



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 1024

PRINTERS NO. 1936

PRIME SPONSOR: Schemel

COST / (SAVINGS)

FUND	FY 2020/21	FY 2021/22
Medical Marijuana Program Fund	\$0	See Fiscal Impact

SUMMARY: House Bill 1024, Printer's Number 1936, makes omnibus amendments to the Medical Marijuana Act. This legislation is effective immediately, except as noted.

ANALYSIS: HB 1024 amends the definition of "Caregiver" to include an employee of an organization that provides hospice, palliative, or home health care services who has significant responsibility for managing the health care of the patient and an employee of a residential facility licensed by the Department of Health (DOH) or the Department of Human Services who has significant responsibility for managing the health care of the patient.

The bill also amends the caregiver provisions to allow a caregiver to care for more than five patients; provides that a caregiver seeking to be registered must submit fingerprints to the DOH to obtain criminal history checks; and that criminal background information may be provided to DOH via electronic means.

The bill adds the following definitions: "Excipients," "Harvest batch," "Harvest lot," "Medical marijuana product," "Process lot," "Research initiative," and "Synchronous interaction."

The bill amends the definition of "Serious medical condition" to include cancer remission therapy, neuropathies associated with the central nervous system, and other conditions recommended by the advisory board and approved by the Secretary of Health.

Regarding individuals associated with a medical marijuana organization, the bill makes the following changes: allows criminal background information to be provided to DOH via electronic means; permits a medical marijuana organization to employ an individual pending formal approval by DOH; exempts an owner who holds 5% or less in a privately held medical marijuana organization from the criminal background requirements; removes the requirement that an applicant be of good moral character; and provides that the prohibition on an individual with a criminal conviction applies only to felony convictions related to the manufacture, delivery, or possession with intent to manufacture or deliver a controlled substance within the past ten years, or one year following release from prison for such conviction, whichever is later.

With regard to dispensaries, the bill permits the interchanging of primary, secondary, and tertiary designations by providing written notice to DOH at least 14 days before doing so; increases product dispensing from a 30-day supply to a 90-day supply; allows for curbside dispensing; permits a dispensary to have a pharmacist or physician available either in person or by synchronous interaction; and permits a physician assistant or certified registered nurse practitioner, in lieu of a physician or pharmacist, to verify patient certifications and consult with patients and caregivers at a dispensary with multiple locations. Additionally, the bill allows product to be dispensed if the federal government changes marijuana from a Schedule 1 drug.

The bill allows a grower/processor to obtain immature plant material from outside of Pennsylvania; exchange postharvest plant material with other grower/processors; apply solvent-based extraction methods and processes to medical marijuana plants that have failed a test conducted by an approved laboratory at harvest, subject to enumerated conditions; obtain harvested hemp from a person holding a permit issued by the Department of Agriculture, if the hemp is subject to laboratory testing requirements; add excipients or hemp or hemp-derived additives; and use pesticide, subject to oversight by the Department of Agriculture. A grower/processor is required to maintain continuous video surveillance and retain recordings for at least 180 days.

The bill also provides that a grower/processor may contract with multiple independent laboratories for testing; removes the requirement for testing of every harvest; and establishes a process for stability testing to be conducted every six months for the duration that a product is available.

The bill requires DOH's electronic seed-to-sale tracking system to allow for two-way communication and application-programming interface with a medical marijuana organization's software and requires DOH to develop a system that is capable of securely transmitting data to the Medical Marijuana Advisory Board. These provisions are effective in 180 days.

The bill removes the provision that requires the repayment of the initial funding provided from the General Fund to the Medical Marijuana Program Fund within ten years commencing one year after publication of final regulations.

The bill provides that DOH may adopt temporary regulations until May 31, 2022.

The bill amends the duties of the advisory board to require annual reports to the General Assembly and permits DOH to effectuate recommendations of the advisory board through publication in the Pennsylvania Bulletin, rather than through promulgation of regulation.

The bill amends the prohibition on the disclosure of information to include DOH contractors and provide immunity from criminal liability for a DOH employee, except if the employee knowingly and willfully discloses prohibited information.

The bill provides that an academic clinical research center shall only contract with one clinical registrant; increases the number of clinical registrants from eight to ten; increases the maximum number of locations clinical registrants may dispense medical marijuana from 48 to 60; directs

DOH to approve up to two additional academic clinical research centers; prohibits DOH from approving a grower/processor permit application if the applicant previously had certain contractual relationships with an academic clinical research center; and provides that a clinical registrant shall have all of the same rights as a grower/processor and may sell its medical marijuana products to all dispensary facilities.

The bill provides procedures for an academic clinical research center, in coordination with its contracted clinical registrant, to conduct a research initiative on the antimicrobial effects of applying solvent-based extraction methods and processes to microbial contamination of medical marijuana plants, medical marijuana, or medical marijuana products.

FISCAL IMPACT: The provisions of the bill requiring DOH's electronic seed-to-sale tracking system to be upgraded to allow for two-way communication and application-programming interface with a medical marijuana organization's software, and securely transmit data to the advisory board would likely have a cost. The Medical Marijuana Program Fund currently has a cash balance of more than \$26 million, which is estimated to increase to more than \$55 million in fiscal year 2021-22. Accordingly, any cost associated with software system upgrades could be accommodated with existing resources.

PREPARED BY: Nick McClure
House Appropriations Committee (R)

DATE: June 25, 2021

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.