

1 AN ACT relating to medicinal cannabis and making an appropriation therefor.

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

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

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

6 *(1) "Bona fide practitioner-patient relationship" means a treating or consulting*
7 *relationship, during the course of which a medicinal cannabis practitioner:*

8 *(a) Has completed an initial in-person examination and assessment of the*
9 *patient's medical history and current medical condition;*

10 *(b) Has consulted with the patient with respect to the possible medical,*
11 *therapeutic, and palliative properties of medicinal cannabis;*

12 *(c) Has advised the patient of the possible risks and side effects associated with*
13 *the use of medicinal cannabis, including possible interactions between*
14 *medicinal cannabis and any other drug or medication that the patient is*
15 *taking at that time; and*

16 *(d) Has established an expectation that he or she will provide follow-up care*
17 *and treatment to the patient;*

18 *(2) "Cannabis business" means an entity licensed under this chapter as a cultivator,*
19 *dispensary, processor, producer, or safety compliance facility;*

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

22 *(4) "Cardholder" means:*

23 *(a) A registered qualified patient, designated caregiver, or visiting qualified*
24 *patient who has applied for, obtained, and possesses a valid registry*
25 *identification card issued by the department; or*

26 *(b) A visiting qualified patient who has obtained and possesses a valid out-of-*
27 *state registry identification card;*

- 1 (5) "Cultivator" means an entity licensed as such under Sections 16, 17, and 18 of
2 this Act;
- 3 (6) "Cultivator agent" means a principal officer, board member, employee,
4 volunteer, or agent of a cultivator;
- 5 (7) "Department" means the Department for Public Health or its successor agency;
- 6 (8) "Designated caregiver" means a person who has registered as such with the
7 department as required by this chapter;
- 8 (9) "Dispensary" means an entity licensed as such under Sections 16, 17, and 18 of
9 this Act;
- 10 (10) "Dispensary agent" means a principal officer, board member, employee,
11 volunteer, or agent of a dispensary;
- 12 (11) "Disqualifying felony offense" means:
- 13 (a) A felony offense that would classify the person as a violent offender under
14 KRS 439.3401; or
- 15 (b) A violation of a state or federal controlled substance law that was classified
16 as a felony in the jurisdiction where the person was convicted, except:
- 17 1. An offense for which the sentence, including any term of probation,
18 incarceration, or supervised release, was completed five (5) or more
19 years earlier; or
- 20 2. An offense that consisted of conduct for which Sections 1 to 30 of this
21 Act would likely have prevented a conviction, but the conduct either
22 occurred prior to the enactment of Sections 1 to 30 of this Act or was
23 prosecuted by an authority other than the Commonwealth of
24 Kentucky;
- 25 (12) "Diversion" of "divert" means the act of dispensing, selling, or otherwise
26 transferring possession of medicinal cannabis from a licensed cannabis business
27 or cardholder to any person or entity not authorized under the provisions of

- 1 Sections 1 to 30 of this Act to legal possess or use medicinal cannabis;
- 2 (13) "Enclosed, locked facility" means an indoor growing space such as a room,
3 greenhouse, building, or other indoor enclosed area that is maintained and
4 operated by a cultivator or producer and is equipped with locks and other security
5 devices that permit only authorized access by agents of the cultivator or producer,
6 as required by the department;
- 7 (14) "Gross receipts" means the total amount or consideration, including cash, credit,
8 property, and services, for which medicinal cannabis is sold, valued in money,
9 whether received in money or otherwise;
- 10 (15) "Growth area" means the same as an enclosed, locked facility;
- 11 (16) "Marijuana" has the same meaning as in Section 37 of this Act;
- 12 (17) "Medicinal cannabis" means marijuana as defined in Section 37 of this Act
13 when cultivated, harvested, processed, produced, transported, dispensed,
14 distributed, sold, possessed, or used in accordance with Sections 1 to 30 of this
15 Act. The term "medicinal cannabis" includes medicinal cannabis products and
16 raw plant material but does not include industrial hemp or industrial hemp
17 products as defined in KRS 260.850;
- 18 (18) "Medicinal cannabis accessories" means any equipment, product, or material of
19 any kind which is used, intended for use, or designed for use in the preparing,
20 storing, using, or consuming medicinal cannabis in accordance with Sections 1
21 to 30 of this Act;
- 22 (19) "Medicinal cannabis practitioner" means a physician or an advanced practice
23 registered nurse who is authorized to prescribe controlled substances under KRS
24 314.042, who is authorized by his or her state licensing board to provide written
25 certifications in accordance with Section 9 of this Act;
- 26 (20) "Medicinal cannabis product" means any compound, manufacture, salt,
27 derivative, mixture, or preparation of any part of the plant Cannabis sp., its seeds

1 or its resin; or any compound, mixture, or preparation which contains any
2 quantity of these substances when cultivated, harvested, processed, produced,
3 transported, dispensed, distributed, sold, possessed, or used in accordance with
4 Sections 1 to 30 of this Act. The term "medicinal cannabis product" does not
5 include industrial hemp products as defined in KRS 260.850;

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

7 (22) "Out-of-state registry identification card" means a registry identification card, or
8 an equivalent document, that was issued pursuant to the laws of another state,
9 district, territory, commonwealth, or insular possession of the United States,
10 except that the card must be issued for a disease or medical condition that
11 appears on the approved list of qualifying medical conditions created by the
12 department, that allows the person to use medicinal cannabis in the jurisdiction
13 of issuance;

14 (23) "Pharmacist" means the same as in KRS 315.010;

15 (24) "Processor" means an entity licensed as such under Sections 16, 17, and 18 of
16 this Act;

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

19 (26) "Producer" means an entity licensed as such under Sections 16, 17, and 18 of
20 this Act;

21 (27) "Producer agent" means a principal officer, board member, employee, volunteer,
22 or agent of a producer;

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

26 (29) "Qualifying medical condition" means a disease or medical condition that
27 appears on the approved list of qualifying medical conditions for which a

1 medicinal cannabis practitioner may provide a patient with a written certification
2 for the use of medicinal cannabis established by the department pursuant Section
3 28 of this Act;

4 (30) "Raw plant material" means the trichome-covered part of the female plant
5 Cannabis sp. or any mixture of shredded leaves, stems, seeds, and flowers of the
6 Cannabis sp. plant. The term "raw plant material" does not include plant
7 material obtained from industrial hemp as defined in KRS 260.850;

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

11 (32) "Registry identification card" means a document issued by the department that
12 identifies a person as a registered qualified patient, visiting qualified patient, or
13 designated caregiver;

14 (33) "Safety compliance facility" means an entity licensed as such under Sections 16,
15 17, and 18 of this Act;

16 (34) "Safety compliance facility agent" means a principal officer, board member,
17 employee, volunteer, or agent of a safety compliance facility;

18 (35) "Seedling" means a medicinal cannabis plant that has no flowers and is not
19 taller than eight (8) inches;

20 (36) "Serious violation" means:

21 (a) Any violation of Sections 1 to 30 of this Act or any administrative regulation
22 promulgated thereunder that is capable of causing death or which causes
23 serious and prolonged disfigurement, prolonged impairment of health, or
24 prolonged loss or impairment of the function of any bodily organ;

25 (b) Diversion of medicinal cannabis; or

26 (c) Any act that would constitute a violation of Section 38 of this Act;

27 (37) "Smoking" means the inhalation of smoke produced from the combustion of raw

1 plant material when ignited by a flame;

2 (38) "State licensing board" means, respectively:

3 (a) The Kentucky Board of Medical Licensure; or

4 (b) The Kentucky Board of Nursing;

5 (39) "Telehealth" has the same meaning as in KRS 211.332;

6 (40) "Use of medicinal cannabis" includes the acquisition, administration,
7 possession, transfer, transportation, or consumption of medicinal cannabis or
8 medicinal cannabis accessories by a cardholder in accordance with Sections 1 to
9 30 of this Act. The term "use of medicinal cannabis" does not include:

10 (a) Cultivation of marijuana by a cardholder; or

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

12 (41) "Visiting qualified patient" means a person who has registered as such through
13 the department as required under Section 11 of this Act or who possesses a valid
14 out-of-state registry identification card; and

15 (42) "Written certification" means a document dated and signed by a medicinal
16 cannabis practitioner, that:

17 (a) States, that in the medicinal cannabis practitioner's professional medical
18 opinion, the patient may receive medical, therapeutic, or palliative benefit
19 from the use of medicinal cannabis;

20 (b) Specifies the qualifying medical condition or conditions for which the
21 medicinal cannabis practitioner believes that the patient may receive
22 medical, therapeutic, or palliative benefit; and

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

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

27 (1) Nothing in Sections 1 to 30 of this Act shall be construed as applying to industrial

1 hemp or industrial hemp products as defined in KRS 260.850.

2 (2) Notwithstanding any provision of law to the contrary:

3 (a) The use of medicinal cannabis by a cardholder shall be considered lawful if
4 done in accordance with Sections 1 to 30 of this Act and any administrative
5 regulations promulgated thereunder;

6 (b) The acquisition, blending, cultivation, delivery, distribution,
7 manufacturing, manipulation, packaging for sale, preparation, possession,
8 sale, testing, transportation, or transfer of medicinal cannabis or medicinal
9 cannabis accessories by a cannabis business or cannabis business agent
10 shall be considered lawful if done in accordance with Sections 1 to 30 of
11 this Act and any administrative regulations promulgated thereunder;

12 (c) A registered qualified patient or visiting qualified patient shall not be
13 considered to be under the influence of medicinal cannabis solely because
14 of the presence of tetrahydrocannabinol metabolites, including but not
15 limited to the cannabinoid carboxy THC which is also known as THC-
16 COOH;

17 (d) A medicinal cannabis practitioner shall not be subject to arrest,
18 prosecution, or penalty in any manner, or denied any right or privilege,
19 including but not limited to a civil penalty or disciplinary action by a state
20 licensing board or by any other occupational or professional licensing
21 board, solely for providing written certifications or for otherwise stating
22 that, in the medicinal cannabis practitioner's professional opinion, a patient
23 may receive medical, therapeutic, or palliative benefit from the use of
24 medicinal cannabis, if done in accordance with Sections 1 to 30 of this Act;

25 (e) A pharmacist shall not be subject to arrest, prosecution, or penalty in any
26 manner, or denied any right or privilege, including but not limited to a civil
27 penalty or disciplinary action by the Kentucky Board of Pharmacy or by any

1 other professional licensing board, solely for consulting with or providing
2 information with respect to the possible risks or side effects of medicinal
3 cannabis, including any potentially harmful or dangerous interactions
4 between medicinal cannabis and any other drug;

5 (f) An attorney shall not be subject to arrest, prosecution, or penalty in any
6 manner, or denied any right or privilege, including but not limited to a civil
7 penalty or disciplinary action by the Kentucky Court of Justice, the
8 Kentucky Bar Association, or any other professional licensing board, solely
9 for providing an individual or cannabis business with legal assistance
10 related to activity that is no longer subject to criminal penalties under state
11 law pursuant to Sections 1 to 30 of this Act; and

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

20 (3) Nothing in subsection (2)(d) to (g) of this section shall be interpreted to prohibit
21 the arrest, prosecution, or imposition of any other penalty arising from but not
22 limited to breach of contract, breach of fiduciary duty, negligence, or engaging in
23 criminal activity that would constitute a felony or misdemeanor.

24 (4) A registered qualified patient who is injured or defrauded, including by theft or
25 deprivation of the use and benefit of any money, personal property including
26 medicinal cannabis, or articles of value of any kind, by his or her designated
27 caregiver shall have a civil cause of action in Circuit Court to recover the actual

1 damages sustained, together with the costs of the lawsuit, including reasonable
2 fee for the individual's attorney of record.

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

5 (1) The Division of Medicinal Cannabis is hereby established within the Department
6 for Public Health and is charged with the implementation, operation, oversight,
7 and regulation of the medicinal cannabis program established in Sections 1 to 30
8 of this Act.

9 (2) The Board of Physicians and Advisors is hereby established within the Division
10 of Medicinal Cannabis which shall consist of the following members:

11 (a) Five (5) physicians selected by the commissioner of the department from a
12 list of ten (10) physicians who are authorized, pursuant to Section 9 of this
13 Act, to provide written certifications for the use of medicinal cannabis
14 submitted by the Kentucky Board of Medical Licensure and who are
15 certified by the appropriate board in one (1) of the following specialties:

- 16 1. Addiction medicine;
- 17 2. Anesthesiology;
- 18 3. Gastroenterology;
- 19 4. Obstetrics and gynecology;
- 20 5. Ophthalmology;
- 21 6. Optometry;
- 22 7. Infectious disease;
- 23 8. Neurology;
- 24 9. Oncology;
- 25 10. Pain management;
- 26 11. Pain medicine;
- 27 12. Pediatrics;

1 13. Physical medicine and rehabilitation; or

2 14. Psychiatry.

3 One (1) of the physicians appointed to the board pursuant to this paragraph
4 shall be designated by the commissioner to serve as chairperson;

5 (b) Three (3) advanced practice registered nurses selected by the commissioner
6 of the department from a list of six (6) advanced practice registered nurses
7 who are authorized, pursuant to Section 9 of this Act, to provide written
8 certifications for the use of medicinal cannabis submitted by the Kentucky
9 Board of Nursing;

10 (c) One (1) pharmacist selected by the commissioner of the department from a
11 list of four (4) pharmacists submitted by the Kentucky Board of Pharmacy
12 and who is authorized pursuant to Section 10 of this Act to provide
13 medicinal cannabis consultation services;

14 (d) Six (6) patient advocates selected by the commissioner of the department;

15 (e) The commissioner of the department, who shall serve as a non-voting ex
16 officio member; and

17 (f) The director of the Division of Medicinal Cannabis, who shall serve as a
18 non-voting ex officio member.

19 (3) The members of the Board of Physicians and Advisors appointed by the
20 commissioner shall:

21 (a) Serve for a term of four (4) years and until their successors are appointed,
22 except that the term for members appointed to fill the initial appointments
23 after the effective date of this section shall be as follows:

24 1. Five (5) members shall be appointed for a term of two (2) years;

25 2. Five (5) members shall be appointed for a term of three (3) years;

26 3. Five (5) members shall be appointed for a term of four (4) years; and

27 4. The respective terms of the first members shall be designated by the

- 1 commissioner at the time of their appointment;
- 2 (b) Be eligible for reappointment; and
- 3 (c) Serve without compensation, but each member of the board not otherwise
- 4 compensated for his or her time or expenses shall be entitled to
- 5 reimbursement for his or her actual and necessary expenses in carrying out
- 6 his or her duties with reimbursement for expenses being made in
- 7 accordance with administrative regulations relating to travel expenses.
- 8 (4) The Board of Physicians and Advisors shall not be subject to reorganization
- 9 under KRS Chapter 12.
- 10 (5) The Board of Physicians and Advisors shall:
- 11 (a) Review and recommend to the department an approved list of qualifying
- 12 medical conditions for which a medicinal cannabis practitioner may provide
- 13 a patient with a written certification;
- 14 (b) Accept and review petitions to add diseases or medical conditions to the
- 15 approved list of qualifying medical conditions for which a medicinal
- 16 cannabis practitioner may provider a patient with a written certification;
- 17 (c) Review and recommend to the department medicinal cannabis dosing
- 18 guidelines to be used by medicinal cannabis practitioners when providing
- 19 patients with medicinal cannabis dosing recommendations;
- 20 (d) Convene at least twice per year to conduct public hearings and to evaluate
- 21 petitions, which shall be maintained as confidential pursuant to subsection
- 22 (7) of this section, for the purpose of adding diseases or medical conditions
- 23 to the approved list of qualifying medical conditions for which a medicinal
- 24 cannabis practitioner may provide a patient with a written certification;
- 25 (e) Review and recommend to the department protocols for determining:
- 26 1. The amount of medicinal cannabis or delta-9 tetrahydrocannabinol
- 27 that constitutes:

- 1 a. A ten (10) day maximum allowance of medicinal cannabis and a
2 thirty (30) day maximum allowance of medicinal cannabis for
3 registered qualified patients and visiting qualified patients who
4 are over eighteen (18) years of age; and
- 5 b. A ten (10) day maximum allowance of medicinal cannabis and a
6 thirty (30) day maximum allowance of medicinal cannabis for
7 registered qualified patients who are under eighteen (18) years of
8 age; and
- 9 2. The amount of raw plant material that medicinal cannabis products
10 are considered to be equivalent to;
- 11 (f) Review and recommend to the department evolving continuous quality
12 improvement metrics and minimal performance standards for the biennial
13 accreditation process of licensed cannabis businesses;
- 14 (g) Review relevant scientific data related to the delta-9 tetrahydrocannabinol
15 content limits established in subsection (2)(b) of Section 19 of this Act and
16 make recommendations to the General Assembly regarding revisions to the
17 limits as the board deems appropriate;
- 18 (h) Review relevant scientific data related to the various methods of use and
19 consumption of medicinal cannabis and make recommendations to the
20 General Assembly to approve or restrict certain methods as the board deems
21 appropriate; and
- 22 (i) Perform other duties related to the use of medicinal cannabis upon request
23 by the commissioner of the department or the director of the Division of
24 Medicinal Cannabis.
- 25 (6) When, in accordance with paragraphs (a) to (c) of subsection 5 of this section,
26 the Board of Physicians and Advisors considers which diseases and medical
27 conditions to recommend to the department for inclusion on the approved list of

1 qualifying medical conditions for which a medicinal cannabis practitioner may
2 provider a patient with a written certification, the board shall prioritize
3 consideration of, but not limit their consideration to, end-of-life conditions and
4 terminal diseases as defined in KRS 217.5401.

5 (7) The department shall promulgate administrative regulations, in accordance with
6 KRS Chapter 13A, to implement the provisions of this subsection, including but
7 not limited to the process by which petitions to add diseases or medical conditions
8 to the approved list of qualifying medical conditions for which a medicinal
9 cannabis practitioner may provide a patient with a written certification shall be
10 received, reviewed, and considered. Administrative regulations promulgated
11 pursuant to this subsection shall require that any individually identifiable health
12 information contained in a petition received by the department, the Division of
13 Medicinal Cannabis, or the Board of Physicians and Advisors shall be
14 confidential and shall not be subject to disclosure under the Open Records Act,
15 KRS 61.870 to 61.884.

16 (8) No later than December 1 of each year beginning in 2023, the department, in
17 consultation with the University of Kentucky, College of Medicine shall submit
18 an annual report to the Legislative Research Commission. The report submitted
19 by the department shall, at a minimum, include:

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

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

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

27 (d) The number of physicians and advanced practice registered nurses

- 1 authorized pursuant to Section 9 of this Act to provide written certifications;
- 2 (e) The number of pharmacists authorized pursuant to Section 10 of this Act to
- 3 provide consultation to cardholders;
- 4 (f) The nature of the qualifying medical conditions for which medicinal
- 5 cannabis practitioners have provided written certifications;
- 6 (g) The number of applications and renewals received by the department for
- 7 cannabis business licenses; the number of cannabis business licenses issued
- 8 for each business type and tier; and the number of cannabis business
- 9 license applications and renewals that were denied by the department;
- 10 (h) The number of cannabis business agents associated with each type of
- 11 cannabis business;
- 12 (i) An assessment of:
- 13 1. The ability of cardholders in all areas of the state to obtain timely and
- 14 affordable access to medicinal cannabis;
- 15 2. The evolving continuous quality improvement metrics and minimal
- 16 performance standards for the biennial accreditation process of
- 17 licensed cannabis businesses developed by the department pursuant to
- 18 Section 28 of this Act;
- 19 3. The effectiveness of the cultivators, processors, and producers licensed
- 20 under this chapter, individually and collectively, in serving the needs
- 21 of processors, dispensaries, and cardholders, and whether they are
- 22 generating any complaints or security problems;
- 23 4. The effectiveness of the dispensaries licensed under this chapter,
- 24 individually and collectively, in serving the needs of cardholders,
- 25 including the provision of educational and support services, and
- 26 whether they are generating any complaints or security problems;
- 27 5. The effectiveness of the safety compliance facilities licensed under this

- 1 chapter, individually and collectively, in serving the needs of other
2 cannabis businesses, including the provision of testing and training
3 services, and whether they are generating any complaints or security
4 problems; and
- 5 6. The sufficiency of the regulatory and security safeguards contained in
6 Sections 1 to 30 of this Act and adopted by the department through
7 administrative regulations to ensure that access to and use of
8 medicinal cannabis cultivated and processed in this state is provided
9 only to cardholders;
- 10 (j) The profits and expenditures by cannabis businesses, individually and
11 collectively;
- 12 (k) The amount of medicinal cannabis sold per month in the Commonwealth;
- 13 (l) The total amount of revenue generated from cannabis business licensure
14 and cardholder fees for each calendar year and aggregated by prior years;
- 15 (m) The total amount of revenue generated by the excise tax established in
16 Section 33 of this Act;
- 17 (n) The total cost of enforcement for the medicinal cannabis program at the
18 time of the report, by city, county, and overall;
- 19 (o) Any recommended additions or revisions to Sections 1 to 30 of this Act or
20 administrative regulations promulgated thereunder, including those
21 relating to security, safe handling, labeling, and nomenclature;
- 22 (p) Any recommendations for changes to the approved list of qualifying
23 medical conditions for which a medicinal cannabis practitioner may provide
24 a patient with a written certification and the rationale for those
25 recommendations;
- 26 (q) The results of any peer-reviewed, scientific research studies regarding the
27 health effects of cannabis; and

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

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

9 (10) The information contained in the report described in subsection (8) of this section
10 shall be presented in a manner that does not disclose any identifying information
11 about cardholders or licensed cannabis businesses.

12 (11) (a) Nothing in Sections 1 to 30 of this Act shall require the department to
13 assume duties in relation to the medicinal cannabis program that are more
14 than administrative in nature if federal law or a current and clear directive
15 from the federal government indicates that duties assumed by the
16 department that are more than administrative could result in the loss of
17 federal funds, federal prosecution, or invalidation of the medicinal
18 cannabis program established in Sections 1 to 30 of this Act.

