

Approved
3/25/21

CARPENTER |

1 (21) ulcerative colitis; or
2 (22) any other disease or condition approved by the secretary of
3 health and environment pursuant to section 19, and amendments thereto.

4 (r) "Retail dispensary" means a person issued a license pursuant to
5 section 31, and amendments thereto, who may purchase and sell medical
6 marijuana in accordance with section 32, and amendments thereto.

7 (s) "Smoking" means the use of a lighted cigarette, cigar or pipe or
8 otherwise burning marijuana in any other form for the purpose of
9 consuming such marijuana.

10 (t) "Support employee" means an individual employed by a licensed
11 retail dispensary who does not have authority to make operational
12 decisions.

13 (u) "Vaporization" means the use of an electronic cigarette for the
14 purpose of consuming marijuana.

15 (v) "Veteran" means a person who:

16 (1) Has served in the army, navy, marine corps, air force, coast guard,
17 air or army national guard or any branch of the military reserves of the
18 United States; and

19 (2) has been separated from the branch of service in which the person
20 was honorably discharged or received a general discharge under honorable
21 conditions.

22 New Sec. 3. (a) No person shall grow, harvest, process, sell, barter,
23 transport, deliver, furnish or otherwise possess any form of marijuana,
24 except as specifically provided in the Kansas medical marijuana regulation
25 act or the commercial industrial hemp act, K.S.A. 2020 Supp. 2-3901 et
26 seq., and amendments thereto.

27 (b) Nothing in the Kansas medical marijuana regulation act shall be
28 construed to:

29 (1) Require a physician to recommend that a patient use medical
30 marijuana to treat a qualifying medical condition;

31 (2) permit the use, possession or administration of medical marijuana
32 other than as authorized by this act;

33 (3) permit the use, possession or administration of medical marijuana
34 on federal land located in this state;

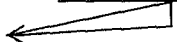
35 (4) require any public place to accommodate a registered patient's use
36 of medical marijuana;

37 (5) prohibit any public place from accommodating a registered
38 patient's use of medical marijuana; or

39 (6) restrict research related to marijuana conducted at a postsecondary
40 educational institution, academic medical center or private research and
41 development organization as part of a research protocol approved by an
42 institutional review board or equivalent entity.

43 New Sec. 4. (a) There is hereby established a Kansas medical

space force, any
state



N. OBJECTION

1 (c) Except for the secretary of health and environment, each member
2 of the committee shall serve from the date of appointment until the
3 committee ceases to exist, except that members shall serve at the pleasure
4 of the appointing authority. A vacancy shall be filled in the same manner
5 as the original appointment.

within 21 days of
such vacancy

NO OBJECTION

6 (d) Each member of the committee shall be paid compensation,
7 subsistence allowances, mileage and other expenses as provided in K.S.A.
8 75-3223(c), and amendments thereto.

9 (e) The committee shall hold its initial meeting not later than 30 days
10 after the last member of the committee is appointed. The committee may
11 develop and submit to the secretary of health and environment, the
12 secretary of agriculture and the director of alcoholic beverage control any
13 recommendations related to the Kansas medical marijuana regulation
14 program and the implementation and enforcement of this act.

15 (f) The medical marijuana advisory committee shall develop policies
16 and procedures for the review, approval and denial of petitions for
17 approval of a qualifying medical condition submitted pursuant to section
18 19, and amendments thereto.

19 (g) The medical marijuana advisory committee shall make
20 recommendations to the secretary of health and environment, the secretary
21 of agriculture and the director of alcoholic beverage control regarding
22 those offenses that would disqualify an applicant from registration or
23 licensure by the respective state agency. The committee shall annually
24 review such offenses and make any subsequent recommendations the
25 committee deems necessary.

Prior to January 31 of each year, the
medical marijuana advisory committee
shall provide a report to the legislature
concerning any concerns with or
recommended changes to the medical
marijuana regulation act.

NO OBJECTION

26 (h) The provisions of this section shall expire on July 1, 2026.

27 New Sec. 6. (a) Except as permitted under subsection (c), the
28 following individuals shall not solicit or accept, directly or indirectly, any
29 gift, gratuity, emolument or employment from any person who is an
30 applicant for any license or is a licensee under the provisions of the Kansas
31 medical marijuana regulation act or any officer, agent or employee thereof,
32 or solicit requests from or recommend, directly or indirectly, to any such
33 person, the appointment of any individual to any place or position:

34 (1) The secretary of health and environment or any officer, employee
35 or agent of the department of health and environment;

36 (2) the secretary of agriculture or any officer, employee or agency of
37 the department of agriculture;

38 (3) the secretary of revenue, the director of alcoholic beverage control
39 or any officer, employee or agent of the division of alcoholic beverage
40 control; or

41 (4) any member of the board of healing arts.

42 (b) Except as permitted under subsection (c), an applicant for a
43 license or a licensee under the provisions of the Kansas medical marijuana

(i)

1 (b) Moneys in the medical marijuana registration fund shall be used
2 for the payment or reimbursement of costs related to the regulation and
3 enforcement of the possession and use of medical marijuana by the
4 secretary.

