
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2050 Session of
2021

INTRODUCED BY WHEATLEY, FRANKEL, HILL-EVANS, ZABEL, McNEILL,
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FITZGERALD, GUENST, KINKEAD AND SHUSTERMAN, OCTOBER 27, 2021

REFERRED TO COMMITTEE ON JUDICIARY, OCTOBER 27, 2021

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.

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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, including a cannabis microbusiness, licensed by the
11 board to grow, produce or otherwise cultivate cannabis in this
12 Commonwealth and to sell cannabis to other cannabis cultivators,
13 cannabis processors, cannabis microbusinesses or cannabis
14 retailers, but not to cannabis 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, including a cannabis microbusiness, licensed by the
23 board to purchase cannabis or cannabis products from a cannabis
24 cultivator or cannabis processor and sell the cannabis or
25 cannabis product to cannabis consumers from a cannabis retail
26 store.

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

1 instruments necessary to analyze cannabis and cannabis products
2 to ensure compliance with this act, regulations of the board and
3 applicable health and safety standards established by the board.

4 "Cannabis transporter." A person licensed by the board to
5 possess cannabis and cannabis products for the sole purpose of
6 transporting, temporary storage and distribution of cannabis,
7 cannabis products and cannabis paraphernalia, to cannabis
8 entities, but not to cannabis consumers. The term shall include
9 a person licensed as a cannabis cultivator, cannabis processor,
10 cannabis retailer or cannabis microbusiness.

11 "Clone." A clipping from a cannabis plant that can be rooted
12 and grown.

13 "Commonwealth agency." A department, board, commission or
14 any other agency or office of the Commonwealth under the
15 jurisdiction of the Governor.

16 "Conditional license." A license issued by the board under
17 section 602.

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

20 "Cultivation." The growing, cloning, harvesting, drying,
21 curing, grading and trimming of cannabis plants for sale to
22 cannabis cultivators, cannabis processors, cannabis
23 microbusinesses or cannabis retailers.

24 "Cultivation batch." A collection of cannabis or cannabis
25 plants from the same seed or plant stock that are cultivated and
26 harvested together and receive an identical propagation and
27 cultivation treatment, including, but not limited to, growing
28 media, ambient conditions, watering and light regimes and
29 agricultural or hydroponic inputs. Clones that come from the
30 same plant are one batch.

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

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

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

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

8 (ii) 75% or more of the children in the area
9 participate in the Federal free lunch program according
10 to statistics reported by the Department of Education;

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

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

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

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

27 (1) Is a farm engaged in agricultural production,
28 including the cultivation of crops or horticulture products,
29 the production of food and fiber or the raising of livestock
30 or aquaculture and has been in operation for no less than two

1 seasons in the past five years and the owner of which has
2 been a resident of this Commonwealth for at least two years.

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

8 "Dispensary." As defined in section 103 of the Medical
9 Marijuana Act.

10 "Electronic cannabis smoking device." An electronic device
11 that delivers a cannabis or a cannabis product through
12 vaporization and inhalation. The term shall not include a device
13 designed to inhale nicotine or an "electronic cigarette" as
14 defined in 18 Pa.C.S. § 6305(k) (relating to sale of tobacco
15 products).

16 "Electronically" or "electronic notification." A notification
17 sent by the board to an applicant, cannabis entity licensee, an
18 employee or agent of an applicant or cannabis entity licensee or
19 other person or which is sent by an applicant, cannabis entity
20 licensee, an employee or agent of an applicant or cannabis
21 entity licensee or other person to the board which is:

22 (1) Transmitted by email, facsimile, text message or by
23 any other similar electronic means of communications approved
24 by the board.

25 (2) Transmitted to the email address or telephone number
26 at or through which the board, applicant or cannabis entity
27 licensee has authorized the receipt of electronic
28 notifications.

29 (3) Provides evidence of transmission and receipt.

30 "Enclosed, locked facility or area." A room, greenhouse,

1 building, or other enclosed area used to cultivate, process,
2 store or distribute cannabis and cannabis products, which is
3 equipped with locks or other security devices and which is
4 accessible only by the board, the bureau, the department, the
5 Department of Agriculture or designated employees of the board,
6 the bureau, the department and the Department of Agriculture and
7 by agents and employees of a cannabis entity licensee or other
8 authorized persons acting as provided under this act.

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

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

1 the board or a member of the board and the office of chief
2 counsel.

3 "Expedited approval cannabis entity license." A cannabis
4 entity license issued by the board under section 503 which
5 permits a medical marijuana organization that holds a valid
6 dispensary permit or grower/processor permit as provided under
7 the Medical Marijuana Act on the effective date of this section
8 to begin cultivating, processing, packaging, distributing,
9 transporting, selling or offering for sale cannabis and cannabis
10 products to cannabis entity licensees upon approval of the
11 application by the Cannabis Regulatory Control Board.

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

25 "Grower/processor." As defined in section 103 of the Medical
26 Marijuana Act.

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

30 "Hemp." The plant of the genus Cannabis or any part of the

1 plant, whether growing or not, with a delta-9-
2 tetrahydrocannabinol concentration that does not exceed 0.3% on
3 a dry weight basis or any part of the plant, or per volume or
4 weight of cannabis product, or the combined percent of delta-9-
5 tetrahydrocannabinol and tetrahydrocannabinolic acid in any part
6 of the plant, regardless of moisture content.

7 "Home cultivation." The cultivation and processing of
8 cannabis or cannabis products by an individual who holds a valid
9 home cultivation certificate and a valid identification card
10 issued to the individual under section 501 of the Medical
11 Marijuana Act.

12 "Home cultivation certificate." A certificate issued to an
13 individual to cultivate and process cannabis or a cannabis
14 product under section 517.

15 "Immature cannabis plant." A cannabis plant that is not in
16 the cannabis flower stage.

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

20 "Labeling." All labels and other written, printed or graphic
21 matter:

22 (1) That is affixed to or appears upon cannabis or
23 cannabis products or on any packages, containers or wrappings
24 of cannabis or cannabis products.

25 (2) Accompanies cannabis or cannabis products in
26 commerce, such as packaging, product inserts and other
27 promotional materials.

28 "License." A written authorization issued by the board
29 permitting a person to engage in a specific regulated activity
30 authorized under this act. The term includes a conditional

1 license.

2 "Licensed representative." The term includes an owner,
3 director, officer, manager, employee, agent or other
4 representative of a cannabis entity licensee, to the extent that
5 the person acts in a representative capacity.

6 "Licensee." A holder of a cannabis entity license under this
7 act, including a holder of an expedited approval cannabis entity
8 license and a holder of an expedited approval cannabis entity
9 license at a secondary site.

10 "Limited access area." An indoor or outdoor area on the
11 premises of a cannabis establishment where cannabis and cannabis
12 products or byproducts are cultivated, stored, weighed,
13 packaged, processed or disposed of under the control of the
14 cannabis entity licensee, with access limited only to employees
15 or other persons designated by the cannabis entity licensee or
16 employees of a cannabis testing laboratory or other persons as
17 designated by the holder of a cannabis entity license or a
18 testing laboratory permit.

19 "Local government entity." A municipality.

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

24 "Lot number." The number issued by the board that identifies
25 the cannabis entity licensee by business or trade name and which
26 includes the date of harvest or processing for each lot of
27 cannabis or cannabis product.

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

30 "Medical marijuana facility location." The physical address

1 where a medical marijuana organization that holds a permit under
2 the Medical Marijuana Act is located.

3 "Medical marijuana organization." As defined in section 103
4 of the Medical Marijuana Act.

5 "Member of an impacted family." An individual who has a
6 parent, legal guardian, child, spouse or dependent, or was a
7 dependent of an individual who, on, before or after the
8 effective date of this section, was arrested for, convicted of
9 or adjudicated delinquent for any offense that is eligible for
10 expungement as provided under this act.

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

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

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

20 "Opportunity zone." A designated opportunity zone.

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

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

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

30 (3) Transparent containers or wrappings which do not

1 bear written, printed or graphic matter which obscures
2 information required to be displayed on the label.

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

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

7 "Person." A natural person, corporation, foundation,
8 organization, business trust, estate, limited liability company,
9 partnership, limited liability partnership, association or any
10 other form of legal business entity.

11 "Personal use." The acquisition and possession of cannabis
12 or a cannabis product by a cannabis consumer for use by the
13 cannabis consumer making the purchase if there is no evidence of
14 an intent to resell, distribute or transfer or to facilitate the
15 resale, distribution or transfer of the cannabis or cannabis
16 product.

17 "Pesticide." The following apply:

18 (1) A substance or mixture of substances intended for
19 preventing, destroying, repelling or mitigating any pest, and
20 a substance or mixture of substances intended for use as a
21 plant regulator, defoliant or desiccant.

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

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

1 "Principal." The term includes:

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

5 (2) A significantly involved person that has a
6 controlling interest in an applicant or licensee or has the
7 ability to elect a majority of the board of directors of an
8 applicant or licensee or to otherwise control the licensee.

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

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

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

16 "Process." The processing, compounding or conversion of
17 cannabis, cannabis products or cannabis extracts. The term does
18 not include the packaging or labeling of cannabis or cannabis
19 products.

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

24 "Program." The Social and Economic Equity Loan and Grant
25 Program established under section 403.

26 "Propagation." The reproduction of cannabis plants by seeds,
27 cuttings, cloning or grafting.

28 "Public place." A place to which the public has access that
29 is not privately owned or a place to which the public has access
30 where alcohol consumption is not allowed, including, but not

1 limited to, a public street, road, thoroughfare, sidewalk,
2 bridge, alley, plaza, park, playground, swimming pool, shopping
3 area, public transportation facility, vehicle used for public
4 transportation, parking lot, public library or any other public
5 building, structure or area.

6 "Qualified social and economic equity applicant." A social
7 and economic equity applicant that has been approved for and
8 issued a cannabis entity license, permit or other authorization
9 to engage in a regulated activity under this act.

10 "Regulated activity." An activity conducted or proposed to
11 be conducted under this act related to the cultivation,
12 processing, distribution, delivery, handling, testing,
13 transportation, sale or offering for sale of cannabis or
14 cannabis products, as determined by the board, for which a
15 person would be required to secure regulatory approval through
16 the issuance of a license, permit, registration, certification
17 or other authorization from the board as provided under this act
18 and regulations of the board.

19 "Restricted access area." A designated and secure area
20 within a cannabis entity licensee's cannabis establishment where
21 cannabis or cannabis products are cultivated, processed, stored,
22 sold or offered for sale and where no cannabis consumer or other
23 person, except as otherwise provided in this act, is permitted,
24 unless the individual is a designated employee of the cannabis
25 entity licensee.

26 "Sample." The term includes:

27 (1) An amount of cannabis or a cannabis product provided
28 to a cannabis testing laboratory by a cannabis cultivator
29 licensee, cannabis processor licensee or other person for
30 testing purposes as provided under this act and regulations

1 of the board.

2 (2) An amount of cannabis or a cannabis product
3 collected from a cannabis cultivator licensee, cannabis
4 processor licensee or cannabis microbusiness licensee by the
5 board or the Department of Agriculture or a designated
6 employee or agent of the board or the Department of
7 Agriculture for the purposes of testing for product quality
8 control purposes.

9 (3) An amount of cannabis or cannabis product provided
10 by a cannabis cultivator licensee or cannabis processor
11 licensee to another cannabis entity licensee for business or
12 marketing purposes.

13 "Significantly involved person." A person that holds at
14 least a 20% investment interest in a proposed or licensed
15 cannabis entity or who is a decisionmaking member of a group
16 that holds at least a 20% investment interest in a proposed or
17 licensed cannabis entity in which no member of that group holds
18 more than a 5% interest in the total group investment interest,
19 and the person makes controlling decisions regarding the
20 proposed or licensed cannabis entity.

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

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

29 (1) An applicant with at least 51% ownership and control
30 by one or more individuals who have resided for at least five

1 of the preceding 10 years in a designated opportunity zone.

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

4 (i) Have been arrested for, convicted of or
5 adjudicated delinquent for any offense that is eligible
6 for expungement as provided under this act. Nothing in
7 this definition or any other provision of this act shall
8 be construed to authorize an employer to require an
9 employee to disclose an arrest, conviction or
10 adjudication which is sealed or expunged.

11 (ii) Are members of an impacted family.

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

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

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

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

27 "Verification system." An Internet-based system established
28 and maintained by the board that is accessible by the
29 department, the Attorney General, the Pennsylvania State Police,
30 cannabis retailers and designated employees and agents of

1 cannabis retailers on a 24-hour basis for the verification and
2 tracking of cannabis and cannabis products.

3 CHAPTER 2

4 EXEMPTIONS RELATED TO PERSONAL USE OF
5 CANNABIS AND CANNABIS PRODUCTS

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

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

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

25 (1) Purchasing, possessing, consuming or otherwise
26 using, displaying or transporting:

27 (i) The equivalent of one ounce or 28.38 grams or
28 less of cannabis.

29 (ii) Cannabis paraphernalia.

30 (iii) The equivalent of one ounce or 28.38 grams or

1 less of a cannabis product in solid, liquid or
2 concentrated form based upon an equivalency calculation
3 for different product forms as established by the board
4 by regulation. The board may use academic research
5 conducted as provided under the Medical Marijuana Act and
6 research conducted in other states on the issue of
7 product equivalency calculations when setting equivalency
8 calculations under this subparagraph.

9 (iv) Five grams or 0.176 ounces or less of cannabis
10 resin.

11 (2) Possessing, displaying, purchasing or transporting
12 at any one time any amount of cannabis or cannabis resin in
13 an amount greater than permitted under this subsection, or a
14 cannabis product in solid, liquid or concentrate form with
15 more than the equivalency permitted under this subsection
16 shall be considered a violation of The Controlled Substance,
17 Drug, Device and Cosmetics Act and any applicable provisions
18 of 18 Pa.C.S., and subject the person to prosecution as if
19 the person possessed, displayed, purchased or transported
20 cannabis, a cannabis product or cannabis resin in violation
21 of applicable provisions of The Controlled Substance, Drug,
22 Device and Cosmetics Act or 18 Pa.C.S.

23 (b) Smoking or consumption in public or other places.--

24 Except as provided in this subsection, the following acts shall
25 be lawful:

26 (1) Smoking or consumption of lawfully possessed
27 cannabis or cannabis products. Nothing in this section shall
28 permit an individual to smoke or otherwise consume cannabis
29 in public or in a public place, including the smoking of
30 cannabis or the consumption of a cannabis product in a public

1 place under the act of June 13, 2008 (P.L.182, No.27), known
2 as the Clean Indoor Air Act, or any other law enacted or
3 regulation adopted relating to vaping or the use of
4 electronic cigarettes or electronic cannabis smoking devices
5 in public or an indoor public place or portion of the public
6 place, even if the smoking of tobacco or vaping is otherwise
7 permitted in the public place or portion of the public place
8 under the Clean Indoor Air Act.

9 (2) (i) Notwithstanding 68 Pa.C.S. (relating to real
10 and personal property) or any other provision of law or
11 regulation, the smoking of cannabis or the consumption of
12 a cannabis product may be permitted by the person that
13 owns or controls a lodging establishment as defined in 48
14 Pa.C.S. § 1311(g) (relating to hotelkeepers and
15 campground owners) in up to 20% of the lodging
16 establishment's guest rooms.

17 (ii) The smoking of cannabis or the consumption of a
18 cannabis product may also be prohibited or otherwise
19 regulated in a tenement building, apartment or multiple
20 dwelling premise as those terms are defined in the act of
21 April 6, 1951 (P.L.69, No.20), known as The Landlord and
22 Tenant Act of 1951, if the right to smoke cannabis or use
23 cannabis products is included in the lease agreement
24 between the lessee and the person that owns or controls
25 the tenement building, apartment or multiple dwelling
26 building.

27 (3) In the case of the smoking or consumption of
28 cannabis or cannabis products using an electronic cannabis
29 smoking device, a person that owns or controls a property,
30 except for a tenement building, apartment or multiple

1 dwelling premises, as defined in the Landlord and Tenant Act,
2 may prohibit or otherwise regulate the smoking or consumption
3 of cannabis or cannabis products using an electronic cannabis
4 smoking device in the premises of or on or around the real
5 property.

6 (4) Notwithstanding section 6 of the Clean Indoor Air
7 Act or any other law or regulation to the contrary, penalties
8 that may be assessed for the smoking of tobacco where
9 prohibited under the Clean Indoor Air Act shall be applicable
10 to the smoking of cannabis where prohibited under this act or
11 any ordinance enacted by the governing body of a
12 municipality.

13 (5) Assisting another individual who is 21 years of age
14 or older in purchasing, possessing, consuming or otherwise
15 using, displaying or transporting cannabis or a cannabis
16 product.

17 (c) Additional acts declared lawful.--Notwithstanding any
18 other provision of law or regulation, if a person holds a
19 current and valid license, permit or other authorization to
20 engage in a regulated activity under this act or is acting in
21 the capacity as an owner, employee or agent of the person duly
22 licensed, permitted or authorized to engage in a regulated
23 activity, the following acts are declared lawful and shall not
24 be criminal offenses under the Controlled Substance, Drug,
25 Device and Cosmetic Act, 18 Pa.C.S. or any other provision of
26 law or a basis for seizure or forfeiture of assets as provided
27 under subsection (a) or under any other law or regulation,
28 including any ordinance, law or regulation of a municipality:

29 (1) Manufacturing, purchasing or possessing cannabis
30 paraphernalia or the sale of cannabis paraphernalia to a

1 person 21 years of age or older.

2 (2) Possessing, displaying or transporting cannabis or
3 cannabis products.

4 (3) Purchasing cannabis or cannabis products from any of
5 the following:

6 (i) A cannabis cultivator.

7 (ii) A cannabis processor.

8 (iii) A cannabis microbusiness.

9 (iv) A cannabis retailer.

10 (4) Selling cannabis or cannabis products to cannabis
11 consumers.

12 (5) Cultivating, harvesting, processing, packaging,
13 repackaging, storing, transporting, displaying or possessing
14 cannabis or cannabis products.

15 (6) Delivering or transferring cannabis or cannabis
16 products to a cannabis testing laboratory.

17 (7) Selling cannabis to a cannabis cultivator, cannabis
18 processor, cannabis microbusiness or cannabis retailer.

19 (8) Purchasing cannabis from a cannabis cultivator.

20 (9) Packaging, processing, distributing, transporting,
21 displaying or possessing cannabis or cannabis products and
22 delivering or transferring cannabis products to a cannabis
23 testing laboratory.

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

26 (11) Purchasing cannabis products from a cannabis
27 processor.

28 (12) Cultivating, processing, distributing, packaging,
29 repackaging, storing, transporting, displaying, transferring
30 or delivering of cannabis or cannabis products.

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

3 (1) Three members appointed by the Governor.

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

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

6 (ii) The Minority Leader of the Senate.

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

8 (iv) The Minority Leader of the House of
9 Representatives.

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

11 (1) Individuals appointed to the board under subsection
12 (b) must:

13 (i) Be residents of this Commonwealth.

14 (ii) Possess education, training or experience and
15 expertise in agriculture crop production, botany or plant
16 physiology, corporate management, finance or public
17 health.

18 (2) Individuals appointed to the board shall reflect the
19 geographic, racial, ethnic and gender diversity of this
20 Commonwealth.

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

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

25 (2) upon conviction of an offense graded as a felony, an
26 infamous crime, an offense under this act or an equivalent
27 offense under Federal law or the laws of any other state or
28 jurisdiction, domestic or foreign.

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

30 (1) Members of the board appointed by the Governor under

1 subsection (b) (1) shall serve an initial term of one, two or
2 three years, respectively, as designated by the Governor at
3 the time of appointment, and until their successors are
4 appointed and qualified under this section. A gubernatorial
5 appointee shall serve no more than two full consecutive
6 terms.

7 (2) Legislative appointees appointed under subsection
8 (b) (2) shall serve a term of two years and until their
9 successors are appointed and qualified under this section. A
10 legislative appointee shall serve no more than three full
11 consecutive terms.

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

15 (1) No appointment shall be final until receipt by the
16 appointing authority of the background investigation of the
17 appointee conducted by the Pennsylvania State Police, which
18 shall be completed by the Pennsylvania State Police within 30
19 days of receipt of an application for a background
20 investigation.

21 (2) Appointments to fill a vacancy shall be made within
22 60 days of the date the vacancy was created.

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

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

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

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

7 (i) A member appointed to fill a vacancy caused by a
8 legislative appointee may be reappointed by the
9 appointing authority to serve three full terms following
10 the expiration of the unexpired term associated with the
11 vacancy.

12 (ii) A member appointed to fill a vacancy caused by
13 a gubernatorial appointee may be reappointed by the
14 Governor to serve two full terms following the expiration
15 of the unexpired term associated with the vacancy.

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

18 (i) Ex officio members.--The Secretary of Agriculture,
19 Secretary of Revenue, Secretary of Health, Secretary of
20 Environmental Protection and State Treasurer or a designee of
21 the secretaries shall serve on the board as nonvoting ex officio
22 members. Each designee shall be a deputy secretary or hold an
23 equivalent position within the department represented.

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

25 (1) Except as authorized in paragraphs (2) and (3), any
26 action, including, but not limited to, the approval,
27 issuance, denial or conditioning of a license, permit,
28 certification or other authorization to engage in a regulated
29 activity under this act, the making of an order or the
30 ratification of any permissible act done or order made by one

1 or more of the members, shall require a qualified majority
2 vote consisting of at least one gubernatorial appointee and
3 the four legislative appointees.

4 (2) Any action to suspend or revoke, not renew, void or
5 require forfeiture of a license, permit or other
6 authorization to engage in a regulated activity under this
7 act, impose any administrative sanction, fine or penalty
8 under this act or issue cease and desist orders or similar
9 enforcement actions shall require a majority vote of all the
10 members of the board.

11 (3) Notwithstanding any other provision of this act or
12 65 Pa.C.S. § 1103(j) (relating to restricted activities), a
13 member shall disclose the nature of any disqualifying
14 interest which would disqualify the member and require the
15 member to abstain from voting in a hearing or proceeding
16 under this act in which the member's objectivity,
17 impartiality, integrity or independence of judgment may be
18 reasonably questioned, as provided in sections 302 and 303(c)
19 (2). If a legislative appointee disqualifies themselves, the
20 qualified majority shall consist of all of the remaining
21 legislative appointees and at least two gubernatorial
22 appointees.

23 (k) Background investigation.--Appointees to the board shall
24 be subject to a background investigation conducted by the
25 Pennsylvania State Police as provided under this chapter. The
26 results of a background investigation conducted under this
27 subsection may be submitted by the Pennsylvania State Police to
28 the appointing authority electronically.

29 (l) Quorum.--A majority of the members of the board
30 appointed under subsection (b) shall be required to establish a

1 quorum and a majority of members shall be required to exercise
2 the board's powers at any meeting of the board.

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

5 Section 302. Qualifications and restrictions.

6 The following apply:

7 (1) Each member at the time of appointment to the board
8 shall be at least 25 years of age. A member appointed under
9 section 301(b) shall have been a resident of this
10 Commonwealth for a period of at least two years immediately
11 preceding appointment. Each member shall continue to remain a
12 resident of this Commonwealth during the term of membership
13 on the board.

14 (2) Except for ex officio members, no individual shall
15 be appointed a member of the board or be employed by or be an
16 independent contractor of the board if that person is a
17 public official or party officer as defined in section
18 906(g).

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

22 (4) A member, employee or independent contractor of the
23 board or other agency whose duties are directly related to
24 the licensure, permitting or authorization of persons to
25 engage in a regulated activity under this act may not be
26 employed, hold any office or position or be engaged in any
27 activity which is incompatible with the position, employment
28 or contract.

29 (5) A member may not engage in a business, employment or
30 vocation for which the member receives a salary, compensation

1 or fee for services rendered which is in excess of 15% of the
2 member's gross annual salary as a member of the board. For
3 purposes of this paragraph, the terms "salary,"

4 "compensation" and "fee" do not include any of the following:

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

8 (ii) Health care benefits or retirement, pension or
9 annuity payments.

10 (iii) Amounts received from a family-controlled
11 trade or business in which both personal services and
12 capital are income-producing factors if the personal
13 services actually rendered by the member do not generate
14 a significant amount of income.

15 (iv) Director's fees attributable to board
16 membership of a corporate or nonprofit body or board or
17 reimbursement for expenses incurred in connection with
18 board membership.

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

23 (7) The following apply:

24 (i) A member, employee, independent contractor or
25 employee of an independent contractor of the board may
26 not participate in a hearing, proceeding or other matter
27 in which the member, employee, independent contractor or
28 employee of an independent contractor, or an immediate
29 family member, has a financial interest in the subject
30 matter of the hearing or proceeding or other interest

1 that could be substantially affected by the outcome of
2 the hearing or proceeding without first fully disclosing
3 the nature of the interest to the board and other persons
4 participating in the hearing or proceeding.

5 (ii) The board shall determine if the interest is a
6 disqualifying interest that requires the disqualification
7 or nonparticipation of a member, employee, independent
8 contractor or employee of an independent contractor.

9 (iii) For purposes of this paragraph, the term
10 "immediate family" shall mean spouse, parent, brother,
11 sister or child.

12 (8) The following apply:

13 (i) At the time of appointment and annually
14 thereafter, each member shall disclose the existence of
15 any financial interest in any applicant, licensee,
16 permittee or other person authorized to engage in a
17 regulated activity under this act or in any affiliate,
18 intermediary, subsidiary or holding company of the
19 applicant, licensee, permittee or other person held by
20 the member or known to be held by the member's immediate
21 family.

22 (ii) The disclosure statement shall be filed with
23 the executive director of the board and with the
24 appointing authority of the member and shall be open to
25 inspection by the public at the office of the board
26 during the normal business hours of the board for the
27 duration of the member's term and for two years after the
28 termination or expiration of the member's term of office.

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

1 sister or child.

2 (9) The following apply:

3 (i) Prior to being sworn in as a member, an
4 appointee and immediate family members of the appointee
5 shall divest any financial interest in any applicant,
6 licensee, permittee or other person authorized to engage
7 in a regulated activity under this act or in any
8 affiliate, intermediary subsidiary or holding company of
9 the applicant, licensee, permittee or other person owned
10 or held by the appointee or known to be held by the
11 appointee's immediate family.

12 (ii) For the duration of the member's term and for
13 two years thereafter, the member and the member's
14 immediate family may not acquire a financial interest in
15 an applicant, licensee, permittee or other person
16 authorized to engage in a regulated activity or in an
17 affiliate, intermediary, subsidiary or holding company of
18 an applicant, or cannabis entity licensee, permittee or
19 other person.

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

23 (10) The following apply:

24 (i) Prior to entering into employment or a contract
25 with the board and annually thereafter, an employee of
26 the board, independent contractor or employee of an
27 independent contractor shall disclose the existence of
28 any financial interest in an applicant, licensee,
29 permittee or other person authorized to engage in a
30 regulated activity under this act or in any affiliate,

1 intermediary, subsidiary or holding company of the
2 applicant, licensee, permittee or other person owned or
3 held by the employee, independent contractor or employee
4 of an independent contractor or known to be held by the
5 immediate family of the employee, independent contractor
6 or employee of an independent contractor.

7 (ii) The disclosure statement shall be filed with
8 the board and shall be open to inspection by the public
9 at the office of the board during the normal business
10 hours of the board and for two years after termination of
11 employment or a contract with the board.

12 (iii) For purposes of this paragraph, the term
13 "immediate family" shall mean spouse, parent, brother,
14 sister or child.

15 (11) The following apply:

16 (i) Prior to entering into employment or a contract
17 with the board, an employee, independent contractor or
18 employee of an independent contractor and the employee's,
19 independent contractor's or employee of an independent
20 contractor's immediate family shall divest any financial
21 interest in an applicant, licensee, permittee or other
22 person authorized to engage in a regulated activity under
23 this act or in any affiliate, intermediary, subsidiary or
24 holding company of the applicant, licensee, permittee or
25 other person owned or held by the employee, independent
26 contractor or employee of an independent contractor or
27 known to be held by the immediate family of the employee,
28 independent contractor or employee of an independent
29 contractor.

30 (ii) For the duration of the employee's employment

1 with the board or the independent contractor's contract
2 with the board and for one year thereafter, the employee,
3 independent contractor or employee of an independent
4 contractor and their immediate family members shall not
5 acquire, by purchase, gift, exchange or otherwise, any
6 financial interest in an applicant, licensee, permittee
7 or other person engaged in a regulated activity under
8 this act or in any affiliate, intermediary, subsidiary or
9 holding company of the applicant, licensee, permittee or
10 other person.

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

14 (12) A member, employee, independent contractor or
15 employee of an independent contractor of the board may not,
16 directly or indirectly, solicit, request, suggest or
17 recommend to any applicant, licensee, permittee or other
18 person authorized to engage in a regulated activity under
19 this act, to any affiliate, intermediary, subsidiary or
20 holding company of the applicant, licensee, permittee or
21 other person or to a principal, employee, independent
22 contractor or agent of the applicant, licensee, permittee or
23 other person, the appointment or employment of a person in
24 any capacity by the applicant, licensee, permittee or other
25 person or any affiliate, intermediary, subsidiary or holding
26 company of the applicant, licensee, permittee or other person
27 for a period of two years from the termination of term of
28 office, employment or contract with the board.

29 (13) A member may not accept employment with an
30 applicant, licensee, permittee or other person authorized to

1 engage in a regulated activity under this act or with any
2 affiliate, intermediary, subsidiary or holding company of the
3 applicant, licensee, permittee or other person, for a period
4 of two years from the termination of term of office.