19 (b) If the department makes a determination that it is required by Sections 1 to
20 30 of this Act to conduct duties that are more than administrative in nature,
21 then it shall continue to conduct duties that are administrative in nature
22 and designate or enter into a contract with, in accordance with KRS
23 Chapter 45A, a qualified nongovernmental entity to conduct any duties
24 required by Sections 1 to 30 of this Act that are more than administrative in
25 nature. A nongovernmental entity contracted pursuant to this paragraph
26 shall not own, in whole or in part, any cannabis business in this state or any
27 other, or be owned, in whole or in part, by any cannabis business in this

1 state or any other. The department may reimburse the state for any costs
2 involved in working with outside consultants to implement the program.

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

5 (1) A registered qualified patient, except as provided in subsection (2) of this section,
6 shall not be subject to arrest, prosecution, or denial of any right or privilege,
7 including but not limited to a civil penalty or disciplinary action by a court or
8 occupational or professional licensing board, for the use of medicinal cannabis,
9 if the registered qualified patient does not possess more than:

10 (a) The thirty (30) day maximum allowance of medicinal cannabis, as
11 established by the department pursuant to Section 28 of this Act, at his or
12 her residence; or

13 (b) The ten (10) day maximum allowance of medicinal cannabis, as established
14 by the department pursuant to Section 28 of this Act, on his or her person,
15 except that an amount greater than the ten (10) day maximum allowance
16 may be transported by a registered qualified patient from a dispensary
17 directly to his or her residence if the medicinal cannabis is contained in a
18 sealed package that requires at least a two (2) step process for initial
19 opening.

20 (2) A registered qualified patient who is under eighteen (18) years of age shall not be
21 permitted to possess, purchase, or acquire medicinal cannabis and shall only
22 engage in the use of medicinal cannabis with the assistance of a designated
23 caregiver.

24 (3) A visiting qualified patient shall not be subject to arrest, prosecution, or denial of
25 any right or privilege, including but not limited to civil penalty or disciplinary
26 action by a court or occupational or professional licensing board, for the use of
27 medicinal cannabis, if the visiting qualified patient does not possess more than an

1 amount of medicinal cannabis determined by the department to constitute the ten
2 (10) day maximum allowance of medicinal cannabis, as established by the
3 department pursuant to Section 28 of this Act, on his or her person.

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

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

10 1. The thirty (30) day maximum allowance of medicinal cannabis, as
11 established by the department pursuant to Section 28 of this Act, at his
12 or her residence for each registered qualified patient to whom the
13 caregiver is connected through the department's registration process;
14 or

15 2. The ten (10) day maximum allowance of medicinal cannabis, as
16 established by the department pursuant to Section 28 of this Act, on
17 his or her person for each registered qualified patient to whom the
18 caregiver is connected through the department's registration process,
19 except that an amount greater than the ten (10) day maximum
20 allowance may be transported by a designated caregiver from a
21 dispensary directly to his or her residence if the medicinal cannabis is
22 contained in a sealed package that requires at least a two (2) step
23 process for initial opening; or

24 (b) Receiving reimbursement for documented expenses associated with
25 assisting a registered qualified patient in the use of medicinal cannabis if
26 the designated caregiver is connected to the registered qualified patient
27 through the department's registration process.

1 (5) (a) All medicinal cannabis possessed by a cardholder in accordance with
2 subsections (1), (2), (3), and (4) of this section shall be kept in the original
3 container in which the cardholder received the medicinal cannabis from a
4 dispensary.

5 (b) An individual who violates paragraph (a) of this subsection may be fined up
6 to one hundred dollars (\$100) per violation.

7 (6) Notwithstanding subsections (1), (3), and (4) of this section:

8 (a) A registered qualified patient shall not be permitted to purchase more
9 medicinal cannabis than the thirty (30) day maximum allowance of
10 medicinal cannabis, as determined by the department pursuant to Section
11 28 of this Act, during a given twenty-five (25) day period;

12 (b) A designated caregiver shall not be permitted to purchase more medicinal
13 cannabis than the thirty (30) day maximum allowance of medicinal
14 cannabis, as determined by the department pursuant to Section 28 of this
15 Act, for each registered qualified patient to whom the caregiver is connected
16 through the department's registration process during a given twenty-five
17 (25) day period; and

18 (c) 1. A visiting qualified patient who has applied for and obtained a registry
19 identification card issued by the department shall not be permitted to
20 purchase more medicinal cannabis than the ten (10) day maximum
21 allowance of medicinal cannabis, as determined by the department
22 pursuant to Section 28 of this Act, during a given eight (8) day period.

23 2. A visiting qualified patient who has not applied for and obtained a
24 registry identification card issued by the department but possesses a
25 valid out-of-state registry identification card shall not be permitted to
26 purchase medicinal cannabis in this state more than once per calendar
27 year and shall not be permitted to purchase more medicinal cannabis

1 than the ten (10) day maximum allowance of medicinal cannabis, as
 2 determined by the department pursuant to Section 28 of this Act.

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

6 (a) Possession of medicinal cannabis that is incidental to the use of medicinal
 7 cannabis;

8 (b) Possession of medicinal cannabis accessories; or

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

10 (8) No person shall be subject to arrest, prosecution, or denial of any right or
 11 privilege, including but not limited to a civil penalty or disciplinary action by a
 12 court or occupational or professional licensing board, solely for:

13 (a) Selling medicinal cannabis accessories to a cardholder, who is over
 14 eighteen (18) years of age, upon presentation of a valid registry
 15 identification card issued by the department or, for a visiting qualified
 16 patient, a valid out-of-state registry identification card;

17 (b) Being in the presence or vicinity of the use of medicinal cannabis; or

18 (c) Assisting a registered qualified patient or visiting qualified patient with
 19 using or administering medicinal cannabis. For purposes of illustration and
 20 not limitation, this includes preparing raw plant material or brewing tea for
 21 a registered qualified patient or visiting qualified patient. This does not
 22 include providing medicinal cannabis to a patient that the patient did not
 23 already possess.

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

26 (1) (a) Any medicinal cannabis, medicinal cannabis accessories, lawful property,
 27 or interest in lawful property that is possessed, owned, or used in connection

1 with the use of medicinal cannabis or acts incidental to that use, shall not
2 subject to seizure or forfeiture under KRS 218A.405 to 218A.460.

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

8 (2) Possession of, or application for, a registry identification card, an out-of-state
9 registry identification card, or cannabis business license shall not constitute
10 probable cause or reasonable suspicion, nor shall it be used to support the search
11 of the person, property, or home of the person possessing or applying for the
12 registry identification card, an out-of-state registry identification card, or
13 cannabis business license. The possession of, or application for, a registry
14 identification card, an out-of-state registry identification card, or cannabis
15 business license shall not preclude the existence of probable cause or reasonable
16 suspicion if probable cause or reasonable suspicion exists on other grounds.

17 (3) (a) There shall be a rebuttable presumption that a cardholder is engaged in the
18 lawful use of medicinal, or in the case of a designated caregiver, assisting
19 with the lawful use of medicinal cannabis, if the cardholder:

20 1. Possesses a valid registry identification card or, in the case of a
21 visiting qualified patient, a valid out-of-state registry identification
22 card; and

23 2. Possesses an amount of medicinal cannabis that does not exceed the
24 amount the cardholder is permitted to possess under Section 4 of this
25 Act.

26 (b) This presumption may be rebutted by a preponderance of evidence that
27 conduct was unrelated to the use of medicinal cannabis or was otherwise in

1 violation of Sections 1 to 30 of this Act.

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

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

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

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

17 (c) Possessing medicinal cannabis that is within the operator's arm's reach or
18 that is not contained in a package that requires at least a two (2) step
19 process for initial opening, in accordance with administrative regulations
20 promulgated pursuant to subsection (1)(c)12.a. of Section 28 of this Act,
21 while operating, navigating, or being in actual physical control of an
22 aircraft, vehicle, vessel, or any other device known, or hereafter invented,
23 that is powered by machinery and that is or may be used to transport
24 persons or property;

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

27 (e) Possessing medicinal cannabis, or otherwise engaging in the use of

1 medicinal cannabis:

2 1. On the grounds of any preschool or primary or secondary school,
3 except as permitted in accordance with policies enacted pursuant to
4 subsection (4)(c) of Section 8 of this Act;

5 2. In any correctional facility; or

6 3. On any property of the federal government;

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

9 (g) Using or consuming marijuana by smoking; or

10 (h) Cultivating marijuana unless that person is licensed by the department as a
11 cannabis cultivator or cannabis producer pursuant to Sections 16, 17, and
12 18 of this Act or is a cultivator or producer agent.

13 (2) Sections 1 to 30 of this act shall not prevent enforcement of current laws
14 pertaining to the operation of any aircraft, vehicle, or vessel including under KRS
15 Chapters 183, 189, 189A, and 235.

16 (3) If a cardholders violates subsection (1)(a) or (b) of this section, in addition to
17 penalties that may be imposed under KRS Chapters 183, 189, 189A, or 235, the
18 cardholder's registry identification card shall be revoked.

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

23 (b) The odor or smell of medicinal cannabis shall not constitute conclusive
24 evidence of use or consumption of medicinal cannabis by smoking.

25 (c) Notwithstanding paragraph (a) of this subsection:

26 1. If an individual uses or consumes marijuana by smoking while on any
27 form of public transportation, in any public place as defined in KRS

1 525.010, or in any place of public accommodation, resort, or
 2 amusement as defined in KRS 344.130:

3 a. The department may suspend or revoke the individual's registry
 4 identification card; and

5 b. The individual may be subject to prosecution under Section 39 of
 6 this Act.

7 2. If an individual violates subsection (1)(g) of this section by using or
 8 consuming marijuana by smoking on residential property owned or
 9 leased by that individual or with the permission of the owner or lessee
 10 of the residential property on which the violation occurred, the penalty
 11 shall be a fine of not more than one hundred dollars (\$100) per
 12 violation.

13 (5) As used in this section:

14 (a) "Aircraft" has the same meaning as in KRS 183.011;

15 (b) "Vehicle" has the same meaning as in KRS 189.010; and

16 (c) "Vessel" has the same meaning as in KRS 235.010.

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

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

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

23 (b) Prohibit an employer from implementing policies promoting workplace
 24 health and safety by:

25 1. Restricting the use of medicinal cannabis by employees; or

26 2. Restricting or prohibiting the use of equipment, machinery, or power
 27 tools by an employee who is a registered qualified patient, if the

1 employer believes that the use of such equipment, machinery, or
2 power tools by an employee who is a registered qualified patient poses
3 an unreasonable safety risk;

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

6 (d) Subject an employer to liability for wrongful discharge or discrimination;

7 (e) Except as provided in Section 8 of this Act, prohibit a person, employer,
8 corporation, or any other entity who occupies, owns, or controls a property
9 from prohibiting or otherwise regulating the use, consumption, possession,
10 transfer, display, transportation, sale, or growing of medicinal cannabis on
11 or in that property; or

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

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

19 (3) An employer shall not be penalized or denied any benefit under state law for
20 employing a cardholder.

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

23 (1) Except as provided in Section 7 of this Act, the lawful use of medicinal cannabis
24 by a cardholder is equivalent to the authorized use of any other medication used
25 at the direction of a practitioner, shall not constitute the use of an illicit
26 substance, and shall not constitute an acceptable basis for disqualifying a
27 cardholder from any rights or privileges that he or she may otherwise be entitled

1 to, including those guaranteed under KRS Chapter 344.

2 (2) A cardholder otherwise entitled to custody of or visitation time or parenting time
3 with a minor child shall not be denied that right, and there shall be no
4 presumption of dependency, neglect, or abuse, for conduct permitted under
5 Sections 1 to 30 of this Act unless the person's actions in relation to medicinal
6 cannabis create a danger that is not in the best interest of the safety of the minor
7 child as established by clear and convincing evidence.

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

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

16 (4) (a) A school shall not refuse to enroll, or otherwise penalize, a person solely for
17 his or her status as a cardholder, unless failing to do so would violate
18 federal law or regulations and cause the school to lose a monetary or
19 licensing-related benefit under federal law or regulations.

20 (b) A school shall not be penalized or denied any benefit under state law for
21 enrolling a cardholder.

22 (c) Each local board of education and each board of directors of a public
23 charter school shall, within ninety (90) days after the effective date of this
24 section, establish policies to permit a pupil who is a registered qualified
25 patient to consume medicinal cannabis on school property as deemed
26 necessary by the pupil's parent or legal guardian. Policies enacted pursuant
27 to this paragraph shall require medicinal cannabis be administered by a

1 school nurse or under the supervision of appropriate school staff.

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

4 (b) A landlord shall not include in a rental agreement terms and conditions
5 that prohibit the use of medicinal cannabis by a cardholder.

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

8 (1) Except as provided in subsection (13) of this section, a physician or an advanced
9 practice registered nurse seeking to become a medicinal cannabis practitioner
10 and provide written certifications for the use of medicinal cannabis shall apply to
11 the same state licensing board that issued his or her professional practice license,
12 on a form prescribed by the state licensing board, for authorization to provide
13 written certifications for the use of medicinal cannabis.

14 (2) (a) A state licensing board shall approve an application for authorization to
15 provide written certifications for the use of medicinal cannabis if the
16 application is complete and meets the requirements established in
17 administrative regulations promulgated by the state licensing board.

18 (b) A state licensing board shall deny an application for authorization to
19 provide written certifications for the use of medicinal cannabis if the
20 applicant has an ownership or investment interest in or compensation
21 agreement with a cannabis business licensed under this chapter. A state
22 licensing board may consult with the department to determine if an
23 applicant has an ownership or investment interest in or compensation
24 agreement with a cannabis business.

25 (3) Authorization to provide written certifications for the use of medicinal cannabis
26 granted under this section shall expire, and may be renewed, in accordance with
27 administrative regulations promulgated by a state licensing board.

- 1 (4) A medicinal cannabis practitioner may provide a patient with a written
2 certification only after the practitioner has:
- 3 (a) Established a bona fide practitioner-patient relationship with the patient;
4 (b) Diagnosed the patient with a qualifying medical condition or confirmed a
5 diagnosis for a qualifying medical condition provided by another health
6 care provider;
- 7 (c) Reviewed a report of information from the electronic monitoring system
8 established pursuant to Section 41 of this Act related to the patient for a
9 period of time that covers at least the twelve (12) months immediately
10 preceding the date of the report;
- 11 (d) Consulted with the patient, or the patient's custodial parent or legal
12 guardian responsible for providing consent to treatment if the patient is a
13 minor child, with respect to the possible risks and side effects associated
14 with medicinal cannabis, including possible interactions between medicinal
15 cannabis and any other drug or medication that the patient is taking at that
16 time; and
- 17 (e) Obtained the consent of the patient's custodial parent or legal guardian
18 responsible for providing consent to treatment, if the patient is a minor
19 child.
- 20 (5) A bona fide practitioner-patient relationship may be established following a
21 referral from the patient's primary care provider and may be maintained via
22 telehealth. However, a bona fide practitioner-patient relationship shall not be
23 established via telehealth.
- 24 (6) (a) When issuing a written certification for the use of medicinal cannabis to a
25 patient, the medicinal cannabis practitioner shall, to the best of his or her
26 professional medical knowledge, provide the patient with recommendations
27 for:

- 1 1. The strains of medicinal cannabis and types of medicinal cannabis
2 products that may be most effective in providing medical, therapeutic,
3 or palliative relief to the patient; and
- 4 2. Medicinal cannabis dosing including the quantity and frequency of
5 doses.
- 6 (b) Recommendations provided pursuant to paragraph (a) of this subsection
7 shall comply with medicinal cannabis dosing guidelines and the ten (10)
8 day and thirty (30) day maximum allowance of medicinal cannabis
9 developed by the department pursuant to Section 28 of this Act.
- 10 (7) (a) A written certification for the use of medicinal cannabis shall be provided to
11 a patient on a form prescribed by the department.
- 12 (b) An initial written certification for the use of medicinal cannabis shall be
13 provided during the course of an in-person examination of the patient by
14 the medicinal cannabis practitioner. Subsequent written certifications,
15 including for the purpose of renewing a registry identification card, may be
16 provided electronically or during the course of a telehealth consultation.
- 17 (c) For the purpose of applying for a registry identification card, a written
18 certification provided under this section shall be valid for ninety (90) days
19 after the date of issuance by a medicinal cannabis practitioner. The
20 medicinal cannabis practitioner may renew a written certification for not
21 more than three (3) additional periods of not more than ninety (90) days
22 each. Thereafter, the medicinal cannabis practitioner may issue another
23 certification to the patient only after conducting an additional examination
24 of the patient in-person or via telehealth.
- 25 (d) Within twenty-four (24) hours of providing a patient with a written
26 certification for the use of medicinal cannabis, a medicinal cannabis
27 practitioner shall record the issuance of the written certification in the

1 electronic monitoring system established pursuant to Section 41 of this Act.

2 (8) A medicinal cannabis practitioner shall not:

3 (a) Dispense medicinal cannabis; or

4 (b) Provide a written certification for the use of medicinal cannabis to a family
5 member or to himself or herself.

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

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

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

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

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

15 (e) Any other violation of this section or any administrative regulation
16 promulgated thereunder.

17 (10) A state licensing board may suspend or revoke a medicinal cannabis
18 practitioner's authorization to provide written certification for the use of
19 medicinal cannabis and practice license for multiple violations or a serious
20 violation of this section or any administrative regulation promulgated
21 thereunder.

22 (11) The state licensing boards shall:

23 (a) No later than January 1, 2023, promulgate, in accordance with KRS
24 Chapter 13A, administrative regulations to establish at least the following:

25 1. The procedures for applying for authorization to provide written
26 certifications;

27 2. The conditions that must be met to be eligible for authorization to

- 1 provide written certifications;
- 2 3. The process and procedures for renewing authorization to provide
- 3 written certifications;
- 4 4. Continuing education requirements for medicinal cannabis
- 5 practitioners related to the use of medicinal cannabis and the
- 6 recommending of cannabis for medicinal use;
- 7 5. The reasons for which authorization to provide written certifications
- 8 for the use of medicinal cannabis may be suspended or revoked; and
- 9 6. The minimal standards of care when providing written certifications;
- 10 (b) On a regular basis, provide the department with the names of all medicinal
- 11 cannabis practitioners; and
- 12 (c) Immediately provide the department with the name of any medicinal
- 13 cannabis practitioner whose authorization to provide written certifications
- 14 is suspended or revoked.
- 15 (12) The continuing education requirements established by the state licensing boards
- 16 in accordance with subsection 11(a)4. of this section shall include continuing
- 17 education requirements related to medicinal cannabis dosing and dosing
- 18 guidelines established by the department pursuant to Section 28 of this Act.
- 19 (13) This section does not apply to a practitioner who recommends treatment with
- 20 cannabis or a drug derived from cannabis under any of the following that are
- 21 approved by an investigational review board or equivalent entity, the United
- 22 States Food and Drug Administration, or the National Institutes for Health or
- 23 any of its cooperative groups or centers under the United States Department of
- 24 Health and Human Services:
- 25 (a) A research protocol;
- 26 (b) A clinical trial;
- 27 (c) An investigational new drug application; or

1 (d) An expanded access submission.

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

4 (1) Except as provided in subsection (2) of this section, prior to making an initial
5 purchase of medicinal cannabis in this state and at least annually thereafter, a
6 registered qualified patient shall be required to complete a consultation with a
7 pharmacist who is authorized by the Kentucky Board of Pharmacy to provide
8 medicinal cannabis consultation services to cardholders. The consultation shall,
9 at a minimum, cover the possible risks and side effects of medicinal cannabis and
10 any potential drug interactions between medicinal cannabis and any other drug
11 that the registered qualified patient or visiting qualified patient is taking. The
12 consultation required by this subsection may be completed via telehealth.

13 (2) (a) A designated caregiver shall be permitted to complete the consultation
14 required by subsection (1) of this section on behalf of any registered
15 qualified patient to whom the designated caregiver is connected through the
16 department's registration process.

17 (b) If the registered qualified patient is under eighteen (18) years of age, the
18 registered qualified patient's parent or legal guardian who is responsible for
19 providing consent for medical treatment shall be present for the
20 consultation required by subsection (1) of this section and may complete the
21 consultation on behalf of the registered qualified patient.

22 (c) A visiting qualified patient who has not applied for and obtained a registry
23 identification card issued by the department but presents a valid out-of-state
24 registry identification card to purchase medicinal cannabis in this state not
25 more than once per calendar year shall not be required to complete the
26 consultation required by subsection (1) of this section.

27 (3) A pharmacist who wishes to be authorized by the Kentucky Board of Pharmacy to

1 provide medicinal cannabis consultation services to cardholders or to enter into a
2 collaborative agreement with dispensaries, as required by Section 22 of this Act,
3 shall apply to the board on a form prescribed by the board.

4 (4) No later than January 1, 2023, the Kentucky Board of Pharmacy shall, in
5 accordance with KRS Chapter 13A, promulgate administrative regulations to:

6 (a) Establish the application and renewal process and fee for authorization to
7 provide medicinal cannabis consultation services and to enter into a
8 collaborative agreement with dispensaries;

9 (b) Establish continuing education and training requirements for pharmacists
10 who are authorized to provide medicinal cannabis consultation services and
11 to enter into a collaborative agreement with dispensaries;

12 (c) Define the standards of care for medicinal cannabis consultation services;
13 and

14 (d) Define the nature and scope of a collaborative agreement between a
15 pharmacist and a dispensary, including the process by which a pharmacist
16 and dispensary shall establish a collaborative agreement. The nature and
17 scope of the collaborative agreement shall not require a pharmacist to be
18 present at a dispensary.