5 New Sec. 14. (a) On or before July 1, 2022, the secretary of health
6 and environment shall adopt rules and regulations to administer the Kansas
7 medical marijuana regulation program and implement and enforce the
8 provisions of the Kansas medical marijuana regulation act. Such rules and
9 regulations shall:

10 (1) Establish procedures for registration of patients and caregivers
11 and eligibility requirements for registration;

12 (2) establish procedures for the issuance of patient or caregiver
13 identification cards;

14 (3) establish a renewal schedule, renewal procedures and renewal
15 fees for registrations;

16 (4) specify, by form and tetrahydrocannabinol content, a maximum
17 90-day supply of medical marijuana that may be possessed;

18 (5) specify the paraphernalia or other accessories that may be used in
19 the administration to a registered patient of medical marijuana;

20 (6) specify the forms or methods of using medical marijuana that are
21 attractive to children;

22 (7) establish procedures for reviewing, approving and denying
23 petitions for approval of new forms or methods of using medical
24 marijuana;

25 (8) establish a program to assist patients who are indigent or who are
26 veterans in obtaining medical marijuana; and

27 (9) establish procedures for reviewing, approving and denying a
28 petition for approval of a qualifying medical condition submitted pursuant
29 to section 19, and amendments thereto.

30 (b) When adopting rules and regulations under this section, the
31 secretary shall consider standards and procedures that have been found to
32 be best practices relative to the use and regulation of medical marijuana.

33 New Sec. 15. On or before July 1, 2022, the department of health and
34 environment shall make a website available for the public to access
35 information regarding patient and caregiver registration under the Kansas
36 medical marijuana regulation act.

37 ~~New Sec. 16. (a) The secretary of health and environment shall~~
38 ~~negotiate in good faith to enter into a reciprocity agreement with any other~~
39 ~~state under which a medical marijuana registry identification card or~~
40 ~~equivalent authorization that is issued by the other state is recognized in~~
41 ~~this state. A reciprocity agreement may be entered into only if the secretary~~
42 ~~determines that the following apply:~~

43 ~~(1) The eligibility requirements imposed by the other state for~~

NOT STRICKEN

NOT
STRIKED

1 authorization to purchase, possess and use medical marijuana are
2 substantially comparable to the eligibility requirements for a patient or
3 caregiver registration and identification card issued under section 8, and
4 amendments thereto; and

5 (2) the other state recognizes a patient or caregiver registration and
6 identification card issued under section 8, and amendments thereto.

7 (b) If a reciprocity agreement is entered into in accordance with this
8 section, the authorization issued by the other state shall be recognized in
9 this state, shall be accepted and valid in this state and shall grant the
10 patient or caregiver the same right to use, possess, obtain or administer
11 medical marijuana in this state as a patient or caregiver who was registered
12 and issued an identification card under section 8, and amendments thereto.

13 New Sec. 17. (a) Except as provided in subsection (j), a physician
14 seeking to recommend treatment with medical marijuana shall apply to the
15 board of healing arts for a certificate authorizing such physician to
16 recommend treatment with medical marijuana. The application shall be
17 submitted in such form and manner as prescribed by the board. The board
18 shall grant a certificate to recommend if the following conditions are
19 satisfied:

20 (1) The application is complete and meets the requirements
21 established in rules and regulations adopted by the board of healing arts;
22 and

23 (2) the applicant demonstrates that the applicant does not have an
24 ownership or investment interest in or compensation arrangement with an
25 entity licensed by the department of health and environment, the
26 department of agriculture or the director of alcoholic beverage control
27 under this act or an applicant for such licensure.

28 (b) A certificate to recommend shall be renewed when the holder's
29 license to practice medicine and surgery is renewed, conditioned upon the
30 holder's certification of having met the requirements in subsection (a) and
31 having completed at least two hours of continuing medical education in
32 medical marijuana annually in accordance with subsection (g).

33 (c) A physician who holds a certificate to recommend treatment with
34 medical marijuana may recommend that a patient be treated with medical
35 marijuana if:

36 (1) The patient has been diagnosed with a qualifying medical
37 condition;

38 (2) a bona fide physician-patient relationship has existed for a
39 minimum of 12 months, or as otherwise specified by rules and regulations
40 adopted by the board;

41 (3) an in-person physical examination of the patient was performed
42 by the physician; and

43 (4) the physician, or the physician's designee, has requested from the

1 to treat or alleviate the disease or condition;
2 (4) review evidence supporting the use of medical marijuana to treat
3 or alleviate the disease or condition; and
4 (5) review any letters of support provided by physicians with
5 knowledge of the disease or condition, including any letter provided by a
6 physician treating the petitioner.

7 (c) Upon completion of its review, the committee shall make a
8 recommendation to the secretary of health and environment whether to
9 approve or deny the addition of the disease or condition to the list of
10 qualifying medical conditions. The secretary shall adopt rules and
11 regulations in accordance with the recommendation of the committee.

12 New Sec. 20. (a) Any entity that seeks to cultivate medical marijuana
13 or to conduct laboratory testing of medical marijuana shall submit an
14 application for the appropriate license to the department of agriculture in
15 such form and manner as prescribed by the secretary of agriculture. A
16 separate license application shall be submitted for each location to be
17 operated by the licensee.