5 (14) A former member may not appear before the board in
6 any hearing or proceeding or participate in any other
7 activity on behalf of an applicant, licensee, permittee or
8 other person authorized to engage in a regulated activity
9 under this act or an affiliate, intermediary, subsidiary or
10 holding company of the applicant, licensee, permittee or
11 other person, for a period of two years from the termination
12 of the term of office.

13 (15) A member, employee of the board, independent
14 contractor or employee of an independent contractor may not
15 accept a complimentary service from an applicant, licensee,
16 permittee or other person authorized to engage in a regulated
17 activity under this act or from an affiliate, intermediary,
18 subsidiary or holding company of the applicant, licensee,
19 permittee or other person for the duration of their term of
20 office, employment or contract with the board and for a
21 period of two years from the termination of the term of
22 office, employment or contract with the board.

23 (16) The following apply:

24 (i) A member who has been convicted during the
25 member's term of office of a felony, infamous crime or a
26 felony offense indictable under section 13 of the act of
27 April 14, 1972 (P.L.233, No.64), known as The Controlled
28 Substance, Drug, Device and Cosmetic Act, or a felony
29 offense under 18 Pa.C.S. (relating to crimes and
30 offenses) or an equivalent Federal statute or equivalent

1 statue in any jurisdiction, foreign or domestic, shall,
2 upon conviction, be automatically removed from the board
3 and shall be ineligible to become a member of the board
4 in the future.

5 (ii) If an ex officio member is indicted for an
6 offense enumerated in subparagraph (i) during the ex
7 officio member's term of office, the ex officio member
8 shall be suspended from the duties of membership on the
9 board and, upon conviction, be automatically removed from
10 the board.

11 (iii) A designee who is a deputy secretary or holds
12 an equivalent position with the department represented
13 shall be designated to serve as an ex officio member of
14 the board in place of the ex officio member who was
15 removed.

16 (17) The following shall apply to an employee of the
17 board whose duties substantially involve licensing,
18 enforcement, development of law, promulgation of regulations
19 or development of policy relating to the regulation of
20 cannabis for personal use under this act or who has other
21 discretionary authority which may affect or influence the
22 outcome of an action, proceeding or decision of the board
23 under this act, including the executive director, bureau
24 directors and attorneys of the board:

25 (i) The employee may not, for a period of two years
26 following termination of employment, accept employment
27 with or be retained by an applicant, licensee, permittee
28 or other person authorized to engage in a regulated
29 activity under this act, or with any affiliate,
30 intermediary, subsidiary or holding company of an

1 applicant, licensee, permittee or other person.

2 (ii) The employee may not, for a period of two years
3 following termination of employment, appear before the
4 board in a hearing or proceeding or participate in
5 activity on behalf of an applicant, licensee, permittee
6 or other person authorized to engage in a regulated
7 activity under this act or on behalf of an affiliate,
8 intermediary, subsidiary or holding company of an
9 applicant, licensee, permittee or other person.

10 (iii) An applicant, licensee, permittee or other
11 person authorized to engage in a regulated activity under
12 this act or an affiliate, intermediary, subsidiary or
13 holding company of an applicant, licensee, permittee or
14 other person may not, until the expiration of two years
15 following termination of employment with the board,
16 employ or retain the individual. Violation of this
17 subparagraph shall result in termination of the
18 employee's employment and subject the applicant,
19 licensee, permittee or other person to sanctions by the
20 board under section 911.

21 (iv) A prospective employee who, upon employment,
22 would be subject to this paragraph must, as a condition
23 of employment, sign an affidavit that the prospective
24 employee will not violate subparagraph (i) or (ii). If
25 the prospective employee fails to sign the affidavit, the
26 board shall rescind any offer of employment and shall not
27 employ the individual.

28 (18) The following apply:

29 (i) A person that is an independent contractor or
30 employee of an independent contractor whose duties

1 substantially involve consultation relating to licensing,
2 enforcement, development of law, promulgation of
3 regulations or the development of policy relating to the
4 regulation of cannabis under this act may not:

5 (A) For a period of one year following
6 termination of the contract with the board, be
7 retained by an applicant, licensee, permittee or
8 other person authorized to engage in a regulated
9 activity under this act or by an affiliate,
10 intermediary, subsidiary or holding company of an
11 applicant, licensee, permittee or other person.

12 (B) For a period of two years following
13 termination of the contract with the board, appear
14 before the board in a hearing or proceeding or
15 participate in activity on behalf of an applicant,
16 licensee, permittee or other person authorized to
17 engage in a regulated activity under this act or on
18 behalf of an affiliate, intermediary, subsidiary or
19 holding company of an applicant, licensee, permittee
20 or other person.

21 (ii) An applicant, licensee, permittee or other
22 person authorized to engage in a regulated activity under
23 this act or an affiliate, intermediary, subsidiary or
24 holding company of an applicant, licensee, permittee or
25 other person may not employ a person who is an
26 independent contractor or an employee of an independent
27 contractor until the expiration of one year following
28 termination of the contract with the board. A willful
29 violation of this subparagraph shall result in
30 termination of the person's employment and may subject

1 the applicant, licensee, permittee or other person to
2 sanctions under section 911.

3 (iii) Each contract between the board and an
4 independent contractor which involves the duties
5 specified in this paragraph shall contain a provision
6 requiring the independent contractor to sign an affidavit
7 that the independent contractor will not violate
8 subparagraph (i) (A) or (B). If the independent contractor
9 fails to sign the affidavit, the board shall not enter
10 into the contract.

11 (iv) An independent contractor shall require a
12 prospective employee whose employment would involve the
13 duties specified in this paragraph to sign an affidavit
14 that the prospective employee will not violate
15 subparagraph (i) (A) or (B). If the prospective employee
16 fails to sign the affidavit, the independent contractor
17 shall rescind any offer of employment and shall not
18 employ the individual.

19 (19) Nothing under paragraph (17) or (18) shall prevent
20 a current or former employee of the board, a current or
21 former independent contractor or a current or former employee
22 of an independent contractor from appearing before the board
23 in a hearing or proceeding as a witness or testifying as to
24 any fact or information.

25 (20) The State Ethics Commission shall issue a written
26 determination of whether a person is subject to paragraph
27 (17) or (18) upon the written request of the person or the
28 person's employer or potential employer. A person that relies
29 in good faith on a determination issued under this paragraph
30 shall not be subject to any penalty for an action taken,

1 provided that all material facts stated in the request for
2 the determination are correct.

3 (21) The following apply:

4 (i) The State Ethics Commission shall publish a list
5 of all employment positions within the board and
6 employment positions with independent contractors whose
7 duties would subject employees holding those positions to
8 the provisions of paragraphs (17) and (18).

9 (ii) The board and each independent contractor shall
10 assist the State Ethics Commission in the development of
11 the list.

12 (iii) The State Ethics Commission shall transmit the
13 list to the Legislative Reference Bureau for publication
14 in the Pennsylvania Bulletin biennially and post the list
15 on the State Ethics Commission's publicly accessible
16 Internet website.

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

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

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

30 (22) If a member of the board violates this section, the

1 appointing authority may remove the person from the board. A
2 member removed under this paragraph shall, for a period of
3 five years following removal, be prohibited from appointment
4 to the board and shall be prohibited from applying for a
5 license, permit or other authorization to engage in a
6 regulated activity under this act and from becoming an
7 independent contractor or registering as a licensed
8 representative.

9 Section 303. Code of conduct.

10 (a) Adoption.--The board shall adopt and maintain a
11 comprehensive code of conduct prior to the consideration of any
12 application for a license, permit or other authorization to
13 engage in a regulated activity under this act. The code of
14 conduct shall be modeled after the Code of Judicial Conduct of
15 the American Bar Association, as amended and adopted by the
16 Pennsylvania Supreme Court. The code of conduct shall supplement
17 all other requirements under this act and 65 Pa.C.S. Pt. II
18 (relating to accountability) and shall provide guidelines
19 applicable to members, employees, independent contractors,
20 employees of independent contractors and the immediate family of
21 the members, employees, independent contractors and employees of
22 independent contractors to enable them to avoid any perceived or
23 actual conflict of interest and to promote public confidence in
24 the integrity and impartiality of the board. At a minimum, the
25 code of conduct:

26 (1) May not conflict with the laws of this Commonwealth
27 but may be more restrictive than the laws of this
28 Commonwealth.

29 (2) Shall be submitted, including any amendments or
30 restatements of the code of conduct, to the State Ethics

1 Commission for approval.

2 (3) Shall include registration of cannabis entity
3 representatives under subsection (b) and the restrictions
4 under subsections (c).

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

6 (1) A cannabis entity representative shall register with
7 the board in a manner prescribed by the board, which shall
8 include the name, employer or firm, business address and
9 business telephone number of the cannabis entity
10 representative and an applicant, licensee, permittee or other
11 person represented.

12 (2) A cannabis entity representative shall have an
13 affirmative duty to update the cannabis entity
14 representative's registration information on an ongoing
15 basis. The failure to update registration information shall
16 be punishable by the board.

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

19 (i) contain the information required under paragraph

20 (1); and

21 (ii) be available for public inspection at the
22 office of the board during normal business hours, as
23 established by regulation, and on the board's publicly
24 accessible Internet website.

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

27 (1) May not accept any discount, gift, gratuity,
28 compensation, travel, lodging, complimentary service or other
29 thing of value, directly or indirectly, from any applicant,
30 licensee, permittee or other person authorized to engage in a

1 regulated activity under this act or an affiliate, subsidiary
2 or intermediary of an applicant, licensee, permittee or other
3 person.

4 (2) Must disclose and recuse the member from any hearing
5 or other proceeding in which the member's objectivity,
6 impartiality, integrity or independence of judgment may be
7 reasonably questioned due to the member's relationship or
8 association with a party connected to the hearing or
9 proceeding or person appearing before the board.

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

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

16 (i) hold or campaign for public office;

17 (ii) hold an office in any political party or
18 political committee;

19 (iii) contribute to or solicit contributions to a
20 political campaign, political party, political committee
21 or candidate;

22 (iv) publicly endorse a candidate for a political
23 office; or

24 (v) actively participate in a political campaign.

25 (5) May not solicit money for a charitable, educational,
26 religious, health, fraternal, civic or other nonprofit entity
27 from an applicant, licensee, permittee or other person
28 authorized to engage in a regulated activity under this act
29 or from an affiliate, subsidiary, intermediary or holding
30 company of any applicant, licensee, permittee or other

1 person. Subject to section 301, a member may serve as an
2 officer, employee or member of the governing body of a
3 nonprofit entity and may attend, make personal contributions
4 to and plan or preside over the nonprofit entity's
5 fundraising events. A member may permit the member's name to
6 appear on the letterhead used for fundraising events if the
7 letterhead contains only the member's name and position with
8 the nonprofit entity.

9 (6) (i) May not meet or engage in discussions with an
10 applicant, licensed representative, licensee, permittee
11 or any other person authorized to engage in a regulated
12 activity under this act who provides goods, property or
13 services to a cannabis entity licensee, permittee or any
14 other person under the jurisdiction of the board unless
15 the meeting or discussion occurs on the business premises
16 of the board and is recorded in a log. The log shall:

17 (A) Include the name of the participants.

18 (B) Identify the person the participant
19 represents, if applicable.

20 (C) Include a summary of the nature of the
21 meeting and subject discussed.

22 (D) Include the date and time of the meeting or
23 discussion.

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

26 (F) Be posted on the board's publicly accessible
27 Internet website.

28 (ii) This paragraph shall not apply to meetings to
29 consider matters requiring the physical inspection of a
30 cannabis establishment or operations of an applicant or

1 cannabis entity licensee, permittee or other person
2 authorized to engage in a regulated activity under this
3 act, if the meeting is recorded in the log.

4 (7) Shall avoid impropriety and the appearance of
5 impropriety at all times and observe standards and conduct
6 that promote public confidence in the oversight of the
7 cultivation, processing, distribution, storing, transporting,
8 delivery, sale or offering for sale of cannabis and cannabis
9 products.

10 (8) May not enter or be permitted to enter and engage in
11 any activities, nor have any interest, directly or
12 indirectly, in an applicant, cannabis entity licensee or
13 permittee or other person authorized to engage in a regulated
14 activity under this act, except in the course of performing
15 the member's or employee's duties under this act.

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

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

19 (1) A member or hearing officer of the board may not
20 engage in any ex parte communication with any person. An
21 attorney, including the chief counsel, advising the board on
22 a particular issue or proceeding involving the licensing,
23 permitting or other authorization to engage in a regulated
24 activity under this act may not engage in any ex parte
25 communication with any person.

26 (2) An attorney representing the board or an office or
27 bureau established by the board under this act or an attorney
28 representing an applicant, licensee or permittee or other
29 person authorized to engage in a regulated activity under
30 this act may not engage in an ex parte communication with a

1 member, attorney of the board or an attorney of an office or
2 bureau of the board who is advising the board on a proceeding
3 or hearing of the board.

4 (3) An employee of the bureau or the Office of
5 Enforcement Counsel may not engage in an ex parte
6 communication with a member, attorney of the Office of Chief
7 Counsel who is advising the board on a proceeding or hearing
8 officer of the board.

9 (e) Procedures relating to ex parte communications.--The
10 following apply:

11 (1) An ex parte communication received or engaged in by
12 a member or hearing officer shall be recorded in a log. The
13 log shall be available for public inspection during the
14 regular business hours of the board and shall be posted on
15 the board's publicly accessible Internet website. The log
16 shall include:

17 (i) The name of the individual documenting the ex
18 parte communication.

19 (ii) The date and time of the ex parte
20 communication.

21 (iii) The names of all individuals involved in the
22 ex parte communication.

23 (iv) The subject discussed.

24 (2) In addition to documenting an ex parte communication
25 in the log under paragraph (1), notification of the substance
26 of the ex parte communication and an opportunity to respond
27 shall be provided to all parties to a hearing or other
28 proceeding directly affected by the anticipated vote or
29 action of the hearing officer or board related to the ex
30 parte communication.

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

2 (1) A member or hearing officer who engaged in or
3 received an ex parte communication shall recuse themselves
4 from any hearing or other proceeding related to the ex parte
5 communication if the context and substance of the ex parte
6 communication creates substantial reasonable doubt as to the
7 member or hearing officer's ability to act objectively,
8 independently or impartially.

9 (2) A member or hearing officer who engaged in or
10 received an ex parte communication who elects not to recuse
11 themselves from a hearing or other proceeding shall state the
12 reasons for not recusing themselves on the record prior to
13 the commencement of the hearing or proceeding.

14 (3) Failure of a hearing officer who engaged in or
15 received an ex parte communication to recuse themselves from
16 a hearing or other proceeding when required under paragraph
17 (1) shall be grounds for appeal to the board.

18 (4) Failure of a member or hearing officer who engaged
19 in or received an ex parte communication to recuse themselves
20 from a hearing or other proceeding when required under
21 paragraph (1) shall be grounds for appeal to a court of
22 competent jurisdiction if the board action being appealed
23 could not have occurred without the participation of the
24 member or hearing officer.

25 (5) Nothing in this subsection shall be construed to
26 preclude or prevent a member from consulting with other
27 members individually if the consultation complies with 65
28 Pa.C.S. Ch. 7 (relating to open meetings) or with employees
29 or independent contractors or employees of independent
30 contractors whose functions are to assist the board in

1 carrying out the board's adjudicative functions.

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

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

8 Section 304. Powers and duties of board.

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

10 (1) The board shall have general and sole regulatory
11 authority to administer the provisions of this act and over
12 the development, regulation and enforcement of activities
13 related to the cultivation, processing, distribution,
14 storing, testing, transporting, delivery, sale and offering
15 for sale at retail of cannabis and cannabis products for
16 personal use in this Commonwealth. The board shall ensure
17 safety in the cultivation, processing, distribution, storing,
18 testing, transporting, delivery and sale or offering for sale
19 of cannabis and cannabis products and integrity in the
20 acquisition, distribution and sale or offering for sale of
21 cannabis and cannabis products in this Commonwealth under
22 this act and regulations promulgated by the board.

23 (2) The board shall employ individuals as necessary to
24 carry out the powers and duties of the board, who shall serve
25 at the board's pleasure. An employee of the board shall be
26 considered a State employee for purposes of 71 Pa.C.S. Pt.
27 XXV (relating to retirement for State employees and
28 officers). For the purposes of this paragraph, the board
29 shall not be considered an executive agency or independent
30 agency under the act of October 15, 1980 (P.L.950, No.164),

1 known as the Commonwealth Attorneys Act. The board shall not
2 take final action to fill a vacancy in the position of
3 executive director of the board, director of the bureau,
4 chief counsel of the board or director of the Office of
5 Enforcement Counsel until receipt and review of the results
6 of the individual's background investigation.

7 (3) In addition to employees authorized by the board,
8 each member may employ one special assistant whose
9 classification and compensation shall be established by the
10 board. A special assistant shall be a State employee for
11 purposes of 71 Pa.C.S. Pt. XXV, shall serve at the pleasure
12 of the member and may only be removed by the board for cause.

13 (4) The board shall establish a system of classification
14 and compensation of the board's employees and shall not be
15 subject to the act of April 9, 1929 (P.L.177, No.175), known
16 as The Administrative Code of 1929, as to classification and
17 compensation for the board's employees. The board shall
18 conduct the board's activities consistent with the practices
19 and procedures of Commonwealth agencies.

20 (5) Within 45 days of the effective date of this
21 paragraph, the board shall transmit notice of the
22 classification system to the Legislative Reference Bureau for
23 publication in the Pennsylvania Bulletin and publish the
24 classification system on the board's publicly accessible
25 Internet website.

26 (6) A request for proposal to conduct investigations of
27 employees and applicants under this act shall include a
28 requirement that an offeror provide the number of employees
29 of the offeror who will be engaged in the conduct of
30 investigations who are residents of this Commonwealth and

1 annuitants of a Federal, State or local law enforcement
2 agency. Preference shall be given to an offeror with a
3 substantial number of employees who will be engaged in the
4 conduct of investigations and who are residents of this
5 Commonwealth and annuitants of a Federal, State or local law
6 enforcement agency.

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

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

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

11 (3) To sue or be sued, implead and be impleaded, or
12 interplead.

13 (4) To contract and execute instruments as necessary to
14 carry out the powers and duties of the board. Contracts for
15 the purchase of supplies, services and construction shall be
16 for a term not to exceed two years.

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

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

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

25 (8) To appoint an executive director and employ
26 attorneys, investigators, accountants, auditors and financial
27 and other experts to render services to the board. For the
28 purposes of this paragraph, the board shall be considered an
29 independent agency for purposes of the Commonwealth Attorneys
30 Act.

1 (9) To require background investigations of applicants,
2 licensees, permittees, persons authorized to engage in a
3 regulated activity, principals, essential employees and other
4 persons subject to the jurisdiction of the board.

5 (10) To enter into an agreement with the Pennsylvania
6 State Police for the reimbursement of actual costs, as
7 approved by the board, incurred by the Pennsylvania State
8 Police for the conduct of background investigations.
9 Background investigations shall include information in the
10 possession of the Attorney General.

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

15 (12) At the board's discretion, to issue, approve,
16 renew, revoke, suspend, condition or deny issuance or renewal
17 of a license, permit or other authorization to engage in a
18 regulated activity under this act.

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

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

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

30 (16) To require prospective and existing employees,

1 independent contractors, employees of independent
2 contractors, applicants, licensees, permittees and other
3 persons authorized to engage in a regulated activity under
4 this act to submit to fingerprinting by the Pennsylvania
5 State Police or an authorized agent of the Pennsylvania State
6 Police. The Pennsylvania State Police or an authorized agent
7 of the Pennsylvania State Police shall submit the
8 fingerprints to the Federal Bureau of Investigation for
9 purposes of verifying the identity of the individual and
10 obtaining records of criminal arrests and convictions.

11 (17) To require prospective and existing employees,
12 independent contractors, employees of independent
13 contractors, applicants, licensees, permittees and other
14 persons authorized to engage in a regulated activity under
15 this act to submit photographs consistent with the standards
16 established by the board.

17 (18) To develop procedures for notifying law enforcement
18 for investigation of any licensee, permittee or other person
19 authorized to engage in a regulated activity under this act
20 who cultivates, processes, distributes, stores, tests,
21 delivers, transports, uses, sells or offers for sale any
22 cannabis or cannabis product in a manner which constitutes a
23 violation of this act.

24 (19) In addition to the power of the board regarding
25 applicants for a license, permit, certificate or other
26 authorization to engage in a regulated activity under this
27 act, to determine at the board's discretion the suitability
28 of a person to engage, directly or indirectly, in a regulated
29 activity under this act. The board may require a person to
30 comply with the requirements of this act and regulations of

1 the board and may prohibit a person from engaging in a
2 regulated activity under this act.

3 (20) Within six months of the effective date of this
4 section, in a manner that does not impede the immediate
5 implementation of the duties and responsibilities of the
6 board specified in this act during the immediate two years of
7 the effective date of this act, to develop and implement a
8 diversity and inclusion plan to assure that all persons are
9 accorded equality of opportunity in employment with and
10 contracting by the board and the board's contractors,
11 subcontractors, assignees, lessees, agents, vendors and
12 suppliers.

13 (21) The board shall not approve an application for or
14 issue or renew a license, permit, certification or other
15 authorization to engage in a regulated activity under this
16 act unless it is satisfied that the applicant has
17 demonstrated by clear and convincing evidence that the
18 applicant does not pose a threat to the public interest or
19 the effective regulation and control of cannabis and cannabis
20 products in this Commonwealth or create or enhance
21 unsuitable, unfair or illegal practices, methods and
22 activities in the cultivation, processing, producing,
23 distribution, storing, transporting, delivery, testing, sale
24 or offering for sale of cannabis and cannabis products in
25 this Commonwealth or the carrying on of the business and
26 financial arrangements associated with the business.

27 (22) The following apply:

28 (i) Notwithstanding any other provision of law, to
29 sell, in whole or in part, the Commonwealth's right,
30 title and interest in State cannabis receipts to the

1 authority. The sale shall be subject to the terms and
2 conditions contained in agreements between the board and
3 the authority.

4 (ii) Proceeds from the sale of State cannabis
5 receipts shall be allocated and used in the manner
6 otherwise provided under this act for the distribution of
7 State cannabis receipts or in a manner authorized by an
8 act of the General Assembly.

9 (iii) The authority is authorized to purchase State
10 cannabis receipts upon terms and conditions agreed to by
11 the board and to issue bonds to fund the purchase of
12 State cannabis receipts in the manner provided for the
13 issuance of authority indebtedness in the law
14 establishing the authority.

15 (iv) The State Treasurer is authorized and directed
16 to enter into agreements with the board and the authority
17 and establish accounts and funds, that shall not be in
18 the State Treasury, as the authority may direct as being
19 necessary or appropriate to affect the sale of State
20 cannabis receipts to the authority and the collection and
21 transfer of the State cannabis receipts sold to the
22 authority.

23 (v) State cannabis receipts sold to the authority
24 shall be the property of the authority and shall not be
25 the property of the Commonwealth.

26 (23) To enter into an agreement with the district
27 attorneys of the counties where cannabis establishments are
28 located and the Office of Attorney General for the
29 reimbursement of actual costs for prosecutions of criminal
30 violations and for investigating a person applying for a

1 determination that an individual has been rehabilitated under
2 this act.

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

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

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

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

18 (25) To prepare and, through the Governor, submit
19 annually to the General Assembly an itemized budget
20 consistent with Article VI of The Administrative Code of
21 1929, consisting of the amounts necessary to be appropriated
22 by the General Assembly to meet the obligations accruing
23 during the fiscal period beginning July 1 of the following
24 year. The budget shall include itemized recommendations for
25 the Attorney General, the department, the Department of
26 Community and Economic Development and the Department of
27 Agriculture needed to meet their obligations under this act.

28 (26) In the event that, in any year, appropriations for
29 the administration of this act are not enacted by June 30,
30 any money appropriated for the administration of this act

1 unexpended, uncommitted and unencumbered at the end of a
2 fiscal year shall remain available for expenditure by the
3 board or other agency to which money was appropriated until
4 the enactment of appropriation for the ensuing fiscal year.

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

12 (28) To collect and post information on the board's
13 publicly accessible Internet website with sufficient detail
14 to inform the public of each person with a controlling
15 interest or ownership interest in an applicant, licensee,
16 permittee or other person authorized to engage in a regulated
17 activity under this act and an affiliate, intermediary,
18 subsidiary or holding company of an applicant or cannabis
19 entity licensee. The posting shall include:

20 (i) If the applicant, licensee, permittee or other
21 person authorized to engage in a regulated activity under
22 this act or an affiliate, intermediary, subsidiary or
23 holding company of the applicant, licensee, permittee or
24 other person is a publicly traded domestic or foreign
25 corporation, partnership, limited liability company or
26 other legal entity, the names of all persons with a
27 controlling interest.

28 (ii) If the applicant or cannabis entity licensee or
29 an affiliate, intermediary, subsidiary or holding company
30 of the applicant or cannabis entity licensee is a

1 privately held domestic or foreign corporation,
2 partnership, limited liability company or other legal
3 entity, the names of all persons with an ownership
4 interest greater than 5%.

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

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

9 (29) To adopt regulations governing the postemployment
10 limitations and restrictions applicable to members and to
11 employees of the board subject to section 301. In developing
12 these regulations, the board may consult with the State
13 Ethics Commission, other governmental agencies and the
14 disciplinary board of the Supreme Court of Pennsylvania
15 regarding postemployment limitations and restrictions on
16 members and employees of the board who are members of the
17 Pennsylvania Bar.

18 (30) To review detailed site plans identifying an
19 applicant's floor plan for a proposed cannabis establishment
20 to determine the adequacy of the proposed security and
21 surveillance measures inside and outside the cannabis
22 establishment.

23 (31) In the case of a cannabis establishment operated by
24 a cannabis retailer licensee, to ensure that the proposed
25 site plan is suitable for public access and that the layout
26 promotes the safe sale of cannabis and cannabis products,
27 facilitates safe and secure product handling and storage and
28 is compliant with the Americans with Disabilities Act of 1990
29 (Public Law 101-336, 104 Stat. 327).

30 (32) To adopt regulations authorizing the purchase or

1 acquisition of hemp by a cannabis entity licensee from hemp
2 farmers or other persons engaged in the legal cultivation and
3 production of hemp in this Commonwealth. Nothing in this
4 paragraph shall be construed to give the board the authority
5 to assess a fee or charge on hemp farmers or other persons
6 who sell or offer hemp for sale to a cannabis entity licensee
7 for use in cannabis products or to otherwise regulate the
8 cultivation and production activities of hemp farmers or
9 other persons.

10 Section 305. Regulatory authority of board.

11 (a) Scope.--The board shall have all the duties, functions
12 and powers necessary and appropriate to enable the board to
13 administer and enforce this act. The regulatory authority of the
14 board extends to the regulation and control of persons that hold
15 a cannabis entity license or permit and any other person
16 authorized to engage in a regulated activity under this act.

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

20 (1) Regulate the cultivation, processing, distribution,
21 transfer, storing, testing, transportation, delivery and sale
22 or offering for sale of cannabis and cannabis products under
23 this act.

24 (2) Fix, in consultation with the Department of
25 Agriculture, the standards of cultivation and processing of
26 cannabis and cannabis products to be sold or offered for sale
27 to cannabis consumers in this Commonwealth.

28 (3) Grant, suspend or revoke any license or conditional
29 license for the cultivation, processing, distribution,
30 storing, transporting, delivering, sale or offering for sale

1 of cannabis and cannabis products or any other authorization
2 to engage in a regulated activity under this act and to
3 authorize the transfer of a cannabis entity license to
4 another person as provided under this act.

5 (4) Deny the renewal of, condition, suspend or revoke a
6 license, permit, certification or other authorization to
7 engage in a regulated activity under this act, if the board
8 finds in the board's sole discretion that a licensee,
9 permittee or holder of a certification or authorization to
10 engage in a regulated activity under this act or an officer,
11 employee or agent of the licensee, permittee or holder of a
12 certification or authorization have furnished false or
13 misleading information to the board or failed to comply with
14 this act or regulations of the board and that it would be in
15 the public interest to deny, deny the renewal of, revoke,
16 condition or suspend the license, permit, certification or
17 other authorization.

18 (5) Adopt, amend or rescind regulations as necessary and
19 appropriate to carry out the intent and provisions of this
20 act.

21 (6) Restrict access to confidential and proprietary
22 information and data in the possession of the board which has
23 been obtained under this act and ensure that the
24 confidentiality of information is maintained and protected.
25 Records shall be retained by the board for seven years.

26 (7) Prescribe and require periodic financial reporting
27 and internal and external security and accounting control
28 requirements for all cannabis entity licensees, permittees
29 and holders of an authorization to engage in a regulated
30 activity under this act.

1 (8) Require each cannabis entity licensee to provide the
2 board with the cannabis entity licensee's audited annual
3 financial statements, with any additional financial details
4 that the board may request. The audited financial statements
5 shall be submitted not later than 90 days after the end of
6 the cannabis entity licensee's fiscal year.

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

10 (10) The following apply:

11 (i) Require that each cannabis retailer prohibit
12 persons under 21 years of age from entering the premises
13 of the cannabis retailer's cannabis establishment and
14 from purchasing cannabis or cannabis products.

15 (ii) Nothing in this paragraph shall be construed to
16 prohibit a cannabis retailer or any other cannabis entity
17 licensee from employing a person 18 years of age or older
18 or to prohibit a person 18 years of age or older from
19 entering a cannabis establishment in the performance of
20 the duties as an employee of a cannabis retailer licensee
21 or member of a first responder organization.