19 (5) The department shall promulgate administrative regulations to establish:

20 (a) A fee for medicinal cannabis consultation services which shall not exceed
21 forty dollars (\$40) per consultation; and

22 (b) A fee for collaborative agreements between a dispensary and a pharmacist.

23 (6) Members of the Kentucky Board of Pharmacy, its agents, its employees, and any
24 pharmacist authorized by the board to provide medicinal cannabis consultation
25 services to cardholders or to enter into a collaborative agreement with
26 dispensaries shall be immune from suit in any action, civil or criminal, which is
27 based upon any act that is conducted in accordance with this section and

1 administrative regulations promulgated thereunder.

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

4 (1) Except as provided in subsection (9) of this section, no person shall possess,
5 purchase, acquire, or otherwise engage or assist in the use of medicinal cannabis
6 in Kentucky without first applying for and receiving a registry identification card
7 for registered qualified patients, designated caregivers, or visiting qualified
8 patients issued by the department.

9 (2) A person shall be eligible to apply for a registry identification card as a registered
10 qualified patient if he or she is a resident of Kentucky, has obtained a written
11 certification issued by a medicinal cannabis practitioner in accordance with
12 Section 9 of this Act and administrative regulations promulgated thereunder, and
13 has not been convicted of a disqualifying felony offense.

14 (3) A person shall be eligible to apply for a registry identification card as a
15 designated caregiver if he or she is a resident of Kentucky, is at least twenty-one
16 (21) years of age, has been identified as a designated caregiver on qualified
17 patient's or registered qualified patient's registry identification card application
18 or renewal form, has not been convicted of a disqualifying felony offense, and
19 has agreed to assist no more than three (3) registered qualified patients with the
20 use of medicinal cannabis.

21 (4) A person shall be eligible to apply for a registry identification card as a visiting
22 qualified patient if he or she is not a resident of Kentucky or has been a resident
23 of Kentucky for less than thirty (30) days, possess a valid out-of-state registry
24 identification card, is at least twenty-one (21) years of age, has obtained a written
25 certification issued by a medicinal cannabis practitioner in accordance with
26 Section 9 of this Act and administrative regulations promulgated thereunder, and
27 has not been convicted of a disqualifying felony offense.

- 1 (5) To apply for or renew a registry identification card, a qualified patient who is
2 eighteen (18) years of age or older shall submit the following, in accordance with
3 administrative regulations promulgated by the department:
- 4 (a) The name, address, and date of birth of the qualified patient, except that if
5 the applicant is homeless an address where the applicant may be reached
6 shall be provided to the department;
- 7 (b) A valid written certification issued to the qualified patient;
- 8 (c) The name, address, and telephone number of the qualified patient's
9 medicinal cannabis practitioner;
- 10 (d) A statement, signed by the qualified patient, pledging not to divert medicinal
11 cannabis to anyone who is not permitted to possess medicinal cannabis
12 pursuant to Sections 1 to 30 of this Act. The statement shall contain a
13 listing of potential penalties, including criminal prosecution, for diverting
14 medicinal cannabis;
- 15 (e) If the qualified patient determines that he or she needs a designated
16 caregiver:
- 17 1. A statement, signed by the qualified patient, attesting to such need;
18 2. The name, address, and date of birth of not more than two (2)
19 individuals chosen by the qualified patient to be designated as a
20 caregiver; and
- 21 3. A statement, signed by the individuals chosen by the qualified patient
22 to be designated as a caregiver agreeing to be designated as the
23 patient's designated caregiver and pledging not to divert medicinal
24 cannabis to anyone other than the registered qualified patient to
25 whom the caregiver is connected through the department's
26 registration process. The statement shall contain a listing of potential
27 penalties, including criminal prosecution, for diverting medicinal

1 cannabis; and

2 (f) The application or renewal fee for a registry identification card for a
3 qualified patient and the application or renewal fee for a registry
4 identification card for any designated caregiver chosen by the qualified
5 patient.

6 (6) To apply for or renew a registry identification card for a qualified patient who is
7 under eighteen (18) years of age, the qualified patient's custodial parent or legal
8 guardian with responsibility for health care decisions shall submit the following,
9 in accordance with administrative regulations promulgated by the department:

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

13 (b) A valid written certification issued to the qualified patient;

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

16 (d) A statement, signed by the qualified patient's custodial parent or legal
17 guardian with responsibility for health care decisions, attesting to the fact
18 that the custodial parent or legal guardian agrees to:

19 1. Allow the qualified patient to use medicinal cannabis;

20 2. Serve as the qualified patient's designated caregiver; and

21 3. Control the acquisition, dosage, and frequency of use of medicinal
22 cannabis by the qualified patient;

23 (e) A statement, signed by the qualified patient's custodial parent or legal
24 guardian with responsibility for health care decisions, pledging not to
25 divert, or to knowingly allow the qualified patient to divert, medicinal
26 cannabis to anyone who is not permitted to possess medicinal cannabis
27 pursuant to Sections 1 to 30 of this Act. The statement shall contain a

1 listing of potential penalties, including criminal prosecution, for diverting
2 medicinal cannabis;

3 (f) If the qualified patient's custodial parent or legal guardian with
4 responsibility for health care decisions determines that the qualified patient
5 needs an additional designated caregiver:

6 1. A statement, signed by the qualified patient's custodial parent or legal
7 guardian with responsibility for health care decisions, attesting to
8 such need;

9 2. The name, address, and date of birth of not more than one (1)
10 individual chosen by the qualified patient's custodial parent or legal
11 guardian with responsibility for health care decisions to be designated
12 as a second designated caregiver; and

13 3. A statement, signed by the individual chosen by the qualified patient's
14 custodial parent or legal guardian with responsibility for health care
15 decisions to be designated as a caregiver, agreeing to be designated as
16 the patient's designated caregiver and pledging not to divert medicinal
17 cannabis to anyone other than the registered qualified patient to
18 whom the caregiver is connected through the department's
19 registration process. The statement shall contain a listing of potential
20 penalties, including criminal prosecution, for diverting medicinal
21 cannabis; and

22 (g) The application or renewal fee for a registry identification card for a
23 qualified patient and the application or renewal fee for a registry
24 identification card for any designated caregiver chosen by the qualified
25 patient.

26 (7) To apply for or renew a registry identification card, a visiting qualified patient
27 shall submit the following, in accordance with administrative regulations

1 promulgated by the department:

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

5 (b) A copy of his or her valid out-of-state registry identification card;

6 (c) A valid written certification issued to the qualified patient;

7 (d) The name, address, and telephone number of the qualified patient's
8 medicinal cannabis practitioner;

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

14 (f) The application or renewal fee for a registry identification card for a
15 visiting qualified patient;

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

21 (9) A visiting qualified patient who possess a valid out-of-state registry identification
22 card shall not be required to apply for or obtain a visiting qualified patient
23 registry identification card issued by the department and may use his or her valid
24 out-of-state registry identification card for all purposes established in Sections 1
25 to 30 of this Act, except that a visiting qualified patient who has not applied for
26 and obtained a registry identification card issued by the department shall only be
27 permitted to purchase medicinal cannabis in this state once per calendar year.

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

3 (1) The department shall establish, implement, and operate a registry identification
4 card program for registered qualified patients, visiting qualified patients, and
5 designated caregivers.

6 (2) The following shall be clearly and visibly printed on registry identification cards:

7 (a) The name of the cardholder;

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

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

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

14 (e) A photograph of the cardholder, if the department's administrative
15 regulations require one;

16 (f) The telephone number and Web site address for the electronic monitoring
17 system established pursuant to Section 41 of this Act;

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

21 (h) If the cardholder is under eighteen (18) years of age, a clear and obvious
22 designation or identifier indicating that the cardholder is under eighteen
23 (18) years of age; and

24 (i) A bar code or other marking that can be scanned electronically to provide
25 access to the information described in subsection (4) of this section.

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

- 1 (b) If a medicinal cannabis practitioner states in the written certification that
2 the qualified patient would benefit from the use of medicinal cannabis until
3 a specified earlier date, then the registry identification card shall expire on
4 that date.
- 5 (4) The department shall electronically store in the card at least all of the
6 information listed in subsection (2) of this section, the cardholder's the address,
7 and the cardholder's date of birth, so that it may be read electronically by law
8 enforcement agents and licensed cannabis businesses.
- 9 (5) The registry identification card application and renewal fees shall be as follows:
- 10 (a) A registry identification card for a qualified patient who is a Kentucky
11 resident shall be sixty dollars (\$60);
- 12 (b) A registry identification card for a visiting qualified patient shall be sixty
13 dollars (\$60); and
- 14 (c) A registry identification card for a designated caregiver shall be twenty
15 dollars (\$20) per registered qualified patient to whom the designated
16 caregiver is connected unless the designated caregiver is the parent, legal
17 guardian, spouse, or adult child of the qualified patient, in which case there
18 shall be no fee for a registry identification card.
- 19 (6) (a) The department shall operate a provisional licensure receipt system for
20 registered qualified patients, designated caregivers, and visiting qualified
21 patients that shall be valid for forty-five (45) days, or until a permanent card
22 can be issued, as if it is a registry identification card issued pursuant to this
23 section and Sections 11 and 13 of this Act. This program shall be
24 implemented and operational simultaneously with the department's
25 implementation of the registry identification card program established in
26 this section. A provisional licensure receipt shall contain the following:
- 27 1. A temporary identification number;

- 1 2. A barcode or other marking that can be scanned electronically;
- 2 3. The name of the applicant;
- 3 4. A designation of whether the cardholder is a registered qualified
- 4 patient, visiting qualified patient, or designated caregiver;
- 5 5. If the cardholder is under eighteen (18) years of age, a clear and
- 6 obvious designation or identifier indicating that the cardholder is
- 7 under eighteen (18) years of age;
- 8 6. The effective date of the receipt;
- 9 7. The expiration date of the receipt;
- 10 8. An indication that the cardholder fee has been paid;
- 11 9. An indication that the application has been submitted and is
- 12 apparently complete; and
- 13 10. The name of the qualified patient's medicinal cannabis practitioner.
- 14 (b) The licensure receipt system shall be designed so that this provisional
- 15 licensure receipt shall be produced by the application Web site upon
- 16 completion of an application that includes a valid written certification for
- 17 the use of medicinal cannabis issued by medicinal cannabis practitioner
- 18 and payment of the cardholder fee. To reduce application errors and
- 19 processing time, medicinal cannabis practitioners and licensed dispensaries
- 20 may offer a service that allows an applicant to use a computer and printer
- 21 on the premises of the practitioner's office or dispensary to complete an
- 22 application and receive a provisional licensure receipt pursuant to this
- 23 subsection.
- 24 (c) Notwithstanding any other provision of Sections 1 to 30 of this Act, a valid
- 25 provisional licensure receipt issued pursuant to this subsection shall convey
- 26 to the individual whose name appears on the provisional licensure receipt
- 27 all of the same rights and privileges as a registry identification card issued

1 pursuant to this section and Sections 11 and 13 of this Act and shall be
 2 accepted by a cannabis business in place of a registry identification card.

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

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

8 (1) Except as provided in subsections (2) to (5) of this section, the department shall:

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

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

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

21 (a) The custodial parent or legal guardian with responsibility for health care
 22 decisions for the qualified patient consents in writing to:

23 1. Allow the qualified patient's use of medicinal cannabis;

24 2. Serve as the qualified patient's designated caregiver; and

25 3. Control the acquisition of the medicinal cannabis, the dosage, and the
 26 frequency of the use by the qualified patient; and

27 (b) The designated caregiver application for the custodial parent or legal

1 guardian with responsibility for health care decisions for the qualified
2 patient is approved.

3 (3) (a) The department shall deny an application or renewal for a qualified
4 patient's or visiting qualified patient's registry identification card if the
5 applicant:

6 1. Did not provide the information or materials required by Section 11 of
7 this Act;

8 2. Previously had a registry identification card revoked;

9 3. Provided false or falsified information; or

10 4. Does not meet the eligibility requirements established in Section 11 of
11 this Act.

12 (b) The department may deny an application or renewal for a qualified
13 patient's or visiting qualified patient's registry identification card for any
14 reason that the department, in the exercise of sound discretion, deems
15 sufficient.

16 (4) (a) The department shall deny an application or renewal for a designated
17 caregiver's registration card if the applicant:

18 1. Is already registered as a designated caregiver for three (3) registered
19 qualified patients;

20 2. Does not meet the eligibility requirements established in Section 11 of
21 this Act;

22 3. Did not provide the information or materials required by Section 11 of
23 this Act;

24 4. Previously had a registry identification card revoked;

25 5. Provided false or falsified information; or

26 6. Has applied as a designated caregiver for a qualified patient whose
27 application or renewal for a registry identification card was denied.

1 (b) The department may deny application or renewal for a designated
2 caregiver's registration card for any reason that the department, in the
3 exercise of sound discretion, deems sufficient.

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

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

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

16 (8) Final orders of the department after administrative hearings shall be subject to
17 judicial review. Jurisdiction and venue for judicial review are vested in the
18 Circuit Court of the county in which the appealing party resides.

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

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

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

25 (b) If a cardholder loses his or her registry identification card, he or she shall
26 notify the department within ten (10) days of becoming aware that the card
27 has been lost;

- 1 (c) A cardholder shall immediately notify the department if he or she is
2 convicted of a disqualifying felony offense;
- 3 (d) A registered qualified patient shall notify the department within thirty (30)
4 days if he or she ceases to suffer from the qualifying medical condition for
5 which a medicinal cannabis practitioner provided a written certification;
- 6 (e) A registered qualified patient shall immediately notify the department if he
7 or she wishes to terminate a designated caregiver relationship with an
8 individual who has been designated as his or her caregiver; and
- 9 (f) A designated caregiver shall notify the department within ten (10) days if he
10 or she becomes aware that a registered qualified patient to whom the
11 caregiver is connected through the department's registration process has
12 died or has ceased to suffer from the qualifying medical condition for which
13 a medicinal cannabis practitioner provided a written certification.
- 14 (2) When a cardholder notifies the department of items listed in subsection (1)(a) or
15 (b) of this section, but remains eligible under Sections 1 to 30 of this Act, the
16 department shall issue the cardholder a new registry identification card with a
17 new random ten (10) character alphanumeric identification number. If the
18 department issues a new registry identification card to a registered qualified
19 patient, the department shall also issue a new registry identification card with a
20 new ten (10) character alphanumeric number to the registered qualified patient's
21 designated caregiver. New registry identification cards issued under this
22 subsection shall be issued by the department within ten (10) days of receiving the
23 updated information and a twenty dollar (\$20) fee for each new registry
24 identification card to be issued.
- 25 (3) When a cardholder notifies the department of items listed in subsection (1)(c) to
26 (e) of this section, the cardholder shall, within ten (10) days of notification,
27 return any unused medicinal cannabis products to a licensed dispensary for

1 destruction.

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

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

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

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

14 (1) Any cardholder who sells, distributes, dispenses, or otherwise diverts medicinal
15 cannabis to a person who is not permitted to possess or use medicinal cannabis
16 under Sections 1 to 30 of this Act shall have his or her registry identification card
17 revoked, shall be permanently ineligible for a registry identification card in the
18 future, and shall be subject to other penalties, including but not limited to
19 criminal prosecution, under any relevant chapter of the Kentucky Revised
20 Statutes.

21 (2) The department may revoke the registry identification card of any cardholder
22 who knowingly commits multiple violations or a serious violation of Sections 1 to
23 30 of this Act.

24 (3) The department shall provide notice of revocation, fine, or any other
25 administrative penalty by mailing, via certified mail, the same in writing to the
26 cardholder. The cardholder may, within thirty (30) days after the date of the
27 mailing of the department's notice, file a written request for an administrative

1 hearing regarding the revocation, fine, or other penalty. The hearing shall be
2 conducted in compliance with the requirements of KRS Chapter 13B.

3 (4) Final orders of the department after administrative hearings shall be subject to
4 judicial review. Jurisdiction and venue for judicial review are vested in the
5 Circuit Court of the county in which the appealing party resides.

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

8 (1) No person shall cultivate, process, produce, possess, test, transfer, transport, or
9 sell medicinal cannabis or otherwise operate a cannabis business in this state
10 without first obtaining a cannabis business licenses issued by the department.

11 (2) The department shall create separate licenses allowing persons to operate a
12 cannabis business, pursuant to Sections 1 to 30 of this Act and any administrative
13 regulations promulgated thereunder, as:

14 (a) A cannabis cultivator, for which the license shall be tiered as follows:

15 1. Tier I, for which the initial licensing fee shall be five thousand dollars
16 (\$5,000);

17 2. Tier II, for which the initial licensing fee shall be ten thousand dollars
18 (\$10,000);

19 3. Tier III, for which the initial licensing fee shall be twenty-five
20 thousand dollars (\$25,000); and

21 4. Tier IV, for which the initial licensing fee shall be fifty thousand
22 dollars (\$50,000);

23 (b) A cannabis dispensary, for which the initial licensing fee shall be ten
24 thousand dollars (\$10,000);

25 (c) A cannabis processor, for which the initial licensing fee shall be twenty
26 thousand dollars (\$20,000);

27 (d) A cannabis producer, for which the initial licensing fee shall be seventy-five

- 1 thousand dollars (\$75,000); or
- 2 (e) A cannabis safety compliance facility, for which the initial licensing fee
- 3 shall be two thousand five hundred dollars (\$2,500).
- 4 (3) (a) Except as provided in paragraph (b) of this subsection, a cannabis business
- 5 shall be required to apply for and obtain from the department a separate
- 6 license for each location it intends to operate.
- 7 (b) A cannabis business licensed as a producer may operate cultivation and
- 8 processing activities at separate locations, but shall not operate more than
- 9 one (1) cultivation and one (1) processing facility per license.
- 10 (4) (a) A cannabis business license issued under this section and Sections 17 and
- 11 18 of this Act shall be valid for one (1) year from the date of issuance. The
- 12 department shall notify each licensee ninety (90) days prior to the date on
- 13 which the license expires to allow the licensee to begin the renewal process
- 14 established by the department through the promulgation of administrative
- 15 regulations pursuant to Section 28 of this Act.
- 16 (b) The renewal of a cannabis business license shall be contingent upon
- 17 successful achievement of minimal performance standards established by
- 18 the department as part of the biennial accreditation process established
- 19 pursuant to Section 28 of this Act.
- 20 (c) Cannabis business licensure renewal fees shall be:
- 21 1. Five hundred dollars (\$500) plus one percent (1%) of all gross receipts
- 22 during the previous calendar year for a cannabis business that, upon
- 23 applying for renewal of a cannabis business license, had no more than
- 24 two million dollars (\$2,000,000) of gross receipts during the previous
- 25 calendar year;
- 26 2. Two thousand dollars (\$2,000) plus one and one-half percent (1.5%)
- 27 of all gross receipts during the previous calendar year for a cannabis

1 business that, upon applying for renewal of a cannabis business
 2 license, had more than two million dollars (\$2,000,000) but not more
 3 than eight million dollars (\$8,000,000) of gross receipts during the
 4 previous calendar year; and

5 3. Four thousand dollars (\$4,000) plus two percent (2%) of all gross
 6 receipts during the previous calendar year for a cannabis business
 7 that, upon applying for renewal of a cannabis business license, had
 8 over eight million dollars (\$8,000,000) of gross receipts during the
 9 previous calendar year.

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

12 (6) The department shall approve a license holder's sale of a license issued pursuant
 13 to this section and Sections 17 and 18 of this Act if the purchaser and any new
 14 facilities meet the requirements of Sections 1 to 30 of this Act and any
 15 administrative regulations promulgated thereunder.

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

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

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

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

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

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

27 (d) Any instances in which a business or not-for-profit entity that any of the

1 prospective board members managed or served on the board of was
 2 convicted, fined, censured, or had a registration or license suspended or
 3 revoked in any administrative or judicial proceeding;

4 (e) Any other information required by the department pursuant to
 5 administrative regulations; and

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

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

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

11 (a) The cannabis business shall, before it begins operations:

12 1. Submit the initial license fee established in Section 16 of this Act,
 13 minus the one hundred dollars (\$100) application fee, to the
 14 department; and

15 2. If a physical address or the global positioning system coordinates for
 16 any cultivation activities had not been finalized when it applied,
 17 submit its complete physical address and the global positioning system
 18 coordinates for any cultivation activities; and

19 (b) The department shall issue a copy of the license that includes the business's
 20 identification number. The department shall also provide each licensed
 21 dispensary with contact and access information for the electronic
 22 monitoring system established pursuant to Section 41 of this Act.

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

25 (1) The department shall:

26 (a) Acknowledge receipt of an application for a cannabis business license
 27 within fifteen (15) days of receipt; and

1 **(b) Provide notification to the cannabis business license applicant as to whether**
2 **the application for a cannabis business license has been approved or denied**
3 **within forty-five (45) days of receiving a completed application.**

- 4 **(2) (a) The department shall deny an application for a cannabis business license if:**
- 5 **1. The applicant failed to submit the materials required by Section 17 of**
6 **this Act, including if the applicant's plans do not satisfy the security,**
7 **oversight, or recordkeeping administrative regulations promulgated by**
8 **the department pursuant to Section 28 of this Act;**
 - 9 **2. The applicant provided false or falsified information on the licensure**
10 **application;**
 - 11 **3. The applicant would not be in compliance with local cannabis**
12 **business prohibitions enacted pursuant to Section 26 of this Act;**
 - 13 **4. The applicant does not meet, or in the opinion of the department is**
14 **unlikely to meet, the requirements for cannabis businesses established**
15 **in Section 19 of this Act;**
 - 16 **5. One (1) or more of the prospective principal officers or board**
17 **members:**
 - 18 **a. Has been convicted of a disqualifying felony offense, the**
19 **provisions of KRS 335B.020 and 335B.030 notwithstanding;**
 - 20 **b. Has served as a principal officer or board member for a**
21 **cannabis business that has had its license revoked;**
 - 22 **c. Is younger than twenty-one (21) years of age; or**
 - 23 **d. Is a medicinal cannabis practitioner authorized by a state**
24 **licensing board to provide patients with written certifications; or**
 - 25 **6. a. For a safety compliance facility, one (1) or more of the**
26 **prospective principal officers or board members is a principal**
27 **officer or board member of a cultivator, processor, producer, or**

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

6 (b) The department may deny an application for a cannabis business license for
 7 any reason that the department, in the exercise of sound discretion, deems
 8 sufficient.

