

AN ACT

1 Providing for the regulation of cannabis and cannabis products
2 for personal use and for exemptions related to the personal
3 use of cannabis and cannabis products; establishing a
4 cannabis regulatory control board and providing for its
5 powers, duties and restrictions; conferring powers and
6 imposing duties on the Department of Revenue, the Department
7 of Agriculture, the Department of Health and the Office of
8 Attorney General; regulating the cultivation, processing,
9 distribution, testing, transporting, sale and offering for
10 sale of cannabis and cannabis products; providing for
11 licensing and permitting of cannabis entities, cannabis
12 microbusinesses, cannabis testing laboratories and other
13 persons engaged in a regulated activity, for certification or
14 registration of essential employees, officers, principals and
15 other persons and for social and economic equity;
16 establishing the Office of Social and Economic Equity and the
17 Cannabis Business Development Fund; providing for diverse
18 business development and a grant and loan program;
19 establishing the Cannabis Revenue Fund; providing for
20 Communities Reimagined and Reinvestment Program, for
21 Community Reimagined and Reinvestment Account and for
22 Substance Abuse Prevention, Treatment and Education Fund;
23 imposing fees, taxes and assessments on cannabis entity
24 licensees, permittees and persons engaged in a regulated
25 activity; and providing for enforcement, for prohibited acts,
26 for penalties, for sanctions and immunities, for certain
27 expungements, for transfer of functions of the Department of
28 Health and for medical marijuana.

TABLE OF CONTENTS

30 Chapter 1. Preliminary Provisions

1 Section 101. Short title.

2 Section 102. Legislative findings and intent.

3 Section 103. Definitions.

4 Chapter 2. Exemptions Related to Personal Use of Cannabis and

5 Cannabis Products

6 Section 201. Personal use of cannabis and cannabis products

7 and exemptions.

8 Chapter 3. Cannabis Regulatory Control Board

9 Section 301. Cannabis Regulatory Control Board established.

10 Section 302. Qualifications and restrictions.

11 Section 303. Code of conduct.

12 Section 304. Powers and duties of board.

13 Section 305. Regulatory authority of board.

14 Section 306. Additional regulatory authority.

15 Section 307. Temporary regulations.

16 Section 308. Cannabis entity application appeals from board.

17 Section 309. Hearing process.

18 Section 310. Board minutes and records.

19 Section 311. Selection criteria.

20 Section 312. Collection of fees and fines.

21 Section 313. Cannabis entity license fees.

22 Chapter 4. Social and Economic Equity

23 Section 401. Office of Social and Economic Equity.

24 Section 402. Cannabis Business Development Fund.

25 Section 403. Social and Economic Equity Loan and Grant Program.

26 Section 404. Fee waivers.

27 Section 405. Transfer of cannabis entity license.

28 Section 406. Required reports.

29 Chapter 5. Regulation of Cannabis

30 Section 501. Regulation of cannabis.

1 Section 502. Order of initial issuance of cannabis entity
2 licenses.
3 Section 503. Expedited approval of cannabis entity license.
4 Section 504. Authorization for secondary site.
5 Section 505. Cannabis entity license application.
6 Section 506. Application requirements.
7 Section 507. Additional license requirements.
8 Section 508. Change in ownership or control of cannabis entity
9 licensee.
10 Section 509. Licensing of principals.
11 Section 510. Registration of essential employees.
12 Section 511. Divestiture of disqualifying person.
13 Section 512. Financial fitness requirements.
14 Section 513. Alternative licensing standards.
15 Section 514. Bond for issuance of cannabis entity license.
16 Section 515. Required content of license, permit or other
17 authorization.
18 Section 516. Renewals.
19 Section 517. Home cultivation.
20 Chapter 6. License, Permit or Other Authorization
21 Section 601. Additional requirements for issuance.
22 Section 602. Conditional cannabis entity license.
23 Section 603. Licensure of cannabis microbusinesses.
24 Section 604. Cannabis cultivator license.
25 Section 605. Cannabis cultivator grow canopy.
26 Section 606. Cannabis processor license.
27 Section 607. Cannabis retailer license.
28 Section 608. Inventory verification system; cannabis retailer
29 licensee.
30 Section 609. Storage requirements.

1 Section 610. Cannabis transporter license.
2 Section 611. Cannabis handler certificate.
3 Section 612. Cannabis responsible training required.
4 Section 613. Provisions governing cultivation and processing of
5 cannabis and cannabis products.
6 Section 614. Provisions governing cannabis retailer licensees.
7 Section 615. Provisions governing cannabis transporter
8 licensees.
9 Section 616. Need for additional licenses.
10 Chapter 7. Packaging, Labeling, Testing and Special Use Permits
11 Section 701. Packaging and labeling.
12 Section 702. Laboratory testing.
13 Section 703. Cannabis laboratory testing permit.
14 Section 704. Special use permits.
15 Chapter 8. Recordkeeping, Tracking, Inspection and Advertising
16 Section 801. Recordkeeping and tracking.
17 Section 802. Inspections.
18 Section 803. Advertising.
19 Chapter 9. Administration and Enforcement
20 Section 901. Authority and duties of department and Department
21 of Agriculture.
22 Section 902. Liens and suits for taxes.
23 Section 903. No eminent domain authority.
24 Section 904. Cannabis establishment zoning and land-use
25 appeals.
26 Section 905. Labor hiring preferences.
27 Section 906. Financial and employment interests.
28 Section 907. Additional restrictions.
29 Section 908. Investigation and enforcement.
30 Section 909. Additional authority and Office of Enforcement

1 Counsel.

2 Section 910. Prohibited acts and penalties.

3 Section 911. Administrative sanctions.

4 Section 912. General immunities and presumptions.

5 Section 913. Adoption of State standards and requirements.

6 Chapter 10. Fees and Taxes

7 Section 1001. Cannabis cultivator and processor privilege tax.

8 Section 1002. Cannabis excise tax.

9 Section 1003. Registration required.

10 Section 1004. Unlawful disclosure and penalty.

11 Section 1005. Violation of tax requirements and administrative

12 penalty.

13 Chapter 11. Revenue

14 Section 1101. Cannabis Revenue Fund.

15 Section 1102. Communities Reimagined and Reinvestment

16 Restricted Account.

17 Section 1103. Substance Use Disorder Prevention, Treatment and

18 Education Account.

19 Section 1104. Small business recovery grants.

20 Chapter 12. Municipalities

21 Section 1201. Provisions specific to municipalities.

22 Section 1202. Local opt-out and municipal control and

23 preemption.

24 Section 1203. Preemptions.

25 Section 1204. Local cannabis taxation.

26 Chapter 13. Protections

27 Section 1301. Protections for personal use of cannabis.

28 Section 1302. Lawful actions.

29 Section 1303. Access to criminal history information through

30 Pennsylvania State Police.

1 Section 1304. Cannabis clean slate.
2 Chapter 20. Miscellaneous Provisions
3 Section 2001. Transfer of powers and duties.
4 Section 2002. Repeals.
5 Section 2003. Effective date.

6 The General Assembly of the Commonwealth of Pennsylvania
7 hereby enacts as follows:

8 CHAPTER 1
9 PRELIMINARY PROVISIONS

10 Section 101. Short title.

11 This act shall be known and may be cited as the Cannabis
12 Regulatory Control Act.

13 Section 102. Legislative findings and intent.

14 (a) Findings.--The General Assembly finds and declares as
15 follows:

16 (1) The criminalization of marijuana has not been
17 effective in reducing arrests, prosecutions and convictions
18 for simple marijuana offenses but has, instead, resulted in
19 collateral social and economic damage, including mass
20 incarcerations, which serves to inhibit the ability of some
21 otherwise law-abiding citizens of this Commonwealth to access
22 employment, housing, business ownership, traditional banking
23 systems and capital, quality health care and other vital
24 services and, juxtaposed with the "war on drugs," has
25 disproportionately impacted the long-term social and economic
26 well-being of communities and people of color.

27 (2) The criminalization of marijuana served as one, if
28 not the primary, catalyst that triggered the growth of the
29 illicit marijuana market, which continues to flourish,
30 threaten public health and safety and obstruct legislative

1 and societal efforts to deter possession and use by children.

2 (3) The implementation of the Commonwealth's Medical
3 Marijuana Program reveals that additional efforts are needed
4 to manage barriers to participation in this Commonwealth's
5 regulated cannabis industry. As of May 15, 2020, 22 marijuana
6 grower/processor permits and 80 marijuana dispensary permits
7 had been issued by the Department of Health authorizing the
8 holders to grow, process or sell medical marijuana. In
9 transitioning to a regulated cannabis industry for adult
10 cannabis consumers, the General Assembly seeks to ensure that
11 opportunities for entrepreneurship and jobs exist so that
12 businesses and individuals within the cannabis industry
13 reflect the diverse population of this Commonwealth. In the
14 interest of inclusion and equity, a regulated cannabis
15 industry should be equitable and accessible to individuals
16 and communities adversely impacted by enforcement of
17 marijuana laws in this Commonwealth.

18 (4) The regulation of personal use cannabis authorized
19 under this act is intended to provide broad economic
20 opportunities to the residents of this Commonwealth and shall
21 be implemented in a manner as to prevent possible
22 monopolization by establishing reasonable restrictions on the
23 control of multiple cannabis entity licenses in this
24 Commonwealth.

25 (5) Participation in the commercial cannabis industry
26 under this act by a licensee, permittee or other person
27 authorized to engage in a regulated activity shall be deemed
28 a privilege, conditioned upon the proper and continued
29 qualification of the licensee, permittee or other person and
30 upon the discharge of the affirmative responsibility of each

1 licensee, permittee or other person to provide the regulatory
2 and investigatory authorities of the Commonwealth with
3 assistance and information necessary to assure that the
4 policies declared by this act are achieved.

5 (6) Strictly monitored and enforced control over all
6 aspects of the regulation of cannabis authorized under this
7 act shall be provided through regulation, licensing and
8 appropriate enforcement actions of specified locations,
9 persons, associations, practices, activities, licensees,
10 permittees and other persons authorized to engage in a
11 regulated activity as under this act.

12 (7) The public interest of the residents of this
13 Commonwealth and the social effects of the personal use of
14 cannabis shall be taken into consideration in any decision or
15 order made by the Cannabis Regulatory Control Board under
16 this act.

17 (8) The Commonwealth has a compelling State interest in
18 protecting the integrity of a regulated cannabis industry by
19 preventing corruption and the appearance of corruption, which
20 may arise from the regulation of cannabis for personal use in
21 this Commonwealth.

22 (9) It is therefore necessary to maintain the integrity
23 of the regulatory control and legislative oversight over the
24 operation of a regulated cannabis industry, to ensure the
25 bipartisan administration of this act and avoid actions which
26 may erode public confidence in the regulatory and legislative
27 process and, thereby, the system of representative
28 government.

29 (10) In the interest of allowing law enforcement to
30 focus on violent and property crimes, generating revenue for

1 social justice programs, small businesses, substance use
2 disorder prevention and treatment, freeing public resources
3 to invest in communities and other public purposes and
4 individual freedom, the General Assembly further finds and
5 declares that the personal use of cannabis should be legal
6 for individuals 21 years of age or older and should be taxed
7 in a manner designed to enhance the conditions of daily
8 living for marginalized individuals in this Commonwealth
9 while, simultaneously, effectuating tax revenues for the
10 Commonwealth and the Commonwealth's political subdivisions.

11 (b) Objectives.--The General Assembly declares that
12 paramount among the objectives of this act, to which all other
13 objectives and purposes are secondary, is to keep marijuana out
14 of the hands of children and to keep profits out of the hands of
15 criminals, including organized criminal enterprises. Other
16 principal objectives of this act are to:

17 (1) Reduce the burden on law enforcement and the
18 criminal justice system associated with simple marijuana
19 possession offenses.

20 (2) Prevent children from entering the criminal justice
21 system due to convictions for simple marijuana offenses.

22 (3) Protect public health and safety by strengthening,
23 where appropriate, laws and enforcement measures which deter
24 and punish more serious marijuana offenses, specifically,
25 trafficking controlled substances to children, selling
26 outside of the regulatory framework authorized under this act
27 and operating a motor vehicle while under the influence of
28 marijuana.

29 (4) Ensure that the residents of this Commonwealth are
30 well-informed through sustained and appropriate public health

1 campaigns and ensure that the risks are understood,
2 especially for children.

3 (5) Establish and enforce a strict system of
4 cultivation, processing, distribution, testing and sales of
5 cannabis and cannabis products, emphasizing public health and
6 safety, with regulation of quality and safety.

7 (6) Promote ownership and participation by individuals
8 who reside or have resided in areas of high poverty, high
9 unemployment and high enforcement of cannabis-related laws to
10 foster the development and growth of an equitable cannabis
11 industry in this Commonwealth.

12 (7) Ensure that the provisions of this act are not
13 construed to diminish the Commonwealth's obligation and
14 commitment to individuals suffering from serious medical
15 conditions as provided under the Medical Marijuana Act, nor
16 alter the privileges and protections granted to individuals
17 suffering from serious medical conditions as provided under
18 the Medical Marijuana Act.

19 (c) Intent.--The following apply:

20 (1) The General Assembly finds and declares that the
21 intent of this act is to:

22 (i) Create a new industry in this Commonwealth
23 through the regulation, control and taxation of cannabis
24 for personal use by adults 21 years of age or older,
25 thereby:

26 (A) Generating significant new tax revenue.

27 (B) Requiring certain entities to make
28 substantial financial investments in people and
29 communities traditionally and adversely impacted by
30 the criminalization of marijuana to help address the

1 social and economic consequences of marijuana
2 criminalization.

3 (C) Preventing access to cannabis by children.

4 (D) Eliminating or reducing illicit cannabis
5 markets.

6 (E) Ending the racially disparate impact of
7 existing cannabis laws.

8 (ii) Regulate the personal use of cannabis and
9 medical marijuana under the regulatory supervision of an
10 independent board, to be known as the Cannabis Regulatory
11 Control Board, in order to facilitate the prompt
12 implementation of this act.

13 (2) The regulation of cannabis, as authorized under this
14 act, is intended to:

15 (i) Promote economic development by providing new
16 business and employment opportunities across this
17 Commonwealth, including opportunities for diverse
18 businesses and small disadvantaged businesses, veteran-
19 owned and disabled-veteran-owned small businesses,
20 farmers and farmer-owned small businesses and other
21 persons involved in this Commonwealth's agriculture
22 industry.

23 (ii) Provide business ownership and employment
24 opportunities for individuals who have been adversely
25 impacted by the enforcement of marijuana laws.

26 (iii) Provide funding mechanisms for the Communities
27 Reimagined and Reinvestment Restricted Account programs,
28 small businesses and drug and alcohol programs.

29 (3) In the interest of remedying the harms resulting
30 from the disproportionate enforcement of cannabis-related

1 laws, the General Assembly further finds and declares that a
2 social and economic equity program is an essential component
3 of a regulated cannabis industry and should be designed to
4 offer, among other things, financial assistance and license
5 application benefits to individuals who have traditionally
6 and directly been adversely impacted by the criminalization
7 of cannabis and who are interested in participating in a
8 regulated activity under this act.

9 (4) Nothing in this act is intended to limit the
10 authority of any municipality or employer to:

11 (i) Enact and enforce policies pertaining to
12 cannabis in the workplace.

13 (ii) Authorize driving while under the influence of
14 cannabis.

15 (iii) Allow an individual to engage in conduct which
16 would endanger another individual.

17 (iv) Authorize the smoking or vaping of cannabis in
18 a public place or location where smoking tobacco is
19 prohibited.

20 (v) Require an individual to engage in conduct which
21 violates Federal law, exempt any individual from any
22 requirements of Federal law or pose any obstacle to the
23 Federal enforcement of Federal law.

24 Section 103. Definitions.

25 The following words and phrases when used in this act shall
26 have the meanings given to them in this section unless the
27 context clearly indicates otherwise:

28 "Advertise." To engage in promotional activities, including,
29 but not limited to, newspaper, radio, Internet and electronic
30 media and television advertising, the distribution of fliers and

1 circulars and the display of window and interior signs.

2 "Affiliate" or "affiliated." A person that, directly or
3 indirectly, through one or more intermediaries, controls, is
4 controlled by or is under common control with a specified
5 person, including a person that is an affiliate of or a person
6 that is affiliated with a specified person.

7 "Applicant." The following apply:

8 (1) An individual who is a citizen of the United States
9 or an individual lawfully admitted for permanent residency in
10 the United States, who is 21 years of age or older and who is
11 applying for a license, permit or other authorization to
12 engage in a regulated activity under this act.

13 (2) In the case of an applicant that is a person other
14 than an individual, the affiliated persons whose
15 qualifications may be subject to review and approval by the
16 board as a precondition to authorizing the person to engage
17 in a regulated activity.

18 "Authority." An authority created by the Commonwealth to
19 purchase State cannabis receipts under section 304.

20 "Background investigation." A security, criminal, financial,
21 credit and suitability investigation of an applicant. The term
22 shall include an investigation into the status of taxes owed to
23 the United States, the Commonwealth and any political
24 subdivision of the Commonwealth.

25 "Batch number." The unique, sequential alphanumeric
26 identifier assigned to each batch of cannabis or cannabis
27 products, including each cultivation and production batch, by a
28 cannabis entity licensee for the purposes of production
29 tracking, product labeling and product recalls.

30 "Board." The Cannabis Regulatory Control Board established

1 under section 301.

2 "Bureau." The Bureau of Cannabis Investigations and
3 Enforcement established under section 908.

4 "Cannabinoid." Any of several compounds produced by cannabis
5 plants that have medical and psychotropic effects.

6 "Cannabinoid profile." The amounts, expressed as the dry-
7 weight percentages, of delta-nine-tetrahydrocannabinol,
8 cannabidiol, tetrahydrocannabinolic acid and cannabidiolic acid
9 of cannabis or cannabis products.

10 "Cannabis." The term:

11 (1) Includes marijuana, hashish and other substances
12 that include any parts of the plant cannabis sativa and
13 derivatives or subspecies, including cannabis indica, of all
14 strains of cannabis, including growing the seeds, extracting
15 the resin from any part of the plant and producing any
16 compound, manufacture, salt, derivative, mixture or
17 preparation of the plant, seeds or resin, including THC, with
18 a THC concentration greater than 0.3% on a dry weight basis,
19 and all other naturally produced cannabinol derivatives,
20 whether produced directly or indirectly by extraction and any
21 concentrate or cannabis product. The term shall include
22 industrial hemp cultivated in this Commonwealth.

23 (2) Does not include:

24 (i) The mature stalks of the plant, fiber produced
25 from the stalks, oil or cake made from the seeds of the
26 plant and any other compound, manufacture, salt,
27 derivative, mixture or preparation of the mature stalks,
28 except the resin extracted from mature stalks, fiber, oil
29 or cake or the sterilized seed of the plant which is
30 incapable of germination.

1 (ii) The weight of any other ingredient combined
2 with cannabis to prepare topical or oral administrations,
3 food, drink or other products.

4 (iii) Medical marijuana dispensed to a certified
5 patient or caregiver as those terms are defined in
6 section 103 of the Medical Marijuana Act.

7 (iv) Marijuana as defined in section 2 of the act of
8 April 14, 1972 (P.L.233, No.64), known as The Controlled
9 Substance, Drug, Device and Cosmetic Act, or hashish as
10 applied to a criminal offense related to marijuana or
11 hashish under section 13 of The Controlled Substance,
12 Drug, Device and Cosmetic Act.

13 (v) Marijuana or hashish as applied to any criminal
14 offense or civil violation specified in the applicable
15 provisions of 18 Pa.C.S. (relating to crimes and
16 offenses).

17 "Cannabis concentrate." A product, including a cannabis
18 extract or resin, derived from cannabis that is produced by
19 using a solvent or nonsolvent product to extract cannabinoids,
20 including THC, from the cannabis plant by the following means:

21 (1) the use of propylene glycol, glycerin, butter, olive
22 oil or other typical cooking fats, water, ice or dry ice;

23 (2) a chemical extraction process using a hydrocarbon-
24 based solvent, including butane, hexane or propane;

25 (3) a chemical extraction process using the hydrocarbon-
26 based solvent carbon dioxide if the process uses high heat or
27 pressure;

28 (4) a chemical extraction process using ethanol or
29 isopropanol;

30 (5) mechanical separation; or

1 (6) any other process identified and approved by the
2 board by regulation. The use of any other solvent shall be
3 expressly prohibited unless and until the solvent or
4 nonsolvent product is approved for use by regulation of the
5 board.

6 "Cannabis consumer." An individual 21 years of age or older
7 who purchases, acquires, owns, holds or uses cannabis or
8 cannabis products for personal consumption.

9 "Cannabis cultivator" or "cannabis cultivator licensee." A
10 person licensed by the board to grow, produce or otherwise
11 cultivate cannabis in this Commonwealth and to sell cannabis to
12 other cannabis cultivators, cannabis processors, cannabis
13 microbusinesses or cannabis retailers, but not to cannabis
14 consumers.

15 "Cannabis entity" or "cannabis entity licensee." The term
16 includes:

- 17 (1) A cannabis cultivator.
- 18 (2) A cannabis processor.
- 19 (3) A cannabis microbusiness.
- 20 (4) A cannabis retailer.
- 21 (5) A cannabis transporter.

22 "Cannabis entity representative." The term includes an
23 owner, director, officer, manager, essential employee, agent or
24 other representative of a cannabis entity licensee, to the
25 extent that the individual acts in a representative capacity.

26 "Cannabis establishment." The physical location specified in
27 an application for a cannabis entity license which is owned or
28 in possession of the applicant or cannabis entity licensee and
29 within which the applicant or licensee is seeking or has been
30 granted authorization to cultivate, process, manufacture,

1 distribute, store, transport, sell or offer for sale cannabis or
2 cannabis products as provided under this act and regulations of
3 the board. The term includes all public and private enclosed
4 areas of the cannabis establishment, offices, kitchens,
5 restrooms, storage rooms and all enclosed, locked facilities or
6 areas outside the cannabis establishment which the board has
7 specifically approved for the cultivation, processing, storage,
8 transportation, sale or offering for sale of cannabis or
9 cannabis products. For a location that the board has
10 specifically licensed for the cultivation of cannabis outside a
11 building, the term shall include the entire lot or parcel that
12 the cannabis cultivator owns, leases or has a right to occupy.
13 The term includes a secondary site under section 504.

14 "Cannabis extract." A material, preparation, mixture,
15 compound or other substance that contains more than 3% by weight
16 of delta-9 tetrahydrocannabinol or any of its isomer, delta-8
17 dibenzopyran numbering system or delta-1 tetrahydrocannabinol or
18 its isomer, delta 1 (6) monoterpene numbering system, including
19 cannabis concentrates or resins, whether crude or purified,
20 produced from cannabis.

21 "Cannabis flower." The flower of the plant genus Cannabis
22 that has been harvested, dried and cured prior to processing
23 whereby the plant material is transformed into a concentrate,
24 including, but not limited to, concentrated cannabis, or an
25 edible or topical product containing cannabis or concentrated
26 cannabis and other ingredients. The term does not include leaves
27 or stems.

28 "Cannabis handler." A person employed by a cannabis entity
29 licensee who is not an essential employee but who is required to
30 obtain a cannabis handler certificate from the board to

1 participate in the activities of employment specified in section
2 611.

3 "Cannabis handler certificate." A certificate issued by the
4 board under section 611.

5 "Cannabis leaves" or "cannabis trim." All parts of the plant
6 of the genus Cannabis other than cannabis flower that have been
7 harvested, dried and cured prior to further processing.

8 "Cannabis microbusiness" or "cannabis microbusiness
9 licensee." A person licensed by the board to cultivate, dry,
10 cure, process or package cannabis or cannabis products or to
11 sell or offer for sale cannabis or cannabis products to cannabis
12 consumers and perform other necessary activities as provided
13 under this act and regulations of the board to make cannabis and
14 cannabis products available for sale by a cannabis retailer
15 licensee or another cannabis microbusiness licensee or for use
16 by a cannabis processor licensee.

17 "Cannabis paraphernalia." Notwithstanding section 2 of The
18 Controlled Substance, Drug, Device and Cosmetic Act, the term
19 shall include any device, equipment, products or materials of
20 any kind which are used, intended for use or designed for use in
21 planting, propagating, cultivating, growing, harvesting,
22 composting, compounding, converting, producing, processing,
23 preparing, testing, analyzing, packaging, repackaging, storing,
24 vaporizing, or containing cannabis, or for ingesting, inhaling
25 or otherwise introducing cannabis or a cannabis product into the
26 human body. The term shall not be construed to mean or include
27 "drug paraphernalia" as defined in section 2 of The Controlled
28 Substance, Drug, Device or Cosmetic Act, which is used or
29 intended for use to commit a violation of The Controlled
30 Substance, Drug, Device and Cosmetic Act or of any applicable

1 provision of 18 Pa.C.S. (relating to crimes and offenses).

2 "Cannabis plant." A plant that is not an immature cannabis
3 plant.

4 "Cannabis plant canopy." The area of a cannabis
5 establishment operated by a cannabis cultivator licensee that is
6 dedicated to live cannabis plant cultivation, including
7 maintaining mature cannabis plants, propagating cannabis plants
8 from seed to plant tissue or cloning and maintaining a
9 vegetative or flowering area or the bench area or space used to
10 cultivate cannabis in the flowering stage. The term does not
11 include areas of a licensed cannabis establishment used for
12 storage of fertilizers, pesticides, herbicides or other
13 products, tools or equipment used in the cultivation of
14 cannabis, quarantine areas, office space, walkways, work areas
15 or similar areas.

16 "Cannabis plant monitoring system" or "plant monitoring
17 system." An electronic data collection system maintained by a
18 licensed cannabis cultivator, cannabis processor and cannabis
19 microbusiness engaged in the cultivation or processing of
20 cannabis and cannabis products for the purposes of documenting
21 each cannabis plant and monitoring plant development throughout
22 the life cycle of a cannabis plant cultivated for the intended
23 use by cannabis consumers, from seed planting or cloning to
24 final packaging, and to document testing. The cannabis plant
25 monitoring system shall be available to the board, the
26 department, the Department of Agriculture and the Pennsylvania
27 State Police.

28 "Cannabis processor" or "cannabis processor licensee." A
29 person, including a cannabis microbusiness licensee, licensed by
30 the board to extract constituent chemicals or compounds from

1 cannabis to produce cannabis concentrate or to incorporate
2 cannabis or cannabis concentrate into a product formulation to
3 produce a cannabis product.

4 "Cannabis product" or "cannabis infused product." A product
5 that has been processed and contains cannabis or a cannabis
6 concentrate, including concentrated forms of cannabis and
7 products composed of cannabis and other ingredients that are
8 intended for human consumption or use, including edible
9 products, beverages, topical products, ointments, oils and
10 tinctures.

11 "Cannabis resin." A cannabis concentrate extracted from a
12 cannabis plant and any compound, manufacture, salt, derivative,
13 mixture or preparation of resin processed and used as provided
14 under this act. The term shall not include hashish as applied to
15 any offense under The Controlled Substance, Drug, Device and
16 Cosmetic Act or a civil violation described under 18 Pa.C.S.

17 "Cannabis retail store." The cannabis establishment of a
18 cannabis retailer licensee approved by the board for the sale
19 and offering for sale of cannabis and cannabis products to
20 cannabis consumers.

21 "Cannabis retailer" or "cannabis retailer licensee." A
22 person licensed by the board to purchase cannabis or cannabis
23 products from a cannabis cultivator or cannabis processor and
24 sell the cannabis or cannabis product to cannabis consumers from
25 a cannabis retail store.

26 "Cannabis testing laboratory" or "laboratory." An
27 independent, third-party entity issued a permit by the board to
28 conduct sampling and analyses of cannabis and cannabis products,
29 including the employees, specialized apparatus, equipment and
30 instruments necessary to analyze cannabis and cannabis products

1 to ensure compliance with this act, regulations of the board and
2 applicable health and safety standards established by the board.

3 "Clone." A clipping from a cannabis plant that can be rooted
4 and grown.

5 "Commonwealth agency." A department, board, commission or
6 any other agency or office of the Commonwealth under the
7 jurisdiction of the Governor.

8 "Conditional license." A license issued by the board under
9 section 602.

10 "Consumption." The act of ingesting, inhaling or otherwise
11 introducing cannabis or a cannabis product into the human body.

12 "Cultivation." The growing, cloning, harvesting, drying,
13 curing, grading and trimming of cannabis plants for sale to
14 cannabis cultivators, cannabis processors, cannabis
15 microbusinesses or cannabis retailers.

16 "Cultivation batch." A collection of cannabis or cannabis
17 plants from the same seed or plant stock that are cultivated and
18 harvested together and receive an identical propagation and
19 cultivation treatment, including, but not limited to, growing
20 media, ambient conditions, watering and light regimes and
21 agricultural or hydroponic inputs. Clones that come from the
22 same plant are one batch.

23 "Department." The Department of Revenue of the Commonwealth.

24 "Designated opportunity zone" or "opportunity zone." A
25 census tract or comparable geographic area in existence on or
26 before the effective date of this act that:

27 (1) Meets at least one of the following criteria:

28 (i) the area has a poverty rate of at least 20%
29 according to the latest Federal decennial census;

30 (ii) 75% or more of the children in the area

participate in the Federal free lunch program according to statistics reported by the Department of Education;

(iii) at least 20% of the households in the area receive assistance under the Supplemental Nutrition Assistance Program; or

(iv) the area has an average unemployment rate, as determined by the Department of Labor and Industry, that is more than 120% of the national unemployment average, as calculated by the United States Department of Labor, for a period of at least two consecutive calendar years preceding the date of the application.

(2) Has high rates of arrest, conviction and incarceration related to the sale, possession, use, cultivation or transport of cannabis.

"Disadvantaged farmer-owned small business." A small business as defined in 62 Pa.C.S. § 2102 (relating to definitions), as approved by the board in consultation with the Department of Agriculture, that:

(1) Is a farm engaged in agricultural production, including the cultivation of crops or horticulture products, the production of food and fiber or the raising of livestock or aquaculture and has been in operation for no less than two seasons in the past five years and the owner of which has been a resident of this Commonwealth for at least two years.

(2) Is any other small business which is an agricultural enterprise actively engaged in agricultural production for no less than two seasons in the past five years and the owner of which has been a resident of this Commonwealth for at least two years.

"Dispensary." As defined in section 103 of the Medical

1 Marijuana Act.

2 "Electronic cannabis smoking device." An electronic device
3 that delivers a cannabis or a cannabis product through
4 vaporization and inhalation. The term shall not include a device
5 designed to inhale nicotine or an "electronic cigarette" as
6 defined in 18 Pa.C.S. § 6305(k) (relating to sale of tobacco
7 products).

8 "Electronically" or "electronic notification." A notification
9 sent by the board to an applicant, cannabis entity licensee, an
10 employee or agent of an applicant or cannabis entity licensee or
11 other person or which is sent by an applicant, cannabis entity
12 licensee, an employee or agent of an applicant or cannabis
13 entity licensee or other person to the board which is:

14 (1) Transmitted by email, facsimile, text message or by
15 any other similar electronic means of communications approved
16 by the board.

17 (2) Transmitted to the email address or telephone number
18 at or through which the board, applicant or cannabis entity
19 licensee has authorized the receipt of electronic
20 notifications.

21 (3) Provides evidence of transmission and receipt.

22 "Enclosed, locked facility or area." A room, greenhouse,
23 building, or other enclosed area used to cultivate, process,
24 store or distribute cannabis and cannabis products, which is
25 equipped with locks or other security devices and which is
26 accessible only by the board, the bureau, the department, the
27 Department of Agriculture or designated employees of the board,
28 the bureau, the department and the Department of Agriculture and
29 by agents and employees of a cannabis entity licensee or other
30 authorized persons acting as provided under this act.

1 "Essential employee." The term includes, but may not be
2 limited to, an individual employed by a cannabis entity
3 licensee, permittee or other person authorized to engage in a
4 regulated activity under this act, as determined by the board to
5 be an officer, director, manager or supervisor or an individual
6 otherwise empowered to make discretionary decisions related to
7 the operations and conduct of a cannabis establishment and whose
8 duties are essential to the effective and continual operation of
9 a cannabis establishment as provided under this act and
10 regulations of the board.

11 "Ex parte communication." An off-the-record communication
12 engaged in or received by a member or hearing officer of the
13 board regarding the merits of or any fact in issue relating to a
14 pending matter before the board or hearing officer or which may
15 reasonably be expected to come before the board or hearing
16 officer in a contested on-the-record proceeding. The term does
17 not include off-the-record communications by or between a member
18 or hearing officer of the board, the Department of Revenue, the
19 Office of Attorney General or other law enforcement official
20 prior to the beginning of the proceeding solely for the purpose
21 of seeking clarification or correction to evidentiary materials
22 intended for use in the proceedings or communications between
23 the board or a member of the board and the office of chief
24 counsel.

25 "Expedited approval cannabis entity license." A cannabis
26 entity license issued by the board under section 503 which
27 permits a medical marijuana organization that holds a valid
28 dispensary permit or grower/processor permit as provided under
29 the Medical Marijuana Act on the effective date of this section
30 to begin cultivating, processing, packaging, distributing,

1 transporting, selling or offering for sale cannabis and cannabis
2 products to cannabis entity licensees upon approval of the
3 application by the Cannabis Regulatory Control Board.

4 "Expedited approval cannabis entity license at a secondary
5 site." A cannabis entity license issued by the board under
6 section 504 which permits a medical marijuana organization that
7 holds a valid permit as provided under the Medical Marijuana Act
8 on the effective date of this section to begin cultivating,
9 processing, packaging, distributing, transporting, selling or
10 offering for sale cannabis and cannabis products to cannabis
11 entity licensees or, in the case of a dispensary, to begin
12 selling or offering for sale cannabis and cannabis products to
13 cannabis consumers at a location or site that is different from
14 the physical location of the medical marijuana organization's
15 existing medical marijuana dispensary facility location under
16 section 504.

17 "Grower/processor." As defined in section 103 of the Medical
18 Marijuana Act.

19 "Hashish." The resin extracted from any part of the plant
20 Genus Cannabis L. and any compound, manufacture, salt,
21 derivative, mixture or preparation of the resin.

22 "Hemp." The plant of the genus Cannabis or any part of the
23 plant, whether growing or not, with a delta-9-
24 tetrahydrocannabinol concentration that does not exceed 0.3% on
25 a dry weight basis or any part of the plant, or per volume or
26 weight of cannabis product, or the combined percent of delta-9-
27 tetrahydrocannabinol and tetrahydrocannabinolic acid in any part
28 of the plant, regardless of moisture content.

29 "Home cultivation." The cultivation and processing of
30 cannabis or cannabis products by an individual who holds a valid

1 home cultivation certificate and a valid identification card
2 issued to the individual under section 501 of the Medical
3 Marijuana Act.

4 "Home cultivation certificate." A certificate issued to an
5 individual to cultivate and process cannabis or a cannabis
6 product under section 517.

7 "Immature cannabis plant." A cannabis plant that is not in
8 the cannabis flower stage.

9 "Label." A display of written, printed or graphic matter
10 affixed to or appearing upon the immediate package or container
11 holding cannabis or a cannabis product.

12 "Labeling." All labels and other written, printed or graphic
13 matter:

14 (1) That is affixed to or appears upon cannabis or
15 cannabis products or on any packages, containers or wrappings
16 of cannabis or cannabis products.

17 (2) Accompanies cannabis or cannabis products in
18 commerce, such as packaging, product inserts and other
19 promotional materials.

20 "License." A written authorization issued by the board
21 permitting a person to engage in a specific regulated activity
22 authorized under this act. The term includes a conditional
23 license.

24 "Licensed representative." The term includes an owner,
25 director, officer, manager, employee, agent or other
26 representative of a cannabis entity licensee, to the extent that
27 the person acts in a representative capacity.

28 "Licensee." A holder of a cannabis entity license under this
29 act, including a holder of an expedited approval cannabis entity
30 license and a holder of an expedited approval cannabis entity

1 license at a secondary site.

2 "Limited access area." An indoor or outdoor area on the
3 premises of a cannabis establishment where cannabis and cannabis
4 products or byproducts are cultivated, stored, weighed,
5 packaged, processed or disposed of under the control of the
6 cannabis entity licensee, with access limited to only to
7 employees or other persons designated by the cannabis entity
8 licensee or employees of a cannabis testing laboratory or other
9 persons as designated by the holder of a cannabis entity license
10 or a testing laboratory permit.

11 "Local government entity." A municipality.

12 "Lot." A definite quantity of cannabis or a cannabis product
13 identified by a lot number, every portion or package of which is
14 uniform within recognized tolerances for the factors that appear
15 in the labeling.

16 "Lot number." The number issued by the board that identifies
17 the cannabis entity licensee by business or trade name and which
18 includes the date of harvest or processing for each lot of
19 cannabis or cannabis product.

20 "Medical Marijuana Act." The act of April 17, 2016 (P.L.84,
21 No.16), known as the Medical Marijuana Act.

22 "Medication marijuana facility location." The physical
23 address where a medical marijuana organization that holds a
24 permit under the Medical Marijuana Act is located.

25 "Medical marijuana organization." As defined in section 103
26 of the Medical Marijuana Act.

27 "Member of an impacted family." An individual who has a
28 parent, legal guardian, child, spouse or dependent, or was a
29 dependent of an individual who, on or before the effective date
30 of this section, was arrested for, convicted of or adjudicated

delinquent for any offense that is eligible for expungement as provided under this act.

"Municipality." A county, city, borough, incorporated town or township.

"Mycotoxin." A secondary metabolite of a microfungus that is capable of causing death or illness in humans and other animals. For purposes of section 702(a)(1)(i), the term shall include aflatoxin B1, aflatoxin B2, aflatoxin G1, aflatoxin G2 and ochratoxin A.

"Office." The Office of Social and Economic Equity established in section 401.

"Opportunity zone." A designated opportunity zone.

"Package" or "container." A container, receptacle or wrapping in which cannabis or cannabis products are enclosed for delivery to a cannabis entity licensee or display to cannabis consumers. The term shall not include:

(1) Shipping containers or wrappings for the transportation of cannabis in bulk or quantity by a cannabis cultivator to cannabis processors.

(2) Containers used for tray pack displays in cannabis establishments.

(3) Transparent containers or wrappings which do not bear written, printed or graphic matter which obscures information required to be displayed on the label.

"Permit." A written authorization issued by the board as provided under this act.

"Permittee." A person that holds a permit to engage in a regulated activity under this act.

"Person." A natural person, corporation, foundation, organization, business trust, estate, limited liability company,

1 partnership, limited liability partnership, association or any
2 other form of legal business entity.

3 "Personal use." The acquisition and possession of cannabis
4 or a cannabis product by a cannabis consumer for use by the
5 cannabis consumer making the purchase if there is no evidence of
6 an intent to resell, distribute or transfer or to facilitate the
7 resale, distribution or transfer of the cannabis or cannabis
8 product.

9 "Pesticide." The following apply:

10 (1) A substance or mixture of substances intended for
11 preventing, destroying, repelling or mitigating any pest, and
12 a substance or mixture of substances intended for use as a
13 plant regulator, defoliant or desiccant.

14 (2) The term shall not include any substance that is a
15 "new animal drug" under section 201(v) of the Federal Food,
16 Drug and Cosmetic Act (52 Stat. 1040, 21 U.S.C. § 301 et
17 seq.), or that has been determined by the Secretary of the
18 United States Department of Health and Human Services not to
19 be a new animal drug by a regulation establishing conditions
20 of use.

21 (3) The term shall not include "animal feed" under
22 section 201(w) of Federal Food, Drug and Cosmetic Act.

23 "Principal." The term includes:

24 (1) An officer, director or other person directly
25 holding a beneficial interest in or ownership of 5% or less
26 of the securities of an applicant or licensee.

27 (2) A person that has a controlling interest in an
28 applicant or licensee or has the ability to elect a majority
29 of the board of directors of an applicant or licensee or to
30 otherwise control the licensee.

1 (3) A lender or other licensed financial institution of
2 an applicant or licensee, other than a bank or lending
3 institution, which makes a loan or holds a mortgage or other
4 lien acquired in the ordinary course of business.

5 (4) An underwriter of an applicant or licensee.

6 (5) Another person or employee of an applicant or
7 licensee deemed to be a principal by the board.

8 "Process." The processing, compounding or conversion of
9 cannabis, cannabis products or cannabis extracts. The term does
10 not include the packaging or labeling of cannabis or cannabis
11 products.

12 "Production batch." A batch of finished plant material,
13 cannabis resin, cannabis concentrate or cannabis product made at
14 the same time using the same methods, equipment and ingredients,
15 which is traceable to one or more cannabis cultivation batches.

16 "Program." The Social and Economic Equity Loan and Grant
17 Program established under section 403.

18 "Propagation." The reproduction of cannabis plants by seeds,
19 cuttings, cloning or grafting.

20 "Public place." A place to which the public has access that
21 is not privately owned or a place to which the public has access
22 where alcohol consumption is not allowed, including, but not
23 limited to, a public street, road, thoroughfare, sidewalk,
24 bridge, alley, plaza, park, playground, swimming pool, shopping
25 area, public transportation facility, vehicle used for public
26 transportation, parking lot, public library or any other public
27 building, structure or area.

28 "Qualified social and economic equity applicant." A social
29 and economic equity applicant that has been approved for and
30 issued a cannabis entity license, permit or other authorization

1 to engage in a regulated activity under this act.

2 "Regulated activity." An activity conducted or proposed to
3 be conducted under this act related to the cultivation,
4 processing, distribution, delivery, testing, transportation,
5 sale or offering for sale of cannabis or cannabis products, as
6 determined by the board, for which a person would be required to
7 secure regulatory approval through the issuance of a license,
8 permit, registration, certification or other authorization from
9 the board as provided under this act and regulations of the
10 board.

11 "Restricted access area." A designated and secure area
12 within a cannabis entity licensee's cannabis establishment where
13 cannabis or cannabis products are cultivated, processed, stored,
14 sold or offered for sale and where no cannabis consumer or other
15 person, except as otherwise provided in this act, is permitted,
16 unless the individual is a designated employee of the cannabis
17 entity licensee.

18 "Sample." The term includes:

19 (1) An amount of cannabis or a cannabis product provided
20 to a cannabis testing laboratory by a cannabis cultivator
21 licensee, cannabis processor licensee or other person for
22 testing purposes as provided under this act and regulations
23 of the board.

24 (2) An amount of cannabis or a cannabis product
25 collected from a cannabis cultivator licensee, cannabis
26 processor licensee or cannabis microbusiness licensee by the
27 board or the Department of Agriculture or a designated
28 employee or agent of the board or the Department of
29 Agriculture for the purposes of testing for product quality
30 control purposes.

1 (3) An amount of cannabis or cannabis product provided
2 by a cannabis cultivator licensee or cannabis processor
3 licensee to another cannabis entity licensee for business or
4 marketing purposes.

5 "Significantly involved person." A person that holds at
6 least a 20% investment interest in a proposed or licensed
7 cannabis entity or who is a decisionmaking member of a group
8 that holds at least a 20% investment interest in a proposed or
9 licensed cannabis entity in which no member of that group holds
10 more than a 5% interest in the total group investment interest,
11 and the person makes controlling decisions regarding the
12 proposed or licensed cannabis entity.

13 "Smoking." The burning of a lighted cigarette, cigar, pipe
14 or any other matter or substance which contains cannabis or a
15 cannabis product, including the use of an electronic cannabis
16 smoking device that creates an aerosol or vapor.

17 "Social and economic equity applicant." A person that is a
18 resident of this Commonwealth applying for a license, permit or
19 other authorization to engage in a regulated activity under this
20 act and who is:

21 (1) An applicant with at least 51% ownership and control
22 by one or more individuals who have resided for at least five
23 of the preceding 10 years in a designated opportunity zone.

24 (2) An applicant with at least 51% ownership and control
25 by one or more individuals who:

26 (i) Have been arrested for, convicted of or
27 adjudicated delinquent for any offense that is eligible
28 for expungement as provided under this act. Nothing in
29 this definition or any other provision of this act shall
30 be construed to authorize an employer to require an

employee to disclose an arrest, conviction or
adjudication which is sealed or expunged.

(ii) Are members of an impacted family.

(3) An applicant that is a disadvantaged farmer-owned
small business or other person engaged in agricultural
production, as determined by the board in consultation with
the Department of Agriculture.

"THC." Delta-9-tetrahydrocannabinol, the main psychoactive
chemical contained in the cannabis plant.

"Transport." The transportation of cannabis, cannabis
products or cannabis paraphernalia or related supplies as
provided under this act.

"Unreasonably impracticable." Measures which are necessary
to comply with regulations promulgated by the board under this
act which require such a high investment of risk, money, time,
or any other resource or asset that the operation of a cannabis
establishment is not worthy of being carried out in practice by
a reasonably prudent person.

"Verification system." An Internet-based system established
and maintained by the board that is accessible by the
department, the Attorney General, the Pennsylvania State Police,
cannabis retailers and designated employees and agents of
cannabis retailers on a 24-hour basis for the verification and
tracking of cannabis and cannabis products.

CHAPTER 2

EXEMPTIONS RELATED TO PERSONAL USE OF

CANNABIS AND CANNABIS PRODUCTS

Section 201. Personal use of cannabis and cannabis products
and exemptions.

(a) Exemption from criminal or civil penalties.--

1 Notwithstanding any applicable provision of the act of April 14,
2 1972 (P.L.233, No.64), known as The Controlled Substance, Drug,
3 Device and Cosmetic Act, or 18 Pa.C.S. (relating to crimes and
4 offenses) or any other law or regulation to the contrary and
5 except as provided in this act, the following acts shall not be
6 unlawful and shall not be an offense or a basis for the seizure
7 or forfeiture of assets under 42 Pa.C.S. §§ 5803 (relating to
8 asset forfeiture), 5805 (relating to forfeiture procedure),
9 5806 (relating to motion for return of property), 5807 (relating
10 to restrictions on use), 5807.1 (relating to prohibition on
11 adoptive seizures) and 5808 (relating to exceptions) or any
12 other law or regulation, including any ordinance, law or
13 regulation of a municipality, for the personal use of cannabis
14 or cannabis products by individuals 21 years of age or older:

15 (1) Purchasing, possessing, consuming or otherwise
16 using, displaying or transporting:

17 (i) The equivalent of one ounce or 28.38 grams or
18 less of cannabis.

19 (ii) Cannabis paraphernalia.

20 (iii) The equivalent of one ounce or 28.38 grams or
21 less of a cannabis product in solid, liquid or
22 concentrated form based upon an equivalency calculation
23 for different product forms as established by the board
24 by regulation. The board may use academic research
25 conducted as provided under the Medical Marijuana Act and
26 research conducted in other states on the issue of
27 product equivalency calculations when setting equivalency
28 calculations under this subparagraph.

29 (iv) Five grams or 0.176 ounces or less of cannabis
30 resin.

1 (2) Possessing, displaying, purchasing or transporting
2 at any one time any amount of cannabis or cannabis resin in
3 an amount greater than permitted under this subsection, or a
4 cannabis product in solid, liquid or concentrate form with
5 more than the equivalency permitted under this subsection
6 shall be considered a violation of The Controlled Substance,
7 Drug, Device and Cosmetics Act and any applicable provisions
8 of 18 Pa.C.S., and subject the person to prosecution as if
9 the person possessed, displayed, purchased or transported
10 cannabis in violation of applicable provisions of The
11 Controlled Substance, Drug, Device and Cosmetics Act or 18
12 Pa.C.S.

13 (b) Smoking or consumption in public or other places.--
14 Except as provided in this subsection, the following acts shall
15 be lawful:

16 (1) Smoking or consumption of lawfully possessed
17 cannabis or cannabis products. Nothing in this section shall
18 permit an individual to smoke or otherwise consume cannabis
19 in public or in a public place, including the smoking of
20 cannabis or the consumption of a cannabis product in a public
21 place under the act of June 13, 2008 (P.L.182, No.27), known
22 as the Clean Indoor Air Act, or any other law enacted or
23 regulation adopted relating to vaping or the use of a vaping
24 device in public or an indoor public place or portion of the
25 public place, even if the smoking of tobacco or vaping is
26 otherwise permitted in the public place or portion of the
27 public place under the Clean Indoor Air Act.

28 (2) (i) Notwithstanding 68 Pa.C.S. (relating to real
29 and personal property) or any other provision of law or
30 regulation, the smoking of cannabis or the consumption of

1 a cannabis product may be permitted by the person that
2 owns or controls a lodging establishment as defined in 48
3 Pa.C.S. § 1311(g) (relating to hotelkeepers and
4 campground owners) in up to 20% of the lodging
5 establishment's guest rooms.

6 (ii) The smoking of cannabis or the consumption of a
7 cannabis product may also be prohibited or otherwise
8 regulated in a tenement building, apartment or multiple
9 dwelling premise as those terms are defined in the act of
10 April 6, 1951 (P.L.69, No.20), known as The Landlord and
11 Tenant Act of 1951, if the right to smoke cannabis or use
12 cannabis products is included in the lease agreement
13 between the lessee and the person that owns or controls
14 the tenement building, apartment or multiple dwelling
15 building.

16 (3) In the case of the use or consumption of cannabis or
17 a cannabis product other than by smoking, a person that owns
18 or controls a property, except for a tenement building,
19 apartment or multiple dwelling premises, as defined in the
20 Landlord and Tenant Act, may prohibit or otherwise regulate
21 the use or consumption of cannabis or cannabis products in
22 the premises of or on or around the real property.

23 (4) Notwithstanding section 6 of the Clean Indoor Air
24 Act or any other law or regulation to the contrary, penalties
25 that may be assessed for the smoking of tobacco where
26 prohibited under the Clean Indoor Air Act shall be applicable
27 to the smoking of cannabis where prohibited under this act or
28 any ordinance enacted by the governing body of a
29 municipality.

30 (5) Assisting another individual who is 21 years of age

1 or older in purchasing, possessing, consuming or otherwise
2 using, displaying or transporting cannabis or a cannabis
3 product.

4 (c) Additional acts declared lawful.--Notwithstanding any
5 other provision of law or regulation, if a person holds a
6 current and valid license, permit or other authorization to
7 engage in a regulated activity under this act or is acting in
8 the capacity as an owner, employee or agent of the person duly
9 licensed, permitted or authorized to engage in a regulated
10 activity, the following acts are declared lawful and shall not
11 be criminal offenses or a basis for seizure or forfeiture of
12 assets as provided under subsection (a) or under any other law
13 or regulation, including any ordinance, law or regulation of a
14 municipality, for persons 21 years of age or older:

15 (1) Manufacturing, purchasing or possessing cannabis
16 paraphernalia or the sale of cannabis paraphernalia to a
17 person 21 years of age or older.

18 (2) Possessing, displaying or transporting cannabis or
19 cannabis products.

20 (3) Purchasing cannabis or cannabis products from any of
21 the following:

22 (i) A cannabis cultivator.

23 (ii) A cannabis processor.

24 (iii) A cannabis microbusiness.

25 (iv) A cannabis retailer.

26 (4) Selling cannabis or cannabis products to cannabis
27 consumers.

28 (5) Cultivating, harvesting, processing, packaging,
29 storing, transporting, displaying or possessing cannabis or
30 cannabis products.

1 (6) Delivering or transferring cannabis or cannabis
2 products to a cannabis testing laboratory.

3 (7) Selling cannabis to a cannabis cultivator, cannabis
4 processor, cannabis microbusiness or cannabis retailer.

5 (8) Purchasing cannabis from a cannabis cultivator.

6 (9) Packaging, processing, distributing, transporting,
7 displaying or possessing cannabis or cannabis products and
8 delivering or transferring cannabis products to a cannabis
9 testing laboratory.

10 (10) Selling cannabis and cannabis products to a
11 cannabis processor or cannabis retailer.

12 (11) Purchasing cannabis products from a cannabis
13 processor.

14 (12) Cultivating, processing, distributing, repackaging,
15 storing, transporting, displaying, transferring or delivering
16 cannabis or cannabis products.

17 (13) Leasing or otherwise allowing the use of property
18 owned, occupied or controlled by any person for cultivating,
19 processing, distributing, storing, transporting, selling or
20 offering for sale cannabis and cannabis products as provided
21 under this act.

22 (d) Unlawful acts.--The following acts shall be a violation
23 of The Controlled Substance, Drug, Device and Cosmetic Act and
24 subject the individual to prosecution as if the individual
25 distributed the cannabis, cannabis resin or cannabis product in
26 violation of The Controlled Substance, Drug, Device and Cosmetic
27 Act:

28 (1) Transferring at any one time any amount of cannabis
29 or cannabis resin in an amount greater than that permitted
30 under this section, or a cannabis product in solid, liquid or

1 concentrate form with more than the equivalency permitted
2 under this section.

3 (2) Transferring cannabis, cannabis resin or a cannabis
4 product in solid, liquid or concentrate form to an individual
5 who is under 21 years of age.

6 (3) Smoking, using and consuming cannabis and cannabis
7 products in the premises and on and around the property of a
8 licensed facility, licensed racetrack or hotel, as those
9 terms are defined under 4 Pa.C.S. § 1103 (relating to
10 definitions).

11 CHAPTER 3

12 CANNABIS REGULATORY CONTROL BOARD

13 Section 301. Cannabis Regulatory Control Board established.

14 (a) Establishment.--The Cannabis Regulatory Control Board is
15 established as an independent board and shall be a body
16 corporate and politic.

17 (b) Membership.--The board shall consist of seven members
18 appointed as follows:

19 (1) Three members appointed by the Governor.

20 (2) One member appointed by each of the following:

21 (i) The President pro tempore of the Senate.

22 (ii) The Minority Leader of the Senate.

23 (iii) The Speaker of the House of Representatives.

24 (iv) The Minority Leader of the House of

25 Representatives.

26 (c) Requirements.--The following apply:

27 (1) Individuals appointed to the board under subsection

28 (b) must:

29 (i) Be residents of this Commonwealth.

30 (ii) Possess education, training or experience and

1 expertise in agriculture crop production, botany or plant
2 physiology, corporate management, finance or public
3 health.

4 (2) Individuals appointed to the board shall reflect the
5 geographic, racial, ethnic and gender diversity of this
6 Commonwealth.

7 (d) Removal.--A member of the board shall be removed from
8 office by the appointing authority for any of the following:

9 (1) misconduct in office, willful neglect of duty or
10 conduct evidencing unfitness for office or incompetence; or

11 (2) upon conviction of an offense graded as a felony, an
12 infamous crime, an offense under this act or an equivalent
13 offense under Federal law or the laws of any other state or
14 jurisdiction, domestic or foreign.

15 (e) Terms of office.--The following apply:

16 (1) Members of the board appointed by the Governor under
17 subsection (b)(1) shall serve an initial term of one, two or
18 three years, respectively, as designated by the Governor at
19 the time of appointment, and until their successors are
20 appointed and qualified under this section. A gubernatorial
21 appointee shall serve no more than two full consecutive
22 terms.

23 (2) Legislative appointees appointed under subsection
24 (b)(2) shall serve a term of two years and until their
25 successors are appointed and qualified under this section. A
26 legislative appointee shall serve no more than three full
27 consecutive terms.

28 (f) Time frame for appointments.--The appointing authorities
29 shall make the initial appointments to the board within 45 days
30 of the effective date of this subsection. The following apply:

1 (1) No appointment shall be final until receipt by the
2 appointing authority of the background investigation of the
3 appointee conducted by the Pennsylvania State Police, which
4 shall be completed by the Pennsylvania State Police within 30
5 days of receipt of an application for a background
6 investigation.

7 (2) Appointments to fill a vacancy shall be made within
8 60 days of the date the vacancy was created.

9 (3) An individual who has been convicted in any
10 jurisdiction, domestic or foreign, of a felony, infamous
11 crime or crime under the act of April 14, 1972 (P.L.233,
12 No.64), known as The Controlled Substance, Drug, Device and
13 Cosmetic Act, or 18 Pa.C.S. § 7508 (relating to drug
14 trafficking sentencing and penalties) may not be appointed to
15 the board.

16 (g) Vacancy.--The following apply:

17 (1) A vacancy on the board occurring for any reason,
18 except for the expiration of a term, shall be filled for the
19 remainder of the unexpired term in the same manner as the
20 original appointment.

21 (2) An appointing authority may elect to reappoint a
22 member appointed to fill a vacancy on the board as follows:

23 (i) A member appointed to fill a vacancy caused by a
24 legislative appointee may be reappointed by the
25 appointing authority to serve three full terms following
26 the expiration of the unexpired term associated with the
27 vacancy.

28 (ii) A member appointed to fill a vacancy caused by
29 a gubernatorial appointee may be reappointed by the
30 Governor to serve two full terms following the expiration

1 of the unexpired term associated with the vacancy.

2 (h) Chairperson.--The chairperson of the board shall be
3 appointed by the Governor.

4 (i) Ex officio members.--The Secretary of Agriculture,
5 Secretary of Revenue, Secretary of Health, Secretary of
6 Environmental Protection and State Treasurer or a designee of
7 the secretaries shall serve on the board as nonvoting ex officio
8 members. Each designee shall be a deputy secretary or hold an
9 equivalent position within the department represented.

10 (j) Qualified majority vote.--The following apply:

11 (1) Except as authorized in paragraphs (2) and (3), any
12 action, including, but not limited to, the approval,
13 issuance, denial or conditioning of a license, permit,
14 certification or other authorization to engage in a regulated
15 activity under this act, the making of an order or the
16 ratification of any permissible act done or order made by one
17 or more of the members, shall require a qualified majority
18 vote consisting of at least one gubernatorial appointee and
19 the four legislative appointees.

20 (2) Any action to suspend or revoke, not renew, void or
21 require forfeiture of a license, permit or other
22 authorization to engage in a regulated activity under this
23 act, impose any administrative sanction, fine or penalty
24 under this act or issue cease and desist orders or similar
25 enforcement actions shall require a majority vote of all the
26 members of the board.

27 (3) Notwithstanding any other provision of this act or
28 65 Pa.C.S. § 1103(j) (relating to restricted activities), a
29 member shall disclose the nature of any disqualifying
30 interest which would disqualify the member and require the

1 member to abstain from voting in a hearing or proceeding
2 under this act in which the member's objectivity,
3 impartiality, integrity or independence of judgment may be
4 reasonably questioned, as provided in sections 302 and 303(c)
5 (2). If a legislative appointee disqualifies themselves, the
6 qualified majority shall consist of all of the remaining
7 legislative appointees and at least two gubernatorial
8 appointees.

9 (k) Background investigation.--Appointees to the board shall
10 be subject to a background investigation conducted by the
11 Pennsylvania State Police as provided under this chapter. The
12 results of a background investigation conducted under this
13 subsection may be submitted by the Pennsylvania State Police to
14 the appointing authority electronically.

15 (l) Quorum.--A majority of the members of the board
16 appointed under subsection (b) shall be required to establish a
17 quorum and a majority of members shall be required to exercise
18 the board's powers at any meeting of the board.

19 (m) Fiduciary duty.--Each member and employee of the board
20 shall serve as a fiduciary of the Commonwealth.

21 Section 302. Qualifications and restrictions.

22 The following apply:

23 (1) Each member at the time of appointment to the board
24 shall be at least 25 years of age. A member appointed under
25 section 301(b) shall have been a resident of this
26 Commonwealth for a period of at least two years immediately
27 preceding appointment. Each member shall continue to remain a
28 resident of this Commonwealth during the term of membership
29 on the board.

30 (2) Except for ex officio members, no individual shall

1 be appointed a member of the board or be employed by or be an
2 independent contractor of the board if that person is a
3 public official or party officer as defined in section
4 906(g).

5 (3) Each member, employee and independent contractor of
6 the board shall sign an agreement not to disclose
7 confidential information, including proprietary information.

8 (4) A member, employee or independent contractor of the
9 board or other agency whose duties are directly related to
10 the licensure, permitting or authorization of persons to
11 engage in a regulated activity under this act may not be
12 employed, hold any office or position or be engaged in any
13 activity which is incompatible with the position, employment
14 or contract.

15 (5) A member may not engage in a business, employment or
16 vocation for which the member receives a salary, compensation
17 or fee for services rendered which is in excess of 15% of the
18 member's gross annual salary as a member of the board. For
19 purposes of this paragraph, the terms "salary,"
20 "compensation" and "fee" do not include any of the following:

21 (i) Passive or unearned income, including interest,
22 dividends or capital gains from the sale of assets or
23 securities held for investment purposes.

24 (ii) Health care benefits or retirement, pension or
25 annuity payments.

26 (iii) Amounts received from a family-controlled
27 trade or business in which both personal services and
28 capital are income-producing factors if the personal
29 services actually rendered by the member do not generate
30 a significant amount of income.

1 (iv) Director's fees attributable to board
2 membership of a corporate or nonprofit body or board or
3 reimbursement for expenses incurred in connection with
4 board membership.

5 (6) A member may not be paid or receive any fee or other
6 compensation for any activity related to the duties or
7 authority of the board other than salary and expenses
8 provided by law.

9 (7) The following apply:

10 (i) A member, employee, independent contractor or
11 employee of an independent contractor of the board may
12 not participate in a hearing, proceeding or other matter
13 in which the member, employee, independent contractor or
14 employee of an independent contractor, or an immediate
15 family member, has a financial interest in the subject
16 matter of the hearing or proceeding or other interest
17 that could be substantially affected by the outcome of
18 the hearing or proceeding without first fully disclosing
19 the nature of the interest to the board and other persons
20 participating in the hearing or proceeding.

