall be fined not less than one thousand dollars ($1,000) nor more than two thousand five hundred dollars ($2,500) for each offense. The fine shall be administered by the Department of Alcoholic Beverage and Cannabis Control using a civil enforcement procedure for persons eighteen (18) years of age or older. For persons under the age of eighteen (18) years, the offense shall be deemed a status offense and shall be under the jurisdiction of the juvenile session of the District Court.

(4) All peace officers with general law enforcement authority and employees of the Department of Alcoholic Beverage and Cannabis Control may issue a uniform citation, but may not make an arrest, or take a child into custody, for a violation of this section. If a child fails to appear in court in response to a uniform citation issued pursuant to this section, the court may compel the attendance of the defendant in the manner specified by law.

Section 63. KRS 438.315 is amended to read as follows:

(1) The sale of tobacco products, alternative nicotine products, or vapor products dispensed through a vending machine is prohibited to any person under the age of eighteen (18) years.

(2) The purchase of tobacco products, alternative nicotine products, or vapor products dispensed through a vending machine is prohibited to any person under the age of eighteen (18) years.

(3) Except for vending machines located in factories or vending machines located in bars or taverns to which minors are not permitted access, any vending machine from which tobacco products, alternative nicotine products, or vapor products are
dispensed shall be located in the line of sight of the cashier for the retail establishment.

(4) Any owner of a retail establishment violating this section shall be subject to a fine of not less than one hundred dollars ($100) nor more than five hundred dollars ($500) for each violation. The fine shall be administered by the Department of Alcoholic Beverage and Cannabis Control using a civil enforcement procedure for persons eighteen (18) years of age or older. For persons under the age of eighteen (18) years, the offense shall be deemed a status offense and shall be under the jurisdiction of the juvenile session of the District Court.

(5) All peace officers with general law enforcement authority and employees of the Department of Alcoholic Beverage and Cannabis Control may issue a uniform citation, but may not make an arrest, or take a child into custody, for a violation of this section. If a child fails to appear in court in response to a uniform citation issued pursuant to this section, the court may compel the attendance of the defendant in the manner specified by law.

Section 64. KRS 438.317 is amended to read as follows:

(1) No person shall sell or cause to be sold at retail cigarettes packaged in units of fewer than twenty (20) cigarettes.

(2) No resident wholesaler, nonresident wholesaler, or subjobber shall make available to a retail establishment cigarettes packaged for retail sale in units of less than twenty (20) cigarettes.

(3) Any person violating subsection (1) of this section shall be subject to a fine of not less than one hundred dollars ($100) nor more than five hundred dollars ($500). Any person violating subsection (2) of this section shall be fined not less than one thousand dollars ($1,000) nor more than two thousand five hundred dollars ($2,500). These penalties shall be enforced by the Department of Alcoholic Beverage and Cannabis Control through civil enforcement procedures.
Section 65. KRS 438.320 is amended to read as follows:

Each resident wholesaler, nonresident wholesaler, or subjobber making tobacco products available to a retail establishment for sale or distribution shall report the name and address of the owner of the retail establishment to the Department of Alcoholic Beverage and Cannabis Control in a manner specified by administrative regulations promulgated pursuant to KRS Chapter 13A.

Section 66. KRS 438.325 is amended to read as follows:

(1) Each owner of a retail establishment selling or distributing tobacco products, alternative nicotine products, or vapor products shall notify each individual employed in the retail establishment as a retail sales clerk that the sale of tobacco products, alternative nicotine products, or vapor products to any person under the age of eighteen (18) years and the purchase of tobacco products, alternative nicotine products, or vapor products by any person under the age of eighteen (18) years are prohibited.

(2) Each owner of a retail establishment selling or distributing tobacco products, alternative nicotine products, or vapor products shall notify each individual employed in the retail establishment as a retail sales clerk that proof of age is required from a prospective buyer or recipient if the person has reason to believe that the prospective purchaser or recipient is under the age of eighteen (18).