9 (3) The department shall notify the applicant in writing of a license denial and
 10 reasons by registered or certified mail at the address given in the application or
 11 supplement. Except for license denials based upon subsection (2)(a) of this
 12 section, the applicant may, within thirty (30) days after the mailing of the
 13 department's notice, file a written request for an administrative hearing on the
 14 application. The hearing shall be conducted on the application in compliance
 15 with the requirements of KRS Chapter 13B.

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

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

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

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

25 (b) Conduct a criminal background check into the criminal history of each
 26 person seeking to become a principal officer, board member, agent,
 27 volunteer, or employee before that person begins work. A cannabis business

1 shall not employ, accept as a volunteer, or have as a board member,
2 principal officer, or agent any person who:

3 1. Was convicted of a disqualifying felony offense; or

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

5 (c) Implement appropriate security measures required pursuant to
6 administrative regulations promulgated by the department in accordance
7 with Section 28 of this Act to deter and prevent the theft or diversion of
8 medicinal cannabis and unauthorized entrance into areas containing
9 medicinal cannabis;

10 (d) Display its license on the premises in a conspicuous place and manner at all
11 times; and

12 (e) Only acquire, possess, cultivate, process, manufacture, deliver, transfer,
13 transport, supply, sell, or dispense medicinal cannabis:

14 1. For the purposes of distributing medicinal cannabis to cardholders
15 who possess a valid registry identification card issued by the
16 department, or for visiting qualified patients, a valid out-of-state
17 registry identification card; and

18 2. Cultivated and processed by a cannabis business licensed under
19 Sections 16, 17, and 18 of this Act.

20 (2) A cannabis business licensed under Sections 16, 17, and 18 of this Act this
21 chapter shall not:

22 (a) Be located within one thousand (1,000) feet of an elementary or secondary
23 school or a day-care center;

24 (b) Acquire, possess, cultivate, process, manufacture, deliver, transfer,
25 transport, supply, dispense, or sell:

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

- 1 2. Medicinal cannabis products intended for oral consumption as an
2 edible, oil, or tincture with more than ten (10) milligrams of delta-9
3 tetrahydrocannabinol per serving;
4 3. Any medicinal cannabis product not described in subparagraph 1. or
5 2. of this paragraph with a delta-9 tetrahydrocannabinol content of
6 more than seventy percent (70%);
7 4. Any medicinal cannabis product that contains vitamin E acetate; or
8 5. Medicinal cannabis cultivated, processed, or manufactured in another
9 state;
10 (c) Permit a person under eighteen (18) years of age to enter or remain on the
11 premises of a cannabis business;
12 (d) Permit a person who is not a cardholder to enter or remain on the premises
13 of a cannabis business, except in accordance with subsection (6) of this
14 section;
15 (e) Employ, have as a board member, or be owned by, in part or in whole, a
16 medicinal cannabis practitioner authorized by a state licensing board to
17 provide patients with written certifications; or
18 (f) Advertise medicinal cannabis sales in print, broadcast, online, by paid in-
19 person solicitation of customers, or by any other advertising device as
20 defined in KRS 177.830, except that this paragraph shall not prevent
21 appropriate signs on the property of a licensed cannabis business, listings in
22 business directories including phone books, listings in trade or medical
23 publications, or sponsorship of health or not-for-profit charity or advocacy
24 events.
25 (3) The operating documents of a cannabis business shall include procedures for its
26 oversight and procedures to ensure accurate recordkeeping and inventory control
27 in accordance with administrative regulations promulgated by the department

1 pursuant to Section 28 of this Act.

2 (4) When transporting medicinal cannabis on behalf of a licensed cannabis business,
3 a cannabis business agent shall have:

4 (a) A copy of the cannabis business license for the business that employs the
5 agent;

6 (b) Documentation that specifies the amount of medicinal cannabis being
7 transported and the date on which it is being transported; and

8 (c) The cannabis business license number and a working telephone number for
9 any other cannabis business receiving or otherwise involved in the
10 transportation of the medicinal cannabis.

11 (5) The cultivation of medicinal cannabis for cannabis businesses licensed in this
12 state shall only be done by cultivators and producers licensed under this chapter
13 and shall take place in an enclosed, locked facility which can be accessed by only
14 cannabis business agents working on behalf of the cultivator or producer at the
15 physical address or global positioning system coordinates provided to the
16 department during the license application process.

17 (6) A person who is at least eighteen (18) years of age but not a cardholder may be
18 allowed to enter and remain on the premises of a cannabis business if:

19 (a) The person is present at the cannabis business to perform contract work,
20 including but not limited to electrical, plumbing, or security maintenance,
21 that does not involve handling medicinal cannabis; or

22 (b) The person is a government employee and is at the cannabis business in the
23 course of his or her official duties.

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

26 (1) Cannabis businesses shall be subject to reasonable inspection by the department
27 pursuant to the department's procedures and administrative regulations. The

1 department may inspect any licensed cannabis business premises without having
2 to first obtain a search warrant.

3 (2) (a) Except as provided in Section 22 of this Act, the department may issue a
4 civil fine of up to three thousand dollars (\$3,000) to a cannabis business for
5 a violation of Sections 1 to 30 of this Act or any administrative regulation
6 promulgated thereunder. All fines collected pursuant to this subsection
7 shall be forwarded to the medicinal cannabis trust fund established in
8 Section 31 of this Act.

9 (b) The department may, on its own motion or on complaint and after
10 investigation, suspend or revoke a cannabis business license for multiple
11 violations or a serious violation of Sections 1 to 30 of this Act or any
12 administrative regulations promulgated thereunder by the licensee or any of
13 its agents. A suspension shall not be for a period of time longer than six (6)
14 months.

15 (c) The department shall, via certified mail, provide a written notice of license
16 suspension, revocation, fine to the cannabis business at the address on the
17 license.

18 (3) Subsection (2) of this section notwithstanding, the department shall not suspend
19 or revoke a cannabis business's license or impose a civil fine without first
20 providing the cannabis business with the opportunity for an administrative
21 hearing at which the cannabis business is afforded an opportunity to appear and
22 be heard pursuant to KRS Chapter 13B. A cannabis business may, within thirty
23 (30) days after the mailing of a written notice required by subsection (2)(c) of this
24 section, file a written request for an administrative hearing regarding the
25 suspension, revocation, or fine. If a cannabis business requests an administrative
26 hearing, prior to the disposition of the administrative hearing, the cannabis
27 business shall be allowed to operate as normally permitted by Sections 1 to 30 of

1 *this Act.*

2 *(4) Final orders of the department after administrative hearings shall be subject to*
3 *judicial review. Jurisdiction and venue for judicial review are vested in the*
4 *Circuit Court of the county in which the cannabis business is physically located.*

5 *(5) Under a suspended license:*

6 *(a) A cultivator may continue to cultivate and possess cannabis plants, but it*
7 *shall not transfer or sell medicinal cannabis during a suspension;*

8 *(b) A dispensary may continue to possess its existing medicinal cannabis*
9 *inventory, but it shall not acquire additional medicinal cannabis, or*
10 *dispense, transfer, or sell medicinal cannabis to any cardholder or any*
11 *other cannabis business;*

12 *(c) A processor may continue to process and possess its existing medicinal*
13 *cannabis inventory, but it shall not acquire additional medicinal cannabis,*
14 *or dispense, transfer, or sell medicinal cannabis products to any other*
15 *cannabis business;*

16 *(d) A producer may continue to cultivate, process, and possess cannabis plants*
17 *and its existing medicinal cannabis inventory, but it shall not acquire*
18 *additional medicinal cannabis, or dispense, transfer, or sell medicinal*
19 *cannabis to any other cannabis business; and*

20 *(e) A safety compliance facility may continue to possess medicinal cannabis,*
21 *but it shall not receive any new medicinal cannabis, test or otherwise*
22 *analyze medicinal cannabis, or transfer or transport medicinal cannabis.*

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

25 *(1) A cultivator or cultivator agent acting on behalf of a cultivator shall not be*
26 *subject to prosecution under state or local law, to search or inspection except by*
27 *the department pursuant to Section 20 of this Act, to seizure or penalty in any*

1 manner, or be denied any right or privilege, including but not limited to civil
2 penalty or disciplinary action by a court or business licensing board, for acting
3 pursuant to Sections 1 to 30 of this Act and the department's administrative
4 regulations promulgated thereunder for:

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

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

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

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

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

16 (b) Only deliver raw plant material to a licensed dispensary, processor, or
17 producer after it has been checked by a safety compliance facility agent for
18 cannabinoid contents and contaminants in accordance with administrative
19 regulations promulgated by the department;

20 (c) Not supply a dispensary with more than the amount of raw plant material
21 reasonably required by a dispensary; and

22 (d) Not deliver, transfer, or sell raw plant material with a delta-9
23 tetrahydrocannabinol content of more than thirty-five percent (35%) to a
24 licensed dispensary, processor, or producer.

25 (3) (a) A Tier I cultivator shall not exceed an indoor growth area of two thousand
26 five hundred (2,500) square feet.

27 (b) A Tier II cultivator shall not exceed an indoor growth area of ten thousand

1 (10,000) square feet.

2 (c) A Tier III cultivator shall not exceed an indoor growth area of twenty-five
3 thousand (25,000) square feet.

4 (d) A Tier IV cultivator shall not exceed an indoor growth area of fifty
5 thousand (50,000) square feet.

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

8 (1) A dispensary or dispensary agent acting on behalf of a dispensary shall not be
9 subject to prosecution under state or local law, to search or inspection except by
10 the department pursuant to Section 20 of this Act, to seizure or penalty in any
11 manner, or be denied any right or privilege, including but not limited to a civil
12 penalty or disciplinary action by a court or business licensing board, for acting
13 pursuant to Sections 1 to 30 of this Act and the department's administrative
14 regulations promulgated thereunder for:

15 (a) Acquiring or possessing medicinal cannabis from a cultivator, processor, or
16 producer in this state;

17 (b) Acquiring or possessing medicinal cannabis accessories or educational
18 material;

19 (c) Supplying, selling, dispensing, distributing, or delivering medicinal
20 cannabis, medicinal cannabis accessories, and educational material to
21 cardholders or other licensed dispensaries;

22 (d) Selling cannabis seeds to an entity that are licensed to cultivate cannabis in
23 this state or in any other jurisdiction; or

24 (e) Acquiring, accepting, or receiving medicinal cannabis products from a
25 cardholder, except that a dispensary may not offer anything of monetary
26 value in return for medicinal cannabis received from a cardholder. Any
27 medicinal cannabis received by a dispensary under this paragraph or

1 pursuant to Section 14 of this Act shall be destroyed by the dispensary or its
2 agents and shall not be sold, dispensed, or distributed to another
3 cardholder.

4 (2) A dispensary or dispensary agent acting on behalf of a dispensary shall:

5 (a) Maintain records that include specific notations of the type and quantity of
6 medicinal cannabis products being dispensed to a cardholder and whether it
7 was dispensed directly to a registered qualified patient, a visiting qualified
8 patient, or a registered qualified patient's designated caregiver. Each entry
9 shall include sufficient information to identify the product or products
10 dispensed, the quantity dispensed, and the date and time of the dispensing.

11 The data required to be recorded by this paragraph shall be entered into the
12 electronic monitoring system established pursuant to Section 41 of this Act
13 in accordance with administrative regulations promulgated by the
14 department for the recording of medicinal cannabis dispensing;

15 (b) Only dispense or sell medicinal cannabis after it has been checked by a
16 safety compliance facility agent for cannabinoid contents and contaminants
17 in accordance with administrative regulations promulgated by the
18 department;

19 (c) Only dispense or sell medicinal cannabis to a cardholder after making a
20 good faith, reasonable effort to verify:

21 1. That the registry identification card or, for visiting qualified patients,
22 the out-of-state registry identification card presented to the dispensary
23 is valid, including by checking the verification system, if it is
24 operational, or other department-designated databases;

25 2. That the person presenting the registry identification card or, for
26 visiting qualified patients, the out-of-state registry identification card
27 is at least eighteen (18) years of age and is the person identified on the

1 card by examining at least one (1) other form of government-issued
2 photo identification;

3 3. That the person presenting the registry identification card has
4 consulted with a pharmacist as required by Section 10 of this Act;

5 4. The amount of medicinal cannabis the person is legally permitted to
6 purchase pursuant to subsection (4) of Section 4 of this Act at the time
7 of verification by checking the electronic monitoring system
8 established pursuant to Section 41 of this Act; and

9 5. For a visiting qualified patient who presents an out-of-state registry
10 identification card, that the visiting qualified patient has not
11 purchased medicinal cannabis in this state during the current
12 calendar year by checking the electronic monitoring system
13 established pursuant to Section 41 of this Act;

14 (d) Require a visiting qualified patient who presents a valid out-of-state registry
15 identification card to sign a statement attesting to the fact that the visiting
16 qualified patient has been diagnosed with a disease or medical condition
17 included on the list of qualifying medical conditions established by the
18 department;

19 (e) Not acquire, possess, dispense, sell, offer for sale, transfer, or transport:

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

22 2. Medicinal cannabis products intended for oral consumption as an
23 edible, oil, or tincture with more than ten (10) milligrams of delta-9
24 tetrahydrocannabinol per serving;

25 3. Any medicinal cannabis product not described in subparagraph 1. or
26 2. of this paragraph with a delta-9 tetrahydrocannabinol content of
27 more than seventy percent (70%); or

- 1 4. Any medicinal cannabis product that contains vitamin E acetate;
2 (f) Not acquire medicinal cannabis from any person other than a cannabis
3 business licensed under Sections 16, 17, and 18 of this Act or an agent
4 thereof, or a registered qualified patient or a designated caregiver as
5 provided for in Section 14 of this Act;
6 (g) Not sell or dispense medicinal cannabis products intended for consumption
7 by vaporizing to a cardholder who is less than twenty-one (21) years of age;
8 (h) Not dispense or sell medicinal cannabis to a minor;
9 (i) Not dispense or sell more medicinal cannabis to a cardholder than he or she
10 is legally permitted to purchase at the time of the transaction; and
11 (j) Not rent office space to a medicinal cannabis practitioner.
12 (3) A dispensary shall be required to establish and maintain a collaborative
13 agreement, as described in Section 10 of this Act and any administrative
14 regulation promulgated thereunder, with a pharmacist authorized by the
15 Kentucky Board of Pharmacy to engage in a collaborative agreement with a
16 dispensary.
17 (4) (a) A dispensary may operate a delivery service for cardholders and may deliver
18 medicinal cannabis, medicinal cannabis accessories, and educational
19 material to cardholders at the address identified on the cardholder's registry
20 identification.
21 (b) All delivery services operated or offered by a dispensary shall comply with
22 administrative regulations promulgated by the department pursuant to this
23 section and Section 28 of this Act.
24 (5) If a dispensary fails to comply with subsection (2)(c) of this section, the
25 department may issue the dispensary a civil fine of up to fifty thousand dollars
26 (\$50,000), except that the fine shall be one hundred thousand dollars (\$100,000)
27 if the person purchasing or attempting to purchase medicinal cannabis is a

1 minor. All fines collected pursuant to this subsection shall be forwarded to the
 2 medicinal cannabis trust fund established in Section 31 of this Act.

3 (6) If a dispensary or dispensary agent fails to comply with subsection (2)(c), (d), (e),
 4 (f), or (g) of this section, the dispensary and dispensary agent are liable in a civil
 5 action for compensatory and punitive damages and reasonable attorney's fees to
 6 any person or the representative of the estate of any person who sustains injury,
 7 death, or loss to person or property as a result of the failure to comply. In any
 8 action under this subsection, the court may also award any injunctive or
 9 equitable relief that the court considers appropriate.

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

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

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

21 (b) Possessing, processing, preparing, manufacturing, manipulating, blending,
 22 preparing, or packaging medicinal cannabis;

23 (c) Transferring, transporting, supplying, or selling medicinal cannabis and
 24 related supplies to other cannabis businesses in this state; or

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

27 (2) A processor licensed under this section shall not possess, process, produce, or

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manufacture:

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

(b) Medicinal cannabis products intended for oral consumption as an edible, oil, or tincture with more than ten (10) milligrams of delta-9 tetrahydrocannabinol per serving;

(c) Any medicinal cannabis product not described in paragraph (a) or (b) of this subsection with a delta-9 tetrahydrocannabinol content of more than seventy percent (70%) or

(d) Any medicinal cannabis product that contains vitamin E acetate.

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

(1) A producer or producer agent acting on behalf of a producer shall not be subject to prosecution under state or local law, to search or inspection except by the department pursuant to Section 20 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 promulgated thereunder 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, medicinal cannabis products, or related supplies to other licensed cannabis businesses in this state;

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

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

1 or

2 (e) Possessing, processing, preparing, manufacturing, manipulating, blending,
3 preparing, or packaging medicinal cannabis;

4 (2) Producers and producer agents acting on behalf of a producer shall:

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

8 (b) Only deliver raw plant material to a licensed dispensary, processor, or
9 producer after it has been checked by a safety compliance facility agent for
10 cannabinoid contents and contaminants in accordance with administrative
11 regulations promulgated by the department;

12 (c) Not supply a dispensary with more than the amount of raw plant material
13 reasonably required by a dispensary; and

14 (d) Be limited to an indoor cannabis growth area of fifty thousand (50,000)
15 square feet.

16 (3) A producer licensed under this section shall not possess, process, produce, or
17 manufacture:

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

20 (b) Medicinal cannabis products intended for oral consumption as an edible,
21 oil, or tincture with more than ten (10) milligrams of delta-9
22 tetrahydrocannabinol per serving;

23 (c) Any medicinal cannabis product not described in paragraph (a) or (b) of
24 this subsection with a delta-9 tetrahydrocannabinol content of more than
25 seventy percent (70%); or

26 (d) Any medicinal cannabis product that contains vitamin E acetate.

27 ➔SECTION 25. A NEW SECTION OF KRS CHAPTER 218A IS CREATED

1 TO READ AS FOLLOWS:

- 2 *A safety compliance facility or safety compliance facility agent acting on behalf of a*
3 *safety compliance facility shall not be subject to prosecution, search except by the*
4 *department pursuant to Section 20 of this Act, seizure, or penalty in any manner, or be*
5 *denied any right or privilege, including but not limited to civil penalty or disciplinary*
6 *action by a court or business licensing board, for acting in accordance with Sections 1*
7 *to 30 of this Act and the department's administrative regulations promulgated*
8 *thereunder to provide the following services:*
- 9 *(1) Acquiring or possessing medicinal cannabis obtained from cardholders or*
10 *cannabis businesses in this state;*
- 11 *(2) Returning the medicinal cannabis to cardholders or cannabis businesses in this*
12 *state;*
- 13 *(3) Transporting medicinal cannabis that was produced by cannabis businesses in*
14 *this state;*
- 15 *(4) The production or sale of approved educational materials related to the use of*
16 *medicinal cannabis;*
- 17 *(5) The production, sale, or transportation of equipment or materials other than*
18 *medicinal cannabis, including but not limited to lab equipment and packaging*
19 *materials that are used by cannabis businesses and cardholders, to cardholders or*
20 *cannabis businesses licensed under this chapter;*
- 21 *(6) Testing of medicinal cannabis produced in this state, including testing for*
22 *cannabinoid content, pesticides, mold, contamination, vitamin E acetate, and*
23 *other prohibited additives;*
- 24 *(7) Training cardholders and cannabis business agents. Training may include but*
25 *need not be limited to:*
- 26 *(a) The safe and efficient cultivation, harvesting, packaging, labeling, and*
27 *distribution of medicinal cannabis;*

- 1 (b) Security and inventory accountability procedures; and
 2 (c) Up-to-date scientific and medical research findings related to use of
 3 medicinal cannabis;
 4 (8) Receiving compensation for actions allowed under this section; and
 5 (9) Engaging in any non-cannabis-related business activities that are not otherwise
 6 prohibited or restricted by state law.

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

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

12 (2) A local government may:

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

19 2. Enact an ordinance to assess a local fee on cannabis businesses
 20 operating within the jurisdiction of the local government to
 21 compensate the local government for any additional public safety
 22 impact caused by the operation of cannabis businesses within the
 23 jurisdiction of the local government. Any fee established pursuant to
 24 this paragraph shall not exceed the additional public safety impact
 25 caused by the operation of cannabis businesses within the jurisdiction
 26 of the local government;

27 (b) Prohibit all cannabis business operations within its territory through the

1 passage of an ordinance; or
2 (c) Enact resolutions directing that the question of prohibiting cannabis
3 businesses from operating within its territory be submitted to the voters of
4 its territory at the next regular election pursuant to subsection (4) of this
5 section.

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

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

12 (b) Enact resolutions directing that the question of allowing cannabis
13 businesses to operate within the limits of the city be submitted to the voters
14 who are eligible to vote in that city's elections at the next regular election
15 pursuant to subsection (4) of this section.

16 (4) If, not later than the second Tuesday in August preceding the day established for
17 a regular election, the county clerk has received a local government resolution
18 pursuant to subsection (2) or (3) of this section, the county clerk shall have
19 prepared to place before the voters of the affected territory at the next regular
20 election the question, which shall be "Are you in favor of the sale of medicinal
21 cannabis at a licensed dispensary and the operation of other cannabis businesses
22 in (affected territory)? Yes....No....". The county clerk shall cause to be published
23 in accordance with KRS Chapter 424, at the same time as the remaining voter
24 information, the full text of the proposal. The county clerk shall cause to be
25 posted in each polling place one (1) copy of the full text of the proposal.