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

26 (11) Require each applicant for a cannabis entity
27 license to provide detailed site plans of the applicant's
28 proposed cannabis establishment, which shall be reviewed and
29 approved by the board for the purpose of determining the
30 adequacy of the proposed security and surveillance measures

1 inside and outside the cannabis establishment. Applicants
2 shall cooperate with the board in making modifications or
3 adjustments to site plans and ensure that the modified site
4 plans, as approved by the board, are made.

5 (12) Inspect or provide authorization for the inspection
6 at any time of any cannabis establishment where cannabis is
7 cultivated, processed, stored, distributed, tested,
8 transported, sold or offered for sale.

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

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

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

20 (16) Develop and establish minimum criteria for
21 certifying or registering employees to work in the cannabis
22 industry in positions requiring advanced training and
23 education.

24 (17) If public health, safety or welfare imperatively
25 requires emergency action and the board incorporates a
26 finding to that effect in an order, suspend a cannabis entity
27 license, effective on the date specified in the order or upon
28 service of a certified copy of the order on the cannabis
29 entity licensee, whichever is later, pending proceedings for
30 revocation or other action. The proceedings shall be promptly

1 instituted and determined by the board. In addition, the
2 board may order the administrative seizure of cannabis or
3 cannabis products, issue a cease and desist order or take any
4 other action necessary to protect public health and safety
5 and effectuate and enforce the policy and purpose of this
6 act.

7 (18) Adopt and promulgate regulations and issue
8 declaratory rulings, guidance and industry advisories.

9 (19) No later than January 1, 2022, and by January 1 of
10 each year thereafter, compile an annual report on the
11 effectiveness of this act. In compiling the annual report,
12 the board may consult with the department, the Department of
13 Agriculture, the Office of the Attorney General, the
14 Pennsylvania State Police, the Department of Health, the
15 Department of Community and Economic Development and the
16 Department of Drug and Alcohol Programs. The report shall
17 include, but not be limited to, the following information:

18 (i) The number of licenses, permits and other
19 authorizations to engage in a regulated activity under
20 this act applied for by geographic region of this
21 Commonwealth and the number of licenses, permits and
22 other authorizations approved and issued or denied by
23 geographic region.

24 (ii) The economic and fiscal impacts associated with
25 this act, including tax revenue and revenue collected
26 from the payment of fees, fines and penalties related to
27 the regulation of cannabis under this act.

28 (iii) Specific programs implemented and progress, if
29 any, made by the board in achieving the goals of social
30 and economic equity and other social justice goals,

1 including, but not limited to, restorative justice and
2 ensuring inclusion and participation by diverse
3 businesses and disadvantaged small businesses,
4 disadvantaged farmer-owned small businesses and service-
5 disabled-veteran-owned and veteran-owned small
6 businesses.

7 (iv) Demographic data on owners and employees in the
8 cannabis industry.

9 (v) Impacts to public health and safety, including
10 substance use disorder.

11 (vi) Impacts associated with public safety,
12 including, but not limited to, traffic-related issues,
13 law enforcement, underage prevention in relation to
14 accessing cannabis and cannabis products and efforts to
15 eliminate illicit cannabis and the market for illicit
16 cannabis and cannabis products in this Commonwealth.

17 (vii) Any other information or data deemed
18 significant.

19 (20) The following apply:

20 (i) The board may biennially make a report of
21 recommendations regarding the appropriate level of
22 taxation of cannabis and cannabis products, as well as
23 changes necessary to:

24 (A) promote and encourage inclusion and
25 participation by social and economic equity
26 applicants; and

27 (B) improve and protect the public health and
28 safety of the residents of this Commonwealth to
29 improve access and availability for substance use
30 disorder treatment programs.

1 (ii) The initial report shall be submitted to the
2 Governor, the Majority Leader of the Senate, the Minority
3 Leader of the Senate, the Speaker of the House of
4 Representatives and the Minority Leader of the House of
5 Representatives no later than January 1, 2023, and
6 biennially thereafter.

7 (21) Consult with the department, the Department of
8 Agriculture, the Office of Attorney General, the Department
9 of Health, any other board, agency, commission or office of
10 the Commonwealth, representatives of the cannabis industry or
11 other persons the board deems necessary with respect to the
12 various aspects of the powers and duties of the board and the
13 regulation and control of cannabis under this act.

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

16 (23) Investigate, through the bureau, any suspected or
17 actual violation of this act by a licensee, permittee or
18 other person authorized to engage in a regulated activity
19 under this act.

20 (24) Limit or prohibit, at the time of a declaration of
21 disaster emergency or other public health emergency or
22 natural disaster and without previous notice or
23 advertisement, the cultivation, processing, distribution,
24 storage, transportation, delivery or sale of any or all
25 cannabis and cannabis products for the period of an emergency
26 declaration.

27 (25) Hold hearings, subpoena witnesses, compel
28 attendance of witnesses, administer oaths and examine a
29 person under oath and to require the production of books or
30 records relative to the hearing or inquiry. A subpoena issued

1 under this section shall be governed by the applicable
2 provisions of 42 Pa.C.S. (relating to judiciary and judicial
3 procedure).

4 (26) Inspect or provide authorization for the inspection
5 at any time of any cannabis establishment where cannabis or
6 cannabis products are cultivated, processed, stored,
7 transported, tested, distributed, sold or offered for sale.

8 (27) Enter into memoranda of understanding or agreements
9 with the Department of Agriculture, Department of Health,
10 Pennsylvania State Police or any other Commonwealth agency as
11 deemed appropriate to effectuate the policy and purposes of
12 this act.

13 (28) Assist in the prosecution of violations of this act
14 and other laws of this Commonwealth related to the legal
15 possession or sale of cannabis and cannabis products and to
16 cooperate with the prosecution of a violation of this act and
17 other laws.

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

21 (30) Except as provided under this act, adopt
22 regulations prohibiting advertisements by cannabis entity
23 licensees that:

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

26 (ii) promote excessive use;

27 (iii) promote illegal activity; or

28 (iv) otherwise present a significant risk to public
29 health and safety.

30 (31) Establish the circumstances under which the board

1 may purchase, seize, possess and dispose of cannabis and
2 cannabis products. The board may purchase, possess, seize or
3 dispose of cannabis and cannabis products as may be necessary
4 to ensure compliance with and the enforcement of this act.

5 (32) Provide for the development and use of a seed-to-
6 sale cannabis tracking system, which shall include a secure
7 application program interface capable of accessing all data
8 required to be transmitted to the board to ensure compliance
9 with the operational reporting requirements established under
10 this act and regulations of the board.

11 (33) Ensure that the seed-to-sale tracking system
12 utilizes a unique plant identification and unique batch
13 identification. Any secondary system used by a cannabis
14 entity licensee shall be configured to integrate with the
15 seed-to-sale tracking system of record in a form and manner
16 approved by the board.

17 (34) Ensure that the seed-to-sale tracking system is
18 configured to track the transfer of cannabis and cannabis
19 products between licensed cannabis entities. The tracking
20 system must be configured to include, but not be limited to,
21 procedures to:

22 (i) Prevent the diversion of cannabis and cannabis
23 products to criminal enterprises, gangs, cartels and
24 other states or jurisdictions.

25 (ii) Prevent persons from substituting,
26 adulterating, contaminating or tampering with cannabis
27 and cannabis products.

28 (iii) Ensure an accurate accounting of the
29 cultivation, processing and sale of cannabis and cannabis
30 products.

1 (iv) Assist the department with ensuring that taxes
2 imposed under this act are collected and distributed as
3 provided under this act.

4 (v) Ensure that cannabis and cannabis products
5 undergo laboratory testing by a cannabis testing
6 laboratory and that test results are accurately reported
7 to the cannabis entity licensee that provided the sample
8 for testing.

9 (vi) Ensure compliance with the rules and
10 regulations adopted under this act.

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

12 (A) The propagation of immature cannabis plants
13 and the cultivation of cannabis by a cannabis
14 cultivator.

15 (B) The processing of cannabis and cannabis
16 products by a cannabis processor.

17 (C) The sale of cannabis and cannabis products
18 by a cannabis retailer to a cannabis consumer.

19 (D) The purchase and sale of cannabis and
20 cannabis products between cannabis entity licensees.

21 (E) The transfer or delivery of cannabis and
22 cannabis products between licensed cannabis entities
23 and licensed cannabis establishments.

24 (F) Licensees, employees and other persons
25 involved with cannabis and cannabis products.

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

28 (H) Any other information that the board
29 determines necessary to administer and enforce this
30 paragraph.

1 (35) The following apply:

2 (i) Require each cannabis entity licensee to develop
3 and implement a workplace safety plan designed to inform
4 and prepare employees on how to respond during a fire,
5 accident or other emergency and to submit the specifics
6 of the plan to the board.

7 (ii) The plan may include a workplace first aid
8 training program, a fire safety plan, including periodic
9 fire drills, evacuation procedures and access
10 requirements for members of first responder
11 organizations.

12 (iii) Notwithstanding any other provision of this
13 act, employees and members of first responder
14 organizations may enter a cannabis establishment to
15 conduct fire drills and advise licensees and employees on
16 fire safety and effective evacuation procedures.

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

21 Section 306. Additional regulatory authority.

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

26 (1) The qualifications and selection criteria for
27 licensing, permitting, registration, certification or other
28 authorization to engage in a regulated activity under this
29 act.

30 (2) The books and records to be created and maintained

1 by cannabis entity licensees, including the reports to be
2 made to the board, and the inspection of any and all books
3 and records maintained by each licensed cannabis entity,
4 including the books and records that must be maintained for
5 inspection on the premises of the cannabis entity's cannabis
6 establishment.

7 (3) The methods of cultivating or producing, processing
8 and packaging of cannabis and cannabis products, including
9 concentrated cannabis.

10 (4) The conditions of sanitation and sanitation
11 standards, including, but not limited to, the standards of
12 ingredients and quality and identity of cannabis cultivated,
13 processed, packaged, distributed, stored, sold or offered for
14 sale by cannabis entity licensees in this Commonwealth. The
15 board shall consult with the Department of Agriculture in
16 adopting sanitation standards and may incorporate any
17 standards or requirements adopted by the Department of
18 Agriculture to govern food safety, including the misbranding
19 and adulteration of food under 3 Pa.C.S. (relating to
20 agriculture).

21 (5) The security and surveillance standards for cannabis
22 establishments and safety and security protocols for
23 employees, cannabis consumers and other persons patronizing a
24 cannabis establishment.

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

29 (7) Procedures to prevent the sale and distribution of
30 cannabis and cannabis product to individuals under 21 years

1 of age, including the modification of tobacco vaping products
2 for use with cannabis or cannabis products.

3 (8) Procedures to prevent the diversion of revenue from
4 the sale of cannabis and cannabis products to criminal
5 enterprises.

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

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

13 (11) In consultation with the Department of
14 Transportation, provisions to inform the public about drugged
15 driving and driving while impaired and the possible
16 exacerbation of other adverse public health consequences
17 associated with the use of cannabis and cannabis products.

18 (12) Requirements to prevent the cultivation of cannabis
19 on public lands.

20 (13) Provisions to inform the public about the
21 prohibition on the possession and use of cannabis and
22 cannabis products on land or property owned by the United
23 States.

24 (14) In consultation with the Department of Agriculture
25 and the Department of Environmental Protection, provisions to
26 govern the cultivation of cannabis, including water, electric
27 and energy usage and disposal and recycling methods,
28 restrictions on the use of fertilizers, pesticides and
29 herbicides and best practices for water and energy
30 conservation.

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

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

5 (1) The board shall adopt and promulgate regulations to
6 require each cannabis entity licensee, permittee or other
7 person issued a license, permit or authorization to engage in
8 a regulated activity under this act to furnish identification
9 cards to the employees, contractors or subcontractors of the
10 licensee, permittee or other person. The board shall adopt a
11 standardize format for employee identification cards to
12 include:

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

17 (ii) The name of the cardholder.

18 (iii) The date of issuance and expiration.

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

23 (v) A photograph of the cardholder.

24 (vi) A statement that the unauthorized use or
25 possession of an identification card could subject a
26 person to criminal prosecution.

27 (2) The regulations shall require that an employee,
28 contractor or subcontractor issued an identification card
29 under this subsection:

30 (i) Keep the identification card visible at all

1 times when on the premises of a cannabis entity's
2 cannabis establishment or the premises of a permittee or
3 other person authorized to engage in a regulated activity
4 under this act.

5 (ii) Immediately report a lost or stolen
6 identification card to the cannabis entity licensee,
7 permittee or other person engaged in a regulated activity
8 under this act that issued the card to the employee,
9 contractor or subcontractor. The cannabis entity
10 licensee, permittee or other person shall, within 24
11 hours of notification of a lost or stolen identification
12 card, report the lost or stolen identification card to
13 the board and the Pennsylvania State Police.

14 (iii) Immediately return the identification card to
15 the cannabis entity licensee, permittee or other person
16 that employs the employee, contractor or subcontractor
17 upon termination of employment or performance of the
18 contract.

19 (iv) Restrict the use of identification cards to
20 work purposes only. A cannabis employee identification
21 card may not be used outside the premises of a cannabis
22 establishment to confirm the identity of the
23 identification cardholder.

24 Section 307. Temporary regulations.

25 (a) Promulgation.--In order to facilitate the prompt
26 implementation of this act, regulations promulgated by the board
27 shall be deemed temporary regulations which shall expire no
28 later than three years following the effective date of this
29 section. The board may promulgate temporary regulations, which
30 shall not be subject to:

1 (1) Sections 201, 202 and 203 of the act of July 31,
2 1968 (P.L.769, No.240), referred to as the Commonwealth
3 Documents Law.

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

6 (b) Expiration.--The authority provided to the board to
7 adopt temporary regulations under subsection (a) shall expire
8 three years after the effective date of this subsection.

9 Regulations adopted after the three-year period under subsection
10 (a) shall be adopted and promulgated as provided by law.

11 Section 308. Cannabis entity application appeals from board.

12 The Supreme Court shall be vested with exclusive appellate
13 jurisdiction to consider appeals of a final order, determination
14 or decision of the board involving the approval, issuance,
15 denial or conditioning of a cannabis entity license.

16 Notwithstanding 2 Pa.C.S. Ch. 7 Subch. A (relating to judicial
17 review of Commonwealth agency action) and 42 Pa.C.S. § 763
18 (relating to direct appeals from government agencies), the
19 Supreme Court shall affirm all final orders, determinations or
20 decisions of the board involving the approval, issuance, denial
21 or conditioning of a cannabis entity license, unless the Court
22 finds that the board committed an error of law or that the
23 order, determination or decision of the board was arbitrary and
24 there was a capricious disregard of the evidence.

25 Section 309. Hearing process.

26 The board's consideration and resolution of all issues
27 relating to licenses, permits or other authorizations to engage
28 in a regulated activity under this act shall be conducted under
29 2 Pa.C.S. (relating to administrative law and procedure) or with
30 procedures adopted by order of the board. Notwithstanding the

1 requirements of 2 Pa.C.S. §§ 504 (relating to hearing and
2 record) and 505 (relating to evidence and cross-examination) as
3 those provisions relate to the conduct of oral hearings, the
4 board may adopt procedures to provide parties before the board
5 with a documentary hearing. The board may resolve disputed
6 material facts without conducting an oral hearing where
7 constitutionally permissible.

8 Section 310. Board minutes and records.

9 (a) Record of proceedings.--The board shall cause to be made
10 and kept a record of all proceedings held at public meetings of
11 the board. The verbatim transcript of board proceedings shall be
12 the property of the board and shall be prepared by the board
13 upon the request of a board member or other person and the
14 payment by that person of the costs of preparation, which costs
15 shall be specified by the board by regulation.

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

17 (1) The board shall maintain a list of all applicants
18 for licenses, permits and other authorizations to engage in a
19 regulated activity under this act. The list shall include a
20 record of all actions taken with respect to each applicant.
21 The list shall be open to public inspection during the normal
22 business hours of the board.

23 (2) Information under paragraph (1) regarding an
24 applicant whose license, permit, certification or other
25 authorization has been denied, revoked or not renewed shall
26 be removed from the list after seven years from the date of
27 the action.

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

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

2 (1) The following information submitted by an applicant,
3 licensee, permittee or other person engaged in a regulated
4 activity under this act or obtained by the board or the
5 bureau as part of a background investigation or other
6 investigation or inquiry from any source shall be
7 confidential and withheld from public disclosure:

8 (i) All information relating to character, honesty
9 and integrity, including family, habits, reputation,
10 history of criminal activity, business activities,
11 financial affairs and business, and professional and
12 personal associations submitted to or otherwise obtained
13 by the board or the bureau.

14 (ii) Nonpublic personal information, including home
15 addresses, telephone numbers and other personal contact
16 information, Social Security numbers, educational
17 records, memberships, medical records, tax returns and
18 declarations, actual or proposed compensation, financial
19 account records, creditworthiness or financial condition
20 relating to an applicant, licensee, permittee or other
21 person engaged in a regulated activity under this act or
22 the immediate family of the applicant, licensee,
23 permittee or other person.

24 (iii) Information relating to proprietary
25 cultivation information, cultivation or processing
26 methods, trade secrets, patents or exclusive licenses,
27 architectural and engineering plans and information
28 relating to competitive marketing materials and
29 strategies, which may include customer-identifying
30 information.

1 (iv) Security and surveillance information or plans,
2 including risk prevention plans, detection and
3 countermeasures, location of cultivation or processing
4 restricted access areas, information technology
5 facilities or redundancy technology facilities, emergency
6 management plans, safety protocols and theft and fraud
7 prevention plans and countermeasures.

8 (v) Information with respect to which there is a
9 reasonable possibility that public release or inspection
10 of the information would constitute an unwarranted
11 invasion into personal privacy of an individual as
12 determined by the board.

13 (vi) Financial information deemed confidential by
14 the board upon a showing of good cause by the applicant,
15 licensee or other person.

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

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

26 (4) The following apply:

27 (i) Except as provided in this act and under
28 subparagraph (ii), information made confidential under
29 this section shall be withheld from public disclosure in
30 whole or in part.

1 (ii) Confidential information shall be released upon
2 order of a court of competent jurisdiction or to the
3 Attorney General and may be released to the public, in
4 whole or in part, to the extent that the release is
5 requested by an applicant, licensee, permittee or other
6 person engaged in a regulated activity under this act and
7 does not otherwise contain confidential information about
8 another person.

9 (5) The board may seek a voluntary waiver of
10 confidentiality from an applicant, licensee, permittee or
11 other person engaged in a regulated activity under this act
12 but may not require an applicant, licensee, permittee or
13 other person to waive any confidentiality provided for in
14 this subsection as a condition for the approval of an
15 application or the issuance or renewal of a license or permit
16 or any other authorization or action of the board.

17 (6) The following apply:

18 (i) A current or former member and a current or
19 former employee, agent, independent contractor or
20 employee of an independent contractor of the board, the
21 department, the Department of Agriculture, the Office of
22 Attorney General or any other Commonwealth agency or
23 office who has obtained confidential information in the
24 performance of duties under this act may not
25 intentionally and publicly disclose the information to
26 any person, knowing that the information being disclosed
27 is confidential under this subsection, unless the person
28 to whom the information is disclosed is authorized by law
29 to receive the information.

30 (ii) A violation of this subsection constitutes a

1 misdemeanor of the third degree. In addition, an
2 employee, agent, independent contractor or employee of an
3 independent contractor of the board who violates this
4 subsection shall be administratively disciplined by
5 discharge, suspension, termination of contract or other
6 formal disciplinary action as determined appropriate by
7 the board.

8 (iii) If a current member of the board violates this
9 paragraph, the chairperson of the board or a member of
10 the board designated by the chairperson shall refer the
11 matter to the current member's appointing authority.

12 (e) Notice.--Notice of the contents of information collected
13 and maintained by the board, except to a duly authorized law
14 enforcement agency under this section, may be given to an
15 applicant, licensee, permittee or other person engaged in a
16 regulated activity under this act in a manner prescribed by
17 regulation of the board.

18 (f) Information held by department.--Notwithstanding any
19 other provision of this act, files, records, reports, tax
20 returns and other information in the possession of the
21 department pertaining to licensees, permittees and other persons
22 engaged in a regulated activity under this act shall be made
23 available to the board as may be necessary for the effective
24 administration of this act.

25 Section 311. Selection criteria.

26 (a) Requirements.--The board shall promulgate and adopt
27 regulations to govern the board's consideration of applications
28 for a license, permit, certification or other authorization to
29 engage in a regulated activity under this act. The regulations
30 shall be based on, but not be limited to, the following

1 criteria:

2 (1) The applicant is a social and economic equity
3 applicant.

4 (2) The applicant will be able to maintain effective
5 control against the illegal diversion of cannabis and
6 cannabis products.

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

9 (4) The applicants and its officers, directors and
10 principals are ready, willing and financially able to
11 properly carry on the activities for which the license,
12 permit, certification or other authorization is sought,
13 including an applicant's obligations under sections 503(c)
14 and 504(c), if applicable.

15 (5) The applicant, including a social and economic
16 equity applicant, owns, possesses or has the rights to
17 sufficient land, buildings and equipment to properly perform
18 the activity or activities described in the application or
19 has a plan to acquire sufficient land, buildings and
20 equipment to perform the activities.

21 (6) The applicant:

22 (i) qualifies as a social and economic equity
23 applicant;

24 (ii) will locate or has proposed to locate the
25 applicant's cannabis establishment in a designated
26 opportunity zone; or

27 (iii) provides a plan to benefit communities in
28 designated opportunities zones.

29 (7) It is in the public interest that a license, permit,
30 certification or other authorization to engage in a regulated

1 activity under this act be approved and issued by the board
2 based on the following:

3 (i) that it is a privilege and not a right to
4 cultivate, process, distribute, transport, deliver,
5 store, sell or offer for sale cannabis and cannabis
6 products in this Commonwealth;

7 (ii) the number and type of other proposed cannabis
8 establishments in proximity to the physical location of a
9 proposed cannabis establishment in the particular
10 municipality proposed in the applicant's application;

11 (iii) the effect on the availability of cannabis and
12 cannabis products;

13 (iv) evidence that all required licenses and permits
14 have been or will be obtained from the Commonwealth and
15 the municipality where the applicant's cannabis
16 establishment is proposed to be located;

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

21 (vi) if the applicant is seeking a cannabis
22 cultivator license or a cannabis processor license, the
23 environmental impact of the proposed cannabis
24 establishment and the ability of the applicant to
25 mitigate adverse environmental impacts, including, but
26 not limited to, water usage and energy usage.

27 (b) Privileges granted; availability limited.--All
28 privileges granted by a license, permit, certification or other
29 authorization to engage in a regulated activity under this act
30 shall be available only to the person issued the license,

1 permit, certification or other authorization and only for the
2 premises of the licensed cannabis establishment specified in the
3 application and for no other person, premises or cannabis
4 establishment. Nothing in this subsection shall preclude a
5 person from petitioning the board for a modification of or an
6 amendment to a license, permit, certification or other
7 authorization under this act.

8 Section 312. Collection of fees and fines.

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

10 (1) The board shall have the power and duty to levy and
11 collect fees from applicants, licensees, permittees and other
12 persons seeking authorization to engage in a regulated
13 activity under this act to fund the operations of the board.

14 (2) In addition to the authority to levy and collect
15 fees under paragraph (1), the board shall have the authority
16 to impose a reasonable monthly seed-to-sale licensing fee on
17 licensees, permittees and other persons authorized to engage
18 in a regulated activity related to the cultivation,
19 processing or sale of cannabis and cannabis products under
20 this act. The seed-to-sale licensing fee shall be used by the
21 board to develop and maintain a cannabis plant monitoring
22 system to track the sale or transfer of cannabis and cannabis
23 products between cannabis entity licensees.

24 (b) (Reserved).

25 Section 313. Cannabis entity license fees.

26 (a) Establishment of fees.--

27 (1) Except as otherwise provided in this act, the board
28 shall establish a schedule for the payment of fees in
29 accordance with the requirements of this section.

30 (2) Each applicant for a cannabis entity license shall

1 pay to the board, in the form, manner and at such time as
2 prescribed by regulation of the board, the following:

- 3 (i) a nonrefundable license fee;
- 4 (ii) a license renewal fee; and
- 5 (iii) a monthly verification system fee.

6 (3) Notwithstanding any provision of this act to the
7 contrary, the board may:

8 (i) Waive the application fees established under
9 this act and the monthly verification system fee
10 established by regulation of the board for any social and
11 economic equity applicant or cannabis microbusiness.

12 (ii) Increase or reduce, by regulation, the
13 multiplier under subsections (b) (1) (iii) and (e) (1) for
14 the indoor and outdoor cultivation of cannabis.

15 (b) Cannabis cultivator license fee.--

16 (1) The board shall use the licensing tier system under
17 section 604(d) (7) to calculate cannabis cultivator license
18 fees and license renewal fees. The following shall apply:

19 (i) Each applicant for a cannabis cultivator license
20 shall designate the tier at which the applicant shall be
21 initially licensed in the application for a cannabis
22 entity license.

23 (ii) The cannabis cultivator license fee shall be
24 based on or relative to the square feet of indoor or
25 outdoor canopy used or proposed to be used by the
26 cannabis cultivator to grow cannabis plants at any point
27 in time.

28 (iii) The cannabis cultivator license fee imposed by
29 the board under each licensing tier shall be calculated
30 by multiplying the square feet of indoor or outdoor

1 canopy used or proposed to be used by the applicant or
2 cannabis cultivator licensee by \$1.00.

3 (2) An applicant for a cannabis cultivator license or
4 cannabis cultivator licensee shall pay the relevant license
5 fee for each cannabis establishment operated by the cannabis
6 cultivator licensee.

7 (c) Fees applicable to other cannabis entities.--

8 (1) The board shall impose and collect:

9 (i) A license fee in the amount of \$50,000 from an
10 applicant approved for and issued a cannabis processor
11 license.

12 (ii) A license fee in the amount of \$30,000 from an
13 applicant approved for and issued a cannabis retailer
14 license.

15 (iii) A license fee in the amount of \$20,000 from an
16 applicant approved for and issued a cannabis
17 microbusiness license.

18 (d) Reduction of license fee.--The license fee for a holder
19 of a cannabis cultivator license, cannabis processor license,
20 cannabis retailer license or cannabis transporter license that
21 is also a qualified social and economic equity applicant or a
22 cannabis microbusiness applicant shall be 50% of the amount for
23 the type of license applied for in accordance with the
24 applicable provisions of this act.

25 (e) Renewal fees.--Each person issued a cannabis entity
26 license under this chapter shall pay a license renewal fee to
27 the board in the following amounts:

28 (1) If the cannabis entity is a cannabis cultivator in
29 good standing, an amount determined by the board calculated
30 by multiplying the square feet of indoor or outdoor canopy

1 used by the cannabis cultivator during the term of the
2 expired or expiring license multiplied by .50¢

3 (2) The sum of \$25,000 for a cannabis processor license
4 in good standing.

5 (3) The sum of \$15,000 for a cannabis retailer license
6 in good standing.

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

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

17 (f) Fees not included.--The fees set forth in this section
18 shall not include any other fees that may be imposed and
19 collected by the board in accordance with the provisions of this
20 act or by regulation of the board.

21 (g) Term.--The following apply:

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

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

1 (3) Nothing in this subsection shall relieve a licensee
2 of the affirmative duty to notify the board of changes
3 relating to the status of the license, permit or other
4 authorization or any other information contained in the
5 application materials on file with the board.

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

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

18 (j) Return of cannabis entity license fee.--The following
19 apply:

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

28 (i) The composition of the board.

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

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

1 (iv) The manner in which members are appointed to
2 the board.

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

4 (vi) The general jurisdiction of the board in a
5 manner that impairs or otherwise reduces the board's
6 licensing or regulatory authority.

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

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

14 (i) In the sixth year following the date established
15 by the board as the deadline for the initial submission
16 of cannabis entity license applications under section
17 502, a cannabis entity licensee shall be entitled to an
18 actual return of the initial cannabis entity license fee
19 in the amount totaling 60% of the initial license fee and
20 60% of the total amount of all renewal license fees paid
21 to the board under subsection (a).

22 (ii) In the seventh year, each cannabis entity
23 licensee shall be entitled to an actual return of the
24 initial cannabis entity license fee in an amount totaling
25 50% of the initial license and 50% of the total amount of
26 all renewal license fees paid to the board under
27 subsection (a).

28 (iii) In the eighth year, each cannabis entity
29 licensee shall be entitled to an actual return of the
30 initial cannabis entity license fee in an amount totaling

1 40% of the initial license fee and 40% of all renewal
2 license fees paid to the board under subsection (a).

3 (iv) In the ninth year, each cannabis entity
4 licensee shall be entitled to an actual return of the
5 initial cannabis entity license fee in an amount totaling
6 30% of the initial cannabis entity license fee and 30% of
7 the total amount of all renewal license fees paid to the
8 board under subsection (a).

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

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

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

25 (5) Within 10 days following a determination that a
26 cannabis entity licensee is entitled to the return of any
27 portion of the cannabis entity license fee or renewal license
28 fee paid by the cannabis entity licensee under this act or
29 based on the contract executed by the cannabis entity
30 licensee and the department under subsection (k), the board

1 shall immediately assess a one-time cannabis entity license
2 renewal fee on the cannabis entity licensee in an amount
3 equal to the amount of the fee returned to the cannabis
4 entity licensee. The renewal fee shall be paid by the
5 cannabis entity licensee within two business days following
6 the return of the initial fee.