21 (ii) The board shall determine if the interest is a
22 disqualifying interest that requires the disqualification
23 or nonparticipation of a member, employee, independent
24 contractor or employee of an independent contractor.

25 (iii) For purposes of this paragraph, the term
26 "immediate family" shall mean spouse, parent, brother,
27 sister or child.

28 (8) The following apply:

29 (i) At the time of appointment and annually
30 thereafter, each member shall disclose the existence of

1 any financial interest in any applicant, licensee,
2 permittee or other person authorized to engage in a
3 regulated activity under this act or in any affiliate,
4 intermediary, subsidiary or holding company of the
5 applicant, licensee, permittee or other person held by
6 the member or known to be held by the member's immediate
7 family.

8 (ii) The disclosure statement shall be filed with
9 the executive director of the board and with the
10 appointing authority of the member and shall be open to
11 inspection by the public at the office of the board
12 during the normal business hours of the board for the
13 duration of the member's term and for two years after the
14 termination or expiration of the member's term of office.

15 (iii) For purposes of this paragraph, the term
16 "immediate family" shall mean spouse, parent, brother,
17 sister or child.

18 (9) The following apply:

19 (i) Prior to being sworn in as a member, an
20 appointee and immediate family members of the appointee
21 shall divest any financial interest in any applicant,
22 licensee, permittee or other person authorized to engage
23 in a regulated activity under this act or in any
24 affiliate, intermediary subsidiary or holding company of
25 the applicant, licensee, permittee or other person owned
26 or held by the appointee or known to be held by the
27 appointee's immediate family.

28 (ii) For the duration of the member's term and for
29 two years thereafter, the member and the member's
30 immediate family may not acquire a financial interest in

1 an applicant, licensee, permittee or other person
2 authorized to engage in a regulated activity or in an
3 affiliate, intermediary, subsidiary or holding company of
4 an applicant, or cannabis entity licensee, permittee or
5 other person.

6 (iii) For purposes of this paragraph, the term
7 "immediate family" shall mean spouse and any minor or
8 unemancipated child.

9 (10) The following apply:

10 (i) Prior to entering into employment or a contract
11 with the board and annually thereafter, an employee of
12 the board, independent contractor or employee of an
13 independent contractor shall disclose the existence of
14 any financial interest in an applicant, licensee,
15 permittee or other person authorized to engage in a
16 regulated activity under this act or in any affiliate,
17 intermediary, subsidiary or holding company of the
18 applicant, licensee, permittee or other person owned or
19 held by the employee, independent contractor or employee
20 of an independent contractor or known to be held by the
21 immediate family of the employee, independent contractor
22 or employee of an independent contractor.

23 (ii) The disclosure statement shall be filed with
24 the board and shall be open to inspection by the public
25 at the office of the board during the normal business
26 hours of the board and for two years after termination of
27 employment or a contract with the board.

28 (iii) For purposes of this paragraph, the term
29 "immediate family" shall mean spouse, parent, brother,
30 sister or child.

1 (11) The following apply:

2 (i) Prior to entering into employment or a contract
3 with the board, an employee, independent contractor or
4 employee of an independent contractor and the employee's,
5 independent contractor's or employee of an independent
6 contractor's immediate family shall divest any financial
7 interest in an applicant, licensee, permittee or other
8 person authorized to engage in a regulated activity under
9 this act or in any affiliate, intermediary, subsidiary or
10 holding company of the applicant, licensee, permittee or
11 other person owned or held by the employee, independent
12 contractor or employee of an independent contractor or
13 known to be held by the immediate family of the employee,
14 independent contractor or employee of an independent
15 contractor.

16 (ii) For the duration of the employee's employment
17 with the board or the independent contractor's contract
18 with the board and for one year thereafter, the employee,
19 independent contractor or employee of an independent
20 contractor and their immediate family members shall not
21 acquire, by purchase, gift, exchange or otherwise, any
22 financial interest in an applicant, licensee, permittee
23 or other person engaged in a regulated activity under
24 this act or in any affiliate, intermediary, subsidiary or
25 holding company of the applicant, licensee, permittee or
26 other person.

27 (iii) For purposes of this paragraph, the term
28 "immediate family" shall mean spouse and any minor or
29 unemancipated child.

30 (12) A member, employee, independent contractor or

1 employee of an independent contractor of the board may not,
2 directly or indirectly, solicit, request, suggest or
3 recommend to any applicant, licensee, permittee or other
4 person authorized to engage in a regulated activity under
5 this act, to any affiliate, intermediary, subsidiary or
6 holding company of the applicant, licensee, permittee or
7 other person or to a principal, employee, independent
8 contractor or agent of the applicant, licensee, permittee or
9 other person, the appointment or employment of a person in
10 any capacity by the applicant, licensee, permittee or other
11 person or any affiliate, intermediary, subsidiary or holding
12 company of the applicant, licensee, permittee or other person
13 for a period of two years from the termination of term of
14 office, employment or contract with the board.

15 (13) A member may not accept employment with an
16 applicant, licensee, permittee or other person authorized to
17 engage in a regulated activity under this act or with any
18 affiliate, intermediary, subsidiary or holding company of the
19 applicant, licensee, permittee or other person, for a period
20 of two years from the termination of term of office.

21 (14) A former member may not appear before the board in
22 any hearing or proceeding or participate in any other
23 activity on behalf of an applicant, licensee, permittee or
24 other person authorized to engage in a regulated activity
25 under this act or an affiliate, intermediary, subsidiary or
26 holding company of the applicant, licensee, permittee or
27 other person, for a period of two years from the termination
28 of the term of office.

29 (15) A member, employee of the board, independent
30 contractor or employee of an independent contractor may not

1 accept a complimentary service from an applicant, licensee,
2 permittee or other person authorized to engage in a regulated
3 activity under this act or from an affiliate, intermediary,
4 subsidiary or holding company of the applicant, licensee,
5 permittee or other person for the duration of their term of
6 office, employment or contract with the board and for a
7 period of two years from the termination of the term of
8 office, employment or contract with the board.

9 (16) The following apply:

10 (i) A member who has been convicted during the
11 member's term of office of a felony, infamous crime or a
12 felony offense indictable under section 13 of the act of
13 April 14, 1972 (P.L.233, No.64), known as The Controlled
14 Substance, Drug, Device and Cosmetic Act, or a felony
15 offense under 18 Pa.C.S. (relating to crimes and
16 offenses) or an equivalent Federal statute or equivalent
17 statute in any jurisdiction, foreign or domestic, shall,
18 upon conviction, be automatically removed from the board
19 and shall be ineligible to become a member of the board
20 in the future.

21 (ii) If an ex officio member is indicted for an
22 offense enumerated in subparagraph (i) during the ex
23 officio member's term of office, the ex officio member
24 shall be suspended from the duties of membership on the
25 board and, upon conviction, be automatically removed from
26 the board.

27 (iii) A designee who is a deputy secretary or holds
28 an equivalent position with the department represented
29 shall be designated to serve as an ex officio member of
30 the board in place of the ex officio member who was

1 removed.

2 (17) The following shall apply to an employee of the
3 board whose duties substantially involve licensing,
4 enforcement, development of law, promulgation of regulations
5 or development of policy relating to the regulation of
6 cannabis for personal use under this act or who has other
7 discretionary authority which may affect or influence the
8 outcome of an action, proceeding or decision of the board
9 under this act, including the executive director, bureau
10 directors and attorneys of the board:

11 (i) The employee may not, for a period of two years
12 following termination of employment, accept employment
13 with or be retained by an applicant, licensee, permittee
14 or other person authorized to engage in a regulated
15 activity under this act, or with any affiliate,
16 intermediary, subsidiary or holding company of an
17 applicant, licensee, permittee or other person.

18 (ii) The employee may not, for a period of two years
19 following termination of employment, appear before the
20 board in a hearing or proceeding or participate in
21 activity on behalf of an applicant, licensee, permittee
22 or other person authorized to engage in a regulated
23 activity under this act or on behalf of an affiliate,
24 intermediary, subsidiary or holding company of an
25 applicant, licensee, permittee or other person.

26 (iii) An applicant, licensee, permittee or other
27 person authorized to engage in a regulated activity under
28 this act or an affiliate, intermediary, subsidiary or
29 holding company of an applicant, licensee, permittee or
30 other person may not, until the expiration of two years

1 following termination of employment with the board,
2 employ or retain the individual. Violation of this
3 subparagraph shall result in termination of the
4 employee's employment and subject the applicant,
5 licensee, permittee or other person to sanctions by the
6 board under section 911.

7 (iv) A prospective employee who, upon employment,
8 would be subject to this paragraph must, as a condition
9 of employment, sign an affidavit that the prospective
10 employee will not violate subparagraph (i) or (ii). If
11 the prospective employee fails to sign the affidavit, the
12 board shall rescind any offer of employment and shall not
13 employ the individual.

14 (18) The following apply:

15 (i) A person that is an independent contractor or
16 employee of an independent contractor whose duties
17 substantially involve consultation relating to licensing,
18 enforcement, development of law, promulgation of
19 regulations or the development of policy relating to the
20 regulation of cannabis under this act may not:

21 (A) For a period of one year following
22 termination of the contract with the board, be
23 retained by an applicant, licensee, permittee or
24 other person authorized to engage in a regulated
25 activity under this act or by an affiliate,
26 intermediary, subsidiary or holding company of an
27 applicant, licensee, permittee or other person.

28 (B) For a period of two years following
29 termination of the contract with the board, appear
30 before the board in a hearing or proceeding or

1 participate in activity on behalf of an applicant,
2 licensee, permittee or other person authorized to
3 engage in a regulated activity under this act or on
4 behalf of an affiliate, intermediary, subsidiary or
5 holding company of an applicant, licensee, permittee
6 or other person.

7 (ii) An applicant, licensee, permittee or other
8 person authorized to engage in a regulated activity under
9 this act or an affiliate, intermediary, subsidiary or
10 holding company of an applicant, licensee, permittee or
11 other person may not employ a person who is an
12 independent contractor or an employee of an independent
13 contractor until the expiration of one year following
14 termination of the contract with the board. A willful
15 violation of this subparagraph shall result in
16 termination of the person's employment and may subject
17 the applicant, licensee, permittee or other person to
18 sanctions under section 911.

19 (iii) Each contract between the board and an
20 independent contractor which involves the duties
21 specified in this paragraph shall contain a provision
22 requiring the independent contractor to sign an affidavit
23 that the independent contractor will not violate
24 subparagraph (i) (A) or (B). If the independent contractor
25 fails to sign the affidavit, the board shall not enter
26 into the contract.

27 (iv) An independent contractor shall require a
28 prospective employee whose employment would involve the
29 duties specified in this paragraph to sign an affidavit
30 that the prospective employee will not violate

1 subparagraph (i) (A) or (B). If the prospective employee
2 fails to sign the affidavit, the independent contractor
3 shall rescind any offer of employment and shall not
4 employ the individual.

5 (19) Nothing under paragraph (17) or (18) shall prevent
6 a current or former employee of the board, a current or
7 former independent contractor or a current or former employee
8 of an independent contractor from appearing before the board
9 in a hearing or proceeding as a witness or testifying as to
10 any fact or information.

11 (20) The State Ethics Commission shall issue a written
12 determination of whether a person is subject to paragraph
13 (17) or (18) upon the written request of the person or the
14 person's employer or potential employer. A person that relies
15 in good faith on a determination issued under this paragraph
16 shall not be subject to any penalty for an action taken,
17 provided that all material facts stated in the request for
18 the determination are correct.

19 (21) The following apply:

20 (i) The State Ethics Commission shall publish a list
21 of all employment positions within the board and
22 employment positions with independent contractors whose
23 duties would subject employees holding those positions to
24 the provisions of paragraphs (17) and (18).

25 (ii) The board and each independent contractor shall
26 assist the State Ethics Commission in the development of
27 the list.

28 (iii) The State Ethics Commission shall transmit the
29 list to the Legislative Reference Bureau for publication
30 in the Pennsylvania Bulletin biennially and post the list

on the State Ethics Commission's publicly accessible Internet website.

(iv) Upon request, employees of the board and each independent contractor shall have a duty to provide the State Ethics Commission with adequate information to accurately develop and maintain the list.

(v) The State Ethics Commission may impose a civil penalty under 65 Pa.C.S. § 1109(f) (relating to penalties) upon an employee or independent contractor who fails to cooperate with the State Ethics Commission under this paragraph.

(vi) An employee of the board or of an independent contractor who relies in good faith on the list published by the State Ethics Commission shall not be subject to any penalty for a violation of paragraph (17) or (18).

(22) If a member of the board violates this section, the appointing authority may remove the person from the board. A member removed under this paragraph shall, for a period of five years following removal, be prohibited from appointment to the board and shall be prohibited from applying for a license, permit or other authorization to engage in a regulated activity under this act and from becoming an independent contractor or registering as a licensed representative.

Section 303. Code of conduct.

(a) Adoption.--The board shall adopt and maintain a comprehensive code of conduct prior to the consideration of any application for a license, permit or other authorization to engage in a regulated activity under this act. The code of conduct shall be modeled after the Code of Judicial Conduct of

1 the American Bar Association, as amended and adopted by the
2 Pennsylvania Supreme Court. The code of conduct shall supplement
3 all other requirements under this act and 65 Pa.C.S. Pt. II
4 (relating to accountability) and shall provide guidelines
5 applicable to members, employees, independent contractors,
6 employees of independent contractors and the immediate family of
7 the members, employees, independent contractors and employees of
8 independent contractors to enable them to avoid any perceived or
9 actual conflict of interest and to promote public confidence in
10 the integrity and impartiality of the board. At a minimum, the
11 code of conduct:

12 (1) May not conflict with the laws of this Commonwealth
13 but may be more restrictive than the laws of this
14 Commonwealth.

15 (2) Shall be submitted, including any amendments or
16 restatements of the code of conduct, to the State Ethics
17 Commission for approval.

18 (3) Shall include registration of cannabis entity
19 representatives under subsection (b) and the restrictions
20 under subsections (c).

21 (b) Registration.--The following apply:

22 (1) A cannabis entity representative shall register with
23 the board in a manner prescribed by the board, which shall
24 include the name, employer or firm, business address and
25 business telephone number of the cannabis entity
26 representative and an applicant, licensee, permittee or other
27 person represented.

28 (2) A cannabis entity representative shall have an
29 affirmative duty to update the cannabis entity
30 representative's registration information on an ongoing

1 basis. The failure to update registration information shall
2 be punishable by the board.

3 (3) The board shall maintain a registration list of all
4 cannabis entity representatives. The registration list shall:

5 (i) contain the information required under paragraph

6 (1); and

7 (ii) be available for public inspection at the
8 office of the board during normal business hours, as
9 established by regulation, and on the board's publicly
10 accessible Internet website.

11 (c) Restrictions.--In addition to the other prohibitions
12 provided in this act, a member of the board:

13 (1) May not accept any discount, gift, gratuity,
14 compensation, travel, lodging, complimentary service or other
15 thing of value, directly or indirectly, from any applicant,
16 licensee, permittee or other person authorized to engage in a
17 regulated activity under this act or an affiliate, subsidiary
18 or intermediary of an applicant, licensee, permittee or other
19 person.

20 (2) Must disclose and recuse the member from any hearing
21 or other proceeding in which the member's objectivity,
22 impartiality, integrity or independence of judgment may be
23 reasonably questioned due to the member's relationship or
24 association with a party connected to the hearing or
25 proceeding or person appearing before the board.

26 (3) Shall refrain from any financial or business dealing
27 with an applicant, licensee, permittee or other person
28 engaged in a regulated activity under this act which would
29 tend to reflect adversely on the member's objectivity,
30 impartiality or independence of judgment.

1 (4) Except as provided in this act, may not:

2 (i) hold or campaign for public office;

3 (ii) hold an office in any political party or
4 political committee;

5 (iii) contribute to or solicit contributions to a
6 political campaign, political party, political committee
7 or candidate;

8 (iv) publicly endorse a candidate for a political
9 office; or

10 (v) actively participate in a political campaign.

11 (5) May not solicit money for a charitable, educational,
12 religious, health, fraternal, civic or other nonprofit entity
13 from an applicant, licensee, permittee or other person
14 authorized to engage in a regulated activity under this act
15 or from an affiliate, subsidiary, intermediary or holding
16 company of any applicant, licensee, permittee or other
17 person. Subject to section 301, a member may serve as an
18 officer, employee or member of the governing body of a
19 nonprofit entity and may attend, make personal contributions
20 to and plan or preside over the nonprofit entity's
21 fundraising events. A member may permit the member's name to
22 appear on the letterhead used for fundraising events if the
23 letterhead contains only the member's name and position with
24 the nonprofit entity.

25 (6) (i) May not meet or engage in discussions with an
26 applicant, licensed representative, licensee, permittee
27 or any other person authorized to engage in a regulated
28 activity under this act who provides goods, property or
29 services to a cannabis entity licensee, permittee or any
30 other person under the jurisdiction of the board unless

1 the meeting or discussion occurs on the business premises
2 of the board and is recorded in a log. The log shall:

3 (A) Include the name of the participants.

4 (B) Identify the person the participant
5 represents, if applicable.

6 (C) Include a summary of the nature of the
7 meeting and subject discussed.

8 (D) Include the date and time of the meeting or
9 discussion.

10 (E) Be available for public inspection during
11 the regular business hours of the board.

12 (F) Be posted on the board's publicly accessible
13 Internet website.

14 (ii) This paragraph shall not apply to meetings to
15 consider matters requiring the physical inspection of a
16 cannabis establishment or operations of an applicant or
17 cannabis entity licensee, permittee or other person
18 authorized to engage in a regulated activity under this
19 act, if the meeting is recorded in the log.

20 (7) Shall avoid impropriety and the appearance of
21 impropriety at all times and observe standards and conduct
22 that promote public confidence in the oversight of the
23 cultivation, processing, distribution, storing, transporting,
24 delivery, sale or offering for sale of cannabis and cannabis
25 products.

26 (8) May not enter or be permitted to enter and engage in
27 any activities, nor have any interest, directly or
28 indirectly, in an applicant, cannabis entity licensee or
29 permittee or other person authorized to engage in a regulated
30 activity under this act, except in the course of performing

1 the member's or employee's duties under this act.

2 (9) Shall comply with any other laws, rules or
3 regulations relating to the conduct of a member.

4 (d) Ex parte communications.--The following apply:

5 (1) A member or hearing officer of the board may not
6 engage in any ex parte communication with any person. An
7 attorney, including the chief counsel, advising the board on
8 a particular issue or proceeding involving the licensing,
9 permitting or other authorization to engage in a regulated
10 activity under this act may not engage in any ex parte
11 communication with any person.

12 (2) An attorney representing the board or an office or
13 bureau established by the board under this act or an attorney
14 representing an applicant, licensee or permittee or other
15 person authorized to engage in a regulated activity under
16 this act may not engage in an ex parte communication with a
17 member, attorney of the board or an attorney of an office or
18 bureau of the board who is advising the board on a proceeding
19 or hearing of the board.

20 (3) An employee of the bureau or the Office of
21 Enforcement Counsel may not engage in an ex parte
22 communication with a member, attorney of the Office of Chief
23 Counsel who is advising the board on a proceeding or hearing
24 officer of the board.

25 (e) Procedures relating to ex parte communications.--The
26 following apply:

27 (1) An ex parte communication received or engaged in by
28 a member or hearing officer shall be recorded in a log. The
29 log shall be available for public inspection during the
30 regular business hours of the board and shall be posted on

1 the board's publicly accessible Internet website. The log
2 shall include:

3 (i) The name of the individual documenting the ex
4 parte communication.

5 (ii) The date and time of the ex parte
6 communication.

7 (iii) The names of all individuals involved in the
8 ex parte communication.

9 (iv) The subject discussed.

10 (2) In addition to documenting an ex parte communication
11 in the log under paragraph (1), notification of the substance
12 of the ex parte communication and an opportunity to respond
13 shall be provided to all parties to a hearing or other
14 proceeding directly affected by the anticipated vote or
15 action of the hearing officer or board related to the ex
16 parte communication.

17 (f) Recusal.--The following apply:

18 (1) A member or hearing officer who engaged in or
19 received an ex parte communication shall recuse themselves
20 from any hearing or other proceeding related to the ex parte
21 communication if the context and substance of the ex parte
22 communication creates substantial reasonable doubt as to the
23 member or hearing officer's ability to act objectively,
24 independently or impartially.

25 (2) A member or hearing officer who engaged in or
26 received an ex parte communication who elects not to recuse
27 themselves from a hearing or other proceeding shall state the
28 reasons for not recusing themselves on the record prior to
29 the commencement of the hearing or proceeding.

30 (3) Failure of a hearing officer who engaged in or

1 received an ex parte communication to recuse themselves from
2 a hearing or other proceeding when required under paragraph
3 (1) shall be grounds for appeal to the board.

4 (4) Failure of a member who engaged in or received an ex
5 parte communication to recuse themselves from a hearing or
6 other proceeding when required under paragraph (1) shall be
7 grounds for appeal to a court of competent jurisdiction if
8 the board action being appealed could not have occurred
9 without the participation of the member.

10 (5) Nothing in this subsection shall be construed to
11 preclude or prevent a member from consulting with other
12 members individually if the consultation complies with 65
13 Pa.C.S. Ch. 7 (relating to open meetings) or with employees
14 or independent contractors or employees of independent
15 contractors whose functions are to assist the board in
16 carrying out the board's adjudicative functions.

17 (g) Conflict of interest.--Except as specifically provided
18 under this act, the provisions of 65 Pa.C.S. Ch. 11 (relating to
19 ethics standards and financial disclosure) shall apply to
20 members of the board and to all employees of the board.

21 (h) Ex officio members.--The restrictions under subsection
22 (c) (4) shall not apply to ex officio members.

23 Section 304. Powers and duties of board.

24 (a) General powers.--The following apply:

25 (1) The board shall have general and sole regulatory
26 authority to administer the provisions of this act and over
27 the development, regulation and enforcement of activities
28 related to the cultivation, processing, distribution,
29 storing, testing, transporting, delivery, sale and offering
30 for sale at retail of cannabis and cannabis products for

1 personal use in this Commonwealth. The board shall ensure
2 safety in the cultivation, processing, distribution, storing,
3 testing, transporting, delivery and sale or offering for sale
4 of cannabis and cannabis products and integrity in the
5 acquisition, distribution and sale or offering for sale of
6 cannabis and cannabis products in this Commonwealth under
7 this act and regulations promulgated by the board.

8 (2) The board shall employ individuals as necessary to
9 carry out the powers and duties of the board, who shall serve
10 at the board's pleasure. An employee of the board shall be
11 considered a State employee for purposes of 71 Pa.C.S. Pt.
12 XXV (relating to retirement for State employees and
13 officers). For the purposes of this paragraph, the board
14 shall not be considered an executive agency or independent
15 agency under the act of October 15, 1980 (P.L.950, No.164),
16 known as the Commonwealth Attorneys Act. The board shall not
17 take final action to fill a vacancy in the position of
18 executive director of the board, director of the bureau,
19 chief counsel of the board or director of the Office of
20 Enforcement Counsel until receipt and review of the results
21 of the individual's background investigation.

22 (3) In addition to employees authorized by the board,
23 each member may employ one special assistant whose
24 classification and compensation shall be established by the
25 board. A special assistant shall be a State employee for
26 purposes of 71 Pa.C.S. Pt. XXV, shall serve at the pleasure
27 of the member and may only be removed by the board for cause.

28 (4) The board shall establish a system of classification
29 and compensation of the board's employees and shall not be
30 subject to the act of April 9, 1929 (P.L.177, No.175), known

1 as The Administrative Code of 1929, as to classification and
2 compensation for the board's employees. The board shall
3 conduct the board's activities consistent with the practices
4 and procedures of Commonwealth agencies.

5 (5) Within 45 days of the effective date of this
6 paragraph, the board shall transmit notice of the
7 classification system to the Legislative Reference Bureau for
8 publication in the Pennsylvania Bulletin and publish the
9 classification system on the board's publicly accessible
10 Internet website.

11 (6) A request for proposal to conduct investigations of
12 employees and applicants under this act shall include a
13 requirement that an offeror provide the number of employees
14 of the offeror who will be engaged in the conduct of
15 investigations who are residents of this Commonwealth and
16 annuitants of a Federal, State or local law enforcement
17 agency. Preference shall be given to an offeror with a
18 substantial number of employees who will be engaged in the
19 conduct of investigations and who are residents of this
20 Commonwealth and annuitants of a Federal, State or local law
21 enforcement agency.

22 (b) Specific powers.--The board shall have the specific
23 power and duty:

24 (1) To adopt, use and alter a corporate seal.

25 (2) To pay or satisfy obligations of the board.

26 (3) To sue or be sued, implead and be impleaded, or
27 interplead.

28 (4) To contract and execute instruments as necessary to
29 carry out the powers and duties of the board. Contracts for
30 the purchase of supplies, services and construction shall be

1 for a term not to exceed two years.

2 (5) To sell, transfer, convey and dispose of tangible or
3 intangible property owned by the board.

4 (6) To administer oaths, examine witnesses and issue
5 subpoenas compelling the attendance of witnesses or the
6 production of documents and records or other evidence, or to
7 designate officers or employees to perform these duties.

8 (7) To purchase insurance against a loss related to the
9 board's property or assets.

10 (8) To appoint an executive director and employ
11 attorneys, investigators, accountants, auditors and financial
12 and other experts to render services to the board. For the
13 purposes of this paragraph, the board shall be considered an
14 independent agency for purposes of the Commonwealth Attorneys
15 Act.

16 (9) To require background investigations of applicants,
17 licensees, permittees, persons authorized to engage in a
18 regulated activity, principals, essential employees and other
19 persons subject to the jurisdiction of the board.

20 (10) To enter into an agreement with the Pennsylvania
21 State Police for the reimbursement of actual costs, as
22 approved by the board, incurred by the Pennsylvania State
23 Police for the conduct of background investigations.
24 Background investigations shall include information in the
25 possession of the Attorney General.

26 (11) For purposes of licensing and enforcement and for
27 purposes of the background investigation, to receive
28 information otherwise protected by 18 Pa.C.S. Ch. 91
29 (relating to criminal history record information).

30 (12) At the board's discretion, to issue, approve,

1 renew, revoke, suspend, condition or deny issuance or renewal
2 of a license, permit or other authorization to engage in a
3 regulated activity under this act.

4 (13) At the board's discretion, to issue, approve,
5 renew, revoke, suspend, condition or deny issuance or renewal
6 of a license, permit, certificate or other authorization for
7 various classes of employees as required under this act.

8 (14) At the board's discretion, to issue, approve,
9 renew, revoke, suspend, condition or deny issuance or renewal
10 of any additional licenses, permits or other authorization to
11 engage in a regulated activity under this act, which may be
12 required by the board.

13 (15) At the board's discretion, to impose administrative
14 sanctions and levy fines for any violation of this act.

15 (16) To require prospective and existing employees,
16 independent contractors, employees of independent
17 contractors, applicants, licensees, permittees and other
18 persons authorized to engage in a regulated activity under
19 this act to submit to fingerprinting by the Pennsylvania
20 State Police or an authorized agent of the Pennsylvania State
21 Police. The Pennsylvania State Police or an authorized agent
22 of the Pennsylvania State Police shall submit the
23 fingerprints to the Federal Bureau of Investigation for
24 purposes of verifying the identity of the individual and
25 obtaining records of criminal arrests and convictions.

26 (17) To require prospective and existing employees,
27 independent contractors, employees of independent
28 contractors, applicants, licensees, permittees and other
29 persons authorized to engage in a regulated activity under
30 this act to submit photographs consistent with the standards

1 established by the board.

2 (18) To develop procedures for notifying law enforcement
3 for investigation of any licensee, permittee or other person
4 authorized to engage in a regulated activity under this act
5 who cultivates, processes, distributes, stores, tests,
6 delivers, transports, uses, sells or offers for sale any
7 cannabis or cannabis product in a manner which constitutes a
8 violation of this act.

9 (19) In addition to the power of the board regarding
10 applicants for a license, permit, certificate or other
11 authorization to engage in a regulated activity under this
12 act, to determine at the board's discretion the suitability
13 of a person to engage, directly or indirectly, in a regulated
14 activity under this act. The board may require a person to
15 comply with the requirements of this act and regulations of
16 the board and may prohibit a person from engaging in a
17 regulated activity under this act.

18 (20) Within six months of the effective date of this
19 section, in a manner that does not impede the immediate
20 implementation of the duties and responsibilities of the
21 board specified in this act during the immediate two years of
22 the effective date of this act, to develop and implement a
23 diversity and inclusion plan to assure that all persons are
24 accorded equality of opportunity in employment with and
25 contracting by the board and the board's contractors,
26 subcontractors, assignees, lessees, agents, vendors and
27 suppliers.

28 (21) The board shall not approve an application for or
29 issue or renew a license, permit, certification or other
30 authorization to engage in a regulated activity under this

1 act unless it is satisfied that the applicant has
2 demonstrated by clear and convincing evidence that the
3 applicant is an individual of good character, honesty and
4 integrity and whose prior activities, criminal record, if
5 any, reputation, habits and associations do not pose a threat
6 to the public interest or the effective regulation and
7 control of cannabis and cannabis products in this
8 Commonwealth or create or enhance the danger of unsuitable,
9 unfair or illegal practices, methods and activities in the
10 cultivation, processing, producing, distribution, storing,
11 transporting, delivery, testing, sale or offering for sale of
12 cannabis and cannabis products in this Commonwealth or the
13 carrying on of the business and financial arrangements
14 associated with the business.

15 (22) The following apply:

16 (i) Notwithstanding any other provision of law, to
17 sell, in whole or in part, the Commonwealth's right,
18 title and interest in State cannabis receipts to the
19 authority. The sale shall be subject to the terms and
20 conditions contained in agreements between the board and
21 the authority.

22 (ii) Proceeds from the sale of State cannabis
23 receipts shall be allocated and used in the manner
24 otherwise provided under this act for the distribution of
25 State cannabis receipts or in a manner authorized by an
26 act of the General Assembly.

27 (iii) The authority is authorized to purchase State
28 cannabis receipts upon terms and conditions agreed to by
29 the board and to issue bonds to fund the purchase of
30 State cannabis receipts in the manner provided for the

1 issuance of authority indebtedness in the law
2 establishing the authority.

3 (iv) The State Treasurer is authorized and directed
4 to enter into agreements with the board and the authority
5 and establish accounts and funds, that shall not be in
6 the State Treasury, as the authority may direct as being
7 necessary or appropriate to affect the sale of State
8 cannabis receipts to the authority and the collection and
9 transfer of the State cannabis receipts sold to the
10 authority.

11 (v) State cannabis receipts sold to the authority
12 shall be the property of the authority and shall not be
13 the property of the Commonwealth.

14 (23) To enter into an agreement with the district
15 attorneys of the counties where cannabis establishments are
16 located and the Office of Attorney General for the
17 reimbursement of actual costs for prosecutions of criminal
18 violations and for investigating a person applying for a
19 determination that an individual has been rehabilitated under
20 this act.

21 (24) On December 31 following the one-year period after
22 the effective date of this paragraph, and every December 31
23 thereafter, transmit to the Legislative Reference Bureau for
24 publication in the Pennsylvania Bulletin and publish on the
25 board's publicly accessible Internet website a complete list
26 of:

27 (i) All persons or entities who applied for or held
28 a license, permit, certification or other authorization
29 to engage in a regulated activity under this act at any
30 time during the preceding calendar year.

1 (ii) All affiliates, intermediaries, subsidiaries
2 and holding companies of the persons or entities.

3 (iii) The status of the application, license,
4 permit, certification or other authorization to engage in
5 a regulated activity under this act.

6 (25) To prepare and, through the Governor, submit
7 annually to the General Assembly an itemized budget
8 consistent with Article VI of The Administrative Code of
9 1929, consisting of the amounts necessary to be appropriated
10 by the General Assembly to meet the obligations accruing
11 during the fiscal period beginning July 1 of the following
12 year. The budget shall include itemized recommendations for
13 the Attorney General, the department, the Department of
14 Community and Economic Development and the Department of
15 Agriculture needed to meet their obligations under this act.

16 (26) In the event that, in any year, appropriations for
17 the administration of this act are not enacted by June 30,
18 any money appropriated for the administration of this act
19 unexpended, uncommitted and unencumbered at the end of a
20 fiscal year shall remain available for expenditure by the
21 board or other agency to which money was appropriated until
22 the enactment of appropriation for the ensuing fiscal year.

23 (27) To promulgate rules and regulations necessary for
24 the administration and enforcement of this act. Except as
25 provided in section 307, regulations shall be adopted in
26 accordance with the act of July 31, 1968 (P.L.769, No.240),
27 referred to as the Commonwealth Documents Law, and the act of
28 June 25, 1982 (P.L.633, No.181), known as the Regulatory
29 Review Act.

30 (28) To collect and post information on the board's

1 publicly accessible Internet website with sufficient detail
2 to inform the public of each person with a controlling
3 interest or ownership interest in an applicant, licensee,
4 permittee or other person authorized to engage in a regulated
5 activity under this act and an affiliate, intermediary,
6 subsidiary or holding company of an applicant or cannabis
7 entity licensee. The posting shall include:

8 (i) If the applicant, licensee, permittee or other
9 person authorized to engage in a regulated activity under
10 this act or an affiliate, intermediary, subsidiary or
11 holding company of the applicant, licensee, permittee or
12 other person is a publicly traded domestic or foreign
13 corporation, partnership, limited liability company or
14 other legal entity, the names of all persons with a
15 controlling interest.

16 (ii) If the applicant or cannabis entity licensee or
17 an affiliate, intermediary, subsidiary or holding company
18 of the applicant or cannabis entity licensee is a
19 privately held domestic or foreign corporation,
20 partnership, limited liability company or other legal
21 entity, the names of all persons with an ownership
22 interest greater than 5%.

23 (iii) The name of any person entitled to cast the
24 vote of a person named under subparagraph (i) or (ii).

25 (iv) The names of all officers, directors and
26 principals of the applicant or cannabis entity licensee.

27 (29) To adopt regulations governing the postemployment
28 limitations and restrictions applicable to members and to
29 employees of the board subject to section 301. In developing
30 these regulations, the board may consult with the State

1 Ethics Commission, other governmental agencies and the
2 disciplinary board of the Supreme Court of Pennsylvania
3 regarding postemployment limitations and restrictions on
4 members and employees of the board who are members of the
5 Pennsylvania Bar.

6 (30) To review detailed site plans identifying an
7 applicant's floor plan for a proposed cannabis establishment
8 to determine the adequacy of the proposed security and
9 surveillance measures inside and outside the cannabis
10 establishment.

11 (31) In the case of a cannabis establishment operated by
12 a cannabis retailer licensee, to ensure that the proposed
13 site plan is suitable for public access and that the layout
14 promotes the safe sale of cannabis and cannabis products,
15 facilitates safe and secure product handling and storage and
16 is compliant with the Americans with Disabilities Act of 1990
17 (Public Law 101-336, 104 Stat. 327).

18 (32) To adopt regulations authorizing the purchase or
19 acquisition of hemp by a cannabis entity licensee from hemp
20 farmers or other persons engaged in the legal cultivation and
21 production of hemp in this Commonwealth. Nothing in this
22 paragraph shall be construed to give the board the authority
23 to assess a fee or charge on hemp farmers or other persons
24 who sell or offer hemp for sale to a cannabis entity licensee
25 for use in cannabis products or to otherwise regulate the
26 cultivation and production activities of hemp farmers or
27 other persons.

28 Section 305. Regulatory authority of board.

29 (a) Scope.--The board shall have all the duties, functions
30 and powers necessary and appropriate to enable the board to

1 administer and enforce this act. The regulatory authority of the
2 board extends to the regulation and control of persons that hold
3 a cannabis entity license or permit and any other person
4 authorized to engage in a regulated activity under this act.

5 (b) Regulatory authority.--The duties, functions and powers
6 of the board shall include, but not be limited to, the
7 following:

8 (1) Regulate the cultivation, processing, distribution,
9 transfer, storing, testing, transportation, delivery and sale
10 or offering for sale of cannabis and cannabis products under
11 this act.

12 (2) Fix, in consultation with the Department of
13 Agriculture, the standards of cultivation and processing of
14 cannabis and cannabis products to be sold or offered for sale
15 to cannabis consumers in this Commonwealth.

16 (3) Grant, suspend or revoke any license or conditional
17 license for the cultivation, processing, distribution,
18 storing, transporting, delivering, sale or offering for sale
19 of cannabis and cannabis products or any other authorization
20 to engage in a regulated activity under this act and to
21 authorize the transfer of a cannabis entity license to
22 another person as provided under this act.

23 (4) Deny the renewal of, condition, suspend or revoke a
24 license, permit, certification or other authorization to
25 engage in a regulated activity under this act, if the board
26 finds in the board's sole discretion that a licensee,
27 permittee or holder of a certification or authorization to
28 engage in a regulated activity under this act or an officer,
29 employee or agent of the licensee, permittee or holder of a
30 certification or authorization have furnished false or

1 misleading information to the board or failed to comply with
2 this act or regulations of the board and that it would be in
3 the public interest to deny, deny the renewal of, revoke,
4 condition or suspend the license, permit, certification or
5 other authorization.

6 (5) Adopt, amend or rescind regulations as necessary and
7 appropriate to carry out the intent and provisions of this
8 act.

9 (6) Restrict access to confidential and proprietary
10 information and data in the possession of the board which has
11 been obtained under this act and ensure that the
12 confidentiality of information is maintained and protected.
13 Records shall be retained by the board for seven years.

14 (7) Prescribe and require periodic financial reporting
15 and internal and external security and accounting control
16 requirements for all cannabis entity licensees, permittees
17 and holders of an authorization to engage in a regulated
18 activity under this act.

19 (8) Require each cannabis entity licensee to provide the
20 board with the cannabis entity licensee's audited annual
21 financial statements, with any additional financial details
22 that the board may request. The audited financial statements
23 shall be submitted not later than 90 days after the end of
24 the cannabis entity licensee's fiscal year.

25 (9) Enforce prescribed hours for the operation of
26 cannabis retailers on any day during the year in order to
27 meet the needs of patrons and competition or market demand.

28 (10) The following apply:

29 (i) Require that each cannabis retailer prohibit
30 persons under 21 years of age from entering the premises

1 of the cannabis retailer's cannabis establishment and
2 from purchasing cannabis or cannabis products.

3 (ii) Nothing in this paragraph shall be construed to
4 prohibit a cannabis retailer or any other cannabis entity
5 licensee from employing a person 18 years of age or older
6 or to prohibit a person 18 years of age or older from
7 entering a cannabis establishment in the performance of
8 the duties as an employee of a cannabis retailer licensee
9 or member of a first responder organization.

10 (iii) For the purposes of this paragraph, the term
11 "first responder organization" shall have the meaning
12 given to it under 35 Pa.C.S. § 7714(b) (relating to
13 soliciting by first responder organizations).

14 (11) Require each applicant for a cannabis entity
15 license to provide detailed site plans of the applicant's
16 proposed cannabis establishment, which shall be reviewed and
17 approved by the board for the purpose of determining the
18 adequacy of the proposed security and surveillance measures
19 inside and outside the cannabis establishment. Applicants
20 shall cooperate with the board in making modifications or
21 adjustments to site plans and ensure that the modified site
22 plans, as approved by the board, are made.

23 (12) Inspect or provide authorization for the inspection
24 at any time of any cannabis establishment where cannabis is
25 cultivated, processed, stored, distributed, tested,
26 transported, sold or offered for sale.

27 (13) Prescribe forms of applications for licenses,
28 permits and any other authorization to engage in a regulated
29 activity under this act and of all reports deemed necessary
30 by the board.

1 (14) Appoint advisory groups and committees to provide
2 assistance to the board to carry out the purposes and
3 objectives of this act.

4 (15) Exercise the powers and perform the duties in
5 relation to the administration of the board as are necessary
6 but not specifically vested under this act, including, but
7 not limited to, budgetary and fiscal matters.

8 (16) Develop and establish minimum criteria for
9 certifying or registering employees to work in the cannabis
10 industry in positions requiring advanced training and
11 education.

12 (17) If public health, safety or welfare imperatively
13 requires emergency action and the board incorporates a
14 finding to that effect in an order, suspend a cannabis entity
15 license, effective on the date specified in the order or upon
16 service of a certified copy of the order on the cannabis
17 entity licensee, whichever is later, pending proceedings for
18 revocation or other action. The proceedings shall be promptly
19 instituted and determined by the board. In addition, the
20 board may order the administrative seizure of cannabis or
21 cannabis products, issue a cease and desist order or take any
22 other action necessary to protect public health and safety
23 and effectuate and enforce the policy and purpose of this
24 act.

25 (18) Adopt and promulgate regulations and issue
26 declaratory rulings, guidance and industry advisories.

27 (19) No later than January 1, 2022, and by January 1 of
28 each year thereafter, compile an annual report on the
29 effectiveness of this act. In compiling the annual report,
30 the board may consult with the department, the Department of

1 Agriculture, the Office of the Attorney General, the
2 Pennsylvania State Police, the Department of Health, the
3 Department of Community and Economic Development and the
4 Department of Drug and Alcohol Programs. The report shall
5 include, but not be limited to, the following information:

6 (i) The number of licenses, permits and other
7 authorizations to engage in a regulated activity under
8 this act applied for by geographic region of this
9 Commonwealth and the number of licenses, permits and
10 other authorizations approved and issued or denied by
11 geographic region.

12 (ii) The economic and fiscal impacts associated with
13 this act, including tax revenue and revenue collected
14 from the payment of fees, fines and penalties related to
15 the regulation of cannabis under this act.

16 (iii) Specific programs implemented and progress, if
17 any, made by the board in achieving the goals of social
18 and economic equity and other social justice goals,
19 including, but not limited to, restorative justice and
20 ensuring inclusion and participation by diverse
21 businesses and disadvantaged small businesses,
22 disadvantaged farmer-owned small businesses and service-
23 disabled-veteran-owned and veteran-owned small
24 businesses.

25 (iv) Demographic data on owners and employees in the
26 cannabis industry.

27 (v) Impacts to public health and safety, including
28 substance use disorder.

29 (vi) Impacts associated with public safety,
30 including, but not limited to, traffic-related issues,

1 law enforcement, underage prevention in relation to
2 accessing cannabis and cannabis products and efforts to
3 eliminate illicit cannabis and the market for illicit
4 cannabis and cannabis products in this Commonwealth.

5 (vii) Any other information or data deemed
6 significant.

7 (20) The following apply:

8 (i) The board may biennially make a report of
9 recommendations regarding the appropriate level of
10 taxation of cannabis and cannabis products, as well as
11 changes necessary to:

12 (A) promote and encourage inclusion and
13 participation by social and economic equity
14 applicants; and

15 (B) improve and protect the public health and
16 safety of the residents of this Commonwealth to
17 improve access and availability for substance use
18 disorder treatment programs.

19 (ii) The initial report shall be submitted to the
20 Governor, the Majority Leader of the Senate, the Minority
21 Leader of the Senate, the Speaker of the House of
22 Representatives and the Minority Leader of the House of
23 Representatives no later than January 1, 2023, and
24 biennially thereafter.

25 (21) Consult with the department, the Department of
26 Agriculture, the Office of Attorney General, the Department
27 of Health, any other board, agency, commission or office of
28 the Commonwealth, representatives of the cannabis industry or
29 other persons the board deems necessary with respect to the
30 various aspects of the powers and duties of the board and the

1 regulation and control of cannabis under this act.

2 (22) Enter into contracts for the purposes of carrying
3 out the powers and duties of the board under this act.

4 (23) Investigate, through the bureau, any suspected or
5 actual violation of this act by a licensee, permittee or
6 other person authorized to engage in a regulated activity
7 under this act.

8 (24) Limit or prohibit, at the time of a declaration of
9 disaster emergency or other public health emergency or
10 natural disaster and without previous notice or
11 advertisement, the cultivation, processing, distribution,
12 storage, transportation, delivery or sale of any or all
13 cannabis and cannabis products for the period of an emergency
14 declaration.

15 (25) Hold hearings, subpoena witnesses, compel
16 attendance of witnesses, administer oaths and examine a
17 person under oath and to require the production of books or
18 records relative to the hearing or inquiry. A subpoena issued
19 under this section shall be governed by the applicable
20 provisions of 42 Pa.C.S. (relating to judiciary and judicial
21 procedure).

22 (26) Inspect or provide authorization for the inspection
23 at any time of any cannabis establishment where cannabis or
24 cannabis products are cultivated, processed, stored,
25 transported, tested, distributed, sold or offered for sale.

26 (27) Enter into memoranda of understanding or agreements
27 with the Department of Agriculture, Department of Health,
28 Pennsylvania State Police or any other Commonwealth agency as
29 deemed appropriate to effectuate the policy and purposes of
30 this act.

1 (28) Assist in the prosecution of violations of this act
2 and other laws of this Commonwealth related to the legal
3 possession or sale of cannabis and cannabis products and to
4 cooperate with the prosecution of a violation of this act and
5 other laws.

6 (29) In addition to any fees established under this act,
7 establish fees that are reasonably calculated not to exceed
8 the cost of the activity for which the fee is imposed.

9 (30) Except as provided under this act, adopt
10 regulations prohibiting advertisements by cannabis entity
11 licensees that:

12 (i) depict cannabis and cannabis products in a
13 manner that is appealing to minors;

14 (ii) promote excessive use;

15 (iii) promote illegal activity; or

16 (iv) otherwise present a significant risk to public
17 health and safety.

18 (31) Establish the circumstances under which the board
19 may purchase, seize, possess and dispose of cannabis and
20 cannabis products. The board may purchase, possess, seize or
21 dispose of cannabis and cannabis products as may be necessary
22 to ensure compliance with and the enforcement of this act.

23 (32) Provide for the development and use of a seed-to-
24 sale cannabis tracking system, which shall include a secure
25 application program interface capable of accessing all data
26 required to be transmitted to the board to ensure compliance
27 with the operational reporting requirements established under
28 this act and regulations of the board.

29 (33) Ensure that the seed-to-sale tracking system
30 utilizes a unique plant identification and unique batch

1 identification. Any secondary system used by a cannabis
2 entity licensee shall be configured to integrate with the
3 seed-to-sale tracking system of record in a form and manner
4 approved by the board.

5 (34) Ensure that the seed-to-sale tracking system is
6 configured to track the transfer of cannabis and cannabis
7 products between licensed cannabis entities. The tracking
8 system must be configured to include, but not be limited to,
9 procedures to:

10 (i) Prevent the diversion of cannabis and cannabis
11 products to criminal enterprises, gangs, cartels and
12 other states or jurisdictions.

13 (ii) Prevent persons from substituting,
14 adulterating, contaminating or tampering with cannabis
15 and cannabis products.

16 (iii) Ensure an accurate accounting of the
17 cultivation, processing and sale of cannabis and cannabis
18 products.

19 (iv) Assist the department with ensuring that taxes
20 imposed under this act are collected and distributed as
21 provided under this act.

22 (v) Ensure that cannabis and cannabis products
23 undergo laboratory testing by a cannabis testing
24 laboratory and that test results are accurately reported
25 to the cannabis entity licensee that provided the sample
26 for testing.

27 (vi) Ensure compliance with the rules and
28 regulations adopted under this act.

29 (vii) Be capable of tracking, at a minimum:

30 (A) The propagation of immature cannabis plants

1 and the cultivation of cannabis by a cannabis
2 cultivator.

3 (B) The processing of cannabis and cannabis
4 products by a cannabis processor.

5 (C) The sale of cannabis and cannabis products
6 by a cannabis retailer to a cannabis consumer.

7 (D) The purchase and sale of cannabis and
8 cannabis products between cannabis entity licensees.

9 (E) The transfer or delivery of cannabis and
10 cannabis products between licensed cannabis entities
11 and licensed cannabis establishments.

12 (F) Licensees, employees and other persons
13 involved with cannabis and cannabis products.

14 (G) The amount of taxes imposed upon the retail
15 sale of cannabis and cannabis products.

16 (H) Any other information that the board
17 determines necessary to administer and enforce this
18 paragraph.

19 (35) The following apply:

20 (i) Require each cannabis entity licensee to develop
21 and implement a workplace safety plan designed to inform
22 and prepare employees on how to respond during a fire,
23 accident or other emergency and to submit the specifics
24 of the plan to the board.

25 (ii) The plan may include a workplace first aid
26 training program, a fire safety plan, including periodic
27 fire drills, evacuation procedures and access
28 requirements for members of first responder
29 organizations.

30 (iii) Notwithstanding any other provision of this

1 act, employees and members of first responder
2 organizations may enter a cannabis establishment to
3 conduct fire drills and advise licensees and employees on
4 fire safety and effective evacuation procedures.

5 (iv) In developing a fire safety plan, a cannabis
6 entity licensee may adopt the guidance developed by the
7 National Fire Protection Association to govern marijuana
8 growing, processing and extraction facilities.

9 Section 306. Additional regulatory authority.

10 (a) Rules and regulations.--In addition to the board's
11 regulatory authority under section 305 and other provisions of
12 this act, the board shall adopt and promulgate regulations that
13 specify:

14 (1) The qualifications and selection criteria for
15 licensing, permitting, registration, certification or other
16 authorization to engage in a regulated activity under this
17 act.

18 (2) The books and records to be created and maintained
19 by cannabis entity licensees, including the reports to be
20 made to the board, and the inspection of any and all books
21 and records maintained by each licensed cannabis entity,
22 including the books and records that must be maintained for
23 inspection on the premises of the cannabis entity's cannabis
24 establishment.

25 (3) The methods of cultivating or producing, processing
26 and packaging of cannabis and cannabis products, including
27 concentrated cannabis.

28 (4) The conditions of sanitation and sanitation
29 standards, including, but not limited to, the standards of
30 ingredients and quality and identity of cannabis cultivated,

1 processed, packaged, distributed, stored, sold or offered for
2 sale by cannabis entity licensees in this Commonwealth. The
3 board shall consult with the Department of Agriculture in
4 adopting sanitation standards and may incorporate any
5 standards or requirements adopted by the Department of
6 Agriculture to govern food safety, including the misbranding
7 and adulteration of food under 3 Pa.C.S. (relating to
8 agriculture).

9 (5) The security and surveillance standards for cannabis
10 establishments and safety and security protocols for
11 employees, cannabis consumers and other persons patronizing a
12 cannabis establishment.

13 (6) Hearing procedures and additional causes consistent
14 with the provisions of this act for the suspension or
15 revocation of a license, permit or other authorization to
16 engage in a regulated activity under this act.

17 (7) Procedures to prevent the sale and distribution of
18 cannabis and cannabis product to individuals under 21 years
19 of age, including the modification of tobacco vaping products
20 for use with cannabis or cannabis products.

21 (8) Procedures to prevent the diversion of revenue from
22 the sale of cannabis and cannabis products to criminal
23 enterprises.

24 (9) Provisions to prevent the diversion of cannabis and
25 cannabis products from this Commonwealth to other states.

26 (10) In consultation with the Attorney General,
27 procedures to prevent cannabis and cannabis products that are
28 legal in this Commonwealth from being used as a cover or
29 pretext for the trafficking of other illegal controlled
30 substances or other illegal activity.

1 (11) In consultation with the Department of
2 Transportation, provisions to inform the public about drugged
3 driving and driving while impaired and the possible
4 exacerbation of other adverse public health consequences
5 associated with the use of cannabis and cannabis products.

6 (12) Requirements to prevent the cultivation of cannabis
7 on public lands.

8 (13) Provisions to inform the public about the
9 prohibition on the possession and use of cannabis and
10 cannabis products on land or property owned by the United
11 States.

12 (14) In consultation with the Department of Agriculture
13 and the Department of Environmental Protection, provisions to
14 govern the cultivation of cannabis, including water, electric
15 and energy usage and disposal and recycling methods,
16 restrictions on the use of fertilizers, pesticides and
17 herbicides and best practices for water and energy
18 conservation.

19 (15) In consultation with the Department of Agriculture,
20 standards to govern the designation and labeling of cannabis
21 as being natural or a naturally cultivated agricultural crop.

22 (b) Employee identification cards.--The following apply:

23 (1) The board shall adopt and promulgate regulations to
24 require each cannabis entity licensee, permittee or other
25 person issued a license, permit or authorization to engage in
26 a regulated activity under this act to furnish identification
27 cards to the employees, contractors or subcontractors of the
28 licensee, permittee or other person. The board shall adopt a
29 standardize format for employee identification cards to
30 include:

1 (i) The name and license number of the cannabis
2 entity licensee, permittee or other person authorized to
3 engage in a regulated activity under this act employing
4 or contracting with the person.

5 (ii) The name of the cardholder.

6 (iii) The date of issuance and expiration.

7 (iv) A random 10-digit alphanumeric identification
8 number containing at least four numbers and at least four
9 letters which shall be unique to the individual issued
10 the identification card.

11 (v) A photograph of the cardholder.

12 (vi) A statement that the unauthorized use or
13 possession of an identification card could subject a
14 person to criminal prosecution.

15 (2) The regulations shall require that an employee,
16 contractor or subcontractor issued an identification card
17 under this subsection:

18 (i) Keep the identification card visible at all
19 times when on the premises of a cannabis entity's
20 cannabis establishment or the premises of a permittee or
21 other person authorized to engage in a regulated activity
22 under this act.

23 (ii) Immediately report a lost or stolen
24 identification card to the cannabis entity licensee,
25 permittee or other person engaged in a regulated activity
26 under this act that issued the card to the employee,
27 contractor or subcontractor. The cannabis entity
28 licensee, permittee or other person shall, within 24
29 hours of notification of a lost or stolen identification
30 card, report the lost or stolen identification card to

1 the board and the Pennsylvania State Police.

2 (iii) Immediately return the identification card to
3 the cannabis entity licensee, permittee or other person
4 that employs the employee, contractor or subcontractor
5 upon termination of employment or performance of the
6 contract.

7 (iv) Restrict the use of identification cards to
8 work purposes only. A cannabis employee identification
9 card may not be used outside the premises of a cannabis
10 establishment to confirm the identity of the
11 identification cardholder.

12 Section 307. Temporary regulations.

13 (a) Promulgation.--In order to facilitate the prompt
14 implementation of this act, regulations promulgated by the board
15 shall be deemed temporary regulations which shall expire no
16 later than three years following the effective date of this
17 section. The board may promulgate temporary regulations, which
18 shall not be subject to:

19 (1) Sections 201, 202 and 203 of the act of July 31,
20 1968 (P.L.769, No.240), referred to as the Commonwealth
21 Documents Law.

22 (2) The act of June 25, 1982 (P.L.633, No.181), known as
23 the Regulatory Review Act.

24 (b) Expiration.--The authority provided to the board to
25 adopt temporary regulations under subsection (a) shall expire
26 three years after the effective date of this subsection.
27 Regulations adopted after the three-year period under subsection
28 (a) shall be adopted and promulgated as provided by law.

29 Section 308. Cannabis entity application appeals from board.

30 The Supreme Court shall be vested with exclusive appellate

1 jurisdiction to consider appeals of a final order, determination
2 or decision of the board involving the approval, issuance,
3 denial or conditioning of a cannabis entity license.

4 Notwithstanding 2 Pa.C.S. Ch. 7 Subch. A (relating to judicial
5 review of Commonwealth agency action) and 42 Pa.C.S. § 763
6 (relating to direct appeals from government agencies), the
7 Supreme Court shall affirm all final orders, determinations or
8 decisions of the board involving the approval, issuance, denial
9 or conditioning of a cannabis entity license, unless the Court
10 finds that the board committed an error of law or that the
11 order, determination or decision of the board was arbitrary and
12 there was a capricious disregard of the evidence.

13 Section 309. Hearing process.

14 The board's consideration and resolution of all issues
15 relating to licenses, permits or other authorizations to engage
16 in a regulated activity under this act shall be conducted under
17 2 Pa.C.S. (relating to administrative law and procedure) or with
18 procedures adopted by order of the board. Notwithstanding the
19 requirements of 2 Pa.C.S. §§ 504 (relating to hearing and
20 record) and 505 (relating to evidence and cross-examination) as
21 those provisions relate to the conduct of oral hearings, the
22 board may adopt procedures to provide parties before the board
23 with a documentary hearing. The board may resolve disputed
24 material facts without conducting an oral hearing where
25 constitutionally permissible.

26 Section 310. Board minutes and records.

27 (a) Record of proceedings.--The board shall cause to be made
28 and kept a record of all proceedings held at public meetings of
29 the board. The verbatim transcript of board proceedings shall be
30 the property of the board and shall be prepared by the board

1 upon the request of a board member or other person and the
2 payment by that person of the costs of preparation, which costs
3 shall be specified by the board by regulation.

4 (b) Applicant information.--The following apply:

5 (1) The board shall maintain a list of all applicants
6 for licenses, permits and other authorizations to engage in a
7 regulated activity under this act. The list shall include a
8 record of all actions taken with respect to each applicant.
9 The list shall be open to public inspection during the normal
10 business hours of the board.

11 (2) Information under paragraph (1) regarding an
12 applicant whose license, permit, certification or other
13 authorization has been denied, revoked or not renewed shall
14 be removed from the list after seven years from the date of
15 the action.

16 (c) Other files and records.--The board shall maintain
17 other files and records as the board determines necessary and
18 appropriate to administer and enforce this act.

19 (d) Confidentiality of information.--The following apply:

20 (1) The following information submitted by an applicant,
21 licensee, permittee or other person engaged in a regulated
22 activity under this act or obtained by the board or the
23 bureau as part of a background investigation or other
24 investigation or inquiry from any source shall be
25 confidential and withheld from public disclosure:

26 (i) All information relating to character, honesty
27 and integrity, including family, habits, reputation,
28 history of criminal activity, business activities,
29 financial affairs and business, and professional and
30 personal associations submitted to or otherwise obtained

1 by the board or the bureau.

2 (ii) Nonpublic personal information, including home
3 addresses, telephone numbers and other personal contact
4 information, Social Security numbers, educational
5 records, memberships, medical records, tax returns and
6 declarations, actual or proposed compensation, financial
7 account records, creditworthiness or financial condition
8 relating to an applicant, licensee, permittee or other
9 person engaged in a regulated activity under this act or
10 the immediate family of the applicant, licensee,
11 permittee or other person.

12 (iii) Information relating to proprietary
13 cultivation information, cultivation or processing
14 methods, trade secrets, patents or exclusive licenses,
15 architectural and engineering plans and information
16 relating to competitive marketing materials and
17 strategies, which may include customer-identifying
18 information.

19 (iv) Security and surveillance information or plans,
20 including risk prevention plans, detection and
21 countermeasures, location of cultivation or processing
22 restricted access areas, information technology
23 facilities or redundancy technology facilities, emergency
24 management plans, safety protocols and theft and fraud
25 prevention plans and countermeasures.

26 (v) Information with respect to which there is a
27 reasonable possibility that public release or inspection
28 of the information would constitute an unwarranted
29 invasion into personal privacy of an individual as
30 determined by the board.

1 (vi) Financial information deemed confidential by
2 the board upon a showing of good cause by the applicant,
3 licensee or other person.

4 (2) A claim of confidentiality may not be made regarding
5 criminal history record information that is available to the
6 public under 18 Pa.C.S. § 9121(b) (relating to general
7 regulations).

8 (3) A claim of confidentiality may not be made regarding
9 a record in possession of the board that is otherwise
10 publicly available from a Commonwealth agency, local agency
11 or another jurisdiction or is subject to disclosure under the
12 act of February 14, 2008 (P.L.6, No.3), known as the Right-
13 to-Know Law.

14 (4) The following apply:

15 (i) Except as provided in this act and under
16 subparagraph (ii), information made confidential under
17 this section shall be withheld from public disclosure in
18 whole or in part.

19 (ii) Confidential information shall be released upon
20 order of a court of competent jurisdiction or to the
21 Attorney General and may be released to the public, in
22 whole or in part, to the extent that the release is
23 requested by an applicant, licensee, permittee or other
24 person engaged in a regulated activity under this act and
25 does not otherwise contain confidential information about
26 another person.

27 (5) The board may seek a voluntary waiver of
28 confidentiality from an applicant, licensee, permittee or
29 other person engaged in a regulated activity under this act
30 but may not require an applicant, licensee, permittee or

1 other person to waive any confidentiality provided for in
2 this subsection as a condition for the approval of an
3 application or the issuance or renewal of a license or permit
4 or any other authorization or action of the board.

5 (6) The following apply:

6 (i) A current or former member and a current or
7 former employee, agent, independent contractor or
8 employee of an independent contractor of the board, the
9 department, the Department of Agriculture, the Office of
10 Attorney General or any other Commonwealth agency or
11 office who has obtained confidential information in the
12 performance of duties under this act may not
13 intentionally and publicly disclose the information to
14 any person, knowing that the information being disclosed
15 is confidential under this subsection, unless the person
16 to whom the information is disclosed is authorized by law
17 to receive the information.

18 (ii) A violation of this subsection constitutes a
19 misdemeanor of the third degree. In addition, an
20 employee, agent, independent contractor or employee of an
21 independent contractor of the board who violates this
22 subsection shall be administratively disciplined by
23 discharge, suspension, termination of contract or other
24 formal disciplinary action as determined appropriate by
25 the board.