18 (b) The secretary shall issue a license to an applicant if:

19 (1) The criminal history record check conducted pursuant to section
20 43, and amendments thereto, with respect to the applicant demonstrates the
21 following:

22 (A) ~~Subject to subparagraph (B), that the individual subject to the~~
23 ~~criminal history record check requirement has not been convicted of or~~
24 ~~pleaded guilty to any of the disqualifying offenses as specified in rules and~~
25 ~~regulations adopted by the secretary; or~~

26 (B) ~~that the disqualifying offense such individual was convicted of or~~
27 ~~pleaded guilty to is one of the offenses specified in rules and regulations as~~
28 ~~one that will not disqualify the applicant if the applicant was convicted of~~
29 ~~or pleaded guilty to the offense more than five years prior to the date the~~
30 ~~application for licensure is submitted;~~

31 (2) the applicant is not applying for a laboratory license and
32 demonstrates that it does not have an ownership or investment interest in
33 or compensation arrangement with a laboratory licensed under this section
34 or an applicant for such license;

35 (3) the applicant is not applying for a laboratory license and
36 demonstrates that it does not share any corporate officers or employees
37 with a laboratory licensed under this section or an applicant for such
38 license;

39 (4) the applicant demonstrates that it will not violate the provisions of
40 section 42, and amendments thereto;

41 (5) the applicant has submitted a tax clearance certificate issued by
42 the department of revenue; and

43 (6) the applicant meets all other licensure eligibility conditions

If the committee has not made a recommendation on a submission within six months, the submission shall automatically be recommended to the secretary for denial.

(d)

New Sec. 20.
See Attachment 1

New Sec. 21. See
attachment 2

redesignate sections

← that the applicant is not disqualified from holding a license pursuant to section 21, and amendments thereto;

Page approved 3/25/21

1 New Sec. 27. (a) On or before July 1, 2022, the secretary of
2 agriculture shall adopt rules and regulations to administer the Kansas
3 medical marijuana regulation program and implement and enforce the
4 provisions of the Kansas medical marijuana regulation act. Such rules and
5 regulations shall:

6 (1) Establish application procedures and fees for licenses issued
7 under section 20, and amendments thereto;

8 (2) specify the following:

9 (A) The conditions for eligibility for licensure;

10 ~~(B) subject to paragraph (C), the criminal offenses for which an~~
11 ~~applicant will be disqualified from licensure; and~~

12 ~~(C) the criminal offenses that will not disqualify an applicant from~~
13 ~~licensure if the applicant was convicted of or pleaded guilty to the offense~~
14 ~~more than five years prior to the date the application for licensure is filed;~~

15 (3) establish the number of cultivator licenses that will be permitted
16 at any one time in accordance with section 21, and amendments thereto;

17 (4) establish a license renewal schedule, renewal procedures and
18 renewal fees; and

19 (5) establish standards and procedures for the testing of medical
20 marijuana by a licensed laboratory.

21 (b) When adopting rules and regulations under this section, the
22 secretary shall consider standards and procedures that have been found to
23 be best practices relative to the use and regulation of medical marijuana.

24 New Sec. 28. (a) Any entity that seeks to process or distribute
25 medical marijuana shall submit an application for the appropriate license
26 to the director of alcoholic beverage control in such form and manner as
27 prescribed by the director. A separate license application shall be submitted
28 for each location to be operated by the licensee.

29 (b) The director shall issue a license to an applicant if:

30 (1) The criminal history record check conducted pursuant to section
31 43, and amendments thereto, with respect to the applicant demonstrates ~~the~~
32 ~~following:~~

33 ~~(A) Subject to subparagraph (B), that the individual subject to the~~
34 ~~criminal history record check requirement has not been convicted of or~~
35 ~~pleaded guilty to any of the disqualifying offenses as specified in rules and~~
36 ~~regulations adopted by the secretary; or~~

37 ~~(B) that the disqualifying offense such individual was convicted of or~~
38 ~~pleaded guilty to is one of the offenses specified in rules and regulations as~~
39 ~~one that will not disqualify the applicant if the applicant was convicted of~~
40 ~~or pleaded guilty to the offense more than five years prior to the date the~~
41 ~~application for licensure is submitted;~~

42 (2) the applicant demonstrates that it does not have an ownership or
43 investment interest in or compensation arrangement with a laboratory

← that the applicant is not
disqualified from holding a
license pursuant to section
21, and amendments
thereto;