7 (k) Credit against tax for cannabis entity licensees.--The
8 following apply:

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

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

22 (3) The aggregate amount of all credits provided shall
23 not exceed the amount of the licensing fee paid by the
24 licensee.

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

29 CHAPTER 4

30 SOCIAL AND ECONOMIC EQUITY

1 Section 401. Office of Social and Economic Equity.

2 (a) Establishment and director.--The Office of Social and
3 Economic Equity is established within the board and shall be
4 under the immediate supervision of a director who shall be
5 appointed by and serve at the pleasure of the board. The
6 director shall receive an annual salary which shall not exceed
7 the annual salary of the executive director of the board.

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

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

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

1 consultation with the board.

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

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

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

28 (2) Make recommendations to the board on relevant policy
29 and implementation matters relating to inclusion and
30 participation in this Commonwealth's regulated cannabis

1 industry by individuals residing in and entities located in
2 designated opportunity zones and other socially and
3 economically disadvantaged communities, including by
4 prospective or existing ownership by diverse businesses and
5 disadvantaged businesses, service-disabled veteran-owned
6 small businesses and veteran-owned small businesses and
7 disadvantaged farmer-owned small businesses, as the office
8 deems appropriate.

9 (3) Conduct advertising and promotional campaigns and
10 disseminate information to the public to increase awareness
11 and promote inclusion and participation in this
12 Commonwealth's regulated cannabis industry by socially and
13 economically disadvantaged individuals, including through
14 prospective and existing ownership by certified 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 concerning the qualifications and application process for a
19 license, permit or other authorization to engage in a
20 regulated activity under this act.

21 (4) Develop a list that identifies certified diverse
22 businesses and disadvantaged businesses, service-disabled
23 veteran-owned small businesses and veteran-owned small
24 businesses and disadvantaged farmer-owned small businesses
25 and other farmers and persons engaged in agricultural
26 production for use by applicants for an expedited approval
27 cannabis entity license under sections 503 and 504 and
28 applicants for a cannabis entity license under section 505 to
29 carry out social and economic equity activities under Chapter
30 5. The list shall be transmitted to the Legislative Reference

1 Bureau for publication in the Pennsylvania Bulletin and
2 posted on the board's publicly accessible Internet website on
3 a continuing basis. Revisions or updates to the list shall be
4 promptly transmitted to the Legislative Reference Bureau for
5 publication in the Pennsylvania Bulletin and posted on the
6 board's publicly accessible Internet website to ensure the
7 accuracy of the information delineated in the list.

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

20 (6) The following apply:

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

1 (ii) The office shall make a good faith effort to
2 establish, maintain and enhance the goals and measures
3 designed to promote inclusion and participation in
4 regulated activities under this act by socially and
5 economically disadvantaged individuals and small
6 businesses consistent with the standards specified in
7 this subsection, and to coordinate and assist the board
8 with respect to the incorporation of these licensing
9 measures into the application and review process for
10 issuing a license, permit, certification or other
11 authorization to engage in a regulated activity under
12 this act.

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

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

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

28 (d) Report.--Within two years of the effective date of this
29 subsection, and on a biennial basis thereafter, the office shall
30 compile a report that addresses inclusion and participation in

1 this Commonwealth's regulated cannabis industry by individuals
2 from socially and economically disadvantaged communities and
3 designated opportunity zones, including through participation in
4 the commercial cannabis marketplaces by diverse businesses and
5 disadvantaged businesses, service-disabled veteran-owned small
6 businesses and veteran-owned small businesses and disadvantaged
7 farmer-owned small businesses.

8 Section 402. Cannabis Business Development Fund.

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

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

21 (1) The Department of Community and Economic
22 Development.

23 (2) The Department of Transportation.

24 (3) The Pennsylvania Gaming Control Board.

25 (4) The Department of General Services.

26 (5) The Commonwealth Financing Authority.

27 (c) Deposits into fund.--The fund shall consist of money
28 required to be deposited into the fund under this act and all
29 other money which may be appropriated by the General Assembly
30 and any other money, grants, gifts, donations or contributions

1 from any other source which may be made to the fund for the
2 purposes of subsection (d). Money in the fund is hereby
3 appropriated by the General Assembly for the purposes enumerated
4 in subsection (d).

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

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

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

17 (3) Assist social and economic equity applicants with
18 business and technical assistance.

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

29 (5) Assist with job training and provide technical
30 assistance for residents of designated opportunity zones and

1 other areas of this Commonwealth.

2 (6) Compensate the Department of Community and Economic
3 Development for the costs incurred in administering the
4 Social and Economic Equity Loan and Grant Program under
5 section 403.

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

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

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

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

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

23 (2) Establish a grant and low-interest loan program to
24 provide financial assistance to social and economic equity
25 applicants.

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

1 licensee.

2 (4) Collaborate with the Department of Agriculture in
3 developing agriculture-specific programs for social and
4 economic equity applicants and other applicants on
5 sustainable cultivation and crop production measures and
6 activities.

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

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

14 (7) Engage with private sector entities, agencies of the
15 Commonwealth and local governments to carry out the purposes
16 of this chapter.

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

24 (9) On a continuing basis, collaborate with the
25 Department of Agriculture, the Department of Community and
26 Economic Development and any other Commonwealth agency to
27 secure the services of employees of the Department of
28 Agriculture and the Department of Community and Economic
29 Development and any other Commonwealth agency to provide
30 guidance and assistance in carrying out the requirements of

1 this chapter. The Department of Agriculture, the Department
2 of Community and Economic Development and Commonwealth
3 agencies shall cooperate with the office and the board in
4 carrying out the requirements of this paragraph.

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

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

18 (12) Utilize vendors or enter into contracts with
19 persons or entities to carry out the purposes of this
20 section.

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

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

27 (2) shall be in a principal amount and form and contain
28 terms and provisions with respect to security, insurance,
29 reporting, delinquency charges, default remedies and other
30 matters as the office, in consultation with the Department of

1 Community and Economic Development, determines appropriate to
2 protect the public interest and be consistent with the
3 purposes of this section. The terms and provisions may be
4 less than required for similar loans provided by the
5 Commonwealth.

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

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

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

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

27 (3) The number and amount of loans made to qualified
28 social and economic equity licensees and the amount of loans
29 made that are outstanding.

30 (4) The location of projects engaged in by qualified

1 social and economic equity licensees and identification of
2 cannabis entity licensees and other persons or businesses
3 providing, that will provide or that provided assistance to
4 qualified social and economic equity licensees to help
5 advance the project.

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

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

18 Section 404. Fee waivers.

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

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

30 (2) the social and economic equity applicant, including

1 all individuals and entities with 10% or greater ownership
2 and all parent companies, subsidiaries and affiliates of the
3 applicant, has no more than two other cannabis entity
4 licenses in this Commonwealth.

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

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

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

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

22 Section 405. Transfer of cannabis entity license.

23 (a) Transfer requirement.--If a qualified social and
24 economic equity cannabis entity licensee seeks to transfer, sell
25 or grant the licensee's cannabis entity license to a person that
26 does not qualify as a qualified social and economic equity
27 licensee, the agreement to transfer, sell or grant the cannabis
28 entity license to another person shall include a requirement
29 that the person receiving a cannabis entity license held by the
30 social and economic equity licensee shall pay the Cannabis

1 Entity Development Fund an amount equal to:

2 (1) The balance of the fees waived by the board or any
3 Commonwealth agency based on the applicant's status as a
4 qualified social and economic equity licensee, if applicable.

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

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

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

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

22 Section 406. Required reports.

23 On December 31, 2022, and on December 31 of each year
24 thereafter, or upon request by the board, each cannabis entity
25 licensee shall report to the board, on a form and in a manner
26 provided by the board, information of a scope and sufficiency
27 that will allow the board to assess the extent of social and
28 economic equity inclusion and participation programs and
29 activities in this Commonwealth's regulated cannabis industry
30 and develop recommendations and measures to reduce or eliminate

1 identified barriers to entry, including access to capital. The
2 information to be collected and reported shall identify the
3 following:

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

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

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

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

28 CHAPTER 5

29 REGULATION OF CANNABIS

30 Section 501. Regulation of cannabis.

1 (a) Adoption of temporary regulations.--Within 90 days of
2 the effective date of this section, the board shall adopt and
3 promulgate temporary regulations necessary for the
4 implementation of this act. The regulations shall be consistent
5 with the intent of this act and shall not be designed to hinder
6 the operation of cannabis establishments by cannabis entities,
7 either expressly or through regulations, in a manner that makes
8 operation unreasonably impracticable. In addition to subsequent
9 permanent regulations required under this act, temporary
10 regulations adopted by the board shall include, but not be
11 limited to, the following:

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

27 (2) Incorporate licensing goals for social and economic
28 equity applicants and cannabis microbusiness applicants who
29 are residents of this Commonwealth. The board shall make a
30 good faith effort to meet the resident licensing goals.

1 Qualification for licensure shall be directly and
2 demonstrably related to the operation of a cannabis
3 establishment, provided that the board shall make licenses
4 available to as diverse a group as possible. Except as
5 otherwise provided in this act, the temporary regulations and
6 subsequent permanent regulations shall include a prohibition
7 on the issuance of a license, permit or other authorization
8 to engage in a regulated activity to an individual under 21
9 years of age.

10 (3) Measures established by the office to promote
11 participation by social and economic equity applicants,
12 including applicants from designated opportunity zones.

13 (4) Security and surveillance requirements for cannabis
14 establishments.

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

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

24 (A) the individual's passport;

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

29 (C) a valid Pennsylvania identification card
30 issued by the Department of Transportation;

1 (D) a United States military identification
2 card; or

3 (E) any other valid identification card issued
4 by the Federal Government, the Commonwealth or
5 another state or jurisdiction that displays the
6 photograph, name, date of birth and physical
7 description of the individual.

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

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

14 (6) Packaging and branding regulations to prevent the
15 marketing of cannabis, cannabis products and cannabis
16 paraphernalia to individuals under 21 years of age.

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

22 (i) Cannabis, cannabis products and cannabis
23 paraphernalia are not packaged, branded or marketed using
24 any statement, illustration, artwork or image that:

25 (A) includes a false statement;

26 (B) promotes abuse or overconsumption;

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

30 (D) includes images or objects, including toys,

1 characters or cartoon characters depicting or
2 suggesting or appearing to suggest the presence of an
3 individual under the legal age to purchase cannabis
4 or cannabis products or any words, phrases, lyrics,
5 slogans or depictions designed in any manner to be
6 appealing to individuals under the legal age to
7 purchase cannabis and cannabis products, including
8 the use of the words "candy," "candies," "gummies" or
9 "lollipops."

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

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

16 (iv) Labeling standards provide clear and
17 understandable health and safety information, including,
18 but not limited to:

19 (A) Net weight.

20 (B) Production date and expiration date.

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

26 (D) Strain or type of cannabis, listed by
27 scientific terms, if available, and generic or
28 "slang" names.

29 (E) Whether the cannabis product requires
30 refrigeration.

1 (F) Cultivation method, whether dirt grown,
2 hydroponic, aeroponic or otherwise, and an indication
3 whether the cannabis was cultivated using all natural
4 or organic materials.

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

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

14 "This product contains cannabis."

15 "This product is infused with cannabis."

16 "This product is intended for use by adults
17 21 years of age or older. Keep out of reach of
18 children."

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

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

25 "Women who are pregnant or planning to become
26 pregnant or breastfeeding or planning to
27 breastfeed should not consume this product."

28 "Do not drive a motor vehicle or operate
29 equipment or heavy machinery while or after
30 consuming cannabis or a cannabis product."

1 (I) Labeling rules that mandate the source of
2 cannabis or cannabis product, including, but not
3 limited to:

4 (I) The license number of the cannabis
5 cultivator where the cannabis was cultivated, or
6 where the cannabis used to process or produce
7 cannabis products was cultivated.

8 (II) The license number of the cannabis
9 processor that processed or produced the cannabis
10 or cannabis product.

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

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

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

22 (i) Establish accreditation and licensure standards
23 or criteria for cannabis testing laboratories.

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

29 (iii) Prescribe conditions of sanitation, safe
30 handling requirements, approved pesticides and

1 herbicides, pesticide and herbicide testing requirements
2 and standards of ingredients, quality and identity of
3 cannabis cultivated and cannabis products produced,
4 processed, packaged, stored, transported or sold or
5 offered for sale by a cannabis entity licensee.

6 (iv) Establish accreditation and certification
7 criteria for cannabis employees and certification
8 programs for employees of cannabis retailers.

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

13 (vi) Set appropriate serving size limits for
14 cannabis and cannabis products.

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

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

29 (ix) Establish screening, hiring, training and
30 supervision requirements for employees of cannabis

1 retailer licensees who process or handle cannabis or
2 cannabis products.

3 (x) Promote general sanitary requirements for the
4 handling, storage and disposal of cannabis and cannabis
5 products and the maintenance of the premises of cannabis
6 establishments.

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

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

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

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

27 (9) (i) Restrictions on the advertising and display of
28 cannabis, cannabis products and cannabis paraphernalia,
29 including, but not limited to, requirements that:

30 (A) Restrict advertising of cannabis, cannabis

1 products and cannabis paraphernalia in ways that
2 target or are designed to appeal to individuals under
3 21 years of age to purchase cannabis, cannabis
4 products and cannabis paraphernalia, including, but
5 not limited to:

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

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

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

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

25 (I) The manner in which a sale or product
26 promotion may be advertised, including over
27 social media platforms.

28 (II) Required content which must be included
29 or excluded in advertisements designed to be
30 aired on television or radio or sent by text

1 message, electronic mail or over the Internet,
2 including over social media platforms, or any
3 mobile application.

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

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

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

27 (E) Except as provided in section 803, a
28 cannabis entity licensee may not sponsor a
29 charitable, sports, musical, artistic, cultural,
30 social or other similar event or engage in

1 advertising at or in connection with an event, unless
2 the cannabis entity licensee has reliable evidence
3 that the audience at the event is reasonably expected
4 to be 21 years of age or older.

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

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

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

24 (10) A requirement that only cannabis, cannabis products
25 and cannabis paraphernalia are available for sale or offered
26 for sale at a cannabis retailer's cannabis establishment,
27 unless authorized otherwise by the board by regulation.
28 Nothing in this paragraph shall be construed to prohibit a
29 cannabis retailer licensee from selling or offering for sale
30 common snack and nonalcoholic beverage products, souvenir and

1 gift items and other such merchandise, provided that the
2 intent to sell products, items and merchandise is included in
3 the application for licensure and is approved by the board.

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

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

28 (ii) During an inspection of a cannabis
29 establishment, the board may require proof that an
30 individual working at the cannabis establishment is 18

1 years of age or older. If the individual does not provide
2 the board with acceptable proof of age upon request, the
3 board may require the individual to immediately cease
4 activity and leave the cannabis establishment until the
5 board receives acceptable proof of the individual's age.

6 (iii) The board may not be required to obtain a
7 search warrant to conduct an investigation or search of
8 cannabis establishment.

9 (12) Recordkeeping requirements, including, but not
10 limited to, the following:

11 (i) A requirement that:

12 (A) Each cannabis cultivator compile and
13 maintain a complete and accurate record of the
14 following:

15 (I) All sales of cannabis flowers, cannabis
16 leaves, immature and mature cannabis plants and,
17 if applicable, cannabis seeds.

18 (II) The number of cannabis flowers
19 produced.

20 (III) The number of ounces of cannabis
21 leaves produced.

22 (IV) The number of immature cannabis plants
23 produced.

24 (V) The number or amount of cannabis seeds
25 produced or acquired.

26 (VI) The dates of production or acquisition
27 under subclauses (I), (II), (III), (IV) and (V).

28 (B) Each cannabis entity licensee compile and
29 maintain a complete and accurate record of all sales
30 and transfers of cannabis and cannabis products and a

1 complete and accurate record of the number of ounces
2 of cannabis products sold.

3 (C) A cannabis retailer may not be required to
4 retain personal identifying information of a cannabis
5 consumer. Nothing in this clause shall be construed
6 to prohibit a cannabis retailer from retaining
7 personal identifying information with the consent of
8 the cannabis consumer.

9 (ii) The records required to be maintained under
10 subparagraph (i) shall be kept and maintained for two
11 years in the form and manner as the board may require.

12 (iii) The board may at any time appoint auditors,
13 investigators and other employees that the board deems
14 necessary to carry out this act.

15 (13) Procedures for inspecting samples of cannabis
16 products, including:

17 (i) The submission, by a cannabis cultivator or
18 cannabis processor, on a schedule determined by the
19 board, of representative samples of cannabis or useable
20 cannabis grown by the cannabis cultivator or cannabis
21 products produced or processed by the cannabis processor
22 to a cannabis testing laboratory approved by the board
23 for inspection and testing to certify compliance with
24 standards adopted by the board. Any sample remaining
25 after testing may be destroyed by the testing facility or
26 returned to the licensee under board regulations.

27 (ii) The submission by licensees of the results of
28 inspection and testing to the board in the form, manner
29 and at the time as required by regulation of the board.

30 (iii) The destruction of a representative sample

1 inspected and tested under this act that does not meet
2 the safety standards adopted by the board. The entire lot
3 from which the sample was taken may be destroyed at the
4 time and in the manner prescribed by regulation of the
5 board.

6 (14) The circumstances or adverse events which may occur
7 at a cannabis entity's cannabis establishment which would
8 require the retesting of cannabis or a cannabis product
9 cultivated, processed, stored or otherwise held at the
10 cannabis establishment, including, but not limited to, a
11 process for retesting batches that have been remediated by
12 extraction or other means by a cannabis cultivator licensee
13 or cannabis processor licensee or where the results of the
14 original test may not be reliable.

15 (15) The number of cannabis retailer licensees as
16 follows:

17 (i) If there are sufficient qualified applicants for
18 cannabis retailer licenses, the board shall issue up to
19 293 cannabis retailer licenses as follows:

20 (A) at least one cannabis retailer license per
21 legislative district; and

22 (B) 90 at-large cannabis retailer licenses of
23 which 75% shall be designated for:

24 (I) qualified social and economic equity
25 applicants;

26 (II) diverse businesses and disadvantaged
27 businesses, service-disabled veteran-owned small
28 businesses and veteran-owned small businesses and
29 disadvantaged farmer-owned small businesses; and

30 (III) small businesses under subclause (II)

1 that are located or proposed to be located in a
2 designated opportunity zone.

3 (C) At least eight of the at-large cannabis
4 retailer licenses under clause (B) shall be
5 designated for persons certified as clinical
6 registrants under Chapter 20 of the Medical Marijuana
7 Act.

8 (ii) In determining the maximum number of cannabis
9 retailer licenses which may be awarded under this
10 paragraph, the board shall consider:

11 (A) To meet the market demand of this
12 Commonwealth, geographic and population density,
13 including seasonal fluctuations in population
14 throughout this Commonwealth; and

15 (B) Adequate access to cannabis cultivators and
16 cannabis processors to supply cannabis and cannabis
17 products to cannabis retailers in order to discourage
18 purchases from the illegal market.

19 (16) The following apply:

20 (i) Notwithstanding section 2002(b)(7), (8) or (9)
21 of the Medical Marijuana Act, any regulation promulgated
22 under the Medical Marijuana Act, any provision of this
23 act or any other law or regulation to the contrary,
24 procedures and protocols to govern the following:

25 (A) the sale of cannabis and cannabis products
26 by clinical registrants that hold a valid
27 grower/processor permit issued under section 2002(a)
28 of the Medical Marijuana Act to cannabis processors
29 or cannabis retailers that hold a valid cannabis
30 entity license under this act; and

1 (B) the sale of or exchange of cannabis seeds,
2 immature cannabis plants, cannabis flowers, cannabis
3 leaves or cannabis extract, resin or concentrate by a
4 clinical registrant that holds a valid
5 grower/processor permit under the Medical Marijuana
6 Act to a person that holds a valid cannabis
7 cultivator license or cannabis processor license
8 under this act.

9 (ii) For the purposes of this paragraph:

10 (A) The term "cannabis" shall be construed to
11 mean "marijuana" or "medical marijuana" as defined or
12 otherwise used in the Medical Marijuana Act.

13 (B) The term "clinical registrant" shall have
14 the meaning given to it in section 2001 of the
15 Medical Marijuana Act.

16 (17) Conditions under which cannabis cultivated or grown
17 by a cannabis cultivator licensee or cannabis processed by a
18 cannabis processor licensee may be donated for research
19 purposes to an academic clinical research center and clinical
20 registrant under Chapter 20 of the Medical Marijuana Act.

21 (18) Procedures for use by cannabis processors for the
22 registration of cannabis products processed by cannabis
23 processors. Each request for cannabis product registration
24 submitted to the board shall:

25 (i) Include a registration label with a product
26 registration number.

27 (ii) Require a reasonable registration fee, which
28 shall be established by regulation of the board and shall
29 be for the name of the cannabis product offered for sale.

30 (iii) Require only one registration fee for all

1 package sizes.

2 (19) Administrative sanctions and civil penalties for
3 violating a regulation of the board.

4 (b) Privacy protected.--The following apply:

5 (1) Except as provided in this act, regulations adopted
6 by the board under this section and subsequent permanent
7 regulations shall not require a cannabis consumer to provide
8 a cannabis retailer any personal identifying information
9 other than a form of identification specified under
10 subsection (a) (5) (i) to verify the cannabis consumer's age.

11 (2) A cannabis retailer shall not, without the consent
12 of the cannabis consumer, collect or maintain any personal
13 identifying information from a cannabis consumer other than
14 information typically acquired in a financial transaction,
15 which shall not be retained by the cannabis retailer.

16 (3) Nothing in this subsection shall be construed to
17 prohibit the collection and retention of personal identifying
18 information of a cannabis consumer who participates in or who
19 plans to participate in a research study conducted by a
20 clinical registrant or supported by a cannabis retailer,
21 another cannabis entity licensee or other person authorized
22 to engage in a regulated activity under this act, provided
23 that the personal identifying information is:

24 (i) Provided directly to the clinical registrant,
25 cannabis retailer, cannabis entity licensee or other
26 person by the cannabis consumer and not by another
27 individual.

28 (ii) Maintained in a secure manner which will not
29 result in unlawful access or disclosure to any person who
30 is not directly involved in the conduct of the research

1 study.

2 (iii) Destroyed within 60 days of completion of the
3 research study.

4 (c) Informational sessions.--Within 45 days after the
5 promulgation of temporary regulations under subsection (a), and
6 prior to the date established by the board to commence the
7 application process under section 502, the board shall:

8 (1) Conduct a series of regional informational sessions
9 to inform and educate the residents of this Commonwealth
10 regarding the regulation of cannabis in this Commonwealth,
11 including information and education on the opportunities,
12 requirements and processes for submitting an application to
13 the board for a cannabis entity license, permit,
14 certification or other authorization to engage in a regulated
15 activity under this act. The board shall conduct at least two
16 informational sessions in each region of this Commonwealth
17 and may conduct additional informational sessions upon demand
18 by a sufficient number of residents or by the governing body
19 of a municipality.

20 (2) Publicize the day, time and location of each
21 informational session broadly through television, radio,
22 Internet, including social media and print media, and on the
23 board's publicly accessible Internet website.

24 Section 502. Order of initial issuance of cannabis entity
25 licenses.

26 (a) Initial issuance.--In order to facilitate the timely and
27 orderly commencement of cannabis operations in this
28 Commonwealth, the board shall work to expedite approval of
29 cannabis cultivator, cannabis processor and cannabis retailer
30 licenses under sections 503 and 504.

1 (b) Adoption of schedule and issuance of cannabis entity
2 licenses.--The following apply:

3 (1) Notwithstanding sections 503 and 504, the board
4 shall adopt a schedule under which applications for cannabis
5 entity licenses submitted in under Chapter 6 shall be filed,
6 considered, approved, issued, conditioned or denied as
7 provided under this act.

8 (2) No later one year after the commencement of cannabis
9 operations by a person holding an expedited approval cannabis
10 entity license under section 503 or an expedited approval
11 cannabis entity license at a secondary site under section
12 504, the board shall consider, approve, condition or deny the
13 approval of applications for cannabis cultivator, cannabis
14 processor, cannabis microbusiness and cannabis transporter
15 licenses submitted to the board under Chapter 6 in accordance
16 with the schedule adopted by the board under paragraph (1) as
17 soon as administratively possible and at least three months
18 prior to the board's approval, conditioning, issuing or
19 denying the approval of a cannabis retailer license under
20 section 607.

21 (3) The board shall ensure that an adequate number of
22 cannabis cultivators, cannabis processors, cannabis
23 microbusinesses and cannabis transporters have been licensed
24 to meet market demand.

25 (4) The board shall have no authority to limit or
26 otherwise restrict or impose a cap on the number of cannabis
27 entity licenses, including cannabis cultivator or cannabis
28 processor licenses, authorized under this act.

29 Section 503. Expedited approval of cannabis entity licenses;
30 medical marijuana organizations.

1 (a) Expedited approval.--The following apply:

2 (1) Notwithstanding any provision of the Medical
3 Marijuana Act or any regulation promulgated under that act, a
4 medical marijuana organization holding a valid permit under
5 the Medical Marijuana Act on the effective date of this
6 paragraph may apply to the board for an expedited approval
7 cannabis entity license for each separate location operated
8 by the medical marijuana organization to engage in activities
9 related to the cultivation, processing and selling or
10 offering for sale of cannabis and cannabis products to
11 persons 21 years of age or older as provided under this act.

12 (2) A medical marijuana organization seeking an
13 expedited approval cannabis entity license under paragraph
14 (1) shall submit an application to the board.

15 (3) An application for an expedited approval cannabis
16 entity license must be submitted by the same person that
17 holds a dispensary permit or a grower/processor permit under
18 the Medical Marijuana Act.

19 (4) A separate license shall be required for each
20 location at which a medical marijuana organization seeks to
21 operate a cannabis establishment as an expedited approval
22 cannabis entity licensee.

23 (b) Time of application.--To facilitate the prompt
24 implementation of this act, the following shall apply to a
25 medical marijuana organization applying for an expedited
26 approval cannabis entity license under subsection (a):

27 (1) If the applicant holds a valid dispensary permit in
28 good standing under the Medical Marijuana Act on the
29 effective date of this paragraph, the applicant may, within
30 60 days of the effective date of this act, apply to the board

1 for an expedited approval cannabis retailer license to sell
2 or offer for sale cannabis and cannabis products at the
3 applicant's existing dispensary locations in this
4 Commonwealth or at a secondary site approved by the board
5 under section 504. The applicant shall ensure that the
6 applicant's existing dispensary locations where cannabis and
7 cannabis products will be sold or offered for sale as
8 provided under this act are configured in a manner, as
9 approved by the board, which ensures that patients and
10 caregivers under the Medical Marijuana Act are given priority
11 access to the dispensary, the dispensary's onsite physician,
12 pharmacist, physician assistant or nurse practitioner, as the
13 case may be, and to an adequate supply of cannabis and
14 cannabis products.

15 (2) The following apply:

16 (i) If the applicant holds a valid grower/processor
17 permit in good standing under the Medical Marijuana Act
18 as of the effective date of the act, the applicant may,
19 within 30 days but no later 60 days of the effective date
20 of this act, apply to the board for an expedited approval
21 cannabis entity license to cultivate, process or
22 otherwise produce cannabis or cannabis products at the
23 applicant's existing facility in this Commonwealth.

24 (ii) In an application for an expedited approval
25 cannabis entity license submitted under subparagraph (i),
26 the applicant may include, and the board shall approve, a
27 site plan proposing an alteration or expansion of the
28 applicant's existing grower/processor facility to
29 facilitate cannabis cultivation and production at a level
30 sufficient to serve both patients and caregivers under

1 the Medical Marijuana Act and cannabis consumers under
2 this act.

3 (iii) Nothing in subparagraph (ii) shall be
4 construed to prevent a person holding a valid
5 grower/processor permit under the Medical Marijuana Act
6 from applying to the board for an expedited approval
7 cannabis entity license at a secondary site. An
8 application submitted by a grower/processor for an
9 expedited approval cannabis entity license at a secondary
10 site shall be submitted within 30 days but no later than
11 60 days of the effective date of this paragraph and shall
12 be subject to all the requirements and conditions
13 specified in section 504.

14 (iv) The alteration of an existing grower/processor
15 facility under subparagraph (ii) may not exceed 225,000
16 square feet of cannabis plant canopy space that is
17 dedicated to the live cultivation of plants as defined in
18 this act.

19 (v) Nothing in this act shall be construed to
20 preclude basing plant canopy size on the square footage
21 of the bench space allocated for the flowering stage of
22 cannabis development rather than on the square footage of
23 a room or other area designated for the cultivation of
24 cannabis.

25 (4) The board shall adopt and promulgate regulations to
26 govern the location, display and placement of personal use
27 cannabis and cannabis products in the existing dispensary or
28 facility of an applicant who holds a medical marijuana
29 organization permit under the Medical Marijuana Act and who
30 applies for and is issued an expedited approval cannabis

1 entity license under this chapter. The regulations shall
2 ensure that activities authorized under the Medical Marijuana
3 Act are separate and distinct from the regulated activities
4 authorized under the expedited approval cannabis entity
5 license issued to the applicant under sections 503 and 504.

6 (c) Application.--An application for an expedited approval
7 cannabis entity license submitted by a medical marijuana
8 organization under this section shall include:

9 (1) If the applicant holds a valid dispensary permit
10 under the Medical Marijuana Act, a nonrefundable license fee
11 of \$30,000 to be deposited into the Cannabis Revenue Fund.