26 (5) (a) If the question submitted to the voters fails to pass, three (3) years shall
27 elapse before the question of medicinal cannabis sales and cannabis

1 business operations may be included on a regular election ballot for the
2 affected territory.

3 (b) If the question submitted to the voters passes, medicinal cannabis sales and
4 cannabis business operations may be conducted in the affected territory,
5 notwithstanding any local government ordinances which prohibit all
6 cannabis business operations within its territory.

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

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

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

21 (7) In circumstances where both a city and the county, consolidated local
22 government, charter county government, or unified local government in which
23 the city is located have assessed a local fee on cannabis businesses pursuant to
24 subsection (2) of this section, a cannabis business shall be allowed to credit any
25 fee paid to the city against fees owed to the county, consolidated local
26 government, charter county government, or unified local government.

27 (8) The provisions of general election law shall apply to public questions submitted to

1 voters under this section.

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

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

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

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

17 (a) Applications and renewals, their contents, and supporting information
18 submitted by qualified patients, visiting qualified patients, and designated
19 caregivers in compliance with Section 11 of this Act, including information
20 regarding their designated caregivers and medicinal cannabis practitioners;

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

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

27 (d) Any department hard drives or other data-recording media that are no

1 longer in use and that contain cardholder information. These hard drives
2 and other media shall be destroyed after a reasonable time or after the data
3 is otherwise stored.

4 Data subject to this section shall not be combined or linked in any manner with
5 any other list or database maintained by the department or the Cabinet for Health
6 and Family Services and shall not be used for any purpose not provided for in
7 Sections 1 to 30 of this Act.

8 (4) Nothing in this section shall preclude:

9 (a) Notification by the department's employees to state or local law enforcement
10 about suspected falsified or fraudulent information submitted to the
11 department or of other apparently criminal violations of Sections 1 to 30 of
12 this Act;

13 (b) Notification by the department's employees to a state licensing board if the
14 department has reasonable suspicion to believe a medicinal cannabis
15 practitioner did not have a bona fide practitioner-patient relationship with a
16 patient for whom he or she signed a written certification, that the medicinal
17 cannabis practitioner violated the standard of care, or that the medicinal
18 cannabis practitioner has violated any provision of Sections 1 to 30 of this
19 Act;

20 (c) Notification by dispensary agents to the department of a suspected violation
21 or attempted violation of Sections 1 to 30 of this Act or the administrative
22 regulations promulgated thereunder;

23 (d) Verification by the department of registry identification cards issued
24 pursuant to Sections 11, 12, and 13 of this Act; and

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

27 (5) It shall be a Class B misdemeanor for any person, including an employee or

1 official of the department or another state agency or local government, to
2 knowingly breach the confidentiality of information obtained pursuant to
3 Sections 1 to 30 of this Act.

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

6 (1) No later than January 1, 2023, the department shall:

7 (a) Ensure that the electronic monitoring system established pursuant to
8 Section 41 of this Act is designed to enable:

9 1. Medicinal cannabis practitioners to record the issuance of written
10 certifications to qualified patients, as required by Section 9 of this Act;

11 2. Pharmacists to perform and record the completion of consultations
12 with cardholders as required under Section 10 of this Act;

13 3. The department and state licensing boards to monitor the issuance of
14 written certifications by medicinal cannabis practitioners;

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

23 5. Law enforcement personnel and dispensary agents to access medicinal
24 cannabis sales data record by dispensary agents pursuant to Section
25 22 of this Act;

26 6. Dispensary agents to record the amount of medicinal cannabis that is
27 dispensed to a cardholder during each transaction as required by

- 1 Section 22 of this Act; and
- 2 7. The sharing of dispensing data recorded by dispensary agents
- 3 pursuant to Section 22 of this Act with all dispensaries in real time;
- 4 (b) Ensure that the electronic monitoring system established pursuant to
- 5 Section 41 of this Act is designed to facilitate the tracking of medicinal
- 6 cannabis from the point of cultivation to the point of sale to cardholders;
- 7 (c) Promulgate administrative regulations, in accordance with KRS Chapter
- 8 13A, to establish:
- 9 1. A list of qualifying medical conditions for which medicinal cannabis
- 10 practitioners may provide a patient with a written certification for the
- 11 use of medicinal cannabis. The list shall, at a minimum, include the
- 12 following:
- 13 a. Any type or form of cancer regardless of stage;
- 14 b. Chronic, severe, intractable, or debilitating pain;
- 15 c. Epilepsy or any other intractable seizure disorder;
- 16 d. Multiple sclerosis, muscle spasms, or spasticity; and
- 17 e. Nausea or vomiting;
- 18 2. Procedures for the issuance, renewal, suspension, and revocation of
- 19 registry identification cards, including the creation of a uniform
- 20 written certification form and a uniform application form;
- 21 3. Procedures for the issuance, renewal, suspension, and revocation of
- 22 cannabis business licenses, including the creation of a uniform
- 23 licensure application form;
- 24 4. A convenience fee to be assessed and collected by dispensaries for
- 25 visiting qualified patients who do not possess a valid registry
- 26 identification card issued by the department and who purchase
- 27 medicinal cannabis with a valid out-of-state registry identification

1 card. The convenience fee established pursuant to this subparagraph
2 shall not exceed fifteen dollars (\$15) per transaction;

3 5. In collaboration with the Board of Physicians and Advisors, as
4 required by Section 3 of this Act:

5 a. A definition of the amount of medicinal cannabis or delta-9
6 tetrahydrocannabinol that constitutes a ten (10) day maximum
7 allowance and a thirty (30) day maximum allowance of
8 medicinal cannabis for registered qualified patients who are over
9 eighteen (18) years of age;

10 b. A definition of the amount of medicinal cannabis or delta-9
11 tetrahydrocannabinol that constitutes a ten (10) day maximum
12 allowance and a thirty (30) day maximum allowance of
13 medicinal cannabis for registered qualified patients who are
14 under eighteen (18) years of age; and

15 c. The amount of raw plant material that medicinal cannabis
16 products are considered to be equivalent to;

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

22 a. Recordkeeping and inventory control requirements that facilitate
23 the tracking of medicinal cannabis from the point of cultivation
24 to the point of sale to cardholders, including the use of the
25 electronic monitoring system established pursuant to Section 41
26 of this Act;

27 b. Procedures for the verification and validation of registry

- 1 identification cards issued by the department and out-of-state
2 registry identification cards;
- 3 c. Security requirements for safety compliance facilities,
4 processors, producers, dispensaries, and cultivators, which shall
5 include at a minimum lighting, video security, alarm
6 requirements, on-site parking, and measures to prevent loitering;
- 7 d. Procedures for the secure transportation, including delivery
8 services provided by dispensaries, and storage of medicinal
9 cannabis by cannabis business licensees and their employees or
10 agents;
- 11 e. Employment and training requirements for licensees and their
12 agents, including requiring each licensee to create an
13 identification badge for each of the licensee's agents or
14 employees; and
- 15 f. Restrictions on visits to licensed cultivation and processing
16 facilities, including requiring the use of visitor logs;
- 17 7. Procedures to establish, publish, and annually update a list of varieties
18 of cannabis that consist of less than five percent (5%)
19 tetrahydrocannabinol;
- 20 8. A rating system that tracks the terpene content of at least the twelve
21 (12) major terpenoids within each strain of cannabis available for
22 medicinal use within the Commonwealth;
- 23 9. Requirements for random sample testing of medicinal cannabis to
24 ensure quality control, including testing for cannabinoids, terpenoids,
25 residual solvents, pesticides, poisons, toxins, mold, mildew, insects,
26 bacteria, and any other dangerous adulterant;
- 27 10. Requirements for licensed cultivators, producers, and processors to

1 contract with an independent safety compliance facility to test the
2 medicinal cannabis before it is sold at a dispensary. The department
3 may approve the safety compliance facility chosen by a cultivator,
4 producer, or processor and require that the safety compliance facility
5 report test results for a designated quantity of medicinal cannabis to
6 the cultivator, producer, or processor and department;

7 11. Standards for the operation of safety compliance facilities which may
8 include:

9 a. Requirements for equipment;

10 b. Personnel qualifications; and

11 c. Requiring facilities to be accredited by a relevant certifying
12 entity;

13 12. Standards for the packaging and labeling of medicinal cannabis sold
14 or distributed by cannabis businesses which shall comply with 15
15 U.S.C. secs. 1471 to 1476 and shall include:

16 a. Packaging that requires at least a two (2) step process of initial
17 opening;

18 b. A warning label which may include the length of time it typically
19 takes for the product to take effect, how long the effects of the
20 product typically last, and any other information deemed
21 appropriate or necessary by the department;

22 c. The amount of medicinal cannabis the product is considered the
23 equivalent to;

24 d. Disclosing ingredients, possible allergens, and certain bioactive
25 components, including cannabinoids and terpenoids, as
26 determined by the department;

27 e. A nutritional fact panel;

- 1 f. Opaque, child-resistant packaging;
- 2 g. A requirement that all raw plant material packaged or sold in
- 3 this state be marked or labeled as "NOT INTENDED FOR
- 4 CONSUMPTION BY SMOKING";
- 5 h. A requirement that medicinal cannabis products be clearly
- 6 marked with an identifiable and standardized symbol indicating
- 7 that the product contains cannabis;
- 8 i. A requirement that all medicinal cannabis product packaging
- 9 include an expiration date; and
- 10 j. A requirement that medicinal cannabis products and their
- 11 packaging not be visually reminiscent of major brands of edible
- 12 noncannabis products or otherwise present an attractive
- 13 nuisance to minors;
- 14 13. Health and safety requirements for the processing of medicinal
- 15 cannabis and the indoor cultivation of medicinal cannabis by
- 16 licensees;
- 17 14. Restrictions on:
- 18 a. Additives to medicinal cannabis that are toxic, including vitamin
- 19 E acetate, or increase the likelihood of addiction; and
- 20 b. Pesticides, fertilizers, and herbicides used during medicinal
- 21 cannabis cultivation which pose a threat to human health and
- 22 safety;
- 23 15. Standards for the safe processing of medicinal cannabis products
- 24 created by extracting or concentrating compounds from raw plant
- 25 material;
- 26 16. Standards for determining the amount of unprocessed raw plant
- 27 material that medicinal cannabis products are considered the

1 equivalent to;

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

5 18. The requirement that evidence-based educational materials regarding
6 dosage and impairment be disseminated to cardholders who purchase
7 medicinal cannabis products;

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

10 20. The process by which the Board of Physicians and Advisors will
11 recommend to the department the inclusion of additional diseases and
12 medical conditions on the approved list of qualifying medical
13 conditions for which a medicinal cannabis practitioner may provide a
14 patient with a written certification for the use of medicinal cannabis,
15 including the process by which an individual may petition the board to
16 recommend the inclusion of a disease or medical condition; and

17 21. A form to be signed by visiting qualified patients who use a valid out-
18 of-state registry identification card to purchase medicinal cannabis in
19 this state that indicates that the visiting qualified patient has been
20 diagnosed with a disease or medical condition that is included on the
21 list of qualifying medical conditions established by the department;
22 and

23 22. Standards, procedures, or restrictions that the department deems
24 necessary to ensure the efficient, transparent, and safe operation of
25 the medicinal cannabis program, including procedures for the
26 submission of complaints from individual citizens of the
27 Commonwealth regarding potential or suspected violations of Sections

1 1 to 30 of this Act or any administrative regulation promulgated
2 thereunder by a licensed cannabis business.

3 (2) When promulgating administrative regulations under Sections 1 to 30 of this Act,
4 the department:

5 (a) Shall consider standards, procedures, and restrictions that have been found
6 to be best practices relative to the use and regulation of medicinal cannabis;
7 and

8 (b) Shall not promulgate any administrative regulation that would impose an
9 undue burden or make cannabis business operations unreasonable or
10 impractical.

11 (3) No later than July 1, 2023, the department shall:

12 (a) In collaboration with the Board of Physicians and Advisors established in
13 Section 3 of this Act, develop medicinal cannabis dosing guidelines to be
14 used by medicinal cannabis practitioners when providing patients with
15 medicinal cannabis dosing recommendations. Guidelines developed
16 pursuant to this paragraph shall be:

17 1. Regularly updated as additional scientific information on the use of
18 medicinal cannabis become available;

19 2. Made publicly available on the department's Web site; and

20 3. Distributed to all medicinal cannabis practitioners who are authorized
21 to provide written certifications for the use of medicinal cannabis.

22 (b) Develop and implement a biennial accreditation process, including minimal
23 performance standards, based on evolving continuous quality improvement
24 metrics to ensure best-practice standards. Pursuant to Section 16 of this
25 Act, the renewal of cannabis business licenses shall be contingent upon
26 successfully achievement of minimal performance standards established by
27 the department.

1 (4) If a need for additional cannabis cultivation in this state is demonstrated by
 2 cannabis businesses or the department's own analysis, the department may,
 3 through the promulgation of administrative regulations, increase the cultivation
 4 area square footage limits for either cultivators or producers, or both by up to
 5 three (3) times the limits established in Sections 21 and 24 of this Act. Any
 6 increase in the cultivation square footage limits adopted by the department
 7 pursuant to this section shall not result in an increase in the licensure application
 8 or renewal fees established in Section 16 of this Act.

9 (5) The department shall not restrict or limit methods of delivery, use, or
 10 consumption of medicinal cannabis or the types of products that may be
 11 acquired, produced, processed, possessed, sold, or distributed by a cannabis
 12 business except as provided in:

13 (a) Subsection (1)(g) of Section 6 of this Act;

14 (b) Subsection (2)(b) of Section 19 of this Act;

15 (c) Subsection (2)(e) of Section 22 of this Act;

16 (d) Subsection (2) of Section 23 of this Act;

17 (e) Subsection (3) of Section 24 of this Act; and

18 (f) Subsection (1)(c)9., 12.,14., and 15. of this Section.

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

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

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

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

1 for:

2 (1) Any amount of medicinal cannabis that is necessary or reasonably necessary for
 3 use of a license or registry identification card issued pursuant to Sections 1 to 30
 4 of this Act; or

5 (2) Any use of medicinal cannabis that complies with Sections 1 to 30 of this Act and
 6 any administrative regulations promulgated thereunder.

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

9 (1) The medicinal cannabis trust fund is hereby created within the State Treasury.
 10 The fund shall consist of funds collected from registration fees, licensing fees,
 11 fines, and penalties established pursuant to Sections 1 to 30 of this Act, excluding
 12 Section 27 of this Act, and any administrative regulations promulgated
 13 thereunder, a portion of the excise taxes imposed under Section 33 of this Act,
 14 and any proceeds from grants, contributions, appropriations, or other moneys
 15 made available for purposes of this fund.

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

18 (3) The Finance and Administration Cabinet shall, no later than the fifteenth
 19 calendar day of each calendar quarter, distribute the funds deposited into the
 20 medicinal cannabis trust fund during the immediately preceding calendar
 21 quarter. Trust fund moneys shall be distributed as follows:

22 (a) Sixty percent (60%) shall be transferred to the Department for Public
 23 Health to offset the department's actual cost and expenses for operating the
 24 medicinal cannabis program and enforcement activities established in
 25 Sections 1 to 30 of this Act;

26 (b) Two and one-half percent (2.5%) shall be transferred to the Department
 27 For Public Health for the purpose of developing, implementing, and

1 administering a grant program to further education and scientific and
2 clinical research on the use of medicinal cannabis;

3 (c) Thirteen and three-quarters percent (13.75%) shall be transferred to the
4 Office of Drug Control Policy, as established in KRS 15A.020, for the
5 purpose of developing, implementing, and administering a grant program
6 for city and county law enforcement agencies to enforce medicinal cannabis
7 laws, hire and train additional drug recognition experts (DRE), and provide
8 advanced roadside impaired driving enforcement (ARIDE) training;

9 (d) Thirteen and three-quarters percent (13.75%) shall be returned equally to
10 dispensaries for the use of indigent persons who are registered qualified
11 patients enrolled in Medicaid, receiving Supplemental Security Income or
12 Social Security disability insurance, or veterans of the United States Armed
13 Forces; and

14 (e) The remaining ten percent (10%) shall be retained by the Finance and
15 Administration Cabinet in the fund to cover any additional administrative
16 costs that the Department for Public Health may incur related to its
17 operational and enforcement responsibilities as established in Sections 1 to
18 30 of this Act. If the department is able to demonstrate to the Finance and
19 Administration Cabinet a need for any portion of the retained funds, the
20 Finance and Administration Cabinet shall distribute the additional funds
21 for which the department has demonstrated need no later than the fifteenth
22 calendar day of the next calendar quarter. If the department cannot
23 demonstrate a need for the additional funding described in this paragraph,
24 the retained funds shall be equally divided between the grant programs and
25 the indigent patient program described in paragraphs (b), (c), and (d) of this
26 subsection at the close of each fiscal year.

27 (4) Notwithstanding KRS 45.229, moneys in the fund not expended at the close of the

1 fiscal year shall not lapse but shall be equally divided between the grant
2 programs and the indigent patient program described in subsection (3)(b), (c),
3 and (d) of this section.

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

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

8 ➔SECTION 32. A NEW SECTION OF KRS CHAPTER 218A IS CREATED
9 TO READ AS FOLLOWS:

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

13 (2) The local medicinal cannabis trust fund shall be administered by the Finance
14 and Administration Cabinet.

15 (3) The Finance and Administration Cabinet shall, no later than the fifteenth
16 calendar day of each calendar quarter, distribute the funds deposited into the
17 local medicinal cannabis trust fund during the calendar quarter immediately
18 preceding the most recent calendar quarter. Funds shall be distributed among
19 those cities and counties in which at least one (1) cannabis business licensed as a
20 cultivator, dispensary, processor, or producer operated during the calendar
21 quarter immediately preceding the most recent calendar quarter as follows:

22 (a) The funds deposited into the local medicinal cannabis trust fund during the
23 calendar quarter immediately preceding the most recent calendar quarter
24 shall be divided into two (2) equal parts;

25 (b) One-half (1/2) of the funds deposited into the local medicinal cannabis trust
26 fund during the calendar quarter immediately preceding the most recent
27 calendar quarter shall be distributed to cities and counties in which at least

1 one (1) cannabis business licensed as a cultivator, processor, or producer
2 operated during the calendar quarter immediately preceding the most recent
3 calendar quarter as follows:

4 1. a. A city in which at least one (1) cannabis business licensed as a
5 cultivator, processor, or producer operated during the calendar
6 quarter immediately preceding the most recent calendar quarter
7 shall receive an amount equal to seven and one-half percent
8 (7.5%) of the total excise tax revenue collected from all cannabis
9 businesses licensed to operate inside the territory of the city
10 during the calendar quarter immediately preceding the most
11 recent calendar quarter; or

12 b. If the county in which the city is located has prohibited the
13 operation of cannabis businesses, then the city shall receive an
14 amount equal to ten percent (10%) of the total excise tax revenue
15 collected from all cannabis businesses licensed to operate inside
16 the territory of the city during the calendar quarter immediately
17 preceding the most recent calendar quarter; and

18 2. A county that has not prohibited the operation of cannabis businesses,
19 pursuant to Section 26 of this Act, and in which at least one (1)
20 cannabis business licensed as a cultivator, processor, or producer
21 operated during the calendar quarter immediately preceding the most
22 recent calendar quarter shall receive an amount equal to:

23 a. Ten percent (10%) of the total excise tax revenue collected from
24 all cannabis businesses licensed to operate within the territory of
25 the county, but outside the territory of any city in that county,
26 during the calendar quarter immediately preceding the most
27 recent calendar quarter; and

- 1 b. Two and one-half percent (2.5%) of the total excise tax revenue
2 collected from all cannabis businesses licensed to operate inside
3 the territory of an incorporated municipality inside the territory
4 of the county during the calendar quarter immediately preceding
5 the most recent calendar quarter; and
- 6 (c) One-half (1/2) of the funds deposited into the local medicinal cannabis trust
7 fund during the calendar quarter immediately preceding the most recent
8 calendar quarter shall be distributed to cities and counties in which at least
9 one (1) cannabis business licensed as a dispensary was operated during the
10 calendar quarter immediately preceding the most recent calendar quarter as
11 follows:
- 12 1. a. A city in which at least one (1) cannabis business licensed as a
13 dispensary operated during the calendar quarter immediately
14 preceding the most recent calendar quarter shall receive a
15 percentage of the funds described in this subparagraph equal to
16 seventy-five percent (75%) of the city's proportionate share of
17 gross receipts derived from the retail sales of medicinal cannabis
18 products by licensed dispensaries in the territory of that city
19 divided by the total statewide retail sales of medicinal cannabis
20 products by all licensed dispensaries in the state during the
21 calendar quarter immediately preceding the most recent
22 calendar quarter; or
- 23 b. If the county in which the city is located has prohibited the
24 operation of cannabis businesses, then the city shall receive a
25 percentage of the funds described in this subparagraph equal to
26 one hundred percent (100%) of the city's proportionate share of
27 gross receipts derived from the retail sales of medicinal cannabis

1 products by licensed dispensaries in the territory of that city
2 divided by the total statewide retail sales of medicinal cannabis
3 products by all licensed dispensaries in the state during the
4 calendar quarter immediately preceding the most recent
5 calendar quarter; and

6 2. A county that has not prohibited the operation of cannabis businesses,
7 pursuant to Section 26 of this Act, and in which at least one (1)
8 cannabis business licensed as a dispensary operated during the
9 calendar quarter immediately preceding the most recent calendar
10 quarter shall receive a percentage of the funds described in this
11 subparagraph equal to:

12 a. One hundred percent (100%) of the county's proportionate share
13 of gross receipts derived from the retail sales of medicinal
14 cannabis products by licensed dispensaries within the territory of
15 that county, but outside the territory of any city in that county,
16 divided by the total statewide retail sales of medicinal cannabis
17 products by all licensed dispensaries in the state during the
18 calendar quarter immediately preceding the most recent
19 calendar quarter; and

20 b. A percentage of the funds described in this subparagraph equal
21 to twenty-five percent (25%) of the proportionate share of gross
22 receipts derived from the retail sales of medicinal cannabis
23 products by licensed dispensaries within the territory of all cities
24 in the county divided by the total statewide retail sales of
25 medicinal cannabis products by all licensed dispensaries in the
26 state during the calendar quarter immediately preceding the
27 most recent calendar quarter.