Approved w/ pg 14

1 New Sec. 30. (a) A distributor licensee may:
2 (1) Purchase at wholesale medical marijuana from one or more
3 licensed processors;
4 (2) store medical marijuana obtained from one or more licensed
5 processors in a form described in section 33, and amendments thereto; and
6 (3) deliver or sell processed medical marijuana to one or more
7 licensed retail dispensaries.
8 (b) When storing or selling medical marijuana, a licensed distributor
9 shall ensure that such medical marijuana meets the packaging and labeling
10 requirements established by rules and regulations adopted by the secretary
11 of revenue.
12 (c) When establishing the number of distributor licenses that will be
13 permitted at any one time, the director shall consider the population of this
14 state and the number of patients seeking to use medical marijuana.
15 New Sec. 31. (a) Any entity that seeks to dispense at retail medical
16 marijuana shall submit an application for a retail dispensary license in such
17 form and manner as prescribed by the director of alcoholic beverage
18 control. A separate license application shall be submitted for each location
19 to be operated by the licensee.
20 (b) The director shall issue a license to an applicant if:
21 (1) The criminal history record check conducted pursuant to section
22 43, and amendments thereto, with respect to the applicant demonstrates the
23 following:
24 (A) ~~Subject to subparagraph (B), that the individual subject to the~~
25 ~~criminal history record check requirement has not been convicted of or~~
26 ~~pleaded guilty to any of the disqualifying offenses as specified in rules and~~
27 ~~regulations adopted by the secretary of revenue; or~~
28 ~~(B) that the disqualifying offense such individual was convicted of or~~
29 ~~pleaded guilty to is one of the offenses specified in rules and regulations as~~
30 ~~one that will not disqualify the applicant if the applicant was convicted of~~
31 ~~or pleaded guilty to the offense more than five years prior to the date the~~
32 ~~application for licensure is submitted;~~
33 (2) the applicant demonstrates that it does not have an ownership or
34 investment interest in or compensation arrangement with a laboratory
35 licensed under section 20, and amendments thereto, or an applicant for
36 such license;
37 (3) the applicant demonstrates that it does not share any corporate
38 officers or employees with a laboratory licensed under section 20, and
39 amendments thereto, or an applicant for such license;
40 (4) the applicant demonstrates that it will not violate the provisions of
41 section 42, and amendments thereto;
42 (5) the applicant has submitted a tax clearance certificate issued by
43 the department of revenue; and

← That the applicant is not disqualified from holding a license pursuant to section 21, and amendments thereto;

Approved w/ pg 14

1 (6) the applicant meets all other licensure eligibility conditions
2 established in rules and regulations adopted by the secretary and has paid
3 all required fees.

4 (c) The director shall issue not less than 15% of retail dispensary
5 licenses to entities that are owned and controlled by United States citizens
6 who are residents of this state and are members of one of the following
7 economically disadvantaged groups: Blacks or African Americans,
8 American Indians, Hispanics or Latinos and Asians. If no application or an
9 insufficient number of applications are submitted by such entities that meet
10 the conditions set forth in subsection (b), licenses shall be issued in
11 accordance with subsections (a) and (b).

12 (d) Each associated, key and support employee of a licensed retail
13 dispensary shall submit an application for an employee license for such
14 employee in such form and manner as prescribed by the director. A
15 separate license application shall be submitted for each employee. The
16 director shall issue a license to an applicant if all of the following
17 conditions are met:

18 (1) The criminal history record check conducted pursuant to section
19 43, and amendments thereto, with respect to the applicant demonstrates the
20 following:

21 ~~(A) Subject to subparagraph (B), that the individual subject to the~~
22 ~~criminal history record check requirement has not been convicted of or~~
23 ~~pleaded guilty to any of the disqualifying offenses as specified in rules and~~
24 ~~regulations adopted by the secretary of revenue; or~~

25 ~~(B) that the disqualifying offense such individual was convicted of or~~
26 ~~pleaded guilty to is one of the offenses specified in rules and regulations as~~
27 ~~one that will not disqualify the applicant if the applicant was convicted of~~
28 ~~or pleaded guilty to the offense more than five years prior to the date the~~
29 ~~application for licensure is submitted; and~~

30 (2) the applicant meets all other licensure eligibility conditions
31 established in rules and regulations adopted by the secretary and has paid
32 all required fees.

33 (e) A license shall be valid for a period of two years from the date
34 such license is issued and may be renewed by submitting a license renewal
35 application and paying the required fee.

36 (f) When establishing the number of retail dispensary licenses that
37 will be permitted at any one time, the director shall consider all of the
38 following:

- 39 (1) The population of this state;
40 (2) the number of patients seeking to use medical marijuana; and
41 (3) the geographic distribution of retail dispensaries in an effort to
42 ensure patient access to medical marijuana.

43 New Sec. 32. (a) A retail dispensary licensee may:

That the applicant is not
disqualified from holding
a license pursuant to
section 21, and
amendments thereto;

←
approved w/ P9/14
3/25/21

1 (d) Plant material shall have a tetrahydrocannabinol content of not
2 more than 35%.

3 (e) Extracts shall have a tetrahydrocannabinol content of not more
4 than 70%.

5 (f) No form of medical marijuana shall be dispensed from a vending
6 machine or through electronic commerce.

7 New Sec. 34. (a) Any person may submit a petition to the director of
8 alcoholic beverage control requesting that a form or method of using
9 medical marijuana be approved for the purposes of section 33, and
10 amendments thereto. The petition shall be submitted in such form and
11 manner as prescribed by the director.

12 (b) Upon receipt of a petition, the director shall review such petition
13 to determine whether to recommend approval of the form or method of
14 using medical marijuana described in the petition. The director may
15 consolidate the review of petitions for the same or similar forms or
16 methods. The director shall consult with the medical marijuana advisory
17 committee and review any relevant scientific evidence when reviewing a
18 petition. The director shall recommend to the secretary of revenue whether
19 to approve or deny the proposed form or method of using medical
20 marijuana. The secretary shall approve or deny such proposed form or
21 method. ~~The secretary's decision is final.~~

22 (c) ~~The secretary shall not approve any petition that seeks approval of~~
23 a form or method of using medical marijuana that involves smoking,
24 combustion or vaporization.