26 (iii) If a current member of the board violates this
27 paragraph, the chairperson of the board or a member of
28 the board designated by the chairperson shall refer the
29 matter to the current member's appointing authority.

30 (e) Notice.--Notice of the contents of information collected

1 and maintained by the board, except to a duly authorized law
2 enforcement agency under this section, may be given to an
3 applicant, licensee, permittee or other person engaged in a
4 regulated activity under this act in a manner prescribed by
5 regulation of the board.

6 (f) Information held by department.--Notwithstanding any
7 other provision of this act, files, records, reports, tax
8 returns and other information in the possession of the
9 department pertaining to licensees, permittees and other persons
10 engaged in a regulated activity under this act shall be made
11 available to the board as may be necessary for the effective
12 administration of this act.

13 Section 311. Selection criteria.

14 (a) Requirements.--The board shall promulgate and adopt
15 regulations to govern the board's consideration of applications
16 for a license, permit, certification or other authorization to
17 engage in a regulated activity under this act. The regulations
18 shall be based on, but not be limited to, the following
19 criteria:

20 (1) The applicant is a social and economic equity
21 applicant.

22 (2) The applicant will be able to maintain effective
23 control against the illegal diversion of cannabis and
24 cannabis products.

25 (3) The applicant will be able to comply with all
26 applicable laws and regulations of this Commonwealth.

27 (4) The applicants and its officers, directors and
28 principals are ready, willing and financially able to
29 properly carry on the activities for which the license,
30 permit, certification or other authorization is sought,

1 including an applicant's obligations under sections 503(c)
2 and 504(c), if applicable.

3 (5) The applicant, including a social and economic
4 equity applicant, owns, possesses or has the rights to
5 sufficient land, buildings and equipment to properly perform
6 the activity or activities described in the application or
7 has a plan to acquire sufficient land, buildings and
8 equipment to perform the activities.

9 (6) The applicant:

10 (i) qualifies as a social and economic equity
11 applicant;

12 (ii) will locate or has proposed to locate the
13 applicant's cannabis establishment in a designated
14 opportunity zone; or

15 (iii) provides a plan to benefit communities in
16 designated opportunities zones.

17 (7) It is in the public interest that a license, permit,
18 certification or other authorization to engage in a regulated
19 activity under this act be approved and issued by the board
20 based on the following:

21 (i) that it is a privilege and not a right to
22 cultivate, process, distribute, transport, deliver,
23 store, sell or offer for sale cannabis and cannabis
24 products in this Commonwealth;

25 (ii) the number and type of other proposed cannabis
26 establishments in proximity to the physical location of a
27 proposed cannabis establishment in the particular
28 municipality proposed in the applicant's application;

29 (iii) the effect on the availability of cannabis and
30 cannabis products;

1 (iv) evidence that all required licenses and permits
2 have been or will be obtained from the Commonwealth and
3 the municipality where the applicant's cannabis
4 establishment is proposed to be located;

5 (v) if an applicant is applying for a cannabis
6 retailer license, the effect, if any, on pedestrian or
7 vehicular traffic and parking in proximity to the
8 location of the proposed cannabis establishment; and

9 (vi) if the applicant is seeking a cannabis
10 cultivator license or a cannabis processor license, the
11 environmental impact of the proposed cannabis
12 establishment and the ability of the applicant to
13 mitigate adverse environmental impacts, including, but
14 not limited to, water usage and energy usage.

15 (b) Privileges granted; availability limited.--All
16 privileges granted by a license, permit, certification or other
17 authorization to engage in a regulated activity under this act
18 shall be available only to the person issued the license,
19 permit, certification or other authorization and only for the
20 premises of the licensed cannabis establishment specified in the
21 application and for no other person, premises or cannabis
22 establishment. Nothing in this subsection shall preclude a
23 person from petitioning the board for a modification of or an
24 amendment to a license, permit, certification or other
25 authorization under this act.

26 Section 312. Collection of fees and fines.

27 (a) Power to levy and collect.--The following apply:

28 (1) The board shall have the power and duty to levy and
29 collect fees from applicants, licensees, permittees and other
30 persons seeking authorization to engage in a regulated

1 activity under this act to fund the operations of the board.

2 (2) In addition to the authority to levy and collect
3 fees under paragraph (1), the board shall have the authority
4 to impose a reasonable monthly seed-to-sale licensing fee on
5 licensees, permittees and other persons authorized to engage
6 in a regulated activity related to the cultivation,
7 processing or sale of cannabis and cannabis products under
8 this act. The seed-to-sale licensing fee shall be used by the
9 board to develop and maintain a cannabis plant monitoring
10 system to track the sale or transfer of cannabis and cannabis
11 products between cannabis entity licensees.

12 (b) (Reserved).

13 Section 313. Cannabis entity license fees.

14 (a) Imposition.--The following apply:

15 (1) Subject to the requirements of this section, at the
16 time of the issuance of a cannabis entity license, the board
17 shall impose and collect:

18 (i) A license fee in the amount of \$100,000 from an
19 applicant approved for and issued a cannabis cultivator
20 license.

21 (ii) A license fee of \$100,000 from an applicant
22 approved for and issued a cannabis processor license.

23 (iii) A license fee of \$60,000 from an applicant
24 approved for and issued a cannabis retailer license.

25 (iv) The license fee for a qualified social and
26 economic equity applicant or cannabis microbusiness
27 approved for and issued a cannabis entity license shall
28 be 50% of the amount charged for the type of license
29 sought under subparagraphs (i), (ii) and (iii).

30 (2) Each person issued a cannabis entity license under

1 this act shall pay a license renewal fee to the board in the
2 following amounts:

3 (i) The sum of \$60,000 for a cannabis cultivator
4 license, a cannabis processor license and a cannabis
5 transporter license in good standing.

6 (ii) The sum of \$30,000 for a cannabis retailer
7 license in good standing.

8 (iii) For a holder of a cannabis cultivator,
9 cannabis processor, cannabis transporter or cannabis
10 retailer license that is a qualified social and economic
11 equity licensee or a cannabis microbusiness licensee, a
12 sum equaling 50% of each amount established for the
13 renewal of a license under subparagraphs (i) and (ii).

14 (3) No initial license fee shall be collected from the
15 holder of a conditional cannabis entity license who remitted
16 the relevant license fee to the board upon the issuance of
17 the conditional cannabis entity license.

18 (b) Term.--The following apply:

19 (1) A cannabis entity license shall be in effect unless
20 suspended, revoked or not renewed by the board upon good
21 cause as provided under this act.

22 (2) Except as otherwise provided in this act, each
23 cannabis entity licensee shall be required to update the
24 information in the cannabis entity licensee's initial
25 application biennially, and a cannabis entity license in good
26 standing shall be renewed biennially upon the payment of the
27 license renewal fee established in subsection (a)(2).

28 (3) Nothing in this subsection shall relieve a licensee
29 of the affirmative duty to notify the board of changes
30 relating to the status of the license, permit or other

1 authorization or any other information contained in the
2 application materials on file with the board.

3 (c) Deposit of license fee.--The total amount of all license
4 fees imposed and collected by the board under this section shall
5 be deposited into the Cannabis Revenue Fund established in
6 section 1101.

7 (d) Change in ownership or control of a license.--In the
8 event that the ownership or control of a cannabis entity
9 licensee or an affiliate, intermediary, subsidiary or holding
10 company of a cannabis entity licensee is changed under section
11 508 and a return of the cannabis entity license fee is ordered,
12 the new owner shall be entitled to the return of the license fee
13 under subsection (e) as if the new owner or controlling interest
14 was the original licensee.

15 (e) Return of cannabis entity license fee.--The following
16 apply:

17 (1) The entire one-time cannabis entity license fee for
18 a cannabis entity license as imposed under subsection (a)
19 shall be returned to each licensee in the event section 301
20 or 303 is amended or otherwise altered by an act of the
21 General Assembly, within 10 years following the date
22 established by the board as the deadline for the initial
23 submission of cannabis entity license applications under
24 section 502, to change:

25 (i) The composition of the board.

26 (ii) The number of members appointed to the board.

27 (iii) The voting powers of members of the board.

28 (iv) The manner in which members are appointed to
29 the board.

30 (v) The length of term for which each member serves.

1 (vi) The general jurisdiction of the board in a
2 manner that impairs or otherwise reduces the board's
3 licensing or regulatory authority.

4 (vii) By reducing, the number of permissible
5 cannabis entity licenses that may be issued by the board
6 under this act or to limit or prohibit the board's
7 authority to increase the number of cannabis entity
8 licensees to meet market demand under section 616.

9 (2) In the event that the General Assembly acts in the
10 manner described under paragraph (1):

11 (i) In the sixth year following the date established
12 by the board as the deadline for the initial submission
13 of cannabis entity license applications under section
14 502, a cannabis entity licensee shall be entitled to an
15 actual return of the initial cannabis entity license fee
16 in the amount totaling 60% of the initial license fee and
17 60% of the total amount of all renewal license fees paid
18 to the board under subsection (a).

19 (ii) In the seventh year, each cannabis entity
20 licensee shall be entitled to an actual return of the
21 initial cannabis entity license fee in an amount totaling
22 50% of the initial license and 50% of the total amount of
23 all renewal license fees paid to the board under
24 subsection (a).

25 (iii) In the eighth year, each cannabis entity
26 licensee shall be entitled to an actual return of the
27 initial cannabis entity license fee in an amount totaling
28 40% of the initial license fee and 40% of all renewal
29 license fees paid to the board under subsection (a).

30 (iv) In the ninth year, each cannabis entity

1 licensee shall be entitled to an actual return of the
2 initial cannabis entity license fee in an amount totaling
3 30% of the initial cannabis entity license fee and 30% of
4 the total amount of all renewal license fees paid to the
5 board under subsection (a).

6 (v) In the tenth year, each cannabis entity licensee
7 shall be entitled to an actual return of the initial
8 cannabis entity license fee in an amount totaling 20% of
9 the initial cannabis entity license and 20% of the total
10 amount of all renewal license fees paid to the board
11 under subsection (a).

12 (3) In the event that the General Assembly acts in the
13 manner described under paragraph (1) after the expiration of
14 the 10-year period, no cannabis entity licensee shall be
15 entitled to a return of any portion of the initial cannabis
16 entity license fee or renewal license fee.

17 (4) Notwithstanding paragraph (3), no cannabis entity
18 licensee shall be entitled to the return of any portion of
19 the fee as a result of an act of the General Assembly insofar
20 as the act implements a recommendation made by the board
21 through a majority vote.

22 (5) Within 10 days following a determination that a
23 cannabis entity licensee is entitled to the return of any
24 portion of the cannabis entity license fee or renewal license
25 fee paid by the cannabis entity licensee under this act or
26 based on the contract executed by the cannabis entity
27 licensee and the department under subsection (f), the board
28 shall immediately assess a one-time cannabis entity license
29 renewal fee on the cannabis entity licensee in an amount
30 equal to the amount of the fee returned to the cannabis

1 entity licensee. The renewal fee shall be paid by the
2 cannabis entity licensee within two business days following
3 the return of the initial fee.

4 (f) Credit against tax for cannabis entity licensees.--The
5 following apply:

6 (1) If the rate of the tax imposed under section 1001 or
7 1002 is increased at any time during the term of 10 years
8 following the initial issuance of the cannabis entity
9 license, the cannabis entity licensee shall be entitled to a
10 credit against subsequent payment of the tax equal to the
11 difference between the tax calculated at the rate when the
12 license was issued and the tax calculated at the increased
13 rate.

14 (2) The credit under paragraph (1) shall be applied on a
15 dollar-for-dollar basis as and when the tax is payable as
16 provided under sections 1001 and 1002 but shall not extend
17 beyond the 10-year period following the initial issuance of
18 the cannabis entity license.

19 (3) The aggregate amount of all credits provided shall
20 not exceed the amount of the licensing fee paid by the
21 licensee.

22 (4) The department shall enter into a contract with each
23 cannabis entity licensee explicitly stating the terms and
24 conditions of the tax credit and which also specifically
25 incorporates the requirements of subsection (e).

26 CHAPTER 4

27 SOCIAL AND ECONOMIC EQUITY

28 Section 401. Office of Social and Economic Equity.

29 (a) Establishment and director.--The Office of Social and
30 Economic Equity is established within the board and shall be

1 under the immediate supervision of a director who shall be
2 appointed by and serve at the pleasure of the board. The
3 director shall receive an annual salary which shall not exceed
4 the annual salary of the executive director of the board.

5 (b) Powers and duties.--The office shall:

6 (1) Establish and administer, under the direction of the
7 board, unified practices and procedures to promote inclusion
8 and participation in the regulated cannabis industry by
9 persons from socially and economically disadvantaged
10 communities, including by prospective and existing ownership
11 of diverse businesses and disadvantaged businesses, as
12 defined under 74 Pa.C.S. § 303 (relating to diverse business
13 participation), service-disabled veteran-owned small
14 businesses and veteran-owned small businesses, as defined
15 under 51 Pa.C.S. § 9601 (relating to definitions) and
16 disadvantaged farmer-owned small businesses to be licensed,
17 permitted or otherwise authorized to engage in a regulated
18 activity under this act. The unified practices and procedures
19 shall:

20 (i) Include the certification and subsequent
21 recertification at regular intervals of a business as a
22 diverse business or disadvantaged business, including the
23 certification and recertification of service-disabled
24 veteran-owned small businesses and veteran-owned small
25 businesses and disadvantaged farmer-owned small
26 businesses, in accordance with eligibility criteria and
27 an application process established by the office in
28 consultation with the board.

29 (ii) In certifying a diverse business and
30 disadvantaged business and a service-disabled veteran-

1 owned small business and veteran-owned small business,
2 adopt the processes and procedures developed and
3 implemented by the Department of General Services' Bureau
4 of Diversity, Inclusion and Small Business Opportunity
5 for certifying diverse businesses and disadvantaged
6 businesses and service-disabled veteran-owned small
7 businesses and veteran-owned small businesses. The
8 Bureau of Diversity, Inclusion and Small Business
9 Opportunity shall compile a list of certified diverse
10 businesses and disadvantaged businesses and service-
11 disabled veteran-owned small businesses and veteran-owned
12 small businesses.

13 (iii) Identify, in consultation with the Department
14 of Agriculture, disadvantaged farmer-owned small
15 businesses and include criteria for use in certifying or
16 otherwise authorizing disadvantaged farmer-owned small
17 businesses to engage in a regulated activity under this
18 act.

19 (iv) Not be precluded from adopting the list of
20 certified diverse businesses and disadvantaged businesses
21 or service-disabled veteran-owned small businesses and
22 veteran-owned small businesses compiled by the Department
23 of General Services in carrying out the requirements of
24 subparagraph (ii).

25 (2) Make recommendations to the board on relevant policy
26 and implementation matters relating to inclusion and
27 participation in this Commonwealth's regulated cannabis
28 industry by individuals residing in and entities located in
29 designated opportunity zones and other socially and
30 economically disadvantaged communities, including by

1 prospective or existing ownership by diverse businesses and
2 disadvantaged businesses, service-disabled veteran-owned
3 small businesses and veteran-owned small businesses and
4 disadvantaged farmer-owned small businesses, as the office
5 deems appropriate.

6 (3) Conduct advertising and promotional campaigns and
7 disseminate information to the public to increase awareness
8 and promote inclusion and participation in this
9 Commonwealth's regulated cannabis industry by socially and
10 economically disadvantaged individuals, including through
11 prospective and existing ownership by certified diverse
12 businesses and disadvantaged businesses, service-disabled
13 veteran-owned small businesses and veteran-owned small
14 businesses and disadvantaged farmer-owned small businesses,
15 concerning the qualifications and application process for a
16 license, permit or other authorization to engage in a
17 regulated activity under this act.

18 (4) Develop a list that identifies certified diverse
19 businesses and disadvantaged businesses, service-disabled
20 veteran-owned small businesses and veteran-owned small
21 businesses and disadvantaged farmer-owned small businesses
22 and other farmers and persons engaged in agricultural
23 production for use by applicants for an expedited approval
24 cannabis entity license under sections 503 and 504 and
25 applicants for a cannabis entity license under section 505 to
26 carry out social and economic equity activities under Chapter
27 5. The list shall be transmitted to the Legislative Reference
28 Bureau for publication in the Pennsylvania Bulletin and
29 posted on the board's publicly accessible Internet website on
30 a continuing basis. Revisions or updates to the list shall be

1 promptly transmitted to the Legislative Reference Bureau for
2 publication in the Pennsylvania Bulletin and posted on the
3 board's publicly accessible Internet website to ensure the
4 accuracy of the information delineated in the list.

5 (5) Sponsor webinars, seminars and other informational
6 programs, as well as provide information on the office's
7 publicly accessible Internet website, directed toward
8 socially and economically disadvantaged individuals and
9 prospective and existing diverse businesses and disadvantaged
10 businesses, service-disabled veteran-owned small businesses
11 and veteran-owned small businesses and disadvantaged farmer-
12 owned small businesses which may be useful to persons seeking
13 practical information on regulated activities under this act,
14 business management, marketing and other matters related to
15 the regulation of cannabis and cannabis products for personal
16 use.

17 (6) The following apply:

18 (i) At least annually, analyze the number of
19 licenses, permits and other authorizations to engage in a
20 regulated activity under this act issued by the board and
21 compare that analysis to the number of diverse businesses
22 and disadvantaged businesses, service-disabled veteran-
23 owned small businesses and veteran-owned small businesses
24 and disadvantaged farmer-owned small businesses that
25 submitted applications for a license, permit,
26 certification or other authorization to engage in a
27 regulated activity under this act.

28 (ii) The office shall make a good faith effort to
29 establish, maintain and enhance the goals and measures
30 designed to promote inclusion and participation in

1 regulated activities under this act by socially and
2 economically disadvantaged individuals and small
3 businesses consistent with the standards specified in
4 this subsection, and to coordinate and assist the board
5 with respect to the incorporation of these licensing
6 measures into the application and review process for
7 issuing a license, permit, certification or other
8 authorization to engage in a regulated activity under
9 this act.

10 (c) Review of participation efforts.--The following apply:

11 (1) The office may review policies and procedures
12 implemented by the board related to participation in the
13 regulated cannabis industry in this Commonwealth by socially
14 and economically disadvantaged individuals, diverse
15 businesses and disadvantaged businesses, service-disabled
16 veteran-owned small businesses and veteran-owned small
17 businesses and disadvantaged farmer-owned small businesses
18 and make recommendations to enhance equity, inclusion and
19 participation in this Commonwealth's regulated cannabis
20 industry.

21 (2) The office may consult with experts or other
22 knowledgeable persons in the public and private sectors and
23 industry stakeholders on any aspect of the office's powers
24 and duties under this section.

25 (d) Report.--Within two years of the effective date of this
26 subsection, and on a biennial basis thereafter, the office shall
27 compile a report that addresses inclusion and participation in
28 this Commonwealth's regulated cannabis industry by individuals
29 from socially and economically disadvantaged communities and
30 designated opportunity zones, including through participation in

1 the commercial cannabis marketplaces by diverse businesses and
2 disadvantaged businesses, service-disabled veteran-owned small
3 businesses and veteran-owned small businesses and disadvantaged
4 farmer-owned small businesses.

5 Section 402. Cannabis Business Development Fund.

6 (a) Establishment of fund.--The Cannabis Business
7 Development Fund is established as a special fund within the
8 State Treasury. Money in the fund shall be held separate and
9 apart from all other Commonwealth money and shall be used
10 exclusively for the purposes enumerated in this chapter.

11 (b) Administration of fund.--The fund shall be administered
12 by the office in consultation with the board. In administering
13 the fund, the office may consult with private sector businesses,
14 organizations, agencies and other persons with proven experience
15 in promoting inclusion and diverse participation in programs and
16 activities of business and government, including the following
17 Commonwealth agencies:

18 (1) The Department of Community and Economic
19 Development.

20 (2) The Department of Transportation.

21 (3) The Pennsylvania Gaming Control Board.

22 (4) The Department of General Services.

23 (5) The Commonwealth Financing Authority.

24 (c) Deposits into fund.--The fund shall consist of money
25 required to be deposited into the fund under this act and all
26 other money which may be appropriated by the General Assembly
27 and any other money, grants, gifts, donations or contributions
28 from any other source which may be made to the fund for the
29 purposes of subsection (d). Money in the fund is hereby
30 appropriated by the General Assembly for the purposes enumerated

1 in subsection (d).

2 (d) Use of fund.--The fund shall be used to:

3 (1) Provide low-interest loans and award grants to
4 social and economic equity applicants to pay for the ordinary
5 and necessary expenses to engage in a regulated activity
6 under this act, including, but not limited to, the operation
7 of a cannabis establishment as a cannabis entity licensee.

8 (2) Pay for outreach that may be provided or targeted to
9 attract and support social and economic equity applicants,
10 including diverse businesses and disadvantaged businesses,
11 service-disabled veteran-owned small businesses and veteran-
12 owned small businesses and disadvantaged farmer-owned small
13 businesses.

14 (3) Assist social and economic equity applicants with
15 business and technical assistance.

16 (4) Conduct or solicit studies or engage in or solicit
17 research concerning the inclusion and participation of
18 diverse businesses and disadvantaged businesses, service-
19 disabled veteran-owned small businesses and veteran-owned
20 small businesses and disadvantaged farmer-owned small
21 businesses in the commercial cannabis industry, including
22 barriers to individuals and small businesses entering or
23 seeking to enter the regulated cannabis industry as equity
24 owners of cannabis establishments or engaging in a regulated
25 activity under this act as a cannabis entity.

26 (5) Assist with job training and provide technical
27 assistance for residents of designated opportunity zones and
28 other areas of this Commonwealth.

29 (6) Compensate the Department of Community and Economic
30 Development for the costs incurred in administering the

1 Social and Economic Equity Loan and Grant Program under
2 section 403.

3 (e) Prohibition.--Notwithstanding any other law to the
4 contrary, the fund and money in the fund shall not be subject to
5 transfer, sweep or any other fiscal or budgetary maneuver which
6 would transfer or appropriate money in the fund into any other
7 fund, account or Commonwealth program funded through the State
8 Treasury or by any other Commonwealth agency or which may be
9 established by the General Assembly.

10 (f) Definitions.--As used in this section, the following
11 words and phrases shall have the meanings given to them in this
12 subsection unless the context clearly indicates otherwise:

13 "Fund." The Cannabis Business Development Fund.
14 Section 403. Social and Economic Equity Loan and Grant Program.

15 (a) Establishment.--The office, in collaboration with the
16 Department of Community and Economic Development, shall:

17 (1) Establish an education and training program for
18 social and economic equity applicants seeking to participate
19 in this Commonwealth's regulated cannabis industry.

20 (2) Establish a grant and low-interest loan program to
21 provide financial assistance to social and economic equity
22 applicants.

23 (3) Develop financial, technical, marketing and business
24 development training programs to assist social and economic
25 equity applicants in gaining entry to, and successfully
26 operating in, this Commonwealth's regulated cannabis
27 marketplace as a qualified social and economic equity
28 licensee.

29 (4) Collaborate with the Department of Agriculture in
30 developing agriculture-specific programs for social and

1 economic equity applicants and other applicants on
2 sustainable cultivation and crop production measures and
3 activities.

4 (5) Establish the terms and conditions of loans and
5 grant assistance.

6 (6) Fix, determine, charge and collect premiums or
7 reasonable fees, charges, costs and expenses, including
8 application fees, commitment fees, program fees, financing
9 charges or publication fees, which may be imposed in
10 connection with the office's activities under this section.

11 (7) Engage with private sector entities, agencies of the
12 Commonwealth and local governments to carry out the purposes
13 of this chapter.

14 (8) Coordinate the financial assistance provided under
15 the grant and loan program established under this section
16 with financial assistance programs and other activities
17 administered by the Department of Agriculture and other
18 Commonwealth agencies, if any, to maximize the effectiveness
19 and efficiency of the financial assistance programs
20 authorized under this act.

21 (9) On a continuing basis, collaborate with the
22 Department of Agriculture, the Department of Community and
23 Economic Development and any other Commonwealth agency to
24 secure the services of employees of the Department of
25 Agriculture and the Department of Community and Economic
26 Development and any other Commonwealth agency to provide
27 guidance and assistance in carrying out the requirements of
28 this chapter. The Department of Agriculture, the Department
29 of Community and Economic Development and Commonwealth
30 agencies shall cooperate with the office and the board in

1 carrying out the requirements of this paragraph.

2 (10) Consult with the Attorney General to initiate
3 actions which may be necessary to protect the interest of the
4 Commonwealth in the event of bankruptcy, default, foreclosure
5 or noncompliance with the terms and conditions of financial
6 assistance provided under this section, including the ability
7 to recapture money if the recipient is found to be
8 noncompliant with the terms and conditions of the financial
9 assistance agreement. The board may enter into a memorandum
10 of understanding with the Office of Attorney General to carry
11 out the purposes of this paragraph.

12 (11) Establish application, notification, contract and
13 other forms, procedures or rules deemed necessary and
14 appropriate to carry out the requirements of this section.

15 (12) Utilize vendors or enter into contracts with
16 persons or entities to carry out the purposes of this
17 section.

18 (b) Social and economic equity loans.--A loan made under
19 this section:

20 (1) may only be made, if, in the judgment of the office,
21 the project furthers the goals of equity, diverse
22 participation and inclusion in this Commonwealth's regulated
23 cannabis industry; and

24 (2) shall be in a principal amount and form and contain
25 terms and provisions with respect to security, insurance,
26 reporting, delinquency charges, default remedies and other
27 matters as the office, in consultation with the Department of
28 Community and Economic Development, determines appropriate to
29 protect the public interest and be consistent with the
30 purposes of this section. The terms and provisions may be

1 less than required for similar loans provided by the
2 Commonwealth.

3 (c) Social and economic equity grants.--Grants authorized
4 and awarded under this section shall be awarded on a competitive
5 basis and shall be in amounts necessary to carry out the
6 purposes of this chapter as determined by the office.

7 (d) Reports.--Beginning January 31, 2022, and each January
8 31 thereafter, the office, in collaboration with the Department
9 of Agriculture and the Department of Community and Economic
10 Development, shall submit a report to the Governor and the
11 General Assembly on the activities of each Commonwealth agency
12 under this chapter and the outcomes and effectiveness of this
13 chapter in promoting equity and increasing inclusion and diverse
14 participation in this Commonwealth's regulated cannabis
15 industry. The report shall include, but may not be limited to,
16 the following:

17 (1) The number of social and economic equity applicants
18 who were issued a license, permit or other authorization to
19 engage in a regulated activity under this act and the number
20 of qualified social and economic equity licensees receiving
21 financial assistance under this section.

22 (2) The amount of grant assistance awarded to qualified
23 social and economic equity licensees, in the aggregate.

24 (3) The number and amount of loans made to qualified
25 social and economic equity licensees and the amount of loans
26 made that are outstanding.

27 (4) The location of projects engaged in by qualified
28 social and economic equity licensees and identification of
29 cannabis entity licensees and other persons or businesses
30 providing, that will provide or that provided assistance to

1 qualified social and economic equity licensees to help
2 advance the project.

3 (5) The number of new jobs and other forms of economic
4 development created as a result of the financial assistance
5 awarded under this section.

6 (e) Certain community outreach required.--The office, in
7 collaboration with the board and the Department of Community and
8 Economic Development, shall develop culturally and
9 linguistically appropriate activities designed to facilitate,
10 promote and include engagement with individuals with limited
11 English proficiency in all programs and outreach undertaken to
12 support, engage, target and otherwise attract social and
13 economic equity applicants to participate in this Commonwealth's
14 regulated cannabis industry.

15 Section 404. Fee waivers.

16 (a) Authority to waive.--In the case of social and economic
17 equity applicants, the board shall waive 50% of the
18 nonrefundable fees associated with obtaining and renewing a
19 cannabis entity license and any surety bond or other financial
20 requirements, if a social and economic equity applicant meets
21 the following qualifications at the time the payment is due:

22 (1) the social and economic equity applicant, including
23 all individuals and entities with 10% or greater ownership
24 and all parent companies, subsidiaries and affiliates of the
25 applicant, had less than \$750,000 of total income in the
26 previous calendar year; and

27 (2) the social and economic equity applicant, including
28 all individuals and entities with 10% or greater ownership
29 and all parent companies, subsidiaries and affiliates of the
30 applicant, has no more than two other cannabis entity

licenses in this Commonwealth.

(b) Attestation required.--The board may require social and economic equity applicants to attest to meeting the requirements for a fee waiver under subsection (a) and to provide evidence of annual total income in the previous calendar year.

(c) Disqualification.--If the board determines that an applicant that applied for a cannabis entity license as a social and economic equity applicant does not qualify as a social and economic equity applicant, the board shall:

(1) Give the social and economic equity applicant 10 days to present evidence that the applicant qualifies as a social and economic equity applicant or allow the applicant to opt to pay the balance of a waived or reduced fee and not be considered as a social and economic equity applicant.

(2) If the social and economic equity applicant fails to act as provided under paragraph (1) within the 10-day period, retain the initial application fee paid under subsection (a) and reject the applicant's application.

Section 405. Transfer of cannabis entity license.

(a) Transfer requirement.--If a qualified social and economic equity cannabis entity licensee seeks to transfer, sell or grant the licensee's cannabis entity license to a person that does not qualify as a qualified social and economic equity licensee, the agreement to transfer, sell or grant the cannabis entity license to another person shall include a requirement that the person receiving a cannabis entity license held by the social and economic equity licensee shall pay the Cannabis Entity Development Fund an amount equal to:

(1) The balance of the fees waived by the board or any Commonwealth agency based on the applicant's status as a

1 qualified social and economic equity licensee, if applicable.

2 (2) Any outstanding amount owed by the qualified social
3 and economic equity applicant or licensee for a loan made
4 through the Cannabis Business Development Fund, if
5 applicable.

6 (3) The full amount of any grants that the qualified
7 social and economic equity applicant or licensee received
8 from the Cannabis Business Development Fund.

9 (4) A license transfer fee of \$1,000,000, 50% of which
10 shall be deposited into the Cannabis Business Development
11 Fund. The remaining 50% shall be deposited into the Cannabis
12 Revenue Fund.

13 (b) Transfers subject to act.--Any transfer, sale or grant
14 of a cannabis entity license held by a qualified social and
15 economic equity applicant or licensee to another person shall be
16 subject to this act and any rules and regulations promulgated by
17 the board related to the transfer or change of ownership of a
18 cannabis entity license.

19 Section 406. Required reports.

20 On December 31, 2022, and on December 31 of each year
21 thereafter, or upon request by the board, each cannabis entity
22 licensee shall report to the board, on a form and in a manner
23 provided by the board, information of a scope and sufficiency
24 that will allow the board to assess the extent of social and
25 economic equity inclusion and participation programs and
26 activities in this Commonwealth's regulated cannabis industry
27 and develop recommendations and measures to reduce or eliminate
28 identified barriers to entry, including access to capital. The
29 information to be collected and reported shall identify the
30 following:

(1) The status of each cannabis entity licensee's social and economic equity plan or the social and economic equity activities adopted and implemented by each licensee.

(2) The total number and percentage of employees employed by and the number of contractors and vendors engaged in business with each cannabis entity licensee who meets the criteria enumerated in the definition of "social and economic equity applicant" or who are people of color, women, veterans, service-disabled veterans or disadvantaged farmers.

(3) The total number and percentage of contractors and subcontractors engaged by the cannabis entity licensee who meet the criteria enumerated in the definition of "social and economic equity applicant" or that are diverse businesses or disadvantaged businesses, service-disabled veteran-owned small businesses or veteran-owned small businesses or disadvantaged farmer-owned small businesses, if known by the cannabis entity licensee.

(4) Recommendations to reduce or eliminate identified barriers to entry, including access to capital by social and economic equity applicants, including diverse businesses and disadvantaged businesses, service-disabled veteran-owned small businesses or veteran-owned small businesses and disadvantaged farmer-owned small businesses, in this Commonwealth's regulated cannabis industry.

CHAPTER 5

REGULATION OF CANNABIS

Section 501. Regulation of cannabis.

(a) Adoption of temporary regulations.--Within 90 days of the effective date of this section, the board shall adopt and promulgate temporary regulations necessary for the

1 implementation of this act. The regulations shall be consistent
2 with the intent of this act and shall not be designed to hinder
3 the operation of cannabis establishments by cannabis entities,
4 either expressly or through regulations, in a manner that makes
5 operation unreasonably impracticable. In addition to subsequent
6 permanent regulations required under this act, temporary
7 regulations adopted by the board shall include, but not be
8 limited to, the following:

9 (1) Procedures for the issuance, denial, renewal,
10 suspension and revocation of a license or conditional license
11 to operate a cannabis establishment by an applicant for a
12 cannabis entity license. The procedures shall include a
13 biennial evaluation of whether the number of each class of
14 cannabis entity license is sufficient to meet market demand.
15 The board shall use the results of each biennial evaluation
16 to determine whether to issue a request for new applications
17 and to issue additional licenses as the board deems necessary
18 to meet market demand under section 616. The board shall
19 transmit requests for the submission of additional
20 applications for a cannabis entity license to the Legislative
21 Reference Bureau for publication in the Pennsylvania Bulletin
22 and shall post requests and submissions on the board's
23 publicly accessible Internet website.

24 (2) Incorporate licensing goals for social and economic
25 equity applicants and cannabis microbusiness applicants who
26 are residents of this Commonwealth. The board shall make a
27 good faith effort to meet the resident licensing goals.
28 Qualification for licensure shall be directly and
29 demonstrably related to the operation of a cannabis
30 establishment, provided that the board shall make licenses

1 available to as diverse a group as possible. Except as
2 otherwise provided in this act, the temporary regulations and
3 subsequent permanent regulations shall include a prohibition
4 on the issuance of a license, permit or other authorization
5 to engage in a regulated activity to an individual under 21
6 years of age.

7 (3) Measures established by the office to promote
8 participation by social and economic equity applicants,
9 including applicants from designated opportunity zones.

10 (4) Security and surveillance requirements for cannabis
11 establishments.

12 (5) Requirements to prevent the sale or diversion of
13 cannabis and cannabis products to persons under 21 years of
14 age, including, but not limited to, requirements that:

15 (i) All licensees, employees or agents of a cannabis
16 retailer licensee, prior to permitting entrance into a
17 cannabis establishment and selling or serving cannabis or
18 a cannabis product to an individual, shall require the
19 individual to produce one of the following forms of
20 identification:

21 (A) the individual's passport;

22 (B) the individual's driver's license or REAL
23 ID, whether issued by the Commonwealth or by another
24 state if the license or REAL ID has not expired and
25 displays a photograph of the individual;

26 (C) a valid Pennsylvania identification card
27 issued by the Department of Transportation;

28 (D) a United States military identification
29 card; or

30 (E) any other valid identification card issued

1 by the Federal Government, the Commonwealth or
2 another state or jurisdiction that displays the
3 photograph, name, date of birth and physical
4 description of the individual.

5 (ii) A cannabis entity licensee may not employ an
6 individual under 18 years of age.

7 (iii) A cannabis retailer may not allow an
8 individual under 21 years of age to purchase cannabis or
9 a cannabis product or to enter or remain on the premises
10 of the cannabis retailer's cannabis establishment.

11 (6) Packaging and branding regulations to prevent the
12 marketing of cannabis, cannabis products and cannabis
13 paraphernalia to individuals under 21 years of age.

14 (7) Labeling and packaging requirements for cannabis,
15 cannabis products and cannabis paraphernalia cultivated,
16 processed, stored, distributed, transported, delivered, sold
17 or offered for sale, including, but not limited to,
18 requirements that:

19 (i) Cannabis, cannabis products and cannabis
20 paraphernalia are not packaged, branded or marketed using
21 any statement, illustration, artwork or image that:

22 (A) includes a false statement;

23 (B) promotes abuse or overconsumption;

24 (C) depicts a child or other individual who is
25 or appears to be under the legal age to purchase and
26 consume cannabis or a cannabis product; or

27 (D) includes images or objects, including toys,
28 characters or cartoon characters depicting or
29 suggesting or appearing to suggest the presence of an
30 individual under the legal age to purchase cannabis

1 or cannabis products or any words, phrases, lyrics,
2 slogans or depictions designed in any manner to be
3 appealing to individuals under the legal age to
4 purchase cannabis and cannabis products, including
5 the use of the words "candy," "candies," "gummies" or
6 "lollipops."

7 (ii) Ensure cannabis and cannabis products are
8 packaged in child-resistant containers or packaging.

9 (iii) Cannabis and cannabis products warning labels
10 display information that adequately informs consumers
11 about safe cannabis use and warns of the consequences of
12 misuse or overuse.

13 (iv) Labeling standards provide clear and
14 understandable health and safety information, including,
15 but not limited to:

16 (A) Net weight.

17 (B) Production date and expiration date.

18 (C) An ingredient list that may include
19 ingredients used to cultivate and process the
20 cannabis or cannabis product but shall include all
21 potential allergens contained within the cannabis or
22 cannabis product.

23 (D) Strain or type of cannabis, listed by
24 scientific terms, if available, and generic or
25 "slang" names.

26 (E) Whether the cannabis product requires
27 refrigeration.

28 (F) Cultivation method, whether dirt grown,
29 hydroponic, aeroponic or otherwise, and an indication
30 whether the cannabis was cultivated using all natural

1 or organic materials.

2 (G) Serving size, the total number of servings
3 and a statement regarding the percentage of THC
4 contained in the cannabis or cannabis product and in
5 each serving. For example: "The serving size of
6 active THC in this product is X mg. This product
7 contains X servings of cannabis, and the total amount
8 of active THC in this product is X mg."

9 (H) Warning labels that include, but are not
10 limited to, one or more of the following:

11 "This product contains cannabis."

12 "This product is infused with cannabis."

13 "This product is intended for use by adults
14 21 years of age or older. Keep out of reach of
15 children."

16 "The intoxicating effects of this product may
17 be delayed by two or more hours."

18 "There may be health risks associated with
19 the consumption of this product, including for
20 women who are pregnant, breastfeeding or planning
21 to become pregnant or breastfeed."

22 "Women who are pregnant or planning to become
23 pregnant or breastfeeding or planning to
24 breastfeed should not consume this product."

25 "Do not drive a motor vehicle or operate
26 equipment or heavy machinery while or after
27 consuming cannabis or a cannabis product."

28 (I) Labeling rules that mandate the source of
29 cannabis or cannabis product, including, but not
30 limited to:

1 (I) The license number of the cannabis
2 cultivator where the cannabis was cultivated, or
3 where the cannabis used to process or produce
4 cannabis products was cultivated.

5 (II) The license number of the cannabis
6 processor that processed or produced the cannabis
7 or cannabis product.

8 (III) The license number of the cannabis
9 retailer that sold the cannabis or cannabis
10 product and the production batch and lot numbers
11 of the cannabis used to produce the cannabis
12 product.

13 (IV) The batch or lot number, if determined
14 necessary by the board.

15 (8) Health and safety standards and protocols for the
16 cultivation, processing, storing, transporting, delivering
17 and sale or offering for sale of cannabis and cannabis
18 products, including, but not limited to, requirements that:

19 (i) Establish accreditation and licensure standards
20 or criteria for cannabis testing laboratories.

21 (ii) Ensure a sufficient number of cannabis testing
22 laboratories to test cannabis cultivated and cannabis
23 products processed and sold or offered for sale in this
24 Commonwealth which meet the health and safety standards
25 adopted by the board.

26 (iii) Prescribe conditions of sanitation, safe
27 handling requirements, approved pesticides and
28 herbicides, pesticide and herbicide testing requirements
29 and standards of ingredients, quality and identity of
30 cannabis cultivated and cannabis products produced,

1 processed, packaged, stored, transported or sold or
2 offered for sale by a cannabis entity licensee.

3 (iv) Establish accreditation and certification
4 criteria for cannabis employees and certification
5 programs for employees of cannabis retailers.

6 (v) Prohibit the consumption of cannabis and
7 cannabis products on the premises of a cannabis
8 establishment by an employee of a cannabis entity
9 licensee and any other person.

10 (vi) Set appropriate serving size limits for
11 cannabis and cannabis products.

12 (vii) Require that each single standardized serving
13 of cannabis in a multiple-serving edible cannabis product
14 is physically demarked in a way that enables a reasonable
15 individual to determine how much of the cannabis product
16 constitutes a single serving of active THC, and that each
17 standardized serving of cannabis be easily separable to
18 allow a person 21 years of age or older to physically
19 separate, with minimal effort, individual servings of the
20 cannabis product and prevent opening or access by minors.

21 (viii) Require that, if it is impracticable to
22 clearly demark every standardized serving of cannabis or
23 to make each standardized serving easily separable in an
24 edible cannabis product, the cannabis product contain no
25 more than 10 milligrams of active THC per unit of sale.

26 (ix) Establish screening, hiring, training and
27 supervision requirements for employees of cannabis
28 retailer licensees who process or handle cannabis or
29 cannabis products.

30 (x) Promote general sanitary requirements for the

1 handling, storage and disposal of cannabis and cannabis
2 products and the maintenance of the premises of cannabis
3 establishments.

4 (xi) Provide for rigorous auditing, inspection and
5 monitoring of cannabis establishments for compliance with
6 health and safety standards and protocols established by
7 regulation of the board.

8 (xii) Require the implementation of security and
9 surveillance requirements for cannabis establishments and
10 premises of cannabis establishments where cannabis and
11 cannabis products are cultivated, processed and stored,
12 and safety protocols for cannabis establishments and
13 employees.

14 (xiii) Prescribe reasonable restrictions on the
15 manner, methods and means by which cannabis entity
16 licensees transport cannabis and cannabis products within
17 this Commonwealth.

18 (xiv) Establish procedures for identification,
19 seizure, confiscation, destruction or donation to law
20 enforcement for training purposes of cannabis and
21 cannabis products that do not conform in all respects to
22 the health and safety standards prescribed in board
23 regulations.

24 (9) (i) Restrictions on the advertising and display of
25 cannabis, cannabis products and cannabis paraphernalia,
26 including, but not limited to, requirements that:

27 (A) Restrict advertising of cannabis, cannabis
28 products and cannabis paraphernalia in ways that
29 target or are designed to appeal to individuals under
30 21 years of age to purchase cannabis, cannabis

1 products and cannabis paraphernalia, including, but
2 not limited to:

3 (I) A depiction or image of an individual
4 who is or appears to be under 21 years of age
5 consuming cannabis or a cannabis product or using
6 cannabis paraphernalia

7 (II) Objects or images, including toys,
8 characters or cartoon characters suggesting the
9 presence of an individual who is or appears to be
10 under 21 years of age.

11 (III) Other depictions, words, phrases,
12 lyrics or slogans designed or used in any manner
13 to be especially appealing to children, including
14 the use of images, words, phrases, emojis, lyrics
15 or slogans indicating or depicting candy or
16 candies, gummies or lollipops.

17 (B) A cannabis entity licensee may not advertise
18 any sale or product promotions, except under
19 regulations adopted and promulgated by the board. The
20 regulations promulgated by the board shall include,
21 but not be limited to, the following:

22 (I) The manner in which a sale or product
23 promotion may be advertised, including over
24 social media platforms.

25 (II) Required content which must be included
26 or excluded in advertisements designed to be
27 aired on television or radio or sent by text
28 message, electronic mail or over the Internet,
29 including over social media platforms, or any
30 mobile application.

1 (III) The hours of the day during which
2 advertisements may not be aired, if the board
3 determines that establishing a period of time
4 within a 24-hour period during which
5 advertisements may not be aired is in the public
6 interest and would not be detrimental to this
7 Commonwealth's commercial cannabis industry.

8 (C) A cannabis entity licensee may not engage in
9 advertising unless the cannabis entity licensee has
10 reliable evidence that the audience for the
11 advertisement is reasonably expected to be 21 years
12 of age or older.

13 (D) A cannabis entity licensee may not engage in
14 advertising or marketing directed towards location-
15 based devices, including, but not limited to,
16 cellular telephones, tablets or other devices or
17 technology, unless the marketing is a mobile device
18 application installed on the device by the owner of
19 the device who is 21 years of age or older and
20 includes a permanent and easy opt-out feature and
21 warnings that the sale, offering for sale, and use of
22 cannabis and cannabis products is restricted to
23 persons 21 years of age or older.

24 (E) Except as provided in section 803, a
25 cannabis entity licensee may not sponsor a
26 charitable, sports, musical, artistic, cultural,
27 social or other similar event or engage in
28 advertising at or in connection with an event, unless
29 the cannabis entity licensee has reliable evidence
30 that the audience at the event is reasonably expected

1 to be 21 years of age or older.

2 (F) All advertisements involving the marketing
3 of cannabis and cannabis products shall contain the
4 following warning: "This product contains cannabis.
5 For use only by adults 21 years of age or older. Keep
6 out of reach of children."

7 (G) A cannabis entity licensee may not place or
8 maintain, or cause to be placed or maintained, an
9 advertisement of cannabis, cannabis products or
10 cannabis paraphernalia in any form or through any
11 medium whatsoever within 1,000 feet of a school or
12 school grounds, park, playground, recreational
13 center, arcade facility, library or any other place,
14 building or establishment used or primarily used or
15 patronized by children.

16 (ii) For the purposes of this paragraph, a
17 noncommercial message shall not be considered an
18 advertisement. This section shall not apply to
19 advertisements within the premises of cannabis
20 establishment operated by a cannabis retailer.

21 (10) A requirement that only cannabis, cannabis products
22 and cannabis paraphernalia are available for sale or offered
23 for sale at a cannabis retailer's cannabis establishment,
24 unless authorized otherwise by the board by regulation.
25 Nothing in this paragraph shall be construed to prohibit a
26 cannabis retailer licensee from selling or offering for sale
27 common snack and nonalcoholic beverage products, souvenir and
28 gift items and other such merchandise, provided that the
29 intent to sell products, items and merchandise is included in
30 the application for licensure and is approved by the board.

1 (11) Procedures for the board to conduct announced and
2 unannounced visits to a cannabis establishment to make or
3 cause to be made investigations for the efficient and proper
4 administration of this act and any other laws which may be
5 enacted concerning cannabis or the cultivation, processing,
6 distribution, testing, transportation, delivery, sale or
7 offering for sale of cannabis or cannabis products, including
8 the inspection of the premises of a proposed cannabis
9 establishment or the inspection and search of a cannabis
10 entity's cannabis establishment, the search of associated
11 buildings and the inspection and examination of the books,
12 records, accounts, documents and papers of the cannabis
13 entity licensee. The following apply:

14 (i) Notwithstanding any other provision of this act,
15 the board is authorized, after adequate notice to the
16 cannabis entity licensee or a designated employee or
17 agent of the cannabis entity licensee, to examine the
18 books, records and other documents, and may at any time
19 inspect the cannabis establish of the cannabis entity
20 licensee to determine compliance with this act and
21 regulations of the board. The board may, at the board's
22 discretion, require that the books, records and other
23 documents of the cannabis entity licensee be kept and
24 maintained on the premises of the cannabis establishment.

25 (ii) During an inspection of a cannabis
26 establishment, the board may require proof that an
27 individual working at the cannabis establishment is 18
28 years of age or older. If the individual does not provide
29 the board with acceptable proof of age upon request, the
30 board may require the individual to immediately cease

1 activity and leave the cannabis establishment until the
2 board receives acceptable proof of the individual's age.

3 (iii) The board may not be required to obtain a
4 search warrant to conduct an investigation or search of
5 cannabis establishment.

6 (12) Recordkeeping requirements, including, but not
7 limited to, the following:

8 (i) A requirement that:

9 (A) Each cannabis cultivator compile and
10 maintain a complete and accurate record of the
11 following:

12 (I) All sales of cannabis flowers, cannabis
13 leaves, immature and mature cannabis plants and,
14 if applicable, cannabis seeds.

15 (II) The number of cannabis flowers
16 produced.

17 (III) The number of ounces of cannabis
18 leaves produced.

19 (IV) The number of immature cannabis plants
20 produced.

21 (V) The number or amount of cannabis seeds
22 produced or acquired.

23 (VI) The dates of production or acquisition
24 under subclauses (I), (II), (III), (IV) and (V).

25 (B) Each cannabis entity licensee compile and
26 maintain a complete and accurate record of all sales
27 and transfers of cannabis and cannabis products and a
28 complete and accurate record of the number of ounces
29 of cannabis products sold.

30 (C) A cannabis retailer may not be required to

1 retain personal identifying information of a cannabis
2 consumer. Nothing in this clause shall be construed
3 to prohibit a cannabis retailer from retaining
4 personal identifying information with the consent of
5 the cannabis consumer.

6 (ii) The records required to be maintained under
7 subparagraph (i) shall be kept and maintained for two
8 years in the form and manner as the board may require.

9 (iii) The board may at any time appoint auditors,
10 investigators and other employees that the board deems
11 necessary to carry out this act.

12 (13) Procedures for inspecting samples of cannabis
13 products, including:

14 (i) The submission, by a cannabis cultivator or
15 cannabis processor, on a schedule determined by the
16 board, of representative samples of cannabis or useable
17 cannabis grown by the cannabis cultivator or cannabis
18 products produced or processed by the cannabis processor
19 to a cannabis testing laboratory approved by the board
20 for inspection and testing to certify compliance with
21 standards adopted by the board. Any sample remaining
22 after testing may be destroyed by the testing facility or
23 returned to the licensee under board regulations.

24 (ii) The submission by licensees of the results of
25 inspection and testing to the board in the form, manner
26 and at the time as required by regulation of the board.

27 (iii) The destruction of a representative sample
28 inspected and tested under this act that does not meet
29 the safety standards adopted by the board. The entire lot
30 from which the sample was taken may be destroyed at the

1 time and in the manner prescribed by regulation of the
2 board.

3 (14) The circumstances or adverse events which may occur
4 at a cannabis entity's cannabis establishment which would
5 require the retesting of cannabis or a cannabis product
6 cultivated, processed, stored or otherwise held at the
7 cannabis establishment, including, but not limited to, a
8 process for retesting batches that have been remediated by
9 extraction or other means by a cannabis cultivator licensee
10 or cannabis processor licensee or where the results of the
11 original test may not be reliable.

12 (15) The number of cannabis retailer licensees as
13 follows:

14 (i) If there are sufficient qualified applicants for
15 cannabis retailer licenses, the board shall issue up to
16 293 cannabis retailer licenses as follows:

17 (A) at least one cannabis retailer license per
18 legislative district; and

19 (B) 90 at-large cannabis retailer licenses of
20 which 75% shall be designated for:

21 (I) qualified social and economic equity
22 applicants;

23 (II) diverse businesses and disadvantaged
24 businesses, service-disabled veteran-owned small
25 businesses and veteran-owned small businesses and
26 disadvantaged farmer-owned small businesses; and

27 (III) small businesses under subclause (II)
28 that are located or proposed to be located in a
29 designated opportunity zone.

30 (C) At least eight of the at-large cannabis

1 retailer licenses under clause (B) shall be
2 designated for persons certified as clinical
3 registrants under Chapter 20 of the Medical Marijuana
4 Act.

5 (ii) In determining the maximum number of cannabis
6 retailer licenses which may be awarded under this
7 paragraph, the board shall consider:

8 (A) To meet the market demand of this
9 Commonwealth, geographic and population density,
10 including seasonal fluctuations in population
11 throughout this Commonwealth; and

12 (B) Adequate access to cannabis cultivators and
13 cannabis processors to supply cannabis and cannabis
14 products to cannabis retailers in order to discourage
15 purchases from the illegal market.

16 (16) The following apply:

17 (i) Notwithstanding section 2002(b)(7), (8) or (9)
18 of the Medical Marijuana Act, any regulation promulgated
19 under the Medical Marijuana Act, any provision of this
20 act or any other law or regulation to the contrary,
21 procedures and protocols to govern the following:

22 (A) the sale of cannabis and cannabis products
23 by clinical registrants that hold a valid
24 grower/processor permit issued under section 2002(a)
25 of the Medical Marijuana Act to cannabis processors
26 or cannabis retailers that hold a valid cannabis
27 entity license under this act; and

28 (B) the sale of or exchange of cannabis seeds,
29 immature cannabis plants, cannabis flowers, cannabis
30 leaves or cannabis extract, resin or concentrate by a

1 clinical registrant that holds a valid
2 grower/processor permit under the Medical Marijuana
3 Act to a person that holds a valid cannabis
4 cultivator license or cannabis processor license
5 under this act.

6 (ii) For the purposes of this paragraph:

7 (A) The term "cannabis" shall be construed to
8 mean "marijuana" or "medical marijuana" as defined or
9 otherwise used in the Medical Marijuana Act.

10 (B) The term "clinical registrant" shall have
11 the meaning given to it in section 2001 of the
12 Medical Marijuana Act.

13 (17) Conditions under which cannabis cultivated or grown
14 by a cannabis cultivator licensee or cannabis processed by a
15 cannabis processor licensee may be donated for research
16 purposes to an academic clinical research center and clinical
17 registrant under Chapter 20 of the Medical Marijuana Act.

18 (18) Procedures for use by cannabis processors for the
19 registration of cannabis products processed by cannabis
20 processors. Each request for cannabis product registration
21 submitted to the board shall:

22 (i) Include a registration label with a product
23 registration number.

24 (ii) Require a reasonable registration fee, which
25 shall be established by regulation of the board and shall
26 be for the name of the cannabis product offered for sale.

27 (iii) Require only one registration fee for all
28 package sizes.

29 (19) Administrative sanctions and civil penalties for
30 violating a regulation of the board.

1 (b) Privacy protected.--The following apply:

2 (1) Except as provided in this act, regulations adopted
3 by the board under this section and subsequent permanent
4 regulations shall not require a cannabis consumer to provide
5 a cannabis retailer any personal identifying information
6 other than a form of identification specified under
7 subsection (a)(5)(i) to verify the cannabis consumer's age.

8 (2) A cannabis retailer shall not, without the consent
9 of the cannabis consumer, collect or maintain any personal
10 identifying information from a cannabis consumer other than
11 information typically acquired in a financial transaction,
12 which shall not be retained by the cannabis retailer.

13 (3) Nothing in this subsection shall be construed to
14 prohibit the collection and retention of personal identifying
15 information of a cannabis consumer who participates in or who
16 plans to participate in a research study conducted by a
17 clinical registrant or supported by a cannabis retailer,
18 another cannabis entity licensee or other person authorized
19 to engage in a regulated activity under this act, provided
20 that the personal identifying information is:

21 (i) Provided directly to the clinical registrant,
22 cannabis retailer, cannabis entity licensee or other
23 person by the cannabis consumer and not by another
24 individual.

25 (ii) Maintained in a secure manner which will not
26 result in unlawful access or disclosure to any person who
27 is not directly involved in the conduct of the research
28 study.

29 (iii) Destroyed within 60 days of completion of the
30 research study.

1 (c) Informational sessions.--Within 45 days after the
2 promulgation of temporary regulations under subsection (a), and
3 prior to the date established by the board to commence the
4 application process under section 502, the board shall:

5 (1) Conduct a series of regional informational sessions
6 to inform and educate the residents of this Commonwealth
7 regarding the regulation of cannabis in this Commonwealth,
8 including information and education on the opportunities,
9 requirements and processes for submitting an application to
10 the board for a cannabis entity license, permit,
11 certification or other authorization to engage in a regulated
12 activity under this act. The board shall conduct at least two
13 informational sessions in each region of this Commonwealth
14 and may conduct additional informational sessions upon demand
15 by a sufficient number of residents or by the governing body
16 of a municipality.

17 (2) Publicize the day, time and location of each
18 informational session broadly through television, radio,
19 Internet, including social media and print media, and on the
20 board's publicly accessible Internet website.

21 Section 502. Order of initial issuance of cannabis entity
22 licenses.

23 (a) Initial issuance.--In order to facilitate the timely and
24 orderly commencement of cannabis operations in this
25 Commonwealth, the board shall work to expedite approval of
26 cannabis cultivator, cannabis processor and cannabis retailer
27 licenses under sections 503 and 504.

28 (b) Adoption of schedule and issuance of cannabis entity
29 licenses.--The following apply:

30 (1) Notwithstanding sections 503 and 504, the board

1 shall adopt a schedule under which applications for cannabis
2 entity licenses submitted in under Chapter 6 shall be filed,
3 considered, approved, issued, conditioned or denied as
4 provided under this act.

5 (2) No later one year after the commencement of cannabis
6 operations by a person holding an expedited approval cannabis
7 entity license under section 503 or an expedited approval
8 cannabis entity license at a secondary site under section
9 504, the board shall consider, approve, condition or deny the
10 approval of applications for cannabis cultivator, cannabis
11 processor, cannabis microbusiness and cannabis transporter
12 licenses submitted to the board under Chapter 6 in accordance
13 with the schedule adopted by the board under paragraph (1) as
14 soon as administratively possible and at least three months
15 prior to the board's approval, conditioning, issuing or
16 denying the approval of a cannabis retailer license under
17 section 607.

18 (3) The board shall ensure that an adequate number of
19 cannabis cultivators, cannabis processors, cannabis
20 microbusinesses and cannabis transporters have been licensed
21 to meet market demand.

22 (4) The board shall have no authority to limit or
23 otherwise restrict or impose a cap on the number of cannabis
24 entity licenses, including cannabis cultivator or cannabis
25 processor licenses, authorized under this act.

26 Section 503. Expedited approval of cannabis entity licenses;
27 medical marijuana organizations.

28 (a) Expedited approval.--The following apply:

29 (1) Notwithstanding any provision of the Medical
30 Marijuana Act or any regulation promulgated under that act, a

1 medical marijuana organization holding a valid permit under
2 the Medical Marijuana Act on the effective date of this
3 paragraph may apply to the board for an expedited approval
4 cannabis entity license for each separate location operated
5 by the medical marijuana organization to engage in activities
6 related to the cultivation, processing and selling or
7 offering for sale of cannabis and cannabis products to
8 persons 21 years of age or older as provided under this act.

9 (2) A medical marijuana organization seeking an
10 expedited approval cannabis entity license under paragraph
11 (1) shall submit an application to the board.

12 (3) An application for an expedited approval cannabis
13 entity license must be submitted by the same person that
14 holds a dispensary permit or a grower/processor permit under
15 the Medical Marijuana Act.

16 (4) A separate license shall be required for each
17 location at which a medical marijuana organization seeks to
18 operate a cannabis establishment as an expedited approval
19 cannabis entity licensee.

20 (b) Time of application.--To facilitate the prompt
21 implementation of this act, the following shall apply to a
22 medical marijuana organization applying for an expedited
23 approval cannabis entity license under subsection (a):

24 (1) If the applicant holds a valid dispensary permit in
25 good standing under the Medical Marijuana Act on the
26 effective date of this paragraph, the applicant may, within
27 60 days of the effective date of this act, apply to the board
28 for an expedited approval cannabis retailer license to sell
29 or offer for sale cannabis and cannabis products at the
30 applicant's existing dispensary locations in this

1 Commonwealth or at a secondary site approved by the board
2 under section 504. The applicant shall ensure that the
3 applicant's existing dispensary locations where cannabis and
4 cannabis products will be sold or offered for sale as
5 provided under this act are configured in a manner, as
6 approved by the board, which ensures that patients and
7 caregivers under the Medical Marijuana Act are given priority
8 access to the dispensary, the dispensary's onsite physician,
9 pharmacist, physician assistant or nurse practitioner, as the
10 case may be, and to an adequate supply of cannabis and
11 cannabis products.

12 (2) The following apply:

13 (i) If the applicant holds a valid grower/processor
14 permit in good standing under the Medical Marijuana Act
15 as of the effective date of the act, the applicant may,
16 within 30 days but no later 60 days of the effective date
17 of this act, apply to the board for an expedited approval
18 cannabis entity license to cultivate, process or
19 otherwise produce cannabis or cannabis products at the
20 applicant's existing facility in this Commonwealth.

21 (ii) In an application for an expedited approval
22 cannabis entity license submitted under subparagraph (i),
23 the applicant may include, and the board shall approve, a
24 site plan proposing an alteration or expansion of the
25 applicant's existing grower/processor facility to
26 facilitate cannabis cultivation and production at a level
27 sufficient to serve both patients and caregivers under
28 the Medical Marijuana Act and cannabis consumers under
29 this act.

30 (iii) Nothing in subparagraph (ii) shall be

1 construed to prevent a person holding a valid
2 grower/processor permit under the Medical Marijuana Act
3 from applying to the board for an expedited approval
4 cannabis entity license at a secondary site. An
5 application submitted by a grower/processor for an
6 expedited approval cannabis entity license at a secondary
7 site shall be submitted within 30 days but no later than
8 60 days of the effective date of this paragraph and shall
9 be subject to all the requirements and conditions
10 specified in section 504.

11 (iv) The alteration of an existing grower/processor
12 facility under subparagraph (ii) may not exceed 225,000
13 square feet of cannabis plant canopy space that is
14 dedicated to the live cultivation of plants as defined in
15 this act.

16 (v) Nothing in this act shall be construed to
17 preclude basing plant canopy size on the square footage
18 of the bench space allocated for the flowering stage of
19 cannabis development rather than on the square footage of
20 a room or other area designated for the cultivation of
21 cannabis.