1 (4) Trust fund moneys may be used for the purposes of local enforcement of
 2 medicinal cannabis laws by local law enforcement agencies, local medicinal
 3 cannabis licensing, the hiring or training of additional drug recognition experts
 4 (DRE), advanced roadside impaired driving enforcement (ARIDE) training, local
 5 evidence-based drug addiction rehabilitation projects, or educational activities
 6 within local jails.

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

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

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

13 (8) As used in this section, "county" has the same meaning as in KRS 65A.010.

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

16 (1) As used in this section:

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

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

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

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

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

22 (f) "Producer" has the same meaning as in Section 1 of this Act.

23 (2) Effective January 1, 2023:

24 (a) An excise tax is hereby imposed on the gross receipts of a cultivator,
 25 processor, or producer received from the sale of medicinal cannabis by a
 26 cultivator, processor, or producer to a dispensary, to be paid by the
 27 cultivator, processor, or producer at a rate of twelve percent (12%) of the

1 actual price for which a cultivator, processor, or producer sells medicinal
2 cannabis to a dispensary in this state; and

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

7 (3) (a) Eighty percent (80%) of the revenue from the excise tax established in this
8 section shall be deposited in the medicinal cannabis trust fund established
9 in Section 31 of this Act for the purpose of administration of the medicinal
10 cannabis program and for the purposes established in that section.

11 (b) Twenty percent (20%) of the revenue from the excise tax established in this
12 section shall be deposited in the local medicinal cannabis trust fund
13 established in Section 32 of this Act for the purposes of distributing tax
14 proceeds among participating local governments and for the purposes
15 established in that section.

16 (4) Cultivators, processors, and producers licensed under KRS Chapter 218A shall:

17 (a) Register with the department;

18 (b) Report and pay the tax levied under this section on or before the twentieth
19 day of the calendar month immediately following the month in which the
20 medicinal cannabis was sold. A tax return shall be filed for each reporting
21 period whether or not tax is due; and

22 (c) Identify the county and city, if any, in which the medicinal cannabis
23 business is located.

24 (5) Any person who violates any provision of this section shall be subject to the
25 uniform civil penalties imposed pursuant to KRS 131.180 and interest at the tax
26 interest rate as defined in KRS 131.010 from the date due until the date of
27 payment.

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

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

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

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

14 ➔Section 34. KRS 139.470 is amended to read as follows:

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

16 (1) Gross receipts from the sale of, and the storage, use, or other consumption in this
 17 state of, tangible personal property or digital property which this state is prohibited
 18 from taxing under the Constitution or laws of the United States, or under the
 19 Constitution of this state;

20 (2) Gross receipts from sales of, and the storage, use, or other consumption in this state
 21 of:

22 (a) Nonreturnable and returnable containers when sold without the contents to
 23 persons who place the contents in the container and sell the contents together
 24 with the container; and

25 (b) Returnable containers when sold with the contents in connection with a retail
 26 sale of the contents or when resold for refilling;

27 As used in this section the term "returnable containers" means containers of a kind

1 customarily returned by the buyer of the contents for reuse. All other containers are
2 "nonreturnable containers";

3 (3) Gross receipts from occasional sales of tangible personal property or digital
4 property and the storage, use, or other consumption in this state of tangible personal
5 property or digital property, the transfer of which to the purchaser is an occasional
6 sale;

7 (4) Gross receipts from sales of tangible personal property to a common carrier,
8 shipped by the retailer via the purchasing carrier under a bill of lading, whether the
9 freight is paid in advance or the shipment is made freight charges collect, to a point
10 outside this state and the property is actually transported to the out-of-state
11 destination for use by the carrier in the conduct of its business as a common carrier;

12 (5) Gross receipts from sales of tangible personal property sold through coin-operated
13 bulk vending machines, if the sale amounts to fifty cents (\$0.50) or less, if the
14 retailer is primarily engaged in making the sales and maintains records satisfactory
15 to the department. As used in this subsection, "bulk vending machine" means a
16 vending machine containing unsorted merchandise which, upon insertion of a coin,
17 dispenses the same in approximately equal portions, at random and without
18 selection by the customer;

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

26 (7) (a) Gross receipts from the sale of sewer services, water, and fuel to Kentucky
27 residents for use in heating, water heating, cooking, lighting, and other

1 residential uses. As used in this subsection, "fuel" shall include but not be
2 limited to natural gas, electricity, fuel oil, bottled gas, coal, coke, and wood.
3 Determinations of eligibility for the exemption shall be made by the
4 department;

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

- 7 1. Classified as "residential" by a utility company as defined by applicable
8 tariffs filed with and accepted by the Public Service Commission;
- 9 2. Classified as "residential" by a municipally owned electric distributor
10 which purchases its power at wholesale from the Tennessee Valley
11 Authority;
- 12 3. Classified as "residential" by the governing body of a municipally owned
13 electric distributor which does not purchase its power from the
14 Tennessee Valley Authority, if the "residential" classification is
15 reasonably consistent with the definitions of "residential" contained in
16 tariff filings accepted and approved by the Public Service Commission
17 with respect to utilities which are subject to Public Service Commission
18 regulation.

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

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

25 (d) The exemption shall apply also to residential property which may be held by
26 legal or equitable title, by the entireties, jointly, in common, as a
27 condominium, or indirectly by the stock ownership or membership

1 representing the owner's or member's proprietary interest in a corporation
2 owning a fee or a leasehold initially in excess of ninety-eight (98) years;

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

7 (9) (a) Gross receipts derived from the sale of tangible personal property, as provided
8 in paragraph (b) of this subsection, to a manufacturer or industrial processor if
9 the property is to be directly used in the manufacturing or industrial
10 processing process of:

- 11 1. Tangible personal property at a plant facility;
- 12 2. Distilled spirits or wine at a plant facility or on the premises of a
13 distiller, rectifier, winery, or small farm winery licensed under KRS
14 243.030 that includes a retail establishment on the premises; or
- 15 3. Malt beverages at a plant facility or on the premises of a brewer or
16 microbrewery licensed under KRS 243.040 that includes a retail
17 establishment;

18 and which will be for sale.

19 (b) The following tangible personal property shall qualify for exemption under
20 this subsection:

- 21 1. Materials which enter into and become an ingredient or component part
22 of the manufactured product;
- 23 2. Other tangible personal property which is directly used in the
24 manufacturing or industrial processing process, if the property has a
25 useful life of less than one (1) year. Specifically these items are
26 categorized as follows:

27 a. Materials. This refers to the raw materials which become an

1 ingredient or component part of supplies or industrial tools exempt
2 under subdivisions b. and c. below;

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

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

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

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

25 (d) For purposes of this subsection, a manufacturer or industrial processor
26 includes an individual or business entity that performs only part of the
27 manufacturing or industrial processing activity, and the person or business

1 entity need not take title to tangible personal property that is incorporated into,
2 or becomes the product of, the activity.

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

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

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

16 (a) As used in this subsection:

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

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

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

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

26 (13) Gross receipts from the sale of metal retail fixtures manufactured in this state and
27 purchased for storage, use, or other consumption outside this state and delivered by

1 the retailer's own vehicle to a location outside this state, or delivered to the United
2 States Postal Service, a common carrier, or a contract carrier for delivery outside
3 this state, regardless of whether the carrier is selected by the purchaser or retailer or
4 an agent or representative of the purchaser or retailer, or whether the F.O.B. is the
5 retailer's shipping point or the purchaser's destination.

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

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

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

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

25 (16) Gross receipts from the sale of tangible personal property or digital property
26 returned by a purchaser when the full sales price is refunded either in cash or credit.
27 This exclusion shall not apply if the purchaser, in order to obtain the refund, is

- 1 required to purchase other tangible personal property or digital property at a price
2 greater than the amount charged for the property that is returned;
- 3 (17) Gross receipts from the sales of gasoline and special fuels subject to tax under KRS
4 Chapter 138;
- 5 (18) The amount of any tax imposed by the United States upon or with respect to retail
6 sales, whether imposed on the retailer or the consumer, not including any
7 manufacturer's excise or import duty;
- 8 (19) Gross receipts from the sale of any motor vehicle as defined in KRS 138.450 which
9 is:
- 10 (a) Sold to a Kentucky resident, registered for use on the public highways, and
11 upon which any applicable tax levied by KRS 138.460 has been paid; or
- 12 (b) Sold to a nonresident of Kentucky if the nonresident registers the motor
13 vehicle in a state that:
- 14 1. Allows residents of Kentucky to purchase motor vehicles without
15 payment of that state's sales tax at the time of sale; or
- 16 2. Allows residents of Kentucky to remove the vehicle from that state
17 within a specific period for subsequent registration and use in Kentucky
18 without payment of that state's sales tax;
- 19 (20) Gross receipts from the sale of a semi-trailer as defined in KRS 189.010(12) and
20 trailer as defined in KRS 189.010(17);
- 21 (21) Gross receipts from the collection of:
- 22 (a) Any fee or charge levied by a local government pursuant to KRS 65.760;
- 23 (b) The charge imposed by KRS 65.7629(3);
- 24 (c) The fee imposed by KRS 65.7634; and
- 25 (d) The service charge imposed by KRS 65.7636;
- 26 (22) Gross receipts derived from charges for labor or services to apply, install, repair, or
27 maintain tangible personal property directly used in manufacturing or industrial

1 processing process of:

2 (a) Tangible personal property at a plant facility;

3 (b) Distilled spirits or wine at a plant facility or on the premises of a distiller,
4 rectifier, winery, or small farm winery licensed under KRS 243.030; or

5 (c) Malt beverages at a plant facility or on the premises of a brewer or
6 microbrewery licensed under KRS 243.040

7 that is not otherwise exempt under subsection (9) of this section or KRS
8 139.480(10), if the charges for labor or services are separately stated on the invoice,
9 bill of sale, or similar document given to purchaser;

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

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

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

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

21 (24) (a) For persons that first begin making sales of services included in KRS
22 139.200(2)(g) to (q) on or after January 1, 2019, gross receipts derived from
23 the sale of those services if the gross receipts are less than six thousand dollars
24 (\$6,000) within the first calendar year of operation. When gross receipts from
25 these services exceed six thousand dollars (\$6,000) in a calendar year:

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

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

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

5 **(25) Gross receipts from the sale of medicinal cannabis as defined in Section 1 of this**
6 **Act and subject to tax under Section 33 of this Act.**

7 ➔Section 35. KRS 138.870 is amended to read as follows:

8 As used in KRS 138.870 to 138.889, unless the context requires otherwise:

9 (1) "Marijuana" means marijuana, whether real or counterfeit, as defined in KRS
10 218A.010 **and does not include medicinal cannabis as defined in Section 1 of this**
11 **Act.**

12 (2) "Controlled substance" means any controlled substance, whether real or counterfeit,
13 as defined in KRS 218A.010 or any regulation promulgated thereunder, except that
14 it shall not include marijuana.

15 (3) "Offender" means a person who engages in this state in a taxable activity as defined
16 in subsection (4) of this section.

17 (4) "Taxable activity" means producing, cultivating, manufacturing, importing,
18 transporting, distributing, acquiring, purchasing, storing, selling, using, or otherwise
19 possessing, in violation of KRS Chapter 218A, more than five (5) marijuana plants
20 with foliage, 42.5 grams of marijuana which has been detached from the plant on
21 which it grew, seven (7) grams of any controlled substance, or fifty (50) or more
22 dosage units of any controlled substance which is not sold by weight. The weight or
23 dosage units in this subsection shall include the weight of marijuana or the weight
24 or dosage units of the controlled substance, whether pure, impure, or diluted. A
25 quantity of a controlled substance is diluted if it consists of a detectable quantity of
26 a pure controlled substance and any excipients or fillers.

27 (5) "Dosage unit" means a tablet, capsule, vial, or ampule of a controlled substance or,

1 in cases of mass volume or diluted quantities, the proper dose or quantity of a
2 controlled substance to be taken all at one (1) time or in fractional amounts within a
3 given period, as defined and adopted by the United States Pharmacopeia.

4 (6) "Possessing" includes either actual possession or constructive possession, or a
5 combination of both actual and constructive possession. Mere possession or
6 ownership of real estate or an interest therein does not establish constructive
7 possession.

8 ➔Section 36. KRS 216B.402 is amended to read as follows:

9 (1) When a person is admitted to a hospital emergency department or hospital
10 emergency room for treatment of a drug overdose:

11 (a)~~(1)~~ The person shall be informed of available substance use disorder
12 treatment services known to the hospital that are provided by that hospital,
13 other local hospitals, the local community mental health center, and any other
14 local treatment programs licensed pursuant to KRS 222.231;

15 (b)~~(2)~~ The hospital may obtain permission from the person when stabilized, or
16 the person's legal representative, to contact any available substance use
17 disorder treatment programs offered by that hospital, other local hospitals, the
18 local community mental health center, or any other local treatment programs
19 licensed pursuant to KRS 222.231, on behalf of the person to connect him or
20 her to treatment; and

21 (c)~~(3)~~ The local community mental health center may provide an on-call
22 service in the hospital emergency department or hospital emergency room for
23 the person who was treated for a drug overdose to provide information about
24 services and connect the person to substance use disorder treatment, as funds
25 are available. These services, when provided on the grounds of a hospital,
26 shall be coordinated with appropriate hospital staff.

27 (2) *When a person who is a registered qualified patient or a visiting qualified patient*

1 as defined in Section 1 of this Act is admitted to a hospital emergency department
 2 or a hospital emergency room for treatment of cannabinoid hyperemesis
 3 syndrome, the hospital shall notify the Department for Public Health within
 4 forty-eight (48) hours. Notification shall include the registered qualified patient's
 5 or a visiting qualified patient's name and registry identification card number, if
 6 available. The department shall record all cases of cannabinoid hyperemesis
 7 syndrome in the electronic monitoring system established pursuant to Section 41
 8 of this Act.

9 ➔Section 37. KRS 218A.010 is amended to read as follows:

10 As used in this chapter:

- 11 (1) "Administer" means the direct application of a controlled substance, whether by
 12 injection, inhalation, ingestion, or any other means, to the body of a patient or
 13 research subject by:
- 14 (a) A practitioner or by his or her authorized agent under his or her immediate
 15 supervision and pursuant to his or her order; or
- 16 (b) The patient or research subject at the direction and in the presence of the
 17 practitioner;
- 18 (2) "Anabolic steroid" means any drug or hormonal substance chemically and
 19 pharmacologically related to testosterone that promotes muscle growth and includes
 20 those substances classified as Schedule III controlled substances pursuant to KRS
 21 218A.020 but does not include estrogens, progestins, and anticosteroids;
- 22 (3) "Cabinet" means the Cabinet for Health and Family Services;
- 23 (4) "Carfentanil" means any substance containing any quantity of carfentanil, or any of
 24 its salts, isomers, or salts of isomers;
- 25 (5) "Certified community based palliative care program" means a palliative care
 26 program which has received certification from the Joint Commission;
- 27 (6) "Child" means any person under the age of majority as specified in KRS 2.015;

1 (7) "Cocaine" means a substance containing any quantity of cocaine, its salts, optical
2 and geometric isomers, and salts of isomers;

3 (8) "Controlled substance" means methamphetamine, or a drug, substance, or
4 immediate precursor in Schedules I through V and includes a controlled substance
5 analogue;

6 (9) (a) "Controlled substance analogue," except as provided in paragraph (b) of this
7 subsection, means a substance:

- 8 1. The chemical structure of which is substantially similar to the structure
9 of a controlled substance in Schedule I or II; and
- 10 2. Which has a stimulant, depressant, or hallucinogenic effect on the
11 central nervous system that is substantially similar to or greater than the
12 stimulant, depressant, or hallucinogenic effect on the central nervous
13 system of a controlled substance in Schedule I or II; or
- 14 3. With respect to a particular person, which such person represents or
15 intends to have a stimulant, depressant, or hallucinogenic effect on the
16 central nervous system that is substantially similar to or greater than the
17 stimulant, depressant, or hallucinogenic effect on the central nervous
18 system of a controlled substance in Schedule I or II.

19 (b) Such term does not include:

- 20 1. Any substance for which there is an approved new drug application;
- 21 2. With respect to a particular person, any substance if an exemption is in
22 effect for investigational use for that person pursuant to federal law to
23 the extent conduct with respect to such substance is pursuant to such
24 exemption; or
- 25 3. Any substance to the extent not intended for human consumption before
26 the exemption described in subparagraph 2. of this paragraph takes
27 effect with respect to that substance;

- 1 (10) "Counterfeit substance" means a controlled substance which, or the container or
2 labeling of which, without authorization, bears the trademark, trade name, or other
3 identifying mark, imprint, number, or device, or any likeness thereof, of a
4 manufacturer, distributor, or dispenser other than the person who in fact
5 manufactured, distributed, or dispensed the substance;
- 6 (11) "Dispense" means to deliver a controlled substance to an ultimate user or research
7 subject by or pursuant to the lawful order of a practitioner, including the packaging,
8 labeling, or compounding necessary to prepare the substance for that delivery;
- 9 (12) "Dispenser" means a person who lawfully dispenses a Schedule II, III, IV, or V
10 controlled substance to or for the use of an ultimate user;
- 11 (13) "Distribute" means to deliver other than by administering or dispensing a controlled
12 substance;
- 13 (14) "Dosage unit" means a single pill, capsule, ampule, liquid, or other form of
14 administration available as a single unit;
- 15 (15) "Drug" means:
- 16 (a) Substances recognized as drugs in the official United States Pharmacopoeia,
17 official Homeopathic Pharmacopoeia of the United States, or official National
18 Formulary, or any supplement to any of them;
- 19 (b) Substances intended for use in the diagnosis, care, mitigation, treatment, or
20 prevention of disease in man or animals;
- 21 (c) Substances (other than food) intended to affect the structure or any function of
22 the body of man or animals; and
- 23 (d) Substances intended for use as a component of any article specified in this
24 subsection.
- 25 It does not include devices or their components, parts, or accessories;
- 26 (16) "Fentanyl" means a substance containing any quantity of fentanyl, or any of its salts,
27 isomers, or salts of isomers;

- 1 (17) "Fentanyl derivative" means a substance containing any quantity of any chemical
2 compound, except compounds specifically scheduled as controlled substances by
3 statute or by administrative regulation pursuant to this chapter, which is structurally
4 derived from 1-ethyl-4-(N-phenylamido) piperadine:
- 5 (a) By substitution:
- 6 1. At the 2-position of the 1-ethyl group with a phenyl, furan, thiophene, or
7 ethyloxotetrazole ring system; and
- 8 2. Of the terminal amido hydrogen atom with an alkyl, alkoxy, cycloalkyl,
9 or furanyl group; and
- 10 (b) Which may be further modified in one (1) or more of the following ways:
- 11 1. By substitution on the N-phenyl ring to any extent with alkyl, alkoxy,
12 haloalkyl, hydroxyl, or halide substituents;
- 13 2. By substitution on the piperadine ring to any extent with alkyl, allyl,
14 alkoxy, hydroxy, or halide substituents at the 2-, 3-, 5-, and/or 6-
15 positions;
- 16 3. By substitution on the piperadine ring to any extent with a phenyl,
17 alkoxy, or carboxylate ester substituent at the 4- position; or
- 18 4. By substitution on the 1-ethyl group to any extent with alkyl, alkoxy, or
19 hydroxy substituents;
- 20 (18) "Good faith prior examination," as used in KRS Chapter 218A and for criminal
21 prosecution only, means an in-person medical examination of the patient conducted
22 by the prescribing practitioner or other health-care professional routinely relied
23 upon in the ordinary course of his or her practice, at which time the patient is
24 physically examined and a medical history of the patient is obtained. "In-person"
25 includes telehealth examinations. This subsection shall not be applicable to hospice
26 providers licensed pursuant to KRS Chapter 216B;
- 27 (19) "Hazardous chemical substance" includes any chemical substance used or intended

- 1 for use in the illegal manufacture of a controlled substance as defined in this section
2 or the illegal manufacture of methamphetamine as defined in KRS 218A.1431,
3 which:
- 4 (a) Poses an explosion hazard;
 - 5 (b) Poses a fire hazard; or
 - 6 (c) Is poisonous or injurious if handled, swallowed, or inhaled;
- 7 (20) "Heroin" means a substance containing any quantity of heroin, or any of its salts,
8 isomers, or salts of isomers;
- 9 (21) "Hydrocodone combination product" means a drug with:
- 10 (a) Not more than three hundred (300) milligrams of dihydrocodeinone, or any of
11 its salts, per one hundred (100) milliliters or not more than fifteen (15)
12 milligrams per dosage unit, with a fourfold or greater quantity of an
13 isoquinoline alkaloid of opium; or
 - 14 (b) Not more than three hundred (300) milligrams of dihydrocodeinone, or any of
15 its salts, per one hundred (100) milliliters or not more than fifteen (15)
16 milligrams per dosage unit, with one (1) or more active, nonnarcotic
17 ingredients in recognized therapeutic amounts;
- 18 (22) "Immediate precursor" means a substance which is the principal compound
19 commonly used or produced primarily for use, and which is an immediate chemical
20 intermediary used or likely to be used in the manufacture of a controlled substance
21 or methamphetamine, the control of which is necessary to prevent, curtail, or limit
22 manufacture;
- 23 (23) "Industrial hemp" has the same meaning as in KRS 260.850;
- 24 (24) "Industrial hemp products" has the same meaning as in KRS 260.850;
- 25 (25) "Intent to manufacture" means any evidence which demonstrates a person's
26 conscious objective to manufacture a controlled substance or methamphetamine.
27 Such evidence includes but is not limited to statements and a chemical substance's