25 New Sec. 35. (a) The fees for a processor license shall be set by rules
26 and regulations adopted by the secretary of revenue in an amount not to
27 exceed:

- 28 (1) \$10,000 for a processor license application;
- 29 (2) \$90,000 for a processor license; and
- 30 (3) \$100,000 for a renewal of a processor license.

31 (b) The fees for a distributor license shall be set by rules and
32 regulations adopted by the secretary of revenue in an amount not to
33 exceed:

- 34 (1) \$10,000 for a distributor license application;
- 35 (2) \$90,000 for a distributor license; and
- 36 (3) \$100,000 for a renewal of a distributor license.

37 (c) The fees for a retail dispensary license shall be set by rules and
38 regulations adopted by the secretary of revenue in an amount not to
39 exceed:

- 40 (1) \$5,000 for a retail dispensary license application;
- 41 (2) \$70,000 for a retail dispensary license and any renewal thereof;
- 42 (3) \$500 for each associated employee license application;
- 43 (4) \$250 for each key employee license application; and

Any petition that is recommended for denial by the director shall not be resubmitted until ~~24~~ months have elapsed since the petition was submitted.

(d)

12 MONTHS
PROCESSOR
12-9

1 (5) \$100 for each support employee license application.
2 New Sec. 36. The director of alcoholic beverage control may refuse
3 to issue or renew a license, or may revoke or suspend a license for any of
4 the following reasons:

5 (a) The applicant has failed to comply with any provision of the
6 Kansas medical marijuana regulation act or any rules and regulations
7 adopted thereunder;

8 (b) the applicant has falsified or misrepresented any information
9 submitted to the director in order to obtain a license;

10 (c) the applicant has failed to adhere to any acknowledgment,
11 verification or other representation made to the director when applying for
12 a license; or

13 (d) the applicant has failed to submit or disclose information
14 requested by the director.

15 New Sec. 37. (a) In addition to or in lieu of any other civil or criminal
16 penalty as provided by law, the director of alcoholic beverage control may
17 impose a civil penalty or suspend or revoke a license upon a finding that
18 the licensee committed a violation as provided in this section.

19 (b) (1) Upon a finding that a licensee has submitted fraudulent
20 information or otherwise falsified or misrepresented information required
21 to be submitted by such licensee, the director may impose a civil fine not
22 to exceed \$5,000 for a first offense and may suspend or revoke such
23 licensee's license for a second or subsequent offense.

24 (2) ~~Upon a finding that a licensee has sold, transferred or otherwise~~
25 ~~distributed medical marijuana in violation of this act, the director may~~
26 impose a civil fine not to exceed \$5,000 for a first offense and may
27 suspend or revoke such licensee's license for a second or subsequent
28 offense.

29 (c) ~~If the director suspends, revokes or refuses to renew any license~~
30 ~~issued pursuant to this act and determines that there is clear and~~
31 ~~convincing evidence of a danger of immediate and serious harm to any~~
32 ~~person, the director may place under seal all medical marijuana owned by~~
33 ~~or in the possession, custody or control of the affected license holder.~~
34 ~~Except as provided in this section, the director shall not dispose of the~~
35 ~~sealed medical marijuana until a final order is issued authorizing such~~
36 ~~disposition. During the pendency of an appeal from any order by the~~
37 ~~director, a court may order the director to sell medical marijuana that is~~
38 ~~perishable, and the proceeds of any such sale shall be deposited with the~~
39 ~~court.~~

40 New Sec. 38. (a) There is hereby established the medical marijuana
41 business entity regulation fund in the state treasury. The director of
42 alcoholic beverage control shall administer the medical marijuana business
43 entity regulation fund and shall remit all moneys collected from the

(A) Except as provided
in paragraph (B)

(B) Upon a finding that a
dispensary licensee has
knowingly disclosed patient
information to any individual,
the director shall impose a civil
fine of \$5,000 and revoke such
licensee's license.

approved

1 payment of all fees and fines imposed by the director pursuant to the
2 Kansas medical marijuana regulation act and any other moneys received
3 by or on behalf of the director pursuant to such act to the state treasurer in
4 accordance with the provisions of K.S.A. 75-4215, and amendments
5 thereto. Upon receipt of each such remittance, the state treasurer shall
6 deposit the entire amount in the state treasury to the credit of the medical
7 marijuana business entity regulation fund. Moneys credited to the medical
8 marijuana business entity regulation fund shall only be expended or
9 transferred as provided in this section. Expenditures from such fund shall
10 be made in accordance with appropriation acts upon warrants of the
11 director of accounts and reports pursuant to vouchers approved by
12 the director or the director's designee.

13 (b) Moneys in the medical marijuana business entity regulation fund
14 shall be used for the payment or reimbursement of costs related to the
15 regulation and enforcement of the possession, processing and sale of
16 medical marijuana by the division of alcoholic beverage control.

17 New Sec. 39. (a) On or before July 1, 2022, the secretary of revenue
18 shall adopt rules and regulations to administer the Kansas medical
19 marijuana regulation program and implement and enforce the provisions of
20 the Kansas medical marijuana regulation act. Such rules and regulations
21 shall:

22 (1) Establish application procedures and fees for licenses issued
23 under sections 28 and 31, and amendments thereto;

24 (2) specify the following:

25 (A) The conditions for eligibility for licensure;

26 ~~(B) subject to paragraph (C), the criminal offenses for which an~~
27 ~~applicant will be disqualified from licensure; and~~

28 ~~(C) the criminal offenses that will not disqualify an applicant from~~
29 ~~licensure if the applicant was convicted of or pleaded guilty to the offense~~
30 ~~more than five years prior to the date the application for licensure is filed;~~

31 (3) establish the number of licenses that will be permitted at any one
32 time in accordance with sections 29, 30 and 31, and amendments thereto;

33 (4) establish a license renewal schedule, renewal procedures and
34 renewal fees; and

35 (5) establish training requirements for employees of retail
36 dispensaries.