22 (4) The board shall adopt and promulgate regulations to
23 govern the location, display and placement of personal use
24 cannabis and cannabis products in the existing dispensary or
25 facility of an applicant who holds a medical marijuana
26 organization permit under the Medical Marijuana Act and who
27 applies for and is issued an expedited approval cannabis
28 entity license under this chapter. The regulations shall
29 ensure that activities authorized under the Medical Marijuana
30 Act are separate and distinct from the regulated activities

1 authorized under the expedited approval cannabis entity
2 license issued to the applicant under sections 503 and 504.

3 (c) Application.--An application for an expedited approval
4 cannabis entity license submitted by a medical marijuana
5 organization under this section shall include:

6 (1) If the applicant holds a valid dispensary permit
7 under the Medical Marijuana Act, a nonrefundable license fee
8 of \$60,000 to be deposited into the Cannabis Revenue Fund.

9 (2) If the applicant holds a valid grower/processor
10 permit, a nonrefundable license fee of \$100,000 to be
11 deposited into the Cannabis Revenue Fund.

12 (3) Proof that the applicant holds a permit in good
13 standing under the Medical Marijuana Act.

14 (4) Certification that the applicant will comply with
15 the requirements of the Medical Marijuana Act relating to the
16 sale of medical marijuana to patients and caregivers and
17 subsection (h).

18 (5) The legal name and physical address of the medical
19 marijuana organization.

20 (6) The name, address, Social Security number and date
21 of birth of each principal officer and board member of the
22 medical marijuana organization, each of whom must be at least
23 21 years of age.

24 (7) If the applicant holds a dispensary permit under the
25 Medical Marijuana Act, a nonrefundable cannabis business
26 development fee equal to 3% of the medical marijuana
27 organization's total sales between June 1, 2019, and June 1,
28 2020, or \$100,000, whichever is less, to be deposited into
29 the Cannabis Business Development Fund established under
30 section 402.

1 (8) If the applicant is a grower/processor under the
2 Medical Marijuana Act, a nonrefundable cannabis business
3 development fee equal to 5% of the grower/processor's total
4 sales between June 1, 2019, and June 1, 2020, or \$500,000,
5 whichever is less, but not less than \$250,000, to be
6 deposited into the Cannabis Business Development Fund
7 established under section 402.

8 (9) The following apply:

9 (i) For all applicants, identification of one of the
10 following social and economic equity plans or activities
11 to be completed by March 31, 2022, or by a time specified
12 in the application as may be approved by the board:

13 (A) Make a contribution of 3% of total sales
14 between June 1, 2019, and June 1, 2020, or \$100,000,
15 whichever is less, to the Cannabis Business
16 Development Fund, which shall be in addition to the
17 fee required under paragraph (7) or (8).

18 (B) Make a donation of \$100,000 or more to a
19 program that provides job training services to
20 persons recently incarcerated or who reside in a
21 designated opportunity zone.

22 (C) Participate as a host in a cannabis business
23 establishment incubator program approved by the
24 office, in consultation with the Department of
25 Community and Economic Development, in which the
26 applicant agrees to provide a loan of at least
27 \$100,000 and mentorship to incubate an applicant or
28 licensee that qualifies as a social and economic
29 equity applicant for at least a year or a period of
30 time specified in the application and approved by the

1 board.

2 (ii) The medical marijuana organization or any other
3 cannabis entity licensee participating in an incubator
4 program under subparagraph (i) (C) may not take an
5 ownership interest of greater than 10% in a social and
6 economic equity licensee or other entity receiving
7 incubation services under this paragraph.

8 (iii) If an applicant or a medical marijuana
9 organization permittee fails to secure a social and
10 economic equity applicant or qualified social and
11 economic equity licensee to incubate under clause (C),
12 the applicant or medical marijuana organization may:

13 (A) opt to engage in an activity under
14 subparagraph (i) (A) or (B) to satisfy the
15 requirements of this paragraph; or

16 (B) participate in a sponsorship program for at
17 least two years, as approved by the board in
18 consultation with the Department of Community and
19 Economic Development, under which the medical
20 marijuana organization agrees to provide an interest-
21 free loan of at least \$200,000 to a social and
22 economic equity applicant or qualified social and
23 economic equity licensee. A medical marijuana
24 organization participating in a sponsorship program
25 under this subparagraph shall not take an ownership
26 interest in a social and economic equity applicant or
27 qualified social and economic equity licensee
28 receiving sponsorship services.

29 (iv) As used in this paragraph, the term "incubate"
30 shall mean the provision of direct financial assistance,

1 technical assistance and training necessary for a person
2 to engage in a regulated activity under this act similar
3 to that of the applicant or cannabis entity licensee
4 hosting the incubator program.

5 (d) Additional fee.--The nonrefundable application fee under
6 subsection (c)(1) and (2) shall be in addition to any fee
7 required for the renewal of a dispensary permit or
8 grower/processor permit under the Medical Marijuana Act.

9 (e) Submission of applications.--A medical marijuana
10 organization seeking an expedited approval cannabis entity
11 license must submit all information required under this act,
12 including the nonrefundable application fee under subsection (c)
13 (1) or (2), to the board at the time and in the form and manner
14 established by the board under this act. Except as provided in
15 subsection (f), the submission of an incomplete application may
16 disqualify the applicant from receiving an expedited approval
17 cannabis entity license.

18 (f) Incomplete applications.--The following apply:

19 (1) If the board receives an incomplete application, the
20 board shall immediately notify the applicant of the
21 deficiencies. The applicant shall have 10 calendar days from
22 the date of the board's deficiency notice to submit complete
23 information to the board. Nothing in this paragraph shall
24 preclude the board from rejecting an incomplete application
25 if the board determines that the deficiencies cannot be cured
26 within 10 calendar days.

27 (2) If the applicant provides all the information
28 required to make the deficient application complete within
29 the time period specified under paragraph (1), the board
30 shall issue the expedited approval cannabis entity license

1 within 14 days of receiving the completed application,
2 unless:

3 (i) the applicant or a principal officer of the
4 applicant or any other person holding a financial
5 interest or voting interest of 5% or more is delinquent
6 in filing any required tax returns or paying any tax owed
7 to the Federal Government, the Commonwealth or a
8 political subdivision of the Commonwealth;

9 (ii) the board determines, based on documented
10 compliance violations of the Medical Marijuana Act, that
11 the applicant is not entitled to an expedited approval
12 cannabis entity license; or

13 (iii) any principal officer of the applicant is not
14 in compliance with the Medical Marijuana Act.

15 (g) Commencement of operations.--A medical marijuana
16 organization that is issued an expedited approval cannabis
17 entity license may begin engaging in the regulated activity for
18 which the license is issued on January 1, 2022, or on a later
19 date as approved by the board.

20 (h) Medical marijuana organization and condition of
21 licensure.--The following apply:

22 (1) If the applicant issued an expedited approval
23 cannabis entity license under this section holds a permit as
24 a dispensary or grower/processor under the Medical Marijuana
25 Act, the licensee must agree to maintain an adequate supply
26 of cannabis and cannabis products for purchase by patients
27 and caregivers under the Medical Marijuana Act or regulations
28 promulgated under the Medical Marijuana Act.

29 (2) If there is a shortage of cannabis or cannabis
30 products, a medical marijuana organization holding both a

1 dispensary permit under the Medical Marijuana Act and an
2 expedited approval cannabis entity retailer license under
3 this act shall prioritize serving medical marijuana
4 identification cardholders and caregivers as provided under
5 the Medical Marijuana Act and any regulations promulgated
6 under the Medical Marijuana Act. The medical marijuana
7 organization shall shall adopt procedures to ensure that
8 identification cardholders and caregivers are given priority
9 access to complete purchases at the medical marijuana
10 organization's dispensary or at its cannabis establishment
11 operated in accordance with the provisions of this act,
12 including at a secondary site operated by the expedited
13 approval cannabis entity licensee.

14 (3) The requirements under paragraphs (1) and (2) shall
15 be a condition of licensure as an expedited approval cannabis
16 entity licensee under this chapter.

17 (4) For the purpose of this subsection, "adequate
18 supply" shall mean a monthly inventory level that is
19 comparable in type and quantity to the medical marijuana
20 products provided to patients and caregivers on an average
21 monthly basis for the six-month period before the effective
22 date of this paragraph. The terms "patient" and "caregiver"
23 shall have the meanings given in section 103 of the Medical
24 Marijuana Act.

25 (i) Access to restricted access areas.--Notwithstanding any
26 provision of the Medical Marijuana Act or any rule, regulation
27 or policy promulgated and adopted under the Medical Marijuana
28 Act, a person that holds a valid dispensary permit under the
29 Medical Marijuana Act and an expedited approval cannabis entity
30 license or cannabis retailer license under this act may permit

1 cannabis consumers and other persons into limited access areas,
2 as approved by regulation of the board, to purchase cannabis and
3 cannabis products sold or offered for sale by the licensee at
4 the licensee's existing dispensary or cannabis establishment.

5 (j) Renewal of license.--An expedited approval cannabis
6 entity license shall be valid for a two-year period commencing
7 on the date the license is approved and issued by the board. The
8 following apply:

9 (1) Ninety days before the expiration of an expedited
10 approval cannabis entity license, the board shall provide a
11 medical marijuana organization issued an expedited approval
12 cannabis entity license under this section with written or
13 electronic notice of the impending expiration of the license.

14 (2) The notice shall inform the license holder that the
15 license holder must submit an application to renew the
16 expedited approval cannabis entity license and specify the
17 form and manner by which the license may be renewed.

18 (3) The board shall renew the expedited approval
19 cannabis entity license within 45 days of receipt of a
20 renewal application if:

21 (i) The application is deemed complete.

22 (ii) The nonrefundable biennial license renewal fee
23 of \$30,000 if the applicant is a dispensary, or \$60,000
24 if the applicant is grower/processor, accompanies the
25 application.

26 (iii) The medical marijuana organization permit and
27 the expedited approval cannabis entity license held by
28 the expedited cannabis entity licensee are valid and in
29 good standing.

30 (4) The expedited approval cannabis entity licensee has

completed or is in the process of completing a social and economic equity activity or plan under subsection (c)(9).

(k) Failure to renew license.--The following apply:

(1) If a medical marijuana organization fails to submit an application for the renewal of an expedited approval cannabis entity license under subsection (j), the expedited approval cannabis entity licensee shall cease all regulated activities authorized under the expedited approval cannabis entity license at the licensee's cannabis establishment until a renewal application is approved and the renewed license is issued by the board.

(2) Nothing in this subsection shall be construed to prohibit a medical marijuana organization that fails to renew an expedited approval cannabis entity license under subsection (j) from continuing to engage in the activities authorized under the medical marijuana organization's medical marijuana organization permit.

(l) Status of employees and other persons.--All employees, agents and other persons who are authorized to work for a medical marijuana organization under the Medical Marijuana Act may engage in activities authorized under the expedited approval cannabis entity license, subject to any conditions as may be required by regulation of the board.

(m) Effects of suspension or revocation.--If the board suspends or revokes an expedited approval cannabis entity license held by a medical marijuana organization under this act, the board may not consider the suspension or revocation as grounds to take disciplinary action against the dispensary or grower/processor permit held by the medical marijuana organization.

(n) Deposit of fees.--All fees collected under this section shall be deposited into the Cannabis Revenue Fund.

Section 504. Authorization for secondary site.

(a) Secondary site for cannabis retailer license.--A medical marijuana organization that holds a dispensary permit under the Medical Marijuana Act and an expedited approval cannabis entity license under this chapter may, within 60 days after the effective date of this act, file an application or applications with the board for approval to operate a cannabis establishment as a cannabis retailer at a secondary site. The following apply:

(1) A license approved and issued by the board authorizing a medical marijuana organization to sell or offer for sale cannabis and cannabis products at a secondary site shall be separate and distinct from the expedited approval cannabis entity license approved and issued to the medical marijuana organization by the board under section 503.

(2) Except as provided in paragraph (3), a secondary site shall be located within the same region as the medical marijuana organization's medical marijuana dispensary.

(3) If no jurisdiction within the medical marijuana organization's prescribed region under the Medical Marijuana Act permits the operation of a cannabis establishment, the board may waive any geographic restriction and specify another region of this Commonwealth, or consider a region proposed by the medical marijuana organization, into which a medical marijuana organization holding an expedited approval cannabis licensee may locate the cannabis establishment.

(4) A cannabis establishment operated by a medical marijuana organization under an expedited approval cannabis retailer license at a secondary site shall not be located

1 within 2,000 feet of a medical marijuana dispensary or
2 cannabis retailer licensee.

3 (5) An application for an expedited approval cannabis
4 entity license which seeks to operate a cannabis
5 establishment at a secondary site must be submitted by the
6 same person that holds the medical marijuana organization
7 dispensary permit under the Medical Marijuana Act.

8 (6) A medical marijuana organization may file a separate
9 secondary site application for each valid dispensary permit
10 held by the medical marijuana organization in good standing
11 under the Medical Marijuana Act, but in no event shall a
12 medical marijuana organization be awarded more than three
13 expedited approval cannabis retailer licenses at a secondary
14 site.

15 (b) Application.--A medical marijuana organization seeking
16 issuance of an expedited approval cannabis entity license at a
17 secondary site shall submit an application to the board in the
18 form and manner as the board shall prescribe. The application
19 shall include all of the following:

20 (1) A nonrefundable license fee in the amount of \$60,000
21 if the applicant holds a valid dispensary permit under the
22 Medical Marijuana Act and a fee of \$100,000 if the applicant
23 holds a valid grower/processor permit under the Medical
24 Marijuana Act.

25 (2) Proof that the applicant holds a valid permit in
26 good standing under the Medical Marijuana Act.

27 (3) The legal name of the medical marijuana
28 organization.

29 (4) The physical address of the applicant's medical
30 marijuana dispensary location or grower/processor facility

1 location and the proposed physical address of the proposed
2 cannabis establishment at a secondary site.

3 (5) Documentation of the approval, conditional approval
4 or status of a request for zoning approval from the zoning
5 office of the municipality in which the location of the
6 secondary site is proposed to be located, and that the
7 proposed location of the secondary site is or will be in
8 compliance with the local zoning ordinances or rules.

9 (6) A plot plan of the cannabis establishment drawn to
10 scale, including general specifications of the building's
11 exterior and interior layout.

12 (7) A statement that the applicant agrees to and will
13 promptly respond to request for supplemental information made
14 by the board.

15 (8) In the case of a building or land on which a
16 cannabis establishment will be constructed if the real
17 property is:

18 (i) not owned by the applicant, a written statement
19 from the property owner or landlord, if any, certifying
20 consent that the applicant may build and operate a
21 cannabis establishment on the real property; or

22 (ii) owned by the applicant, confirmation of
23 ownership.

24 (9) A copy of the operating bylaws or proposed bylaws,
25 if any.

26 (10) A copy of the proposed business plan that complies
27 with the requirements of this act, including, at a minimum,
28 the following:

29 (i) a statement describing products or services to
30 be offered; and

1 (ii) a description of the process of cultivating,
2 processing, distributing, transporting, delivering or
3 selling cannabis and cannabis products.

4 (11) A copy of the proposed security plan that complies
5 with the requirements of this act, including:

6 (i) A description of the delivery process by which
7 cannabis or cannabis products will be received from a
8 cannabis transporter or other transporting organization,
9 including the receipt of manifests and protocols that
10 will be used to avoid diversion, theft or loss at the
11 acceptance point.

12 (ii) The process or internal and external controls
13 that will be implemented to monitor the cannabis
14 establishment, secure the premises, employees, agents,
15 cannabis consumers and currency and prevent the
16 diversion, theft or loss of cannabis, cannabis products
17 and currency.

18 (iii) The process to ensure that access to
19 restricted access areas is limited to employees or agents
20 of the board, the Department of Agriculture and the
21 Pennsylvania State Police and essential employees or
22 other designated employees, service professionals,
23 cannabis transporters, delivery organization agents and
24 security personnel.

25 (12) A proposed inventory control verification system or
26 plan that complies with section 608.

27 (13) The name, address, Social Security number and date
28 of birth of each principal officer and board member of the
29 medical marijuana organization, each of whom shall be 21
30 years of age or older.

1 (14) A nonrefundable cannabis business development fee
2 of \$200,000, to be deposited into the Cannabis Business
3 Development Fund.

4 (15) A commitment to completing a social and economic
5 equity plan or participating in a social and economic equity
6 activity under subsection (c).

7 (c) Social and economic equity requirement.--Before an
8 expedited approval cannabis retailer license for a secondary
9 site is issued to an applicant, the applicant shall commit to a
10 specific social and economic equity plan or activity as listed
11 below:

12 (1) The following apply:

13 (i) If the applicant holds a dispensary permit under
14 the Medical Marijuana Act, make a contribution of 3% of
15 total sales from June 1, 2019, to June 1, 2020, or
16 \$100,000, whichever is less, to the Cannabis Business
17 Development Fund established under section 402, which
18 shall be in addition to the fee required under subsection
19 (b) (14).

20 (ii) If the applicant is a grower/processor under
21 the Medical Marijuana Act, a nonrefundable business
22 development fee equal to 5% of the grower/processor's
23 total sales between June 1, 2019, to June 1, 2020, or
24 \$500,000, whichever is less, but not less than \$250,000,
25 to be deposited into the Cannabis Business Development
26 Fund established under section 402, which shall be in
27 addition to the fee required under subsection (b) (14).

28 (2) Make a donation of \$100,000 or more to a program
29 that provides job training services to persons recently
30 incarcerated or that operates in a designated opportunity

1 zone.

2 (3) The following apply:

3 (i) Participate as a host in a cannabis business
4 establishment incubator program approved by the
5 Department of Community and Economic Development in which
6 the applicant agrees to provide a loan of at least
7 \$100,000 and mentorship to incubate a licensee that
8 qualifies as a social and economic equity applicant for
9 at least a year or a period of time specified in the
10 application and approved by the board.

11 (ii) The medical marijuana organization seeking to
12 operate a cannabis establishment as an expedited approval
13 cannabis retailer at a secondary site or any other
14 expedited approval cannabis entity licensee participating
15 in an incubator program under this act shall not take an
16 ownership interest of greater than 10% in a social and
17 economic equity licensee or other entity receiving
18 incubation services under this paragraph.

19 (iii) If a medical marijuana organization issued an
20 expedited approval cannabis entity license at a secondary
21 site or any other cannabis entity licensee fails to find
22 a business to incubate by the time specified by the
23 licensee in the application, as approved by the board,
24 the medical marijuana organization may opt to meet the
25 requirement of this subsection by completing or
26 participating in another social and economic equity
27 activity under this subsection.

28 (iv) As used in this paragraph, the term "incubate"
29 shall mean the provision of direct financial assistance,
30 technical assistance and training necessary to engage in

1 a regulated activity under this act similar to that of
2 the applicant or cannabis entity licensee hosting the
3 incubator program.

4 (4) Participate in a sponsorship program, as approved by
5 the board, in consultation with the Department of Community
6 and Economic Development, for at least two years in which an
7 expedited approval cannabis retailer licensee operating at a
8 secondary site agrees to provide an interest-free loan of at
9 least \$200,000 to a social and economic equity applicant or
10 qualified social and economic equity licensee. No expedited
11 approval cannabis retailer licensee under this paragraph
12 shall take an ownership interest of greater than 10% in a
13 social and economic equity applicant or licensee receiving
14 sponsorship services under this paragraph.

15 (d) Status of license fee.--The fee imposed under subsection
16 (b) (1) shall be in addition to any fee required for the renewal
17 of a medical marijuana organization permit under the Medical
18 Marijuana Act.

19 (e) Incomplete application.--Failure by an applicant for an
20 expedited approval cannabis retailer license at a secondary site
21 to submit all information required under this subsection shall
22 result in the application being deemed incomplete by the board.
23 The following apply:

24 (1) If the board receives an incomplete application, the
25 board shall forward a deficiency notice to the applicant that
26 describes the information needed to cure the deficiency.

27 (2) The applicant shall have 10 calendar days from the
28 date of the deficiency notice to submit a completed
29 application to the board. Nothing in this paragraph shall
30 preclude the board from rejecting an incomplete application

1 if the board determines that the deficiencies cannot be cured
2 within 10 calendar days.

3 (3) If the applicant fails to cure the deficiency within
4 the 10-day period under paragraph (2) or resubmits an
5 application that is still incomplete after the opportunity to
6 cure, the board may reject or disqualify the application.

7 (4) The board may request revisions to an application
8 and shall retain final approval over the structural features
9 of an expedited approval cannabis retailer licensee's
10 cannabis establishment at a secondary site under this section
11 and any site plan proposed by a grower/processor seeking to
12 operate a cannabis establishment at a secondary site.

13 (f) Issuance of license.--The following apply:

14 (1) Upon the approval of a completed application, the
15 board shall conditionally approve the applicant's application
16 for an expedited approval cannabis retailer license at a
17 secondary site. Approval of the application shall be
18 contingent upon a final inspection of the secondary site by
19 the board. The board shall only issue the license if:

20 (i) The applicant's secondary site passes the
21 inspection conducted by employees or agents of the board.

22 (ii) The applicant, principal officers of the
23 applicant and any other person holding a financial or
24 voting interest of 5% or greater is not delinquent in
25 filing any required tax returns or paying money owed to
26 the Federal Government, the Commonwealth or a political
27 subdivision of the Commonwealth.

28 (iii) The board determines that there is no reason,
29 based on a review of the application and other
30 documentation, to deny issuance of the expedited approval

1 cannabis retailer license at a secondary site.

2 (g) Commencement of operations.--The following apply:

3 (1) Upon the issuance of an expedited approval cannabis
4 retailer license to operate a cannabis establishment at a
5 secondary site, the licensee shall notify the board of the
6 licensee's proposed opening date.

7 (2) A medical marijuana organization that obtains an
8 expedited approval cannabis entity license to operate a
9 cannabis establishment at a secondary site as provided under
10 this section may commence the regulated activity for which
11 the license was issued no sooner than September 30, 2021,
12 unless a sooner or later date is established by the board
13 based on the notification received by the board under
14 paragraph (1) and the availability of cannabis and cannabis
15 products for sale to cannabis consumers.

16 (3) If there is a shortage of cannabis or cannabis
17 products, a medical marijuana organization holding a
18 dispensary permit or grower/processor permit under the
19 Medical Marijuana Act and an expedited approval cannabis
20 entity license under section 503 and an expedited approval
21 cannabis retailer license to operate at a secondary site
22 under this section shall prioritize the medical marijuana
23 organization's obligations under the Medical Marijuana Act.

24 (4) An expedited approval cannabis entity license at a
25 secondary site shall be valid for a two-year period from the
26 date of issuance of the license by the board.

27 (h) License renewal.--The board may renew an expedited
28 approval cannabis entity license at a secondary site within 60
29 days of the receipt of a renewal application if:

30 (1) The application is deemed complete by the board.

1 (2) The renewal application is accompanied by a license
2 renewal fee of \$30,000 for a medical marijuana organization
3 that holds a dispensary permit or \$60,000 for a medical
4 marijuana organization that holds a grower/processor permit
5 for deposit into the Cannabis Revenue Fund.

6 (3) The board has not suspended or revoked the expedited
7 approval cannabis entity license held by the medical
8 marijuana organization for a violation of this act or a rule
9 or regulation under this act and the permit held by the
10 medical marijuana organization has not been suspended or
11 revoked for a violation of the Medical Marijuana Act or any
12 rule or regulation adopted and promulgated under the Medical
13 Marijuana Act.

14 (4) The medical marijuana organization has completed or
15 is in the process of completing a social and economic equity
16 plan or has participated or is participating in a social and
17 economic equity activity, as approved by the board.

18 (i) Notification of expiration.--Ninety days before the
19 expiration date of an expedited approval cannabis entity license
20 at a secondary site issued under this section, the board shall
21 notify the licensee of the impending expiration of the license.
22 The notice may be forwarded by the board to the licensee in
23 writing or electronically, and shall inform the licensee that
24 the licensee may file an application to renew the expedited
25 approval cannabis entity license at a secondary site.

26 (j) Renewal.--The following apply:

27 (1) The board shall renew an expedited approval cannabis
28 entity license at a secondary site within 60 days of receipt
29 of a completed application if the licensee satisfies all the
30 requirements of this section.

1 (2) If the licensee fails to submit a renewal
2 application before the expiration date of the expedited
3 approval cannabis entity license at a secondary site, the
4 licensee shall cease all regulated activities authorized
5 under the expedited approval cannabis entity license at the
6 secondary site until the license is renewed by the board.

7 (3) Nothing in this subsection shall be construed to
8 prohibit a medical marijuana organization that fails to renew
9 an expedited approval cannabis entity license at a secondary
10 site from continuing to engage in the activities authorized
11 under the Medical Marijuana Act.

12 (k) Status of employees and other persons.--All employees,
13 agents and other persons authorized to work for a medical
14 marijuana organization under the Medical Marijuana Act and who
15 are officers, directors, managers or employees of the expedited
16 approval cannabis entity licensee at a secondary site under this
17 section may engage in all activities authorized under the
18 expedited approval cannabis entity license at a secondary site,
19 subject to any conditions which may be prescribed by the board
20 by regulation.

21 (l) Effects of suspension or revocation.--If the board
22 suspends or revokes an expedited approval cannabis entity
23 license at a secondary site held by a medical marijuana
24 organization as provided under this section, the board may not
25 consider the suspension or revocation as grounds to seek
26 disciplinary action against the medical marijuana organization
27 permit held by the medical marijuana organization under the
28 Medical Marijuana Act.

29 (m) Deposit of fees.--All fees collected under this section
30 from an expedited approval cannabis retailer licensee at a

1 secondary site shall be deposited into the Cannabis Revenue
2 Fund.

3 Section 505. Cannabis entity license application.

4 (a) Submission of application.--The following apply:

5 (1) Each application for a cannabis entity license or a
6 conditional cannabis entity license shall be submitted to the
7 board on a form, in the manner and at the time established by
8 the board under section 502.

9 (2) A separate license or separate conditional license
10 shall be required for each location at which an applicant for
11 a cannabis entity license seeks to operate a cannabis
12 establishment. A conditional license shall not be renewed but
13 may be replaced with a permanent license upon the
14 determination by the board that the holder of a conditional
15 license qualifies for a permanent license.

16 (3) A license or conditional license may not be issued
17 by the board until after the completion of a background
18 investigation of the applicant.

19 (4) In reviewing applications, the board shall confirm
20 that the applicable license fee under section 313 has been
21 paid.

22 (b) Disclosures.--The following apply:

23 (1) Notwithstanding any other provision of law to the
24 contrary, an applicant for a cannabis entity license shall
25 disclose in the application any arrests of the applicant,
26 including:

27 (i) A brief description of the circumstances
28 surrounding the arrest.

29 (ii) The specific offense charged.

30 (iii) The ultimate disposition of the charge,

1 including the details of any dismissal, plea bargain,
2 conviction, sentence, pardon, expungement or order of
3 Accelerated Rehabilitative Disposition.

4 (2) An applicant may not be required to provide
5 documentation relating to a summary offense.

6 (c) Completeness of applications.--The board may not
7 consider an incomplete application and must notify the applicant
8 in writing if an application is incomplete. An application shall
9 be considered incomplete if it does not include all applicable
10 fees and all information and accompanying documentation required
11 under this act or by regulation of the board consistent with the
12 requirements of this act, including, but not limited to, a
13 current tax lien certificate issued by the department at the
14 time of filing the application. Any unpaid taxes identified on
15 the tax lien certificate must be paid before the application is
16 considered complete. If the board receives an incomplete
17 application, the board shall forward a deficiency notice to the
18 applicant that describes the information needed to cure the
19 deficiency. The following apply:

20 (1) The applicant shall have 10 calendar days from the
21 date of the deficiency notice to submit a complete
22 application to the board.

23 (2) If the applicant fails to cure the deficiency within
24 the 10-day period under paragraph (1) or resubmits an
25 application that is still incomplete after the opportunity to
26 cure, the board may reject or disqualify the application.

27 (3) The board may request revisions to an application
28 and shall retain final approval over the structural features
29 of an applicant's proposed cannabis establishment.

30 Section 506. Application requirements.

1 (a) General requirements.--In addition to any other
2 information required under this act or regulation of the board,
3 the application for any type of cannabis entity license shall
4 include, at a minimum:

5 (1) Information about the applicant, including the
6 applicant's legal name, any registered alternate name under
7 which the applicant will conduct business and a copy of the
8 applicant's articles of organization and bylaws, if
9 applicable.

10 (2) The name, address, date of birth and resumes of each
11 executive, principal or officer and each person with a
12 financial interest who also has decision-making authority
13 over an applicant for a cannabis entity. Each executive,
14 principal, officer or individual shall also provide the
15 following in a form and manner prescribed by the board:

16 (i) A photocopy of each executive's, principal's,
17 officer's or individual's driver's license or other
18 government-issued form of identification.

19 (ii) Background investigation information.

20 (3) A list identifying all persons with a financial
21 interest who also have decision-making authority over the
22 applicant for a cannabis entity license as detailed in the
23 application.

24 (4) The Federal and State tax identification numbers of
25 the applicant and proof of registration with the department.

26 (5) A current tax lien certificate issued by the
27 department.

28 (6) The applicant's business plan or management
29 operation profile for the applicant's proposed cannabis
30 establishment, including policies and procedures for the

1 handling of cash on the premises, including, but not limited
2 to, storage, collection frequency and transport to financial
3 institutions, which shall be made available to the board for
4 inspection upon request.

5 (7) The applicant's operation plan, including policies
6 and procedures for energy efficiency and conservation, which
7 shall include:

8 (i) Identification of energy needs, including
9 estimates of monthly electricity and natural gas usage,
10 to what extent the applicant will procure energy from an
11 electric distribution company or electric generation
12 supplier, natural gas distribution company or natural gas
13 supplier or from on-site generation and if the applicant
14 has or will adopt a sustainable energy use and energy
15 conservation policy.

16 (ii) Potential energy use reduction opportunities,
17 if any, including, but not limited to, natural lighting,
18 heat recovery ventilation and energy efficiency measures
19 and a plan for implementation of those opportunities.

20 (iii) Consideration of opportunities for renewable
21 energy generation, including, where applicable,
22 submission of building plans showing where energy
23 generators could be placed on the site and an explanation
24 of why the identified opportunities were not pursued, if
25 applicable.

26 (iv) Strategies to reduce electric demand, such as
27 lighting schedules, active load management and energy
28 storage, and engagement with energy efficiency programs.

29 (v) Identification of water needs, including
30 estimated water draw, and if the applicant has or will

1 adopt a sustainable water use and water conservation
2 policy.

3 (vi) A waste management plan, including
4 identification of waste disposal and waste management
5 procedures, and whether the applicant has or will adopt a
6 waste reduction policy.

7 (vii) A recycling plan.

8 (8) Emergency procedures, including a disaster plan with
9 procedures to be followed in case of fire or other emergency
10 such as a proclamation of a disaster or public health
11 emergency.

12 (9) The plan by which the applicant intends to obtain
13 appropriate liability insurance coverage for the proposed
14 cannabis establishment.

15 (10) Proof that the application includes at least one
16 significantly involved individual who has resided in this
17 Commonwealth for at least two years as of the date of the
18 application.

19 (11) Proof that the significantly involved person and
20 any other person with a financial interest who also has
21 decision-making authority over the proposed cannabis entity
22 licensee is 21 years of age or older.

23 (12) The details of a cannabis entity license or similar
24 license, permit or other authorization applied for, granted
25 to or denied to the applicant in another jurisdiction,
26 foreign or domestic, where the adult or personal use of
27 cannabis and cannabis products or medical marijuana is legal
28 or regulated, and the consent for the board to acquire copies
29 of the application submitted or license, permit or other
30 authorization granted to the applicant in the other

jurisdiction.

(13) The details of loans obtained from a financial institution or not approved by a financial institution.

(14) The consent to a background investigation, the scope of which shall be determined by the board in its discretion consistent with this act, and a release signed by all individuals subject to a background investigation agreeing to provide all information required by the board to complete the background investigation.

(15) Payment of the applicable cannabis entity license fee under section 313.

(16) The disclosure all arrests under section 505(b).

(17) A detailed description of a community agreement the applicant entered or may enter with the municipality. The board shall adopt regulations to govern community agreements and may review, regulate and enforce a community agreement entered between a municipality and a cannabis entity licensee.

(18) The terms and conditions of a management service agreement entered or proposed to be entered between an applicant or cannabis entity licensee and another person or entity, including, but not limited to, the terms and scope of services to be provided, employees and compensation. The board shall review and approve or deny a management service agreement and may require, by regulation, the entities to secure authorization from the board to provide the services outlined in the management service agreement.

(19) Any other information prescribed by the board by regulation that is necessary and appropriate to administer and enforce this act.

1 (b) Applicant character requirements.--The following apply:

2 (1) Each application for a cannabis entity license shall
3 include information, documentation and assurances as may be
4 required by the board to establish by clear and convincing
5 evidence the applicant's suitability for a cannabis entity
6 license, including good character, honesty and integrity. The
7 information shall include, without limitation, information
8 pertaining to criminal history background, business
9 activities, financial affairs and business, professional and
10 personal associates, covering at least the five-year period
11 immediately preceding the filing date of the application.

12 (2) Notwithstanding 18 Pa.C.S. § 9124(b) (relating to
13 use of records by licensing agencies), in addition to the
14 information submitted under section 505(b), a conviction that
15 has been expunged or overturned or for which a person has
16 been pardoned or an order of Accelerated Rehabilitative
17 Disposition has been issued shall be included with an
18 application and considered by the board as part of the review
19 of the applicant's suitability under paragraph (1). The board
20 may not use a conviction that has been expunged, overturned,
21 pardoned or subject to an order of accelerated rehabilitative
22 disposition to deny the approval and issuance of a cannabis
23 entity license.

24 (c) Civil judgments and law enforcement agency
25 information.--Each applicant shall notify the board of civil
26 judgments obtained against the applicant pertaining to antitrust
27 or security regulation laws of the Federal Government, the
28 Commonwealth or any other state or jurisdiction, foreign or
29 domestic. In addition, an applicant may be required to obtain a
30 letter of reference from law enforcement agencies having

1 jurisdiction in the applicant's place of residence and principal
2 place of business, which shall indicate that the law enforcement
3 agencies do not have any pertinent information concerning the
4 applicant or, if the law enforcement agency does have
5 information pertaining to the applicant, shall specify the
6 nature and content of that information. If no letters are
7 received within 30 days of the request, the applicant may submit
8 a statement under oath which is subject to the penalty for false
9 swearing under 18 Pa.C.S. § 4903 (relating to false swearing)
10 that the applicant is or was in good standing with the Cannabis
11 Control Board or similar agency in the applicable jurisdiction
12 during the period the activities were conducted.

13 (d) Regulatory agency information.--If the applicant has
14 held a cannabis entity license or a similar license or permit in
15 a jurisdiction where the personal or adult use of cannabis or
16 medical marijuana is legal or otherwise regulated, the applicant
17 may produce a letter of reference from the regulatory agency
18 that oversees the regulation of cannabis or medical marijuana in
19 the other jurisdiction. The letter of reference shall specify
20 the experiences of the regulatory board or agency with the
21 applicant, the applicant's associates and the applicant's
22 cannabis operation. If no letter is received within 30 days of
23 the request, the applicant may submit a statement under oath
24 which is subject to the penalty for false swearing under 18
25 Pa.C.S. § 4903 that the applicant is or was in good standing
26 with the regulatory agency in the jurisdiction where the
27 applicant has held or holds a cannabis entity license or similar
28 license or permit during the period the activities were
29 conducted.

30 (e) Refusal to cooperate.--A refusal to provide the

1 information required under this section or any other provision
2 of this act or to consent to a background investigation shall
3 result in the immediate disapproval of the application for a
4 cannabis entity license.

5 Section 507. Additional license requirements.

6 (a) Additional eligibility requirements.--In order to be
7 eligible for a cannabis entity license under this chapter, the
8 principals, essential employees and other employees or agents,
9 as determined by regulation of the board, of the applicant shall
10 obtain a license, permit, certificate, registration or other
11 authorization from the board and meet the character requirements
12 under section 506.

13 (b) Classification system.--The board shall develop a
14 classification system for agents, employees or persons who
15 directly or indirectly hold or are deemed to be holding debt,
16 equity securities or other financial interest in the applicant
17 for a cannabis entity license or cannabis entity licenses and
18 for other persons which the board considers appropriate for
19 review under section 506.

20 (c) Related entities.--The following apply:

21 (1) Except as provided in paragraph (2), no person shall
22 be eligible for a cannabis entity license unless the
23 principals and essential employees of each intermediary,
24 subsidiary or holding company of the person meet the
25 requirements under subsection (a), as may be required by the
26 board.

27 (2) The board may require that lenders and underwriters
28 of intermediaries, subsidiaries or holding companies of an
29 applicant for a cannabis entity license meet the requirements
30 under subsection (a) if the board determines that the

1 suitability of a lender or underwriter is at issue and is
2 necessary to consider a pending application for a cannabis
3 entity license.

4 (d) Revocable privilege.--The issuance or renewal of a
5 license, permit or other authorization to engage in a regulated
6 activity under this act by the board shall be a revocable
7 privilege.

8 (e) Waiver for publicly traded corporations.--The board may
9 waive the requirements of subsection (a) for a person directly
10 or indirectly holding ownership of securities in a publicly
11 traded corporation if the board determines that the holder of
12 the securities is not significantly involved in the activities
13 of the corporation related to the operation of a cannabis
14 establishment and does not have the ability to control the
15 corporation or elect one or more directors of the corporation.

16 (f) Waiver for subsidiaries.--If the applicant is a
17 subsidiary, the board may waive the requirements of subsection
18 (a) for a holding company or intermediary as follows:

19 (1) If the applicant is a publicly traded corporation,
20 the board may issue a waiver under this subsection if it
21 determines that the principal or essential employee does not
22 have the ability to control, have a controlling interest in
23 or have the authority to elect one or more directors of the
24 holding company or intermediary and is not actively involved
25 in the regulated activities of the applicant.

26 (2) If the applicant is a noncorporate organization, the
27 board may issue a waiver under this subsection for a person
28 that directly or indirectly holds a beneficial or ownership
29 interest in the applicant if the board determines that the
30 person does not have the ability to control the applicant and

1 will not directly or indirectly be involved in any activities
2 related to the operation of the applicant's proposed cannabis
3 establishment.

4 (g) Ongoing duty.--A person applying for a license, permit
5 or other authorization to engage in a regulated activity under
6 this act shall have the continuing duty to provide information
7 required by the board or the bureau and to cooperate in any
8 inquiry or investigation.

9 (h) Criminal history record check.--The board shall conduct
10 a background investigation of a person for whom a waiver is
11 granted under this section.

12 Section 508. Change in ownership or control of cannabis entity
13 licensee.

14 (a) Notification and approval.--The following apply:

15 (1) A cannabis entity licensee shall notify the board
16 immediately upon becoming aware of any proposed or
17 contemplated change in ownership or control of a cannabis
18 entity licensee by a person or group of persons acting in
19 concert which involves any of the following:

20 (i) More than 20% of a cannabis entity licensee's
21 securities or other ownership interests.

22 (ii) More than 20% of the securities or other
23 ownership interests of a corporation or other form of
24 business entity that owns directly or indirectly at least
25 20% of the voting or other securities or other ownership
26 interests of the cannabis entity license.

27 (iii) The sale, other than in the ordinary course of
28 business, of a cannabis entity licensee's assets.

29 (iv) Any other transaction or occurrence deemed by
30 the board to be relevant to license qualifications.

1 (2) The following apply:

2 (i) Notwithstanding paragraph (1), a cannabis entity
3 licensee shall not be required to notify the board of any
4 acquisition by an institutional investor under paragraph
5 (1)(i) or (ii) if:

6 (A) the institutional investor holds less than
7 10% of the securities or other ownership interests
8 referred to in paragraph (1)(i) or (ii);

9 (B) the securities or interests are publicly
10 traded securities and the institutional investor's
11 holdings of securities are purchased for investment
12 purposes only; and

13 (C) the institutional investor files with the
14 board a certified statement that it has no intention
15 of influencing or affecting, directly or indirectly,
16 the affairs of the cannabis entity licensee.

17 (ii) The board shall be permitted to vote on matters
18 put to the vote of the outstanding security holders.

19 (3) Notice to the board and board approval shall be
20 required prior to completion of a proposed or contemplated
21 change of control or ownership of a cannabis entity license
22 that meets the criteria of this section.

23 (b) Qualification of purchaser of cannabis entity license
24 and change of control.--The purchaser of the assets, other than
25 in the ordinary course of business, of a cannabis entity license
26 shall independently qualify for a license as provided under this
27 act and shall pay the license fee as required under section 313,
28 except as otherwise required under this section. The license fee
29 shall be paid upon the assignment and actual change of control
30 or ownership of the cannabis entity license.

1 (c) Change in control defined.--For purposes of this
2 section, "change in control or ownership of a cannabis entity
3 licensee" shall mean the acquisition by a person or group of
4 persons acting in concert of more than 20% of a cannabis entity
5 licensee's securities or other ownership interests, with the
6 exception of any ownership interest of the person that existed
7 at the time of initial licensing and payment of the initial
8 cannabis entity license fee, or more than 20% of the securities
9 or other ownership interests of a corporation or other form of
10 business entity which owns directly or indirectly at least 20%
11 of the voting or other securities or other ownership interests
12 of the licensee.

13 (d) Fee reduction.--The board may in the board's discretion
14 eliminate the need for qualification and proportionately reduce,
15 but not eliminate, the new license fee otherwise required under
16 this section in connection with a change of control or ownership
17 of a cannabis entity license, depending upon the type of
18 transaction, the relevant ownership interests and changes to the
19 ownership interests resulting from the transaction and other
20 considerations deemed relevant by the board.

21 (e) License revocation.--Failure to comply with this section
22 may cause the cannabis entity license issued under this act to
23 be revoked or suspended by the board unless the purchaser of the
24 assets or the change in control or ownership that meets the
25 criteria of this section has been independently qualified in
26 advance by the board and any required license fee has been paid.
27 Section 509. Licensing of principals.

28 (a) License required.--All principals shall obtain a
29 principal license from the board.

30 (b) Application.--A principal license application shall be

1 in a form prescribed by the board and shall include the
2 following:

3 (1) Verification of status of the person as a principal
4 from the applicant or cannabis entity licensee.

5 (2) Job title or a description of person's
6 responsibilities as a principal.

7 (3) All releases necessary to obtain information from
8 governmental agencies, employers and other organizations as
9 required by the board.

10 (4) Fingerprints, which shall be submitted to the
11 Pennsylvania State Police.

12 (5) A photograph that meets the standards of the
13 Commonwealth Photo Imaging Network.

14 (6) Details relating to a similar license, permit or
15 other authorization granted to the person in another
16 jurisdiction, foreign or domestic.

17 (7) Additional information as may be required by the
18 board.

19 (c) Issuance.--The following apply:

20 (1) Following review of the application and the receipt
21 and review of the background investigation, the board may
22 issue a principal license if the applicant has proven by
23 clear and convincing evidence that the applicant is a person
24 of good character, honesty and integrity and is eligible and
25 suitable to be licensed as a principal.

26 (2) Each license issued to a principal under this
27 section shall include a unique alphanumeric principal
28 employee number.

29 (d) Nontransferability.--A principal license shall not be
30 transferable.

1 (e) Essential employee license exemption.--An individual who
2 receives a principal license need not obtain an essential
3 employee license.

4 Section 510. Registration of essential employees.

5 (a) Registration required.--All essential employees of an
6 applicant or cannabis entity licensee shall obtain an essential
7 employee registration from the board.

8 (b) Application.--Applications for registration as an
9 essential employee shall be in a form prescribed by the board
10 and shall include the following:

11 (1) Verification of the essential employee's employment
12 status by the applicant or cannabis entity licensee.

13 (2) Job title and a description of the essential
14 employee's employment duties and responsibilities.

15 (3) All releases necessary to obtain information from
16 governmental agencies, former and current employers and other
17 organizations or entities, as prescribed by the board.

18 (4) Fingerprints, which shall be submitted to the
19 Pennsylvania State Police.

20 (5) A photograph that meets the standards of the
21 Commonwealth Photo Imaging Network.

22 (6) Details relating to a similar license, permit or
23 other similar authorization obtained in another jurisdiction,
24 foreign or domestic.

25 (7) Additional information as may be required by the
26 board.

27 (c) Issuance.--The following apply:

28 (1) Following review of the application and the receipt
29 and review of the background investigation, the board may
30 issue an essential employee registration if the applicant has

1 proven by clear and convincing evidence that the applicant is
2 a person of good character, honesty and integrity and is
3 eligible and suitable to be registered as an essential
4 employee.

5 (2) Each essential employee registration issued by the
6 board shall include a unique alphanumeric essential employee
7 registration number.

8 (3) An essential employee shall not be required to
9 obtain a cannabis handler certificate under section 611.

10 (d) Registration not transferable.--An essential employee
11 registration issued under this section shall not be
12 transferable.

13 Section 511. Divestiture of disqualifying person.

14 In the event that an application for a cannabis entity
15 license is not approved by the board based on a finding that a
16 person that is a principal or has an interest in the person
17 applying for the cannabis entity license does not meet the
18 character requirements of section 506 or any other eligibility
19 requirements under this act, or that the person purchased a
20 controlling interest in a cannabis entity licensee in violation
21 of section 508, the board may:

22 (1) give the person the opportunity to completely divest
23 the interest held in the applicant or the applicant's
24 affiliate, intermediary, subsidiary or holding company
25 seeking the cannabis entity license; and

26 (2) after divestiture under paragraph (1), reconsider
27 the person's or applicant's suitability for licensure in an
28 expedited proceeding and may, after the proceeding, issue the
29 person or applicant a cannabis entity license. The board
30 shall approve the terms and conditions of a divestiture under

1 this section.

2 (3) Under no circumstances shall a divestiture be
3 approved by the board if the compensation for the divested
4 interest exceeds the cost of the interest.

5 Section 512. Financial fitness requirements.

6 (a) Applicant financial information.--The board shall
7 require each applicant for a cannabis entity license to produce
8 the information, documentation and assurances concerning
9 financial background and resources as the board deems necessary
10 to establish by clear and convincing evidence the financial
11 stability, integrity and responsibility of the applicant or the
12 applicant's affiliate, intermediary, subsidiary or holding
13 company, including, but not limited to, bank references,
14 business and personal income and disbursement schedules, tax
15 returns and other reports filed with governmental agencies and
16 business and personal accounting, check records and ledgers. In
17 addition, each applicant shall in writing authorize the
18 examination of all bank accounts and records as may be deemed
19 necessary by the board.

20 (b) Financial backer information.--The board shall require
21 each applicant for a cannabis entity license to produce the
22 information, documentation and assurances as may be necessary to
23 establish by clear and convincing evidence the integrity of all
24 financial backers, investors, mortgagees, bondholders and
25 holders of indentures, notes or other evidence of indebtedness,
26 either in effect or proposed. A banking or lending institution
27 or institutional investor may be waived from the qualification
28 requirements but shall produce for the board upon request any
29 document or information which bears any relation to the proposal
30 submitted by the applicant or applicants. The integrity of a

1 banking or lending institution or institutional investor shall
2 be judged upon the same standards as the applicant. Each banking
3 or lending institution and institutional investor shall produce,
4 upon request of the board, any document or information which
5 bears any relation to the application. In addition, the
6 applicant shall produce information, documentation or assurances
7 as required by the board to establish by clear and convincing
8 evidence the adequacy of financial resources.

9 (c) Applicant's ability to pay license fee.--The board shall
10 require each applicant for a cannabis entity license at the time
11 of application to post a letter of credit or bond in an amount
12 established by regulation of the board to demonstrate the
13 financial ability to pay the cannabis entity license fee under
14 section 313 if issued a cannabis entity license by the board.

15 (d) Applicant's business experience.--The following apply:

16 (1) The board shall require each applicant for a
17 cannabis entity license to produce the information,
18 documentation and assurances as the board may require to
19 establish by clear and convincing evidence that the applicant
20 has sufficient business ability and experience to create and
21 maintain a successful, efficient cannabis establishment.

22 (2) Applicants shall produce the names of all proposed
23 essential employees and a description of their respective or
24 proposed duties and responsibilities or employment as they
25 become known.

26 (e) Applicant's operational viability.--The following apply:

27 (1) In assessing the financial viability of an
28 applicant's proposed cannabis establishment, the board shall
29 make a finding, after review of the application, that the
30 applicant is likely to maintain a financially successful,

1 viable and efficient business operation and will likely be
2 able to maintain sustained growth in revenue.

3 (2) Notwithstanding any provision of this act to the
4 contrary, an application for a cannabis entity license that
5 includes a commitment or promise to pay a cannabis entity
6 license fee in excess of the amount provided in section 313
7 or a contribution of money to the Cannabis Business
8 Development Fund in excess of the amounts specified in this
9 act, except as otherwise authorized, shall not enhance the
10 applicant's viability or status as an applicant for a
11 cannabis entity license and shall not be considered by the
12 board in the consideration of the applicant's application for
13 a cannabis entity license.

14 (f) Additional information.--In addition to other
15 information required under this act, a person applying for a
16 cannabis entity license may be required to provide the following
17 information:

18 (1) The organization, financial structure and nature of
19 all businesses operated by the person, including any
20 affiliate, intermediary, subsidiary or holding company. If
21 required by the board and if the applicant is a corporation,
22 the names and personal employment and criminal histories of
23 all officers, directors, principals and essential employees
24 of the corporation, the names of all holding, intermediary,
25 affiliate and subsidiary companies of the corporation and the
26 organization, financial structure and nature of all
27 businesses operated by the holding, intermediary or
28 subsidiary companies, including names and personal employment
29 and criminal histories of the officers, directors and
30 principal employees of the corporations and companies as the

1 board may require.

2 (2) The extent of securities held in the corporation by
3 all officers, directors and underwriters and their
4 remuneration in the form of salary, wages, fees or otherwise.

5 Section 513. Alternative licensing standards.

6 (a) Determination.--The board may determine whether the
7 licensing standards of another jurisdiction within the United
8 States or Canada in which an applicant for a cannabis entity
9 license is similarly licensed are comprehensive and thorough and
10 provide similar and adequate safeguards as those required under
11 this act. If the board makes that determination after receiving
12 and evaluating the licensing standards of the other
13 jurisdiction, the board may issue a cannabis entity license to
14 an applicant who holds a cannabis entity license in good
15 standing in the other jurisdiction or incorporate the
16 information received from the other jurisdiction, in whole or in
17 part, into the board's evaluation of the applicant.

18 (b) Abbreviated process.--In the event that an applicant for
19 a cannabis entity license is licensed in another jurisdiction in
20 the United States or Canada, the board may use an abbreviated
21 process requiring only that information determined by the board
22 to be necessary to consider the issuance of the cannabis entity
23 license, including the financial viability of the applicant.
24 Nothing in this section shall be construed to waive any fees
25 associated with the approval and issuance of a cannabis entity
26 license through the normal application process.

27 Section 514. Bond for issuance of cannabis entity license.

28 Before a cannabis entity license is issued by the board, the
29 applicant shall post a bond in an amount established by the
30 board, which may not exceed \$500,000, and which shall be payable

1 to the Commonwealth. The bond shall be used to guarantee that
2 the cannabis entity licensee faithfully makes payments, keeps
3 books and records, makes reports and engages in regulated
4 activities in conformity with this act and regulations and
5 orders of the board. The bond shall not be canceled by a surety
6 on less than 30 days' notice in writing to the board. If a bond
7 is canceled and the cannabis entity licensee fails to file a new
8 bond with the board in the required amount on or before the
9 effective date of cancellation, the licensee's license may be
10 suspended or revoked by the board. The total and aggregate
11 liability of the surety on the bond shall be limited to the
12 amount specified in the bond.

13 Section 515. Required content of license, permit or other
14 authorization.

15 A cannabis entity license, permit or other authorization to
16 engage in a regulated activity under this act shall, in addition
17 to any other requirements of this act or prescribed by
18 regulation of the board, include the following:

19 (1) The name of the person to whom the license, permit
20 or other authorization is issued.

21 (2) The type of license, permit or other authorization
22 issued and the regulated activity authorized by the license,
23 permit or other authorization to engage in a regulated
24 activity under this act.

25 (3) A license, permit or authorization number, which
26 shall be unique to the cannabis entity licensee, permittee or
27 other person.

28 (4) The street and mailing address of the cannabis
29 entity licensee's cannabis establishment or of the permittee
30 or other person.

1 (5) A statement that approval and issuance of a cannabis
2 entity license, permit or other authorization to engage in a
3 regulated activity under this act shall not be deemed a
4 property or vested right and that the license or permit may
5 be revoked by the board.

6 Section 516. Renewals.

7 (a) Renewal.--The following apply:

8 (1) For the three-year period following the effective
9 date of this act, all licenses, permits, certificates,
10 registrations and other authorizations to engage in a
11 regulated activity under this act, unless otherwise provided,
12 shall be subject to annual renewal and, thereafter, shall be
13 subject to renewal every three years. Nothing in this
14 subsection shall relieve a licensee, permittee or holder of a
15 certificate, registration or other authorization of the
16 affirmative duty to notify the board of any changes relating
17 to the status of the license, permit, certificate,
18 registration or other authorization or to any other
19 information contained in the application materials on file
20 with the board.

21 (2) Except as provided in this act, the application for
22 renewal shall be submitted at least 90 days prior to the
23 expiration of the license, permit, certificate, registration
24 or other authorization to engage in a regulated activity
25 under this act and shall include an update of the information
26 contained in the initial application and prior renewal
27 applications and the payment of the renewal fee.

28 (3) Unless otherwise specifically provided in this act,
29 the amount of a renewal fee shall be calculated by the board
30 to reflect the longer renewal period. A license, permit,

1 certificate, registration or other authorization for which a
2 completed renewal application and fee, if required, has been
3 received by the board will continue in effect unless and
4 until the board sends written notification to the holder of
5 the license, permit, certificate, registration or other
6 authorization that the board has denied the renewal of the
7 license, permit, certificate, registration or other
8 authorization.

9 (b) Sanctions authorized.--In addition to any other
10 sanctions the board may impose under this act, the board may
11 suspend, revoke or deny renewal of any license, permit,
12 certification, registration or other authorization to engage in
13 a regulated activity under this act, if the board receives any
14 information from any source that the person seeking renewal or
15 an officer, principal, director, owner or essential employee of
16 the person is in violation of any provision of this act, that
17 the person has furnished the board with false or misleading
18 information or that the information contained in the person's
19 initial application or any renewal application is no longer true
20 and correct. In the event of a revocation or failure to renew,
21 the person's authorization to conduct the previously approved
22 regulated activity shall immediately cease, and all fees paid
23 shall be deemed to be forfeited. In the event of a suspension,
24 the person's authorization to conduct the previously approved
25 regulated activity shall immediately cease until the board has
26 notified the person that the suspension is no longer in effect.
27 Section 517. Home cultivation.

28 (a) General rule.--Notwithstanding any provision of the
29 Medical Marijuana Act, the act of April 14, 1972 (P.L.233,
30 No.64), known as The Controlled Substance, Drug, Device and

1 Cosmetic Act, or any other law or regulation to the contrary,
2 beginning on January 1, 2022, an individual holding a valid
3 identification card issued under section 501 of the Medical
4 Marijuana Act who is resident of this Commonwealth and 21 years
5 of age or older may:

6 (1) Apply to the board for a home cultivation permit
7 authorizing the individual to plant, cultivate, harvest, dry,
8 process or otherwise possess cannabis plants, with a limit of
9 three mature cannabis plants and three immature cannabis
10 plants, without holding a cannabis cultivator license or
11 cannabis processor license under this act; or

12 (2) Plant, cultivate, harvest, dry, process or possess,
13 within the individual's private residence or on the grounds
14 of the individual's private residence, no more than three
15 mature cannabis plants and three immature cannabis plants at
16 any one time.

17 (b) Requirements.--The following apply.

18 (1) Home cultivation of cannabis authorized under this
19 section must take place in an enclosed, secure and locked
20 space, room or area within the individual's private residence
21 or on the grounds of the individual's private residence.

22 (2) For the purpose of home cultivation, an individual
23 under subsection (a) shall only purchase cannabis seeds from
24 a cannabis retailer or dispensary.

25 (3) Cannabis seeds may not be given or sold to any other
26 person.

27 (4) Cannabis plants shall not be stored or placed in a
28 location or otherwise positioned inside or on the grounds of
29 the individual's private residence in a manner which would
30 subject the cannabis plants to ordinary public view. The

1 individual shall take reasonable steps to assure that
2 cannabis cultivated, harvested, produced or processed as
3 provided under this section is stored in an enclosed, secure
4 and locked space, room or area inside the individual's
5 private residence.

6 (5) An individual who cultivates cannabis as provided
7 under this section shall take reasonable precautions to
8 ensure the cannabis plants are secure from unauthorized
9 access, including unauthorized access by an individual under
10 21 years of age.

11 (6) The cultivation, harvest, drying and processing of
12 cannabis by an individual under subsection (a) shall only
13 occur on residential property lawfully in possession of the
14 individual or with the consent of the owner, lessee or other
15 person in lawful possession of the residential property. An
16 owner or lessor of residential property may prohibit the
17 cultivation of cannabis by a lessee.

18 (7) No residential dwelling, including a private home,
19 apartment or condominium unit, which is not divided into
20 multiple dwelling units shall contain more than three mature
21 cannabis plants and three immature cannabis plants at any one
22 time.

23 (8) Cannabis plants may only be maintained and tended by
24 an individual under subsection (a) or a designated caregiver
25 of the individual who holds a valid identification card
26 issued under section 501 of the Medical Marijuana Act and who
27 holds a valid home cultivation permit issued by the board.

28 (9) An individual who cultivates cannabis plants in
29 violation of the limit prescribed under subsection (a)(1) or
30 who sells or gives away cannabis plants, cannabis or cannabis

1 products cultivated, harvested, dried, processed or otherwise
2 produced under this section shall be subject to the civil
3 penalties provided in this section and the applicable
4 provisions of The Controlled Substance, Drug, Device and
5 Cosmetic Act and loss of cannabis home cultivation privileges
6 under this section.

7 (c) Home cultivation certificate.--The following apply:

8 (1) An individual under subsection (a) or a caregiver of
9 the individual under subsection (b) (8) may apply to the board
10 for a home cultivation permit in the form and manner as the
11 board shall prescribe in regulation.

12 (2) An application for a home cultivation permit may be
13 submitted to the board electronically. The following apply:

14 (i) An application for a home cultivation permit
15 shall be accompanied by a \$100 fee.

16 (ii) A home cultivation permit shall be renewed,
17 annually, upon approval of the board and payment of a
18 \$100 renewal fee.

19 (3) An individual who violates this subsection shall be
20 assessed a civil penalty as follows:

21 (i) Not more than \$100 for a first offense.

22 (ii) Not more than \$200 for a second offense.

23 (iii) Not more than \$500 for a third or subsequent
24 offense.

25 CHAPTER 6

26 LICENSE, PERMIT OR OTHER AUTHORIZATION

27 Section 601. Additional requirements for issuance.

28 (a) Issuance.--The following apply:

29 (1) In addition to any other requirement enumerated in
30 this act, a cannabis entity licensee or other person that the

1 board determines eligible to receive a license, permit or
2 other authorization to engage in a regulated activity under
3 this act shall be issued a license, permit or other
4 authorization to engage in a regulated activity upon the
5 payment of any fee required under this act or established by
6 regulation of the board and upon the fulfillment of any
7 conditions required under this act or by regulation of the
8 board. The cannabis entity licenses issued under this chapter
9 shall be in addition to the expedited approval cannabis
10 entity licenses authorized under sections 503 and 504.

11 (2) Nothing in this act shall be construed to create an
12 entitlement to a license, permit or other authorization to
13 engage in a regulated activity under this act by any person.
14 The board shall in the board's sole discretion issue, renew,
15 condition or deny a cannabis entity license, permit or other
16 authorization to engage in a regulated activity under this
17 act based upon the requirements enumerated in this act and
18 whether the issuance of a license, permit or other
19 authorization will promote equity, enhance economic
20 development or job creation, is in the best interests of this
21 Commonwealth and advances the intent and purposes of this
22 act.

23 (b) Development of scoring system.--To facilitate the
24 issuance of cannabis entity licenses under this chapter, the
25 board shall, by regulation, develop a scoring system under which
26 applications for a cannabis entity license, except for a
27 cannabis microbusiness license, shall be administratively ranked
28 and scored based on the clarity, organization and quality of the
29 information provided in the application for licensure. The
30 scoring system shall be based upon a point scale with the board

determining the number of points for each category, the point categories and the system of point distribution. The board shall:

(1) Rank all applications, from the most to the least points, according to the point system. The board may, in accordance with the process specified by regulation, adjust the point system or utilize a separate point system and rankings with respect to the review of an application for which a conditional license is sought. If two or more eligible applicants have the same number of points, those applicants shall be grouped together and, if there are more eligible applicants in this group than the remaining number of licenses available, the board may, if determined necessary to meet market demand, increase the number of the applicable cannabis entity licenses consistent with the requirements of section 616.

(2) In ranking applications, the board shall give priority to:

(i) An applicant who presents a plan that reflects high potential for new job creation and economic development.

(ii) The degree to which an applicant presents a plan for the project which will likely lead to the creation of quality, living-wage jobs and full-time permanent jobs for residents of this Commonwealth generally and particularly for residents of the municipality where the cannabis establishment is located or is proposed to be located.