(3) The notice to employees that is required in subsection (1) of this section shall be provided before the person commences work as a retail sales clerk, or, in the case of a person employed as a retail sales clerk on April 10, 2014, within thirty (30) days of that date. The employee shall signify receipt of the notice required by this section by signing a form that states as follows:

"I understand that under the law of the Commonwealth of Kentucky it is illegal to sell or distribute tobacco products, alternative nicotine products, or vapor products to persons under the age of eighteen (18) years and that it is illegal for persons
under the age of eighteen (18) years to purchase tobacco products, alternative
nicotine products, or vapor products."

(4) The owner of the retail establishment shall maintain the signed notice that is
required pursuant to subsection (3) of this section in a place and in a manner so as
to be easily accessible to any employee of the Department of Alcoholic Beverage
and Cannabis Control or the Department of Agriculture conducting an inspection
of the retail establishment for the purpose of monitoring compliance in limiting the
sale or distribution of tobacco products, alternative nicotine products, or vapor
products to persons under the age of eighteen (18) as provided in KRS 438.305 to
438.340.

(5) Any owner of the retail establishment violating subsections (1) to (4) of this section
shall be subject to a fine of not less than one hundred dollars ($100) nor more than
five hundred dollars ($500) for each violation. The fine shall be administered by the
Department of Alcoholic Beverage and Cannabis Control in a civil enforcement
procedure.

Section 67. KRS 438.330 is amended to read as follows:

(1) The Department of Alcoholic Beverage and Cannabis Control and the Department
of Agriculture shall carry out annually conducted random, unannounced inspections
of retail establishments where tobacco products, alternative nicotine products, or
vapor products are sold or distributed for the purpose of enforcing the provisions of
KRS 438.305 to 438.340. The inspections shall be conducted to the extent
necessary to assure that the Commonwealth remains in compliance with Public Law
102-321 and applicable federal regulations. The Department of Alcoholic Beverage
and Cannabis Control and the Department of Agriculture shall also ensure that
targeted inspections are conducted at those retail establishments where, and at those
times when, persons under the age of eighteen (18) years are most likely to purchase
tobacco products, alternative nicotine products, or vapor products. Persons under
the age of eighteen (18) years may be used to test compliance with the provisions of
KRS 438.305 to 438.340 only if the testing is conducted under the direct
supervision of the Department of Alcoholic Beverage and Cannabis Control, sheriff, or chief of police, or their employees, and written parental consent has been obtained. The Department of Alcoholic Beverage and Cannabis Control shall prepare annually, for submission by the Governor to the Secretary of the United States Department of Health and Human Services, the report required by Section 1926 of Subpart 1 of Part B of Title XIX of the Federal Public Health Service Act.

(2) The Department of Alcoholic Beverage and Cannabis Control shall develop and implement the survey sampling methodologies to carry out the inspections as described in this section.

Section 68. KRS 438.337 is amended to read as follows:

(1) Except for violations of the provisions of KRS 438.311, 438.313, and 438.315 by a juvenile, which shall be under the jurisdiction of the juvenile session of the District Court, the Department of Alcoholic Beverage and Cannabis Control shall carry out the enforcement provisions of KRS 438.305 to 438.340.

(2) The Department of Alcoholic Beverage and Cannabis Control shall be entitled to the revenue produced by one-twentieth of one cent ($0.0005) of the three-cent ($0.03) per pack revenue collected by the Finance and Administration Cabinet from the state excise tax on the sale of cigarettes as imposed by KRS 138.140 to be deposited in a trust and agency account created in the State Treasury, and to keep fifty percent (50%) of any fines collected under KRS 438.305 to 438.340 to offset the costs of enforcement of KRS 438.305 to 438.340.

(3) The Department of Alcoholic Beverage and Cannabis Control shall be responsible for maintaining statistics for compilation of required reports to be submitted to the United States Department of Health and Human Services.

(4) The Department of Alcoholic Beverage and Cannabis Control shall devise a plan
and time frame for enforcement to determine by random inspection if the percentage
of retailers or distributors making illegal sales to minors does or does not exceed
federal guidelines preventing tobacco sales to minors.

Section 69. KRS 438.340 is amended to read as follows:

The Department of Alcoholic Beverage and Cannabis Control and the Department of
Agriculture are authorized to promulgate administrative regulations pursuant to KRS
Chapter 13A as necessary to implement and carry out the provisions of KRS 438.305 to
438.340.

Section 70. This Act takes effect January 1, 2021.