37 (b) The director shall propose such rules and regulations as necessary
38 to carry out the intent and purposes of this act. After the hearing on a
39 proposed rule and regulation has been held as required by law, the director
40 shall submit the proposed rule and regulation to the secretary of revenue
41 who, if the secretary approves it, shall adopt the rule and regulation.

42 (c) When adopting rules and regulations under this section, the
43 secretary shall consider standards and procedures that have been found to

NO OBJECTION

1 such applicant to be fingerprinted and to submit to a state and national
2 criminal history record check. The secretary of agriculture and the director
3 of alcoholic beverage control are authorized to submit the fingerprints to
4 the Kansas bureau of investigation and the federal bureau of investigation
5 for a state and national criminal history record check. The department of
6 agriculture and the director shall use the information obtained from
7 fingerprinting and the state and national criminal history record check for
8 purposes of verifying the identification of the applicant and for making a
9 determination of the qualifications of the applicant for licensure. The
10 Kansas bureau of investigation may charge a reasonable fee to the
11 applicant ~~for fingerprinting and~~ conducting a criminal history record
12 check.

medical

13 New Sec. 44. (a) A financial institution that provides financial
14 services to any licensed cultivator, laboratory, processor, distributor or
15 retail dispensary shall be exempt from any criminal law of this state an
16 element of which may be proven by substantiating that a person provides
17 financial services to a person who possesses, delivers or manufactures
18 marijuana or marijuana-derived products, including any of the offenses
19 specified in article 53 or 57 of chapter 21 of the Kansas Statutes
20 Annotated, and amendments thereto, if the cultivator, laboratory,
21 processor, distributor or retail dispensary is in compliance with the
22 provisions of this act and all applicable tax laws of this state.

no objection

23 (b) (1) Upon the request of a financial institution, the department of
24 agriculture or the director of alcoholic beverage control shall provide to
25 the financial institution the following information:

26 (A) Whether a person with whom the financial institution is seeking
27 to do business is a licensed cultivator, laboratory, processor, distributor or
28 retail dispensary;

29 (B) the name of any other business or individual affiliated with the
30 person;

31 (C) an unredacted copy of such person's application for a license, and
32 any supporting documentation, that was submitted by the person;

33 (D) if applicable, information relating to sales and volume of product
34 sold by the person;

35 (E) whether the person is in compliance with the provisions of this
36 act; and

37 (F) any past or pending violations of the Kansas medical marijuana
38 regulation act or any rules and regulations adopted thereunder committed
39 by such person, and any penalty imposed on the person for such violation.

40 (2) The secretary or the director may charge a financial institution a
41 reasonable fee to cover the administrative cost of providing information
42 requested under this section.

43 (c) Information received by a financial institution under subsection

ATTACHMENT 1

New Sec. 20. (a) There shall be no direct or indirect cooperative advertising between or among two or more of the following: a cultivator, dispensary or physician where such advertising has the purpose or effect of steering or influencing patient or caregiver choice with regard to their selection of a physician, dispensary or medical marijuana.

(b) No advertisement may be disseminated if the submitter of the advertisement has received information that has not been widely publicized in medical literature that the use of the medical marijuana product may cause fatalities or serious harm.

(c) All advertisements for marijuana or marijuana products that make a statement relating to side effects, contraindications and effectiveness shall present a true statement of such information. When applicable, advertisements broadcast through media such as radio, television, or other electronic media shall include such information in the audio or audio and visual parts of the presentation. False or misleading information in any part of the advertisement will not be corrected by the inclusion of a true statement in another distinct part of the advertisement.

(d) An advertisement is false or otherwise misleading if such advertisement:

(1) Contains a representation or suggestion that a medical marijuana brand or product is better, more effective, useful in a broader range of conditions or patients or safer than other drugs or treatments including other medical marijuana products, unless such a claim has been demonstrated by substantial evidence or substantial clinical experience;

(2) contains favorable information or opinions about a medical marijuana product previously regarded as valid but that have been rendered invalid by contrary and more credible recent information;

(3) uses a quote or paraphrase out of context or without citing conflicting information from the same source, to convey a false or misleading idea;

(4) uses a study on individuals without a qualifying medical condition without disclosing that the subjects were not suffering from a qualifying medical condition;

(5) uses data favorable to a medical marijuana product derived from patients treated with a product or dosages different from those approved in this state;

(6) contains favorable information or conclusions from a study that is inadequate in design, scope or conduct to furnish significant support for such information or conclusions; or

(7) fails to provide adequate emphasis for the fact that two or more facing pages are part of the same advertisement when only one page contains information relating to side effects, consequences and contraindications.