12 (2) If the applicant holds a valid grower/processor
13 permit, a nonrefundable license fee calculated in accordance
14 with section 313(b) to be deposited into the Cannabis
15 Revenue Fund.

16 (3) Proof that the applicant holds a permit in good
17 standing under the Medical Marijuana Act.

18 (4) Certification that the applicant will comply with
19 the requirements of the Medical Marijuana Act relating to the
20 sale of medical marijuana to patients and caregivers and
21 subsection (h).

22 (5) The legal name and physical address of the medical
23 marijuana organization.

24 (6) The name, address, Social Security number and date
25 of birth of each principal officer and board member of the
26 medical marijuana organization, each of whom must be at least
27 21 years of age.

28 (7) If the applicant holds a dispensary permit under the
29 Medical Marijuana Act, a nonrefundable cannabis business
30 development fee equal to 3% of the medical marijuana

1 organization's total sales between June 1, 2019, and June 1,
2 2020, or \$100,000, whichever is less, to be deposited into
3 the Cannabis Business Development Fund established under
4 section 402.

5 (8) If the applicant is a grower/processor under the
6 Medical Marijuana Act, a nonrefundable cannabis business
7 development fee equal to 5% of the grower/processor's total
8 sales between June 1, 2019, and June 1, 2020, or \$500,000,
9 whichever is less, but not less than \$250,000, to be
10 deposited into the Cannabis Business Development Fund
11 established under section 402.

12 (9) The following apply:

13 (i) For all applicants, identification of one of the
14 following social and economic equity plans or activities
15 to be completed by March 31, 2022, or by a time specified
16 in the application as may be approved by the board:

17 (A) Make a contribution of 3% of total sales
18 between June 1, 2019, and June 1, 2020, or \$100,000,
19 whichever is less, to the Cannabis Business
20 Development Fund, which shall be in addition to the
21 fee required under paragraph (7) or (8).

22 (B) Make a donation of \$100,000 or more to a
23 program that provides job training services to
24 persons recently incarcerated or who reside in a
25 designated opportunity zone.

26 (C) Participate as a host in a cannabis business
27 establishment incubator program approved by the
28 office, in consultation with the Department of
29 Community and Economic Development, in which the
30 applicant agrees to provide a loan of at least

1 \$100,000 and mentorship to incubate an applicant or
2 licensee that qualifies as a social and economic
3 equity applicant for at least a year or a period of
4 time specified in the application and approved by the
5 board.

6 (ii) The medical marijuana organization or any other
7 cannabis entity licensee participating in an incubator
8 program under subparagraph (i) (C) may not take an
9 ownership interest of greater than 10% in a social and
10 economic equity licensee or other entity receiving
11 incubation services under this paragraph.

12 (iii) If an applicant or a medical marijuana
13 organization permittee fails to secure a social and
14 economic equity applicant or qualified social and
15 economic equity licensee to incubate under clause (C),
16 the applicant or medical marijuana organization may:

17 (A) opt to engage in an activity under
18 subparagraph (i) (A) or (B) to satisfy the
19 requirements of this paragraph; or

20 (B) participate in a sponsorship program for at
21 least two years, as approved by the board in
22 consultation with the Department of Community and
23 Economic Development, under which the medical
24 marijuana organization agrees to provide an interest-
25 free loan of at least \$200,000 to a social and
26 economic equity applicant or qualified social and
27 economic equity licensee. A medical marijuana
28 organization participating in a sponsorship program
29 under this subparagraph shall not take an ownership
30 interest in a social and economic equity applicant or

1 qualified social and economic equity licensee
2 receiving sponsorship services.

3 (iv) As used in this paragraph, the term "incubate"
4 shall mean the provision of direct financial assistance,
5 technical assistance and training necessary for a person
6 to engage in a regulated activity under this act similar
7 to that of the applicant or cannabis entity licensee
8 hosting the incubator program.

9 (d) Additional fee.--The nonrefundable application fee under
10 subsection (c) (1) and (2) shall be in addition to any fee
11 required for the renewal of a dispensary permit or
12 grower/processor permit under the Medical Marijuana Act.

13 (e) Submission of applications.--A medical marijuana
14 organization seeking an expedited approval cannabis entity
15 license must submit all information required under this act,
16 including the nonrefundable application fee under subsection (c)
17 (1) or (2), to the board at the time and in the form and manner
18 established by the board under this act. Except as provided in
19 subsection (f), the submission of an incomplete application may
20 disqualify the applicant from receiving an expedited approval
21 cannabis entity license.

22 (f) Incomplete applications.--The following apply:

23 (1) If the board receives an incomplete application, the
24 board shall immediately notify the applicant of the
25 deficiencies. The applicant shall have 10 calendars days from
26 the date of the board's deficiency notice to submit complete
27 information to the board. Nothing in this paragraph shall
28 preclude the board from rejecting an incomplete application
29 if the board determines that the deficiencies cannot be cured
30 within 10 calendar days.

1 (2) If the applicant provides all the information
2 required to make the deficient application complete within
3 the time period specified under paragraph (1), the board
4 shall issue the expedited approval cannabis entity license
5 within 14 days of receiving the completed application,
6 unless:

7 (i) the applicant or a principal officer of the
8 applicant or any other person holding a financial
9 interest or voting interest of 5% or more is delinquent
10 in filing any required tax returns or paying any tax owed
11 to the Federal Government, the Commonwealth or a
12 political subdivision of the Commonwealth;

13 (ii) the board determines, based on documented
14 compliance violations of the Medical Marijuana Act, that
15 the applicant is not entitled to an expedited approval
16 cannabis entity license; or

17 (iii) any principal officer of the applicant is not
18 in compliance with the Medical Marijuana Act.

19 (g) Commencement of operations.--A medical marijuana
20 organization that is issued an expedited approval cannabis
21 entity license may begin engaging in the regulated activity for
22 which the license is issued on a date as approved by the board.

23 (h) Medical marijuana organization and condition of
24 licensure.--The following apply:

25 (1) If the applicant issued an expedited approval
26 cannabis entity license under this section holds a permit as
27 a dispensary or grower/processor under the Medical Marijuana
28 Act, the licensee must agree to maintain an adequate supply
29 of cannabis and cannabis products for purchase by patients
30 and caregivers under the Medical Marijuana Act or regulations

1 promulgated under the Medical Marijuana Act.

2 (2) If there is a shortage of cannabis or cannabis
3 products, a medical marijuana organization holding both a
4 dispensary permit under the Medical Marijuana Act and an
5 expedited approval cannabis entity retailer license under
6 this act shall prioritize serving medical marijuana
7 identification cardholders and caregivers as provided under
8 the Medical Marijuana Act and any regulations promulgated
9 under the Medical Marijuana Act. The medical marijuana
10 organization shall adopt procedures to ensure that
11 identification cardholders and caregivers are given priority
12 access to complete purchases at the medical marijuana
13 organization's dispensary or at its cannabis establishment
14 operated in accordance with the provisions of this act,
15 including at a secondary site operated by the expedited
16 approval cannabis entity licensee.

17 (3) The requirements under paragraphs (1) and (2) shall
18 be a condition of licensure as an expedited approval cannabis
19 entity licensee under this chapter.

20 (4) For the purpose of this subsection, "adequate
21 supply" shall mean a monthly inventory level that is
22 comparable in type and quantity to the medical marijuana
23 products provided to patients and caregivers on an average
24 monthly basis for the six-month period before the effective
25 date of this paragraph. The terms "patient" and "caregiver"
26 shall have the meanings given in section 103 of the Medical
27 Marijuana Act.

28 (i) Access to restricted access areas.--Notwithstanding any
29 provision of the Medical Marijuana Act or any rule, regulation
30 or policy promulgated and adopted under the Medical Marijuana

1 Act, a person that holds a valid dispensary permit under the
2 Medical Marijuana Act and an expedited approval cannabis entity
3 license or cannabis retailer license under this act may permit
4 cannabis consumers and other persons into limited access areas,
5 as approved by regulation of the board, to purchase cannabis and
6 cannabis products sold or offered for sale by the licensee at
7 the licensee's existing dispensary or cannabis establishment.

8 (j) Renewal of license.--An expedited approval cannabis
9 entity license shall be valid for a two-year period commencing
10 on the date the license is approved and issued by the board. The
11 following apply:

12 (1) Ninety days before the expiration of an expedited
13 approval cannabis entity license, the board shall provide a
14 medical marijuana organization issued an expedited approval
15 cannabis entity license under this section with written or
16 electronic notice of the impending expiration of the license.

17 (2) The notice shall inform the license holder that the
18 license holder must submit an application to renew the
19 expedited approval cannabis entity license and specify the
20 form and manner by which the license may be renewed.

21 (3) The board shall renew the expedited approval
22 cannabis entity license within 45 days of receipt of a
23 renewal application if:

24 (i) The application is deemed complete.

25 (ii) The nonrefundable biennial license renewal fee
26 of \$15,000 if the licensee is a dispensary, or an amount
27 calculated in accordance with section 313(b) if the
28 licensee is grower/processor, accompanies the
29 application.

30 (iii) The medical marijuana organization permit and

1 the expedited approval cannabis entity license held by
2 the expedited cannabis entity licensee are valid and in
3 good standing.

4 (4) The expedited approval cannabis entity licensee has
5 completed or is in the process of completing a social and
6 economic equity activity or plan under subsection (c)(9).

7 (k) Failure to renew license.--The following apply:

8 (1) If a medical marijuana organization fails to submit
9 an application for the renewal of an expedited approval
10 cannabis entity license under subsection (j), the expedited
11 approval cannabis entity licensee shall cease all regulated
12 activities authorized under the expedited approval cannabis
13 entity license at the licensee's cannabis establishment until
14 a renewal application is approved and the renewed license is
15 issued by the board.

16 (2) Nothing in this subsection shall be construed to
17 prohibit a medical marijuana organization that fails to renew
18 an expedited approval cannabis entity license under
19 subsection (j) from continuing to engage in the activities
20 authorized under the medical marijuana organization's medical
21 marijuana organization permit.

22 (l) Status of employees and other persons.--All employees,
23 agents and other persons who are authorized to work for a
24 medical marijuana organization under the Medical Marijuana Act
25 may engage in activities authorized under the expedited approval
26 cannabis entity license, subject to any conditions as may be
27 required by regulation of the board.

28 (m) Effects of suspension or revocation.--If the board
29 suspends or revokes an expedited approval cannabis entity
30 license held by a medical marijuana organization under this act,

1 the board may not consider the suspension or revocation as
2 grounds to take disciplinary action against the dispensary or
3 grower/processor permit held by the medical marijuana
4 organization.

5 (n) Deposit of fees.--All fees collected under this section
6 shall be deposited into the Cannabis Revenue Fund.

7 Section 504. Authorization for secondary site.

8 (a) Secondary site for cannabis retailer license.--A medical
9 marijuana organization that holds a dispensary permit under the
10 Medical Marijuana Act and an expedited approval cannabis entity
11 license under this chapter may, within 60 days after the
12 effective date of this act, file an application or applications
13 with the board for approval to operate a cannabis establishment
14 as a cannabis retailer at a secondary site. The following apply:

15 (1) A license approved and issued by the board
16 authorizing a medical marijuana organization to sell or offer
17 for sale cannabis and cannabis products at a secondary site
18 shall be separate and distinct from the expedited approval
19 cannabis entity license approved and issued to the medical
20 marijuana organization by the board under section 503.

21 (2) Except as provided in paragraph (3), a secondary
22 site shall be located within the same region as the medical
23 marijuana organization's medical marijuana dispensary.

24 (3) If no jurisdiction within the medical marijuana
25 organization's prescribed region under the Medical Marijuana
26 Act permits the operation of a cannabis establishment, the
27 board may waive any geographic restriction and specify
28 another region of this Commonwealth, or consider a region
29 proposed by the medical marijuana organization, into which a
30 medical marijuana organization holding an expedited approval

1 cannabis licensee may locate the cannabis establishment.

2 (4) A cannabis establishment operated by a medical
3 marijuana organization under an expedited approval cannabis
4 retailer license at a secondary site shall not be located
5 within 2,000 feet of a medical marijuana dispensary or
6 cannabis retailer licensee.

7 (5) An application for an expedited approval cannabis
8 entity license which seeks to operate a cannabis
9 establishment at a secondary site must be submitted by the
10 same person that holds the medical marijuana organization
11 dispensary permit under the Medical Marijuana Act.

12 (6) A medical marijuana organization may file a separate
13 secondary site application for each valid dispensary permit
14 held by the medical marijuana organization in good standing
15 under the Medical Marijuana Act, but in no event shall a
16 medical marijuana organization be awarded more than three
17 expedited approval cannabis retailer licenses at a secondary
18 site.

19 (b) Application.--A medical marijuana organization seeking
20 issuance of an expedited approval cannabis entity license at a
21 secondary site shall submit an application to the board in the
22 form and manner as the board shall prescribe. The application
23 shall include all of the following:

24 (1) A nonrefundable license fee in the amount of \$30,000
25 if the applicant holds a valid dispensary permit under the
26 Medical Marijuana Act and a nonrefundable license fee
27 calculated in accordance with section 313(b) if the applicant
28 holds a valid grower/processor permit under the Medical
29 Marijuana Act. The fees collected under this paragraph shall
30 be deposited into the Cannabis Revenue Fund.

1 (2) Proof that the applicant holds a valid permit in
2 good standing under the Medical Marijuana Act.

3 (3) The legal name of the medical marijuana
4 organization.

5 (4) The physical address of the applicant's medical
6 marijuana dispensary location or grower/processor facility
7 location and the proposed physical address of the proposed
8 cannabis establishment at a secondary site.

9 (5) Documentation of the approval, conditional approval
10 or status of a request for zoning approval from the zoning
11 office of the municipality in which the location of the
12 secondary site is proposed to be located, and that the
13 proposed location of the secondary site is or will be in
14 compliance with the local zoning ordinances or rules.

15 (6) A plot plan of the cannabis establishment drawn to
16 scale, including general specifications of the building's
17 exterior and interior layout.

18 (7) A statement that the applicant agrees to and will
19 promptly respond to request for supplemental information made
20 by the board.

21 (8) In the case of a building or land on which a
22 cannabis establishment will be constructed if the real
23 property is:

24 (i) not owned by the applicant, a written statement
25 from the property owner or landlord, if any, certifying
26 consent that the applicant may build and operate a
27 cannabis establishment on the real property; or

28 (ii) owned by the applicant, confirmation of
29 ownership.

30 (9) A copy of the operating bylaws or proposed bylaws,

1 if any.

2 (10) A copy of the proposed business plan that complies
3 with the requirements of this act, including, at a minimum,
4 the following:

5 (i) a statement describing products or services to
6 be offered; and

7 (ii) a description of the process of cultivating,
8 processing, distributing, transporting, delivering or
9 selling cannabis and cannabis products.

10 (11) A copy of the proposed security plan that complies
11 with the requirements of this act, including:

12 (i) A description of the delivery process by which
13 cannabis or cannabis products will be received from a
14 cannabis transporter or other transporting organization,
15 including the receipt of manifests and protocols that
16 will be used to avoid diversion, theft or loss at the
17 acceptance point.

18 (ii) The process or internal and external controls
19 that will be implemented to monitor the cannabis
20 establishment, secure the premises, employees, agents,
21 cannabis consumers and currency and prevent the
22 diversion, theft or loss of cannabis, cannabis products
23 and currency.

24 (iii) The process to ensure that access to
25 restricted access areas is limited to employees or agents
26 of the board, the Department of Agriculture and the
27 Pennsylvania State Police and essential employees or
28 other designated employees, service professionals,
29 cannabis transporters, delivery organization agents and
30 security personnel.

1 (12) A proposed inventory control verification system or
2 plan that complies with section 608.

3 (13) The name, address, Social Security number and date
4 of birth of each principal officer and board member of the
5 medical marijuana organization, each of whom shall be 21
6 years of age or older.

7 (14) A nonrefundable cannabis business development fee
8 of \$200,000, to be deposited into the Cannabis Business
9 Development Fund.

10 (15) A commitment to completing a social and economic
11 equity plan or participating in a social and economic equity
12 activity under subsection (c).

13 (c) Social and economic equity requirement.--Before an
14 expedited approval cannabis retailer license for a secondary
15 site is issued to an applicant, the applicant shall commit to a
16 specific social and economic equity plan or activity as listed
17 below:

18 (1) The following apply:

19 (i) If the applicant holds a dispensary permit under
20 the Medical Marijuana Act, make a contribution of 3% of
21 total sales from June 1, 2019, to June 1, 2020, or
22 \$100,000, whichever is less, to the Cannabis Business
23 Development Fund established under section 402, which
24 shall be in addition to the fee required under subsection
25 (b)(14).

26 (ii) If the applicant is a grower/processor under
27 the Medical Marijuana Act, a nonrefundable business
28 development fee equal to 5% of the grower/processor's
29 total sales between June 1, 2019, to June 1, 2020, or
30 \$500,000, whichever is less, but not less than \$250,000,

1 to be deposited into the Cannabis Business Development
2 Fund established under section 402, which shall be in
3 addition to the fee required under subsection (b)(14).

4 (2) Make a donation of \$100,000 or more to a program
5 that provides job training services to persons recently
6 incarcerated or that operates in a designated opportunity
7 zone.

8 (3) The following apply:

9 (i) Participate as a host in a cannabis business
10 establishment incubator program approved by the
11 Department of Community and Economic Development in which
12 the applicant agrees to provide a loan of at least
13 \$100,000 and mentorship to incubate a licensee that
14 qualifies as a social and economic equity applicant for
15 at least a year or a period of time specified in the
16 application and approved by the board.

17 (ii) The medical marijuana organization seeking to
18 operate a cannabis establishment as an expedited approval
19 cannabis retailer at a secondary site or any other
20 expedited approval cannabis entity licensee participating
21 in an incubator program under this act shall not take an
22 ownership interest of greater than 10% in a social and
23 economic equity licensee or other entity receiving
24 incubation services under this paragraph.

25 (iii) If a medical marijuana organization issued an
26 expedited approval cannabis entity license at a secondary
27 site or any other cannabis entity licensee fails to find
28 a business to incubate by the time specified by the
29 licensee in the application, as approved by the board,
30 the medical marijuana organization may opt to meet the

1 requirement of this subsection by completing or
2 participating in another social and economic equity
3 activity under this subsection.

4 (iv) As used in this paragraph, the term "incubate"
5 shall mean the provision of direct financial assistance,
6 technical assistance and training necessary to engage in
7 a regulated activity under this act similar to that of
8 the applicant or cannabis entity licensee hosting the
9 incubator program.

10 (4) Participate in a sponsorship program, as approved by
11 the board, in consultation with the Department of Community
12 and Economic Development, for at least two years in which an
13 expedited approval cannabis retailer licensee operating at a
14 secondary site agrees to provide an interest-free loan of at
15 least \$200,000 to a social and economic equity applicant or
16 qualified social and economic equity licensee. No expedited
17 approval cannabis retailer licensee under this paragraph
18 shall take an ownership interest of greater than 10% in a
19 social and economic equity applicant or licensee receiving
20 sponsorship services under this paragraph.

21 (d) Status of license fee.--The fee imposed under subsection
22 (b) (1) shall be in addition to any fee required for the renewal
23 of a medical marijuana organization permit under the Medical
24 Marijuana Act.

25 (e) Incomplete application.--Failure by an applicant for an
26 expedited approval cannabis retailer license at a secondary site
27 to submit all information required under this subsection shall
28 result in the application being deemed incomplete by the board.
29 The following apply:

30 (1) If the board receives an incomplete application, the

1 board shall forward a deficiency notice to the applicant that
2 describes the information needed to cure the deficiency.

3 (2) The applicant shall have 10 calendar days from the
4 date of the deficiency notice to submit a completed
5 application to the board. Nothing in this paragraph shall
6 preclude the board from rejecting an incomplete application
7 if the board determines that the deficiencies cannot be cured
8 within 10 calendar days.

9 (3) If the applicant fails to cure the deficiency within
10 the 10-day period under paragraph (2) or resubmits an
11 application that is still incomplete after the opportunity to
12 cure, the board may reject or disqualify the application.

13 (4) The board may request revisions to an application
14 and shall retain final approval over the structural features
15 of an expedited approval cannabis retailer licensee's
16 cannabis establishment at a secondary site under this section
17 and any site plan proposed by a grower/processor seeking to
18 operate a cannabis establishment at a secondary site.

19 (f) Issuance of license.--The following apply:

20 (1) Upon the approval of a completed application, the
21 board shall conditionally approve the applicant's application
22 for an expedited approval cannabis retailer license at a
23 secondary site. Approval of the application shall be
24 contingent upon a final inspection of the secondary site by
25 the board. The board shall only issue the license if:

26 (i) The applicant's secondary site passes the
27 inspection conducted by employees or agents of the board.

28 (ii) The applicant, principal officers of the
29 applicant and any other person holding a financial or
30 voting interest of 5% or greater is not delinquent in

1 filing any required tax returns or paying money owed to
2 the Federal Government, the Commonwealth or a political
3 subdivision of the Commonwealth.

4 (iii) The board determines that there is no reason,
5 based on a review of the application and other
6 documentation, to deny issuance of the expedited approval
7 cannabis retailer license at a secondary site.

8 (g) Commencement of operations.--The following apply:

9 (1) Upon the issuance of an expedited approval cannabis
10 retailer license to operate a cannabis establishment at a
11 secondary site, the licensee shall notify the board of the
12 licensee's proposed opening date.

13 (2) A medical marijuana organization that obtains an
14 expedited approval cannabis entity license to operate a
15 cannabis establishment at a secondary site as provided under
16 this section may commence the regulated activity for which
17 the license was issued on the licensee's proposed opening
18 date, as submitted to the board in accordance with paragraph
19 (1), unless a later date is established by the board based on
20 the notification received by the board under paragraph (1)
21 and the availability of cannabis and cannabis products for
22 sale to cannabis consumers.

23 (3) If there is a shortage of cannabis or cannabis
24 products, a medical marijuana organization holding a
25 dispensary permit or grower/processor permit under the
26 Medical Marijuana Act and an expedited approval cannabis
27 entity license under section 503 and an expedited approval
28 cannabis retailer license to operate at a secondary site
29 under this section shall prioritize the medical marijuana
30 organization's obligations under the Medical Marijuana Act.

1 (4) An expedited approval cannabis entity license at a
2 secondary site shall be valid for a two-year period from the
3 date of issuance of the license by the board.

4 (h) License renewal.--The board may renew an expedited
5 approval cannabis entity license at a secondary site within 60
6 days of the receipt of a renewal application if:

7 (1) The application is deemed complete by the board.

8 (2) The renewal application is accompanied by a license
9 renewal fee of \$15,000 for a medical marijuana organization
10 that holds a dispensary permit or a license renewal fee
11 calculated in accordance with section 313(e) (1) for a medical
12 marijuana organization that holds a grower/processor permit
13 for deposit into the Cannabis Revenue Fund.

14 (3) The board has not suspended or revoked the expedited
15 approval cannabis entity license held by the medical
16 marijuana organization for a violation of this act or a rule
17 or regulation under this act and the permit held by the
18 medical marijuana organization has not been suspended or
19 revoked for a violation of the Medical Marijuana Act or any
20 rule or regulation adopted and promulgated under the Medical
21 Marijuana Act.

22 (4) The medical marijuana organization has completed or
23 is in the process of completing a social and economic equity
24 plan or has participated or is participating in a social and
25 economic equity activity, as approved by the board.

26 (i) Notification of expiration.--Ninety days before the
27 expiration date of an expedited approval cannabis entity license
28 at a secondary site issued under this section, the board shall
29 notify the licensee of the impending expiration of the license.
30 The notice may be forwarded by the board to the licensee in

1 writing or electronically, and shall inform the licensee that
2 the licensee may file an application to renew the expedited
3 approval cannabis entity license at a secondary site.

4 (j) Renewal.--The following apply:

5 (1) The board shall renew an expedited approval cannabis
6 entity license at a secondary site within 60 days of receipt
7 of a completed application if the licensee satisfies all the
8 requirements of this section.

9 (2) If the licensee fails to submit a renewal
10 application before the expiration date of the expedited
11 approval cannabis entity license at a secondary site, the
12 licensee shall cease all regulated activities authorized
13 under the expedited approval cannabis entity license at the
14 secondary site until the license is renewed by the board.

15 (3) Nothing in this subsection shall be construed to
16 prohibit a medical marijuana organization that fails to renew
17 an expedited approval cannabis entity license at a secondary
18 site from continuing to engage in the activities authorized
19 under the Medical Marijuana Act.

20 (k) Status of employees and other persons.--All employees,
21 agents and other persons authorized to work for a medical
22 marijuana organization under the Medical Marijuana Act and who
23 are officers, directors, managers or employees of the expedited
24 approval cannabis entity licensee at a secondary site under this
25 section may engage in all activities authorized under the
26 expedited approval cannabis entity license at a secondary site,
27 subject to any conditions which may be prescribed by the board
28 by regulation.

29 (l) Effects of suspension or revocation.--If the board
30 suspends or revokes an expedited approval cannabis entity

1 license at a secondary site held by a medical marijuana
2 organization as provided under this section, the board may not
3 consider the suspension or revocation as grounds to seek
4 disciplinary action against the medical marijuana organization
5 permit held by the medical marijuana organization under the
6 Medical Marijuana Act.

7 (m) Deposit of fees.--All fees collected under this section
8 from an expedited approval cannabis retailer licensee at a
9 secondary site shall be deposited into the Cannabis Revenue
10 Fund.

11 Section 505. Cannabis entity license application.

12 (a) Submission of application.--The following apply:

13 (1) Each application for a cannabis entity license or a
14 conditional cannabis entity license shall be submitted to the
15 board on a form, in the manner and at the time established by
16 the board under section 502.

17 (2) A separate license or separate conditional license
18 shall be required for each location at which an applicant for
19 a cannabis entity license seeks to operate a cannabis
20 establishment. A conditional license shall not be renewed but
21 may be replaced with a permanent license upon the
22 determination by the board that the holder of a conditional
23 license qualifies for a permanent license.

24 (3) A license or conditional license may not be issued
25 by the board until after the completion of a background
26 investigation of the applicant.

27 (4) In reviewing applications, the board shall confirm
28 that the applicable license fee under section 313 has been
29 paid.

30 (b) Disclosures.--The following apply:

1 (1) Notwithstanding any other provision of law to the
2 contrary, an applicant for a cannabis entity license shall
3 disclose in the application any arrests of the applicant,
4 including:

5 (i) A brief description of the circumstances
6 surrounding the arrest.

7 (ii) The specific offense charged.

8 (iii) The ultimate disposition of the charge,
9 including the details of any dismissal, plea bargain,
10 conviction, sentence, pardon, expungement or order of
11 Accelerated Rehabilitative Disposition.

12 (2) An applicant may not be required to provide
13 documentation relating to a summary offense.

14 (c) Completeness of applications.--The board may not
15 consider an incomplete application and must notify the applicant
16 in writing if an application is incomplete. An application shall
17 be considered incomplete if it does not include all applicable
18 fees and all information and accompanying documentation required
19 under this act or by regulation of the board consistent with the
20 requirements of this act, including, but not limited to, a
21 current tax lien certificate issued by the department at the
22 time of filing the application. Any unpaid taxes identified on
23 the tax lien certificate must be paid before the application is
24 considered complete. If the board receives an incomplete
25 application, the board shall forward a deficiency notice to the
26 applicant that describes the information needed to cure the
27 deficiency. The following apply:

28 (1) The applicant shall have 10 calendar days from the
29 date of the deficiency notice to submit a complete
30 application to the board.

1 (2) If the applicant fails to cure the deficiency within
2 the 10-day period under paragraph (1) or resubmits an
3 application that is still incomplete after the opportunity to
4 cure, the board may reject or disqualify the application.

5 (3) The board may request revisions to an application
6 and shall retain final approval over the structural features
7 of an applicant's proposed cannabis establishment.

8 Section 506. Application requirements.

9 (a) General requirements.--In addition to any other
10 information required under this act or regulation of the board,
11 the application for any type of cannabis entity license shall
12 include, at a minimum:

13 (1) Information about the applicant, including the
14 applicant's legal name, any registered alternate name under
15 which the applicant will conduct business and a copy of the
16 applicant's articles of organization and bylaws, if
17 applicable.

18 (2) The name, address, date of birth and resumes of each
19 executive, principal or officer and each person with a
20 financial interest who also has decision-making authority
21 over an applicant for a cannabis entity. Each executive,
22 principal, officer or individual shall also provide the
23 following in a form and manner prescribed by the board:

24 (i) A photocopy of each executive's, principal's,
25 officer's or individual's driver's license or other
26 government-issued form of identification.

27 (ii) Background investigation information.

28 (3) A list identifying all persons with a financial
29 interest who also have decision-making authority over the
30 applicant for a cannabis entity license as detailed in the

1 application.

2 (4) The Federal and State tax identification numbers of
3 the applicant and proof of registration with the department.

4 (5) A current tax lien certificate issued by the
5 department.

6 (6) The applicant's business plan or management
7 operation profile for the applicant's proposed cannabis
8 establishment, including policies and procedures for the
9 handling of cash on the premises, including, but not limited
10 to, storage, collection frequency and transport to financial
11 institutions, which shall be made available to the board for
12 inspection upon request.

13 (7) The applicant's operation plan, including policies
14 and procedures for energy efficiency and conservation, which
15 shall include:

16 (i) Identification of energy needs, including
17 estimates of monthly electricity and natural gas usage,
18 to what extent the applicant will procure energy from an
19 electric distribution company or electric generation
20 supplier, natural gas distribution company or natural gas
21 supplier or from on-site generation and if the applicant
22 has or will adopt a sustainable energy use and energy
23 conservation policy.