(iii) An applicant who submits an attestation affirming that the applicant will use best efforts to

1 utilize organized labor in the construction or
2 retrofitting of the building or other facility, which
3 will be used to house the applicant's cannabis
4 establishment or which is associated with the cannabis
5 operations.

6 (iv) An applicant who is a current resident of a
7 designated opportunity zone and who has resided in the
8 designated opportunity zone for three or more consecutive
9 years at the time the application for a cannabis entity
10 license is filed with the board. To the extent possible,
11 at least 25% of the total licenses issued to applicants
12 for a cannabis entity license shall be awarded to
13 applicants who have resided in a designated opportunity
14 zone for three or more consecutive years at the time of
15 making the application, regardless of where the cannabis
16 establishment is or is proposed to be located.

17 (v) An applicant who presents a plan to employ a
18 select number of individuals who reside in a designated
19 opportunity zone, and who proposes to locate the
20 applicant's cannabis establishment in a designated
21 opportunity zone.

22 (vi) An applicant whose application:

23 (A) Presents a social and economic equity plan
24 or an agreement to participate in a social and
25 economic equity activity, as attested to, which is
26 similar or the same as provided in section 503(c)(9).

27 (B) Presents a plan, attested to, which includes
28 processes and procedures for the development and
29 implementation of a plan to ensure inclusion and
30 participation by diverse businesses and disadvantaged

1 businesses, service-disabled veteran-owned small
2 businesses and veteran-owned small businesses,
3 disadvantaged farmer-owned small businesses or
4 residents of designated opportunity zones in this
5 Commonwealth and which further ensures that the
6 businesses and individuals are accorded equality of
7 opportunity in employment and contracting by the
8 applicant and the applicant's contractors,
9 subcontractors, assignees, lessees, agents and
10 vendors.

11 (C) Presents an opportunity zone employment
12 plan, attested to, to employ at least 25% of
13 individuals who reside in an opportunity zone, of
14 whom at least 25% reside in an opportunity zone
15 nearest to the location or proposed location of the
16 cannabis establishment. The failure to meet the
17 percentages of opportunity zone residents as
18 employees of the cannabis establishment within six
19 months of the opening of the cannabis establishment
20 may result in the suspension of a license or
21 conditional license, as applicable, issued based on
22 an application with an opportunity zone employment
23 plan.

24 (D) Presents a good faith plan for enhancing the
25 participation and representation of diverse groups in
26 the operation of the applicant's cannabis
27 establishment through the ownership and operation of
28 business enterprises associated with or utilized by
29 the cannabis entity licensees or through the
30 provision of goods or services utilized by the

1 cannabis entity licensees at the cannabis
2 establishment and through participation in the
3 ownership of the applicant.

4 (vii) An applicant who is a current resident of a
5 designated opportunity zone and has resided in the
6 designated opportunity zone for three or more consecutive
7 years at the time of making the application.

8 (3) The board may award up to two bonus points for an
9 applicant's plan to engage with the community. Community
10 engagement may be demonstrated by the applicant's
11 participation in one or more of, but not limited to, the
12 following:

13 (i) Establishing an incubator program designed to
14 increase participation in this Commonwealth's regulated
15 cannabis industry by persons who qualify as social and
16 economic equity applicants.

17 (ii) Providing financial assistance for substance
18 use disorder prevention, treatment and education
19 programs.

20 (iii) Providing education or job training to members
21 of an impacted family, residents of opportunity zones and
22 other individuals, including student internships, to
23 prepare them for a career in the Commonwealth's regulated
24 cannabis industry.

25 (iv) Educating children and teens about the
26 potential harms of cannabis use.

27 (4) If two or more applications receive an equal score,
28 the board may award bonus points for any other activity or
29 measure proposed by an applicant that demonstrates a
30 commitment to community engagement.

1 (5) If an applicant is awarded a cannabis entity
2 license, the implementation of a plan provided in the
3 application for licensure under paragraphs (2) and (3) shall
4 be a mandatory condition for issuance of the license. Any
5 variation from or failure to satisfy fully the conditions of
6 the plan as enumerated in the application or to implement the
7 plan may result in the imposition of sanctions under section
8 911.

9 (c) Additional requirements.--In addition to the eligibility
10 requirements provided in this act, the board shall also take
11 into account the following factors when considering an
12 application for a cannabis entity license:

13 (1) The location and quality of the proposed cannabis
14 establishment, including, but not limited to, road and
15 transit access, parking and centrality to market service
16 areas.

17 (2) The applicant's good faith plan to recruit, train
18 and upgrade diversity in all employment classifications at
19 the cannabis establishment.

20 (3) The history and success of the applicant in
21 developing cannabis establishments in other jurisdictions, if
22 applicable to the applicant.

23 (4) The record of the applicant and the applicant's
24 developer in meeting commitments to local agencies,
25 community-based organizations and employees at other
26 locations, if applicable to the applicant.

27 (5) The degree to which potential adverse effects which
28 might result from the project, including costs of meeting the
29 increased demand for health care, child care, public
30 transportation, affordable housing and social service

1 programs, such as substance use disorder prevention and
2 treatment programs, will be addressed and mitigated.

3 (6) The record of the applicant and the applicant's
4 developer regarding compliance with:

5 (i) Federal, State and local discrimination, wage
6 and hour, disability and occupational and environmental
7 health and safety laws;

8 (ii) State and local labor relations and employment
9 laws; and

10 (iii) labor peace agreements.

11 (d) Opportunity zones.--In consideration of an application
12 for a cannabis entity license which proposes to locate a
13 cannabis establishment in an opportunity zone, the board may
14 prioritize the application if:

15 (1) Past criminal cannabis activity contributed to
16 higher concentrations of law enforcement activity,
17 unemployment and poverty within parts of or throughout the
18 opportunity zone.

19 (2) The opportunity zone has a crime index of 1,000 or
20 higher based upon the indexes listed in the most recently
21 annual Uniform Crime Report compiled by the Pennsylvania
22 State Police.

23 (3) The opportunity zone has a population of 120,000 or
24 more as depicted in the most recently compiled Federal
25 decennial census as of the effective date of this paragraph
26 or is located in a rural area of this Commonwealth.

27 (4) The opportunity zone ranks in the top 30% of local
28 government entities in this Commonwealth for marijuana or
29 hashish arrests related to the possession of a controlled
30 substance in violation of the applicable provisions of the

1 act of April 14, 1972 (P.L.233, No.64), known as The
2 Controlled Substance, Drug, Device and Cosmetic Act.

3 (5) A municipality that comprises the opportunity zone
4 has an average annual unemployment rate that ranks in the top
5 15% of all local government entities in this Commonwealth for
6 the calendar year immediately preceding the calendar year in
7 which the application for licensure will be submitted to the
8 board, based upon the average annual unemployment rate
9 calculated for the relevant calendar year by the United
10 States Bureau of Labor Statistics.

11 (e) Persons not eligible for license, permit or other
12 authorization.--The following persons shall not be eligible for
13 a license, permit or other authorization to engage in a
14 regulated activity under this act, except in extraordinary
15 circumstances as determined by the board:

16 (1) An applicant who has been convicted of an offense
17 related to the functions or duties of owning and operating a
18 business within three years of the application date, except
19 that if the board determines that the applicant is otherwise
20 suitable to be issued a license, permit or other
21 authorization to engage in a regulated activity under this
22 act and that granting the license, permit or other
23 authorization is not inconsistent with public safety, the
24 board shall conduct a thorough review of the nature of the
25 crime and conviction, the circumstances surrounding the crime
26 and evidence of rehabilitation of the applicant and evaluate
27 the suitability of the applicant based on the evidence found
28 through the review. In determining which disqualifying
29 convictions substantially related to the functions or duties
30 of owning and operating a cannabis entity, the board's

determination shall include, but not be limited to, the following:

(i) a felony conviction within the past five years involving fraud, money laundering, forgery and other unlawful conduct related to owning and operating a business; and

(ii) a felony conviction within the past five years for hiring, employing or using a minor in transporting, carrying, selling, giving away, preparing for sale or peddling any controlled substance to a minor or other person or selling, offering to sell, furnishing, offering to furnish, administering or giving any controlled substance to a minor or other person.

(2) A person under 21 years of age.

(3) A partnership or a corporation, unless each member of the partnership or each of the principal officers and directors or other essential employees of the corporation is a citizen of the United States or a person lawfully admitted for permanent residence in the United States, not less than 21 years of age. A corporation which otherwise conforms to the requirements of this act may be issued a license, permit or other authorization if each of the corporation's principal officers and more than one-half of the directors or other essential employees of the corporation are citizens of the United States or persons lawfully admitted for permanent residence in the United States. A corporation organized under 15 Pa.C.S. (relating to corporations and unincorporated associations) which otherwise conforms to the requirements of this act may be licensed, permitted or authorized to engage in a regulated activity under this act if each of the

1 corporation's principal officers and directors or other
2 essential employees are not under 21 years of age.

3 (4) A person that had a license, permit or other
4 authorization issued by the board revoked for cause, until
5 the expiration of one year from the date of the revocation.

6 (5) A person that does not hold a license, permit or
7 other authorization under this act but who has been convicted
8 of a misdemeanor or felony in violation of this act, until
9 the expiration of a two-year period from the date of the
10 sentence for the conviction.

11 (6) A corporation or partnership, if a principal,
12 officer, director, essential employee or partner, while not
13 authorized to hold a license, permit or other authorization
14 to engage in a regulated activity under this act, has been
15 convicted of a misdemeanor or felony in violation of this
16 act, or, if required to hold a license, permit or other
17 authorization to engage in a regulated activity under this
18 act, has had the license, permit or other authorization
19 revoked for cause, until the expiration of a one-year period
20 from the date of the conviction or revocation as determined
21 by the board.

22 (e) Certain officials not eligible.--Except as otherwise
23 provided in this act, it shall be unlawful for a law enforcement
24 officer of any police department, including a member of the
25 Pennsylvania State Police, in this Commonwealth to have a
26 financial interest, either directly or indirectly, in a
27 regulated activity under this act. A person may not be denied a
28 license, permit or other authorization under this act based
29 solely on the grounds of being the spouse or domestic partner of
30 a law enforcement officer. The solicitation or recommendation

1 made by a law enforcement officer to the holder of a license,
2 permit or other authorization to engage in a regulated activity
3 under this act to purchase cannabis or cannabis products from a
4 particular licensed cannabis entity shall be presumptive
5 evidence of the interest of the law enforcement officer in a
6 regulated activity under this act.

7 (f) Elected officials.--The following apply:

8 (1) An elected official of a local government may not be
9 subject to the limitations under subsection (e), unless the
10 duties of the local elected official directly relate to the
11 operation or management of the municipality's police
12 department, municipal oversight of a regulated activity under
13 this act, review and approval of a voluntary community
14 agreement between the local government and a cannabis entity
15 licensee and regulation or enforcement of municipal zoning
16 laws.

17 (2) An elected official of a local government shall be
18 subject to the restrictions and prohibitions applicable to
19 members of the board under section 303(c)(1), (3), (5), (6),
20 (7) and (8).

21 (g) Use as collateral prohibited.--A cannabis entity license
22 issued under this act may not be pledged or deposited as
23 collateral security for a loan or upon any other condition. A
24 pledge or deposit, and a contract providing for the use of a
25 cannabis entity license as collateral security, shall be void.
26 Section 602. Conditional cannabis entity license.

27 (a) Issuance.--The following apply:

28 (1) Notwithstanding any provision of this act to the
29 contrary, upon a finding that it is in the public interest,
30 the board may issue a conditional cannabis entity license to

1 a person that satisfies the qualifications for licensure
2 under this chapter and upon payment of the applicable
3 cannabis entity license fee under section 313. A conditional
4 cannabis license may not be issued until the completion of a
5 background investigation of the applicant and each principal,
6 officer, director, essential employee or other employee or
7 agent of the applicant, as determined by the board, and prior
8 to full compliance by the applicant with other conditions of
9 licensure as provided under this act.

10 (2) The board shall begin accepting applications for
11 conditional cannabis entity licenses within 45 days after the
12 board issues the final expedited approval cannabis entity
13 license under sections 503 and 504. The board may, in the
14 board's discretion, issue up to 35% of the total licenses
15 issued for each type of cannabis entity license as
16 conditional licenses, which shall include a conditional
17 license issued to an applicant which is subsequently replaced
18 by the board with a permanent license.

19 (3) The board shall review the qualifications of an
20 applicant for a conditional cannabis entity license and, not
21 more than 60 days after the receipt of an application, make a
22 determination as to whether the application is approved or
23 denied or whether the board requires additional information
24 or more time to adequately review the application.

25 (4) If an application for a conditional cannabis entity
26 license is approved, the board shall notify the applicant in
27 writing or electronically of the approval of the application.
28 The notification shall be made within 15 days of the date the
29 application is approved by the board.

30 (5) If an application for a conditional cannabis entity

1 license is denied, the board shall notify the applicant in
2 writing of the specific reason for the denial and provide
3 with the written notice a refund of 80% of the application
4 fee submitted with the application.

5 (6) If an applicant for a conditional license fails to
6 submit all information required in the application for a
7 conditional license resulting in the application being deemed
8 deficient and incomplete by the board, the following apply:

9 (i) The board shall forward a deficiency notice to
10 the applicant that describes the information needed to
11 cure the deficiency.

12 (ii) The applicant shall have 10 calendar days from
13 the date of the deficiency notice to submit a complete
14 application to the board.

15 (iii) If the applicant fails to cure the deficiency
16 within the 10-day period under subparagraph (ii) or
17 resubmits an application that is still incomplete after
18 the opportunity to cure, the board may reject or
19 disqualify the application.

20 (iv) The board may request revisions to an
21 application and shall retain final approval over the
22 structural features of an applicant's proposed cannabis
23 establishment.

24 (7) The board's decision to approve, renew or deny a
25 license or conditional cannabis entity license made under
26 this chapter shall be considered a final agency decision for
27 the purposes of 2 Pa.C.S. (relating to administrative law and
28 procedure) or with procedures adopted by order of the board.

29 (b) Suitability and financial capability.--An applicant
30 shall provide the board with satisfactory evidence of the

1 applicant's suitability and financial capability for a
2 conditional cannabis entity license prior to the board approving
3 the conditional license.

4 (c) Complete application.--No later than upon the issuance
5 of a conditional cannabis entity license by the board, the
6 applicant shall submit a complete application for a permanent
7 cannabis entity license under section 505.

8 (d) Expiration.--The following apply:

9 (1) If the board fails to approve and issue a permanent
10 cannabis entity license for the holder of a conditional
11 cannabis entity license within 18 months of the time
12 established by the board under section 502 when applications
13 are to be filed and deemed complete, the conditional license
14 shall expire.

15 (2) The failure of a holder of a conditional cannabis
16 entity license to meet the requirements for a permanent
17 cannabis entity license under this act shall result in the
18 immediate forfeiture and revocation of the conditional
19 cannabis entity license.

20 (3) Upon the expiration of a conditional cannabis entity
21 license or the failure of a holder of a conditional cannabis
22 entity license to meet the requirements for a permanent
23 cannabis entity license, all regulated activities authorized
24 under the conditional cannabis entity license shall cease
25 until a permanent cannabis entity license is issued to the
26 person by the board.

27 (e) Return of fee.--In the event of the expiration of a
28 conditional cannabis entity license or the denial of an
29 application for a permanent cannabis entity license under
30 section 601, the applicant shall be entitled to a return of 75%

1 of the conditional cannabis entity license fee submitted with
2 the application for a conditional cannabis entity license.

3 Section 603. Licensure of cannabis microbusinesses.

4 (a) Licensure.--The board shall ensure that a sufficient
5 percentage of cannabis entity licenses issued for each type of
6 cannabis entity are designated for and issued only to cannabis
7 microbusinesses. The determination of the percentage for each
8 type of license issued to cannabis microbusinesses shall include
9 the number of conditional licenses issued to cannabis
10 microbusinesses for each type of cannabis entity license as the
11 percentage of the total number of conditional licenses issued by
12 the board under section 602, which shall not be mutually
13 exclusive of the percentage of cannabis entity licenses issued
14 to cannabis microbusinesses under this subsection.

15 (b) Eligibility.--To be eligible for a cannabis entity
16 license, an applicant for a cannabis microbusiness license must
17 meet the following requirements:

18 (1) One hundred percent of the ownership interest in the
19 cannabis microbusiness shall be held by residents of this
20 Commonwealth who have resided in this Commonwealth for at
21 least the past three consecutive years.

22 (2) At least 51% of the owners of the cannabis
23 microbusiness have been residents of the municipality in
24 which the cannabis microbusiness is located, or proposed to
25 be located, or a municipality bordering or in a reasonable
26 proximity to the municipality in which the cannabis
27 microbusiness is located, or proposed to be located, for at
28 least two years.

29 (3) The applicant shall employ no more than 10 full-time
30 or part-time employees.

1 (4) In the case of an applicant applying for a cannabis
2 microbusiness license as a cannabis cultivator, the applicant
3 shall have experience as a farmer or with the cultivation of
4 agricultural or horticultural products, operating an
5 agricultural-related business or operating a horticultural
6 business.

7 (5) In the case of an applicant applying for a cannabis
8 microbusiness license as a cannabis processor, the applicant
9 shall have experience with processing agricultural products,
10 if experience in processing agricultural products is required
11 by the board, based on information provided by the applicant
12 in the application for licensure.

13 (6) The applicant shall provide a description of the
14 enclosed, locked facility or area where cannabis will be
15 cultivated or grown, harvested, produced, processed, packaged
16 or otherwise prepared for sale or offered for sale by the
17 cannabis microbusiness licensee or for distribution, delivery
18 and sale to a cannabis entity licensee.

19 (7) The applicant shall provide a description of the
20 applicant's cultivation, processing, inventory and packaging
21 plans.

22 (c) Canopy space.--The following apply:

23 (1) A cannabis microbusiness may contain up to 5,000
24 square feet of canopy space on the premises of the cannabis
25 establishment for plants in the flowering stage.

26 (2) The board may, by regulation, authorize an increase
27 or decrease of flowering stage cultivation space in
28 increments of 3,000 square feet based on:

29 (i) Market demand.

30 (ii) Cannabis microbusiness capacity.

1 (iii) The cannabis microbusiness licensee's history
2 of compliance or noncompliance with this act and
3 regulations of the board promulgated under this act.

4 (3) Notwithstanding paragraphs (1) and (2), the maximum
5 canopy space for cultivating cannabis plants in the flowering
6 stage shall not exceed 14,000 square feet, which must be
7 cultivated in all stages of growth in an enclosed, locked
8 facility or area of the cannabis microbusiness licensee's
9 cannabis establishment.

10 (4) A cannabis microbusiness licensee may share the
11 premises of its cannabis establishment with a cannabis
12 processor licensee or cannabis retailer licensee, or both, if
13 each licensee stores currency and cannabis or cannabis
14 products in a separate secured vault to which the other
15 licensee does not have access or all licensees sharing a
16 vault share more than 50% of the same ownership.

17 (d) Issuance of license to certain persons prohibited.--The
18 following apply:

19 (1) A cannabis microbusiness license may not be issued
20 to a person that holds a cannabis cultivator license or to a
21 partnership, corporation, limited liability company or trust
22 or an intermediary, subsidiary, holding company, affiliate or
23 any other form of business entity having more than 10% legal,
24 equitable, beneficial or financial interest, directly or
25 indirectly, in a cannabis cultivator license or to any
26 principal officer, agent, employee or individual with any
27 form of ownership or control over a cannabis cultivator
28 licensee, except for a person that owns no more than 5% of
29 the outstanding shares of a cannabis cultivator license whose
30 shares are publicly traded on an exchange within the meaning

1 of the Securities Exchange Act of 1934 (48 Stat. 881, 15
2 U.S.C. § 78a et seq.).

3 (2) A person that holds a cannabis microbusiness license
4 in this Commonwealth or a partnership, corporation, limited
5 liability company or trust or a subsidiary, intermediary,
6 holding company, affiliate or agent or any other form of
7 business entity licensed in this Commonwealth as a cannabis
8 microbusiness shall not have more than 10% legal, equitable
9 or beneficial interest, directly or indirectly, in a cannabis
10 cultivator licensee, nor shall a partnership, corporation,
11 limited liability company or trust or a subsidiary,
12 intermediary, holding company, affiliate or other form of
13 business entity having a legal, equitable or beneficial
14 interest, directly or indirectly, in a person licensed in
15 this Commonwealth as a cannabis microbusiness be a principal
16 officer, agent, employee or other person with any form of
17 ownership or control over a cannabis cultivator licensee,
18 except for a person who owns no more than 5% of the
19 outstanding shares of a cannabis cultivator license whose
20 shares are publicly traded on an exchange within the meaning
21 of the Securities and Exchange Act of 1934.

22 (e) Transferability.--A cannabis entity license issued to a
23 cannabis microbusiness as provided under this act shall not be
24 sold or otherwise transferred to any other person.

25 (f) Compliance with regulations.--A cannabis microbusiness
26 shall comply with the requirements of this act and other
27 requirements as may be established by regulation of the board as
28 provided under this act.

29 (g) Term of license.--Notwithstanding section 516, a
30 cannabis entity license designated, approved and issued by the

1 board to a cannabis microbusiness shall be valid for five years,
2 except that, for the three-year period following initial
3 issuance, a cannabis entity license issued to a cannabis
4 microbusiness shall be subject to annual renewal by the board
5 and, thereafter, shall be subject to renewal every five years,
6 unless the board determines, through regulation, that a shorter
7 license renewal period is necessary to ensure that cannabis
8 microbusiness licenses are operating as provided under this act
9 and regulations of the board. The following apply:

10 (1) Six months prior to the expiration of a cannabis
11 microbusiness license, the microbusiness seeking renewal of
12 the cannabis entity license shall submit a renewal
13 application accompanied by the renewal fee to the board.

14 (2) If the renewal application satisfies the
15 requirements of this act and regulations of the board for the
16 applicable type of cannabis entity license subject to
17 renewal, the board may renew the cannabis microbusiness's
18 cannabis entity license.

19 (3) If the board receives a complete renewal application
20 but fails to act prior to the expiration of the cannabis
21 microbusiness's cannabis entity license, the cannabis entity
22 license held by the cannabis microbusiness shall continue in
23 effect until the renewal application is acted upon by the
24 board.

25 (h) Microbusiness application and license fee.--The maximum
26 fee assessed by the board for the issuance or renewal of a
27 cannabis microbusiness cannabis entity license shall be no more
28 than half the application fee, license fee and license renewal
29 fee applicable to a license of the same type of cannabis entity
30 license issued to an applicant that is not a cannabis

1 microbusiness as provided under section 313 and other provisions
2 of this act.

3 Section 604. Cannabis cultivator license.

4 (a) Eligibility and requirements.--The following apply:

5 (1) The following apply:

6 (i) A cannabis cultivator license authorizes the
7 acquisition, possession, distribution, delivery,
8 cultivation and sale of cannabis from the licensed
9 cannabis establishment of a licensed cannabis cultivator
10 to a duly licensed cannabis processor, cannabis
11 microbusiness or cannabis retailer in this Commonwealth.

12 (ii) The board shall promulgate regulations
13 authorizing cannabis cultivator licensees to engage in
14 certain types of processing without the need to acquire a
15 cannabis processor license from the board. The
16 regulations shall specify the processing activities a
17 cannabis cultivator may engage in under the cannabis
18 cultivator license in accordance with paragraph (5).

19 (iii) For purposes of this section, cultivation
20 shall include, but not be limited to, the agricultural
21 production practices of planting, growing, cloning,
22 harvesting, drying, curing, grading and trimming of
23 cannabis by the holder of a cannabis cultivator license
24 issued by the board under this act.

25 (2) A person or entity may not hold a legal, equitable,
26 ownership or beneficial interest, directly or indirectly, in
27 more than three cannabis cultivator licenses under this act.

28 (3) No person or entity that is employed by, is an agent
29 of, has a contract to receive payment in any form from, is a
30 principal officer of or is an entity controlled by or

1 affiliated with a principal or officer of a cannabis
2 cultivator licensee shall hold a legal, equitable, ownership
3 or beneficial interest, directly or indirectly, in a cannabis
4 cultivator license which would result in the person or entity
5 owning or controlling, in combination with a cannabis
6 cultivator licensee, principal or officer of a cannabis
7 cultivator licensee or entity controlled or affiliated with a
8 principal or officer of a cannabis cultivator licensee by
9 which the person is employed, is an agent of or participates
10 in the management of, more than three cannabis cultivator
11 licenses.

12 (4) A cannabis cultivator licensee's cannabis
13 establishment may not contain more than 225,000 square feet
14 of canopy space for plants in the flowering stage for the
15 cultivation of cannabis as provided under this act.

16 (5) A cannabis cultivator licensee may process cannabis,
17 cannabis concentrates and cannabis products if the intent to
18 engage in the processing activities is included in the
19 licensee's application for a cannabis cultivator license.

20 (6) Beginning December 31, 2022, or one year after the
21 effective date of this act, whichever is later, no cannabis
22 cultivator licensee shall transport cannabis or cannabis
23 products to any cannabis entity licensee or cannabis testing
24 laboratory licensed under this act unless the cannabis
25 cultivator licensee has been approved for and issued a
26 cannabis transporter license by the board.

27 (7) A person may not have a direct or indirect financial
28 or controlling interest in more than three cannabis
29 cultivator licenses issued under this section.

30 (b) Application.--The following apply:

1 (1) A person shall apply to the board for a cannabis
2 cultivator license in the form and manner and according to
3 the schedule for applying for a cannabis entity license
4 established by the board under section 502. An application
5 for a cannabis cultivator license shall be accompanied by the
6 license fee under section 313 and a nonrefundable application
7 fee of \$5,000.

8 (2) A person applying for a cannabis cultivator license
9 shall:

10 (i) Have at least one significantly involved person
11 that has resided in this Commonwealth for at least two
12 consecutive years as of the date of the application.

13 (ii) Provide proof, in a manner determined by the
14 board, that the person under subparagraph (i) and any
15 other person with a controlling interest who also has
16 decision-making authority over the operation or function
17 of the cannabis cultivator's cannabis establishment has
18 been a resident of this Commonwealth for two or more
19 years and is 21 years of age or older.

20 (iii) Provide for the conduct of a background
21 investigation for an owner, except for an owner who holds
22 less than a 5% controlling interest in the applicant for
23 a cannabis cultivator license or who is a member of a
24 group that holds less than a 20% controlling interest in
25 the cannabis cultivator license and no member of that
26 group holds more than a 5% controlling interest in the
27 total group investment, and who lacks the authority to
28 make controlling decisions regarding the proposed
29 cannabis cultivator's operations, and a director, officer
30 and employee.

1 (iv) Provide for the conduct of a background
2 investigation for a director, officer or essential
3 employee or other employee as required by the board.

4 (v) Satisfy all other requirements for licensure
5 under this act and regulations of the board promulgated
6 under this act.

7 (c) Number of licenses.--The board may issue up to 125
8 cannabis cultivator licenses, of which a sufficient percentage
9 shall be conditional licenses issued under section 602 and at
10 least 25% of the total number of cannabis cultivator licenses
11 and conditional licenses shall be designated for and only issued
12 to cannabis microbusinesses under section 603. If qualified
13 applicants exist, the board may issue a sufficient number of
14 additional permanent licenses to meet market demand. Nothing in
15 this section shall be construed to preclude the board from
16 making a request for additional applicants for a cannabis
17 cultivator license as the board deems necessary to meet market
18 demand under section 616.

19 (d) Duties of board.--In addition to the board's regulatory
20 authority under other provisions of this act, the board, by
21 regulation, shall:

22 (1) Require cannabis cultivator licensees to post the
23 license or conditional license in a conspicuous location
24 inside the licensee's cannabis establishment at all times.

25 (2) Require cannabis cultivator licensees or holders of
26 a conditional cannabis cultivator license to report any
27 changes in the information provided in the application for
28 licensure to the board. The board shall specify by regulation
29 the time by which a change in information must be reported
30 and the specific information which must be reported to the

1 board under this paragraph.

2 (3) Upon receipt and review of an applicant's background
3 investigation from the Pennsylvania State Police or the
4 Federal Bureau of Investigation, provide written or
5 electronic notification to the applicant of the applicant's
6 qualification or disqualification for a cannabis cultivator
7 license. If the applicant is disqualified because of a
8 disqualifying conviction under section 601(e), the conviction
9 that constitutes the basis for the disqualification shall be
10 identified in the written or electronic notification.

11 (4) Require cannabis cultivated, grown, processed or
12 produced by the cannabis cultivator to be tested in
13 accordance with the requirements of section 702.

14 (5) Require cannabis cultivator licensees to submit an
15 annual report describing the licensee's electrical and water
16 usage at the licensee's cannabis establishment during the
17 preceding calendar year.

18 (6) Require a cannabis cultivator licensee to meet all
19 public health and safety standards, industry best practices
20 and all applicable regulations established by the board
21 related to the cultivation of cannabis, including the
22 propagation or cloning of immature cannabis plants and seeds.
23 The board may regulate the number of immature cannabis plants
24 which may be possessed by a licensed cannabis cultivator, the
25 size of a licensee's grow canopy used to grow immature
26 cannabis plants and the weight or size of shipments of
27 immature cannabis plants made or proposed to be made by a
28 cannabis cultivator licensee.

29 (e) Issuance of license.--The following apply:

30 (1) The board shall approve and issue a cannabis

1 cultivator license or conditional license upon verification
2 of all of the information contained in the application and a
3 determination that the requirements for licensure have been
4 satisfied, including the payment of the nonrefundable
5 application fee and the cannabis cultivator license fee under
6 section 313.

7 (2) An application for a cannabis cultivator license
8 shall be approved or denied by the board under section 502 as
9 soon as administratively possible after receipt of a
10 completed application.

11 Section 605. Cannabis cultivator grow canopy.

12 (a) Regulation of grow canopies.--Subject to subsection (b),
13 the board shall adopt regulations to govern the size of a mature
14 cannabis plant grow canopy at the cannabis establishment of a
15 cannabis cultivator licensee.

16 (b) Limitation on size.--The following apply:

17 (1) In adopting regulations under subsection (a), the
18 board may consider whether:

19 (i) To limit the size of a mature cannabis plant
20 grow canopy for a cannabis establishment where cannabis
21 is cultivated or grown outdoors and a cannabis
22 establishment where cannabis is grown indoors in a manner
23 calculated to result in cannabis establishments that
24 produce the same amount of harvested cannabis leaves and
25 harvested cannabis flowers, regardless of whether the
26 cannabis is grown outdoors or indoors.

27 (ii) To adopt a tiered system under which the
28 permitted size of a cannabis cultivator licensee's mature
29 cannabis plant grow canopy may be increased upon request
30 of a cannabis cultivator licensee, except that the

1 permitted size of a cannabis cultivator licensee's mature
2 cannabis plant grow canopy may not increase following any
3 year during which the board disciplined the cannabis
4 cultivator licensee for violating this act or a rule or
5 regulation adopted and promulgated by the board under
6 this act.

7 (iii) Notwithstanding subparagraphs (i) and (ii),
8 the cannabis plant grow canopy for an additional cannabis
9 cultivator license issued under section 616 shall be
10 limited to 20,000 square feet per additional license
11 issued, unless a higher square footage is authorized by
12 the board.

13 (2) In considering limitations on the size of a cannabis
14 plant grow canopy, the board shall consider the market demand
15 for cannabis and cannabis products in this Commonwealth, the
16 number of applicants for cannabis cultivator licenses, the
17 number of cannabis cultivator licenses that have been issued
18 and to whom and whether the availability of cannabis and
19 cannabis products in this Commonwealth is commensurate with
20 market demand.

21 (3) The tiered system adopted by the board under
22 paragraph (1)(ii) shall further provide the minimum and
23 maximum square footage of bench space allocated or which may
24 be allocated for the flowering stage of cannabis cultivation
25 rather than the square footage of the room or other area,
26 including indoor or outdoor areas, designated by the cannabis
27 cultivator licensee for the cultivation of cannabis.

28 (c) Applicability.--This section shall apply to the
29 cultivation of cannabis by a grower/processor who holds an
30 expedited approval cannabis entity license under section 503 or

1 504 but shall not apply to the cultivation of cannabis if the
2 cannabis cultivator licensee's cannabis establishment or
3 grower/processor's facility is used only to clone or propagate
4 immature cannabis plants.

5 Section 606. Cannabis processor license.

6 (a) Requirements.--The following apply:

7 (1) The following apply:

8 (i) A cannabis processor license authorizes the
9 licensee to acquire cannabis from a cannabis cultivator
10 and process and sell cannabis to a cannabis retailer,
11 cannabis microbusiness or another cannabis processor.

12 (ii) No cannabis processor shall sell cannabis or
13 cannabis products to cannabis consumers or any other
14 individual, including patients and caregivers under the
15 Medical Marijuana Act.

16 (iii) A cannabis processor licensee may share the
17 premises of the cannabis processor licensee's cannabis
18 establishment with a cannabis cultivator licensee,
19 provided that each such licensee stores currency and
20 cannabis or cannabis products in a separate secured vault
21 to which the other licensee does not have access or all
22 licensees sharing a vault share more than 50% of the same
23 ownership.

24 (iv) No cannabis processor licensee may hold more
25 than three cannabis processor licenses.

26 (2) For purposes of this section, the term "process"
27 shall include, but not be limited to, blending, extracting,
28 infusing, packaging, labeling, branding and otherwise making
29 or preparing cannabis products for retail sale to cannabis
30 consumers. Processing shall not include the cultivation of

1 cannabis under this act and regulations of the board.

2 (b) Application.--The following apply:

3 (1) A person shall apply to the board for a cannabis
4 processor license in the form and manner and according to the
5 schedule established by the board for applying for a cannabis
6 entity license under section 502. An application for a
7 cannabis processor license shall be accompanied by a
8 nonrefundable application fee of \$5,000 and the nonrefundable
9 license fee as provided under section 313.

10 (2) An applicant for a cannabis processor license shall:

11 (i) Have at least one significantly involved person
12 that has resided in this Commonwealth for at least two
13 years as of the date of the application.

14 (ii) Provide proof, in a manner determined by the
15 board, that the person under subparagraph (i) or any
16 other person that will have a controlling interest and
17 decision-making authority over the operation of the
18 applicant's cannabis establishment has been a resident of
19 this Commonwealth for two or more years and is 21 years
20 of age or older.

21 (3) An applicant for a cannabis processor license shall
22 provide for the conduct of a background investigation for any
23 owner, except for an owner who holds less than a 5%
24 controlling interest in the applicant for a cannabis
25 processor license or who is a member of a group that holds
26 less than a 20% controlling interest in the applicant and no
27 member of that group holds more than a 5% controlling
28 interest in the total group investment, and who lacks
29 decision-making authority to make controlling decisions
30 regarding the proposed cannabis processor's operations.

1 (4) An applicant for a cannabis processor license shall
2 provide for the conduct of a background investigation for a
3 director, officer or essential employee or other employee as
4 required by the board.

5 (5) An applicant for a cannabis processor license shall
6 satisfy all other requirements for licensure as a cannabis
7 entity under this act and regulations of the board.

8 (c) Number of licenses.--The following apply:

9 (1) The board shall issue up to 150 cannabis processor
10 licenses, of which a sufficient percentage shall be
11 conditional licenses issued under section 602, and at least
12 25% of the total number of cannabis processor licenses and
13 conditional licenses shall be designated for and only issued
14 to cannabis microbusinesses under section 603.

15 (2) If qualified applicants exist, the board may issue a
16 sufficient number of additional licenses to meet market
17 demand under section 616. Nothing in this section shall be
18 construed to preclude the board from making a request for
19 additional applicants for a cannabis processor license as the
20 board deems necessary to meet market demand.

21 (d) Duties of board.--In addition to the board's regulatory
22 authority under other provisions of this act, the board, by
23 regulation, shall:

24 (1) Require a cannabis processor licensee and a holder
25 of a conditional cannabis processor license to prominently
26 and conspicuously post the license or conditional license
27 inside the cannabis processor licensee's cannabis
28 establishment.

29 (2) Require a cannabis processor licensee and a holder
30 of a conditional cannabis processor license to report any

1 changes in the information provided in the application for
2 licensure to the board. The board shall specify in
3 regulations the time by which a change in information must be
4 reported and the specific information which must be reported
5 to the board under this paragraph.

6 (3) Upon receipt and review of an applicant's background
7 investigation, provide written or electronic notification to
8 the applicant of the applicant's qualification or
9 disqualification for licensure as a cannabis processor
10 licensee. If the applicant is disqualified because of a
11 disqualifying conviction under section 601(e), the conviction
12 that constitutes the basis for the disqualification shall be
13 identified in the written or electronic notification.

14 (4) Require cannabis and cannabis products processed or
15 produced by the cannabis processor to be tested in accordance
16 with the requirements of section 702.

17 (5) Require a cannabis processor licensee to meet all
18 public health and safety standards, industry best practices
19 and all applicable regulations established by the board
20 related to the processing of cannabis and cannabis products.
21 The board may collaborate with the Department of Agriculture
22 and the Department of Health in developing health and safety
23 standards to govern the processing of cannabis and cannabis
24 products. In developing health and safety standards, the
25 board, in consultation with the Department of Agriculture and
26 the Department of Health, may review and evaluate for use in
27 this Commonwealth the health and safety standards adopted by
28 other states or jurisdictions to govern the processing of
29 cannabis and cannabis products for personal or adult use.

30 (e) Issuance of license.--The following apply:

1 (1) Except as provided in paragraph (2), after the
2 receipt and review of a completed application for a cannabis
3 processor license or conditional cannabis processor license,
4 the board shall approve and issue the license or conditional
5 license to the applicant as soon as administratively possible
6 under section 502, provided that the board has verified all
7 the information contained in the applicant's application,
8 including payment of the application fee and the
9 nonrefundable license fee under section 313, and determined
10 that the requirements for licensure have been satisfied.

11 (2) The board, at the board's discretion, may extend the
12 review of an application if the board determines that
13 additional information is needed to facilitate the review of
14 an applicant's application. Nothing in this paragraph shall
15 be construed to prevent or delay the board's approval and
16 issuance of a license or conditional license to an applicant
17 who submitted a completed application for a cannabis
18 processor license.

19 Section 607. Cannabis retailer license.

20 (a) General rule.--A cannabis retailer license authorizes
21 the acquisition, possession, sale, offering for sale and
22 delivery of cannabis and cannabis products from the cannabis
23 establishment of the licensed cannabis retailer to cannabis
24 consumers.

25 (1) The following apply:

26 (i) A person or entity may not hold a legal,
27 equitable, ownership or beneficial or financial interest,
28 directly or indirectly, in more than three cannabis
29 retailer licenses under this section.

30 (ii) Except for an expedited approval cannabis

1 entity license issued under section 503 or 504, no person
2 or entity shall hold a legal, equitable, ownership or
3 beneficial or financial interest, directly or indirectly,
4 in a cannabis retailer license if the holding would
5 result in the person or entity owning or participating in
6 the management of more than three expedited approval
7 cannabis entity licenses, three cannabis retailer
8 licenses or three conditional cannabis retailer licenses
9 if the person or entity is:

10 (A) employed by, an agent of, or participates in
11 the management of a cannabis retailer licensee's
12 cannabis establishment or dispensary;

13 (B) a principal or officer of a cannabis
14 retailer licensee or dispensary; or

15 (C) a person or entity controlled by or
16 affiliated with a principal or officer of a cannabis
17 retailer licensee or dispensary permittee.

18 (iii) As used in this paragraph, the term
19 "participating in the management" means, without
20 limitation, the authority to make controlling decisions
21 regarding staffing, hiring, pricing, purchasing,
22 marketing, cannabis establishment design and website
23 design.

24 (2) Except as provided in sections 503, 504 and 603, no
25 person holding a cannabis retailer license shall hold a
26 cannabis cultivator license, cannabis processor license or
27 cannabis transporter license or be a medical marijuana
28 organization under the Medical Marijuana Act.

29 (3) A cannabis retailer license may not be issued by the
30 board unless, within 30 days of initial approval of the

1 application, the applicant is the owner of or can demonstrate
2 possession of the premises or establishment where cannabis
3 and cannabis products will be sold or offered for sale
4 through a lease, management agreement or other agreement
5 giving the applicant control over the premises or
6 establishment, in writing, for a term not less than the
7 period of time for which the cannabis retailer license shall
8 be issued.

9 (4) With the exception of persons holding a cannabis
10 retailer license under sections 503, 504 and 603, no person
11 shall be licensed to sell or offer for sale cannabis or
12 cannabis products unless the cannabis retailer licensee's
13 cannabis establishment is located in a building or store with
14 a street level entrance on a public thoroughfare that will be
15 occupied and operated for the conduct of business.

16 (5) An application for a cannabis retailer license may
17 not be approved by the board if the proposed location of the
18 applicant's cannabis establishment identified in the
19 application would be within 1,000 feet of a school, school
20 grounds, bus stop, park, playground, recreational center,
21 library, arcade facility or any other place where children
22 congregate or a church or other building used as a place of
23 worship. The board, at its discretion, may waive the distance
24 requirement specified in this paragraph upon consideration
25 of the following:

26 (i) the population density of the region where the
27 proposed cannabis establishment is proposed to be
28 located;

29 (ii) community support for the proposed cannabis
30 establishment; or

1 (iii) any other factors or information the board
2 deems necessary and appropriate to help the board
3 determine whether waiving the location requirement would
4 be in the public interest.

5 (b) Application.--The following apply:

6 (1) A person may apply to the board for a cannabis
7 retailer license in the form and manner and in accordance
8 with the schedule established by the board for applying for a
9 cannabis entity license under section 502. An application for
10 a cannabis retailer license shall be accompanied by the
11 license fee established under section 313 and a nonrefundable
12 application fee of \$2,500.

13 (2) A person applying for a cannabis retailer license
14 shall:

15 (i) Have at least one significantly involved person
16 that has resided in this Commonwealth for at least two
17 years as of the date of the application.

18 (ii) Provide proof, in a manner determined by the
19 board, that the applicant and any other person with a
20 controlling interest and who also has decision-making
21 authority over the applicant has been a resident of this
22 Commonwealth for two or more years and is 21 years of age
23 or older.

24 (iii) Provide for the conduct of a background
25 investigation of the applicant and an owner, except for
26 an owner who holds less than a 5% controlling interest in
27 the applicant or who is a member of a group that holds
28 less than a 20% controlling interest in the applicant,
29 and no member of that group holds more than a 5%
30 controlling interest in the total group investment, and

1 who lacks decision-making authority to make controlling
2 decisions regarding the proposed cannabis retailer's
3 operations.

4 (iv) Provide for the conduct of a background
5 investigation for a principal, director, officer,
6 essential employee or other employee or person as may be
7 required by regulation of the board.

8 (5) Satisfy all other requirements for licensure as
9 provided under this act and regulations of the board.

10 (c) Number of licenses.--Of the number of cannabis retailer
11 licenses authorized to be issued by the board under section
12 501(a)(15), a sufficient percentage shall be issued as
13 conditional cannabis retailer licenses, and at least 25% of the
14 total number of cannabis retailer licenses and conditional
15 cannabis retailer licenses shall be issued to cannabis
16 microbusinesses. If qualified applicants exist, the board may
17 issue a sufficient number of additional cannabis retailer
18 licenses to meet market demand as provided under section 616.
19 Nothing in this subsection shall be construed to preclude the
20 board from making a request for additional applicants for a
21 cannabis retailer license as the board deems necessary to meet
22 market demand.

23 (d) Duties of board.--The board, by regulation, shall:

24 (1) Require a holder of a cannabis retailer license or
25 conditional cannabis retailer license to prominently and
26 conspicuously post the license or conditional license inside
27 the premises of the cannabis establishment at all times.

28 (2) Require cannabis retailer licensees and holders of a
29 conditional cannabis retailer license to report any changes
30 in the information provided in the application for licensure

1 to the board. The board shall specify in regulations the
2 manner and time by which a change in information must be
3 reported and the specific information which must be reported
4 to the board under this paragraph.

5 (3) Upon receipt and review of an applicant's background
6 investigation, provide written or electronic notification to
7 the applicant of the applicant's qualification or
8 disqualification for licensure as a cannabis retailer
9 licensee. If the applicant is disqualified because of a
10 disqualifying conviction under section 601(e), the conviction
11 that constitutes the basis for the disqualification shall be
12 identified in the written notification.

13 (4) Require cannabis retailer licensees to meet all
14 public health and safety standards, industry best practices
15 and all applicable regulations established by the board
16 related to the sale and offering for sale of cannabis and
17 cannabis products.

18 (e) Issuance of license.--The following apply:

19 (1) Except as provided in paragraph (2), no later than
20 60 days after the receipt of a completed application for a
21 cannabis retailer license, the board may approve and issue a
22 cannabis retailer license or conditional cannabis retailer
23 license to the applicant, provided that the board has
24 verified all the information contained in the applicant's
25 application for a cannabis retailer license and determined
26 that the requirements for licensure have been satisfied,
27 including the payment of a nonrefundable application fee and
28 the cannabis entity license fee established in section 313.

29 (2) The board may extend the 60-day time frame under
30 paragraph (1) if the board determines that additional

1 information is needed to facilitate the review of an
2 applicant's application for a cannabis retailer license.
3 Nothing in this paragraph shall be construed to prevent or
4 delay the board's approval and issuance of a cannabis
5 retailer license or conditional cannabis retailer license to
6 an applicant who submitted a completed application.

7 Section 608. Inventory verification system; cannabis retailer
8 licensee.

9 (a) General rule.--Each cannabis retailer licensee shall
10 designate an essential employee or other employee to have
11 primary oversight of the cannabis retailer licensee's inventory
12 verification system and point-of-sale system. The inventory
13 point-of-sale system shall be:

14 (1) A real-time, Internet-based system accessible by the
15 board and the department at all times.

16 (2) Configured to verify, track and document inventory
17 of cannabis and cannabis products as provided under
18 subsection (b).

19 (b) Establishment of inventory verification system
20 account.--A cannabis retailer shall establish an account with
21 the Commonwealth's verification system that documents:

22 (1) Each sales transaction at the time of sale and each
23 day's beginning cannabis and cannabis product inventory,
24 acquisitions, sales, disposal and ending inventory.

25 (2) The cannabis and cannabis products acquired from a
26 cannabis entity licensee, including:

27 (i) A description of the cannabis or cannabis
28 product, including the quantity, strain, variety, and
29 batch number of each product received.

30 (ii) The name and license number of the cannabis

entity licensee from whom the cannabis or cannabis product was purchased or otherwise acquired.

(iii) The name and license number of the cannabis entity licensee that delivered the cannabis or cannabis products.

(iv) The name and license number of the cannabis retailer licensee receiving the cannabis or cannabis product.

(v) The date the cannabis or cannabis product was acquired and delivered to the cannabis retailer licensee.

(3) The disposal of cannabis or a cannabis product, including:

(i) A description of the cannabis or cannabis product, including the quantity, strain, variety and batch number.

(ii) The reason the cannabis or cannabis product is being disposed of.

(iii) The method of disposal or recycling of the cannabis or cannabis product.

(iv) The date and time of disposal or recycling.

(c) Verification of product upon delivery.--Upon delivery of cannabis or a cannabis product, the cannabis retailer licensee or the designated essential employee or other employee of the cannabis retailer licensee shall:

(1) Confirm that the cannabis product's name, strain name, weight, variety, batch or lot number and identification number on the invoice or manifest matches the information on the cannabis product label or package.

(2) Confirm that the name and weight listed on the product label or package matches the name and weight listed

1 in the Commonwealth's verification system.

2 (3) Conduct daily inventory reconciliation documenting
3 and balancing cannabis and cannabis product inventories by
4 confirming that the Commonwealth's verification system
5 matches the cannabis retailer licensee's point-of-sale system
6 and the amount of physical product at the cannabis retailer
7 licensee's cannabis establishment.

8 (d) Inventory adjustments.--The following apply:

9 (1) Prior to making any adjustments to the cannabis or
10 cannabis product inventory, a cannabis retailer licensee must
11 provide the board with a detailed summary of the reason for
12 the inventory adjustment and receive board approval before
13 completing the inventory adjustment. Inventory adjustment
14 documentation shall be kept at the cannabis retailer
15 licensee's cannabis establishment for three years from the
16 date the adjustment was made.

17 (2) If the cannabis retailer licensee identifies a
18 discrepancy in the amount of cannabis or cannabis products
19 after the daily inventory reconciliation due to a mistake,
20 the cannabis retailer licensee shall determine how the
21 mistake or discrepancy occurred and immediately initiate and
22 document corrective action. If the cannabis retailer licensee
23 cannot identify the reason for the mistake or discrepancy
24 within two calendar days after the first discovery, the
25 cannabis retailer licensee shall notify the board immediately
26 in writing of the mistake or discrepancy and the corrective
27 action initiated to date. The cannabis retailer licensee
28 shall work diligently to determine the reason for the mistake
29 or discrepancy.

30 (3) If the cannabis retailer licensee identifies a

1 discrepancy in the amount of cannabis or cannabis products
2 after the daily inventory reconciliation or through other
3 means due to theft or other criminal activity or suspected
4 theft or criminal activity, the cannabis retailer licensee
5 shall immediately initiate efforts to determine how the
6 discrepancy occurred and take and document corrective action.
7 Within 24 hours after the first discovery of a discrepancy
8 due to theft or other criminal activity or suspected theft or
9 criminal activity, the cannabis retailer licensee shall
10 immediately inform the board and the Pennsylvania State
11 Police in writing, electronically or by telephone.

12 (e) Report.--The following apply:

13 (1) Each cannabis retailer licensee shall file an annual
14 compilation report with the board on or before March 31 of
15 each calendar year. The report shall include, but not be
16 limited to:

17 (i) A financial statement, which must include an
18 income statement, balance sheet, profit and loss
19 statement, statement of cash flow, wholesale cost and
20 sales and any other documents prescribed by regulation of
21 the board.

22 (ii) A letter authored by a certified public
23 accountant licensed in this Commonwealth under the act of
24 May 26, 1947 (P.L.318, No.140), known as the CPA Law,
25 affirming that the certified public accountant has
26 reviewed the financial statements and found the
27 statements accurate based on the information provided to
28 the certified public accountant by the cannabis retailer
29 licensee.

30 (iii) Any other documents, records or information

1 the board deems necessary to administer this paragraph
2 and regulations promulgated under this act.

3 (2) The cannabis retailer licensee's financial statement
4 and accompanying documents shall not be subject to audit
5 unless specifically prescribed by regulation of the board.

6 (f) Additional requirements.--A cannabis retailer licensee
7 shall:

8 (1) Maintain the documents, financial statements and
9 other information required under this section in a secure,
10 locked location at the premises of the cannabis retailer
11 licensee's cannabis establishment.

12 (2) Provide documents, financial statements or other
13 information to the board and department upon request.

14 (3) For each bank account maintained at a bank, credit
15 union or other financial institution, retain, for a five-year
16 period, bank statements or other records of each deposit or
17 withdrawal from the account or accounts.

18 (g) Return policy.--The following apply:

19 (1) A policy adopted by a cannabis retailer licensee to
20 govern the return of cannabis or cannabis products by
21 cannabis consumers to the cannabis retailer licensee shall be
22 reviewed and approved by the board. The board may, by
23 regulation, prohibit cannabis return policies or prescribe
24 uniform parameters that must be adhered to by all cannabis
25 retailer licensees in this Commonwealth.

26 (2) Cannabis or a cannabis product accepted for return
27 by a cannabis retailer licensee shall not be sold or offered
28 for sale and shall be disposed of using procedures
29 established by the board by regulation.

30 (3) Notwithstanding paragraph (2), the board may,

1 through regulation, provide for the donation of cannabis
2 accepted for return by a cannabis retailer licensee under
3 this subsection to an academic clinical research center for
4 research purposes. The term "academic clinical research
5 center" shall have the meaning given in section 2001 of the
6 Medical Marijuana Act.

7 Section 609. Storage requirements.

8 (a) On-premises storage.--All cannabis and cannabis products
9 acquired by a cannabis retailer licensee as provided under this
10 act must be stored on the premises of the cannabis retailer
11 licensee's cannabis establishment at all times, be secured in a
12 restricted access area and be tracked and monitored in
13 accordance with inventory tracking and monitoring rules. A
14 cannabis retailer licensee's cannabis establishment shall:

15 (1) Be of suitable size and construction to facilitate
16 cleaning, maintenance and effective operations.

17 (2) Have adequate lighting, ventilation, temperature and
18 humidity control systems and reliable equipment to maintain
19 efficient operations of the systems.

20 (3) Maintain a sufficient supply of cannabis and
21 cannabis product storage packages or containers, which have
22 not been tampered with, damaged or opened prior to use.
23 Storage containers shall be labeled with the date opened and
24 quarantined from other cannabis and cannabis products in a
25 vault until the containers are disposed of.

26 (4) Not store at the cannabis retailer licensee's
27 cannabis establishment for more than seven calendar days
28 cannabis and cannabis products that have been tampered with,
29 expired, contaminated or damaged.

30 (5) Keep samples of cannabis or a cannabis product in

1 sealed containers in a restricted access area.

2 (6) Maintain the storage areas of the cannabis retailer
3 licensee's cannabis establishment in accordance with the
4 security requirements of this act and regulations promulgated
5 by the board under this act.

6 (7) Store cannabis and cannabis products at appropriate
7 temperatures and under appropriate conditions to help ensure
8 that packaging, strength, quality and purity are not
9 adversely affected.

10 Section 610. Cannabis transporter license.

11 (a) Eligibility.--The following apply:

12 (1) The following apply:

13 (i) A cannabis transporter license authorizes a
14 person to transport cannabis and cannabis products in
15 this Commonwealth on behalf of a cannabis entity
16 licensee.

17 (ii) Except as provided in this act, a person
18 applying for or holding a cannabis transporter license
19 may not hold a cannabis retailer license or have a direct
20 or indirect interest, including by stock ownership,
21 interlocking directors, mortgage or lien, personal or
22 real property or other means, in a cannabis retailer
23 license or in a medical marijuana organization.

24 (iii) A person may not have a direct or indirect
25 financial or controlling interest in more than three
26 cannabis transporter licenses issued under this act.

27 (2) (Reserved).

28 (b) Application.--The following apply:

29 (1) A person eligible to apply for a cannabis
30 transporter license under subsection (a) shall apply to the

1 board in the form and manner and according to the schedule
2 established by the board under section 502. An application
3 for a cannabis transporter license shall be accompanied by a
4 nonrefundable application fee of \$2,500 and the license fee
5 specified in section 313.

6 (2) A person applying for a cannabis transporter license
7 shall:

8 (i) Have at least one significantly involved person
9 that has resided in this Commonwealth for at least two
10 consecutive years as of the date of the application.

11 (ii) Provide proof, in a manner determined by the
12 board, that the person under subparagraph (i) and any
13 other person with a controlling interest who also has
14 decision-making authority over the operation or function
15 of the cannabis transporter licensee's cannabis
16 establishment has been a resident of this Commonwealth
17 for two or more years and is 21 years of age or older.

18 (3) A person applying for a cannabis transporter license
19 shall provide for the conduct of a criminal history
20 background investigation of an owner, except for an owner who
21 holds less than a 5% controlling interest in the applicant
22 for a cannabis cultivator license or who is a member of a
23 group that holds less than a 20% controlling interest in the
24 cannabis transporter license and no member of that group
25 holds more than a 5% controlling interest in the total group
26 investment, and who lacks the decision-making authority to
27 make decisions regarding the proposed cannabis transporter's
28 operations.

29 (4) A person applying for a cannabis transporter license
30 shall provide for the conduct of a background investigation

1 of a principal, director, officer, essential employee, other
2 employee or other person employed by or under contract with
3 the cannabis transporter licensee as required by regulation
4 of the board.

5 (5) A person applying for a cannabis transporter license
6 shall satisfy all other requirements for licensure under this
7 act and regulations of the board.

8 (c) Number of licenses.--The board may issue up to 125
9 cannabis transporter licenses, of which a sufficient percentage
10 shall be issued as conditional cannabis transporter licenses
11 issued under section 602 and at least 25% of the total number of
12 cannabis transporter licenses and conditional cannabis
13 transporter licenses shall be designated for and only issued to
14 cannabis microbusinesses under section 603. If qualified
15 applicants exist, the board may issue a sufficient number of
16 additional licenses to meet market demand. Nothing in this
17 section shall be construed to preclude the board from making a
18 request for additional applicants for a cannabis transporter
19 license as the board deems necessary to meet market demand under
20 section 616.

21 (d) Duties of board.--In addition to the board's regulatory
22 authority under other provisions of this act, the board, by
23 regulation, shall:

24 (1) Require cannabis transporter licensees to
25 permanently post the license or conditional license in a
26 conspicuous location inside the cannabis establishment.

27 (2) Require cannabis transporter licensees or holders of
28 a conditional cannabis transporter license to report any
29 changes in the information provided in the application for
30 licensure to the board. The board shall specify by regulation

1 the manner and time by which a change in information must be
2 reported and the specific information which must be reported
3 to the board under this paragraph.

4 (3) Upon receipt and review of an applicant's background
5 investigation from the Pennsylvania State Police, provide
6 written or electronic notification to the applicant of the
7 applicant's qualification or disqualification for a cannabis
8 transporter license. If the applicant is disqualified because
9 of a disqualifying conviction under section 601(e), the
10 conviction that constitutes the basis for the
11 disqualification shall be identified in the written or
12 electronic notification.

13 (4) Require a cannabis transporter to meet all public
14 health and safety standards, industry best practices and all
15 applicable regulations established by the board related to
16 the transportation of cannabis and cannabis products.

17 (e) Issuance of license.--The following apply:

18 (1) The board shall approve and issue a cannabis
19 transporter license or conditional cannabis transporter
20 license upon verification of all of the information contained
21 in the applicant's application and determination that the
22 requirements for licensure have been satisfied, including the
23 payment of the cannabis transporter license fee under section
24 313.

25 (2) An application for a cannabis transporter license
26 shall be approved, conditioned or denied by the board within
27 60 days after receipt of a completed application.

28 Section 611. Cannabis handler certificate.

29 (a) Certification required.--The following apply:

30 (1) An individual seeking to perform work for or on

1 behalf of a person that holds a valid cannabis entity license
2 shall file an application with the board for a cannabis
3 handler certificate, if the applicant's employment by the
4 cannabis entity requires the applicant to participate in the
5 following:

6 (i) the cultivating, processing, possession,
7 securing or selling of cannabis or cannabis products at a
8 cannabis entity's cannabis establishment for which the
9 certificate has been issued;

10 (ii) the recording of the possession, securing or
11 sale of cannabis or cannabis products at a cannabis
12 entity's cannabis establishment for which the certificate
13 has been issued; or

14 (iii) the delivery of cannabis or cannabis products
15 for a cannabis entity, if authorized by regulation of the
16 board.

17 (2) Each cannabis entity shall verify that an individual
18 seeking employment or who is employed as a cannabis handler
19 has a valid cannabis handler certificate issued by the board
20 under this section, which authorizes the individual to
21 perform the activities described under paragraph (1) at the
22 cannabis entity licensee's cannabis establishment for which
23 the cannabis handler certificate will be or has been issued.

24 (b) Criminal background investigation.--The following apply:

25 (1) An applicant for a cannabis handler certificate
26 shall consent to and undergo a background investigation. The
27 board is authorized to exchange fingerprint data with and
28 receive the results of a background investigation from the
29 Pennsylvania State Police. The Pennsylvania State Police
30 shall forward the results of the background investigation to

1 the board in a timely manner. The following apply:

2 (i) No background investigation shall be performed
3 under this subsection unless the applicant provides
4 written consent to conduct the background investigation.

5 (ii) If an applicant refuses to consent to or
6 cooperate in the conduct of a background investigation,
7 the board shall not consider the applicant's application
8 for a cannabis handler certificate.

9 (iii) An applicant shall bear the cost of a
10 background investigation, including the costs of
11 fingerprinting under paragraph (2) and administering and
12 processing the background investigation.

13 (2) An applicant for a cannabis handler certificate
14 shall submit to being fingerprinted by the Pennsylvania State
15 Police.

16 (3) Upon receipt and review of the background
17 investigation report, the board shall provide the applicant
18 who is the subject of the background investigation with
19 written or electronic notification of the applicant's
20 qualification or disqualification for a cannabis handler
21 certificate. If the board determines that an applicant does
22 not qualify for certification because of a disqualifying
23 conviction under section 601(e), the conviction that
24 constitutes the basis for the disqualification shall be
25 identified in the written or electronic notice.

26 (c) Issuance of certification.--The following apply:

27 (1) The board shall promulgate and adopt rules and
28 regulation establishing the qualifications for cannabis
29 handler certification. The regulations shall include, but not
30 be limited to, the following:

1 (i) The qualifications for performing the work
2 described in subsection (a) (1).

3 (ii) The procedures for applying for and renewing a
4 cannabis handler certificate.

5 (iii) That the applicant has completed or will
6 complete a responsible cannabis training course required
7 by the board under section 612, if the applicant is
8 required to complete the training course by the board.

9 (iv) That the applicant has submitted to a
10 background investigation.

11 (v) Any other requirements that the board determines
12 to be necessary and appropriate to govern the activities
13 of cannabis handlers and to ensure the effective
14 administration and enforcement of this act.

15 (2) The board may issue a cannabis handler certificate
16 to an applicant if the board determines that the applicant
17 meets the requirements of this section and any other
18 qualification established by the board by regulation.