(e) An advertisement for medical marijuana shall not contain:

Part of Pg 14 APPROVED

- (1) Any statement that is false or misleading in any material particular or is otherwise in violation of the Kansas consumer protection act;
- (2) any statement that falsely disparages a competitor's products;
- (3) any statement, design or representation, picture or illustration that:
 - (A) Is obscene or indecent;
 - (B) encourages or represents the recreational use of marijuana or the use of medical marijuana for a condition other than a qualifying medical condition;
 - (C) relates to the safety or efficacy of medical marijuana unless supported by substantial evidence or substantial clinical data; or
 - (D) portrays anyone under the age of 18 or contains the use of a figure, symbol or language that is customarily associated with anyone under the age of 18;
- (4) any offer of a prize or award to a registered patient, caregiver or physician related to the purchase of medical marijuana; or
- (5) any statement that indicates or implies that the product or entity in the advertisement has been approved or endorsed by the secretary of health and environment, director of alcoholic beverage control, the state of Kansas or any person or entity associated with the state.
- (f) (1) Any advertisement for medical marijuana shall be submitted to the secretary of health and environment at the same time as, or prior to, the dissemination of the advertisement and shall include the following additional information:
 - (A) A cover letter that provides:
 - (i) A subject line stating "Medical marijuana advertisement review package for a proposed advertisement for [Brand Name].";
 - (ii) a brief description of the format and expected distribution of the proposed advertisement; and
 - (iii) the submitter's name, title, address, telephone number, fax number and email address;
 - (B) an annotated summary of the proposed advertisement showing every claim being made in the advertisement and the references that support each claim that includes disease or epidemiology information;
 - (C) verification that a person identified in an advertisement as a registered patient or health care practitioner is an actual registered patient or health care practitioner and not a model or actor;
 - (D) verification that an official translation of a foreign language advertisement is accurate; and
 - (E) a final copy of the advertisement, including a video where applicable, in an acceptable format.

(2) Any incomplete advertising packages, or packages that fail to follow the specific details for submissions, shall be considered incomplete. If the secretary receives an incomplete package, it shall notify the submitter.

(g) The secretary may:

(1) Require a specific disclosure be made in the advertisement in a clear and conspicuous manner if the secretary determines that the advertisement would be false or misleading without such a disclosure; or

(2) make recommendations with respect to changes that are:

(A) Necessary to protect the public health, safety and welfare; or

(B) consistent with dispensing information for the product under review.

(h) A dispensary shall:

(1) Restrict external signage to a single sign no larger than 16 by 18 inches;

(2) not illuminate a dispensary sign advertising a medical marijuana product at any time;

(3) not advertise medical marijuana brand names or utilize graphics related to marijuana or paraphernalia on the exterior of the dispensary or the building in which the dispensary is located; and

(4) not display any medical marijuana or paraphernalia so as to be clearly visible from the exterior of the dispensary.

(i) The price of medical marijuana shall not be advertised:

(1) By a cultivator, processor or distributor, except that such entities may make a price list available to a dispensary; and

(2) on any billboard that is located along a state highway.

ATTACHMENT 2

Sec. 21. (a) All licenses issued pursuant to the medical marijuana regulation act

shall: (1) Not be issued to a person:

- (A) Who is not a citizen of the United States;
- (B) who has been convicted of a felony under the laws of this state, any other state or the United States;
- (C) who has had a license revoked for cause under the provisions of the act or who has had any license issued under the medical marijuana laws of any state revoked for cause except that a license may be issued to a person whose license was revoked for the conviction of a misdemeanor at any time after the lapse of 10 years following the date of the revocation;
- (D) who has been convicted of being the keeper or is keeping any property, whether real or personal, where sexual relations are being sold or offered for sale by a person who is 18 years of age or older or has forfeited bond to appear in court to answer charges of being a keeper of any property, whether real or personal, where sexual relations are being sold or offered for sale by a person who is 18 years of age or older;
- (E) who has been convicted of being a proprietor of a gambling house, pandering or any other crime opposed to decency and morality or has forfeited bond to appear in court to answer charges for any of those crimes;
- (F) who is not at least 18 years of age;
- (G) who, other than as a member of the governing body of a city or county, appoints or supervises any law enforcement officer, who is a law enforcement official or who is an employee of the director of alcoholic beverage control;
- (H) who intends to carry on the business authorized by the license as agent of another;
- (I) who at the time of application for renewal of any license issued under this act would not be eligible for the license upon a first application, except as provided by paragraph (L);
- (J) who is the holder of a valid and existing license issued under this act unless the person agrees to and does surrender the license to the officer issuing the same;
- (K) who does not own the premises for which a license is sought, or does not, at the time of application, have a written lease thereon;
- (L) whose spouse would be ineligible to receive a license under this act for any reason other than citizenship, residence requirements or age, except that this paragraph shall not apply in determining eligibility for a renewal license;