24 (ii) Potential energy use reduction opportunities,
25 if any, including, but not limited to, natural lighting,
26 heat recovery ventilation and energy efficiency measures
27 and a plan for implementation of those opportunities.

28 (iii) Consideration of opportunities for renewable
29 energy generation, including, where applicable,
30 submission of building plans showing where energy

1 generators could be placed on the site and an explanation
2 of why the identified opportunities were not pursued, if
3 applicable.

4 (iv) Strategies to reduce electric demand, such as
5 lighting schedules, active load management and energy
6 storage, and engagement with energy efficiency programs.

7 (v) Identification of water needs, including
8 estimated water draw, and if the applicant has or will
9 adopt a sustainable water use and water conservation
10 policy.

11 (vi) A waste management plan, including
12 identification of waste disposal and waste management
13 procedures, and whether the applicant has or will adopt a
14 waste reduction policy.

15 (vii) A recycling plan.

16 (8) Emergency procedures, including a disaster plan with
17 procedures to be followed in case of fire or other emergency
18 such as a proclamation of a disaster or public health
19 emergency.

20 (9) The plan by which the applicant intends to obtain
21 appropriate liability insurance coverage for the proposed
22 cannabis establishment.

23 (10) Proof that the application includes at least one
24 significantly involved individual who has resided in this
25 Commonwealth for at least two years as of the date of the
26 application.

27 (11) Proof that the significantly involved person and
28 any other person with a financial interest who also has
29 decision-making authority over the proposed cannabis entity
30 licensee is 21 years of age or older.

1 (12) The details of a cannabis entity license or similar
2 license, permit or other authorization applied for, granted
3 to or denied to the applicant in another jurisdiction,
4 foreign or domestic, where the adult or personal use of
5 cannabis and cannabis products or medical marijuana is legal
6 or regulated, and the consent for the board to acquire copies
7 of the application submitted or license, permit or other
8 authorization granted to the applicant in the other
9 jurisdiction.

10 (13) The details of loans obtained from a financial
11 institution or not approved by a financial institution.

12 (14) The consent to a background investigation, the
13 scope of which shall be determined by the board in its
14 discretion consistent with this act, and a release signed by
15 all individuals subject to a background investigation
16 agreeing to provide all information required by the board to
17 complete the background investigation.

18 (15) Payment of the applicable cannabis entity license
19 fee under section 313.

20 (16) The disclosure of all arrests under section 505(b).

21 (17) A detailed description of a community agreement the
22 applicant entered or may enter with the municipality. The
23 board shall adopt regulations to govern community agreements
24 and may review, regulate and enforce a community agreement
25 entered between a municipality and a cannabis entity
26 licensee.

27 (18) The terms and conditions of a management service
28 agreement entered or proposed to be entered between an
29 applicant or cannabis entity licensee and another person or
30 entity, including, but not limited to, the terms and scope of

1 services to be provided, employees and compensation. The
2 board shall review and approve or deny a management service
3 agreement and may require, by regulation, the entities to
4 secure authorization from the board to provide the services
5 outlined in the management service agreement.

6 (19) Any other information prescribed by the board by
7 regulation that is necessary and appropriate to administer
8 and enforce this act.

9 (b) Applicant character requirements.--The following apply:

10 (1) Each application for a cannabis entity license shall
11 include information, documentation and assurances as may be
12 required by the board to establish by clear and convincing
13 evidence the applicant's suitability for a cannabis entity
14 license, including good character, honesty and integrity. The
15 information shall include, without limitation, information
16 pertaining to criminal history background, business
17 activities, financial affairs and business, professional and
18 personal associates, covering at least the five-year period
19 immediately preceding the filing date of the application.

20 (2) Notwithstanding 18 Pa.C.S. § 9124(b) (relating to
21 use of records by licensing agencies), in addition to the
22 information submitted under section 505(b), a conviction that
23 has been expunged or overturned or for which a person has
24 been pardoned or an order of Accelerated Rehabilitative
25 Disposition has been issued shall be included with an
26 application and considered by the board as part of the review
27 of the applicant's suitability under paragraph (1). The board
28 may not use a conviction that has been expunged, overturned,
29 pardoned or subject to an order of accelerated rehabilitative
30 disposition to deny the approval and issuance of a cannabis

1 entity license.

2 (c) Civil judgments and law enforcement agency
3 information.--Each applicant shall notify the board of civil
4 judgments obtained against the applicant pertaining to antitrust
5 or security regulation laws of the Federal Government, the
6 Commonwealth or any other state or jurisdiction, foreign or
7 domestic. In addition, an applicant may be required to obtain a
8 letter of reference from law enforcement agencies having
9 jurisdiction in the applicant's place of residence and principal
10 place of business, which shall indicate that the law enforcement
11 agencies do not have any pertinent information concerning the
12 applicant or, if the law enforcement agency does have
13 information pertaining to the applicant, shall specify the
14 nature and content of that information. If no letters are
15 received within 30 days of the request, the applicant may submit
16 a statement under oath which is subject to the penalty for false
17 swearing under 18 Pa.C.S. § 4903 (relating to false swearing)
18 that the applicant is or was in good standing with the Cannabis
19 Control Board or similar agency in the applicable jurisdiction
20 during the period the activities were conducted.

21 (d) Regulatory agency information.--If the applicant has
22 held a cannabis entity license or a similar license or permit in
23 a jurisdiction where the personal or adult use of cannabis or
24 medical marijuana is legal or otherwise regulated, the applicant
25 may produce a letter of reference from the regulatory agency
26 that oversees the regulation of cannabis or medical marijuana in
27 the other jurisdiction. The letter of reference shall specify
28 the experiences of the regulatory board or agency with the
29 applicant, the applicant's associates and the applicant's
30 cannabis operation. If no letter is received within 30 days of

1 the request, the applicant may submit a statement under oath
2 which is subject to the penalty for false swearing under 18
3 Pa.C.S. § 4903 that the applicant is or was in good standing
4 with the regulatory agency in the jurisdiction where the
5 applicant has held or holds a cannabis entity license or similar
6 license or permit during the period the activities were
7 conducted.

8 (e) Refusal to cooperate.--A refusal to provide the
9 information required under this section or any other provision
10 of this act or to consent to a background investigation shall
11 result in the immediate disapproval of the application for a
12 cannabis entity license.

13 Section 507. Additional license requirements.

14 (a) Additional eligibility requirements.--In order to be
15 eligible for a cannabis entity license under this chapter, the
16 principals, essential employees and other employees or agents,
17 as determined by regulation of the board, of the applicant shall
18 obtain a license, permit, certificate, registration or other
19 authorization from the board and meet the character requirements
20 under section 506.

21 (b) Classification system.--The board shall develop a
22 classification system for agents, employees or persons who
23 directly or indirectly hold or are deemed to be holding debt,
24 equity securities or other financial interest in the applicant
25 for a cannabis entity license or cannabis entity licenses and
26 for other persons which the board considers appropriate for
27 review under section 506.

28 (c) Related entities.--The following apply:

29 (1) Except as provided in paragraph (2), no person shall
30 be eligible for a cannabis entity license unless the

1 principals and essential employees of each intermediary,
2 subsidiary or holding company of the person meet the
3 requirements under subsection (a), as may be required by the
4 board.

5 (2) The board may require that lenders and underwriters
6 of intermediaries, subsidiaries or holding companies of an
7 applicant for a cannabis entity license meet the requirements
8 under subsection (a) if the board determines that the
9 suitability of a lender or underwriter is at issue and is
10 necessary to consider a pending application for a cannabis
11 entity license.

12 (d) Revocable privilege.--The issuance or renewal of a
13 license, permit or other authorization to engage in a regulated
14 activity under this act by the board shall be a revocable
15 privilege.

16 (e) Waiver for publicly traded corporations.--The board may
17 waive the requirements of subsection (a) for a person directly
18 or indirectly holding ownership of securities in a publicly
19 traded corporation if the board determines that the holder of
20 the securities is not significantly involved in the activities
21 of the corporation related to the operation of a cannabis
22 establishment and does not have the ability to control the
23 corporation or elect one or more directors of the corporation.

24 (f) Waiver for subsidiaries.--If the applicant is a
25 subsidiary, the board may waive the requirements of subsection
26 (a) for a holding company or intermediary as follows:

27 (1) If the applicant is a publicly traded corporation,
28 the board may issue a waiver under this subsection if it
29 determines that the principal or essential employee does not
30 have the ability to control, have a controlling interest in

1 or have the authority to elect one or more directors of the
2 holding company or intermediary and is not actively involved
3 in the regulated activities of the applicant.

4 (2) If the applicant is a noncorporate organization, the
5 board may issue a waiver under this subsection for a person
6 that directly or indirectly holds a beneficial or ownership
7 interest in the applicant if the board determines that the
8 person does not have the ability to control the applicant and
9 will not directly or indirectly be involved in any activities
10 related to the operation of the applicant's proposed cannabis
11 establishment.

12 (g) Ongoing duty.--A person applying for a license, permit
13 or other authorization to engage in a regulated activity under
14 this act shall have the continuing duty to provide information
15 required by the board or the bureau and to cooperate in any
16 inquiry or investigation.

17 (h) Criminal history record check.--The board shall conduct
18 a background investigation of a person for whom a waiver is
19 granted under this section.

20 Section 508. Change in ownership or control of cannabis entity
21 licensee.

22 (a) Notification and approval.--The following apply:

23 (1) A cannabis entity licensee shall notify the board
24 immediately upon becoming aware of any proposed or
25 contemplated change in ownership or control of a cannabis
26 entity licensee by a person or group of persons acting in
27 concert which involves any of the following:

28 (i) More than 20% of a cannabis entity licensee's
29 securities or other ownership interests.

30 (ii) More than 20% of the securities or other

1 ownership interests of a corporation or other form of
2 business entity that owns directly or indirectly at least
3 20% of the voting or other securities or other ownership
4 interests of the cannabis entity license.

5 (iii) The sale, other than in the ordinary course of
6 business, of a cannabis entity licensee's assets.

7 (iv) Any other transaction or occurrence deemed by
8 the board to be relevant to license qualifications.

9 (2) The following apply:

10 (i) Notwithstanding paragraph (1), a cannabis entity
11 licensee shall not be required to notify the board of any
12 acquisition by an institutional investor under paragraph

13 (1)(i) or (ii) if:

14 (A) the institutional investor holds less than
15 10% of the securities or other ownership interests
16 referred to in paragraph (1)(i) or (ii);

17 (B) the securities or interests are publicly
18 traded securities and the institutional investor's
19 holdings of securities are purchased for investment
20 purposes only; and

21 (C) the institutional investor files with the
22 board a certified statement that it has no intention
23 of influencing or affecting, directly or indirectly,
24 the affairs of the cannabis entity licensee.

25 (ii) The board shall be permitted to vote on matters
26 put to the vote of the outstanding security holders.

27 (3) Notice to the board and board approval shall be
28 required prior to completion of a proposed or contemplated
29 change of control or ownership of a cannabis entity license
30 that meets the criteria of this section.

1 (b) Qualification of purchaser of cannabis entity license
2 and change of control.--The purchaser of the assets, other than
3 in the ordinary course of business, of a cannabis entity license
4 shall independently qualify for a license as provided under this
5 act and shall pay the license fee as required under section 313,
6 except as otherwise required under this section. The license fee
7 shall be paid upon the assignment and actual change of control
8 or ownership of the cannabis entity license.

9 (c) Change in control defined.--For purposes of this
10 section, "change in control or ownership of a cannabis entity
11 licensee" shall mean the acquisition by a person or group of
12 persons acting in concert of more than 20% of a cannabis entity
13 licensee's securities or other ownership interests, with the
14 exception of any ownership interest of the person that existed
15 at the time of initial licensing and payment of the initial
16 cannabis entity license fee, or more than 20% of the securities
17 or other ownership interests of a corporation or other form of
18 business entity which owns directly or indirectly at least 20%
19 of the voting or other securities or other ownership interests
20 of the licensee.

21 (d) Fee reduction.--The board may in the board's discretion
22 eliminate the need for qualification and proportionately reduce,
23 but not eliminate, the new license fee otherwise required under
24 this section in connection with a change of control or ownership
25 of a cannabis entity license, depending upon the type of
26 transaction, the relevant ownership interests and changes to the
27 ownership interests resulting from the transaction and other
28 considerations deemed relevant by the board.

29 (e) License revocation.--Failure to comply with this section
30 may cause the cannabis entity license issued under this act to

1 be revoked or suspended by the board unless the purchaser of the
2 assets or the change in control or ownership that meets the
3 criteria of this section has been independently qualified in
4 advance by the board and any required license fee has been paid.

5 Section 509. Licensing of principals.

6 (a) License required.--All principals shall obtain a
7 principal license from the board.

8 (b) Application.--A principal license application shall be
9 in a form prescribed by the board and shall include the
10 following:

11 (1) Verification of status of the person as a principal
12 from the applicant or cannabis entity licensee.

13 (2) Job title or a description of person's
14 responsibilities as a principal.

15 (3) All releases necessary to obtain information from
16 governmental agencies, employers and other organizations as
17 required 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 authorization granted to the person in another
24 jurisdiction, 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 a principal license if the applicant has proven by

1 clear and convincing evidence that the applicant is a person
2 of good character, honesty and integrity and is eligible and
3 suitable to be licensed as a principal.

4 (2) Each license issued to a principal under this
5 section shall include a unique alphanumeric principal
6 employee number.

7 (d) Nontransferability.--A principal license shall not be
8 transferable.

9 (e) Essential employee license exemption.--An individual who
10 receives a principal license need not obtain an essential
11 employee license.

12 Section 510. Registration of essential employees.

13 (a) Registration required.--All essential employees of an
14 applicant or cannabis entity licensee shall obtain an essential
15 employee registration from the board.

16 (b) Application.--Applications for registration as an
17 essential employee shall be in a form prescribed by the board
18 and shall include the following:

19 (1) Verification of the essential employee's employment
20 status by the applicant or cannabis entity licensee.

21 (2) Job title and a description of the essential
22 employee's employment duties and responsibilities.

23 (3) All releases necessary to obtain information from
24 governmental agencies, former and current employers and other
25 organizations or entities, as prescribed by the board.

26 (4) Fingerprints, which shall be submitted to the
27 Pennsylvania State Police.

28 (5) A photograph that meets the standards of the
29 Commonwealth Photo Imaging Network.

30 (6) Details relating to a similar license, permit or

1 other similar authorization obtained in another jurisdiction,
2 foreign or domestic.

3 (7) Additional information as may be required by the
4 board.

5 (c) Issuance.--The following apply:

6 (1) Following review of the application and the receipt
7 and review of the background investigation, the board may
8 issue an essential employee registration if the applicant has
9 proven by clear and convincing evidence that the applicant is
10 a person of good character, honesty and integrity and is
11 eligible and suitable to be registered as an essential
12 employee.

13 (2) Each essential employee registration issued by the
14 board shall include a unique alphanumeric essential employee
15 registration number.

16 (3) An essential employee shall not be required to
17 obtain a cannabis handler certificate under section 611.

18 (d) Registration not transferable.--An essential employee
19 registration issued under this section shall not be
20 transferable.

21 Section 511. Divestiture of disqualifying person.

22 In the event that an application for a cannabis entity
23 license is not approved by the board based on a finding that a
24 person that is a principal or has an interest in the person
25 applying for the cannabis entity license does not meet the
26 character requirements of section 506 or any other eligibility
27 requirements under this act, or that the person purchased a
28 controlling interest in a cannabis entity licensee in violation
29 of section 508, the board may:

30 (1) give the person the opportunity to completely divest

1 the interest held in the applicant or the applicant's
2 affiliate, intermediary, subsidiary or holding company
3 seeking the cannabis entity license; and

4 (2) after divestiture under paragraph (1), reconsider
5 the person's or applicant's suitability for licensure in an
6 expedited proceeding and may, after the proceeding, issue the
7 person or applicant a cannabis entity license. The board
8 shall approve the terms and conditions of a divestiture under
9 this section.

10 (3) Under no circumstances shall a divestiture be
11 approved by the board if the compensation for the divested
12 interest exceeds the cost of the interest.

13 Section 512. Financial fitness requirements.

14 (a) Applicant financial information.--The board shall
15 require each applicant for a cannabis entity license to produce
16 the information, documentation and assurances concerning
17 financial background and resources as the board deems necessary
18 to establish by clear and convincing evidence the financial
19 stability, integrity and responsibility of the applicant or the
20 applicant's affiliate, intermediary, subsidiary or holding
21 company, including, but not limited to, bank references,
22 business and personal income and disbursement schedules, tax
23 returns and other reports filed with governmental agencies and
24 business and personal accounting, check records and ledgers. In
25 addition, each applicant shall in writing authorize the
26 examination of all bank accounts and records as may be deemed
27 necessary by the board.

28 (b) Financial backer information.--The board shall require
29 each applicant for a cannabis entity license to produce the
30 information, documentation and assurances as may be necessary to

1 establish by clear and convincing evidence the integrity of all
2 financial backers, investors, mortgagees, bondholders and
3 holders of indentures, notes or other evidence of indebtedness,
4 either in effect or proposed. A banking or lending institution
5 or institutional investor may be waived from the qualification
6 requirements but shall produce for the board upon request any
7 document or information which bears any relation to the proposal
8 submitted by the applicant or applicants. The integrity of a
9 banking or lending institution or institutional investor shall
10 be judged upon the same standards as the applicant. Each banking
11 or lending institution and institutional investor shall produce,
12 upon request of the board, any document or information which
13 bears any relation to the application. In addition, the
14 applicant shall produce information, documentation or assurances
15 as required by the board to establish by clear and convincing
16 evidence the adequacy of financial resources.

17 (c) Applicant's ability to pay license fee.--The board shall
18 require each applicant for a cannabis entity license at the time
19 of application to post a letter of credit or bond in an amount
20 established by regulation of the board to demonstrate the
21 financial ability to pay the cannabis entity license fee under
22 section 313 if issued a cannabis entity license by the board.

23 (d) Applicant's business experience.--The following apply:

24 (1) The board shall require each applicant for a
25 cannabis entity license to produce the information,
26 documentation and assurances as the board may require to
27 establish by clear and convincing evidence that the applicant
28 has sufficient business ability and experience to create and
29 maintain a successful, efficient cannabis establishment.

30 (2) Applicants shall produce the names of all proposed

1 essential employees and a description of their respective or
2 proposed duties and responsibilities or employment as they
3 become known.

4 (e) Applicant's operational viability.--The following apply:

5 (1) In assessing the financial viability of an
6 applicant's proposed cannabis establishment, the board shall
7 make a finding, after review of the application, that the
8 applicant is likely to maintain a financially successful,
9 viable and efficient business operation and will likely be
10 able to maintain sustained growth in revenue.

11 (2) Notwithstanding any provision of this act to the
12 contrary, an application for a cannabis entity license that
13 includes a commitment or promise to pay a cannabis entity
14 license fee in excess of the amount provided in section 313
15 or a contribution of money to the Cannabis Business
16 Development Fund in excess of the amounts specified in this
17 act, except as otherwise authorized, shall not enhance the
18 applicant's viability or status as an applicant for a
19 cannabis entity license and shall not be considered by the
20 board in the consideration of the applicant's application for
21 a cannabis entity license.

22 (f) Additional information.--In addition to other
23 information required under this act, a person applying for a
24 cannabis entity license may be required to provide the following
25 information:

26 (1) The organization, financial structure and nature of
27 all businesses operated by the person, including any
28 affiliate, intermediary, subsidiary or holding company. If
29 required by the board and if the applicant is a corporation,
30 the names and personal employment and criminal histories of

1 all officers, directors, principals and essential employees
2 of the corporation, the names of all holding, intermediary,
3 affiliate and subsidiary companies of the corporation and the
4 organization, financial structure and nature of all
5 businesses operated by the holding, intermediary or
6 subsidiary companies, including names and personal employment
7 and criminal histories of the officers, directors and
8 principal employees of the corporations and companies as the
9 board may require.

10 (2) The extent of securities held in the corporation by
11 all officers, directors and underwriters and their
12 remuneration in the form of salary, wages, fees or otherwise.
13 Section 513. Alternative licensing standards.

14 (a) Determination.--The board may determine whether the
15 licensing standards of another jurisdiction within the United
16 States or Canada in which an applicant for a cannabis entity
17 license is similarly licensed are comprehensive and thorough and
18 provide similar and adequate safeguards as those required under
19 this act. If the board makes that determination after receiving
20 and evaluating the licensing standards of the other
21 jurisdiction, the board may issue a cannabis entity license to
22 an applicant who holds a cannabis entity license in good
23 standing in the other jurisdiction or incorporate the
24 information received from the other jurisdiction, in whole or in
25 part, into the board's evaluation of the applicant.

26 (b) Abbreviated process.--In the event that an applicant for
27 a cannabis entity license is licensed in another jurisdiction in
28 the United States or Canada, the board may use an abbreviated
29 process requiring only that information determined by the board
30 to be necessary to consider the issuance of the cannabis entity

1 license, including the financial viability of the applicant.
2 Nothing in this section shall be construed to waive any fees
3 associated with the approval and issuance of a cannabis entity
4 license through the normal application process.

5 Section 514. Bond for issuance of cannabis entity license.

6 Before a cannabis entity license is issued by the board, the
7 applicant shall post a bond in an amount established by the
8 board, which may not exceed \$500,000, and which shall be payable
9 to the Commonwealth. The bond shall be used to guarantee that
10 the cannabis entity licensee faithfully makes payments, keeps
11 books and records, makes reports and engages in regulated
12 activities in conformity with this act and regulations and
13 orders of the board. The bond shall not be canceled by a surety
14 on less than 30 days' notice in writing to the board. If a bond
15 is canceled and the cannabis entity licensee fails to file a new
16 bond with the board in the required amount on or before the
17 effective date of cancellation, the licensee's license may be
18 suspended or revoked by the board. The total and aggregate
19 liability of the surety on the bond shall be limited to the
20 amount specified in the bond.

21 Section 515. Required content of license, permit or other
22 authorization.

23 A cannabis entity license, permit or other authorization to
24 engage in a regulated activity under this act shall, in addition
25 to any other requirements of this act or prescribed by
26 regulation of the board, include the following:

27 (1) The name of the person to whom the license, permit
28 or other authorization is issued.

29 (2) The type of license, permit or other authorization
30 issued and the regulated activity authorized by the license,

1 permit or other authorization to engage in a regulated
2 activity under this act.

3 (3) A license, permit or authorization number, which
4 shall be unique to the cannabis entity licensee, permittee or
5 other person.

6 (4) The street and mailing address of the cannabis
7 entity licensee's cannabis establishment or of the permittee
8 or other person.

9 (5) A statement that approval and issuance of a cannabis
10 entity license, permit or other authorization to engage in a
11 regulated activity under this act shall not be deemed a
12 property or vested right and that the license or permit may
13 be revoked by the board.

14 Section 516. Renewals.

15 (a) Renewal.--The following apply:

16 (1) For the three-year period following the effective
17 date of this act, all licenses, permits, certificates,
18 registrations and other authorizations to engage in a
19 regulated activity under this act, unless otherwise provided,
20 shall be subject to annual renewal and, thereafter, shall be
21 subject to renewal every three years. Nothing in this
22 subsection shall relieve a licensee, permittee or holder of a
23 certificate, registration or other authorization of the
24 affirmative duty to notify the board of any changes relating
25 to the status of the license, permit, certificate,
26 registration or other authorization or to any other
27 information contained in the application materials on file
28 with the board.

29 (2) Except as provided in this act, the application for
30 renewal shall be submitted at least 90 days prior to the

1 expiration of the license, permit, certificate, registration
2 or other authorization to engage in a regulated activity
3 under this act and shall include an update of the information
4 contained in the initial application and prior renewal
5 applications and the payment of the renewal fee.

6 (3) Unless otherwise specifically provided in this act,
7 the amount of a renewal fee shall be calculated by the board
8 to reflect the longer renewal period. A license, permit,
9 certificate, registration or other authorization for which a
10 completed renewal application and fee, if required, has been
11 received by the board will continue in effect unless and
12 until the board sends written notification to the holder of
13 the license, permit, certificate, registration or other
14 authorization that the board has denied the renewal of the
15 license, permit, certificate, registration or other
16 authorization.

17 (b) Sanctions authorized.--In addition to any other
18 sanctions the board may impose under this act, the board may
19 suspend, revoke or deny renewal of any license, permit,
20 certification, registration or other authorization to engage in
21 a regulated activity under this act, if the board receives any
22 information from any source that the person seeking renewal or
23 an officer, principal, director, owner or essential employee of
24 the person is in violation of any provision of this act, that
25 the person has furnished the board with false or misleading
26 information or that the information contained in the person's
27 initial application or any renewal application is no longer true
28 and correct. In the event of a revocation or failure to renew,
29 the person's authorization to conduct the previously approved
30 regulated activity shall immediately cease, and all fees paid

1 shall be deemed to be forfeited. In the event of a suspension,
2 the person's authorization to conduct the previously approved
3 regulated activity shall immediately cease until the board has
4 notified the person that the suspension is no longer in effect.

5 Section 517. Home cultivation.

6 (a) General rule.--Notwithstanding any provision of the
7 Medical Marijuana Act, the act of April 14, 1972 (P.L.233,
8 No.64), known as The Controlled Substance, Drug, Device and
9 Cosmetic Act, or any other law or regulation to the contrary,
10 beginning on January 1, 2022, an individual holding a valid
11 identification card issued under section 501 of the Medical
12 Marijuana Act who is resident of this Commonwealth and 21 years
13 of age or older may:

14 (1) Apply to the board for a home cultivation permit
15 authorizing the individual to plant, cultivate, harvest, dry,
16 process or otherwise possess cannabis plants, with a limit of
17 three mature cannabis plants and three immature cannabis
18 plants, without holding a cannabis cultivator license or
19 cannabis processor license under this act; or

20 (2) Plant, cultivate, harvest, dry, process or possess,
21 within the individual's private residence or on the grounds
22 of the individual's private residence, no more than three
23 mature cannabis plants and three immature cannabis plants at
24 any one time.

25 (b) Requirements.--The following apply.

26 (1) Home cultivation of cannabis authorized under this
27 section must take place in an enclosed, secure and locked
28 space, room or area within the individual's private residence
29 or on the grounds of the individual's private residence.

30 (2) For the purpose of home cultivation, an individual

1 under subsection (a) shall only purchase cannabis seeds from
2 a cannabis retailer or dispensary.

3 (3) Cannabis seeds may not be given or sold to any other
4 person.

5 (4) Cannabis plants shall not be stored or placed in a
6 location or otherwise positioned inside or on the grounds of
7 the individual's private residence in a manner which would
8 subject the cannabis plants to ordinary public view. The
9 individual shall take reasonable steps to assure that
10 cannabis cultivated, harvested, produced or processed as
11 provided under this section is stored in an enclosed, secure
12 and locked space, room or area inside the individual's
13 private residence.

14 (5) An individual who cultivates cannabis as provided
15 under this section shall take reasonable precautions to
16 ensure the cannabis plants are secure from unauthorized
17 access, including unauthorized access by an individual under
18 21 years of age.

19 (6) The cultivation, harvest, drying and processing of
20 cannabis by an individual under subsection (a) shall only
21 occur on residential property lawfully in possession of the
22 individual or with the consent of the owner, lessee or other
23 person in lawful possession of the residential property. An
24 owner or lessor of residential property may prohibit the
25 cultivation of cannabis by a lessee.

26 (7) No residential dwelling, including a private home,
27 apartment or condominium unit, which is not divided into
28 multiple dwelling units shall contain more than three mature
29 cannabis plants and three immature cannabis plants at any one
30 time.

1 (8) Cannabis plants may only be maintained and tended by
2 an individual under subsection (a) or a designated caregiver
3 of the individual who holds a valid identification card
4 issued under section 501 of the Medical Marijuana Act and who
5 holds a valid home cultivation permit issued by the board.

6 (9) An individual who cultivates cannabis plants in
7 violation of the limit prescribed under subsection (a)(1) or
8 who sells or gives away cannabis plants, cannabis or cannabis
9 products cultivated, harvested, dried, processed or otherwise
10 produced under this section shall be subject to the civil
11 penalties provided in this section and the applicable
12 provisions of The Controlled Substance, Drug, Device and
13 Cosmetic Act and loss of cannabis home cultivation privileges
14 under this section.

15 (c) Home cultivation certificate.--The following apply:

16 (1) An individual under subsection (a) or a caregiver of
17 the individual under subsection (b)(8) may apply to the board
18 for a home cultivation permit in the form and manner as the
19 board shall prescribe in regulation.

20 (2) An application for a home cultivation permit may be
21 submitted to the board electronically. The following apply:

22 (i) An application for a home cultivation permit
23 shall be accompanied by a \$100 fee.

24 (ii) A home cultivation permit shall be renewed,
25 annually, upon approval of the board and payment of a
26 \$100 renewal fee.

27 (3) An individual who violates this subsection shall be
28 assessed a civil penalty as follows:

29 (i) Not more than \$100 for a first offense.

30 (ii) Not more than \$200 for a second offense.

1 (iii) Not more than \$500 for a third or subsequent
2 offense.