19 (d) Suspension or revocation of license.--The board may
20 suspend, revoke or refuse to issue or renew a cannabis handler
21 certificate if the applicant or holder of a cannabis handler
22 certificate:

23 (1) Violates any provision of this act or regulation
24 promulgated by the board.

25 (2) Makes a false statement in the application for a
26 cannabis handler certificate or to the board.

27 (3) Refuses to cooperate in an investigation conducted
28 by the board.

29 (4) Is convicted of a crime graded a felony in this
30 Commonwealth or another state or jurisdiction, including any

1 foreign or domestic jurisdiction, except that the board may
2 not consider a conviction for the possession, transportation
3 or delivery of marijuana if the date of the conviction is
4 three or more years before the date of the application for
5 the cannabis handler certificate or if the date of any
6 misdemeanor conviction is more than five years before the
7 date of the application.

8 (e) Certificate fee.--Each application for a cannabis
9 handler certificate shall be accompanied by a \$500 certificate
10 fee. An application submitted to renew a cannabis handler
11 certificate shall be accompanied by a \$500 renewal fee.

12 Section 612. Cannabis responsible training required.

13 (a) Training required.--Within 45 days of the commencement
14 of cannabis operations by a cannabis entity licensee, each
15 manager, supervisor, employee, agent or other person employed by
16 a cannabis entity licensee involved in the handling or sale of
17 cannabis or cannabis products, as determined by regulation of
18 the board, shall attend and complete a responsible cannabis
19 training course.

20 (b) Course curriculum.--The responsible cannabis training
21 course shall include at least four hours of instruction time as
22 approved by the board. The course curriculum shall be designed
23 to provide cannabis entity-specific instruction applicable to
24 the type of cannabis entity licensee. The instruction shall
25 include the following:

26 (1) Health and safety issues related to the use of
27 cannabis and cannabis products, including instruction on the
28 physical and physiological effects of cannabis.

29 (2) The responsible use of cannabis and cannabis
30 products.

1 (3) Recognition of signs of impairment and appropriate
2 responses to overconsumption.

3 (4) Laws and regulations on driving under the influence
4 or drugged driving.

5 (5) Sales to minors.

6 (6) Quantity limitations on sales to cannabis consumers.

7 (7) Acceptable forms of identification, including
8 instructions relating to:

9 (i) Checking and verifying forms of identification
10 and identifying fraudulent or counterfeit identification
11 documents.

12 (ii) Common mistakes made in verifying
13 identification.

14 (8) Safe storage of cannabis and cannabis products.

15 (9) Compliance with all inventory tracking system
16 regulations.

17 (10) Waste handling, management and disposal.

18 (11) Health, sanitation and safety standards.

19 (12) Maintenance of records.

20 (13) Security and surveillance requirements.

21 (14) Required inspections, including random inspections.

22 (15) Privacy and confidentiality requirements relating
23 to cannabis consumers.

24 (16) Packaging and labeling requirement for sales to
25 cannabis consumers.

26 (17) Cultivation methods and the safe use and storage of
27 chemicals, including pesticides, herbicides, compounds,
28 fertilizers and other products.

29 (18) The use, maintenance and storage of equipment and
30 devices used in the cultivation, processing and sale or

1 offering for sale of cannabis and cannabis products.

2 (19) Any other subjects as prescribed by regulation of
3 the board.

4 (c) Certification.--Upon the successful completion of the
5 responsible cannabis training program, the board or the
6 provider, as the case may be, shall deliver a certificate
7 signifying an individual's successful completion of the course,
8 either through United States Postal Service mail or
9 electronically by electronic mail, to the individual and the
10 cannabis entity licensee employing the individual. The cannabis
11 entity licensee shall retain a copy of the course completion
12 certificate for the duration of the individual's employment with
13 the cannabis entity licensee.

14 (d) Failure to comply.--A cannabis entity licensee whose
15 essential employees or other employees or agents fail to comply
16 with this section may be subject to administrative sanction by
17 the board under section 911.

18 (e) Additional requirements.--The following apply:

19 (1) Except as provided in paragraph (2), the board may
20 not require an individual to successfully complete the
21 training course more than once, except that the board may
22 adopt regulations to require continuing education on a
23 prescribed schedule.

24 (2) If an individual's cannabis handler certificate is
25 suspended by the board, the board may require the individual
26 to successfully take or retake the training course as a
27 condition of lifting the suspension. An individual under this
28 paragraph must successfully complete the training course
29 prior to applying for a new cannabis handler certification.

30 (3) An essential employee or other employee or agent of

1 a cannabis retailer licensee whose duties do not involve the
2 activities under subsection (a)(1) as determined by the board
3 shall not be required to complete the responsible cannabis
4 training program.

5 (f) Course providers.--The following apply:

6 (1) Nothing in this section shall preclude the board
7 from contracting with an entity or organization to teach the
8 responsible cannabis training course.

9 (2) The board may, in the board's discretion, contract
10 with a provider to provide cannabis entity-specific training
11 related to the cultivation, processing, distribution,
12 transporting, delivery or sale of cannabis and cannabis
13 products.

14 (3) The board or provider selected by the board to
15 provide a responsible cannabis training course under this
16 subsection may establish and charge a reasonable fee for the
17 course.

18 (4) The board may, through regulations, provide for the
19 acceptance and use of a responsible cannabis training course
20 provided by a cannabis entity licensee if the course meets
21 the requirements of this subsection and regulations of the
22 board.

23 Section 613. Provisions governing cultivation and processing of
24 cannabis and cannabis products.

25 The following apply:

26 (1) No cannabis cultivator licensee or cannabis
27 processor licensee shall:

28 (i) Sell or agree to sell or deliver in this
29 Commonwealth any cannabis or cannabis products, except in
30 the original, sealed container package containing

1 quantities and in compliance with the size standards and
2 labeling requirements established by regulation of the
3 board under this act.

4 (ii) Furnish or cause to be furnished to a cannabis
5 retailer licensee an exterior or interior sign, poster or
6 other advertisement, whether printed, painted, electronic
7 or otherwise, except as authorized by the board. The
8 board may adopt regulations deemed necessary to carry out
9 the purposes and intent of this paragraph.

10 (iii) Offer an incentive, payment or other benefit
11 to a cannabis entity licensee in return for carrying the
12 cannabis cultivator licensee's or cannabis processor
13 licensee's cannabis or cannabis products or providing
14 preferential shelf placement for cannabis or cannabis
15 products. This subparagraph shall apply to a cannabis
16 microbusiness licensee.

17 (2) The following apply:

18 (i) Cannabis cultivator licensees shall comply with
19 agricultural plant cultivation methods prescribed by
20 regulation by the board, in consultation the Department
21 of Agriculture.

22 (ii) In adopting regulations, the board and the
23 Department of Agriculture shall be guided by sustainable
24 farming principles and practices, including, but not
25 limited to:

26 (A) organic, hydroponic, aeroponic and other
27 cannabis cultivation methods, including outdoor
28 cultivation;

29 (B) use of fertilizers, pesticides and
30 herbicides; and

1 (C) regenerative and integrated pest management
2 models.

3 (iii) The cannabis cultivation models developed by
4 the board, in consultation with the Department of
5 Agriculture, shall restrict, whenever possible, the use
6 of pesticides to those that are labeled for use in the
7 cultivation of cannabis or that specifically meet the
8 United States Environmental Protection Agency
9 Registration exemption criteria for minimum risk in
10 accordance with regulations promulgated by the United
11 States Department of Environmental Protection under the
12 Federal Insecticide, Fungicide and Rodenticide Act (61
13 Stat. 163, 7 U.S.C. § 136 et seq.).

14 (iv) All pesticides shall be administered in
15 compliance with regulations promulgated by the board in
16 consultation with the Department of Agriculture.

17 (3) Cannabis and cannabis products shall be processed in
18 accordance with good processing best practices and standards
19 as specified in 21 CFR (relating to food and drugs), as may
20 be modified by the board in consultation with the Department
21 of Agriculture.

22 (4) No cannabis processor licensee shall process or
23 otherwise produce a cannabis product which, in the discretion
24 of the board, is designed to appeal to an individual under 21
25 years of age.

26 (5) The use or integration of powdered alcohol or
27 nicotine in a cannabis product is strictly prohibited. The
28 term "powdered alcohol" shall have the meaning given to it in
29 section 102 of the act of April 12, 1951 (P.L.90, No.21),
30 known as the Liquor Code.

1 Section 614. Provisions governing cannabis retailer licensees.

2 (a) Requirements and prohibitions.--The following apply:

3 (1) No cannabis retailer licensee shall sell, deliver or
4 give away or cause, permit or procure to be sold, delivered
5 or given away any cannabis or cannabis products to an
6 individual under 21 years of age or who is visibly
7 intoxicated or impaired.

8 (2) Valid proof of age shall be required for each
9 transaction. No cannabis retailer licensee or agent or
10 employee of a cannabis retailer licensee shall accept, as
11 written evidence or proof of age for the purchase of a
12 cannabis product, any documentation other than:

13 (i) A valid driver's license, REAL ID or nondriver
14 photo identification card issued by the Pennsylvania
15 Department of Transportation or any other state or United
16 States territory, the District of Columbia, a provincial
17 government of the dominion of Canada or any other
18 jurisdiction.

19 (ii) A valid passport issued by the United States
20 government or any other country.

21 (iii) A valid military identification card issued by
22 the armed forces of the United States or a veteran's
23 identification card issued by the United States
24 Department of Veterans Affairs.

25 (3) Upon the presentation of a driver's license, REAL ID
26 or nondriver identification card under paragraph (2)(i), the
27 cannabis retailer licensee or agent or employee of the
28 cannabis retailer licensee may perform a transaction scan as
29 a precondition to the sale of cannabis or a cannabis product.

30 (4) Nothing in this section shall prohibit a cannabis

1 retailer licensee or an agent or employee of a cannabis
2 retailer licensee from performing a transaction scan on any
3 of the identification documents listed in paragraph (2), if
4 the documents include a bar code, magnetic strip or microchip
5 that may be scanned by a device capable of deciphering
6 electronic or encrypted data into a readable format. In
7 instances where the information deciphered by the transaction
8 scan fails to match the information printed on the
9 identification documentation presented by the cardholder, or
10 if the transaction scan indicates that the information is
11 false or fraudulent, the attempted purchase of the cannabis
12 or cannabis product shall be denied.

13 (5) A cannabis retailer licensee may not sell liquor or
14 malt or brewed beverages nor have or possess a license to
15 sell or offer for sale liquor or malt or brewed beverages
16 issued by the Pennsylvania Liquor Control Board under the act
17 of April 12, 1951 (P.L.90, No.21), known as the Liquor Code,
18 or allow an individual or cannabis consumer to possess or
19 consume liquor or malt or brewed beverage on the premises of
20 the cannabis retailer licensee's cannabis establishment.

21 (6) Signs and posters, whether printed, painted or
22 electronic, advertising any brand of cannabis or a cannabis
23 product may not be permitted on the exterior of a cannabis
24 retailer licensee's cannabis establishment, except as
25 approved by regulation of the board.

26 (7) A cannabis retailer licensee may not sell, offer for
27 sale or deliver cannabis or cannabis products to a person
28 with knowledge of or with reasonable cause to believe that
29 the person to whom the cannabis or cannabis products are
30 being sold has acquired the cannabis or cannabis products for

1 the purpose of selling, transferring or giving them away in
2 violation of this act or regulations of the board.

3 (8) The premises of a cannabis retailer licensee's
4 cannabis establishment shall be subject to random inspection
5 by the board and the department or an authorized agent of the
6 board and the department during normal business hours.

7 (9) Except as provided in this act, no cannabis retailer
8 licensee shall make or cause to be made a loan to a person
9 engaged in the cultivation, processing, distribution,
10 testing, transportation or delivery of cannabis or cannabis
11 products under this act or to a director, officer, principal,
12 employee or other person affiliated with a cannabis
13 cultivator licensee, cannabis processor licensee, cannabis
14 transporter licensee, cannabis testing laboratory or cannabis
15 microbusiness licensee or to an affiliate, subsidiary,
16 intermediary or holding company of a cannabis cultivator
17 licensee, cannabis processor licensee, cannabis transporter
18 licensee, cannabis testing laboratory or cannabis
19 microbusiness licensee.

20 (10) It shall be unlawful for a person to offer or
21 deliver money or anything else of value, directly or
22 indirectly, to a cannabis retailer licensee or an employee or
23 agent of a cannabis retailer licensee to obtain preferential
24 placement of cannabis or cannabis products within the
25 cannabis retailer licensee's cannabis establishment,
26 including, without limitation, on shelves and in display
27 cases where cannabis consumers can view products, or on the
28 cannabis retailer licensee's Internet website or social media
29 page.

30 (11) A cannabis retailer licensee shall display the

1 price of cannabis and each cannabis product by attaching to
2 or otherwise placing a price tag, sign or placard stating the
3 price immediately adjacent to the cannabis or cannabis
4 product offered for sale by the cannabis retailer licensee at
5 the cannabis establishment.

6 (12) A cannabis retailer licensee may not allow or
7 permit gambling or offer gambling on the premises of the
8 cannabis establishment.

9 (13) A cannabis retailer licensee may not allow or
10 permit illicit drug activity on the premises of the cannabis
11 establishment.

12 (14) If an employee of a cannabis retailer licensee
13 suspects that a cannabis consumer may be abusing cannabis,
14 the employee may encourage the cannabis consumer to seek help
15 from a substance use disorder program or harm reduction
16 services. The board shall, in consultation with the
17 Department of Drug and Alcohol Programs or any successor
18 agency, develop operating procedures and written materials
19 for distribution to cannabis retailer licensees and employees
20 and agents of cannabis retailer licensees for use when
21 interacting with or consulting cannabis consumers for
22 purposes of this paragraph.

23 (15) Each cannabis retailer licensee shall:

24 (i) Provide the national toll-free helpline
25 telephone number (800.662.HELP) (4357) to individuals and
26 families seeking substance use disorder treatment
27 referral and information services.

28 (ii) In a manner that is unobstructed and visible to
29 cannabis consumers and other patrons of the cannabis
30 establishment, conspicuously post at least four signs

1 inside the cannabis establishment and one or more signs
2 outside at or near the door or doors used to enter the
3 cannabis establishment that include a statement in
4 substantially the following form:

5 If you or someone you know needs help finding a drug
6 treatment provider or information about drug
7 addiction and treatment, help is available. Please
8 call 800.662.HELP (4357) anytime, any day. Be
9 assured, your call is confidential.

10 A sign must be posted at or near transaction scan
11 devices, at each publicly accessible entry and exit door,
12 within 10 feet of any automated teller machine and in
13 other public area determined appropriate by the cannabis
14 retailer licensee.

15 (iii) A cannabis retailer licensee may consult with
16 the Department of Drug and Alcohol Programs to carry out
17 the signage requirement under subparagraph (ii) or may
18 acquire signs that may be available from the Department
19 of Drug and Alcohol Programs or any other state or local
20 government agency. Nothing in this paragraph shall
21 preclude a cannabis retailer licensee from acquiring the
22 signage required under subparagraph (ii) from the
23 Department of Drug and Alcohol Programs or from a for-
24 profit or nonprofit organization concerned with substance
25 use disorder prevention or treatment.

26 (b) Operational requirements and additional prohibitions.--A
27 cannabis retailer licensee shall operate in accordance with the
28 representations made in its application for licensure and shall
29 at all times be in compliance with the requirements of this act
30 and regulations of the board. The following apply:

1 (1) A cannabis retailer licensee must include the
2 cannabis retailer licensee's legal name on the packaging of
3 cannabis or cannabis product the cannabis retailer licensee
4 sells or offers for sale.

5 (2) All cannabis, cannabis products and cannabis seeds
6 must be obtained from a cannabis cultivator licensee,
7 cannabis processor licensee or cannabis microbusiness
8 licensee.

9 (3) Cannabis retailer licensees are prohibited from
10 selling any product containing alcohol except tinctures,
11 which must be limited to containers that are no larger than
12 100 milliliters, unless otherwise modified by regulation of
13 the board.

14 (4) A cannabis retailer licensee shall inspect, weigh
15 and count cannabis and cannabis products received from a
16 cannabis cultivator licensee or cannabis processor licensee
17 prior to selling or offering the product for sale.

18 (5) A cannabis retailer licensee may only accept
19 cannabis and cannabis products into a restricted access area.
20 Deliveries of cannabis and cannabis products may not be
21 accepted through a public or limited access area unless
22 otherwise approved by regulation of the board.

23 (6) A cannabis retailer licensee shall maintain
24 compliance with State and local building, fire and zoning
25 codes or regulations.

26 (7) A cannabis retailer licensee shall develop and
27 maintain a list of the names of all service professionals who
28 will work as an employee or contractor at the cannabis
29 retailer licensee's cannabis establishment. The following
30 apply:

1 (i) The service professional list shall include a
2 description of the business or service provided or
3 proposed to be provided by the service professional.

4 (ii) The service professional list shall be
5 submitted to the board at the time, form and manner as
6 the board shall prescribe by regulation.

7 (iii) Changes to the service professional list shall
8 be promptly forwarded to the board.

9 (iv) A service professional may not work for or
10 perform the duties of a contract for a cannabis retailer
11 licensee until the name is provided to the board and
12 appears on the service professional list.

13 (8) A cannabis retailer's license authorizes the
14 operation of a cannabis establishment at the location
15 specified in the application, as approved by the board under
16 this act.

17 (9) A cannabis retailer licensee must keep all lighting
18 outside and inside the cannabis establishment in good working
19 order and at a wattage sufficient for security cameras.

20 (10) A cannabis retailer licensee shall ensure that any
21 building or equipment used by the cannabis retailer licensee
22 for the storage, sale or offering for sale of cannabis or
23 cannabis products is maintained in a clean and sanitary
24 condition.

25 (11) A cannabis retailer licensee's cannabis
26 establishment shall be free from infestation by insects,
27 rodents and pests.

28 (12) A cannabis retailer licensee shall not:

29 (i) Except as provided for in this act, cultivate or
30 grow cannabis or process or produce cannabis products.

1 (ii) Accept cannabis or a cannabis product from a
2 cannabis cultivator licensee, cannabis processor licensee
3 or other cannabis retailer licensee unless the cannabis
4 or cannabis product is prepackaged and labeled as
5 provided under this act and regulations of the board.

6 (iii) Obtain cannabis or cannabis products from any
7 source whatsoever outside this Commonwealth or from any
8 person who is not licensed by the board as a cannabis
9 entity licensee.

10 (iv) Sell cannabis or cannabis products to an
11 individual, unless the cannabis retailer licensee or an
12 employee verifies that the purchaser is 21 years of age
13 or older.

14 (v) Enter into an exclusive agreement with another
15 cannabis entity licensee to procure the cannabis entity
16 licensee's cannabis and cannabis product supply from a
17 single source.

18 (vi) Refuse to conduct business with a cannabis
19 entity licensee that has the ability to properly deliver
20 cannabis or cannabis products on the same terms as other
21 cannabis entity licensees with whom the cannabis retailer
22 licensee is conducting business.

23 (vii) Operate drive-through windows, unless the plan
24 to operate a drive-through window is specified in the
25 application for licensure. The board shall adopt and
26 promulgate regulations to govern the sale of cannabis and
27 cannabis products through drive-through windows.

28 (viii) Allow for the sale or dispensing of cannabis
29 or cannabis products in vending machines.

30 (ix) Transport or deliver cannabis to residences or

1 other locations.

2 (x) Enter into an agreement to allow a person who
3 does not hold a valid cannabis transporter license to
4 transport or otherwise deliver cannabis or cannabis
5 products.

6 (xi) Operate a cannabis establishment, if the video
7 surveillance equipment inside or outside of the cannabis
8 establishment is inoperative.

9 (xii) Operate a cannabis establishment if the point-
10 of-sale system is inoperative.

11 (xiii) Operate a cannabis establishment if the
12 Commonwealth's verification system is inoperative.

13 (xiv) Have fewer than two people working at the
14 cannabis retailer licensee's cannabis establishment at
15 any time during which the cannabis establishment is open
16 for business.

17 (xv) Be located within 1,500 feet of the property
18 line of another cannabis retailer licensee's cannabis
19 establishment or a dispensary as defined in the Medical
20 Marijuana Act.

21 (xvi) Sell clones or other live plant material.

22 (xvii) Sell cannabis, cannabis concentrate or
23 cannabis products in combination or bundled with each
24 other or other items for one price. Each item of
25 cannabis, cannabis concentrate or cannabis product must
26 be separately identified by quantity and price on the
27 receipt verifying the sales transaction.

28 (xviii) Violate any other provision of this act or
29 regulations promulgated by the board under this act.

30 Section 615. Provisions governing cannabis transporter

1 licensees.

2 (a) Requirements.--The following apply:

3 (1) The operating documents of a cannabis transporter
4 licensee shall include procedures for the oversight of the
5 transporter inventory, including an inventory monitoring
6 system capable of physically recording cannabis and cannabis
7 products transported or delivered by the cannabis transporter
8 licensee on a weekly basis, accurate recordkeeping and a
9 staffing plan.

10 (2) All cannabis and cannabis products transported by a
11 cannabis transporter licensee must be entered into a data
12 collection system and placed into a cannabis container for
13 transport.

14 (3) Cannabis transporter licensees shall be subject to
15 random inspections by the board or a designated employee or
16 agent of the board and the Pennsylvania State Police.

17 (4) A cannabis transporter licensee or a designated
18 employee, contractor or employee of the contractor shall
19 notify the board or a designated employee or agent of the
20 board, the Pennsylvania State Police or local law enforcement
21 within 24 hours of the discovery of any loss or theft.
22 Notification may be made by phone, in person or by written or
23 electronic communication.

24 (5) The identification card of all agents and employees
25 of a cannabis transporter licensee must be visibly affixed on
26 the agent or employees at all times when on the property of
27 the cannabis transport licensee's cannabis establishment and
28 while transporting cannabis or cannabis products.

29 Identification cards must be provided upon request of the
30 board or an employee or agent of the board, a member of the

1 Pennsylvania State Police or to a law enforcement officer
2 engaged in official duties.

3 (6) A copy of the cannabis transporter licensee's
4 cannabis entity license and a manifest of the cannabis or
5 cannabis products subject to delivery shall be present in any
6 vehicle used by the cannabis transporter licensee to
7 transport cannabis and cannabis products.

8 (7) All cannabis and cannabis products shall be
9 transported in a manner that is not visible or recognizable
10 from any angle outside the transporting vehicle.

11 (8) A vehicle used to transport cannabis and cannabis
12 products shall not bear any markings, logos, writings,
13 symbols or any other drawings, depictions or illustrations
14 which would indicate or cause an individual to believe or
15 assume that the vehicle contains cannabis or cannabis
16 products.

17 (9) Cannabis and cannabis products must be transported
18 in an enclosed, locked storage compartment which is secured
19 or affixed to the transporting vehicle.

20 (10) A cannabis transporter licensee shall provide the
21 board with information on:

22 (i) The number and type of vehicles and equipment
23 the cannabis transporter licensee will use to transport
24 cannabis and cannabis products.

25 (ii) Loading, transporting and unloading plans.

26 (iii) Experience in transportation, distribution or
27 security business, if applicable.

28 (b) Regulations.--In addition to any other regulations
29 adopted and promulgated by the board under this act, the board
30 shall adopt and promulgate regulations to govern the

1 transporting and delivery of cannabis and cannabis products. The
2 regulations shall include, but not be limited to, the following:

3 (1) The transport of cannabis and cannabis products only
4 for delivery to a physical address of a cannabis entity
5 licensee or a laboratory testing facility in this
6 Commonwealth.

7 (2) A cannabis transporter licensee shall not deliver
8 cannabis or cannabis products to an address located on land
9 owned by the Federal Government or on land or in a building
10 leased by the Federal Government.

11 (3) The staffing of vehicles used to transport cannabis
12 and cannabis products. A cannabis transporter licensee shall
13 staff each delivery vehicle with an employee, contractor,
14 employee of a contractor or other person who holds a valid
15 and current Pennsylvania driver's license, is 18 years of age
16 or older and has been approved for and issued a cannabis
17 handler certificate by the board.

18 (4) A requirement that all deliveries of cannabis or
19 cannabis products shall be made in person. A delivery of
20 cannabis or cannabis products shall not be made through the
21 use of an unmanned vehicle.

22 (5) A requirement that each employee, contractor or
23 employee of a contractor employed by or under contract with a
24 cannabis transporter licensee or other person approved by the
25 board to transport cannabis and cannabis products shall carry
26 a cannabis transporter identification card approved by the
27 board. The employee, agent, contractor, employee of a
28 contractor or other person employed by or under contract with
29 a cannabis transporter licensee shall present the
30 identification card upon request by a law enforcement officer

1 engaged in official duties or by the board or an authorized
2 employee or agent of the board.

3 (6) Provisions to govern the content of cannabis
4 transporter identification cards.

5 (7) A requirement that during transport of cannabis or
6 cannabis products, the employee, contractor or employee of
7 the contractor or other person making the delivery has a
8 secure form of communication with the cannabis transporter
9 licensee at all times that a delivery vehicle contains
10 cannabis or cannabis products. The secure form of
11 communication shall be owned by and provided to the employee,
12 contractor, employee of the contractor or other person
13 transporting cannabis or cannabis products by the cannabis
14 transporter licensee.

15 (8) A requirement that, during transport of cannabis or
16 cannabis products, the employee, contractor, employee of the
17 contractor or other person making the delivery maintain a
18 written or electronic itemized copy of the cannabis or
19 cannabis products subject to transport and delivery. The
20 itemized copy shall be made available to law enforcement or
21 the board or an authorized employee or agent of the board
22 upon request.

23 (9) A requirement that a delivery vehicle be equipped
24 with a secure lockbox, which shall be stored in the vehicle's
25 trunk or a secured cargo area and used for the sanitary and
26 secure transport of cannabis and cannabis products.

27 (10) Provisions prohibiting an employee, contractor,
28 employee of the contractor or other person transporting
29 cannabis or cannabis products from leaving the delivery
30 vehicle unattended, unless the vehicle is locked and equipped

1 with an active vehicle alarm system.

2 (11) A requirement that a delivery vehicle used to
3 transport cannabis and cannabis products be equipped with a
4 Global Positioning System device to identify the geographic
5 location of the delivery vehicle at all times. The device
6 shall be either permanently or temporarily affixed to the
7 delivery vehicle while the delivery vehicle is in operation
8 and shall remain active and under the control of the
9 employee, contractor, employee of the contractor or other
10 person making the delivery at all times during transport. At
11 all times during delivery, the cannabis transporter licensee
12 shall be able to identify the geographic location of all
13 vehicles used to transport cannabis or cannabis products and
14 shall provide that information to the board or law
15 enforcement upon request.

16 (12) Provisions requiring all cannabis transporter
17 licensees to maintain on the premises of the cannabis
18 establishment a list of all vehicles used by the cannabis
19 transporter licensee to deliver cannabis and cannabis
20 products. The following apply:

21 (i) The delivery vehicle list shall include a true
22 and specific description of all delivery vehicles,
23 including the make, model, color, vehicle identification
24 number, registration plate number and valid insurance
25 information.

26 (ii) The delivery vehicle list shall be immediately
27 updated to reflect any change in delivery vehicles used
28 to deliver cannabis and cannabis products.

29 (iii) The delivery vehicle list shall be made
30 available to the board or an agent of the board or the

1 Pennsylvania State Police, upon request.

2 (iv) No vehicle shall be used by a cannabis
3 transporter licensee to deliver cannabis products unless
4 the vehicle is on the delivery vehicle list maintained by
5 the cannabis transporter licensee.

6 (v) All delivery vehicles used to transport cannabis
7 and cannabis products shall be maintained in good working
8 conditions and in accordance with the vehicle
9 manufacturer's maintenance schedule.

10 (vi) A cannabis transporter licensee shall provide
11 information related to delivery vehicle maintenance to
12 the board or an employee or agent of the board upon
13 request.

14 (13) A cannabis transporter licensee and any contractor
15 engaged by a cannabis transporter licensee shall maintain
16 valid automobile liability insurance sufficient to insure all
17 vehicles used for delivery of cannabis and cannabis products
18 in the amount of not less than \$1,000,000 per occurrence or
19 accident.

20 (14) A cannabis transporter licensee shall ensure that
21 vehicles used to transport cannabis or cannabis products bear
22 no words or markings that would either identify or indicate
23 that the vehicle is used to deliver cannabis or cannabis
24 products or is owned by the cannabis transporter licensee.

25 (15) Each cannabis transporter licensee shall ensure
26 that deliveries are completed in a timely and efficient
27 manner.

28 (16) (i) While making deliveries, an employee,
29 contractor, employee of a contractor or other person
30 making deliveries for or on behalf of a cannabis

1 transporter licensee shall only travel from:

2 (A) the cannabis transporter licensee's licensed
3 establishment to the delivery address;

4 (B) one delivery address to another delivery
5 address; or

6 (C) a delivery address back to the cannabis
7 transporter licensee's cannabis establishment.

8 (ii) An employee, contractor, employee of a
9 contractor or other person making deliveries of cannabis
10 or cannabis products shall not deviate from the delivery
11 route described in this paragraph, except in the event of
12 an emergency or as necessary for fuel, vehicle repair
13 stops or because weather or road conditions make
14 continued use of the route or operation of the vehicle
15 unsafe, impossible or impracticable. Any change in route
16 directions shall be recorded by the employee, contractor,
17 employee of the contractor or other person making the
18 delivery and provided to the cannabis transporter
19 licensee immediately upon return to the cannabis
20 transporter licensee's cannabis establishment. Each route
21 change shall be included in delivery records in a form
22 and manner as required by regulation of the board.

23 (17) Provisions to govern the process of delivery. The
24 process of delivery shall begin when the employee,
25 contractor, employee of the contractor or other person
26 transporting cannabis or cannabis products for a cannabis
27 transporter licensee leaves the cannabis transporter
28 licensee's cannabis establishment. The process of delivering
29 ends when the employee, contractor, employee of the
30 contractor or other person making the delivery returns to the

1 cannabis transporter licensee's cannabis establishment.

2 (18) A requirement that each cannabis transporter
3 licensee maintain a record of each delivery of cannabis and
4 cannabis products in a delivery log in either written or
5 electronic format. For each delivery, the log shall record:

6 (i) The date and time that the delivery began and
7 ended.

8 (ii) The name of the employee or other person making
9 the delivery.

10 (iii) The cannabis or cannabis products delivered.

11 (iv) The lot number of the cannabis.

12 (v) The signature of the person employed by the
13 cannabis entity who accepted delivery.

14 (vi) The address or location of the delivery start
15 point, the address or location of the delivery end point
16 and the particulars of any change in route directions
17 under paragraph (16), if applicable.

18 (19) Provisions requiring the immediate report of any
19 vehicle accidents, diversions, losses or other reportable
20 events that occur during delivery to law enforcement, the
21 board or a designated employee or agent of the board.

22 (20) Provisions governing the issuance of a cannabis
23 transporter license to the holder of a cannabis cultivator
24 license or a cannabis processor license. The following apply:

25 (i) a cannabis cultivator nor a cannabis processor
26 that holds a valid cannabis entity license may be subject
27 to the requirements of section 610(b)(3) and (4).

28 (ii) an applicant for a cannabis cultivator license
29 or cannabis processor license shall indicate the intent
30 to transport cannabis cultivated or processed by the

cannabis cultivator licensee or cannabis processor
licensee in the application for a cannabis entity
license.

(c) Prohibitions.--The following apply:

(1) An individual under 18 years of age may not be an
operator of or a passenger in a delivery vehicle or trailer
owned and used by a cannabis transporter licensee for
transporting cannabis and cannabis products.

(2) An individual who is not a cannabis transporter
licensee or who is not an employee, contractor, employee of a
contractor of a cannabis transporter licensee or other person
approved by the board may not be in a vehicle used to
transport cannabis and cannabis products at any time during
which the cannabis and cannabis products are being
transported.

(3) A cannabis transporter licensee shall not use
commercial vehicles with a weight rating of over 10,001
pounds.

Section 616. Need for additional licenses.

In determining whether to exercise the board's authority to
issue additional cannabis entity licenses under this chapter,
the board shall consider the following:

(1) The percentage of illicit cannabis sales occurring
in this Commonwealth using data analyzed and compiled by the
Pennsylvania State Police, the United States Drug Enforcement
Agency or any other Federal or State agency to ascertain the
total illicit cannabis sales in this Commonwealth compared to
the amount of sales of cannabis and cannabis products made by
cannabis retailer licensees.

(2) Whether there is an adequate supply of cannabis and

1 cannabis products to serve patients and caregivers under the
2 Medical Marijuana Act and cannabis consumers under this act.

3 (3) Whether there is an oversupply of cannabis in this
4 Commonwealth, which could result in the trafficking of
5 cannabis and cannabis products to another state or states,
6 regardless of whether the adult use of cannabis and cannabis
7 products is statutorily authorized in the other state or
8 states, or in the diversion of cannabis and cannabis products
9 to illicit markets.

10 (4) Population increases or shifts.

11 (5) The number, density and location of cannabis entity
12 licenses in this Commonwealth, including the number, density
13 and location of cannabis entity licenses held by qualified
14 social and economic equity licensees.

15 (6) Actual or perceived security risks associated with
16 increasing the number and location of cannabis entity
17 licenses.

18 (7) The past safety record of cannabis entity licensees.

19 (8) The board's ability to adequately regulate
20 additional cannabis entity licensees.

21 (9) Findings or recommendations of the Office of Social
22 and Economic Equity related to reducing or eliminating
23 identified barriers to entry into this Commonwealth's
24 regulated cannabis industry by social and economic equity
25 applicants and residents of opportunity zones.

26 (10) Changes to Federal law.

27 (11) Any other criteria the board may determine
28 necessary and appropriate.

29 CHAPTER 7

30 PACKAGING, LABELING, TESTING

1 AND SPECIAL USE PERMITS

2 Section 701. Packaging and labeling.

3 (a) General rule.--The board shall adopt and promulgate
4 regulations to govern the advertising, branding, marketing,
5 packaging and labeling of cannabis and cannabis products
6 cultivated, possessed, sold or offered for sale in this
7 Commonwealth, including rules pertaining to and governing the
8 accuracy of information and the restriction of marketing and
9 advertising to minors and individuals under 21 years of age.

10 (b) Required regulations.--The regulations adopted and
11 promulgated by the board under subsection (a) shall include, but
12 not be limited to, requirements that:

13 (1) The packaging of cannabis and cannabis products
14 conform with the requirements of the Poison Prevention
15 Packaging Act of 1970 (Public Law 91-601, 15 U.S.C. §§ 1471-
16 1475).

17 (2) (i) Packaging of cannabis products sold or
18 displayed for sale to cannabis consumers in multiple
19 servings shall:

20 (A) Include the statement "INCLUDES MULTIPLE
21 SERVINGS" on the exterior of the package in a printed
22 font that is no smaller than 10-point.

23 (B) If the cannabis product is in solid form, be
24 scored in a manner to allow a cannabis consumer to
25 easily separate the cannabis product into single
26 servings.

27 (C) If the cannabis product is an edible in
28 solid form, be easily and permanently scored to
29 identify individual servings.

30 (D) If the cannabis product cannot be easily and

1 permanently scored to identify individual servings,
2 be packaged in a single-serving size.

3 (ii) The determination of whether a cannabis product
4 is able to be easily and permanently scored shall be
5 decided by the board by regulation.

6 (3) Cannabis and cannabis products be labeled and placed
7 in a resealable, child-resistant package prior to delivery to
8 or sale at a cannabis retailer licensee's cannabis
9 establishment.

10 (4) Packages and labels shall not display images,
11 illustrations, objects or other artwork attractive to minors,
12 including toys, action figures, emojis or cartoon characters,
13 or depict any words, phrases, lyrics or slogans designed or
14 used in any manner to be especially appealing to children,
15 including the use of images, words, phrases, lyrics or
16 slogans indicating or depicting candy or candies, gummies or
17 lollipops.

18 (5) Labels include warning statements, which shall be
19 affixed to cannabis and cannabis products, designed to inform
20 cannabis consumers of any potential harm to human health
21 which may result from the smoking of cannabis or the
22 consumption of cannabis products, if the warning labels are
23 determined necessary and appropriate by the board.

24 (c) Determination of serving size.--In addition to the
25 requirements of section 501(a)(7)(vii), the regulations
26 promulgated by the board shall establish the methods and
27 procedures for determining serving sizes for cannabis products
28 and active cannabis concentration per serving size. Regulations
29 may also require a nutritional fact panel that incorporates data
30 regarding serving sizes and potency of a serving size.

(d) Failure to comply.--In addition to any other penalties under this act, the packaging, sale, marketing, branding, advertising, labeling or possession by a licensed cannabis cultivator licensee, cannabis processor licensee or cannabis retailer licensee of cannabis or a cannabis product not labeled in conformity with this act and regulations adopted and promulgated by the board as provided under this act shall be grounds for the imposition of a fine or the suspension or revocation of a license under section 911.

Section 702. Laboratory testing.

(a) Testing required.--The following apply:

(1) The following apply:

(i) Immediately before manufacturing or natural processing of cannabis or a cannabis product or packaging of cannabis, cannabinoid or cannabis product for sale to a cannabis retailer licensee, each cannabis cultivator licensee and cannabis processor licensee, including a cannabis microbusiness licensee, shall make samples of the cannabis and cannabis product, in a quantity established by the board, available for quality assurance testing by an approved cannabis testing laboratory. Each sample shall be tested by the cannabis testing laboratory for:

(A) Microbiological contaminants.

(B) Mycotoxins.

(C) Pesticide active ingredients.

(D) Residual solvent.

(E) An active ingredient analysis.

(ii) Any sample remaining after testing may be destroyed or returned to the cannabis entity licensee

1 from which the sample was obtained. The board shall
2 establish by regulation the amount of cannabis or
3 cannabis product remaining after testing which may be
4 returned to the applicable cannabis entity licensee.

5 (iii) Cannabis shall be tested for the cannabinoid
6 profile and for contaminants as specified by the board,
7 including, but not limited to, mold, mildew, heavy
8 metals, plant growth regulators and the presence of
9 pesticides.

10 (iv) The board may require additional testing.

11 (2) Each cannabis cultivator licensee and cannabis
12 processor licensee shall contract with a cannabis testing
13 laboratory that holds a valid permit issued by the board to
14 test cannabis and cannabis products cultivated or produced by
15 a cannabis cultivator licensee or processed by a cannabis
16 processor licensee. The board may assign an approved cannabis
17 testing laboratory that a cannabis cultivator licensee or a
18 cannabis processor licensee must use to comply with the
19 requirements of this section.

20 (b) Availability of laboratory test reports.--The board
21 shall require, in the form and manner prescribed by regulation,
22 the following:

23 (1) That cannabis cultivator licensees provide
24 laboratory test reports to cannabis processor licensees and
25 cannabis processor licensees provide laboratory test reports
26 to cannabis retailer licensees as part of all sales
27 transactions.

28 (2) That all test reports be entered into the cannabis
29 plant monitoring system. Subsequent test reports of cannabis
30 or cannabis products conducted by a cannabis processor

licensee shall also be entered into the cannabis plant monitoring system by the cannabis processor licensee conducting a subsequent test.

(c) Maintenance of test reports.--Each cannabis retailer licensee shall maintain accurate documentation of laboratory test reports provided to the cannabis retailer licensee under subsection (b) for cannabis and cannabis products sold or offered for sale by the cannabis retailer licensee to cannabis consumers. Documentation of laboratory test shall be retained by the cannabis retailer licensee for three years.

(d) Onsite testing.--Notwithstanding subsection (a), nothing in this section shall be construed to prevent a cannabis cultivator licensee or a cannabis processor licensee from conducting onsite laboratory testing. The onsite testing protocol used to test cannabis and cannabis products under this subsection must be certified by the board and shall, except as otherwise determined by the board by regulation, not relieve the cannabis cultivator licensee or the cannabis processor licensee from the requirements of quality assurance testing of cannabis or cannabis products by a holder of a valid cannabis laboratory testing permit under subsection (a).

(e) Diagram of premises required.--An application for a cannabis laboratory testing permit shall include a diagram of the interior of the applicant's cannabis laboratory testing facility or proposed facility. The diagram shall identify the principal activity conducted or proposed to be conducted in each room or partitioned area of the facility, including activities related to sample receiving, sample storage, record storage, microbiology and chemical analysis, office space, employee lounges, restrooms and cafeteria areas, if any.

1 Section 703. Cannabis testing laboratory permit.

2 (a) Authority to issue permit.--The board shall issue
3 permits for one or more independent cannabis testing
4 laboratories to test cannabis and cannabis products cultivated,
5 processed, produced, sold or offered for sale in this
6 Commonwealth.

7 (b) Submission of application.--To be eligible for a
8 cannabis testing laboratory permit, a person shall submit an
9 application to the board in a form and manner as prescribed by
10 the board by regulation, which demonstrates all of the following
11 to the satisfaction of the board:

12 (1) The owners, directors and other persons with
13 decision-making authority are of good moral character.

14 (2) The laboratory and the laboratory's technicians,
15 employees and other staff have the qualifications, skills,
16 resources and expertise necessary to accurately and
17 consistently test cannabis and cannabis products.

18 (3) The laboratory has in place and will maintain
19 adequate policies, procedures and facility or building
20 security to ensure proper collection, labeling, preparation,
21 analysis, result reporting, disposal and storage of cannabis
22 and cannabis products.

23 (4) The laboratory is physically located in this
24 Commonwealth.

25 (5) Proof of ISO 17025 accreditation or proof that the
26 applicant has applied for or is in the process of applying
27 for or preparing to apply for ISO 17025 accreditation.

28 (6) The laboratory meets all requirements under this
29 section and regulation of the board.

30 (c) Provisional permit.--Notwithstanding any provision of

1 this section or regulation of the board, an applicant for a
2 cannabis testing laboratory permit that meets all the
3 qualifications for a permit, except for ISO accreditation, may
4 apply to the board for a provisional cannabis testing laboratory
5 permit.

6 (d) Application for provisional permit--An applicant for a
7 provisional cannabis testing laboratory permit shall include the
8 information and documentation required under subsection (b) or
9 any additional information or documentation as may be required
10 by regulation of the board, except that documentation evidencing
11 ISO 17025 accreditation shall not be required.

12 (e) Issuance of provisional permit.--The following apply:

13 (1) The board may approve an application for a
14 provisional cannabis testing laboratory permit if the board
15 determines that the application satisfies all of the
16 requirements of this section and regulations of the board.

17 (2) A provisional cannabis testing laboratory permit
18 shall expire 12 months from the date of issuance.

19 (3) The board may, in the board's discretion, renew a
20 provisional cannabis testing laboratory permit if the testing
21 laboratory has applied for ISO 17025 accreditation but has
22 not yet been granted or denied accreditation. A cannabis
23 testing laboratory applying for a provisional permit shall
24 provide evidence to the board of having submitted an
25 application for ISO 17025 accreditation and the status of the
26 application.

27 (4) If granted by the board, a provisional cannabis
28 testing laboratory permit renewed by the board under
29 paragraph (3) shall expire 180 calendar days after issuance
30 by the board.

1 (5) When a testing laboratory holding a provisional
2 cannabis testing laboratory permit receives ISO 17025
3 accreditation, the cannabis testing laboratory shall submit
4 proof of the accreditation to the board within five business
5 days of receipt of the notice of accreditation. The board, by
6 regulation, shall specify the form and manner by which proof
7 of accreditation may be submitted to the board, including by
8 electronic mail to a designated office or employee of the
9 board.

10 (6) The following apply:

11 (i) If a cannabis testing laboratory holding a
12 provisional cannabis testing laboratory permit is denied
13 ISO 17025 accreditation, the laboratory shall notify the
14 board of the denial within 24 hours after receipt of the
15 denial notice. If accreditation is denied, the board
16 shall revoke the provisional cannabis testing laboratory
17 permit held by the cannabis testing laboratory and
18 require immediate stoppage of all testing activities. The
19 board shall adopt and promulgate regulations that:

20 (A) Provide the process to be used by the board
21 to notify a cannabis entity licensee of the
22 revocation of a cannabis testing laboratory permit
23 revoked under this paragraph.

24 (B) Provide the procedures which must be
25 followed by a cannabis entity licensee that has
26 submitted cannabis or cannabis products to a cannabis
27 testing laboratory whose permit is subject to
28 revocation under this paragraph, including procedures
29 for reporting and verifying cannabis sample
30 quantities submitted by each cannabis entity licensee

1 to the cannabis testing laboratory for testing and
2 any remaining amounts possessed by the cannabis
3 testing laboratory from each cannabis entity
4 licensee.

5 (C) Outline the procedures for returning samples
6 of cannabis or cannabis products held by a cannabis
7 testing laboratory whose permit is subject to
8 revocation under this paragraph to the cannabis
9 entity licensee that submitted the cannabis or
10 cannabis product for testing or for redirecting the
11 cannabis and cannabis products to another cannabis
12 testing laboratory.

13 (D) Provide the conditions under which samples
14 of cannabis or cannabis products in the possession of
15 a cannabis testing laboratory whose permit is subject
16 to revocation may be destroyed or disposed of and the
17 method of destruction or disposal.

18 (2) The regulations adopted and promulgated by the board
19 under this paragraph shall apply to each cannabis testing
20 laboratory that holds a cannabis testing laboratory permit
21 issued by the board under subsection (a) if the permit is
22 subsequently revoked by the board.

23 (f) Restrictions on ownership.--The following apply:

24 (1) The holder of a cannabis testing laboratory permit
25 under this section shall not hold a license, permit or other
26 authorization to engage in a regulated activity under this
27 act and shall not have any direct or indirect ownership
28 interest in a medical marijuana organization under the
29 Medical Marijuana Act.

30 (2) A member or employee of the board, the department,

1 the Department of Agriculture or the Department of Health or
2 an officer, manager, owner, partner, principal stakeholder,
3 licensee or other person subject to the board's jurisdiction
4 under this act, or an immediate family member, may not have
5 an interest or voting rights in a cannabis testing laboratory
6 permittee.

7 (3) The board shall require that the results of
8 laboratory test of cannabis and cannabis products be
9 submitted to the board in a manner, form and time frame as
10 stipulated by the board in regulations.

11 (g) Regulations.--The board may, in consultation with the
12 Department of Agriculture and the Department of Health, adopt
13 and promulgate regulations to govern the testing of cannabis and
14 cannabis products by a holder of a cannabis testing laboratory
15 permit.

16 Section 704. Special use permits.

17 (a) Authority to issue.--The following apply:

18 (1) The board may adopt and promulgate regulations to
19 govern the issuance of the following special use permits to
20 carry out activities related to and consistent with the
21 regulation of cannabis in this Commonwealth:

22 (i) A packaging permit authorizing a person to sort,
23 package, label and bundle cannabis and cannabis products.

24 (ii) A trucking permit authorizing the
25 transportation of cannabis and cannabis products on
26 behalf of a cannabis entity licensee by a person other
27 than a person holding a valid cannabis transporter
28 license under section 610.

29 (iii) A warehouse permit authorizing a person to
30 store cannabis or cannabis products at a location

1 registered with or otherwise approved by the board.

2 (b) Specific regulations.--The regulations adopted and
3 promulgated by the board under subsection (a) shall include, but
4 not be limited to, the following:

5 (1) The form and manner for submitting an application
6 for a special use permit.

7 (2) The qualifications necessary to be eligible for a
8 special use permit.

9 (3) A reasonable application fee, permit fee and renewal
10 fee for a special use permit issued by the board under this
11 section, provided that the permit fee shall be no less than
12 \$10,000 and no more than \$15,000.

13 (4) The terms and renewal requirements for special use
14 permits authorized under this section.

15 (5) Recordkeeping requirements for each type of permit
16 authorized.

17 (6) Requirements for background investigations,
18 including the persons affiliated with the applicant for a
19 special use permit who will be subject to a background
20 investigation.

21 (7) Any other requirement, qualification, condition or
22 information the board deems necessary to carry out this
23 section.

24 (c) Restriction.--An applicant for or holder of a special
25 use permit issued by the board under this section may not have
26 any interest, financial or otherwise, in the holder of a
27 cannabis entity license under this act.

28 CHAPTER 8

29 RECORDKEEPING, TRACKING, INSPECTION

30 AND ADVERTISING

1 Section 801. Recordkeeping and tracking.

2 (a) Records required.--The board shall require a cannabis
3 entity licensee to adopt and maintain security, tracking,
4 inventory control, recordkeeping, record retention and
5 surveillance systems, relating to all cannabis and cannabis
6 products at every stage of acquiring, cultivation, processing,
7 possession, sale, transporting, delivery, testing and
8 distribution as provided under this act and regulations of the
9 board.

10 (b) Maintenance of records.--A cannabis entity licensee
11 shall keep and maintain upon the premises of the cannabis
12 establishment adequate books and records of all transactions
13 involving the sale of cannabis and cannabis products by the
14 cannabis entity licensee, which shall include, but is not
15 limited to, all information required under this section and by
16 regulation of the board.

17 (c) Recording of sales.--The following apply:

18 (1) Each sale of cannabis or cannabis products shall be
19 recorded separately on a numbered invoice, which shall
20 include the following information:

21 (i) The invoice number.

22 (ii) The name of the cannabis entity licensee
23 engaged in the sales transaction.

24 (iii) The address of the cannabis entity licensee's
25 cannabis establishment.

26 (iv) The cannabis entity licensee's current license
27 number.

28 (2) A cannabis processor licensee shall deliver to the
29 cannabis entity licensee from whom the cannabis or cannabis
30 product is purchased:

(i) A true duplicate numbered invoice stating the name and address of the cannabis entity licensee's cannabis establishment involved in the transaction.

(ii) The quantity purchased.

(iii) A description of the cannabis or cannabis products purchased.

(iv) The price of the cannabis or cannabis products purchased.

(v) A true, accurate and complete statement of the terms and conditions under which the purchase was made.

(vi) Any other information the board may require by regulation.

(d) Retention period.--All books, records and invoices required to be maintained under this section shall be kept for a period of three years and shall be available for inspection by the board or by an authorized employee or agent of the board.

(e) Additional recordkeeping requirements.--A cannabis retailer licensee, including a cannabis microbusiness that holds a cannabis retailer license, shall keep and maintain upon the premises of the cannabis retailer licensee's cannabis establishment complete and accurate records of all transactions involving the purchase and sale of cannabis and cannabis products. The records shall include, but may not be limited to, the following:

(1) The total amount of cannabis, by weight, purchased by the cannabis retailer licensee.

(2) The names, license number, and business addresses of the cannabis entity licensee from whom the cannabis and cannabis products were purchased.

(3) The amount of cannabis and cannabis products

involved in each individual purchase.

(4) The total sales of cannabis and cannabis products made by the cannabis retailer licensee weekly.

Section 802. Inspections.

(a) Random inspections.--The cannabis establishment of a cannabis entity licensee, permittee or other person engaged in a regulated activity under this act shall be subject to random inspection by the board or a designated employee or agent of the board during normal business hours. In making inspections, the board shall make reasonable accommodations so that ordinary business is not interrupted and safety and security procedures are not compromised.

(b) Availability of licensee or employee required.--The person that holds the license, permit or authorization to engage in a regulated activity under this act or a designated employee or agent of the person shall be available and present for an inspection of the cannabis entity licensee's cannabis establishment.

(c) Purpose of random inspection.--The inspection may include, but is not limited to, ensuring compliance by the licensee, permittee or other person with all applicable State, municipal and local building codes, fire, health and safety codes and other applicable regulations.

Section 803. Advertising.

(a) General rule.--In addition to the requirements of section 501, the board shall adopt and promulgate regulations to govern the advertising and marketing of cannabis and cannabis products.

(b) Specific regulations.--The regulations adopted by the board under subsection (a) shall prohibit advertising which:

- 1 (1) Is false, deceptive or misleading.
- 2 (2) Promotes overconsumption of cannabis or cannabis
- 3 products.
- 4 (3) Depicts consumption of cannabis products by children
- 5 or other minors.
- 6 (4) Is designed in any way to appeal to children or
- 7 other individuals under 21 years of age.
- 8 (5) Is within 1,000 feet of the perimeter of a school,
- 9 school grounds, playground, park, library, arcade facility,
- 10 recreational center, child-care facility or other place where
- 11 children congregate or a church, synagogue, mosque or other
- 12 building used for religious purposes.
- 13 (6) Is in the form of an unsolicited Internet pop-up.
- 14 (7) Is on or in a private vehicle or on or in publicly
- 15 owned or operated property, including a public transit
- 16 vehicle, public transit shelter, bus stop, taxi stand,
- 17 transportation waiting area, train station, airport or
- 18 similar transit-related location.
- 19 (8) Makes medical claims or promotes the smoking or
- 20 consumption of cannabis or cannabis products for a medical or
- 21 wellness purpose.

22 (c) Marketing strategies.--The following apply:

23 (1) The board shall promulgate explicit regulations that

24 prohibit all marketing strategies and implementation of

25 marketing strategies, including, but not limited to,

26 marketing strategies involving the branding, packaging,

27 labeling, location of cannabis retailers and advertisements

28 which are designed to:

- 29 (i) appeal to minors and individuals under 21 years
- 30 of age; or

1 (ii) provide or otherwise disseminate false or
2 misleading information to cannabis customers.

3 (2) The regulations promulgated by the board shall
4 require that:

5 (i) All advertisement and marketing accurately and
6 legibly identify the licensed cannabis retailer and, if
7 applicable, any other business or entity responsible for
8 the content of the advertisement or marketing.

9 (ii) Any broadcast, cable, radio, print and digital
10 communication advertisements only be placed where the
11 audience is reasonably expected to be 21 years of age or
12 older, as determined by reliable, current audience
13 composition data.

14 (d) Permitted practices.--Notwithstanding any provision of
15 this act to the contrary, a cannabis entity licensee may:

16 (1) Develop a brand name for use in labeling, signage
17 and other materials, provided that the use of a medical
18 symbol or image of cannabis, cannabis products or related
19 paraphernalia which are appealing to individuals under 21
20 years of age and colloquial references to cannabis, cannabis
21 products or related paraphernalia is prohibited and shall not
22 be used in the brand name.

23 (2) Use the cannabis entity licensee's brand name for
24 sponsorship of a charitable, sporting or similar event, if
25 the following conditions, as determined by the board, are
26 satisfied:

27 (i) Sponsorship of the event is limited to the brand
28 name.

29 (ii) Any advertisement at or in connection with the
30 event shall be prohibited, unless the advertising is

1 targeted to entrants or participants reasonably expected
2 to be 21 years of age or older, as determined by
3 reliable, current audience composition data, and
4 reasonable safeguards have been employed to prohibit
5 advertising from targeting or otherwise reaching entrants
6 or participants reasonably expected to be under 21 years
7 of age, as determined by reliable, current audience
8 composition data.

9 (3) Engage in reasonable marketing, advertising and
10 branding practices which are not otherwise prohibited under
11 this act and which do not jeopardize the public health,
12 welfare or safety of the general public, promote the
13 diversion of cannabis or cannabis product use in individuals
14 under 21 years of age or otherwise promote practices
15 inconsistent with the purposes of this act. Marketing,
16 advertising or branding created for viewing by the general
17 public shall include the statement "PLEASE CONSUME
18 RESPONSIBLY" in bold font and in a conspicuous manner on the
19 face of the advertisement, and shall include at least two of
20 the following warnings in their entirety in bold font and in
21 a conspicuous manner on the face of the advertisement:

22 (i) "Cannabis causes impairment and may be habit
23 forming."

24 (ii) "Cannabis can impair concentration,
25 coordination and judgment. Do not operate a vehicle or
26 machinery under the influence of cannabis or a cannabis
27 product."

28 (iii) "There may be health risks associated with the
29 smoking of cannabis or the consumption of a cannabis
30 product."

1 (e) Definitions.--As used in this section, the following
2 words and phrases shall have the meanings given to them in this
3 subsection unless the context clearly indicates otherwise:

4 "Brand name." A name, alone or in conjunction with any other
5 word or phrase, trademark, logo, symbol, motto, recognizable
6 pattern of colors or any other identifiable marker associated
7 with a cannabis entity licensee.

8 "Brand name sponsorship." The payment by a cannabis entity
9 licensee in exchange for use of a brand name to:

10 (1) Sponsor a charitable, sporting, musical, artistic or
11 other social or cultural event.

12 (2) Identify, advertise or promote an event under
13 paragraph (1) or an entrant or participant of an event.

14 CHAPTER 9

15 ADMINISTRATION AND ENFORCEMENT

16 Section 901. Authority and duties of department and Department
17 of Agriculture.

18 (a) Authority of department.--The department shall:

19 (1) Administer and collect taxes imposed under this act
20 and interest imposed under section 806 of the act of April 9,
21 1929 (P.L.343, No.176), known as The Fiscal Code.

22 (2) Promulgate and enforce rules and regulations to
23 carry out the department's prescribed duties as provided
24 under this act, including the collection of taxes, penalties
25 and interest imposed by this act, and to prescribe the
26 extent, if any, to which any rules and regulations shall be
27 applied without retroactive effect.

28 (3) Prescribe the forms and the system of accounting and
29 recordkeeping to be employed by cannabis entity licensees,
30 permittees and other persons engaged in a regulated activity

1 under this act to carry out the department's duties under
2 this act.

3 (b) Powers and duties of department.--The following apply:

4 (1) The department, for the purpose of audit and
5 examination, shall at all times have the power of access to
6 all books, records, documents, materials, devices and
7 equipment, including, but not limited to, point-of-sale
8 systems, transaction scan devices, weights and measures and
9 computer software, hardware and associated electronic
10 equipment, and any other equipment or devices maintained and
11 used by a cannabis entity licensee, permittee or other person
12 authorized to engage in a regulated activity under this act
13 and related to all aspects of cannabis operations, which are
14 kept, maintained or otherwise used by a cannabis entity
15 licensee, permittee or other person authorized to engage in a
16 regulated activity under this act.

17 (2) Notwithstanding section 353(f) of the act of March
18 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971,
19 the department shall supply the board, the bureau, the
20 Pennsylvania State Police and the Office of Attorney General
21 with information concerning the status of delinquent taxes
22 owned by the applicant, licensee, permittee or other person
23 authorized to engage in a regulated activity under this act.

24 (c) Regulatory authority.--To promptly carry out the
25 department's powers and duties under this act, the department
26 may adopt and promulgate temporary regulations in the same
27 manner in which the board is authorized to adopt and promulgate
28 temporary regulations under section 307.

29 (d) Additional penalty.--A person that fails to timely remit
30 to the department or the State Treasurer amounts required under

1 this act shall be liable, in addition to any liability imposed
2 elsewhere under this act or which may be imposed under the Tax
3 Reform Code of 1971, for a penalty of 5% per month up to a
4 maximum of 25% of the amount ultimately found to be due and
5 payable, to be recovered by the department.

6 (e) Duties of Department of Agriculture.--The following
7 apply:

8 (1) In addition to other obligations of the Department
9 of Agriculture as provided under this act, the Department of
10 Agriculture shall collaborate with the board to develop
11 standards and best practices related to the following:

12 (i) The cultivation of cannabis as a value-added
13 agricultural crop.

14 (ii) Cultivation methods, including, but not limited
15 to, indoor and outdoor cultivation of cannabis, such as
16 hydroponic and aeroponic cultivation, and other methods
17 for growing and cultivating cannabis.

18 (iii) Production protocols, including pest
19 management and the use of insecticides, pesticides,
20 herbicides, fertilizers and other chemicals in crop
21 production.

22 (iv) Criteria which may be used to determine when
23 cannabis and cannabis products may be deemed adulterated
24 or misbranded. In developing criteria, the board and the
25 Department of Agriculture may base a determination on the
26 factors under 3 Pa.C.S. §§ 5728 (relating to adulteration
27 of food) and 5729 (relating to misbranding of food).

28 (v) Nutrient and waste management.

29 (vi) Ethical and environmentally friendly
30 agricultural practices related to the cultivation of

cannabis.

(vii) Other agricultural best practices used in agricultural operations related to crop production.

(2) The Department of Agriculture shall further advise and assist the board and the Office of Social and Economic Equity in developing criteria for identifying and certifying disadvantaged farmer-owned small businesses and other small businesses engaged in agricultural production for participation in this Commonwealth's regulated cannabis industry as social and economic equity applicants. In developing the criteria, the board and the Department of Agriculture may solicit advice and recommendations from the Center for Rural Pennsylvania and other stakeholders and Statewide organizations and associations concerned with farming and agricultural crop production in this Commonwealth.

Section 902. Liens and suits for taxes.

(a) Liens for taxes.--All unpaid taxes imposed under this act shall be subject to section 1401 of the act of April 9, 1929 (P.L.343, No.176), known as The Fiscal Code.

(b) Suits for taxes.--All taxes imposed under this act that are unpaid or delinquent shall be subject to section 243 of the act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971.

Section 903. No eminent domain authority.

Neither the Commonwealth nor a political subdivision of the Commonwealth shall have the right to acquire, with or without compensation, through the power of eminent domain any property, easement or land-use right for the siting or construction of a cannabis establishment.