- (M) whose spouse has been convicted of a felony or other crime which would disqualify a person from licensure under this section and such felony or other crime was committed during the time that the spouse held a license under this act;
- (N) who has not been a resident of this state for at least four years immediately preceding the date of application. A license shall be forfeited if an individual licensee ceases to be a resident of this at any time after the license is granted.
- (O) who does not provide any data or information required by the director under this act; or
- (P) who, after a hearing before the director, has been found to have held an undisclosed beneficial interest in any license issued pursuant to this act that was obtained by means of fraud or any false statement made on the application for such license;
- (2) not be issued to a corporation if less than 75% of the total equity or similar ownership interest in such corporation is owned by individuals who have been residents of this state for at least two years immediately preceding the date of the application. A license shall be forfeited if, for more than 90 consecutive days, less than 75% of the total equity or similar ownership interest in such corporation is owned by individuals who are residents of this state at any time after the license is granted; and
- (3) require that any:
- (A) Transfer of a license shall be reported to and approved by the director. The director shall not approve any transfer of a license to any individual or entity that does not satisfy the requirements of this section at the time of the transfer;
- (B) change in ownership of a corporation shall be reported to the director within 30 days after such change occurs. If such change would result in less than 75% of the total equity or similar ownership interest in such corporation be by individuals who have been residents of this state for at least two years, then such entity shall have 90 days to ensure that 75% or greater of such equity or ownership interest is held by individuals who are residents in Kansas or the license of such entity shall be forfeited to the director.
- (C) compensation, fee, expense or similarly characterized nonequity or ownership-based payment that is contingent on or otherwise determined in a manner that factors in profits, sales, revenue or cash flow of any kind relating to a licensee's operation, including, but not limited to, profit-based consulting fees and percentage rent payments be prohibited. Any licensee that enters into an agreement for any prohibited compensation, fee, expense or payment shall forfeit such entity's license to the director. Such prohibited compensation, fee, expense or payment does:
- (i) Include any distribution that is made by an entity to one or more out-of-state individuals holding an equity or similar ownership interest in the entity if such distribution is greater than 25% of the total distributed amount.
- (ii) not include payments of fixed amounts that are determined prior to the commencement of applicable services or payments of variable amounts based on verifiable quantities multiplied by a predetermined and reasonably fixed rate.

(b) No dispensary license shall be issued to:

(1) A person who:

(A) Has not been a resident of this state for at least four years immediately preceding the date of application; or

(B) has a beneficial interest in any other dispensary licensed under this act, except that the spouse of a licensee may own and hold a license for another dispensary;

(2) a copartnership, unless all of the copartners are qualified to obtain a license;

(3) a corporation; or

(4) a trust, if any grantor, beneficiary or trustee would be ineligible to receive a license under this act for any reason, except that the provisions of subsection (a)(6) shall not apply in determining whether a beneficiary would be eligible for a license.

(c) No cultivator's license shall be issued to:

(1) A corporation, if any officer or director thereof, or any stockholder owning in the aggregate more than 25% of the stock of the corporation would be ineligible to receive a cultivator's license;

(2) a copartnership, unless all of the copartners shall have been residents of this state for at least five years immediately preceding the date of application and unless all the members of the copartnership would be eligible to receive a cultivator's license under this act;

(3) a trust, if any grantor, beneficiary or trustee would be ineligible to receive a license under this act for any reason, except that the provisions of subsection (a)(6) shall not apply in determining whether a beneficiary would be eligible for a license; or

(4) an individual who has not been a resident of this state for at least five years immediately preceding the date of application.

(d) No distributor's license shall be issued to:

(1) A corporation, if any officer, director or stockholder of the corporation would be ineligible to receive a distributor's license for any reason. It shall be unlawful for any stockholder of a corporation licensed as a distributor to transfer any stock in the corporation to any person who would be ineligible to receive a distributor's license for any reason, and any such transfer shall be null and void, except that if:

(A) Any stockholder owning stock in the corporation dies and an heir or devisee to whom stock of the corporation descends by descent and distribution or by will is ineligible to receive a distributor's license, the legal representatives of the deceased stockholder's estate and the ineligible heir or devisee shall have 14 months from the date of the death of the stockholder within which to sell the stock to a person eligible to receive a distributor's license, any such sale by a legal representative to be made in accordance with the provisions of the probate code; or

(B) the stock in any such corporation is the subject of any trust and any trustee or beneficiary of the trust who is 18 years of age or older is ineligible to receive a distributor's license, the trustee, within 14 months after the effective date of the trust, shall sell the stock to a person eligible to receive a distributor's license and hold and disburse the proceeds in accordance with the terms of the trust. If any legal representatives, heirs, devisees or trustees fail, refuse or neglect to sell any stock as required by this paragraph, the stock shall revert to and become the property of the corporation, and the corporation shall pay to the legal representatives, heirs, devisees or trustees the book value of the stock. During the period of 14 months prescribed by this paragraph, the corporation shall not be denied a distributor's license or have its distributor's license revoked if the corporation meets all of the other requirements necessary to have a distributor's license;

(2) a copartnership, unless all of the copartners are eligible to receive a distributor's license; or

(3) a trust, if any grantor, beneficiary or trustee would be ineligible to receive a license under this act for any reason, except that the provisions of subsection (a)(6) shall not apply in determining whether a beneficiary would be eligible for a license.

(e) No processor's license shall be issued to a:

(1) Copartnership, unless all of the copartners are qualified to obtain a license;

(2) corporation, unless stockholders owning in the aggregate 50% or more of the stock of the corporation would be eligible to receive such license and all other stockholders would be eligible to receive such license except for reason of citizenship or residency; or

(3) a trust, if any grantor, beneficiary or trustee would be ineligible to receive a license under this act for any reason, except that the provisions of subsection (a)(6) shall not apply in determining whether a beneficiary would be eligible for a license.