3 CHAPTER 6

4 LICENSE, PERMIT OR OTHER AUTHORIZATION

5 Section 601. Additional requirements for issuance.

6 (a) Issuance.--The following apply:

7 (1) In addition to any other requirement enumerated in
8 this act, a cannabis entity licensee or other person that the
9 board determines eligible to receive a license, permit or
10 other authorization to engage in a regulated activity under
11 this act shall be issued a license, permit or other
12 authorization to engage in a regulated activity upon the
13 payment of any fee required under this act or established by
14 regulation of the board and upon the fulfillment of any
15 conditions required under this act or by regulation of the
16 board. The cannabis entity licenses issued under this chapter
17 shall be in addition to the expedited approval cannabis
18 entity licenses authorized under sections 503 and 504.

19 (2) Nothing in this act shall be construed to create an
20 entitlement to a license, permit or other authorization to
21 engage in a regulated activity under this act by any person.
22 The board shall in the board's sole discretion issue, renew,
23 condition or deny a cannabis entity license, permit or other
24 authorization to engage in a regulated activity under this
25 act based upon the requirements enumerated in this act and
26 whether the issuance of a license, permit or other
27 authorization will promote equity, enhance economic
28 development or job creation, is in the best interests of this
29 Commonwealth and advances the intent and purposes of this
30 act.

1 (b) Development of scoring system.--To facilitate the
2 issuance of cannabis entity licenses under this chapter, the
3 board shall, by regulation, develop a scoring system under which
4 applications for a cannabis entity license, except for a
5 cannabis microbusiness license, shall be administratively ranked
6 and scored based on the clarity, organization and quality of the
7 information provided in the application for licensure. The
8 scoring system shall be based upon a point scale with the board
9 determining the number of points for each category, the point
10 categories and the system of point distribution. The board
11 shall:

12 (1) Rank all applications, from the most to the least
13 points, according to the point system. The board may, in
14 accordance with the process specified by regulation, adjust
15 the point system or utilize a separate point system and
16 rankings with respect to the review of an application for
17 which a conditional license is sought. If two or more
18 eligible applicants have the same number of points, those
19 applicants shall be grouped together and, if there are more
20 eligible applicants in this group than the remaining number
21 of licenses available, the board may, if determined necessary
22 to meet market demand, increase the number of the applicable
23 cannabis entity licenses consistent with the requirements of
24 section 616.

25 (2) In ranking applications, the board shall give
26 priority to:

27 (i) An applicant who presents a plan that reflects
28 high potential for new job creation and economic
29 development.

30 (ii) The degree to which an applicant presents a

1 plan for the project which will likely lead to the
2 creation of quality, living-wage jobs and full-time
3 permanent jobs for residents of this Commonwealth
4 generally and particularly for residents of the
5 municipality where the cannabis establishment is located
6 or is proposed to be located.

7 (iii) An applicant who submits an attestation
8 affirming that the applicant will use best efforts to
9 utilize organized labor in the construction or
10 retrofitting of the building or other facility, which
11 will be used to house the applicant's cannabis
12 establishment or which is associated with the cannabis
13 operations.

14 (iv) An applicant who is a current resident of a
15 designated opportunity zone and who has resided in the
16 designated opportunity zone for three or more consecutive
17 years at the time the application for a cannabis entity
18 license is filed with the board. To the extent possible,
19 at least 25% of the total licenses issued to applicants
20 for a cannabis entity license shall be awarded to
21 applicants who have resided in a designated opportunity
22 zone for three or more consecutive years at the time of
23 making the application, regardless of where the cannabis
24 establishment is or is proposed to be located.

25 (v) An applicant who presents a plan to employ a
26 select number of individuals who reside in a designated
27 opportunity zone, and who proposes to locate the
28 applicant's cannabis establishment in a designated
29 opportunity zone.

30 (vi) An applicant whose application:

1 (A) Presents a social and economic equity plan
2 or an agreement to participate in a social and
3 economic equity activity, as attested to, which is
4 similar or the same as provided in section 503(c)(9).

5 (B) Presents a plan, attested to, which includes
6 processes and procedures for the development and
7 implementation of a plan to ensure inclusion and
8 participation by diverse businesses and disadvantaged
9 businesses, service-disabled veteran-owned small
10 businesses and veteran-owned small businesses,
11 disadvantaged farmer-owned small businesses or
12 residents of designated opportunity zones in this
13 Commonwealth and which further ensures that the
14 businesses and individuals are accorded equality of
15 opportunity in employment and contracting by the
16 applicant and the applicant's contractors,
17 subcontractors, assignees, lessees, agents and
18 vendors.

19 (C) Presents an opportunity zone employment
20 plan, attested to, to employ at least 25% of
21 individuals who reside in an opportunity zone, of
22 whom at least 25% reside in an opportunity zone
23 nearest to the location or proposed location of the
24 cannabis establishment. The failure to meet the
25 percentages of opportunity zone residents as
26 employees of the cannabis establishment within six
27 months of the opening of the cannabis establishment
28 may result in the suspension of a license or
29 conditional license, as applicable, issued based on
30 an application with an opportunity zone employment

1 plan.

2 (D) Presents a good faith plan for enhancing the
3 participation and representation of diverse groups in
4 the operation of the applicant's cannabis
5 establishment through the ownership and operation of
6 business enterprises associated with or utilized by
7 the cannabis entity licensees or through the
8 provision of goods or services utilized by the
9 cannabis entity licensees at the cannabis
10 establishment and through participation in the
11 ownership of the applicant.

12 (vii) An applicant who is a current resident of a
13 designated opportunity zone and has resided in the
14 designated opportunity zone for three or more consecutive
15 years at the time of making the application.

16 (3) The board may award up to two bonus points for an
17 applicant's plan to engage with the community. Community
18 engagement may be demonstrated by the applicant's
19 participation in one or more of, but not limited to, the
20 following:

21 (i) Establishing an incubator program designed to
22 increase participation in this Commonwealth's regulated
23 cannabis industry by persons who qualify as social and
24 economic equity applicants.

25 (ii) Providing financial assistance for substance
26 use disorder prevention, treatment and education
27 programs.

28 (iii) Providing education or job training to members
29 of an impacted family, residents of opportunity zones and
30 other individuals, including student internships, to

1 prepare them for a career in the Commonwealth's regulated
2 cannabis industry.

3 (iv) Educating children and teens about the
4 potential harms of cannabis use.

5 (4) If two or more applications receive an equal score,
6 the board may award bonus points for any other activity or
7 measure proposed by an applicant that demonstrates a
8 commitment to community engagement.

9 (5) If an applicant is awarded a cannabis entity
10 license, the implementation of a plan provided in the
11 application for licensure under paragraphs (2) and (3) shall
12 be a mandatory condition for issuance of the license. Any
13 variation from or failure to satisfy fully the conditions of
14 the plan as enumerated in the application or to implement the
15 plan may result in the imposition of sanctions under section
16 911.

17 (c) Additional requirements.--In addition to the eligibility
18 requirements provided in this act, the board shall also take
19 into account the following factors when considering an
20 application for a cannabis entity license:

21 (1) The location and quality of the proposed cannabis
22 establishment, including, but not limited to, road and
23 transit access, parking and centrality to market service
24 areas.

25 (2) The applicant's good faith plan to recruit, train
26 and upgrade diversity in all employment classifications at
27 the cannabis establishment.

28 (3) The history and success of the applicant in
29 developing cannabis establishments in other jurisdictions, if
30 applicable to the applicant.

1 (4) The record of the applicant and the applicant's
2 developer in meeting commitments to local agencies,
3 community-based organizations and employees at other
4 locations, if applicable to the applicant.

5 (5) The degree to which potential adverse effects which
6 might result from the project, including costs of meeting the
7 increased demand for health care, child care, public
8 transportation, affordable housing and social service
9 programs, such as substance use disorder prevention and
10 treatment programs, will be addressed and mitigated.

11 (6) The record of the applicant and the applicant's
12 developer regarding compliance with:

13 (i) Federal, State and local discrimination, wage
14 and hour, disability and occupational and environmental
15 health and safety laws;

16 (ii) State and local labor relations and employment
17 laws; and

18 (iii) labor peace agreements.

19 (d) Opportunity zones.--In consideration of an application
20 for a cannabis entity license which proposes to locate a
21 cannabis establishment in an opportunity zone, the board may
22 prioritize the application if:

23 (1) Past criminal cannabis activity contributed to
24 higher concentrations of law enforcement activity,
25 unemployment and poverty within parts of or throughout the
26 opportunity zone.

27 (2) The opportunity zone has a crime index of 1,000 or
28 higher based upon the indexes listed in the most recently
29 annual Uniform Crime Report compiled by the Pennsylvania
30 State Police.

1 (3) The opportunity zone has a population of 120,000 or
2 more as depicted in the most recently compiled Federal
3 decennial census as of the effective date of this paragraph
4 or is located in a rural area of this Commonwealth.

5 (4) The opportunity zone ranks in the top 30% of local
6 government entities in this Commonwealth for marijuana or
7 hashish arrests related to the possession of a controlled
8 substance in violation of the applicable provisions of the
9 act of April 14, 1972 (P.L.233, No.64), known as The
10 Controlled Substance, Drug, Device and Cosmetic Act.

11 (5) A municipality that comprises the opportunity zone
12 has an average annual unemployment rate that ranks in the top
13 15% of all local government entities in this Commonwealth for
14 the calendar year immediately preceding the calendar year in
15 which the application for licensure will be submitted to the
16 board, based upon the average annual unemployment rate
17 calculated for the relevant calendar year by the United
18 States Bureau of Labor Statistics.

19 (e) Persons not eligible for license, permit or other
20 authorization.--The following persons shall not be eligible for
21 a license, permit or other authorization to engage in a
22 regulated activity under this act, except in extraordinary
23 circumstances as determined by the board:

24 (1) An applicant who has been convicted of an offense
25 related to the functions or duties of owning and operating a
26 business within three years of the application date, except
27 that if the board determines that the applicant is otherwise
28 suitable to be issued a license, permit or other
29 authorization to engage in a regulated activity under this
30 act and that granting the license, permit or other

1 authorization is not inconsistent with public safety, the
2 board shall conduct a thorough review of the nature of the
3 crime and conviction, the circumstances surrounding the crime
4 and evidence of rehabilitation of the applicant and evaluate
5 the suitability of the applicant based on the evidence found
6 through the review. In determining which disqualifying
7 convictions substantially related to the functions or duties
8 of owning and operating a cannabis entity, the board's
9 determination shall include, but not be limited to, the
10 following:

11 (i) a felony conviction within the past five years
12 involving fraud, money laundering, forgery and other
13 unlawful conduct related to owning and operating a
14 business; and

15 (ii) a felony conviction within the past five years
16 for hiring, employing or using a minor in transporting,
17 carrying, selling, giving away, preparing for sale or
18 peddling any controlled substance to a minor or other
19 person or selling, offering to sell, furnishing, offering
20 to furnish, administering or giving any controlled
21 substance to a minor or other person.

22 (2) A person under 21 years of age.

23 (3) A partnership or a corporation, unless each member
24 of the partnership or each of the principal officers and
25 directors or other essential employees of the corporation is
26 a citizen of the United States or a person lawfully admitted
27 for permanent residence in the United States, not less than
28 21 years of age. A corporation which otherwise conforms to
29 the requirements of this act may be issued a license, permit
30 or other authorization if each of the corporation's principal

1 officers and more than one-half of the directors or other
2 essential employees of the corporation are citizens of the
3 United States or persons lawfully admitted for permanent
4 residence in the United States. A corporation organized under
5 15 Pa.C.S. (relating to corporations and unincorporated
6 associations) which otherwise conforms to the requirements of
7 this act may be licensed, permitted or authorized to engage
8 in a regulated activity under this act if each of the
9 corporation's principal officers and directors or other
10 essential employees are not under 21 years of age.

11 (4) A person that had a license, permit or other
12 authorization issued by the board revoked for cause, until
13 the expiration of one year from the date of the revocation.

14 (5) A person that does not hold a license, permit or
15 other authorization under this act but who has been convicted
16 of a misdemeanor or felony in violation of this act, until
17 the expiration of a two-year period from the date of the
18 sentence for the conviction.

19 (6) A corporation or partnership, if a principal,
20 officer, director, essential employee or partner, while not
21 authorized to hold a license, permit or other authorization
22 to engage in a regulated activity under this act, has been
23 convicted of a misdemeanor or felony in violation of this
24 act, or, if required to hold a license, permit or other
25 authorization to engage in a regulated activity under this
26 act, has had the license, permit or other authorization
27 revoked for cause, until the expiration of a one-year period
28 from the date of the conviction or revocation as determined
29 by the board.

30 (e) Certain officials not eligible.--Except as otherwise

1 provided in this act, it shall be unlawful for a law enforcement
2 officer of any police department, including a member of the
3 Pennsylvania State Police, in this Commonwealth to have a
4 financial interest, either directly or indirectly, in a
5 regulated activity under this act. A person may not be denied a
6 license, permit or other authorization under this act based
7 solely on the grounds of being the spouse or domestic partner of
8 a law enforcement officer. The solicitation or recommendation
9 made by a law enforcement officer to the holder of a license,
10 permit or other authorization to engage in a regulated activity
11 under this act to purchase cannabis or cannabis products from a
12 particular licensed cannabis entity shall be presumptive
13 evidence of the interest of the law enforcement officer in a
14 regulated activity under this act.

15 (f) Elected officials.--The following apply:

16 (1) An elected official of a local government may not be
17 subject to the limitations under subsection (e), unless the
18 duties of the local elected official directly relate to the
19 operation or management of the municipality's police
20 department, municipal oversight of a regulated activity under
21 this act, review and approval of a voluntary community
22 agreement between the local government and a cannabis entity
23 licensee and regulation or enforcement of municipal zoning
24 laws.

25 (2) An elected official of a local government shall be
26 subject to the restrictions and prohibitions applicable to
27 members of the board under section 303(c)(1), (3), (5), (6),
28 (7) and (8).

29 (g) Use as collateral prohibited.--A cannabis entity license
30 issued under this act may not be pledged or deposited as

1 collateral security for a loan or upon any other condition. A
2 pledge or deposit, and a contract providing for the use of a
3 cannabis entity license as collateral security, shall be void.
4 Section 602. Conditional cannabis entity license.

5 (a) Issuance.--The following apply:

6 (1) Notwithstanding any provision of this act to the
7 contrary, upon a finding that it is in the public interest,
8 the board may issue a conditional cannabis entity license to
9 a person that satisfies the qualifications for licensure
10 under this chapter and upon payment of the applicable
11 cannabis entity license fee under section 313. A conditional
12 cannabis license may not be issued until the completion of a
13 background investigation of the applicant and each principal,
14 officer, director, essential employee or other employee or
15 agent of the applicant, as determined by the board, and prior
16 to full compliance by the applicant with other conditions of
17 licensure as provided under this act.

18 (2) The board shall begin accepting applications for
19 conditional cannabis entity licenses within 45 days after the
20 board issues the final expedited approval cannabis entity
21 license under sections 503 and 504. The board may, in the
22 board's discretion, issue up to 35% of the total licenses
23 issued for each type of cannabis entity license as
24 conditional licenses, which shall include a conditional
25 license issued to an applicant which is subsequently replaced
26 by the board with a permanent license.

27 (3) The board shall review the qualifications of an
28 applicant for a conditional cannabis entity license and, not
29 more than 60 days after the receipt of an application, make a
30 determination as to whether the application is approved or

1 denied or whether the board requires additional information
2 or more time to adequately review the application.

3 (4) If an application for a conditional cannabis entity
4 license is approved, the board shall notify the applicant in
5 writing or electronically of the approval of the application.
6 The notification shall be made within 15 days of the date the
7 application is approved by the board.

8 (5) If an application for a conditional cannabis entity
9 license is denied, the board shall notify the applicant in
10 writing of the specific reason for the denial and provide
11 with the written notice a refund of 80% of the application
12 fee submitted with the application.

13 (6) If an applicant for a conditional license fails to
14 submit all information required in the application for a
15 conditional license resulting in the application being deemed
16 deficient and incomplete by the board, the following apply:

17 (i) The board shall forward a deficiency notice to
18 the applicant that describes the information needed to
19 cure the deficiency.

20 (ii) The applicant shall have 10 calendar days from
21 the date of the deficiency notice to submit a complete
22 application to the board.

23 (iii) If the applicant fails to cure the deficiency
24 within the 10-day period under subparagraph (ii) or
25 resubmits an application that is still incomplete after
26 the opportunity to cure, the board may reject or
27 disqualify the application.

28 (iv) The board may request revisions to an
29 application and shall retain final approval over the
30 structural features of an applicant's proposed cannabis

1 establishment.

2 (7) The board's decision to approve, renew or deny a
3 license or conditional cannabis entity license made under
4 this chapter shall be considered a final agency decision for
5 the purposes of 2 Pa.C.S. (relating to administrative law and
6 procedure) or with procedures adopted by order of the board.

7 (b) Suitability and financial capability.--An applicant
8 shall provide the board with satisfactory evidence of the
9 applicant's suitability and financial capability for a
10 conditional cannabis entity license prior to the board approving
11 the conditional license.

12 (c) Complete application.--No later than upon the issuance
13 of a conditional cannabis entity license by the board, the
14 applicant shall submit a complete application for a permanent
15 cannabis entity license under section 505.

16 (d) Expiration.--The following apply:

17 (1) If the board fails to approve and issue a permanent
18 cannabis entity license for the holder of a conditional
19 cannabis entity license within 18 months of the time
20 established by the board under section 502 when applications
21 are to be filed and deemed complete, the conditional license
22 shall expire.

23 (2) The failure of a holder of a conditional cannabis
24 entity license to meet the requirements for a permanent
25 cannabis entity license under this act shall result in the
26 immediate forfeiture and revocation of the conditional
27 cannabis entity license.

28 (3) Upon the expiration of a conditional cannabis entity
29 license or the failure of a holder of a conditional cannabis
30 entity license to meet the requirements for a permanent

1 cannabis entity license, all regulated activities authorized
2 under the conditional cannabis entity license shall cease
3 until a permanent cannabis entity license is issued to the
4 person by the board.

5 (e) Return of fee.--In the event of the expiration of a
6 conditional cannabis entity license or the denial of an
7 application for a permanent cannabis entity license under
8 section 601, the applicant shall be entitled to a return of 75%
9 of the conditional cannabis entity license fee submitted with
10 the application for a conditional cannabis entity license.

11 Section 603. Licensure of cannabis microbusinesses.

12 (a) Licensure.--The board shall ensure that a sufficient
13 percentage of cannabis entity licenses issued for each type of
14 cannabis entity are designated for and issued only to cannabis
15 microbusinesses. The determination of the percentage for each
16 type of license issued to cannabis microbusinesses shall include
17 the number of conditional licenses issued to cannabis
18 microbusinesses for each type of cannabis entity license as the
19 percentage of the total number of conditional licenses issued by
20 the board under section 602, which shall not be mutually
21 exclusive of the percentage of cannabis entity licenses issued
22 to cannabis microbusinesses under this subsection.

23 (b) Eligibility.--To be eligible for a cannabis entity
24 license, an applicant for a cannabis microbusiness license must
25 meet the following requirements:

26 (1) One hundred percent of the ownership interest in the
27 cannabis microbusiness shall be held by residents of this
28 Commonwealth who have resided in this Commonwealth for at
29 least the past three consecutive years.

30 (2) At least 51% of the owners of the cannabis

1 microbusiness have been residents of the municipality in
2 which the cannabis microbusiness is located, or proposed to
3 be located, or a municipality bordering or in a reasonable
4 proximity to the municipality in which the cannabis
5 microbusiness is located, or proposed to be located, for at
6 least two years.

7 (3) The applicant shall employ no more than 10 full-time
8 or part-time employees.

9 (4) In the case of an applicant applying for a cannabis
10 microbusiness license as a cannabis cultivator, the applicant
11 shall have experience as a farmer or with the cultivation of
12 agricultural or horticultural products, operating an
13 agricultural-related business or operating a horticultural
14 business.

15 (5) In the case of an applicant applying for a cannabis
16 microbusiness license as a cannabis processor, the applicant
17 shall have experience with processing agricultural products,
18 if experience in processing agricultural products is required
19 by the board, based on information provided by the applicant
20 in the application for licensure.

21 (6) The applicant shall provide a description of the
22 enclosed, locked facility or area where cannabis will be
23 cultivated or grown, harvested, produced, processed, packaged
24 or otherwise prepared for sale or offered for sale by the
25 cannabis microbusiness licensee or for distribution, delivery
26 and sale to a cannabis entity licensee.

27 (7) The applicant shall provide a description of the
28 applicant's cultivation, processing, inventory and packaging
29 plans.

30 (c) Canopy space.--The following apply:

1 (1) A cannabis microbusiness may contain up to 5,000
2 square feet of canopy space on the premises of the cannabis
3 establishment for plants in the flowering stage.

4 (2) The board may, by regulation, authorize an increase
5 or decrease of flowering stage cultivation space in
6 increments of 3,000 square feet based on:

7 (i) Market demand.

8 (ii) Cannabis microbusiness capacity.

9 (iii) The cannabis microbusiness licensee's history
10 of compliance or noncompliance with this act and
11 regulations of the board promulgated under this act.

12 (3) Notwithstanding paragraphs (1) and (2), the maximum
13 canopy space for cultivating cannabis plants in the flowering
14 stage shall not exceed 14,000 square feet, which must be
15 cultivated in all stages of growth in an enclosed, locked
16 facility or area of the cannabis microbusiness licensee's
17 cannabis establishment.

18 (4) A cannabis microbusiness licensee may share the
19 premises of its cannabis establishment with a cannabis
20 processor licensee or cannabis retailer licensee, or both, if
21 each licensee stores currency and cannabis or cannabis
22 products in a separate secured vault to which the other
23 licensee does not have access or all licensees sharing a
24 vault share more than 50% of the same ownership.

25 (d) Issuance of license to certain persons prohibited.--The
26 following apply:

27 (1) A cannabis microbusiness license may not be issued
28 to a person that holds a cannabis cultivator license or to a
29 partnership, corporation, limited liability company or trust
30 or an intermediary, subsidiary, holding company, affiliate or

1 any other form of business entity having more than 10% legal,
2 equitable, beneficial or financial interest, directly or
3 indirectly, in a cannabis cultivator license or to any
4 principal officer, agent, employee or individual with any
5 form of ownership or control over a cannabis cultivator
6 licensee, except for a person that owns no more than 5% of
7 the outstanding shares of a cannabis cultivator license whose
8 shares are publicly traded on an exchange within the meaning
9 of the Securities Exchange Act of 1934 (48 Stat. 881, 15
10 U.S.C. § 78a et seq.).

11 (2) A person that holds a cannabis microbusiness license
12 in this Commonwealth or a partnership, corporation, limited
13 liability company or trust or a subsidiary, intermediary,
14 holding company, affiliate or agent or any other form of
15 business entity licensed in this Commonwealth as a cannabis
16 microbusiness shall not have more than 10% legal, equitable
17 or beneficial interest, directly or indirectly, in a cannabis
18 cultivator licensee, nor shall a partnership, corporation,
19 limited liability company or trust or a subsidiary,
20 intermediary, holding company, affiliate or other form of
21 business entity having a legal, equitable or beneficial
22 interest, directly or indirectly, in a person licensed in
23 this Commonwealth as a cannabis microbusiness be a principal
24 officer, agent, employee or other person with any form of
25 ownership or control over a cannabis cultivator licensee,
26 except for a person who owns no more than 5% of the
27 outstanding shares of a cannabis cultivator license whose
28 shares are publicly traded on an exchange within the meaning
29 of the Securities and Exchange Act of 1934.

30 (e) Transferability.--A cannabis entity license issued to a

1 cannabis microbusiness as provided under this act shall not be
2 sold or otherwise transferred to any other person.

3 (f) Compliance with regulations.--A cannabis microbusiness
4 shall comply with the requirements of this act and other
5 requirements as may be established by regulation of the board as
6 provided under this act.

7 (g) Term of license.--Notwithstanding section 516, a
8 cannabis entity license designated, approved and issued by the
9 board to a cannabis microbusiness shall be valid for five years,
10 except that, for the three-year period following initial
11 issuance, a cannabis entity license issued to a cannabis
12 microbusiness shall be subject to annual renewal by the board
13 and, thereafter, shall be subject to renewal every five years,
14 unless the board determines, through regulation, that a shorter
15 license renewal period is necessary to ensure that cannabis
16 microbusiness licenses are operating as provided under this act
17 and regulations of the board. The following apply:

18 (1) Six months prior to the expiration of a cannabis
19 microbusiness license, the microbusiness seeking renewal of
20 the cannabis entity license shall submit a renewal
21 application accompanied by the renewal fee to the board.

22 (2) If the renewal application satisfies the
23 requirements of this act and regulations of the board for the
24 applicable type of cannabis entity license subject to
25 renewal, the board may renew the cannabis microbusiness's
26 cannabis entity license.

27 (3) If the board receives a complete renewal application
28 but fails to act prior to the expiration of the cannabis
29 microbusiness's cannabis entity license, the cannabis entity
30 license held by the cannabis microbusiness shall continue in

1 effect until the renewal application is acted upon by the
2 board.

3 (h) Microbusiness application and license fee.--The maximum
4 fee assessed by the board for the issuance or renewal of a
5 cannabis microbusiness cannabis entity license shall be no more
6 than half the application fee, license fee and license renewal
7 fee applicable to a license of the same type of cannabis entity
8 license issued to an applicant that is not a cannabis
9 microbusiness as provided under section 313 and other provisions
10 of this act.

11 (i) Construction.--Notwithstanding any other provision of
12 this act, nothing in this section shall be construed to prohibit
13 or otherwise prevent a person that holds a cannabis
14 microbusiness license from cultivating, processing,
15 distributing, transporting, delivering or selling or offering
16 for sale cannabis and cannabis products in accordance with the
17 provisions of this act and regulations of the board.

18 Section 604. Cannabis cultivator license.

19 (a) Eligibility and requirements.--

20 (1) The following apply:

21 (i) A cannabis cultivator license authorizes the
22 acquisition, possession, distribution, delivery,
23 cultivation and sale of cannabis from the licensed
24 cannabis establishment of a licensed cannabis cultivator
25 to a duly licensed cannabis processor, cannabis
26 microbusiness or cannabis retailer in this Commonwealth.

27 (ii) The board shall promulgate regulations
28 authorizing cannabis cultivator licensees to engage in
29 certain types of processing without the need to acquire a
30 cannabis processor license from the board. The

1 regulations shall specify the processing activities a
2 cannabis cultivator may engage in under the cannabis
3 cultivator license in accordance with paragraph (5).

4 (iii) For purposes of this section, cultivation
5 shall include, but not be limited to, the agricultural
6 production practices of planting, growing, cloning,
7 harvesting, drying, curing, grading and trimming of
8 cannabis by the holder of a cannabis cultivator license
9 issued by the board under this act.

10 (2) A person or entity may not hold a legal, equitable,
11 ownership or beneficial interest, directly or indirectly, in
12 more than three cannabis cultivator licenses under this act.

13 (3) No person or entity that is employed by, is an agent
14 of, has a contract to receive payment in any form from, is a
15 principal officer of or is an entity controlled by or
16 affiliated with a principal or officer of a cannabis
17 cultivator licensee shall hold a legal, equitable, ownership
18 or beneficial interest, directly or indirectly, in a cannabis
19 cultivator license which would result in the person or entity
20 owning or controlling, in combination with a cannabis
21 cultivator licensee, principal or officer of a cannabis
22 cultivator licensee or entity controlled or affiliated with a
23 principal or officer of a cannabis cultivator licensee by
24 which the person is employed, is an agent of or participates
25 in the management of, more than three cannabis cultivator
26 licenses.

27 (4) A cannabis cultivator licensee's cannabis
28 establishment may not contain more than 125,000 square feet
29 of canopy space for plants in the flowering stage for the
30 cultivation of cannabis as provided under this act.

1 (5) A cannabis cultivator licensee may process cannabis,
2 cannabis concentrates and cannabis products if the intent to
3 engage in the processing activities is included in the
4 licensee's application for a cannabis cultivator license.

5 (6) Beginning December 31, 2023, or one year after the
6 effective date of this act, whichever is later, no cannabis
7 cultivator licensee shall transport cannabis or cannabis
8 products to any cannabis entity licensee or cannabis testing
9 laboratory licensed under this act unless the cannabis
10 cultivator licensee has been approved for and issued a
11 cannabis transporter license by the board.

12 (7) A person may not have a direct or indirect financial
13 or controlling interest in more than three cannabis
14 cultivator licenses issued under this section.

15 (b) Application.--The following apply:

16 (1) A person shall apply to the board for a cannabis
17 cultivator license in the form and manner and according to
18 the schedule for applying for a cannabis entity license
19 established by the board under section 502. An application
20 for a cannabis cultivator license shall be accompanied by the
21 license fee under section 313 and a nonrefundable application
22 fee of \$5,000.

23 (2) A person applying for a cannabis cultivator license
24 shall:

25 (i) Have at least one significantly involved person
26 that has resided in this Commonwealth for at least two
27 consecutive years as of the date of the application.

28 (ii) Provide proof, in a manner determined by the
29 board, that the person under subparagraph (i) and any
30 other person with a controlling interest who also has

1 decision-making authority over the operation or function
2 of the cannabis cultivator's cannabis establishment has
3 been a resident of this Commonwealth for two or more
4 years and is 21 years of age or older.

5 (iii) Provide for the conduct of a background
6 investigation for an owner, except for an owner who holds
7 less than a 5% controlling interest in the applicant for
8 a cannabis cultivator license or who is a member of a
9 group that holds less than a 20% controlling interest in
10 the cannabis cultivator license and no member of that
11 group holds more than a 5% controlling interest in the
12 total group investment, and who lacks the authority to
13 make controlling decisions regarding the proposed
14 cannabis cultivator's operations, and a director, officer
15 and employee.