1 Section 904. Cannabis establishment zoning and land-use
2 appeals.

3 In order to facilitate timely implementation of the
4 regulation of cannabis and cannabis products for personal use as
5 provided in this act, notwithstanding 42 Pa.C.S. § 933(a)(2)
6 (relating to appeals from government agencies), the Supreme
7 Court of Pennsylvania is vested with exclusive appellate
8 jurisdiction to consider appeals of a final order, determination
9 or decision of a political subdivision or local instrumentality
10 involving zoning, usage, layout, construction or occupancy,
11 including location, size, bulk and use of a cannabis entity
12 licensee's cannabis establishment. The court, as appropriate,
13 may appoint a master to hear an appeal under this section.

14 Section 905. Labor hiring preferences.

15 A cannabis entity licensee, permittee and other person
16 authorized to engage in a regulated activity under this act
17 shall prepare a hiring plan for employees of the respective
18 cannabis establishment or cannabis operation. The hiring plan
19 shall promote a diverse workforce, advance participation and
20 inclusion by people of color, service-disabled veterans,
21 veterans, economically disadvantaged farmers, individuals
22 residing in opportunity zones and individuals from within the
23 municipality or geographic region where the cannabis
24 establishment or cannabis operation is or will be located. The
25 hiring plan shall be approved by the board and shall be
26 consistent with the diversity, inclusion and social and economic
27 equity goals outlined in this act.

28 Section 906. Financial and employment interests.

29 (a) Financial interests.--Except as may be provided for the
30 judiciary by rule or order of the Pennsylvania Supreme Court, an

1 executive-level public employee, public official or party
2 officer, or an immediate family member of the employee, official
3 or officer, shall not intentionally or knowingly hold a
4 financial interest in an applicant, licensee, permittee or other
5 person authorized to engage in a regulated activity under this
6 act or in a holding company, affiliate, intermediary or
7 subsidiary while the individual is an executive-level public
8 employee, public official or party officer and for two years
9 following termination of the individual's status as an
10 executive-level public employee, public official or party
11 officer.

12 (b) Employment interests.--Except as may be provided by rule
13 or order of the Pennsylvania Supreme Court and except as
14 provided in section 302 or section 303, no executive-level
15 public employee, public official or party officer, or an
16 immediate family member of the employee, official or officer,
17 shall be employed by an applicant, licensee, permittee or other
18 person authorized to engage in a regulated activity under this
19 act or by a holding company, affiliate, intermediary or
20 subsidiary, while the individual is an executive-level public
21 employee, public official or party officer and for two years
22 following termination of the individual's status as an
23 executive-level public employee, public official or party
24 officer.

25 (c) Complimentary services.--The following apply:

26 (1) An executive-level public employee, public official
27 or party officer, or an immediate family member of the
28 employee, official or officer, may not solicit or accept a
29 complimentary service or thing of value or from an applicant
30 or a cannabis entity licensee, permittee or other person

1 authorized to engage in a regulated activity under this act
2 or from any affiliate, intermediary, subsidiary or holding
3 company, which the executive-level public employee, public
4 official or party officer, or an immediate family member of
5 the employee, official or officer, knows or has reason to
6 know is other than a service or discount which is offered to
7 members of the general public in like circumstances.

8 (2) An applicant, cannabis entity licensee, permittee or
9 other person engaged in a regulated activity under this act
10 or any affiliate, intermediary, subsidiary or holding
11 company, may not offer or deliver to an executive-level
12 public employee, public official or party officer, or an
13 immediate family member of the employee, official or officer,
14 a complimentary service or thing of value from an applicant,
15 cannabis entity licensee, permittee or other person engaged
16 in a regulated activity under this act or an affiliate,
17 intermediary, subsidiary or holding company, that the
18 applicant, cannabis entity licensee, permittee or other
19 person engaged in a regulated activity under this act, or any
20 affiliate, intermediary, subsidiary or holding company, knows
21 or has reason to know is other than a service or discount
22 that is offered to members of the general public in like
23 circumstances.

24 (3) As used in this subsection, "complimentary service"
25 shall mean a service, product or other item, including
26 lodging, which is provided to an individual at no cost or at
27 a reduced or discounted cost, which is not generally
28 available to the public under similar circumstances without
29 cost or at a reduced or discounted cost. Group rates,
30 including convention and government rates, shall be deemed to

1 be generally available to the public.

2 (d) Grading.--An individual who violates this section
3 commits a misdemeanor and shall, upon conviction, be sentenced
4 to pay a fine of not more than \$1,000 or to imprisonment for not
5 more than one year, or both.

6 (e) Divestiture.--The following apply:

7 (1) An executive-level public employee, public official
8 or party officer, or an immediate family member of the
9 employee, official or officer, who holds a financial interest
10 prohibited by this section shall divest the financial
11 interest within three months of the effective date of the
12 restrictions under subsection (a), as applicable. Thereafter,
13 an executive-level public employee, public official, party
14 officer or immediate family member shall have 30 days from
15 the date the individual knew or had reason to know of the
16 violation or 30 days from the date of publication in the
17 Pennsylvania Bulletin of the complete list of persons or
18 entities who applied for or held a license, permit or other
19 authorization to engage in a regulated activity under section
20 304(b) (24), whichever occurs earlier, to divest the financial
21 interest. The State Ethics Commission may, for good cause,
22 extend the time period under this subsection.

23 (f) State Ethics Commission.--The State Ethics Commission
24 shall do all of the following:

25 (1) Issue a written determination of whether a person is
26 subject to subsection (a), (b) or (c) upon the written
27 request of the person or any other person that may have
28 liability for an action taken with respect to the person. A
29 person that relies in good faith on a determination made by
30 the State Ethics Commission under this paragraph shall not be

1 subject to any penalty for an action taken, provided that all
2 material facts stated in the request for the determination
3 are correct.

4 (2) Publish a list of all State, county, municipal and
5 other government positions that meet the definitions of
6 "public official" and "executive-level public employee" as
7 defined under subsection (g). The Office of Administration
8 shall assist the State Ethics Commission in the development
9 of the list, which shall be transmitted to the Legislative
10 Reference Bureau for publication in the Pennsylvania Bulletin
11 biennially and posted by the board on the board's publicly
12 accessible Internet website. Upon request, each public
13 official shall have a duty to provide the State Ethics
14 Commission with adequate information to accurately develop
15 and maintain the list. The State Ethics Commission may impose
16 a civil penalty under 65 Pa.C.S. § 1109(f) (relating to
17 penalties) upon any individual, including any public official
18 or executive-level public employee, who fails to cooperate
19 with the State Ethics Commission under this subsection. A
20 person that relies in good faith on the list published by the
21 State Ethics Commission shall not be subject to any penalty
22 for a violation of this section.

23 (g) Definitions.--As used in this section, the following
24 words and phrases shall have the meanings given to them in this
25 subsection unless the context clearly indicates otherwise:

26 "Executive-level public employee." The term shall include
27 the following:

28 (1) Deputy secretaries of the Commonwealth and the
29 Governor's Office executive staff.

30 (2) An employee of the executive branch whose duties

1 substantially involve licensing or enforcement under this
2 act, who has discretionary power which may affect or
3 influence the outcome of a Commonwealth agency's action or
4 decision or who is involved in the development of regulations
5 or policies relating to a cannabis entity licensee, permittee
6 or other person engaged in a regulated activity under this
7 act. The term shall include an employee with law enforcement
8 authority.

9 (3) An employee of a county or municipality with
10 discretionary powers which may affect or influence the
11 outcome of the county's or municipality's action or decision
12 related to this act or who is involved in the development of
13 law, regulation or policy relating to matters regulated under
14 this act. The term shall include an employee with law
15 enforcement authority.

16 (4) An employee of a department, agency, board,
17 commission, authority or other governmental body not included
18 in paragraph (1), (2) or (3) with discretionary power which
19 may affect or influence the outcome of the governmental
20 body's action or decision related to this act or who is
21 involved in the development of regulation or policy relating
22 to matters regulated under this act. The term shall include
23 an employee with law enforcement authority.

24 "Financial interest." Owning or holding, or being deemed to
25 hold, debt or equity securities or other ownership interest or
26 profits interest in a cannabis entity licensee, permittee or
27 other person authorized to engage in a regulated activity under
28 this act. A financial interest shall not include any debt or
29 equity security or other ownership interest or profits interest
30 which is held or deemed to be held in any of the following:

1 (1) A blind trust over which the executive-level public
2 employee, public official or party officer or immediate
3 family member may not exercise any managerial control or
4 receive income from during the tenure of office and the
5 period under subsection (a). This paragraph shall apply only
6 to blind trusts established prior to the effective date of
7 this paragraph.

8 (2) Securities that are held in a pension plan, profit-
9 sharing plan, individual retirement account, tax-sheltered
10 annuity, a plan established under section 457 of the Internal
11 Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 1 et
12 seq.) or any successor provision deferred compensation plan,
13 whether qualified or not qualified under the Internal Revenue
14 Code of 1986 or any successor provision, or other retirement
15 plan that is:

16 (i) not self-directed by the individual; and

17 (ii) advised by an independent investment adviser
18 who has sole authority to make investment decisions with
19 respect to contributions made by the individual to the
20 plan.

21 (3) A tuition account plan organized and operated under
22 section 529 of the Internal Revenue Code of 1986 that is not
23 self-directed by the individual.

24 (4) A mutual fund where the interest owned by the mutual
25 fund in a licensed entity does not constitute a controlling
26 interest as defined in this act.

27 "Immediate family." A spouse, minor child or unemancipated
28 child.

29 "Party officer." A member of a national committee, a
30 chairperson, vice chairperson, secretary, treasurer or counsel

1 of a State committee or member of the executive committee of a
2 State committee, a county chairperson, vice chairperson,
3 counsel, secretary or treasurer of a county committee in which a
4 cannabis entity licensee's cannabis establishment is located or
5 a city chairperson, vice chairperson, counsel, secretary or
6 treasurer of a city committee of a city in which a cannabis
7 establishment is located.

8 "Public official." The term shall include the following:

9 (1) The Governor, Lieutenant Governor, a member of the
10 Governor's cabinet, Treasurer, Auditor General and Attorney
11 General of the Commonwealth.

12 (2) A member of the Senate or House of Representatives
13 of the Commonwealth.

14 (3) An individual elected or appointed to any office of
15 a municipality that directly receives a distribution of
16 revenue under this act.

17 (4) An individual elected or appointed to a department,
18 agency, board, commission, authority or other governmental
19 body not included in paragraph (1), (2) or (3) that directly
20 receives a distribution of revenue under this act.

21 (5) An individual elected or appointed to a department,
22 agency, board, commission, authority, county, municipality or
23 other governmental body not included in paragraph (1), (2) or
24 (3) with discretionary power which may influence or affect
25 the outcome of an action or decision and who is involved in
26 the development of regulation or policy relating to the
27 regulation of cannabis for personal use under this act or who
28 is involved in other matters under this act.

29 Section 907. Additional restrictions.

30 (a) Restrictions.--No employee of the department, the

1 Department of Agriculture, the Department of Health, the Office
2 of Attorney General or a member or employee of the Pennsylvania
3 State Police whose duties substantially involve licensing or
4 enforcement, the development of laws or the development or
5 adoption of regulations or policy related to the regulation of
6 cannabis for personal use under this act or who has other
7 discretionary authority which may affect or influence the
8 outcome of an action, proceeding or decision under this act
9 shall do any of the following:

10 (1) Accept employment with or be retained by an
11 applicant or cannabis entity licensee, permittee or other
12 person authorized to engage in a regulated activity under
13 this act or an affiliate, intermediary, subsidiary or holding
14 company for a period of two years after the termination of
15 employment.

16 (2) Appear before the board in a hearing or proceeding
17 or participate in any other activity on behalf of an
18 applicant or cannabis entity licensee, permittee or other
19 person authorized to engage in a regulated activity under
20 this act or an affiliate, intermediary, subsidiary or holding
21 company for a period of two years after termination of
22 employment. Nothing in this paragraph shall prevent a current
23 or former employee of the department, the Department of
24 Agriculture, the Department of Health, the Office of Attorney
25 General or a member or employee of the Pennsylvania State
26 Police from appearing before the board in a proceeding or
27 hearing as a witness or testifying as to any fact or
28 information.

29 (3) As a condition of employment, a potential employee
30 of the department, the Department of Agriculture, the

1 Department of Health, the Office of Attorney General and a
2 member or employee of the Pennsylvania State Police who would
3 be subject to this subsection shall sign an affidavit that
4 the individual will not accept employment with or be retained
5 by an applicant or cannabis entity licensee, permittee or
6 other person authorized to engage in a regulated activity
7 under this act or an affiliate, intermediary, subsidiary or
8 holding company for a period of two years after the
9 termination of employment.

10 (b) Employment or retention.--An applicant or cannabis
11 entity licensee, permittee or other person authorized to engage
12 in a regulated activity under this act or an affiliate,
13 intermediary, subsidiary or holding company shall not employ or
14 retain an individual subject to subsection (a) until the
15 expiration of the period required in subsection (a)(1). An
16 applicant or cannabis entity licensee, permittee or other person
17 authorized to engage in a regulated activity under this act or
18 an affiliate, intermediary, subsidiary or holding company that
19 knowingly employs or retains an individual in violation of this
20 subsection shall terminate the employment of the individual and
21 be subject to administrative sanction by the board.

22 (c) Violation.--If an individual subject to subsection (a)
23 refuses or otherwise fails to sign an affidavit as a condition
24 of employment under subsection (a)(3), the individual's
25 potential employer shall rescind the offer of employment.

26 (d) Code of conduct.--The following apply:

27 (1) The department, Department of Agriculture,
28 Department of Health, Office of Attorney General and
29 Pennsylvania State Police each shall adopt a comprehensive
30 code of conduct which shall supplement all other requirements

1 under this act and 65 Pa.C.S. Pt. II (relating to
2 accountability), as applicable, and shall provide guidelines
3 applicable to the following persons to enable them to avoid
4 any perceived or actual conflict of interest and to promote
5 public confidence in the integrity and impartiality related
6 to the regulation of cannabis for personal use:

7 (i) Employees and independent contractors of the
8 department, the Department of Agriculture and the
9 Department of Health.

10 (ii) Members, employees and independent contractors
11 of the Pennsylvania State Police and employees and
12 independent contractors of the Office of Attorney General
13 whose duties substantially involve licensing or
14 enforcement, the development of laws or the development
15 or adoption of regulations or policy related to the
16 regulation of cannabis for personal use under this act or
17 who have other discretionary authority which may affect
18 the outcome of an action, proceeding or decision under
19 this act.

20 (iii) The immediate families of employees and
21 independent contractors of the department, members,
22 employees and independent contractors of the Pennsylvania
23 State Police and employees and independent contractors of
24 the Department of Agriculture, the Department of Health
25 and the Office of Attorney General.

26 (2) At a minimum, the code of conduct adopted under this
27 section shall apply to the types of restrictions applicable
28 to members of the board under section 303(c), except that the
29 restrictions under section 303(c)(4) shall not apply to the
30 Attorney General.

1 (e) State Ethics Commission and agencies.--The following
2 apply:

3 (1) The State Ethics Commission shall do all of the
4 following:

5 (i) Issue a written determination of whether an
6 individual is subject to subsection (a) upon the written
7 request of the individual or the individual's employer or
8 potential employer.

9 (ii) Transmit to the board for posting on the
10 board's publicly accessible Internet website and to the
11 Legislative Reference Bureau for publication in the
12 Pennsylvania Bulletin and post the commission's publicly
13 accessible Internet website a list of all positions
14 within the department, the Department of Agriculture, the
15 Office of Attorney General and the Pennsylvania State
16 Police whose duties would subject the individual applying
17 for or holding the positions to subsection (a).

18 (2) The department, the Department of Agriculture, the
19 Department of Health, the Office of Attorney General and the
20 Pennsylvania State Police shall each assist the State Ethics
21 Commission in the development of the list under paragraph (1)
22 (ii). Upon request by the State Ethics Commission, members
23 and employees of the Pennsylvania State Police and employees
24 of the department, the Department of Agriculture, the
25 Department of Health and the Office of Attorney General shall
26 have a duty to provide the State Ethics Commission with
27 adequate information to accurately develop and maintain the
28 list. The State Ethics Commission may impose a civil penalty
29 under 65 Pa.C.S. § 1109(f) (relating to penalties) upon an
30 individual who fails to cooperate with the State Ethics

Commission under this paragraph.

(3) An individual who relies in good faith on a determination made by the State Ethics Commission under paragraph (1)(i) shall not be subject to any penalty for an action taken if all material facts stated in the request for the determination are correct.

(4) An individual who that relies in good faith on the list published under paragraph (1)(ii) shall not be subject to any penalty for a violation of subsection (a).

Section 908. Investigation and enforcement.

(a) Establishment.--The Bureau of Cannabis Investigations and Enforcement is established within the board as an independent bureau in prosecutorial matters related to enforcement of this act.

(b) Powers and duties of bureau.--The bureau shall have the following powers and duties:

(1) Enforce this act.

(2) Investigate and review all applicants and applications for a license, permit or other authorization to engage in a regulated activity under this act. The following apply:

(i) The bureau shall be prohibited from disclosing any portion of a background investigation report to a member or employee of the board or to any other person or Commonwealth agency prior to the submission of the bureau's complete and final background investigation report relating to the applicant's suitability to the board.

(ii) The Office of Enforcement Counsel, on behalf of the bureau, shall prepare the final background

1 investigation report for inclusion in the final report
2 relating to an applicant's suitability for a license,
3 permit or other authorization to engage in a regulated
4 activity under this act.

5 (3) Investigate an applicant, licensee, permittee and
6 other person applying for or granted authorization to engage
7 in a regulated activity under this act for noncriminal
8 violations of this act or regulations of the board, including
9 actual or suspected violations referred to the bureau by the
10 board or other persons.

11 (4) Monitor the operations of a cannabis entity
12 licensee, permittee and other person authorized to engage in
13 a regulated activity under this act to ensure:

14 (i) Compliance with this act and regulations of the
15 board and with other laws and regulations of this
16 Commonwealth.

17 (ii) The implementation of adequate security and
18 surveillance measures by a cannabis entity licensee,
19 permittee and other person engaged in a regulated
20 activity under this act.

21 (5) Conduct inspections of a cannabis establishment,
22 cannabis testing laboratory and any other building, facility
23 or establishment used or proposed to be used to engage in a
24 regulated activity under this act. Inspections may include
25 the review and reproduction of any books, documents or
26 records required to be maintained by a licensee, permittee
27 and other person authorized to engage in a regulated activity
28 under this act.

29 (6) Conduct a review of a cannabis entity licensee,
30 permittee or other person authorized to engage in a regulated

1 activity under this act as necessary to ensure compliance
2 with this act. A review may include an examination of
3 accounting, administrative and financial records, management
4 control systems, procedures and other records utilized by a
5 cannabis entity licensee, permittee or other person.

6 (7) Refer possible criminal violations to the
7 Pennsylvania State Police. The bureau shall not have the
8 power of arrest.

9 (8) Cooperate in the investigation and prosecution of
10 criminal violations related to this act.

11 (9) For the purpose of receiving criminal history record
12 information, be a criminal justice agency under 18 Pa.C.S.
13 Ch. 91 (relating to criminal history record information).

14 (c) Separation of functions.--The board shall promulgate and
15 adopt regulations necessary to ensure that the bureau operates
16 as a distinct entity and prevent commingling of the
17 investigatory and prosecutorial functions of the bureau and the
18 adjudicatory functions of the board. Regulations and procedures
19 promulgated or adopted under this section shall do all of the
20 following:

21 (1) Provide that neither the executive director nor the
22 chief counsel of the board shall direct or limit the scope of
23 a background investigation conducted by the bureau.

24 (2) Incorporate section 303(c) and any other applicable
25 provisions of section 303.

26 (d) Office of Enforcement Counsel.--The following apply:

27 (1) The Office of Enforcement Counsel is established
28 within the bureau to serve as the prosecutor in all
29 noncriminal enforcement actions initiated by the bureau under
30 this act. The Office of Enforcement Counsel shall:

(i) Advise the bureau on all matters related to:

(A) The approval of applications for a license, permit or other authorization to engage in a regulated activity under this act.

(B) The conduct of background investigations.

(C) The performance of audits and inspections of cannabis entity licensees, permittees and other persons authorized to engage in a regulated activity under this act.

(D) The investigation of potential violations of this act or regulations of the board.

(ii) On behalf of the bureau, file recommendations and objections relating to the issuance of licenses, permits and other authorizations issued by the board to engage in a regulated activity under this act.

(iii) Initiate, at its sole discretion, proceedings for noncriminal violations of this act by filing a complaint or other pleading with the board.

(2) The board shall appoint a person to serve as the director of the Office of Enforcement Counsel who shall be an attorney admitted to practice before the Pennsylvania Supreme Court. The director of the Office of Enforcement Counsel shall report to the executive director of the board.

(3) If it becomes necessary for the chief counsel or a member to become involved on behalf of the board in an enforcement proceeding, the chief counsel or the member shall be prohibited from participating in the adjudication of that matter and shall designate an appropriate employee or employees of the board to exercise adjudicatory functions.

(e) Powers and duties of Pennsylvania State Police.--The

1 Pennsylvania State Police shall have the following powers and
2 duties:

3 (1) To promptly conduct background investigations on
4 persons as requested by the board under section 304. If
5 determined necessary to facilitate the conduct of background
6 investigations, the Pennsylvania State Police may contract
7 with other law enforcement annuitants to assist in the
8 conduct of background investigations under this paragraph.

9 (2) Conduct background investigations of individuals
10 selected by the board to be employed in the following
11 positions and promptly submit the records of the background
12 investigations to the board:

13 (i) Executive director.

14 (ii) Chief counsel.

15 (iii) Director of the Office of Enforcement Counsel.

16 (iv) Director of the bureau.

17 (v) Director of the office.

18 (3) Initiate proceedings for criminal violations of this
19 act.

20 (4) Provide the board with information on the
21 particulars of all proceedings involving the enforcement of
22 criminal violations of this act.

23 (5) Enforce the criminal provisions of this act,
24 including, but not limited to, suspected criminal violations
25 within a cannabis establishment or a parking lot under the
26 control of a cannabis entity licensee, permittee or other
27 person authorized to engage in a regulated activity under
28 this act.

29 (6) Fingerprint an applicant for a license, permit or
30 other authorization or who is authorized to engage in a

1 regulated activity under this act.

2 (7) Exchange fingerprint data with and receive national
3 criminal history record information from the Federal Bureau
4 of Investigation for use in reviewing applications for a
5 license, permit or other authorization to engage in a
6 regulated activity under this act.

7 (8) Receive information and take appropriate action on a
8 referral from the bureau relating to actual or alleged
9 criminal conduct.

10 (9) Require the production of any information,
11 documents, records, material and other data from an
12 applicant, licensee, permittee or other person seeking
13 approval from the board to engage in a regulated activity
14 under this act.

15 (f) Initiation of criminal action.--The following apply:

16 (1) The district attorneys of the several counties shall
17 have authority to investigate and institute criminal
18 proceedings for a violation of this act.

19 (2) In addition to the authority conferred upon the
20 Attorney General under the act of October 15, 1980 (P.L.950,
21 No.164), known as the Commonwealth Attorneys Act, the
22 Attorney General shall have the authority to investigate and,
23 following consultation with the appropriate district
24 attorney, institute criminal proceedings for a violation of
25 this act. A person charged with a violation of this act by
26 the Attorney General shall not have standing to challenge the
27 authority of the Attorney General to investigate or prosecute
28 the case, and, if a challenge is made, the challenge shall be
29 dismissed and no relief shall be available in the courts of
30 this Commonwealth to the person making the challenge.

1 (3) Nothing in this section shall be construed to limit
2 the existing regulatory or investigative authority of a
3 Commonwealth agency whose functions relate to persons or
4 matters within the scope of this act.

5 (g) Inspection and seizure.--The following apply:

6 (1) The bureau, the department and the Department of
7 Agriculture, upon the request of the board, with or without
8 notice, may do all of the following:

9 (i) Enter, inspect and examine all cannabis
10 establishments' enclosed, locked facilities or areas and
11 other premises of a cannabis entity licensee where
12 cannabis and cannabis products are cultivated or grown,
13 processed, produced, tested, transported, distributed,
14 stored, sold or offered for sale and where records,
15 books, documents or other materials related to regulated
16 activities authorized under this act are prepared, kept
17 or maintained.

18 (ii) Inspect all devices, equipment, including
19 point-of-sale systems, transaction scan devices, weights
20 and measures, computers, including computer hardware and
21 software and associated electronic equipment, and other
22 equipment, devices, materials, and supplies, in, about,
23 upon or around the cannabis establishment or other
24 premises under subparagraph (i).

25 (iii) Seize and summarily remove and impound devices
26 and equipment, including point-of-sale systems,
27 transaction scan devices, weights and measures,
28 computers, including computer hardware and software and
29 associated electronic equipment and other equipment,
30 devices, materials and supplies, from cannabis

1 establishments and premises under subparagraph (i) for
2 the purpose of examination and inspection.

3 (iv) Inspect, examine and audit all books, records,
4 materials and documents pertaining to the regulated
5 activities authorized under this act which are maintained
6 by cannabis entity licensees, permittees and other
7 persons authorized to engage in a regulated activity
8 under this act.

9 (v) Seize, impound or assume physical control of any
10 book, record, material, document, supply, device and
11 equipment, including point-of-sale systems, transaction
12 scan devices, weights and measures, computers, including
13 computer hardware and software, and associated electronic
14 equipment, on the premises of a cannabis establishment or
15 other premises referred to in subparagraph (i).

16 (2) An enclosed, locked facility or area on the premises
17 of a cannabis establishment that is used for the cultivation,
18 processing, producing, storage, testing, distribution,
19 transportation, sale or offering for sale of cannabis or
20 cannabis products shall be subject to random inspections by
21 the board or the bureau or an employee or agent of the board
22 or the bureau.

23 (3) Nothing in this section shall be construed to give
24 the board or the bureau the right of inspection or access to
25 any location, including any building or other structure, on
26 the premises of a cannabis establishment that is not used or
27 intended to be used by the cannabis entity licensee,
28 permittee or other person to engage in a regulated activity
29 under this act.

30 (4) Paragraph (1) shall not be deemed to limit

1 warrantless inspections except in accordance with
2 constitutional requirements or the authority of the Attorney
3 General in matters related to the regulation of cannabis
4 under this act.

5 (5) To further effectuate the purposes of this act, the
6 bureau may obtain administrative warrants for the inspection
7 and seizure of property possessed, controlled, bailed or
8 otherwise held by a licensee, permittee or other person
9 authorized to engage in a regulated activity under this act
10 or an intermediary, subsidiary, affiliate or holding company.

11 (6) The board may request the assistance of the
12 Department of Health and the Department of Agriculture in
13 conducting inspections under this subsection.

14 (h) Information sharing and enforcement referral.--With
15 respect to the administration, supervision and enforcement of
16 this act, the bureau, the department, the Department of
17 Agriculture, the Office of Attorney General or the Pennsylvania
18 State Police may obtain or provide pertinent information
19 regarding applicants, licensees, permittees or other persons
20 engaged in or seeking authorization to engage in a regulated
21 activity under this act from or to law enforcement entities or
22 regulators of cannabis for adult use in other states or
23 jurisdictions, domestic or foreign, and may transmit information
24 received to, from and between each state or jurisdiction
25 electronically.

26 (i) Involvement in proceedings; disqualification.--In the
27 event that the chief counsel or a member of the board becomes
28 involved, on behalf of the board, in an enforcement proceeding,
29 the chief counsel or member, as the case may be, shall be
30 prohibited from participating in the adjudication of the matter.

1 The board shall designate an appropriate individual as necessary
2 to exercise adjudicatory functions.

3 (j) Agency agreements.--As provided under section 305(b)(27)
4 and to facilitate the purposes of this act, the board shall
5 collaborate with the Department of Agriculture, the Department
6 of Health, the Attorney General, the Pennsylvania State Police
7 and any other Commonwealth agency as determined necessary and
8 appropriate by the board to develop guidelines to govern the
9 content and scope of a memoranda of understanding or agreement
10 entered into between the board, the Department of Agriculture,
11 the Department of Health, the Attorney General, the Pennsylvania
12 State Police and any other Commonwealth agency. The guidelines
13 shall include policy statements, procedures or processes to
14 guide the role and jurisdiction of the board, the Department of
15 Agriculture, the Department of Health, the Attorney General, the
16 Pennsylvania State Police and any other Commonwealth agency over
17 an investigation, enforcement action, proceeding or any other
18 matter related to investigation and enforcement which may be
19 initiated under this act and may be subject to the regulatory
20 jurisdiction of one or more of the departments or Commonwealth
21 agencies specified under this section.

22 Section 909. Additional authority and Office of Enforcement
23 Counsel.

24 (a) General rule.--The director of the Office of Enforcement
25 Counsel may petition a court of record having jurisdiction over
26 information in the possession of an agency in this Commonwealth
27 or, if there is no court of record, petition the Commonwealth
28 Court for authorization to review or obtain information in the
29 possession of an agency in this Commonwealth by averring
30 specific facts demonstrating that the agency has in the agency's

1 possession information material to a pending investigation or
2 inquiry being conducted by the bureau under this act and that
3 disclosure or release is in the best interest of the
4 Commonwealth. The petition shall request that the court enter a
5 rule or order directing the agency to show cause why the agency
6 should not be required to disclose to the bureau, or identified
7 employees or agents of the bureau, information in the agency's
8 possession about any pending matter under the jurisdiction of
9 the bureau under this act. If a respondent is a local agency, a
10 copy of a rule or order issued under this section shall be
11 provided to the district attorney of the county in which the
12 local agency is located and the Office of Attorney General. Upon
13 request of a local agency, the district attorney or the Attorney
14 General may elect to enter an appearance to represent the local
15 agency in the proceedings.

16 (b) Procedure.--The filing of a petition under this section
17 and related proceedings shall be in accordance with court rule,
18 including issuance as of course. A party to the proceeding shall
19 not disclose the filing of a petition or answer or the receipt,
20 content or disposition of a rule or order issued under this
21 section without leave of court. A party to the proceedings may
22 request that the record be sealed and proceedings be closed. The
23 court shall grant the request if the court finds that granting
24 the request is in the best interest of a person or the
25 Commonwealth.

26 (c) Court determination.--The following apply:

27 (1) Following review of the record, the court shall
28 grant the relief sought by the director of the Office of
29 Enforcement Counsel, if the court determines that:

30 (i) The agency possesses information material to the

1 investigation or inquiry.

2 (ii) Disclosure or release of the information is in
3 the best interest of the Commonwealth or any person.

4 (iii) Disclosure or release of the information is
5 not otherwise prohibited by statute or regulation.

6 (iv) Disclosure or release of the information would
7 not inhibit the agency possessing the information from
8 the performance of the agency's duties.

9 (2) If the court determines as provided under paragraph
10 (1), the court shall enter an order authorizing and directing
11 the information be made available for review in camera.

12 (d) Release of materials or information.--If, after an in
13 camera review by the court, the director of the Office of
14 Enforcement Counsel seeks to obtain copies of materials in the
15 agency's possession, the court may, if not otherwise prohibited
16 by statute or regulation, enter a rule or order directing that
17 the requested materials be provided. An order authorizing the
18 release of materials or other information in the possession of
19 an agency shall contain directions regarding the safekeeping and
20 use of the materials or other information sufficient to satisfy
21 the court that the materials or information will be sufficiently
22 safeguarded. In making the determination, the court shall
23 consider the input of the agency in possession of the
24 information and any input from the applicable agency with which
25 the information originated concerning any pending investigation
26 or ongoing matter and the safety of persons and property.

27 (e) Modification of order.--If subsequent investigation or
28 inquiry by the bureau warrants modification of an order entered
29 under this section, the director of the Office of Enforcement
30 Counsel may petition the court of jurisdiction to request the

1 modification. Upon request, the court may modify the order at
2 any time and in any manner the court deems necessary and
3 appropriate. The agency named in the original petition shall be
4 given notice and an opportunity to be heard.

5 (f) Use of information or materials.--A person that, by any
6 means authorized by this section, obtained knowledge of
7 information or materials solely under this section may use the
8 information or materials in a manner consistent with directions
9 imposed by the court and appropriate to the proper performance
10 of the person's official duties under this act.

11 (g) Violation.--In addition to any remedies and penalties
12 provided in this act, a violation of this section may be
13 punishable as contempt of the court.

14 (h) Definitions.--As used in this section, the following
15 words and phrases shall have the meanings given to them in this
16 subsection unless the context clearly indicates otherwise:

17 "Agency." A local agency and a Commonwealth agency.

18 "Local agency." An intergovernmental authority, regional
19 authority, municipal authority, council, board, commission,
20 bureau, office or similar instrumentality or body of a
21 municipality.

22 Section 910. Prohibited acts and penalties.

23 (a) Criminal offenses.--The following apply:

24 (1) The provisions of 18 Pa.C.S. § 4902 (relating to
25 perjury), 4903 (relating to false swearing) or 4904 (relating
26 to unsworn falsification to authorities) shall apply to a
27 person providing information or making a statement, whether
28 written or oral, to the board, the bureau, the department,
29 the Pennsylvania State Police or the Office of Attorney
30 General as may be required under this act.

1 (2) It shall be unlawful for a person to willfully:

2 (i) fail to report, pay or truthfully account for
3 and pay over a license fee, permit fee, authorization
4 fee, tax or assessment imposed under this act or by
5 regulation of the board; or

6 (ii) attempt in any manner to evade or defeat a
7 license fee, authorization fee, permit fee, tax or
8 assessment or other fee imposed under this act or by
9 regulation of the board.

10 (3) It shall be unlawful for a cannabis entity licensee,
11 permittee or other person authorized to engage in a regulated
12 activity under this act to permit the cultivation,
13 processing, transporting, distribution, storing, testing,
14 sale or offering for sale of cannabis or cannabis products on
15 or from the premises of the cannabis entity's, permittee's or
16 other person's cannabis establishment or cannabis testing
17 laboratory by a person other than a person licensed,
18 permitted or otherwise authorized to engage in a regulated
19 activity under this act.

20 (4) It shall be unlawful for a person to engage in a
21 regulated activity authorized under this act without first
22 obtaining a license, permit or other authorization to engage
23 in a regulated activity under this act from the board.

24 (5) It shall be unlawful for a person who does not
25 possess a valid and then-effective cannabis retailer license
26 to sell or offer for sale cannabis or a cannabis product to
27 an individual under 21 years of age or to allow an individual
28 to enter the person's cannabis establishment without first
29 verifying the age and identity of the individual.

30 (6) It shall be unlawful for an individual under 21

1 years of age to purchase or attempt to purchase cannabis or a
2 cannabis product.

3 (7) Except as provided in this act, it shall be unlawful
4 for a cannabis entity licensee, permittee or other authorized
5 person to engage in a regulated activity under this act after
6 the person's license, permit or other authorization has
7 expired and prior to the actual renewal of the license.

8 (8) It shall be unlawful for a cannabis entity licensee
9 or other person to sell, offer for sale, represent or pass
10 off as lawful cannabis or a cannabis product which was not
11 cultivated, grown, processed or otherwise produced and tested
12 in this Commonwealth as provided under this act and
13 regulations of the board.

14 (9) It shall be unlawful for a person to divert or
15 attempt to divert cannabis or cannabis products, except for
16 research purposes, for any unlawful purpose.

17 (10) It shall be unlawful for an individual to work or
18 be employed by a cannabis entity licensee, permittee or other
19 person authorized to engage in a regulated activity under
20 this act in a position which would require the issuance of a
21 license, permit or other authorization under this act without
22 first obtaining the requisite license, permit or other
23 authorization.

24 (11) It shall be unlawful for a cannabis entity
25 licensee, permittee or other person authorized to engage in a
26 regulated activity under this act to employ or continue to
27 employ an individual in a position which requires a license,
28 permit or other authorization to engage in a regulated
29 activity under this act, if the individual:

30 (i) Does not hold a valid license, permit or other

1 authorization issued as provided under this act.

2 (ii) Is prohibited from accepting employment from a
3 cannabis entity licensee, permittee or other person
4 authorized to engage in a regulated activity under this
5 act.

6 (12) It shall be unlawful for an individual under 21
7 years of age to enter and remain in any area of a cannabis
8 establishment, except that an individual 18 years of age or
9 older may be employed by a cannabis entity licensee or a
10 cannabis testing laboratory and the board. An individual 18
11 years of age or older who is employed by a regulatory agency
12 of the Commonwealth that is subject to any provision of this
13 act or who is an emergency responder, as that term is defined
14 in 35 Pa.C.S. § 7332 (relating to definitions), may enter and
15 remain in a cannabis establishment while engaged in the
16 performance of the individual's employment duties or duties
17 as an emergency responder.

18 (13) It shall be unlawful:

19 (i) To knowingly cultivate, process, distribute,
20 deliver, hold, sell or offer for sale cannabis or a
21 cannabis product that is adulterated or misbranded.

22 (ii) To adulterate or misbrand cannabis or a
23 cannabis product.

24 (iii) To knowingly receive in commerce cannabis or a
25 cannabis product which is adulterated or misbranded or to
26 deliver or offer for delivery for pay or otherwise.

27 (iv) To sell, deliver for sale, hold or offer for
28 sale cannabis or a cannabis product that contains a
29 poisonous or deleterious substance.

30 (v) To refuse to permit during normal business

1 hours, or randomly as provided under section 802, entry
2 to a cannabis establishment or cannabis testing
3 laboratory for the purpose of inspection of or taking of
4 a sample of cannabis or a cannabis product or access to
5 or copying of books, record or other documents as
6 authorized under this act and regulations of the board.

7 (vi) To remove, dispose of or destroy cannabis or a
8 cannabis product in violation of this act.

9 (vii) To alternate, mutilate, destroy, obliterate or
10 remove, in whole or part, the labeling of cannabis or a
11 cannabis product or any other act with respect to
12 cannabis or a cannabis product, if the act is done while
13 the cannabis or cannabis product is held for sale and
14 results in the cannabis or cannabis product being
15 adulterated or misbranded.

16 (viii) To forge, counterfeit, simulate, falsely
17 represent or use without proper authority a label, tag or
18 identification device authorized or required by
19 regulation of the board under this act.

20 (ix) To use by a person to the person's own
21 advantage or reveal, other than to the board, the bureau
22 or the courts when relevant in a judicial proceeding
23 under this act, any information acquired under authority
24 of this act concerning a method, process or technology
25 which is confidential and entitled to protection.

26 (x) To cultivate, process, store, transport,
27 deliver, sell or offer for sale cannabis or cannabis
28 products in a manner which is unsafe and poses a
29 potential hazard to human health in violation of this act
30 or regulations promulgated by the board under this act.

1 (xi) To use words or phrases on a label, tag or
2 other identification marker affixed to a package
3 containing cannabis or a cannabis product that
4 incorrectly indicate or imply that the cannabis or
5 cannabis product contained in the package has received
6 the approval or the endorsement of the board, the
7 Commonwealth or an agency of the Commonwealth. A cannabis
8 entity licensee may not use a label, tag or other
9 identification marker on a label or package or otherwise
10 to indicate that the cannabis or cannabis product
11 contained in the package has been approved or endorsed by
12 the board, the Commonwealth or an agency of the
13 Commonwealth. Nothing in this subparagraph shall prohibit
14 a cannabis entity licensee from incorporating the phrase
15 "Cultivated in the Commonwealth of Pennsylvania," "Made
16 in Pennsylvania," "Cultivated in the Commonwealth of PA"
17 or a similar phrase on a label or package to indicate
18 that the cultivation, processing or production of the
19 cannabis or cannabis product occurred in this
20 Commonwealth.

21 (xii) For a cannabis transporter licensee, to fail
22 to make and maintain records showing the movement in
23 commerce of cannabis or cannabis products as required
24 under this act and regulations of the board.

25 (b) Criminal penalties and fines.--The following apply:

26 (1) A person that commits a first offense in violation
27 of 18 Pa.C.S. § 4902, 4903 or 4904 in connection with
28 providing information or making a statement, whether written
29 or oral, to the board, the bureau, the department, the
30 Pennsylvania State Police, the Office of Attorney General or

1 a district attorney as required by this act commits an
2 offense to be graded in accordance with the applicable
3 section violated. A person that is convicted of a second or
4 subsequent violation of 18 Pa.C.S. § 4902, 4903 or 4904 in
5 connection with providing information or making a statement,
6 whether written or oral, to the board, the bureau, the
7 department, the Pennsylvania State Police, the Office of
8 Attorney General or a district attorney as required by this
9 act commits a felony of the second degree.

10 (2) A person that violates subsection (a)(2), (3), (4),
11 (6), (7), (9) or (10) commits a misdemeanor of the third
12 degree. A person that is convicted of a second or subsequent
13 violation of subsection (a)(2), (3), (4), (6), (7), (9) or
14 (10) commits a misdemeanor of the second degree. The
15 following apply:

16 (i) For a first violation of subsection (a)(2), (3),
17 (4), (6), (7), (9) or (10), a person shall, upon
18 conviction, be sentenced to pay a fine of:

19 (A) not more than \$10,000, if the person is an
20 individual;

21 (B) not less than \$100,000 nor more than
22 \$300,000 if the person is a cannabis entity licensee;
23 or

24 (C) not less than \$25,000 nor more than \$75,000
25 if the person is a cannabis testing laboratory or a
26 person, who is not an individual, authorized to
27 engage in a regulated activity under this act.

28 (ii) For a second or subsequent violation of
29 subsection (a)(2), (3), (4), (6), (7), (9) or (10), a
30 person shall, upon conviction, be sentenced to pay a fine

1 of:

2 (A) not more than \$15,000 if the person is an
3 individual;

4 (B) not less than \$500,000 nor more than
5 \$750,000 if the person is a cannabis entity licensee;
6 or

7 (C) not less than \$100,000 nor more than
8 \$200,000 if the person is a cannabis testing
9 laboratory or a person, who is not an individual,
10 authorized to engage in a regulated activity under
11 this act.

12 (3) A person that violates subsection (a)(5), (8) or
13 (11) commits a misdemeanor offense and shall, upon
14 conviction, be sentenced to pay a fine of not less than
15 \$1,000 nor more than \$5,000. A person that is convicted of a
16 second or subsequent violation of subsection (a)(5), (8) or
17 (11) commits a misdemeanor of the second degree and shall,
18 upon conviction, be sentenced to pay a fine of not less than
19 \$5,000 nor more than \$7,500.

20 (4) A cannabis entity licensee or other person
21 authorized to engage in a regulated activity under this act
22 that commits a first violation of subsection (a)(12) commits
23 a misdemeanor and, upon conviction, shall be sentenced to pay
24 a fine of not less than \$10,000. A second or subsequent
25 violation of subsection (a)(12) constitutes a misdemeanor of
26 the second degree and, upon conviction, the person shall be
27 sentenced to pay a fine of not less than \$15,000 nor more
28 than \$20,000.

29 (c) Civil penalties.--In addition to proceeding under any
30 other remedy available at law or in equity for a violation of

1 this act or a rule or regulation adopted or any order issued by
2 the board under this act, the board may assess a civil penalty
3 not to exceed \$50,000 upon a cannabis entity licensee, permittee
4 or other person authorized to engage in a regulated activity
5 under this act for each offense. The following apply:

6 (1) No civil penalty shall be assessed unless the person
7 charged has been given notice and an opportunity for a
8 hearing.

9 (2) In determining the amount of the penalty, the board
10 shall consider the gravity of the violation.

11 (3) If the board finds a violation which did not cause
12 harm to human health or public safety, the board may issue a
13 warning in lieu of assessing a penalty.

14 (4) In case of inability to collect the civil penalty or
15 failure of a person to pay all or any portion of the penalty
16 as the board may determine, the board may refer the matter to
17 the Attorney General, who shall recover the amount by action
18 in the appropriate court.

19 Section 911. Administrative sanctions.

20 (a) Authority to impose administrative sanctions.--The
21 following apply:

22 (1) In addition to any other penalty authorized by law
23 or under this act, the board may impose without limitation
24 the following sanctions upon a licensee, permittee or other
25 person authorized to engage in a regulated activity under
26 this act:

27 (i) Suspend, revoke or refuse to renew the license,
28 permit or other authorization to engage in a regulated
29 activity under this act of a person convicted of a
30 criminal offense under this act or other law which would

1 otherwise disqualify the person from holding the license,
2 permit or other authorization.

3 (ii) Revoke the license, permit or other
4 authorization to engage in a regulated activity under
5 this act of a person determined to have violated this act
6 or regulations promulgated by the board under this act
7 which would otherwise disqualify the person from holding
8 the license, permit or other authorization.

9 (iii) Revoke the license, permit or other
10 authorization to engage in a regulated activity under
11 this act of a person for willfully and knowingly
12 violating or attempting to violate an order of the board
13 directed to the person.

14 (iv) Suspend the license, permit or other
15 authorization of a person pending the outcome of a
16 hearing in a case in which the revocation of a license,
17 permit or authorization to engage in a regulated activity
18 under this act could result.

19 (v) Suspend the license of a cannabis entity
20 licensee for violating or attempting to violate this act
21 or regulations promulgated under this act relating to the
22 operation of the cannabis entity licensee's cannabis
23 establishment.

24 (vi) Order restitution of money or property
25 unlawfully obtained or retained by a licensee, permittee
26 or other person authorized to engage in a regulated
27 activity under this act.

28 (vii) Enter a cease and desist order that specifies
29 the conduct that must be discontinued, altered or
30 implemented by the licensee, permittee or other person

1 authorized to engage in a regulated activity under this
2 act.

3 (viii) Issue a letter of reprimand or censure, which
4 shall be made a permanent part of the file of the
5 licensee, permittee or other person sanctioned.

6 (ix) Assess administrative fines for a violation of
7 this act or a regulation promulgated under this act,
8 which shall not exceed:

9 (A) Fifty thousand dollars for each violation of
10 this act or a regulation promulgated by the board
11 under this act by a cannabis cultivator licensee or
12 cannabis processor licensee or an employee or agent
13 of the cannabis cultivator licensee or cannabis
14 processor licensee.

15 (B) Twenty thousand dollars for each violation
16 of this act or a regulation promulgated by the board
17 under this act by a cannabis retailer licensee or an
18 employee or agent of a cannabis retailer licensee.

19 (C) Fifteen thousand dollars for each violation
20 of this act or a regulation promulgated by the board
21 under this act by a cannabis transporter licensee or
22 an employee or agent of a cannabis transporter
23 licensee.

24 (D) Ten thousand dollars for each violation of
25 this act or a regulation promulgated by the board
26 under this act by a person that holds a permit to
27 operate a cannabis testing laboratory or by an
28 employee or agent of the person.

29 (E) Ten thousand dollars for each violation of
30 this act or a regulation promulgated by the board

1 under this act by a person authorized by the board to
2 engage in a regulated activity under this act.

3 (2) If the board suspends, revokes or refuses to renew a
4 license, permit or other authorization to engage in a
5 regulated activity under this act or assesses a fine or civil
6 penalty, orders restitution, enters a cease and desist order
7 or issues a letter of reprimand or censure, the board shall
8 provide the licensee, permittee or other person with written
9 notification of the decision, including a statement of the
10 reasons for the decision, by certified mail within five
11 business days of the decision of the board. The licensee,
12 permittee or other person shall have the right to appeal the
13 decision under 2 Pa.C.S. Chs. 5 Subch. A (relating to
14 practice and procedure of Commonwealth agencies) and 7 Subch.
15 A (relating to judicial review of Commonwealth agency
16 action).

17 (3) In addition to a fine imposed under paragraph (1)
18 (ix) or any other fine or penalty that the board may impose
19 under this act or regulations promulgated under this act, if
20 a person violates section 910(a)(2), the board shall impose
21 an administrative penalty of three times the amount of the
22 license fee, permit fee, authorization fee, tax or any other
23 assessment which is evaded and not paid, collected or paid
24 over. This subsection shall be subject to 2 Pa.C.S. Chs. 5
25 Subch. A and 7 Subch. A.

26 (b) Aiding and abetting.--A person that aids, abets,
27 counsels, commands, induces, procures or causes another person
28 to violate this act shall be subject to all sanctions and
29 penalties, both civil and criminal, provided under this act.

30 (c) Continuing offenses.--A violation of this act that is

1 determined to be an offense of a continuing nature shall be
2 deemed to be a separate offense on each event or day during
3 which the violation occurs. Nothing in this section shall be
4 construed to preclude the commission of multiple violations of
5 this act in any one day that establish offenses consisting of
6 separate and distinct acts or violations of this act or
7 regulations promulgated under this act.

8 (d) Property subject to seizure, confiscation, destruction
9 or forfeiture.--Any equipment, device or apparatus, including a
10 point-of-sale system, transaction scan device, weight or
11 measure, computer, including computer hardware, software and
12 associated equipment, supplies, material, cannabis proceeds or
13 substituted proceeds, money or real or personal property used,
14 obtained or received or any attempt to use, obtain or receive
15 any equipment, device or apparatus, supplies, material, cannabis
16 proceeds or substituted proceeds, money or real or personal
17 property in violation of this act shall be subject to 42 Pa.C.S.
18 §§ 5803 (relating to asset forfeiture), 5805 (relating to
19 forfeiture procedure), 5806 (relating to motion for return of
20 property), 5807 (relating to restrictions on use), 5807.1
21 (relating to prohibition on adoptive seizures) and 5808
22 (relating to exceptions).

23 (e) Sanctions.--The following apply:

24 (1) In considering appropriate administrative sanctions
25 against a person for a violation of this act, the board shall
26 consider all of the following:

27 (i) The risk to the public and to the integrity of
28 this Commonwealth's commercial cannabis industry created
29 by the conduct of the person.

30 (ii) The seriousness of the conduct of the person

1 and whether the conduct was purposeful and with knowledge
2 that the conduct was in contravention of this act or
3 regulations promulgated by the board under this act.

4 (iii) Any justification or excuse for the conduct by
5 the person.

6 (iv) The prior history of the particular licensee,
7 permittee or other person authorized to engage in a
8 regulated activity under this act involved with respect
9 to the regulated activity, which resulted in the
10 sanction.

11 (v) The corrective action taken by the cannabis
12 entity licensee, permittee or other person authorized to
13 engage in a regulated activity under this act to prevent
14 future misconduct of the same or a similar nature from
15 reoccurring.

16 (vi) In the case of a monetary penalty, the amount
17 of the penalty in relation to the severity of the
18 misconduct and the financial means of the licensee,
19 permittee or other person authorized to engage in a
20 regulated activity to pay the penalty. The board may
21 impose a schedule or terms of payment of the penalty as
22 the board may deem appropriate.

23 (2) It shall not be a defense to disciplinary action
24 before the board that a person inadvertently, unintentionally
25 or unknowingly violated this act. The factors under paragraph
26 (1) shall only extend to the degree of the penalty to be
27 imposed by the board and not to a finding of a violation.

28 (f) Regulations.--The board shall promulgate regulations to
29 effectuate the purposes of this section.

30 Section 912. General immunities and presumptions.

1 (a) General rule.--Notwithstanding any other provision of
2 law or regulation to the contrary and except as provided in this
3 act or regulation of the board adopted and promulgated under
4 this act, in matters related to the regulation of cannabis under
5 this act, the following apply:

6 (1) A cannabis entity licensee, permittee or other
7 person authorized to engage in a regulated activity under
8 this act shall not be subject to any of the following for
9 engaging in a regulated activity under this act and any rules
10 or regulations promulgated under this act related to the
11 acquisition, possessing, cultivation, processing,
12 distribution, storage, delivery, testing, transfer,
13 transport, supply, sale or offering for sale of cannabis,
14 cannabis products or cannabis paraphernalia:

15 (i) Prosecution.

16 (ii) Search, seizure or inspection, except by the
17 board, the Department of Agriculture, the Department of
18 Health, the Pennsylvania State Police or local law
19 enforcement as provided under this act.

20 (iii) Penalty in any manner, including, but not
21 limited to, civil penalty.

22 (iv) Denial of any right or privilege.

23 (v) Except as provided in section 911,
24 administrative sanction or disciplinary action by a
25 licensing board of the Commonwealth or any other
26 Commonwealth agency.

27 (2) An agent, employee or other person employed or
28 contracted by a cannabis entity licensee shall not be subject
29 to any of the following for working for or contracting with a
30 cannabis retailer licensee as provided under this act and any

1 rules or regulations promulgated by the board under this act:

2 (i) Prosecution.

3 (ii) Search.

4 (iii) Except as provided in this act, a penalty in
5 any manner, including, but not limited to, civil penalty.

6 (iv) Denial or any right or privilege.

7 (v) Disciplinary action by a licensing board of the
8 Commonwealth or any other Commonwealth agency.

9 (b) Seizures and forfeitures and personal use.--

10 Notwithstanding any other provision of law or regulation, any
11 cannabis, cannabis product, cannabis paraphernalia, legal
12 property or interest in legal property that is owned, leased,
13 possessed or otherwise utilized in connection with the use of
14 cannabis or a cannabis product as authorized under this act, or
15 acts incidental to that utilization or use, may not be seized or
16 forfeited. Nothing in this subsection shall be construed to
17 prevent the seizure or forfeiture of cannabis or a cannabis
18 product exceeding the amounts authorized under this act or to
19 prevent seizure or forfeiture if the basis for the seizure or
20 forfeiture is unrelated to the cannabis or cannabis product that
21 is possessed, transferred, transported or used as provided under
22 this act.

23 (c) Searches and probable cause.--Nothing in this act shall
24 preclude the Pennsylvania State Police or a local law
25 enforcement agency from searching a cannabis establishment
26 operated by a cannabis entity licensee, if there is probable
27 cause to believe that the criminal laws of this Commonwealth
28 have been violated and the search is conducted in conformity
29 with the Constitution of the United States, the Constitution of
30 Pennsylvania and other applicable law or regulation.

(d) Authority of other State agencies.--Nothing in this act shall preclude the bureau, the department, the Department of Agriculture, the Department of Health, the Attorney General or any other authorized Commonwealth agency from investigating or bringing a civil action against a cannabis entity, licensee, permittee or other person authorized to engage in a regulated activity under this act or an agent or employee of the entity, licensee, permittee or other person, for a violation of a law of this Commonwealth, including, but not limited to, civil rights violations, tax evasion or tax fraud and violations of environmental laws or regulations and consumer protection laws.

Section 913. Adoption of State standards and requirements.

(a) Minimum standards.--The standards, requirements and rules and regulations related to agricultural products and crop production, health and safety, environmental protection, testing, security, food safety and worker protections promulgated under the laws of this Commonwealth as they relate to the regulation of cannabis and cannabis products shall be the Statewide minimum standards for all cannabis entity licensees, permittees and other persons authorized to engage in a regulated activity under this act, where applicable.

(b) Sanctions and disciplinary actions.--In addition to any other violations of this act, the willful or knowing violation of any law of this Commonwealth or local law, ordinance or rule conferring worker protections or legal rights on employees of a cannabis entity licensee, permittee or other person authorized to engage in a regulated activity under this act may be grounds for sanction or disciplinary action under this act.

CHAPTER 10

FEEES AND TAXES

1 Section 1001. Cannabis cultivator and processor privilege tax.

2 (a) Imposition of tax.--The following apply:

3 (1) Beginning on a date occurring after the commencement
4 of the cultivation and processing of cannabis and cannabis
5 products in this Commonwealth, as determined by the board in
6 consultation with the department, or January 1, 2022,
7 whichever is earlier, a tax is imposed upon the privilege of
8 cultivating cannabis and processing cannabis products in this
9 Commonwealth at the rate of 7% of the gross receipts from the
10 first sale of cannabis by a cannabis cultivator and the first
11 sale of cannabis products by a cannabis processor.

12 (2) The sale of cannabis or a cannabis product by a
13 cannabis cultivator or cannabis processor that contains any
14 amount of cannabis or a derivative of cannabis shall be
15 subject to the tax imposed under this subsection on the full
16 selling purchase price of the cannabis.

17 (3) The department may determine the selling price of
18 the cannabis when the seller and purchaser are affiliated
19 persons or when the sale and purchase of the cannabis or
20 cannabis product is not an arm's length transaction.

21 (4) The value of the cannabis or cannabis product, as
22 determined by the department, shall be commensurate with the
23 actual price received for cannabis or a cannabis product of
24 like quality, character and use in the area. If there are no
25 previous sales of the cannabis or cannabis products of like
26 quality, character and use in the same area, the department
27 shall establish a reasonable value based on sales of cannabis
28 or cannabis products of like quality, character and use in
29 other areas of this Commonwealth or in other states or
30 jurisdictions, taking into consideration any other relevant

factors that may affect value.

(b) Responsibility of imposition.--The tax imposed under this section shall be the sole responsibility of the cannabis cultivator licensee and the cannabis processor licensee and shall not be the responsibility of a subsequent purchaser, including a cannabis processor licensee, cannabis retailer licensee, cannabis microbusiness licensee or cannabis transporter licensee. Nothing in this section shall preclude a cannabis cultivator licensee or cannabis processor licensee from imposing a surcharge on the sale of cannabis or a cannabis product to a purchaser. The surcharge shall be separately listed as an additional charge on the invoice and receipt or other form given to the purchaser confirming the details of the sales transaction.

(c) Additional taxing obligations.--The tax imposed under this section shall be in addition to any other occupation, privilege or excise tax imposed by the Commonwealth or a municipality.

(d) Rights and privileges.--In the administration of and compliance with this section, the department and a person subject to this section shall:

(1) have the same rights, remedies, privileges, immunities, powers and duties;

(2) be subject to the same conditions, restrictions, limitations, penalties and definitions of terms; and

(3) employ and be subject to the same modes of Article XI of the act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971, as if those provisions were specified in this section.

(e) Other taxes imposed.--The tax imposed under this section

1 shall be in addition to any other tax imposed under this
2 chapter.

3 (f) Deposit of proceeds.--All money collected by the
4 department from the tax imposed under subsection (a) shall be
5 deposited into the Cannabis Revenue Fund.

6 Section 1002. Cannabis excise tax.

7 (a) Imposition of tax.--Beginning on the date on which the
8 retail sale of cannabis and cannabis products for personal use
9 commences in this Commonwealth, an excise tax is imposed and
10 assessed upon the sale or possession of cannabis and cannabis
11 products within this Commonwealth at the rate of 13¢ of the
12 purchase price of each retail sale of cannabis and cannabis
13 products. The tax imposed under this section shall:

14 (1) Be separate and in addition to the tax imposed under
15 section 202 of the act of March 4, 1971 (P.L.6, No.2), known
16 as the Tax Reform Code of 1971, which applies to the retail
17 sales of tangible personal property.

18 (2) Not be part of the total retail price of cannabis or
19 a cannabis product to which the sales and use tax or any
20 local sales and use tax generally apply. The tax must be
21 itemized separately on the sales receipt provided to the
22 cannabis consumer.

23 (3) Be reflected in the retail price list or quoted
24 shelf price in the cannabis retailer's cannabis establishment
25 and in advertising that includes prices for cannabis and
26 cannabis products.

27 (b) Subject of tax.--The purchase of cannabis or a cannabis
28 product that contains any amount of cannabis or any derivative
29 of cannabis is subject to the tax under subsection (a) on the
30 full purchase price of the cannabis or cannabis product. The tax

1 imposed under subsection (a) may not be imposed on a purchase of
2 cannabis or a cannabis product which:

3 (1) Is medical marijuana and subject to taxation under
4 the Medical Marijuana Act.

5 (2) Is a transaction in interstate commerce, to the
6 extent the transaction may not, under Federal and State law,
7 be made the subject of taxation by this Commonwealth.

8 (c) Imposition and benefit of municipalities.--In addition
9 to the tax imposed under subsection (a), there is imposed a tax
10 on the sale or transfer of cannabis and cannabis products by a
11 cannabis cultivator licensee, cannabis processor licensee or
12 other person authorized to engaged in a regulated activity under
13 this act to a cannabis retailer licensee at the rate of 1% of
14 the amount charged by the cannabis cultivator licensee, cannabis
15 processor licensee or other person for the cannabis and cannabis
16 products, which shall accrue at the point-of-sale or at the time
17 of transfer. The tax imposed under this subsection shall be held
18 in trust for and on account of a city having a population of
19 1,000,000 or more, or a county, other than a county wholly
20 within the city, in which the cannabis retailer licensee's
21 cannabis establishment is located.

22 (d) Imposition and other municipalities.--In addition to the
23 taxes imposed under subsections (a) and (c), there is imposed a
24 tax on the sale or transfer of cannabis and cannabis products by
25 a cannabis cultivator licensee, cannabis processor licensee or
26 other person authorized to engaged in a regulated activity under
27 this act to a cannabis retailer licensee at the rate of 3% of
28 the amount charged by the cannabis cultivator licensee, cannabis
29 processor licensee or other person for the cannabis or cannabis
30 products, which shall accrue at the point-of-sale or at the time

1 of sale or transfer. The tax imposed under this subsection shall
2 be held in trust for and on account of a city with a population
3 of less than 1,000,000, or a town, township or incorporated town
4 in which the cannabis retailer licensee's cannabis establishment
5 is located.

6 (e) Bundling of taxable and nontaxable items, prohibition
7 and taxation.--If a cannabis retailer licensee sells cannabis,
8 cannabis concentrate or cannabis products in combination or
9 bundled with items that are not subject to tax under this
10 chapter for one price in violation of section 614(b)(12)(xvii),
11 the tax imposed under this section shall be imposed on the
12 purchase price of the entire bundled product by the cannabis
13 retailer licensee.