1 usage, quantity, manner of storage, or proximity to other chemical substances or
2 equipment used to manufacture a controlled substance or methamphetamine;

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

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

13 (a) By a practitioner as an incident to his or her administering or dispensing of a
14 controlled substance in the course of his or her professional practice;

15 (b) By a practitioner, or by his or her authorized agent under his supervision, for
16 the purpose of, or as an incident to, research, teaching, or chemical analysis
17 and not for sale; or

18 (c) By a pharmacist as an incident to his or her dispensing of a controlled
19 substance in the course of his or her professional practice;

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

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

- 1 (b) Industrial hemp products that do not include any living plants, viable seeds,
2 leaf materials, or floral materials;
- 3 (c) The substance cannabidiol, when transferred, dispensed, or administered
4 pursuant to the written order of a physician practicing at a hospital or
5 associated clinic affiliated with a Kentucky public university having a college
6 or school of medicine;
- 7 (d) For persons participating in a clinical trial or in an expanded access program,
8 a drug or substance approved for the use of those participants by the United
9 States Food and Drug Administration;
- 10 (e) A cannabidiol product derived from industrial hemp, as defined in KRS
11 260.850;
- 12 (f) For the purpose of conducting scientific research, a cannabinoid product
13 derived from industrial hemp, as defined in KRS 260.850;~~or~~
- 14 (g) A cannabinoid product approved as a prescription medication by the United
15 States Food and Drug Administration; or
- 16 **(h) Medicinal cannabis as defined in Section 1 of this Act;**
- 17 (29) "Medical history," as used in KRS Chapter 218A and for criminal prosecution only,
18 means an accounting of a patient's medical background, including but not limited to
19 prior medical conditions, prescriptions, and family background;
- 20 (30) "Medical order," as used in KRS Chapter 218A and for criminal prosecution only,
21 means a lawful order of a specifically identified practitioner for a specifically
22 identified patient for the patient's health-care needs. "Medical order" may or may
23 not include a prescription drug order;
- 24 (31) "Medical record," as used in KRS Chapter 218A and for criminal prosecution only,
25 means a record, other than for financial or billing purposes, relating to a patient,
26 kept by a practitioner as a result of the practitioner-patient relationship;
- 27 (32) "Methamphetamine" means any substance that contains any quantity of

- 1 methamphetamine, or any of its salts, isomers, or salts of isomers;
- 2 (33) "Narcotic drug" means any of the following, whether produced directly or indirectly
- 3 by extraction from substances of vegetable origin, or independently by means of
- 4 chemical synthesis, or by a combination of extraction and chemical synthesis:
- 5 (a) Opium and opiate, and any salt, compound, derivative, or preparation of
- 6 opium or opiate;
- 7 (b) Any salt, compound, isomer, derivative, or preparation thereof which is
- 8 chemically equivalent or identical with any of the substances referred to in
- 9 paragraph (a) of this subsection, but not including the isoquinoline alkaloids
- 10 of opium;
- 11 (c) Opium poppy and poppy straw;
- 12 (d) Coca leaves, except coca leaves and extracts of coca leaves from which
- 13 cocaine, ecgonine, and derivatives of ecgonine or their salts have been
- 14 removed;
- 15 (e) Cocaine, its salts, optical and geometric isomers, and salts of isomers;
- 16 (f) Ecgonine, its derivatives, their salts, isomers, and salts of isomers; and
- 17 (g) Any compound, mixture, or preparation which contains any quantity of any of
- 18 the substances referred to in paragraphs (a) to (f) of this subsection;
- 19 (34) "Opiate" means any substance having an addiction-forming or addiction-sustaining
- 20 liability similar to morphine or being capable of conversion into a drug having
- 21 addiction-forming or addiction-sustaining liability. It does not include, unless
- 22 specifically designated as controlled under KRS 218A.020, the dextrorotatory
- 23 isomer of 3-methoxy-n-methylmorphinan and its salts (dextromethorphan). It does
- 24 include its racemic and levorotatory forms;
- 25 (35) "Opium poppy" means the plant of the species *papaver somniferum* L., except its
- 26 seeds;
- 27 (36) "Person" means individual, corporation, government or governmental subdivision

1 or agency, business trust, estate, trust, partnership or association, or any other legal
2 entity;

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

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

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

7 (40) "Practitioner" means a physician, dentist, podiatrist, veterinarian, scientific
8 investigator, optometrist as authorized in KRS 320.240, advanced practice
9 registered nurse as authorized under KRS 314.011, physician assistant as authorized
10 under KRS 311.858, or other person licensed, registered, or otherwise permitted by
11 state or federal law to acquire, distribute, dispense, conduct research with respect to,
12 or to administer a controlled substance in the course of professional practice or
13 research in this state. "Practitioner" also includes a physician, dentist, podiatrist,
14 veterinarian, or advanced practice registered nurse authorized under KRS 314.011
15 who is a resident of and actively practicing in a state other than Kentucky and who
16 is licensed and has prescriptive authority for controlled substances under the
17 professional licensing laws of another state, unless the person's Kentucky license
18 has been revoked, suspended, restricted, or probated, in which case the terms of the
19 Kentucky license shall prevail;

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

24 (42) "Prescription" means a written, electronic, or oral order for a drug or medicine, or
25 combination or mixture of drugs or medicines, or proprietary preparation, signed or
26 given or authorized by a medical, dental, chiropody, veterinarian, optometric
27 practitioner, or advanced practice registered nurse, and intended for use in the

- 1 diagnosis, cure, mitigation, treatment, or prevention of disease in man or other
2 animals;
- 3 (43) "Prescription blank," with reference to a controlled substance, means a document
4 that meets the requirements of KRS 218A.204 and 217.216;
- 5 (44) "Presumptive probation" means a sentence of probation not to exceed the maximum
6 term specified for the offense, subject to conditions otherwise authorized by law,
7 that is presumed to be the appropriate sentence for certain offenses designated in
8 this chapter, notwithstanding contrary provisions of KRS Chapter 533. That
9 presumption shall only be overcome by a finding on the record by the sentencing
10 court of substantial and compelling reasons why the defendant cannot be safely and
11 effectively supervised in the community, is not amenable to community-based
12 treatment, or poses a significant risk to public safety;
- 13 (45) "Production" includes the manufacture, planting, cultivation, growing, or harvesting
14 of a controlled substance;
- 15 (46) "Recovery program" means an evidence-based, nonclinical service that assists
16 individuals and families working toward sustained recovery from substance use and
17 other criminal risk factors. This can be done through an array of support programs
18 and services that are delivered through residential and nonresidential means;
- 19 (47) "Salvia" means *Salvia divinorum* or *Salvinorin A* and includes all parts of the plant
20 presently classified botanically as *Salvia divinorum*, whether growing or not, the
21 seeds thereof, any extract from any part of that plant, and every compound,
22 manufacture, derivative, mixture, or preparation of that plant, its seeds, or its
23 extracts, including salts, isomers, and salts of isomers whenever the existence of
24 such salts, isomers, and salts of isomers is possible within the specific chemical
25 designation of that plant, its seeds, or extracts. The term shall not include any other
26 species in the genus *salvia*;
- 27 (48) "Second or subsequent offense" means that for the purposes of this chapter an

1 offense is considered as a second or subsequent offense, if, prior to his or her
2 conviction of the offense, the offender has at any time been convicted under this
3 chapter, or under any statute of the United States, or of any state relating to
4 substances classified as controlled substances or counterfeit substances, except that
5 a prior conviction for a nontrafficking offense shall be treated as a prior offense
6 only when the subsequent offense is a nontrafficking offense. For the purposes of
7 this section, a conviction voided under KRS 218A.275 or 218A.276 shall not
8 constitute a conviction under this chapter;

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

11 (50) "Serious physical injury" has the same meaning it has in KRS 500.080;

12 (51) "Synthetic cannabinoids or piperazines" means any chemical compound which is
13 not approved by the United States Food and Drug Administration or, if approved,
14 which is not dispensed or possessed in accordance with state and federal law, that
15 contains Benzylpiperazine (BZP); Trifluoromethylphenylpiperazine (TFMPP); 1,1-
16 Dimethylheptyl-11-hydroxytetrahydrocannabinol (HU-210); 1-Butyl-3-(1-
17 naphthoyl)indole; 1-Pentyl-3-(1-naphthoyl)indole; dexanabinol (HU-211); or any
18 compound in the following structural classes:

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

27 (b) Phenylacetylindoles: Any compound containing a 3-phenylacetylindole

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

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

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

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

- 1 (f) Naphthoypyrroles: Any compound containing a 3-(1-naphthoyl)pyrrole
2 structure with substitution at the nitrogen atom of the pyrrole ring by an alkyl,
3 haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-
4 piperidinyl)methyl, or 2-(4-morpholinyl)ethyl group whether or not further
5 substituted in the pyrrole ring to any extent and whether or not substituted in
6 the naphthyl ring to any extent. Examples of this structural class include but
7 are not limited to JWH-030, JWH-145, JWH-146, JWH-307, and JWH-368;
- 8 (g) Naphthylmethylindenes: Any compound containing a 1-(1-
9 naphthylmethyl)indene structure with substitution at the 3-position of the
10 indene ring by an alkyl, haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl,
11 1-(N-methyl-2-piperidinyl)methyl, or 2-(4-morpholinyl)ethyl group whether
12 or not further substituted in the indene ring to any extent and whether or not
13 substituted in the naphthyl ring to any extent. Examples of this structural class
14 include but are not limited to JWH-176;
- 15 (h) Tetramethylcyclopropanoylindoles: Any compound containing a 3-(1-
16 tetramethylcyclopropoyl)indole structure with substitution at the nitrogen
17 atom of the indole ring by an alkyl, haloalkyl, cycloalkylmethyl,
18 cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl, or 2-(4-morpholinyl)ethyl
19 group, whether or not further substituted in the indole ring to any extent and
20 whether or not further substituted in the tetramethylcyclopropyl ring to any
21 extent. Examples of this structural class include but are not limited to UR-144
22 and XLR-11;
- 23 (i) Adamantoylindoles: Any compound containing a 3-(1-adamantoyl)indole
24 structure with substitution at the nitrogen atom of the indole ring by an alkyl,
25 haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-
26 piperidinyl)methyl, or 2-(4-morpholinyl)ethyl group, whether or not further
27 substituted in the indole ring to any extent and whether or not substituted in

1 the adamantyl ring system to any extent. Examples of this structural class
2 include but are not limited to AB-001 and AM-1248; or

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

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

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

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

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

26 (d) Any other synthetic cathinone which is not approved by the United States
27 Food and Drug Administration or, if approved, is not dispensed or possessed

1 in accordance with state or federal law;

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

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

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

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

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

11 (c) Delta 3, 4 cis or trans tetrahydrocannabinol, and its optical isomers;

12 (56) "Traffic," except as provided in KRS 218A.1431, means to manufacture, distribute,
13 dispense, sell, transfer, or possess with intent to manufacture, distribute, dispense,
14 or sell a controlled substance;

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

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

21 ➔Section 38. KRS 218A.1421 is amended to read as follows:

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

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

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

- 1 (b) For a second or subsequent offense a Class D felony.
- 2 (3) **Unless authorized by Sections 1 to 30 of this Act,** trafficking in eight (8) or more
 3 ounces but less than five (5) pounds of marijuana is:
- 4 (a) For a first offense a Class D felony.
- 5 (b) For a second or subsequent offense a Class C felony.
- 6 (4) **Unless authorized by Sections 1 to 30 of this Act,** trafficking in five (5) or more
 7 pounds of marijuana is:
- 8 (a) For a first offense a Class C felony.
- 9 (b) For a second or subsequent offense a Class B felony.
- 10 (5) **Unless authorized by Sections 1 to 30 of this Act,** the unlawful possession by any
 11 person of eight (8) or more ounces of marijuana shall be prima facie evidence that
 12 the person possessed the marijuana with the intent to sell or transfer it.
- 13 **(6) This section does not apply to:**
- 14 **(a) A cannabis business or a cannabis business agent, as defined in Section 1**
 15 **of this Act, when acting in compliance with Sections 1 to 30 of this Act; or**
- 16 **(b) A cardholder, as defined in Section 1 of this Act, whose use of medicinal**
 17 **cannabis is in compliance with Sections 1 to 30 of this Act.**
- 18 ➔Section 39. KRS 218A.1422 is amended to read as follows:
- 19 (1) A person is guilty of possession of marijuana when he or she knowingly and
 20 unlawfully possesses marijuana, **and the possession is not in compliance with, or**
 21 **otherwise authorized by, Sections 1 to 30 of this Act.**
- 22 (2) Possession of marijuana is a Class B misdemeanor, except that, KRS Chapter 532
 23 to the contrary notwithstanding, the maximum term of incarceration shall be no
 24 greater than forty-five (45) days.
- 25 **(3) This section does not apply to:**
- 26 **(a) A cannabis business or a cannabis business agent, as defined in Section 1**
 27 **of this Act, when acting in compliance with Sections 1 to 30 of this Act; or**

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

3 ➔Section 40. KRS 218A.1423 is amended to read as follows:

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

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

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

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

12 (3) *Unless authorized by Sections 1 to 30 of this Act,* marijuana cultivation of fewer
 13 than five (5) plants is:

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

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

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

20 *(5) This section does not apply to a cannabis business or a cannabis business agent,*
 21 *as defined in Section 1 of this Act, when acting in compliance with Sections 1 to*
 22 *30 of this Act.*

23 ➔Section 41. KRS 218A.202 is amended to read as follows:

24 (1) *As used in this section:*

25 *(a) "Cabinet" means the cabinet for Health and Family Services;*

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

27 *(c) "Controlled substance" means Schedules II, III, IV, and V controlled*

- 1 substances and does not include medicinal cannabis;
- 2 (d) "Dispensary" has the same meaning as in Section 1 of this Act;
- 3 (e) "Dispensary agent" has the same meaning as in Section 1 of this Act;
- 4 (f) "Disqualifying felony offense" has the same meaning as in Section 1 of this
- 5 Act;
- 6 (g) "Medicinal cannabis" has the same meaning as in Section 1 of this Act;
- 7 (h) "Medical cannabis practitioner" has the same meaning as in Section 1 of
- 8 this Act;
- 9 (i) "Registry identification card" has the same meaning as in Section 1 of this
- 10 Act;
- 11 (j) "State licensing board" has the same meaning as in Section 1 of this Act;
- 12 (k) "Use of medicinal cannabis" has the same meaning as in Section 1 of this
- 13 Act; and
- 14 (l) "Written certification" has the same meaning as in Section 1 of this Act.

15 (2) The cabinet~~[for Health and Family Services]~~ shall establish and maintain an
 16 electronic system for monitoring Schedules II, III, IV, and V controlled substances
 17 and medicinal cannabis as defined in Section 1 of this Act. The cabinet may
 18 contract for the design, upgrade, or operation of this system if the contract preserves
 19 all of the rights, privileges, and protections guaranteed to Kentucky citizens under
 20 this chapter and the contract requires that all other aspects of the system be operated
 21 in conformity with the requirements of this or any other applicable state or federal
 22 law.

23 (3)~~(2)~~ For the purpose of monitoring the prescribing and dispensing of controlled
 24 substances:
 25 (a) A practitioner or a pharmacist authorized to prescribe or dispense controlled
 26 substances to humans shall register with the cabinet to use the system
 27 provided for in this section and shall maintain such registration continuously

1 during the practitioner's or pharmacist's term of licensure and shall not have to
2 pay a fee or tax specifically dedicated to the operation of the system.

3 ~~(b)(3)~~ Every practitioner or pharmacy which dispenses a controlled substance
4 to a person in Kentucky, or to a person at an address in Kentucky, shall report
5 to the cabinet~~[for Health and Family Services]~~ the data required by this
6 section, which includes the reporting of any Schedule II controlled substance
7 dispensed at a facility licensed by the cabinet and a Schedule II through
8 Schedule V controlled substance regardless of dosage when dispensed by the
9 emergency department of a hospital to an emergency department patient.
10 Reporting shall not be required for:

11 ~~1.(a)~~ A drug administered directly to a patient in a hospital, a resident of
12 a health care facility licensed under KRS Chapter 216B, a resident of a
13 child-caring facility as defined by KRS 199.011, or an individual in a
14 jail, correctional facility, or juvenile detention facility;

15 ~~2.(b)~~ A Schedule III through Schedule V controlled substance dispensed
16 by a facility licensed by the cabinet provided that the quantity dispensed
17 is limited to an amount adequate to treat the patient for a maximum of
18 forty-eight (48) hours and is not dispensed by the emergency department
19 of a hospital; or

20 ~~3.(c)~~ A drug administered or dispensed to a research subject enrolled in
21 a research protocol approved by an institutional review board that has an
22 active federalwide assurance number from the United States Department
23 of Health and Human Services, Office for Human Research Protections,
24 where the research involves single, double, or triple blind drug
25 administration or is additionally covered by a certificate of
26 confidentiality from the National Institutes of Health.

27 ~~(c)(4)~~ In addition to the data required by ***paragraph (d) of this*** subsection ~~(5)~~

1 ~~of this section~~, a Kentucky-licensed acute care hospital or critical access
2 hospital shall report to the cabinet all positive toxicology screens that were
3 performed by the hospital's emergency department to evaluate the patient's
4 suspected drug overdose.

5 ~~(d)(5)~~ Data for each controlled substance that is reported shall include but not
6 be limited to the following:

- 7 ~~1.(a)~~ Patient identifier;
- 8 ~~2.(b)~~ National drug code of the drug dispensed;
- 9 ~~3.(c)~~ Date of dispensing;
- 10 ~~4.(d)~~ Quantity dispensed;
- 11 ~~5.(e)~~ Prescriber; and
- 12 ~~6.(f)~~ Dispenser.

13 ~~(e)(6)~~ The data shall be provided in the electronic format specified by the
14 cabinet ~~for Health and Family Services~~ unless a waiver has been granted by
15 the cabinet to an individual dispenser. The cabinet shall establish acceptable
16 error tolerance rates for data. Dispensers shall ensure that reports fall within
17 these tolerances. Incomplete or inaccurate data shall be corrected upon
18 notification by the cabinet if the dispenser exceeds these error tolerance rates.

19 ~~(f)(7)~~ The cabinet ~~for Health and Family Services~~ shall only disclose data to
20 persons and entities authorized to receive that data under this
21 subsection~~section~~. Disclosure to any other person or entity, including
22 disclosure in the context of a civil action where the disclosure is sought either
23 for the purpose of discovery or for evidence, is prohibited unless specifically
24 authorized by this section. The cabinet ~~for Health and Family Services~~ shall
25 be authorized to provide data to:

- 26 ~~1.(a)~~ A designated representative of a board responsible for the
27 licensure, regulation, or discipline of practitioners, pharmacists, or other

1 person who is authorized to prescribe, administer, or dispense controlled
2 substances and who is involved in a bona fide specific investigation
3 involving a designated person;

4 ~~2.(b)~~ Employees of the Office of the Inspector General of the cabinet ~~for Health and Family Services~~ who have successfully completed
5 training for the electronic system and who have been approved to use the
6 system, federal prosecutors, Kentucky Commonwealth's attorneys and
7 assistant Commonwealth's attorneys, county attorneys and assistant
8 county attorneys, a peace officer certified pursuant to KRS 15.380 to
9 15.404, a certified or full-time peace officer of another state, or a federal
10 agent whose duty is to enforce the laws of this Commonwealth, of
11 another state, or of the United States relating to drugs and who is
12 engaged in a bona fide specific investigation involving a designated
13 person;

14
15 ~~3.(c)~~ A state-operated Medicaid program in conformity with subsection
16 (8) of this section;

17 ~~4.(d)~~ A properly convened grand jury pursuant to a subpoena properly
18 issued for the records;

19 ~~5.(e)~~ A practitioner or pharmacist, or employee of the practitioner's or
20 pharmacist's practice acting under the specific direction of the
21 practitioner or pharmacist, who certifies that the requested information
22 is for the purpose of:

23 ~~a[1]~~. Providing medical or pharmaceutical treatment to a bona fide
24 current or prospective patient;

25 ~~b[2]~~. Reviewing data on controlled substances that have been reported
26 for the birth mother of an infant who is currently being treated by
27 the practitioner for neonatal abstinence syndrome, or has

1 symptoms that suggest prenatal drug exposure; or
2 ~~c[3]~~. Reviewing and assessing the individual prescribing or dispensing
3 patterns of the practitioner or pharmacist or to determine the
4 accuracy and completeness of information contained in the
5 monitoring system;

6 ~~6.f(f)~~ The chief medical officer of a hospital or long-term-care facility,
7 an employee of the hospital or long-term-care facility as designated by
8 the chief medical officer and who is working under his or her specific
9 direction, or a physician designee if the hospital or facility has no chief
10 medical officer, if the officer, employee, or designee certifies that the
11 requested information is for the purpose of providing medical or
12 pharmaceutical treatment to a bona fide current or prospective patient or
13 resident in the hospital or facility;

14 ~~7.f(g)~~ In addition to the purposes authorized under *subparagraph 1. of*
15 *this* paragraph ~~[(a) of this subsection]~~, the Kentucky Board of Medical
16 Licensure, for any physician who is:

17 ~~a[1]~~. Associated in a partnership or other business entity with a
18 physician who is already under investigation by the Board of
19 Medical Licensure for improper prescribing or dispensing
20 practices;

21 ~~b[2]~~. In a designated geographic area for which a trend report indicates a
22 substantial likelihood that inappropriate prescribing or dispensing
23 may be occurring; or

24 ~~c[3]~~. In a designated geographic area for which a report on another
25 physician in that area indicates a substantial likelihood that
26 inappropriate prescribing or dispensing may be occurring in that
27 area;

1 ~~8.(h)~~ In addition to the purposes authorized under subparagraph 1. of
2 this paragraph~~[(a) of this subsection]~~, the Kentucky Board of Nursing,
3 for any advanced practice registered nurse who is:

4 a[1]. Associated in a partnership or other business entity with a
5 physician who is already under investigation by the Kentucky
6 Board of Medical Licensure for improper prescribing or dispensing
7 practices;

8 b[2]. Associated in a partnership or other business entity with an
9 advanced practice registered nurse who is already under
10 investigation by the Board of Nursing for improper prescribing
11 practices;

12 c[3]. In a designated geographic area for which a trend report indicates a
13 substantial likelihood that inappropriate prescribing or dispensing
14 may be occurring; or

15 d[4]. In a designated geographic area for which a report on a physician
16 or another advanced practice registered nurse in that area indicates
17 a substantial likelihood that inappropriate prescribing or
18 dispensing may be occurring in that area;

19 9.(i) A judge or a probation or parole officer administering a diversion
20 or probation program of a criminal defendant arising out of a violation
21 of this chapter or of a criminal defendant who is documented by the
22 court as a substance abuser who is eligible to participate in a court-
23 ordered drug diversion or probation program; or

24 10.(j) A medical examiner engaged in a death investigation pursuant to
25 KRS 72.026.

26 (g)(8) The Department for Medicaid Services shall use any data or reports from
27 the system for the purpose of identifying Medicaid providers or recipients

1 whose prescribing, dispensing, or usage of controlled substances may be:

2 ~~1.(a)~~ Appropriately managed by a single outpatient pharmacy or primary
3 care physician; or

4 ~~2.(b)~~ Indicative of improper, inappropriate, or illegal prescribing or
5 dispensing practices by a practitioner or drug seeking by a Medicaid
6 recipient.

7 ~~(h)(9)~~ A person who receives data or any report of the system from the cabinet
8 shall not provide it to any other person or entity except as provided in this
9 subsection~~[section]~~, in another statute, or by order of a court of competent
10 jurisdiction and only to a person or entity authorized to receive the data or the
11 report under this section, except that:

12 ~~1.(a)~~ A person specified in paragraph (f)2. of this subsection~~[(7)(b) of~~
13 ~~this section]~~ who is authorized to receive data or a report may share that
14 information with any other persons specified in paragraph (f)2. of this
15 subsection ~~[(7)(b) of this section]~~ authorized to receive data or a report if
16 the persons specified in paragraph (f)2. of this subsection~~[(7)(b) of this~~
17 ~~section]~~ are working on a bona fide specific investigation involving a
18 designated person. Both the person providing and the person receiving
19 the data or report under this subparagraph~~[paragraph]~~ shall document in
20 writing each person to whom the data or report has been given or
21 received and the day, month, and year that the data or report has been
22 given or received. This document shall be maintained in a file by each
23 agency engaged in the investigation;

24 ~~2.(b)~~ A representative of the Department for Medicaid Services may
25 share data or reports regarding overutilization by Medicaid recipients
26 with a board designated in paragraph (f)1. of this subsection~~[(7)(a) of~~
27 ~~this section]~~, or with a law enforcement officer designated in paragraph

1 (f)2. of this subsection~~[(7)(b) of this section]~~;

2 ~~3.[(e)]~~ The Department for Medicaid Services may submit the data as
3 evidence in an administrative hearing held in accordance with KRS
4 Chapter 13B;

5 ~~4.[(d)]~~ If a state licensing board as defined in KRS 218A.205 initiates
6 formal disciplinary proceedings against a licensee, and data obtained by
7 the board is relevant to the charges, the board may provide the data to
8 the licensee and his or her counsel, as part of the notice process required
9 by KRS 13B.050, and admit the data as evidence in an administrative
10 hearing conducted pursuant to KRS Chapter 13B, with the board and
11 licensee taking all necessary steps to prevent further disclosure of the
12 data; and

13 ~~5.[(e)]~~ A practitioner, pharmacist, or employee who obtains data under
14 paragraph (f)5. of this subsection~~[(7)(e) of this section]~~ may share the
15 report with the patient or person authorized to act on the patient's behalf.
16 Any practitioner, pharmacist, or employee who obtains data under
17 paragraph (f)5. of this subsection ~~[(7)(e) of this section]~~ may place the
18 report in the patient's medical record, in which case the individual report
19 shall then be deemed a medical record subject to disclosure on the same
20 terms and conditions as an ordinary medical record in lieu of the
21 disclosure restrictions otherwise imposed by this section.

22 ~~(i) [(10)]~~ The cabinet ~~[for Health and Family Services]~~, all peace officers
23 specified in paragraph (f)2. of this subsection ~~[(7)(b) of this section]~~, all
24 officers of the court, and all regulatory agencies and officers, in using the data
25 for investigative or prosecution purposes, shall consider the nature of the
26 prescriber's and dispenser's practice and the condition for which the patient is
27 being treated.

1 ~~(j)(11)~~ — The data and any report obtained therefrom shall not be a public record,
2 except that the Department for Medicaid Services may submit the data as
3 evidence in an administrative hearing held in accordance with KRS Chapter
4 13B.

5 ~~(12)~~ Intentional failure to comply with the reporting requirements of this
6 subsection~~[section]~~ shall be a Class B misdemeanor for the first offense and a
7 Class A misdemeanor for each subsequent offense.

8 *(k) If the cabinet becomes aware of a prescriber's or dispenser's failure to*
9 *comply with this section, the cabinet shall notify the licensing board or*
10 *agency responsible for licensing the prescriber or dispenser. The licensing*
11 *board shall treat the notification as a complaint against the licensee.*

12 *(4) For the purpose of monitoring the cultivation, production, recommending, and*
13 *dispensing of medical cannabis:*

14 *(a) Every medicinal cannabis practitioner who is authorized to provide written*
15 *certifications for the use of medicinal cannabis and every licensed cannabis*
16 *business shall register with the cabinet to use the system provided for in this*
17 *section and shall maintain such registration continuously during the*
18 *medicinal practitioner's authorization to provide written certifications or a*
19 *cannabis business's term of licensure and shall not have to pay a fee or tax*
20 *specifically dedicated to the operation of the system.*

21 *(b) No later than January 1, 2023, the cabinet shall ensure that the system*
22 *provided for in this section allows:*

23 *1. Medicinal cannabis practitioners to record the issuance of written*
24 *certifications to a patient as required by Section 11 of this Act;*

25 *2. Pharmacists to record the completion of consultations with*
26 *cardholders as required by Section 10 of this Act;*

27 *3. The cabinet, law enforcement personnel, and dispensary agents to*

- 1 verify the validity of registry identification cards issued by the
2 Department for Public Health. When verifying the validity of an
3 identification card, system shall only disclose whether the
4 identification card is valid and whether the cardholder is a registered
5 qualified patient, visiting qualified patient, or designated caregiver;
- 6 4. Dispensary agents to record the amount of medicinal cannabis that is
7 dispensed to a cardholder during each transaction, as required by
8 Section 22 of this Act;
- 9 5. Law enforcement personnel and dispensary agents to access medicinal
10 cannabis sales data recorded by dispensary agents pursuant to Section
11 22 of this Act;
- 12 6. The sharing of dispensing data recorded by dispensary agents,
13 pursuant to Section 22 of this Act, with all licensed dispensaries in
14 real time;
- 15 7. Licensed cannabis businesses to record data required by
16 administrative regulations promulgated pursuant to with Section 28 of
17 this Act to facilitate the tracking of medicinal cannabis from the point
18 of cultivation to the point of sale to cardholders; and
- 19 8. The cabinet to track all medicinal cannabis in the state from the point
20 of cultivation to the point of sale to a cardholder.
- 21 (c) The cabinet shall only disclose data related to the cultivation, production,
22 recommending, and dispensing of medical cannabis to persons and entities
23 authorized to receive that data under this subsection. Disclosure to any
24 other person or entity, including disclosure in the context of a civil action
25 where the disclosure is sought either for the purpose of discovery or for
26 evidence, is prohibited unless specifically authorized by this subsection. The
27 cabinet shall be authorized to provide data to:

- 1 1. Any person or entity authorized to receive data pursuant to paragraph
2 (b) of this subsection;
- 3 2. A designated representative of a state licensing board responsible for
4 the licensure, regulation, or discipline of medicinal cannabis
5 practitioners and who is involved in a bona fide specific investigation
6 involving a designated person;
- 7 3. Employees of the Office of the Inspector General of the cabinet who
8 have successfully completed training for the electronic system and
9 who have been approved to use the system, Kentucky Commonwealth's
10 attorneys and assistant Commonwealth's attorneys, and county
11 attorneys and assistant county attorneys who are engaged in a bona
12 fide specific investigation involving a designated person;
- 13 4. A properly convened grand jury pursuant to a subpoena properly
14 issued for the records;
- 15 5. A medicinal cannabis practitioner or an employee of a medicinal
16 cannabis practitioner's practice acting under the specific direction of
17 the medicinal cannabis practitioner, who certifies that the request for
18 information is for the purpose of complying with subsection (4)(c) of
19 Section 9 of this Act;
- 20 6. The chief medical officer of a hospital or long-term-care facility, an
21 employee of the hospital or long-term-care facility as designated by the
22 chief medical officer and who is working under his or her specific
23 direction, or a physician designee if the hospital or facility has no
24 chief medical officer, if the officer, employee, or designee certifies that
25 the requested information is for the purpose of providing medical or
26 pharmaceutical treatment to a bona fide current or prospective patient
27 or resident in the hospital or facility;

- 1 7. In addition to the purposes authorized under subparagraph 2. of this
2 paragraph, the Kentucky Board of Medical Licensure, for any
3 physician who is:
- 4 a. Associated in a partnership or other business entity with a
5 physician who is already under investigation by the Board of
6 Medical Licensure for improper issuance of written
7 certifications;
- 8 b. In a designated geographic area for which a trend report
9 indicates a substantial likelihood that inappropriate issuance of
10 written certifications may be occurring; or
- 11 c. In a designated geographic area for which a report on another
12 physician in that area indicates a substantial likelihood that
13 inappropriate issuance of written certifications may be occurring
14 in that area;
- 15 8. In addition to the purposes authorized under subparagraph 2. of this
16 paragraph, the Kentucky Board of Nursing, for any advanced practice
17 registered nurse who is:
- 18 a. Associated in a partnership or other business entity with a
19 physician who is already under investigation by the Kentucky
20 Board of Medical Licensure for improper issuance of written
21 certifications;
- 22 b. Associated in a partnership or other business entity with an
23 advanced practice registered nurse who is already under
24 investigation by the Board of Nursing for improper issuance of
25 written certifications;
- 26 c. In a designated geographic area for which a trend report
27 indicates a substantial likelihood that inappropriate issuance of

- 1 written certifications may be occurring; or
- 2 d. In a designated geographic area for which a report on a
- 3 physician or another advanced practice registered nurse in that
- 4 area indicates a substantial likelihood that inappropriate
- 5 issuance of written certifications may be occurring in that area;
- 6 9. A judge or a probation or parole officer administering a diversion or
- 7 probation program of a criminal defendant arising out of a violation
- 8 of this chapter or of a criminal defendant who is documented by the
- 9 court as a substance abuser who is eligible to participate in a court-
- 10 ordered drug diversion or probation program; or
- 11 10. A medical examiner engaged in a death investigation pursuant to KRS
- 12 72.026.
- 13 (d) A person who receives data or any report of the system from the cabinet
- 14 shall not provide it to any other person or entity except as provided in this
- 15 section, in another statute, or by order of a court of competent jurisdiction
- 16 and only to a person or entity authorized to receive the data or the report
- 17 under this section, except that:
- 18 1. A person specified in paragraph (c)3. of this subsection who is
- 19 authorized to receive data or a report may share that information with
- 20 any other persons specified in paragraph (c)3. of this subsection
- 21 authorized to receive data or a report if the persons specified in
- 22 paragraph (c)3. of this subsection are working on a bona fide specific
- 23 investigation involving a designated person. Both the person providing
- 24 and the person receiving the data or report under this subparagraph
- 25 shall document in writing each person to whom the data or report has
- 26 been given or received and the day, month, and year that the data or
- 27 report has been given or received. This document shall be maintained

- 1 in a file by each agency engaged in the investigation;
- 2 2. If a state licensing board initiates formal disciplinary proceedings
 3 against a licensee, and data obtained by the board is relevant to the
 4 charges, the board may provide the data to the licensee and his or her
 5 counsel, as part of the notice process required by KRS 13B.050, and
 6 admit the data as evidence in an administrative hearing conducted
 7 pursuant to KRS Chapter 13B, with the board and licensee taking all
 8 necessary steps to prevent further disclosure of the data; and
- 9 3. A medicinal cannabis practitioner or an employee of a medicinal
 10 cannabis practitioner's practice acting under the specific direction of
 11 the medicinal cannabis practitioner who obtains data under
 12 paragraph (c)5. of this subsection may share the report with the
 13 patient or person authorized to act on the patient's behalf. Any
 14 medicinal cannabis practitioner or employee who obtains data under
 15 paragraph (c)5. of this subsection may place the report in the patient's
 16 medical record, in which case the individual report shall then be
 17 deemed a medical record subject to disclosure on the same terms and
 18 conditions as an ordinary medical record in lieu of the disclosure
 19 restrictions otherwise imposed by this section.

20 (5) The data and any report obtained therefrom shall not be a public record, except
 21 that the Department for Medicaid Services may submit the data as evidence in an
 22 administrative hearing held in accordance with KRS Chapter 13B.

23 (6) [(13)] Intentional disclosure of transmitted data to a person not authorized by
 24 subsection (3)(f) to (h) or subsection (4)(c) and (d) [subsections (7) to (9)] of this
 25 section or authorized by KRS 315.121, or obtaining information under this section
 26 not relating to a bona fide current or prospective patient or a bona fide specific
 27 investigation, shall be a Class B misdemeanor for the first offense and a Class A

1 misdemeanor for each subsequent offense.

2 ~~(7)~~~~(14)~~ The cabinet~~[for Health and Family Services]~~ may, by promulgating an
3 administrative regulation, limit the length of time that data remain in the electronic
4 system. Any data removed from the system shall be archived and subject to retrieval
5 within a reasonable time after a request from a person authorized to review data
6 under this section.

7 ~~(8)~~~~(15)~~ (a) The cabinet~~[for Health and Family Services]~~ shall work with each board
8 responsible for the licensure, regulation, or discipline of practitioners,
9 pharmacists, or other persons who are authorized to prescribe, administer, or
10 dispense controlled substances for the development of a continuing education
11 program about the purposes and uses of the electronic system for monitoring
12 established in this section.

13 **(b) The cabinet shall work with each board responsible for the licensure,**
14 **regulation, or discipline of medicinal cannabis practitioners, as defined in**
15 **Section 1 of this Act, who are authorized to provider written certifications**
16 **for the use of medicinal cannabis for the development of a continuing**
17 **education program about the purposes and uses of the electronic system for**
18 **monitoring established in this section.**

19 ~~(c)~~~~(b)~~ The cabinet shall work with the Kentucky Bar Association for the
20 development of a continuing education program for attorneys about the
21 purposes and uses of the electronic system for monitoring established in this
22 section.

23 ~~(d)~~~~(e)~~ The cabinet shall work with the Justice and Public Safety Cabinet for the
24 development of a continuing education program for law enforcement officers
25 about the purposes and uses of the electronic system for monitoring
26 established in this section.

27 **(e) The cabinet shall work with the Department for Public Health for the**

1 *development of a training program for cannabis business agents about the*
2 *purposes and uses of the electronic system for monitoring established in this*
3 *section.*

4 ~~[(16) If the cabinet becomes aware of a prescriber's or dispenser's failure to comply with~~
5 ~~this section, the cabinet shall notify the licensing board or agency responsible for~~
6 ~~licensing the prescriber or dispenser. The licensing board shall treat the notification~~
7 ~~as a complaint against the licensee.]~~

8 ~~(9)~~~~[(17)]~~ The cabinet~~[for Health and Family Services]~~, Office of Inspector General,
9 shall conduct quarterly reviews to identify patterns of potential improper,
10 inappropriate, or illegal prescribing or dispensing of a controlled substance,
11 *issuance of written certifications, or cultivation, processing, or dispensing of*
12 *medical cannabis.* The Office of Inspector General may independently investigate
13 and submit findings and recommendations to the appropriate boards of licensure or
14 other reporting agencies.

15 ~~(10)~~~~[(18)]~~ The cabinet shall promulgate administrative regulations to implement the
16 provisions of this section. Included in these administrative regulations shall be:

- 17 (a) An error resolution process allowing a patient to whom a report had been
18 disclosed under *subsections (3) and (4)*~~[subsection (9)]~~ of this section to
19 request the correction of inaccurate information contained in the system
20 relating to that patient; and
- 21 (b) A requirement that data be reported to the system under subsection (3) *(b)* of
22 this section within one (1) day of dispensing.

23 ~~(11)~~~~[(19)]~~ *(a)* Before July 1, 2018, the Administrative Office of the Courts shall
24 forward data regarding any felony or Class A misdemeanor conviction that
25 involves the trafficking or possession of a controlled substance or other
26 prohibited acts under KRS Chapter 218A for the previous five (5) calendar
27 years to the cabinet for inclusion in the electronic monitoring system

1 established under this section. On or after July 1, 2018, such data shall be
 2 forwarded by the Administrative Office of the Courts to the cabinet on a
 3 continuing basis. The cabinet shall incorporate the data received into the
 4 system so that a query by patient name indicates any prior drug conviction.

5 **(b) Before January 1, 2023, the Administrative Office of the Courts shall**
 6 **forward data regarding any disqualifying felony offense for the previous**
 7 **five (5) calendar years to the cabinet for inclusion in the electronic**
 8 **monitoring system established under this section. On or after January 1,**
 9 **2023, such data shall be forwarded by the Administrative Office of the**
 10 **Courts to the cabinet on a continuing basis. The cabinet shall incorporate**
 11 **the data received into the system so that a query by patient name indicates**
 12 **any prior disqualifying felony conviction.**

13 ➔Section 42. KRS 218A.500 is amended to read as follows:

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

15 (1) "Drug paraphernalia" means all equipment, products and materials of any kind
 16 which are used, intended for use, or designed for use in planting, propagating,
 17 cultivating, growing, harvesting, manufacturing, compounding, converting,
 18 producing, processing, preparing, testing, analyzing, packaging, repackaging,
 19 storing, containing, concealing, injecting, ingesting, inhaling, or otherwise
 20 introducing into the human body a controlled substance in violation of this chapter.

21 **The term "drug paraphernalia" does not include medicinal cannabis accessories**
 22 **as defined in Section 1 of this Act.** It includes but is not limited to:

23 (a) Kits used, intended for use, or designed for use in planting, propagating,
 24 cultivating, growing, or harvesting of any species of plant which is a
 25 controlled substance or from which a controlled substance can be derived;

26 (b) Kits used, intended for use, or designed for use in manufacturing,
 27 compounding, converting, producing, processing, or preparing controlled

- 1 substances;
- 2 (c) Isomerization devices used, intended for use, or designed for use in increasing
3 the potency of any species of plant which is a controlled substance;
- 4 (d) Testing equipment used, intended for use, or designed for use in identifying,
5 or in analyzing the strength, effectiveness or purity of controlled substances;
- 6 (e) Scales and balances used, intended for use, or designed for use in weighing or
7 measuring controlled substances;
- 8 (f) Diluents and adulterants, such as quinine hydrochloride, mannitol, mannite,
9 dextrose and lactose, used, intended for use, or designed for use in cutting
10 controlled substances;
- 11 (g) Separation gins and sifters used, intended for use, or designed for use in
12 removing twigs and seeds from, or in otherwise cleaning or refining
13 marijuana;
- 14 (h) Blenders, bowls, containers, spoons, and mixing devices used, intended for
15 use, or designed for use in compounding controlled substances;
- 16 (i) Capsules, balloons, envelopes, and other containers used, intended for use, or
17 designed for use in packaging small quantities of controlled substances;
- 18 (j) Containers and other objects used, intended for use, or designed for use in
19 storing or concealing controlled substances;
- 20 (k) Hypodermic syringes, needles, and other objects used, intended for use, or
21 designed for use in parenterally injecting controlled substances into the human
22 body; and
- 23 (l) Objects used, intended for use, or designed for use in ingesting, inhaling, or
24 otherwise introducing marijuana, cocaine, hashish, or hashish oil into the
25 human body, such as: metal, wooden, acrylic, glass, stone, plastic, or ceramic
26 pipes with or without screens, permanent screens, hashish heads, or punctured
27 metal bowls; water pipes; carburetion tubes and devices; smoking and

1 carburetion masks; roach clips which mean objects used to hold burning
2 material, such as marijuana cigarettes, that have become too small or too short
3 to be held in the hand; miniature cocaine spoons, and cocaine vials; chamber
4 pipes; carburetor pipes; electric pipes; air-driven pipes; chillums; bongs; ice
5 pipes or chillers.

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

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

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

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

26 (b) To operate a substance abuse treatment outreach program under this
27 subsection, the local health department shall have the consent, which may be

1 revoked at any time, of the local board of health and:

- 2 1. The legislative body of the first or home rule class city in which the
3 program would operate if located in such a city; and
4 2. The legislative body of the county, urban-county government, or
5 consolidated local government in which the program would operate.

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

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

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

21 (7) (a) This section shall not prohibit the retail sale of hypodermic syringes and
22 needles without a prescription in pharmacies.

23 (b) Hypodermic syringe and needle inventory of a pharmacy shall not be deemed
24 drug paraphernalia under this section.

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

27 ➔Section 43. KRS 342.815 is amended to read as follows:

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

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

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

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

13 ➔Section 44. Section 2, Sections 4 to 8, Section 11, Sections 13 to 15, Sections
14 18 to 25, Section 30, and Sections 37 to 43 of this Act take effect July 1, 2023.