14 (f) Collection of tax.--The following apply:

15 (1) The tax imposed under subsection (a) shall be
16 collected from the cannabis consumer by the cannabis retailer
17 licensee at the point-of-sale or transfer at the rate imposed
18 under subsection (a), with respect to cannabis or cannabis
19 products sold by the cannabis retailer to the cannabis
20 consumer, and shall be held in trust for and on account of
21 the Commonwealth and be remitted to the department in
22 accordance with the requirements for remitting sales tax
23 under the Tax Reform Code of 1971.

24 (2) The sale of cannabis or a cannabis product to a
25 purchaser or cannabis consumer who is not a holder of a valid
26 identification card issued under the Medical Marijuana Act is
27 presumed subject to the tax imposed under this section.

28 (3) Cannabis retailers shall collect the tax from
29 purchasers or cannabis consumers by adding the tax to the
30 amount of the purchase price received from the purchaser or

1 cannabis consumer for selling cannabis or a cannabis product
2 to the purchaser or cannabis consumer. The tax, when
3 collected, shall be stated on the invoice, receipt or other
4 form given to the purchaser or cannabis consumer as a
5 distinct item that is separate and apart from the purchase
6 price of the cannabis or cannabis product subject to the
7 transaction.

8 (g) Other taxes imposed.--The tax imposed under this section
9 shall be in addition to all other occupation, privilege or
10 excise taxes imposed under this act or other taxes imposed by
11 the Commonwealth or a political subdivision of the Commonwealth.

12 (h) Burden of proof and liability.--The following apply:

13 (1) Except for medical marijuana, it shall be presumed
14 that all cannabis and cannabis products within this
15 Commonwealth are subject to taxation under this act. The
16 burden of proof that the tax imposed under subsections (a),
17 (c) and (d) have been paid shall be on the person holding the
18 applicable cannabis entity license under this act.

19 (2) Every person holding a cannabis entity license under
20 this act who possesses cannabis and cannabis products upon
21 which the taxes imposed under this section have not been paid
22 shall be liable for the payment of the taxes. The failure of
23 the person to produce to the department or an authorized
24 representative of the department upon demand an invoice for
25 cannabis or cannabis products in the person's possession
26 shall be presumptive evidence that the tax has not been paid
27 and that the person shall be liable for the payment of tax,
28 unless evidence of the invoice or payment is produced within
29 30 days of receipt of notice from the department or a
30 representative of the department demanding evidence of the

1 invoice or payment. The notice may be made electronically or
2 in any other manner as determined by the department.

3 (i) Administration and procedures.--The taxes imposed under
4 this section shall be administered in the manner provided under
5 Article II of the Tax Reform Code of 1971.

6 (j) Deposit of proceeds.--All money received from the tax
7 imposed under subsection (a) shall be deposited into the
8 Cannabis Revenue Fund.

9 (k) Information required by department.--A cannabis entity
10 licensee subject to the tax imposed under this section shall
11 provide the department with all documents, materials, books and
12 records and any other information required by the department
13 under Chapter VIII of Part VI of Article II of the Tax Reform
14 Code of 1971.

15 Section 1003. Registration required.

16 (a) Registration with department.--The following apply:

17 (1) Prior to the commencement of cannabis operations in
18 this Commonwealth, every holder of a valid cannabis entity
19 license under this act, including every person licensed as a
20 cannabis microbusiness or authorized to engage in a regulated
21 activity under this act, shall file an application for
22 registration with the department. An application for
23 registration and an application to renew a registration under
24 this section shall:

25 (i) Be filed electronically on a form prescribed by
26 the department.

27 (ii) Be accompanied by a nonrefundable application
28 fee of \$300.

29 (2) A certificate of registration shall not be
30 assignable or transferable and shall be destroyed immediately

1 upon the certificate holder leaving the position or
2 employment or becoming disqualified to hold the license,
3 permit or other authorization to engage in a regulated
4 activity under this act.

5 (b) Refusal to issue or revocation of certificate.--The
6 department may refuse to issue a certificate of registration to
7 an applicant and shall revoke the certificate of registration of
8 a person who does not possess a valid cannabis entity license,
9 permit or other authorization to engage in a regulated activity
10 under this act issued by the board. The department may refuse to
11 issue a certificate of registration to an applicant that:

12 (1) Is delinquent or has a past-due liability in the
13 payment of any tax owed to the Commonwealth.

14 (2) Has had a certificate of registration or a cannabis
15 entity license revoked within one year from the date on which
16 an application for a certificate of registration was filed
17 with the department.

18 (3) Has had a certificate of registration or a cannabis
19 entity license suspended where the suspension is in effect on
20 the date the application for a certificate of registration is
21 filed or ended less than one year from that date.

22 (4) Has been convicted of a disqualifying conviction
23 under section 601(e) within one year from the date on which
24 the application for a certificate of registration was filed
25 or on which the certificate was issued, as applicable.

26 (5) Willfully fails to file a report or return required
27 under this section.

28 (6) Willfully files, causes to be filed, gives or causes
29 to be given a report, return, certificate or affidavit
30 required under this chapter or under the act of March 4, 1971

1 (P.L.6, No.2), known as the Tax Reform Code of 1971, which is
2 false.

3 (7) Willfully fails to collect or truthfully account for
4 or pay over a tax imposed under this chapter.

5 (c) Term of certificate.--The following apply:

6 (1) A certificate of registration shall be valid for
7 three years from the date of issuance, unless earlier
8 suspended or revoked by the department.

9 (2) The department may, through regulation, extend the
10 term of a certificate of registration if the department
11 determines that a longer term is appropriate to facilitate
12 the purposes and intent of this act. The regulations shall
13 include the conditions consistent with the requirements of
14 this section, under which the terms of a certificate of
15 registration may be extended for a period of time beyond the
16 three-year period specified in this subsection.

17 (3) Upon the expiration of the term stated on a
18 certificate of registration, the certificate shall be null
19 and void unless renewed by the holder as provided under this
20 section.

21 (d) Required notifications.--The following apply:

22 (1) A holder of a certificate of registration issued
23 under this section must notify the department of any changes
24 relating to the status of the certificate holder's cannabis
25 entity license or authorization to engage in a regulated
26 activity or to any of the information contained in the
27 application for registration on file with the department or
28 stated on the certificate of registration.

29 (2) Notification under paragraph (1) must be made on or
30 before the last day of the month in which a change occurs and

1 must be made electronically on a form prescribed by the
2 department.

3 (e) Renewal of certificate.--A certificate of registration
4 issued under this section shall be subject to renewal every
5 three years or at a time from the date of issuance as specified
6 by the department in regulation, if the term of a certificate of
7 registration is subject to a longer term under subsection (c)
8 (2). The application for renewal shall:

9 (1) Be submitted at least 180 days prior to the
10 expiration of the certificate of registration.

11 (2) Include an update of information contained in the
12 initial application and prior renewal applications.

13 (3) Include an application renewal fee, which shall be
14 calculated by the department to reflect the three-year
15 renewal period.

16 (4) Be subject the same requirements and conditions as
17 an initial application, including grounds for refusal and the
18 payment of the application renewal fee.

19 (f) Penalties.--In addition to any other penalty provided in
20 this act, the following apply:

21 (1) A cannabis entity licensee or other person
22 authorized to engage in a regulated activity under this act
23 who is required to obtain a certificate of registration under
24 this section and who engages in an activity related to the
25 cultivation, processing, distribution, transportation, sale
26 or offering for sale of cannabis or cannabis products without
27 first obtaining a certificate of registration from the
28 department under this section shall be subject to a penalty
29 of \$5,000 for each month or part of a month during which the
30 cannabis entity licensee does not hold a valid certificate of

1 registration. The penalty shall not exceed \$30,000.

2 (2) A cannabis entity licensee to whom cannabis or
3 cannabis products are sold or transferred and a person
4 licensed as a cannabis microbusiness who fails to maintain or
5 make available to the department any records, books,
6 materials or other information required by the department
7 shall be subject to a penalty not to exceed \$500 for the
8 first month or part of a month for which the failure to
9 provide the records, books, materials or other information
10 occurs. The penalty under this paragraph may not be imposed
11 more than once for the same month or part of a month. If the
12 department determines that a failure to maintain or make
13 available records, books, materials or other information
14 required by the department in a month was entirely due to
15 reasonable cause and not willful neglect, the department must
16 remit the penalty for that month to the licensee.

17 Section 1004. Unlawful disclosure and penalty.

18 (a) Disclosure restrictions.--Notwithstanding any other
19 provision of law or regulations and except as may be provided by
20 court order, it shall be unlawful for the department, an officer
21 or employee of the department, an officer or person permitted or
22 otherwise authorized to inspect a return or report or to whom a
23 copy, abstract or portion of a return or report is furnished or
24 to whom information contained in a return or report is furnished
25 or a person that in any manner may acquire knowledge of the
26 contents of a return or report filed under this chapter to
27 disclose, divulge or make known in any manner the content or
28 other information related to the business of the cannabis entity
29 licensee or other person authorized to engage in a regulated
30 activity under this act contained in a return or report required

1 under this chapter. The following apply:

2 (1) The officers charged with the custody of returns or
3 reports submitted by a cannabis entity licensee or other
4 person engaged in a regulated activity under this act shall
5 not be required to produce the returns or reports or evidence
6 of anything contained in the returns or reports in an action
7 or proceeding in court, except on behalf of the Commonwealth,
8 the board or the department in an action or proceeding
9 involving the collection of tax due under this chapter to
10 which the Commonwealth, the board or the department is a
11 party or a claimant or on behalf of a party to an action or
12 proceeding under this chapter, when the returns, reports or
13 facts shown in the returns or reports are directly related to
14 or involved in the action or proceeding or in an action or
15 proceeding related to the regulation or taxation of cannabis
16 and cannabis products on behalf of officers to whom
17 information was supplied as provided in this section.

18 (2) The court may require the production of, and may
19 admit into evidence, the portions of the returns or reports
20 or of the facts shown in the returns or reports which are
21 pertinent only to the action or proceeding.

22 (3) Nothing in this section shall be construed to
23 prohibit:

24 (i) The department, in the department's discretion,
25 from allowing the inspection or delivery of a certified
26 copy of a return or report filed under this chapter or of
27 information contained in a return or report by or to a
28 duly authorized officer or employee of the board, the
29 Attorney General or other legal representative of the
30 Commonwealth if an action or proceeding is recommended or

1 commenced under this chapter in which the return or
2 report or the facts shown in the return or report are
3 directly related.

4 (ii) The inspection of the return or report required
5 under this chapter by the State Treasurer or a duly
6 designated officer or employee of the State Treasurer for
7 purposes of the audit of a refund of a tax paid by the
8 cannabis entity licensee or to prohibit the delivery to
9 the State Treasurer or a duly designated representative
10 of the State Treasurer of a certified copy of a return or
11 report filed by a cannabis entity licensee under this
12 chapter.

13 (iii) The publication of statistics in a manner that
14 would identify particular returns or reports and the
15 information contained in the returns or reports.

16 (iv) The disclosure, for tax administration
17 purposes, to a designated employee of the Office of the
18 Budget or the Treasury Department of information
19 aggregated from the returns filed by all cannabis
20 entities. The department may, at the department's
21 discretion, permit a designated officer of a municipality
22 entitled to receive a distribution of the money received
23 on account of the tax imposed under this chapter or the
24 authorized representative of the officer to inspect a
25 return filed under this chapter or to furnish to the
26 officer or the officer's designated representative an
27 abstract of a return or supply the officer or
28 representative with information concerning specific
29 information contained in a return or disclosed by an
30 investigation of tax liability.

1 (b) Disclosures to other states.--The following apply:

2 (1) The department may adopt and promulgate regulations
3 to govern the inspection of returns or reports made under
4 this chapter by appropriate officers or duly designated
5 representatives of the officers of other states that regulate
6 or tax cannabis and cannabis products for personal use.

7 (2) The department may refuse to provide returns and
8 reports to officers of another state if the laws of the state
9 represented by the officer do not grant substantially similar
10 privileges to the department. Refusal under this paragraph
11 shall not be mandatory.

12 (3) An officer of another state or a designated
13 representative of the officer shall agree not to disclose or
14 divulge in any manner information contained in a return or
15 report received from the department under this subsection. An
16 officer of another state or a designated representative of
17 the officer may transmit information contained in a return or
18 report to an authorized employee or legal representative if
19 necessary to carry out a duty of employment. An authorized
20 employee or legal representative of another state who
21 receives a return or report or an abstract of information
22 contained in a return or report shall be subject to the same
23 restrictions on disclosure of returns and reports as provided
24 under this section.

25 (c) Employee discipline.--An officer or employee of the
26 Commonwealth, the department, the board or the Attorney General
27 who knowingly violates subsection (a) or (b) may be suspended or
28 dismissed from employment and prohibited from holding a public
29 office in this Commonwealth for a period of five years.

30 Section 1005. Violation of tax requirements and administrative

1 penalty.

2 (a) Acts related to taxes.--In addition to any other
3 provision of this act governing the issuance of a license,
4 permit or other authorization to engage in a regulated activity
5 under this act, the board, upon notification by the department,
6 shall refuse the issuance or renewal of a license, permit or
7 other authorization to a person for any of the following
8 violations of this act or the act of March 4, 1971 (P.L.6,
9 No.2), known as the Tax Reform Code of 1971:

10 (1) Failure to file a tax return.

11 (2) Filing a fraudulent return.

12 (3) Failure to pay all or part of a tax or penalty
13 finally determined to be due and payable.

14 (4) Failure to keep books, records, materials or other
15 information or documents required by the department.

16 (5) Failure to secure and display a certificate of
17 registration.

18 (6) Willful violation of any rule or regulation of the
19 department or the board related to the administration and
20 enforcement of tax liability.

21 (b) Correction of violation.--The following apply:

22 (1) Upon notification from the department that a
23 violation under subsection (a) has been corrected or
24 resolved, the board shall notify the licensee, permittee or
25 other person authorized to engage in a regulated activity
26 under this act that the violation has been corrected or
27 resolved.

28 (2) Upon receiving notice from the department under
29 paragraph (1), the board may renew the license, permit or
30 other authorization to engage in a regulated activity under

1 this act or vacate an order of suspension or revocation.

2 (c) Criminal penalties.--A person that violates this chapter
3 shall be subject to the criminal penalties under section 910.

4 (d) Definitions.--As used in this section, the following
5 words and phrases shall have the meanings given to them in this
6 subsection unless the context clearly indicates otherwise:

7 "Sale." A transfer or possession of title, or both, or an
8 exchange, barter, rental, lease or license to use or consume,
9 conditional or otherwise, in any manner or by any means for a
10 consideration or an agreement to transfer, possess, exchange,
11 barter, rent, lease or license.

12 "Transfer." To grant, convey, hand over, assign, sell,
13 exchange or barter, in any manner or by any means, with or
14 without consideration.

15 CHAPTER 11

16 REVENUE

17 Section 1101. Cannabis Revenue Fund.

18 (a) Establishment of fund.--The Cannabis Revenue Fund is
19 established as a special fund in the Treasury Department.

20 (b) Deposits into fund.--The fund shall consist of proceeds
21 from license fees collected by the board, money collected by the
22 department from the imposition of taxes under this act, money
23 appropriated to the board and the department for implementing,
24 administering and enforcing this act and other money, grants,
25 gifts, donations or contributions from any other source which
26 may be made to the fund.

27 (c) Distributions from the fund.--Money in the Cannabis
28 Revenue Fund shall be expended for the following:

29 (1) Actual and necessary costs incurred by the board for
30 implementing, administering and enforcing this act.

1 (2) Reasonable costs incurred by the department for
2 carrying out the duties under this act. Costs may not exceed
3 5% of the tax revenues collected by the department under this
4 act.

5 (3) Reasonable costs incurred by the Department of
6 Agriculture and the Department of Community and Economic
7 Development in carrying out the powers and duties under this
8 act.

9 (4) Actual and necessary costs incurred by the office
10 related to the administration of incubators and other
11 assistance to qualified social and economic equity
12 applicants, including low-interest and zero-interest loans
13 and grants which may be provided to social and economic
14 equity applicants. The costs incurred under this paragraph
15 may be paid out of money received, including, but not limited
16 to, from a special one-time fee which the board may impose
17 and collect from a cannabis entity licensee whose application
18 for licensure includes a commitment to establish an
19 initiative, program or activity to assist social and economic
20 equity applicants to participate in this Commonwealth's
21 regulated cannabis industry.

22 (5) Reasonable costs incurred by the Pennsylvania State
23 Police and the Office of Attorney General to carry out their
24 duties under this act.

25 (d) Additional distributions.--Beginning with the third
26 calendar year after the effective date of this subsection and
27 continuing through January 1, 2032, for the purposes of this
28 subsection, the sum of \$20,000,000 shall be distributed on an
29 annual basis to pay:

30 (1) Reasonable costs incurred by the board to track and

1 report data related to:

2 (i) The licensing of cannabis entities, including
3 the geographic location, structure and function of
4 licensed cannabis entities, and demographic data,
5 including race, ethnicity and gender, of applicants and
6 licenseholders, including qualified social and economic
7 equity licensees, veterans, service-disabled veteran
8 licensees, disadvantaged farmer-owned small businesses,
9 cannabis microbusinesses and incubators.

10 (ii) Cannabis market prices, illicit market prices,
11 tax structures and rates, including an evaluation of how
12 to best tax cannabis based on potency, and the structure
13 and function of licensed cannabis entities.

14 (iii) Whether additional protections are needed to
15 prevent unlawful monopolies or anticompetitive behavior
16 from occurring in this Commonwealth's regulated cannabis
17 industry and, if so, recommendations as to the most
18 effective measures for preventing the behaviors.

19 (iv) The economic impacts in the private and public
20 sectors, including, but not limited to:

21 (A) Job creation.

22 (B) Workplace safety.

23 (C) Revenue.

24 (D) Taxes generated for State and local budgets.

25 (E) Criminal justice impacts, including, but not
26 limited to, impacts on law enforcement and public
27 health and safety resources, short-term and long-term
28 consequences of involvement in the criminal justice
29 system and State and local government agency
30 administrative costs and revenue.

1 (v) Whether the regulatory agencies tasked with the
2 administration, implementation and enforcement of this
3 act are acting in a manner consistent with the intent and
4 purposes of this act, and whether different agencies
5 might do so more effectively.

6 (vi) Public safety issues related to cannabis use,
7 including, but not limited to, studying the effectiveness
8 of the packaging and labeling requirements and
9 advertising and marketing restrictions contained in this
10 act at preventing underage access to and use of cannabis
11 and cannabis products and studying the health-related
12 effects among users of varying potency levels of cannabis
13 and cannabis products.

14 (vii) Environmental impacts and hazards related to
15 the cultivation of cannabis and the processing of
16 cannabis products.

17 (1.1) The board shall transmit the report under
18 paragraph (1) to the Legislative Reference Bureau for
19 publication in the Pennsylvania Bulletin annually, submit the
20 report to the Governor and the General Assembly and post the
21 report on the board's publicly accessible Internet website.

22 (2) Reasonable costs incurred by the Pennsylvania State
23 Police to track and report data related to infractions,
24 violations or criminal convictions for violations of this
25 act, including reasonable costs incurred by the Pennsylvania
26 State Police to expand and enhance the drug evaluation and
27 classification program and technologies utilized to promote
28 and maintain traffic and highway safety. The Pennsylvania
29 State Police shall transmit the report under this paragraph
30 to the Legislative Reference Bureau for publication in the

1 Pennsylvania Bulletin annually, submit the report to the
2 Governor and the General Assembly and post the report on the
3 publicly accessible Internet website of the Pennsylvania
4 State Police.

5 (3) Reasonable costs incurred by an academic clinical
6 research center under Chapter 20 of the Medical Marijuana Act
7 to conduct clinical research on the medical use of cannabis
8 and evaluate the effect of the regulation of cannabis for
9 personal use on public health. No more than 3% of the money
10 may be used for expenses related to the administrative costs
11 of conducting research. Academic clinical research centers
12 may, if determined appropriate, make recommendations to the
13 board and the General Assembly regarding possible amendments
14 to this act. An academic clinical research center that
15 receives funds under this paragraph shall publish reports of
16 the academic clinical research center's findings biennially,
17 at a minimum, and submit the reports to the board, the
18 Governor and the General Assembly. The board shall make the
19 reports available to the public on the board's publicly
20 accessible Internet website. The research funded under this
21 paragraph shall include, but not be limited to:

22 (i) A description of clinical research activities
23 related to the medical use of cannabis conducted by the
24 academic clinical research center during the reporting
25 period reported in a manner that does not identify or
26 reveal the confidential or proprietary nature of the
27 research.

28 (ii) The impact of cannabis on public health,
29 including health care costs associated with cannabis use,
30 as well as whether cannabis use is associated with an

1 increase or decrease in use of alcohol and other
2 controlled substances.

3 (iii) The use of cannabis or cannabis products for
4 the treatment for substance use disorder and the
5 effectiveness of different treatment programs
6 incorporating the use of cannabis or cannabis products.

7 (iv) Cannabis use rates, maladaptive use rates for
8 adults and youth and diagnosis rates of cannabis-related
9 substance use disorders.

10 (4) After the dispersal of money under paragraphs (1),
11 (2) and (3), money remaining in the fund deposited during the
12 prior fiscal year shall be distributed as follows:

13 (i) Fifteen percent of the money remaining in the
14 fund shall be deposited into the Communities Reimagined
15 and Reinvestment Restricted Account established under
16 section 1102 and shall be used for the purposes provided
17 under section 1102.

18 (ii) Fifteen percent of the money shall be deposited
19 into the Substance Use Disorder Prevention, Treatment and
20 Education Account established under section 1103 and used
21 for the purposes enumerated under section 1103(c).

22 (iii) Seventy percent of the money shall be
23 deposited into the General Fund.

24 (e) Definitions.--As used in this section, the following
25 words and phrases shall have the meanings given to them in this
26 subsection unless the context clearly indicates otherwise:

27 "Fund." The Cannabis Revenue Fund established under
28 subsection (a).

29 Section 1102. Communities Reimagined and Reinvestment
30 Restricted Account.

1 (a) Establishment.--The Communities Reimagined and
2 Reinvestment Restricted Account is established as a restricted
3 account within the Cannabis Revenue Fund.

4 (b) Deposits into account.--Each fiscal year, the State
5 Treasurer, after consultation with the Secretary of the Budget,
6 shall transfer into the account the money received under section
7 1101(d)(4)(i). Money deposited into account along with money
8 which may be appropriated by the General Assembly or which may
9 be otherwise contributed, donated or received from any other
10 source, including the Federal Government, for the purposes of
11 this section are hereby appropriated by the General Assembly to
12 the board to carry out the purposes of this section.

13 (c) Administration of account.--The following apply:

14 (1) The account shall be administered and governed by an
15 advisory committee comprised of 15 members, including the
16 director of the office, who shall be the chairperson.

17 (2) The other members of the advisory committee shall
18 include a representative of the following:

19 (i) The Department of Drug and Alcohol Programs, who
20 shall be the Secretary of Drug and Alcohol Programs or a
21 designee who shall be a deputy secretary concerned with
22 drug or alcohol use disorder, prevention, intervention,
23 rehabilitation and treatment.

24 (ii) The Department of Human Services, who shall be
25 the Secretary of Human Services or a designee who shall
26 be a deputy secretary representing the Office of
27 Children, Youth and Family Services.

28 (iii) The Department of Labor and Industry, who
29 shall be the Secretary of Labor and Industry or a
30 designee who shall be a deputy secretary concerned with

1 job creation.

2 (iv) The director of the Office of Medical
3 Marijuana.

4 (v) The Department of Community and Economic
5 Development, who shall be the Secretary of Community and
6 Economic Development or a designee who shall be a deputy
7 secretary concerned with the administration of the
8 Commonwealth's Opportunity Zone program.

9 (v) The Department of Health, who shall be the
10 Secretary of Health or a designee who shall be a deputy
11 secretary concerned with behavioral and mental health
12 services.

13 (3) Legislative appointees to the advisory board shall
14 include:

15 (i) One member each appointed by the Majority Leader
16 of the Senate and the Minority Leader of the Senate who
17 shall be a person with knowledge and experience in
18 building healthy communities, including social, economic
19 and health equity in underserved communities in this
20 Commonwealth.

21 (ii) One member each appointed by the Majority
22 Leader of the House of Representatives and the Minority
23 Leader of the House of Representatives who shall be a
24 person with knowledge and experience in building healthy
25 communities, including social, economic and health equity
26 in underserved communities in this Commonwealth.

27 (4) The Governor shall appoint five public members to
28 the advisory board and shall make every effort to ensure that
29 individuals appointed will achieve a balanced and diverse
30 representation of the geographic regions and demographics,

1 including age, race, ethnicity and gender, of this
2 Commonwealth and have expertise in job placement,
3 homelessness and housing, behavioral health, substance use
4 disorder treatment and effective rehabilitative treatment for
5 adults and juveniles, and shall include representatives of
6 organizations serving communities impacted by past Federal
7 and State drug policies.

8 (5) The Attorney General, the director of the
9 Pennsylvania Commission on Crime and Delinquency and the
10 Commissioner of Pennsylvania State Police shall serve as ex
11 officio members of the advisory committee.

12 (d) Purpose of advisory board.--In order to address social,
13 racial and economic disparities in the criminal justice system,
14 the advisory board is established to:

15 (1) Directly address the impact of economic
16 disinvestment, environmental discrimination, violence and the
17 historical overuse and discriminatory nature of criminal
18 justice responses in opportunity zones and other identified
19 communities by providing resources to support local design
20 and control of community-based activities and programs to
21 help alleviate these impacts.

22 (2) Directly address and initiate programs designed to
23 substantially reduce the total amount of gun violence and
24 concentrated poverty in designated opportunity zones and
25 other areas of this Commonwealth.

26 (3) Develop policies and programs designed to protect
27 communities from gun violence through targeted investments
28 and intervention programs, including investments and programs
29 in community policing, family violence prevention, community
30 trauma treatment, gun injury victim services, public health

1 prevention activities and mental and behavioral health
2 programs, including trauma-informed care and mindfulness
3 programs to provide tools for personal growth and coping with
4 trauma.

5 (4) Promote economic development, employment
6 infrastructure and capacity building related to the social
7 determinants of health in designated opportunity zones and
8 other areas determined eligible to participate in the
9 programs under this section.

10 (e) Duties of advisory board.--Within 180 days after the
11 effective date of this act, the advisory board, in consultation
12 with the Department of Community and Economic Development, the
13 Department of Health and the Department of Human Services, shall
14 identify communities in designated opportunity zones and other
15 areas of this Commonwealth which may be eligible for grant
16 funding under this section. Local organizations, groups and
17 other persons in the designated opportunity zones and
18 communities may be eligible to apply for grants under this
19 section. In addition to designation as an opportunity zone,
20 qualifications for a Communities Reimagined and Reinvestment
21 Area designation shall be as follows:

22 (1) Based on an analysis of data, communities in this
23 Commonwealth that are high need, underserved,
24 disproportionately impacted by historical economic
25 disinvestment and ravaged by violence, as indicated by the
26 highest rates of gun injury, early mortality, unemployment,
27 child poverty rates and commitments to and returns from the
28 Department of Corrections.

29 (2) The advisory board shall send to the Joint State
30 Government Committee and make publicly available the analysis

1 and identification of areas in this Commonwealth deemed
2 eligible to participate in a Communities Reimagined and
3 Reinvestment program or grant under paragraph (1), and shall
4 recalculate all eligibility data every four years. On an
5 annual basis, the advisory board shall analyze data and
6 indicate if data covering a Communities Reimagined and
7 Reinvestment Area or portion of a Communities Reimagined and
8 Reinvestment Area has, for four consecutive years,
9 substantially deviated from the average of Statewide data on
10 which the original calculation was made to determine
11 eligibility as a Communities Reimagined and Reinvestment
12 Area, including disinvestment, violence, early mortality, gun
13 injury, unemployment, child poverty rates or commitments to
14 or returns from incarceration.

15 (f) Community partnerships.--The advisory board shall
16 develop collaborative partnerships within identified Communities
17 Reimagined and Reinvestment Areas to minimize multiple
18 partnerships per area.

19 (g) Powers of advisory board.--The advisory board may
20 exercise any power, perform any function, take any action or do
21 anything in the furtherance of the advisory board's purposes and
22 goals. Upon the appointment of a quorum of the members, the
23 advisory board, in consultation with the office, shall:

24 (1) Develop a process to solicit applications from
25 persons, groups and organizations in opportunity zones and
26 eligible communities designated as Communities Reimagined and
27 Reinvestment Areas. Groups and organizations eligible for
28 grant awards under this section shall include, but not be
29 limited to:

30 (i) Community-based providers.

(ii) Community and economic development organizations.

(iii) Hospitals and other health care providers, including mental and behavioral health providers.

(iv) Groups and organizations concerned with violence reduction, including gun violence.

(v) Groups and organizations engaged in employment training and employment opportunities for first offenders and other individuals returning from incarceration.

(vi) Groups and organizations engaged in family and child welfare activities.

(vii) Experts in the field of violence reduction and community policing.

(viii) Other organizations, groups, providers and experts determined by the advisory board as being essential to the mission and purposes of the advisory board.

(2) Develop standard uniform templates for planning and implementation activities to be submitted by Communities Reimagined and Reinvestment Areas to the advisory board.

(3) Identify resources sufficient to support the full administration and evaluation of Communities Reimagined and Reinvestment programs, including building and sustaining core program capacity at the community and State levels.

(4) Facilitate the provision of training and technical assistance for capacity building for persons, groups and organizations within and among opportunity zones and other communities of this Commonwealth eligible to participate in Communities Reimagined and Reinvestment programs.

(5) Review grant applications and approve the

1 distribution of grant money.

2 (6) Develop a performance measurement system that
3 focuses on positive outcomes, identifies negative results and
4 provides recommendations for improvement.

5 (7) Develop a process to support ongoing monitoring and
6 evaluation of Communities Reimagined and Reinvestment
7 programs.

8 (h) Use of money in account.--The money deposited into the
9 account shall be administered by the office and allocated by the
10 advisory board to:

11 (1) Provide grants for qualified community-based
12 nonprofit organizations and approved local government
13 entities for the purpose of reinvesting in communities
14 disproportionately affected by past Federal and State drug
15 policies. Grants shall be used to support:

16 (i) Job placement, job skills services and adult
17 education.

18 (ii) Mental health and behavioral health treatment,
19 including post-traumatic stress disorder.

20 (iii) Substance use disorder treatment.

21 (iv) Housing.

22 (v) Financial literacy and community banking.

23 (vi) Nutrition services.

24 (vii) Services to address adverse childhood
25 experiences.

26 (viii) Afterschool and child care services.

27 (ix) System navigation services.

28 (x) Legal services to address barriers to reentry,
29 including, but not limited to, providing representation
30 and related assistance with expungement, vacatur,

1 substitution and resentencing of cannabis-related
2 convictions.

3 (xi) Linkages to medical care, women's health
4 services, including maternal health, and other community-
5 based supportive services.

6 (2) Money in the account may also be used by the
7 advisory board to award grants to further support the social
8 and economic equity activities created under this act.

9 (i) Reports.--On or before March 1 of the second calendar
10 year following the effective date of this subsection, and each
11 March 1 thereafter, the office shall submit a report to the
12 Governor and the General Assembly on the office's activities
13 under this section. The report shall detail how the money in the
14 account was distributed and utilized during the preceding
15 calendar year. The report shall include:

16 (1) The amount of money available and disbursed from the
17 account.

18 (2) The procedure and process used to award grant funds
19 from the account.

20 (3) The names of the grant recipients, including the
21 business address and other identifying information the office
22 determines necessary and appropriate.

23 (4) The dollar amount awarded to each grant recipient.

24 (5) The purposes for which the grant was awarded to each
25 recipient.

26 (6) A summary financial plan for money in the fund,
27 which shall include estimates of all receipts and all
28 disbursements for the current and succeeding fiscal years and
29 the actual results from the prior fiscal year.

30 (j) Nonlapsing of money.--Any amounts remaining in the

1 account at the end of a fiscal year shall not lapse and shall
2 remain in the account and used for the purposes enumerated in
3 subsection (d).

4 (k) Definitions.--As used in this section, the following
5 words and phrases shall have the meanings given to them in this
6 subsection unless the context clearly indicates otherwise:

7 "Account." The Communities Reimagined and Reinvestment
8 Restricted Account established under subsection (a).

9 Section 1103. Substance Use Disorder Prevention, Treatment and
10 Education Account.

11 (a) Establishment of account.--The Substance Use Disorder
12 Prevention, Treatment and Education Account is established as an
13 account within the Cannabis Regulatory Fund.

14 (b) Deposits into account.--Each fiscal year, the State
15 Treasurer, after consultation with the Secretary of the Budget,
16 shall transfer into the Substance Use Disorder Prevention,
17 Treatment and Education Account the money received under section
18 1101(d)(4)(ii). Money deposited into the account and money
19 appropriated by the General Assembly or which may be otherwise
20 contributed, donated or received from any other source,
21 including the Federal Government, for the purposes of this
22 section are hereby appropriated by the General Assembly to the
23 Department of Drug and Alcohol Programs to carry out the
24 purposes of this section.

25 (c) Use of money in account.--The money in the Substance Use
26 Disorder Prevention, Treatment and Education Account
27 appropriated to the Department of Drug and Alcohol Programs
28 shall be used for the following purposes:

29 (1) To develop and implement a youth-focused public
30 health education and prevention campaign, including school-

1 based prevention, early intervention and health care services
2 and programs, to reduce the risk of cannabis and other
3 substance use by school-age children from kindergarten to
4 grade 12.

5 (2) To develop and implement a Statewide public health
6 campaign focused on the health effects of cannabis and legal
7 use, including an ongoing education and prevention campaign
8 that educates the general public, including parents,
9 consumers and retailers, on the legal use of cannabis, the
10 importance of preventing youth access, the importance of safe
11 storage, preventing secondhand cannabis smoke exposure,
12 information for pregnant or breastfeeding women and the
13 overconsumption of edible cannabis products.

14 (3) To provide substance use disorder treatment programs
15 for youth and adults, with an emphasis on programs that are
16 culturally and gender competent, trauma-informed, evidence-
17 based and provide a continuum of care that includes screening
18 and assessment, including substance use disorder assessment
19 as well as mental health and behavioral health assessment,
20 early intervention, active treatment, family involvement,
21 case management, overdose prevention, prevention of
22 communicable diseases related to substance use, relapse
23 management for substance use and other co-occurring
24 behavioral health disorders, vocational services, literacy
25 services, parenting classes, family therapy and counseling
26 services, medication-assisted treatments, psychiatric
27 medication, psychotherapy and mindfulness programs.

28 (4) To evaluate the programs being funded under this
29 section to determine the programs' effectiveness.

30 (d) Reports.--The following apply:

1 (1) On or before March 31 of the second calendar year
2 following the initial distribution of money from the account
3 under this section, and each March 31 thereafter, the
4 Secretary of Drug and Alcohol Programs shall compile and
5 submit a report detailing how money in the account was
6 utilized during the preceding fiscal year. The report shall
7 include the following:

8 (i) The amount of money dispersed from the account
9 and the award process used by the Department of Drug and
10 Alcohol Programs to make disbursements.

11 (ii) The recipients of money from the account.

12 (iii) The amount awarded to each recipient.

13 (iv) The purposes for which the awards were granted,
14 including a description of programs and services provided
15 by each recipient.

16 (v) A description or summary of positive outcomes
17 resulting from programs and activities implemented by
18 grant recipients.

19 (vi) A summary financial plan for the money awarded,
20 which shall include estimates of all receipts and all
21 disbursements for the current and succeeding fiscal years
22 and the actual results from the prior fiscal year.

23 (2) The report shall be submitted in paper form or
24 electronically to:

25 (i) The Governor.

26 (ii) The Majority Leader and Minority Leader of the
27 Senate.

28 (iii) The Majority Leader and Minority Leader of the
29 House of Representatives.

30 (e) Definitions.--As used in this section, the following

1 words and phrases shall have the meanings given to them in this
2 subsection unless the context clearly indicates otherwise:

3 "Account." The Substance Use Disorder Prevention, Treatment
4 and Education Account established under subsection (a).

5 Section 1104. Small business recovery grants.

6 (a) Grant program and distribution of funds.--Of the money
7 transferred for deposit into the General Fund under section
8 1101(d)(4), \$25,000,000 shall be allocated, annually, to the
9 Department of Community and Economic Development to provide
10 grants to eligible small businesses through community
11 development financial institutions. Grants awarded to eligible
12 small businesses under this section shall be used to solely
13 assist small businesses to maintain business operations.

14 (b) Eligibility.--The following apply:

15 (1) To be eligible for a grant under this section, a
16 small business must:

17 (i) Apply for or have applied for grant assistance.

18 (ii) Be physically located, certified to do business
19 and generate at least 51% of its revenues in this
20 Commonwealth.

21 (iii) Have reported annual gross revenue of
22 \$1,000,000 or less to the department for calendar year
23 2019.

24 (iv) Have 100 or fewer full-time equivalent
25 employees prior to March 6, 2020.

26 (v) Have been in operation on March 6, 2020, and if
27 applicable, paid Federal and State income taxes, as
28 reported on individual or business Federal and State
29 income tax returns.

30 (vi) Have experienced a reduction in business income

1 activity related to COVID-19 or demonstrate that the
2 small business was actively engaged in business and, as a
3 result of COVID-19 mitigation efforts, temporarily closed
4 operations, which makes the grant request essential to
5 reopening or continuing business operations.

6 (vii) Self-attest that operational expenses are not
7 funded by a private entity.

8 (viii) Agree to operate in accordance with the
9 requirements of applicable Federal, State and local
10 public health mitigation guidance and directives, if the
11 guidance and directives are still in effect.

12 (ix) Have expenses that are necessary to reopen
13 business operations and the expenses are not a Federal,
14 State or local tax, fee, license or other expense imposed
15 by the Federal Government, the Commonwealth or a local
16 government.

17 (2) Demonstration of active engagement in business may
18 be provided by evidence of taxable activity reported to the
19 department or by any other method established by the
20 Department of Community and Economic Development in
21 collaboration with the department.

22 (b) Administration.--The Department of Community and
23 Economic Development shall administer this section and shall:

24 (1) Develop all necessary application forms and other
25 documents to be used by eligible businesses to apply for
26 grant funds.

27 (2) Post on the Department of Community and Economic
28 Development's publicly accessible Internet website and submit
29 to the Legislative Reference Bureau for publication in the
30 Pennsylvania Bulletin a notice of all parameters related to

1 grant assistance, including eligibility criteria, application
2 submittal dates, evaluation criteria and reporting and data
3 maintenance requirements.

4 (3) Post on the Department of Community and Economic
5 Development's publicly accessible Internet website and submit
6 to the Legislative Reference Bureau for publication in the
7 Pennsylvania Bulletin a list of the eligible financial
8 institutions that are a part of the CDFI network.

9 (4) Conduct outreach to underrepresented and unserved
10 communities and small businesses, including hospitality
11 businesses, observed from prior grant programs established to
12 assist small businesses that were adversely impacted,
13 economically, because of the COVID-19 pandemic.

14 (5) Ensure equitable distributions of grant funding,
15 including considerations for geographic location and small
16 businesses owned by members of historically disadvantaged
17 communities.

18 (c) Grant awards.--The following apply:

19 (1) Grants awarded to eligible small businesses under
20 this section shall be subject to the availability of funds.

21 (2) An eligible small business may be awarded up to
22 \$75,000 in grant funds.

23 (3) Nonprofit organizations may be eligible to receive
24 funding under this subsection, if the primary business
25 activity of the nonprofit organization satisfies the
26 eligibility requirements under subsection (b).

27 (d) Use of grant funds.--Grants awarded to small businesses
28 under this section may be used for the following purposes:

29 (1) Upgrading physical workplaces to adhere to new
30 safety or sanitation standards, including procuring any

1 required personal protective supplies for employees, patrons
2 and business clients.

3 (2) Updating business plans.

4 (3) Employee costs including payroll, training and
5 onboarding.

6 (4) Rent, lease, mortgage, insurance and utilities
7 payments.

8 (5) Securing inventory, supplies and services for
9 operations.

10 (6) Any other purpose proposed to enhance ongoing
11 business operations.

12 (e) Definitions.--As used in this section, the following
13 words and phrases shall have the meanings given to them in this
14 subsection unless the context clearly indicates otherwise:

15 "CDFI network." The coalition of 17 Pennsylvania-based
16 community development financial institutions that primarily
17 provide financing options for small businesses.

18 "Community development financial institution" or "CDFI." As
19 defined in section 2501 of the act of June 29, 1996 (P.L.434,
20 No.67), known as the Job Enhancement Act.

21 "COVID-19." The novel coronavirus as identified in the
22 Governor's proclamation of disaster emergency issued on March 6,
23 2020, published at 50 Pa.B. 1644 (March 21, 2020).

24 CHAPTER 12

25 MUNICIPALITIES

26 Section 1201. Provisions specific to municipalities.

27 (a) Required notifications.--The following apply:

28 (1) Not less than 30 days nor more than 180 days prior
29 to filing an application with the board for licensure as a
30 cannabis entity, the applicant shall notify the governing

body of the municipality where the licensed cannabis establishment is proposed to be located. Municipal notification shall be made to the governing body by either:

- (i) certified mail, return receipt requested;
- (ii) overnight delivery service with proof of mailing; or
- (iii) personal service upon the offices of the governing body of the municipality.

(2) The board shall, by regulation, provide a standardized form that applicants for a cannabis entity license must use to notify municipalities under paragraph (1). The form shall be made available on the board's publicly accessible Internet website in a downloadable print format. The form shall be designed to include the following:

- (i) The trade name or "doing business as," if any, of the cannabis entity's cannabis establishment.
- (ii) The full name of the applicant for the cannabis entity license.
- (iii) The street address of the proposed cannabis establishment, including the floor, suite number or room number, if applicable.
- (iv) The mailing address of the proposed cannabis establishment, if different than the street address.
- (v) The name, address and telephone number of the attorney or licensed representative of the applicant, if any.
- (vi) A statement indicating whether the application is for:
 - (A) a new cannabis establishment;
 - (B) the transfer of an existing cannabis

1 establishment, as approved by the board;

2 (C) a renewal of an existing cannabis
3 establishment; or

4 (D) an alteration of an existing licensed
5 premises.

6 (vii) If the cannabis establishment is a transfer or
7 previously approved cannabis establishment, the name of
8 the old cannabis establishment and the cannabis entity's
9 license number.

10 (viii) In case of the renewal or alteration of an
11 existing cannabis establishment, the license number of
12 the cannabis entity licensee.

13 (ix) The type of cannabis entity license applied
14 for.

15 (b) Board response to municipality.--If the governing body
16 of a municipality expresses an opinion for or against the
17 location of a cannabis establishment within the boundaries of
18 the municipality, the opinion of the governing body shall be
19 deemed part of the record upon which the board makes the
20 decision to approve or disapprove the application. The board
21 shall inform the municipality in writing of the decision,
22 including an explanation of how the opinion of the municipality
23 was considered in approving or disapproving the application for
24 licensure.

25 Section 1202. Local opt-out and municipal control and
26 preemption.

27 The following apply:

28 (1) Within 30 days of receipt of notification under
29 section 1201(a) and in lieu of an opinion expressed under
30 section 1201(b), the governing body of the municipality shall

1 have the option to prohibit the location of a licensed
2 cannabis establishment within the municipality by delivery of
3 a resolution of the governing body to the board.

4 (2) No licensed cannabis establishment shall be located
5 in a municipality which has exercised the municipality's
6 option under paragraph (1).

7 (3) The governing body of a municipality that prohibits
8 the location of a licensed cannabis establishment within the
9 municipality under paragraph (1) may rescind that prohibition
10 at any time by delivering a subsequent resolution of the
11 municipality's governing body to the board. The governing
12 body of a municipality that rescinds the initial resolution
13 submitted to the board under paragraph (1) may not
14 subsequently prohibit the location of a licensed cannabis
15 establishment within the boundaries of the municipality.

16 Section 1203. Preemptions.

17 Notwithstanding any provision of this act or any other law or
18 regulation to the contrary, all municipalities are preempted
19 from adopting any rule, ordinance, regulation or prohibition
20 pertaining to the operation or licensure of cannabis
21 establishments. A municipality may adopt local laws or
22 ordinances governing the place and manner a cannabis retailer
23 licensee may open a cannabis establishment for business,
24 provided that the law, ordinance or regulation does not make the
25 operation of a cannabis retailer licensee's cannabis
26 establishment unreasonably impracticable as determined by the
27 board.

28 Section 1204. Local cannabis taxation.

29 (a) Authority to adopt ordinance.--Notwithstanding any
30 provision of this act or law or regulation to the contrary, a

1 municipality may adopt an ordinance imposing a tax on the sale
2 of cannabis and cannabis products by a cannabis retailer
3 licensee whose cannabis establishment is located in the
4 municipality. At the discretion of the municipality, the tax
5 authorized under this subsection may be imposed on:

6 (1) retail sales by a cannabis retailer to cannabis
7 customers who are 21 years of age or older;

8 (2) receipts from the sale of cannabis and cannabis
9 products from one cannabis retailer licensee to another
10 cannabis retailer licensee; or

11 (3) any combination of paragraphs (1) and (2).

12 (b) Rate of tax.--Each municipality may set the
13 municipality's own rate or rates, but in no case shall a rate
14 exceed 2% of the receipts from each sale. A tax imposed by
15 ordinance under this section shall be in addition to any other
16 tax imposed by law.

17 (c) Collection of tax.--The following apply:

18 (1) The tax imposed by ordinance under this section
19 shall be collected and remitted to the municipality by the
20 cannabis retailer licensee.

21 (2) The treasurer or chief financial officer of the
22 municipality shall collect and administer a tax imposed by
23 the municipality under subsection (a).

24 (3) A cannabis retailer licensee required to collect a
25 tax imposed by a municipality under subsection (a) shall be
26 personally liable for the tax imposed, collected or required
27 to be collected.

28 (4) A cannabis retailer licensee shall have the same
29 right with respect to collecting the tax from a cannabis
30 consumer as if the tax were a part of the sale and payable at

1 the same time.

2 (5) A tax imposed by ordinance under subsection (a)
3 shall be separately stated from the purchase price and other
4 taxes on a receipt of sale.

5 (6) A cannabis retailer licensee required to collect a
6 tax imposed by a municipality under subsection (a) shall not
7 advertise or hold out to a person or the general public in
8 any manner, directly or indirectly, that the tax will not be
9 separately charged and stated to the cannabis consumer or
10 that the tax will be refunded to the cannabis consumer.

11 (d) Revenue collected.--The following apply:

12 (1) All money collected from a tax imposed by ordinance
13 under subsection (a) shall be remitted to the treasurer or
14 chief financial officer of the municipality in a manner
15 prescribed by the governing body of the municipality.

16 (2) The municipality shall enforce the payment of
17 delinquent taxes imposed by ordinance under this section in
18 the same manner as provided for municipal real property
19 taxes.

20 (e) Prohibition.--No tax imposed by ordinance under this
21 section shall be levied upon a dispensary as defined in the
22 Medical Marijuana Act.

23 CHAPTER 13

24 PROTECTIONS

25 Section 1301. Protections for personal use of cannabis.

26 The following apply:

27 (1) No licensee, permittee or person authorized to
28 engage in a regulated activity under this act or an employee
29 or agent of the licensee, permittee or other person shall be
30 subject to arrest, prosecution or penalty in any manner, or

1 denied any right or privilege, including, but not limited to,
2 civil liability or disciplinary action by a business,
3 occupational or professional licensing board under 63 Pa.C.S.
4 (relating to professions and occupations) or under any
5 municipal or local ordinance or law, solely for conduct
6 authorized under this act.

7 (2) Notwithstanding any provision of law, regulation or
8 rule of court and for the avoidance of doubt under paragraph
9 (1), the Supreme Court and any disciplinary or character and
10 fitness committees established by law or by court rule shall
11 be considered occupational and professional licensing boards
12 within the meaning of this paragraph.

13 (3) No college or university or landlord may refuse to
14 enroll or lease to or otherwise penalize a person solely for
15 conduct authorized under this act, except if:

16 (i) failing to do so would cause the college,
17 university or landlord to lose a monetary or licensing-
18 related benefit under Federal law or regulation;

19 (ii) the college or university has adopted a code of
20 conduct prohibiting the use of cannabis and cannabis
21 products on the basis of religious belief; or

22 (iii) a property is advertised as smoke-free by the
23 landlord.

24 (4) No employer shall take adverse employment action
25 against an employee for the consumption of cannabis or a
26 cannabis product, unless:

27 (i) The employee's consumption of cannabis or a
28 cannabis product is governed by law or a collective
29 bargaining agreement which:

30 (A) limits or prohibits the consumption of

1 cannabis while performing duties of employment;

2 (B) limits or prohibits the consumption of
3 cannabis as a condition of attaining or maintaining a
4 license, certification or professional status
5 required for employment; or

6 (C) governs the testing and disciplinary
7 procedures related to the use of cannabis or cannabis
8 products by employees.

9 (ii) The employee's consumption of cannabis or a
10 cannabis product is in violation of a law of this
11 Commonwealth or a collective bargaining agreement.

12 (5) An employee shall not face adverse employment
13 actions for consuming cannabis or a cannabis product, if the
14 employee's conduct is authorized under this act, prior to the
15 beginning or after the conclusion of the employee's work
16 hours, off the employer's premises and without the use of the
17 employer's equipment or property.

18 (6) No employer shall take adverse employment action
19 against an applicant for employment or otherwise discriminate
20 against or refuse to interview an applicant for employment
21 for using cannabis, if the applicant's conduct is authorized
22 under this act.

23 (7) The following apply:

24 (i) Nothing in this section shall:

25 (A) Interfere with an employer's obligation to
26 provide a safe and healthy workplace, free from
27 recognized hazards, as required by Federal and State
28 occupation safety and health laws.

29 (B) Require an employer to commit an act that
30 would cause the employer to be in violation of

1 Federal law or that would result in the loss of a
2 Federal contract or Federal funding.

3 (C) Restrict an employer's ability to prohibit
4 or take adverse employment action for the possession
5 or use of intoxicating substances during work hours,
6 or require an employer to commit an act that would
7 cause the employer to be in violation of Federal law
8 or that would result in the loss of a Federal
9 contract or Federal funding.

10 (ii) For the purposes of this section, an employer
11 may consider an employee's ability to perform the
12 employee's job responsibilities to be impaired if, upon
13 reporting to work or while working, there is reasonable
14 suspicion of cannabis impairment which decreases or
15 lessens the employee's ability to perform the duties or
16 tasks of the employee's job position.

17 (iii) For the purpose of this paragraph, the term
18 "adverse employment action" means refusing to hire or
19 employ, barring or discharging from employment, requiring
20 a person to retire from employment or discriminating
21 against an employee in compensation or in terms,
22 conditions or privileges of employment.

23 (8) No person may be denied custody of or visitation or
24 parenting time with a minor for conduct allowed under this
25 act, unless the child's physical, mental or emotional health
26 has been impaired or is in imminent danger of becoming
27 impaired as a result of the person's behavior as established
28 by a preponderance of the evidence. For the purposes of this
29 section, this determination cannot be based solely on
30 whether, when and how often a person uses cannabis or a

cannabis product without separate evidence of harm.

Section 1302. Lawful actions.

(a) Status of contracts.--Contracts related to the operation of a cannabis establishment or the activities of a licensee, permittee or other person authorized to engage in a regulated activity under this act shall be lawful and shall not be deemed unenforceable on the basis that the actions permitted under a license, permit or other authorization to engage in a regulated activity are prohibited by Federal law.

(b) Actions deemed lawful.--The following actions are not unlawful as provided under this act, shall not be an offense under State or local law, shall not result in a civil penalty, fine, seizure or forfeiture of assets and shall not be the basis for detention or search against a person acting as provided under this act:

(1) Actions of a cannabis licensee, permittee or other person authorized to engage in a regulated activity under this act or the employees or agents of the licensee, permittee or other person authorized under this act and regulations of the board and under a valid license, permit or other authorization issued by the board.

(2) Actions of a person that allows property owned by the person to be purchased, leased, rented or otherwise used by a cannabis entity licensee, permittee or other person authorized to engage in a regulated activity under this act and the employees or agents of the licensee, permittee or other person as authorized under this act and regulations of the board and under a valid license, permit or other authorization issued by the board.

(3) Actions of a person and the employees or agents of a

1 person providing a service to a cannabis entity licensee,
2 permittee or any other person engaged in a regulated activity
3 or to an applicant for a license, permit or other person
4 seeking authorization to engage in a regulated activity
5 providing a service as provided under this act and
6 regulations of the board relating to the formation and
7 operation of a cannabis establishment or other business
8 related to the operation of a cannabis establishment.

9 (4) The purchase, cultivation, processing, possession or
10 consumption of cannabis and cannabis products as permitted by
11 law and consistent with rules and regulations of the board.

12 Section 1303. Access to criminal history information through
13 Pennsylvania State Police.

14 (a) Authorization.--In connection with the administration of
15 this act, the bureau is authorized to request, receive and
16 review criminal history information through the Pennsylvania
17 State Police with respect to a person seeking a license, permit,
18 certificate, registration or other authorization to engage in a
19 regulated activity under this act to cultivate, process,
20 distribute or sell cannabis and cannabis products as provided
21 under this act.

22 (b) Fingerprinting.--At the board's request, an applicant
23 for a license, permit, certificate, registration or other
24 authorization to engage in a regulated activity under this act
25 or any other person as determined by the board shall submit to
26 fingerprinting by the Pennsylvania State Police as provided
27 under this act.

28 (c) Submission.--Fingerprints submitted to the Pennsylvania
29 State Police under this act may also be submitted to the Federal
30 Bureau of Investigation for a national criminal history record

1 check.

2 (d) Copies.--If additional copies of fingerprints are
3 required, the person subject to fingerprinting shall furnish the
4 additional copies upon request.

5 Section 1304. Cannabis clean slate.

6 (a) General rule.--The following apply:

7 (1) Notwithstanding 18 Pa.C.S. § 9122 (relating to
8 expungement) or any other provision of law or regulation to
9 the contrary, the criminal history record information of a
10 person who has been arrested, indicted or convicted for a
11 violation of section 13(a)(16), (30), (31), (32) or (33) of
12 the act of April 14, 1972 (P.L.233, No.64), known as The
13 Controlled Substance, Drug, Device and Cosmetic Act, where
14 the controlled substance is cannabis, shall be expunged under
15 subsection (b).

16 (2) If a person is serving or has completed serving a
17 sentence for a conviction in this Commonwealth referenced in
18 paragraph (1) which involved cannabis, and the person's
19 conduct was alleged in the indictment or shown or evidenced
20 by a guilty plea or trial verdict or shown by other
21 information, the person's criminal history record shall be
22 automatically expunged if:

23 (i) the conduct alleged and resulting in the
24 conviction would not have been a crime under this act had
25 this act been in effect at the time of the conduct which
26 resulted in the arrest, indictment and conviction; or

27 (ii) under the circumstances, the person would have
28 been guilty of a lesser or potentially less onerous
29 offense under The Controlled Substance, Drug, Device and
30 Cosmetic Act.

1 (iii) The conduct alleged and resulting in the
2 conviction did not involve an act of violence.

3 (b) Expungement process.--The following apply:

4 (1) Within 15 days of the effective date of this act,
5 the Administrative Office of Pennsylvania Courts shall notify
6 the court of common pleas and the district attorneys of each
7 county in this Commonwealth of the expungements of criminal
8 history record information authorized under subsection (a).

9 (2) As soon as administratively practicable, but no
10 later than 30 days after receipt of notification under
11 paragraph (1), the court of common pleas in each county shall
12 collaborate with the district attorney of each county to
13 review and compile a list of all persons, including juvenile
14 offenders, arrested, indicted or convicted for a violation of
15 either section 13(a) (16), (30), (31), (32) or (33) of The
16 Controlled Substance, Drug, Device and Cosmetic Act where the
17 controlled substance is cannabis, and shall submit the list
18 to the Administrative Office of Pennsylvania Courts.

19 (3) No later than 30 days after receipt of the list of
20 persons eligible for expungement submitted under paragraph
21 (2), the Administrative Office of Pennsylvania Courts shall
22 review the list and provide a final list of all persons and
23 criminal history records eligible for expungement.

24 (4) Immediately upon receipt of the list under paragraph
25 (2), the president judge of the court of common pleas in each
26 county shall order the expungement of all criminal history
27 records of persons named on the list and any other records
28 related to the arrest, indictment or conviction of the
29 persons, including administrative records maintained by the
30 Department of Transportation or other Commonwealth agency

1 related to an arrest, indictment or conviction specified in
2 subsection (a) (1).

3 (5) If the Administrative Office of Pennsylvania Courts
4 determines that a record reviewed under paragraph (2) is not
5 eligible for expungement, the Administrative Office of
6 Pennsylvania Courts shall notify the appropriate court of
7 common pleas within 10 days of the finding of ineligibility
8 and the person shall not be named in the final list compiled
9 and submitted by the Administrative Office of the Courts
10 under paragraph (3).

11 (6) Notice of expungement shall promptly be submitted by
12 the court of common pleas to the Pennsylvania State Police's
13 central repository. Upon receipt of the notice, the
14 Pennsylvania State Police shall immediately remove persons
15 named on the list under paragraph (2) from the central
16 repository and notify all criminal justice agencies, the
17 Department of Transportation and any other Commonwealth
18 agency that received criminal history record information
19 subject to expungement under subsection (a) of the names
20 removed from the central repository. The Pennsylvania State
21 Police may make notifications of expungements under this
22 paragraph electronically.

23 (c) Release from confinement.--The court of common pleas
24 that issued an expungement order under subsection (b) (4) for
25 persons currently incarcerated shall transmit to the appropriate
26 county correctional institution or State correctional
27 institution, as defined under 61 Pa.C.S. § 102 (relating to
28 definitions), an order for the immediate release or discharge of
29 a person whose criminal history record has been ordered
30 expunged.

1 (d) Right to petition when eligibility denied.--Nothing in
2 this section shall preclude a person who believes that the
3 person's conviction should be eligible for expungement under
4 this section from filing a petition with the court of record to
5 effectuate all appropriate relief under the applicable
6 provisions of 42 Pa.C.S. (relating to judiciary and judicial
7 procedure) or rules of court adopted by the Supreme Court.

8 (e) Applicability.--This section shall be available, used
9 and applied in parallel fashion by the family court and the
10 criminal courts in juvenile matters, including juvenile
11 delinquency adjudication and other adjudications related to
12 juvenile offenders.

13 (f) Reinstatement of driver's license and other licenses or
14 registrations.--Notwithstanding any provision of law or
15 regulation to the contrary, the following apply:

16 (1) The Department of Transportation shall reinstate a
17 person's driver's license which was suspended or revoked
18 because of a conviction referenced in subsection (a) that is
19 expunged under this section.

20 (2) A license or registration issued by a Commonwealth
21 or local agency which was suspended or revoked under section
22 23 of The Controlled Substance, Drug, Device and Cosmetic Act
23 due to the holder's arrest, indictment or conviction
24 referenced under subsection (a), which is expunged under this
25 section shall be reinstated.

26 (g) Definitions.--As used in this section, the terms
27 "central repository," "criminal history record information,"
28 "criminal justice agency" and "expunge" shall have the meanings
29 given to them in 18 Pa.C.S. § 9102 (relating to definitions).
30 The terms "county correctional institution" and "state

1 correctional institution" shall have the meanings given to them
2 in 61 Pa.C.S. § 102 (relating to definitions).

3 CHAPTER 20

4 MISCELLANEOUS PROVISIONS

5 Section 2001. Transfer of power and duties; Department of
6 Health.

7 (a) Powers and duties transferred to board.--The powers,
8 duties and other obligations imposed upon the Department of
9 Health under the Medical Marijuana Act are hereby conveyed to
10 the Cannabis Regulatory Control Board established under section
11 301. All offices, personnel, allocation, appropriations, money
12 collected with interest accrued, equipment, files, records,
13 contracts, agreements, obligations and other materials which are
14 used, employed or expended in connection with the powers, money,
15 duties or functions of the Department of Health under the
16 Medical Marijuana Act are hereby transferred to the Cannabis
17 Regulatory Control Board established under section 301 with the
18 same force and effect as if the appropriations and money with
19 accrued interest had been made or paid to and the items had been
20 the property of the Cannabis Regulatory Control Board in the
21 first instance, and as if the contracts, agreements and
22 obligations had been incurred or entered into by the Cannabis
23 Regulatory Control Board. The personnel, appropriations, money
24 with accrued interest, equipment and other items and materials
25 transferred by this section shall include any other funds and
26 benefits which may have been donated or contributed to or
27 collected by the Department of Health from any other source or
28 program. All personnel transferred under this act shall retain
29 civil service employment status assigned to the personnel.

30 (b) Status of departmental administrative actions.--All

1 orders, permits, regulations, decisions and other actions of the
2 Department of Health or any department, board, commission or
3 agency whose functions have been transferred by this act to the
4 Cannabis Regulatory Control Board shall remain in full force and
5 effect until modified, repealed, superseded in or otherwise
6 changed by appropriate action of the Cannabis Regulatory Control
7 Board or an act of the General Assembly.

8 Section 2002. Repeals.

9 All acts and parts of acts are repealed insofar as they are
10 inconsistent with this act.

11 Section 2003. Effective date.

12 This act shall take effect immediately.