16 (iv) Provide for the conduct of a background
17 investigation for a director, officer or essential
18 employee or other employee as required by the board.

19 (v) Satisfy all other requirements for licensure
20 under this act and regulations of the board promulgated
21 under this act.

22 (c) Number of licenses.--The board may issue up to 750
23 cannabis cultivator licenses, of which a sufficient percentage
24 shall be conditional licenses issued under section 602 and at
25 least 25% of the total number of cannabis cultivator licenses
26 and conditional licenses shall be designated for and only issued
27 to cannabis microbusinesses under section 603. If qualified
28 applicants exist, the board may issue a sufficient number of
29 additional permanent licenses to meet market demand. Nothing in
30 this section shall be construed to preclude the board from

1 making a request for additional applicants for a cannabis
2 cultivator license as the board deems necessary to meet market
3 demand under section 616.

4 (d) Duties of board.--In addition to the board's regulatory
5 authority under other provisions of this act, the board, by
6 regulation, shall:

7 (1) Require cannabis cultivator licensees to post the
8 license or conditional license in a conspicuous location
9 inside the licensee's cannabis establishment at all times.

10 (2) Require cannabis cultivator licensees or holders of
11 a conditional cannabis cultivator license to report any
12 changes in the information provided in the application for
13 licensure to the board. The board shall specify by regulation
14 the time by which a change in information must be reported
15 and the specific information which must be reported to the
16 board under this paragraph.

17 (3) Upon receipt and review of an applicant's background
18 investigation from the Pennsylvania State Police or the
19 Federal Bureau of Investigation, provide written or
20 electronic notification to the applicant of the applicant's
21 qualification or disqualification for a cannabis cultivator
22 license. If the applicant is disqualified because of a
23 disqualifying conviction under section 601(e), the conviction
24 that constitutes the basis for the disqualification shall be
25 identified in the written or electronic notification.

26 (4) Require cannabis cultivated, grown, processed or
27 produced by the cannabis cultivator to be tested in
28 accordance with the requirements of section 702.

29 (5) Require cannabis cultivator licensees to submit an
30 annual report describing the licensee's electrical and water

1 usage at the licensee's cannabis establishment during the
2 preceding calendar year.

3 (6) Require a cannabis cultivator licensee to meet all
4 public health and safety standards, industry best practices
5 and all applicable regulations established by the board
6 related to the cultivation of cannabis, including the
7 propagation or cloning of immature cannabis plants and seeds.
8 The board may regulate the number of immature cannabis plants
9 which may be possessed by a licensed cannabis cultivator, the
10 size of a licensee's grow canopy used to grow immature
11 cannabis plants and the weight or size of shipments of
12 immature cannabis plants made or proposed to be made by a
13 cannabis cultivator licensee.

14 (7) Adopt a licensing tier system for the issuance of
15 cannabis cultivator licenses to include, among other criteria
16 which may be established by regulations of the board, the
17 following types of indoor and outdoor cannabis cultivator
18 licenses:

- 19 (i) Tier 1 for up to 5,000 square feet.
- 20 (ii) Tier 2: 5,001 to 10,000 square feet.
- 21 (iii) Tier 3: 10,001 to 20,000 square feet.
- 22 (iv) Tier 4: 20,001 to 30,000 square feet.
- 23 (v) Tier 5: 30,001 to 40,000 square feet.
- 24 (vi) Tier 6: 40,001 to 50,000 square feet.
- 25 (vii) Tier 7: 50,001 to 60,000 square feet.
- 26 (viii) Tier 8: 60,001 to 70,000 square feet.
- 27 (ix) Tier 9: 70,001 to 80,000 square feet.
- 28 (x) Tier 10: 80,001 to 90,000 square feet.
- 29 (xi) Tier 1: 90,001 to 125,000 square feet.

30 (e) Issuance of license.--The following apply:

1 (1) The board shall approve and issue a cannabis
2 cultivator license or conditional license upon verification
3 of all of the information contained in the application and a
4 determination that the requirements for licensure have been
5 satisfied, including the payment of the nonrefundable
6 application fee and the cannabis cultivator license fee under
7 section 313.

8 (2) An application for a cannabis cultivator license
9 shall be approved or denied by the board under section 502 as
10 soon as administratively possible after receipt of a
11 completed application.

12 Section 605. Cannabis cultivator grow canopy.

13 (a) Regulation of grow canopies.--Subject to subsection (b),
14 the board shall adopt regulations to govern the size of a mature
15 cannabis plant grow canopy at the cannabis establishment of a
16 cannabis cultivator licensee.

17 (b) Limitation on size.--The following apply:

18 (1) In adopting regulations under subsection (a), the
19 board may consider whether:

20 (i) To limit the size of a mature cannabis plant
21 grow canopy for a cannabis establishment where cannabis
22 is cultivated or grown outdoors and a cannabis
23 establishment where cannabis is grown indoors in a manner
24 calculated to result in cannabis establishments that
25 produce the same amount of harvested cannabis leaves and
26 harvested cannabis flowers, regardless of whether the
27 cannabis is grown outdoors or indoors.

28 (ii) The tier licensing system adopted under section
29 604(d)(7) under which the permitted size of a cannabis
30 cultivator licensee's mature cannabis plant grow canopy

1 may be increased upon request of a cannabis cultivator
2 licensee, except that the permitted size of a cannabis
3 cultivator licensee's mature cannabis plant grow canopy
4 may not increase following any year during which the
5 board disciplined the cannabis cultivator licensee for
6 violating this act or a rule or regulation adopted and
7 promulgated by the board under this act.

8 (iii) Notwithstanding subparagraphs (i) and (ii),
9 the cannabis plant grow canopy for an additional cannabis
10 cultivator license issued under section 616 shall be
11 limited to 20,000 square feet per additional license
12 issued, unless a higher square footage is authorized by
13 the board.

14 (2) In considering limitations on the size of a cannabis
15 plant grow canopy, the board shall consider the market demand
16 for cannabis and cannabis products in this Commonwealth, the
17 number of applicants for cannabis cultivator licenses, the
18 number of cannabis cultivator licenses that have been issued
19 and to whom and whether the availability of cannabis and
20 cannabis products in this Commonwealth is commensurate with
21 market demand.

22 (3) The tier licensing system adopted by the board under
23 paragraph (1)(ii) shall further provide the minimum and
24 maximum square footage of bench space allocated or which may
25 be allocated for the flowering stage of cannabis cultivation
26 rather than the square footage of the room or other area,
27 including indoor or outdoor areas, designated by the cannabis
28 cultivator licensee for the cultivation of cannabis.

29 (c) Licensing tier expansion.--Notwithstanding section
30 604(d)(7), a cannabis cultivator may submit an application, in a

1 form, manner and at such time as determined by the board, to
2 expand or reduce the licensing tier type under which it is
3 classified. If a cannabis cultivator applies to the board to
4 expand cannabis cultivation, the cannabis cultivator shall
5 demonstrate that it has sold 85% of the cannabis cultivated by
6 it consistently at its licensing tier over the six months
7 preceding the application for expanded cultivation for an indoor
8 cannabis cultivator, or during the harvest season prior to the
9 application for expanded cultivation for an outdoor cannabis
10 cultivator.

11 (d) Licensing tier reduction.--In its review of an
12 application to renew a cannabis cultivator license, the board
13 shall analyze the cultivation records of the cannabis cultivator
14 for the six months prior to the application for renewal of an
15 indoor cannabis cultivator or during the harvest season prior to
16 the application for renewal for an outdoor cannabis cultivator.
17 If the board's analysis finds that the cannabis cultivator sold
18 less than 70% of the cannabis it cultivated during the six-month
19 period preceding the application for renewal for an indoor
20 cannabis cultivator license or during the harvest season prior
21 to the application for renewal for an outdoor cannabis
22 cultivator license, it may reduce the cannabis licensee's
23 maximum grow canopy to a lower licensing tier.

24 (e) Tier factors.--In determining whether to allow expansion
25 or reduction of a cannabis cultivator's licensing tier, the
26 board may consider the following:

27 (1) The cannabis cultivator's cultivation and production
28 record.

29 (2) Whether the cannabis cultivator encountered a
30 catastrophic event during the term of the license, including

1 weather or natural disaster, public health or other
2 emergency.

3 (3) Sales and tax payment history.

4 (4) Existing inventory and inventory history.

5 (5) Sales contracts.

6 (6) Other factors relevant to ensuring responsible
7 cannabis cultivation and inventory management.

8 (f) Applicability.--This section shall apply to the
9 cultivation of cannabis by a grower/processor who holds an
10 expedited approval cannabis entity license under section 503 or
11 504 but shall not apply to the cultivation of cannabis if the
12 cannabis cultivator licensee's cannabis establishment or
13 grower/processor's facility is used only to clone or propagate
14 immature cannabis plants.

15 Section 606. Cannabis processor license.

16 (a) Requirements.--

17 (1) The following apply:

18 (i) A cannabis processor license authorizes the
19 licensee to acquire cannabis from a cannabis cultivator
20 and process and sell cannabis to a cannabis retailer,
21 cannabis microbusiness or another cannabis processor.

22 (ii) No cannabis processor shall sell cannabis or
23 cannabis products to cannabis consumers or any other
24 individual, including patients and caregivers under the
25 Medical Marijuana Act.

26 (iii) A cannabis processor licensee may share the
27 premises of the cannabis processor licensee's cannabis
28 establishment with a cannabis cultivator licensee,
29 provided that each such licensee stores currency and
30 cannabis or cannabis products in a separate secured vault

1 to which the other licensee does not have access or all
2 licensees sharing a vault share more than 50% of the same
3 ownership.

4 (iv) No cannabis processor licensee may hold more
5 than three cannabis processor licenses.

6 (2) For purposes of this section, the term "process"
7 shall include, but not be limited to, blending, extracting,
8 infusing, packaging, labeling, branding and otherwise making
9 or preparing cannabis products for retail sale to cannabis
10 consumers. Processing shall not include the cultivation of
11 cannabis under this act and regulations of the board.

12 (b) Application.--The following apply:

13 (1) A person shall apply to the board for a cannabis
14 processor license in the form and manner and according to the
15 schedule established by the board for applying for a cannabis
16 entity license under section 502. An application for a
17 cannabis processor license shall be accompanied by a
18 nonrefundable application fee of \$5,000 and the nonrefundable
19 license fee as provided under section 313.

20 (2) An applicant for a cannabis processor license shall:

21 (i) Have at least one significantly involved person
22 that has resided in this Commonwealth for at least two
23 years as of the date of the application.

24 (ii) Provide proof, in a manner determined by the
25 board, that the person under subparagraph (i) or any
26 other person that will have a controlling interest and
27 decision-making authority over the operation of the
28 applicant's cannabis establishment has been a resident of
29 this Commonwealth for two or more years and is 21 years
30 of age or older.

1 (3) An applicant for a cannabis processor license shall
2 provide for the conduct of a background investigation for any
3 owner, except for an owner who holds less than a 5%
4 controlling interest in the applicant for a cannabis
5 processor license or who is a member of a group that holds
6 less than a 20% controlling interest in the applicant and no
7 member of that group holds more than a 5% controlling
8 interest in the total group investment, and who lacks
9 decision-making authority to make controlling decisions
10 regarding the proposed cannabis processor's operations.

11 (4) An applicant for a cannabis processor license shall
12 provide for the conduct of a background investigation for a
13 director, officer or essential employee or other employee as
14 required by the board.

15 (5) An applicant for a cannabis processor license shall
16 satisfy all other requirements for licensure as a cannabis
17 entity under this act and regulations of the board.

18 (c) Number of licenses.--The following apply:

19 (1) The board shall issue up to 150 cannabis processor
20 licenses, of which a sufficient percentage shall be
21 conditional licenses issued under section 602, and at least
22 25% of the total number of cannabis processor licenses and
23 conditional licenses shall be designated for and only issued
24 to cannabis microbusinesses under section 603.

25 (2) If qualified applicants exist, the board may issue a
26 sufficient number of additional licenses to meet market
27 demand under section 616. Nothing in this section shall be
28 construed to preclude the board from making a request for
29 additional applicants for a cannabis processor license as the
30 board deems necessary to meet market demand.

1 (d) Duties of board.--In addition to the board's regulatory
2 authority under other provisions of this act, the board, by
3 regulation, shall:

4 (1) Require a cannabis processor licensee and a holder
5 of a conditional cannabis processor license to prominently
6 and conspicuously post the license or conditional license
7 inside the cannabis processor licensee's cannabis
8 establishment.

9 (2) Require a cannabis processor licensee and a holder
10 of a conditional cannabis processor license to report any
11 changes in the information provided in the application for
12 licensure to the board. The board shall specify in
13 regulations the time by which a change in information must be
14 reported and the specific information which must be reported
15 to the board under this paragraph.

16 (3) Upon receipt and review of an applicant's background
17 investigation, provide written or electronic notification to
18 the applicant of the applicant's qualification or
19 disqualification for licensure as a cannabis processor
20 licensee. If the applicant is disqualified because of a
21 disqualifying conviction under section 601(e), the conviction
22 that constitutes the basis for the disqualification shall be
23 identified in the written or electronic notification.

24 (4) Require cannabis and cannabis products processed or
25 produced by the cannabis processor to be tested in accordance
26 with the requirements of section 702.

27 (5) Require a cannabis processor licensee to meet all
28 public health and safety standards, industry best practices
29 and all applicable regulations established by the board
30 related to the processing of cannabis and cannabis products.

1 The board may collaborate with the Department of Agriculture
2 and the Department of Health in developing health and safety
3 standards to govern the processing of cannabis and cannabis
4 products. In developing health and safety standards, the
5 board, in consultation with the Department of Agriculture and
6 the Department of Health, may review and evaluate for use in
7 this Commonwealth the health and safety standards adopted by
8 other states or jurisdictions to govern the processing of
9 cannabis and cannabis products for personal or adult use.

10 (e) Issuance of license.--The following apply:

11 (1) Except as provided in paragraph (2), after the
12 receipt and review of a completed application for a cannabis
13 processor license or conditional cannabis processor license,
14 the board shall approve and issue the license or conditional
15 license to the applicant as soon as administratively possible
16 under section 502, provided that the board has verified all
17 the information contained in the applicant's application,
18 including payment of the application fee and the
19 nonrefundable license fee under section 313, and determined
20 that the requirements for licensure have been satisfied.

21 (2) The board, at the board's discretion, may extend the
22 review of an application if the board determines that
23 additional information is needed to facilitate the review of
24 an applicant's application. Nothing in this paragraph shall
25 be construed to prevent or delay the board's approval and
26 issuance of a license or conditional license to an applicant
27 who submitted a completed application for a cannabis
28 processor license.

29 Section 607. Cannabis retailer license.

30 (a) General rule.--A cannabis retailer license authorizes

1 the acquisition, possession, sale, offering for sale and
2 delivery of cannabis and cannabis products from the cannabis
3 establishment of the licensed cannabis retailer to cannabis
4 consumers.

5 (1) The following apply:

6 (i) A person or entity may not hold a legal,
7 equitable, ownership or beneficial or financial interest,
8 directly or indirectly, in more than three cannabis
9 retailer licenses under this section.

10 (ii) Except for an expedited approval cannabis
11 entity license issued under section 503 or 504, no person
12 or entity shall hold a legal, equitable, ownership or
13 beneficial or financial interest, directly or indirectly,
14 in a cannabis retailer license if the holding would
15 result in the person or entity owning or participating in
16 the management of more than three expedited approval
17 cannabis entity licenses, three cannabis retailer
18 licenses or three conditional cannabis retailer licenses
19 if the person or entity is:

20 (A) employed by, an agent of, or participates in
21 the management of a cannabis retailer licensee's
22 cannabis establishment or dispensary;

23 (B) a principal or officer of a cannabis
24 retailer licensee or dispensary; or

25 (C) a person or entity controlled by or
26 affiliated with a principal or officer of a cannabis
27 retailer licensee or dispensary permittee.

28 (iii) As used in this paragraph, the term
29 "participating in the management" means, without
30 limitation, the authority to make controlling decisions

1 regarding staffing, hiring, pricing, purchasing,
2 marketing, cannabis establishment design and website
3 design.

4 (2) Except as provided in sections 503, 504 and 603, no
5 person holding a cannabis retailer license shall hold a
6 cannabis cultivator license, cannabis processor license or
7 cannabis transporter license or be a medical marijuana
8 organization under the Medical Marijuana Act.

9 (3) A cannabis retailer license may not be issued by the
10 board unless, within 30 days of initial approval of the
11 application, the applicant is the owner of or can demonstrate
12 possession of the premises or establishment where cannabis
13 and cannabis products will be sold or offered for sale
14 through a lease, management agreement or other agreement
15 giving the applicant control over the premises or
16 establishment, in writing, for a term not less than the
17 period of time for which the cannabis retailer license shall
18 be issued.

19 (4) With the exception of persons holding a cannabis
20 retailer license under sections 503, 504 and 603, no person
21 shall be licensed to sell or offer for sale cannabis or
22 cannabis products unless the cannabis retailer licensee's
23 cannabis establishment is located in a building or store with
24 a street level entrance on a public thoroughfare that will be
25 occupied and operated for the conduct of business.

26 (5) An application for a cannabis retailer license may
27 not be approved by the board if the proposed location of the
28 applicant's cannabis establishment identified in the
29 application would be within 1,000 feet of a school, school
30 grounds, bus stop, park, playground, recreational center,

1 library, arcade facility or any other place where children
2 congregate or a church or other building used as a place of
3 worship. The board, at its discretion, may waive the distance
4 requirement specified in this paragraph upon consideration
5 of the following:

6 (i) the population density of the region where the
7 proposed cannabis establishment is proposed to be
8 located;

9 (ii) community support for the proposed cannabis
10 establishment; or

11 (iii) any other factors or information the board
12 deems necessary and appropriate to help the board
13 determine whether waiving the location requirement would
14 be in the public interest.

15 (b) Application.--The following apply:

16 (1) A person may apply to the board for a cannabis
17 retailer license in the form and manner and in accordance
18 with the schedule established by the board for applying for a
19 cannabis entity license under section 502. An application for
20 a cannabis retailer license shall be accompanied by the
21 license fee established under section 313 and a nonrefundable
22 application fee of \$2,500.

23 (2) A person applying for a cannabis retailer license
24 shall:

25 (i) Have at least one significantly involved person
26 that has resided in this Commonwealth for at least two
27 years as of the date of the application.

28 (ii) Provide proof, in a manner determined by the
29 board, that the applicant and any other person with a
30 controlling interest and who also has decision-making

1 authority over the applicant has been a resident of this
2 Commonwealth for two or more years and is 21 years of age
3 or older.

4 (iii) Provide for the conduct of a background
5 investigation of the applicant and an owner, except for
6 an owner who holds less than a 5% controlling interest in
7 the applicant or who is a member of a group that holds
8 less than a 20% controlling interest in the applicant,
9 and no member of that group holds more than a 5%
10 controlling interest in the total group investment, and
11 who lacks decision-making authority to make controlling
12 decisions regarding the proposed cannabis retailer's
13 operations.

14 (iv) Provide for the conduct of a background
15 investigation for a principal, director, officer,
16 essential employee or other employee or person as may be
17 required by regulation of the board.

18 (5) Satisfy all other requirements for licensure as
19 provided under this act and regulations of the board.

20 (c) Number of licenses.--Of the number of cannabis retailer
21 licenses authorized to be issued by the board under section
22 501(a)(15), a sufficient percentage shall be issued as
23 conditional cannabis retailer licenses, and at least 25% of the
24 total number of cannabis retailer licenses and conditional
25 cannabis retailer licenses shall be issued to cannabis
26 microbusinesses. If qualified applicants exist, the board may
27 issue a sufficient number of additional cannabis retailer
28 licenses to meet market demand as provided under section 616.
29 Nothing in this subsection shall be construed to preclude the
30 board from making a request for additional applicants for a

1 cannabis retailer license as the board deems necessary to meet
2 market demand.

3 (d) Duties of board.--The board, by regulation, shall:

4 (1) Require a holder of a cannabis retailer license or
5 conditional cannabis retailer license to prominently and
6 conspicuously post the license or conditional license inside
7 the premises of the cannabis establishment at all times.

8 (2) Require cannabis retailer licensees and holders of a
9 conditional cannabis retailer license to report any changes
10 in the information provided in the application for licensure
11 to the board. The board shall specify in regulations the
12 manner and time by which a change in information must be
13 reported and the specific information which must be reported
14 to the board under this paragraph.

15 (3) Upon receipt and review of an applicant's background
16 investigation, provide written or electronic notification to
17 the applicant of the applicant's qualification or
18 disqualification for licensure as a cannabis retailer
19 licensee. If the applicant is disqualified because of a
20 disqualifying conviction under section 601(e), the conviction
21 that constitutes the basis for the disqualification shall be
22 identified in the written notification.

23 (4) Require cannabis retailer licensees to meet all
24 public health and safety standards, industry best practices
25 and all applicable regulations established by the board
26 related to the sale and offering for sale of cannabis and
27 cannabis products.

28 (e) Issuance of license.--The following apply:

29 (1) Except as provided in paragraph (2), no later than
30 60 days after the receipt of a completed application for a

1 cannabis retailer license, the board may approve and issue a
2 cannabis retailer license or conditional cannabis retailer
3 license to the applicant, provided that the board has
4 verified all the information contained in the applicant's
5 application for a cannabis retailer license and determined
6 that the requirements for licensure have been satisfied,
7 including the payment of a nonrefundable application fee and
8 the cannabis entity license fee established in section 313.

9 (2) The board may extend the 60-day time frame under
10 paragraph (1) if the board determines that additional
11 information is needed to facilitate the review of an
12 applicant's application for a cannabis retailer license.
13 Nothing in this paragraph shall be construed to prevent or
14 delay the board's approval and issuance of a cannabis
15 retailer license or conditional cannabis retailer license to
16 an applicant who submitted a completed application.

17 Section 608. Inventory verification system; cannabis retailer
18 licensee.

19 (a) General rule.--Each cannabis retailer licensee shall
20 designate an essential employee or other employee to have
21 primary oversight of the cannabis retailer licensee's inventory
22 verification system and point-of-sale system. The inventory
23 point-of-sale system shall be:

24 (1) A real-time, Internet-based system accessible by the
25 board and the department at all times.

26 (2) Configured to verify, track and document inventory
27 of cannabis and cannabis products as provided under
28 subsection (b).

29 (b) Establishment of inventory verification system
30 account.--A cannabis retailer shall establish an account with

1 the Commonwealth's verification system that documents:

2 (1) Each sales transaction at the time of sale and each
3 day's beginning cannabis and cannabis product inventory,
4 acquisitions, sales, disposal and ending inventory.

5 (2) The cannabis and cannabis products acquired from a
6 cannabis entity licensee, including:

7 (i) A description of the cannabis or cannabis
8 product, including the quantity, strain, variety, and
9 batch number of each product received.

10 (ii) The name and license number of the cannabis
11 entity licensee from whom the cannabis or cannabis
12 product was purchased or otherwise acquired.

13 (iii) The name and license number of the cannabis
14 entity licensee that delivered the cannabis or cannabis
15 products.

16 (iv) The name and license number of the cannabis
17 retailer licensee receiving the cannabis or cannabis
18 product.

19 (v) The date the cannabis or cannabis product was
20 acquired and delivered to the cannabis retailer licensee.

21 (3) The disposal of cannabis or a cannabis product,
22 including:

23 (i) A description of the cannabis or cannabis
24 product, including the quantity, strain, variety and
25 batch number.

26 (ii) The reason the cannabis or cannabis product is
27 being disposed of.

28 (iii) The method of disposal or recycling of the
29 cannabis or cannabis product.

30 (iv) The date and time of disposal or recycling.

1 (c) Verification of product upon delivery.--Upon delivery of
2 cannabis or a cannabis product, the cannabis retailer licensee
3 or the designated essential employee or other employee of the
4 cannabis retailer licensee shall:

5 (1) Confirm that the cannabis product's name, strain
6 name, weight, variety, batch or lot number and identification
7 number on the invoice or manifest matches the information on
8 the cannabis product label or package.

9 (2) Confirm that the name and weight listed on the
10 product label or package matches the name and weight listed
11 in the Commonwealth's verification system.

12 (3) Conduct daily inventory reconciliation documenting
13 and balancing cannabis and cannabis product inventories by
14 confirming that the Commonwealth's verification system
15 matches the cannabis retailer licensee's point-of-sale system
16 and the amount of physical product at the cannabis retailer
17 licensee's cannabis establishment.

18 (d) Inventory adjustments.--The following apply:

19 (1) Prior to making any adjustments to the cannabis or
20 cannabis product inventory, a cannabis retailer licensee must
21 provide the board with a detailed summary of the reason for
22 the inventory adjustment and receive board approval before
23 completing the inventory adjustment. Inventory adjustment
24 documentation shall be kept at the cannabis retailer
25 licensee's cannabis establishment for three years from the
26 date the adjustment was made.

27 (2) If the cannabis retailer licensee identifies a
28 discrepancy in the amount of cannabis or cannabis products
29 after the daily inventory reconciliation due to a mistake,
30 the cannabis retailer licensee shall determine how the

1 mistake or discrepancy occurred and immediately initiate and
2 document corrective action. If the cannabis retailer licensee
3 cannot identify the reason for the mistake or discrepancy
4 within two calendar days after the first discovery, the
5 cannabis retailer licensee shall notify the board immediately
6 in writing of the mistake or discrepancy and the corrective
7 action initiated to date. The cannabis retailer licensee
8 shall work diligently to determine the reason for the mistake
9 or discrepancy.

10 (3) If the cannabis retailer licensee identifies a
11 discrepancy in the amount of cannabis or cannabis products
12 after the daily inventory reconciliation or through other
13 means due to theft or other criminal activity or suspected
14 theft or criminal activity, the cannabis retailer licensee
15 shall immediately initiate efforts to determine how the
16 discrepancy occurred and take and document corrective action.
17 Within 24 hours after the first discovery of a discrepancy
18 due to theft or other criminal activity or suspected theft or
19 criminal activity, the cannabis retailer licensee shall
20 immediately inform the board and the Pennsylvania State
21 Police in writing, electronically or by telephone.

22 (e) Report.--The following apply:

23 (1) Each cannabis retailer licensee shall file an annual
24 compilation report with the board on or before March 31 of
25 each calendar year. The report shall include, but not be
26 limited to:

27 (i) A financial statement, which must include an
28 income statement, balance sheet, profit and loss
29 statement, statement of cash flow, wholesale cost and
30 sales and any other documents prescribed by regulation of

1 the board.

2 (ii) A letter authored by a certified public
3 accountant licensed in this Commonwealth under the act of
4 May 26, 1947 (P.L.318, No.140), known as the CPA Law,
5 affirming that the certified public accountant has
6 reviewed the financial statements and found the
7 statements accurate based on the information provided to
8 the certified public accountant by the cannabis retailer
9 licensee.

10 (iii) Any other documents, records or information
11 the board deems necessary to administer this paragraph
12 and regulations promulgated under this act.

13 (2) The cannabis retailer licensee's financial statement
14 and accompanying documents shall not be subject to audit
15 unless specifically prescribed by regulation of the board.

16 (f) Additional requirements.--A cannabis retailer licensee
17 shall:

18 (1) Maintain the documents, financial statements and
19 other information required under this section in a secure,
20 locked location at the premises of the cannabis retailer
21 licensee's cannabis establishment.

22 (2) Provide documents, financial statements or other
23 information to the board and department upon request.

24 (3) For each bank account maintained at a bank, credit
25 union or other financial institution, retain, for a five-year
26 period, bank statements or other records of each deposit or
27 withdrawal from the account or accounts.

28 (g) Return policy.--The following apply:

29 (1) A policy adopted by a cannabis retailer licensee to
30 govern the return of cannabis or cannabis products by

1 cannabis consumers to the cannabis retailer licensee shall be
2 reviewed and approved by the board. The board may, by
3 regulation, prohibit cannabis return policies or prescribe
4 uniform parameters that must be adhered to by all cannabis
5 retailer licensees in this Commonwealth.

6 (2) Cannabis or a cannabis product accepted for return
7 by a cannabis retailer licensee shall not be sold or offered
8 for sale and shall be disposed of using procedures
9 established by the board by regulation.

10 (3) Notwithstanding paragraph (2), the board may,
11 through regulation, provide for the donation of cannabis
12 accepted for return by a cannabis retailer licensee under
13 this subsection to an academic clinical research center for
14 research purposes. The term "academic clinical research
15 center" shall have the meaning given in section 2001 of the
16 Medical Marijuana Act.

17 Section 609. Storage requirements.

18 (a) On-premises storage.--All cannabis and cannabis products
19 acquired by a cannabis retailer licensee as provided under this
20 act must be stored on the premises of the cannabis retailer
21 licensee's cannabis establishment at all times, be secured in a
22 restricted access area and be tracked and monitored in
23 accordance with inventory tracking and monitoring rules. A
24 cannabis retailer licensee's cannabis establishment shall:

25 (1) Be of suitable size and construction to facilitate
26 cleaning, maintenance and effective operations.

27 (2) Have adequate lighting, ventilation, temperature and
28 humidity control systems and reliable equipment to maintain
29 efficient operations of the systems.

30 (3) Maintain a sufficient supply of cannabis and

1 cannabis product storage packages or containers, which have
2 not been tampered with, damaged or opened prior to use.
3 Storage containers shall be labeled with the date opened and
4 quarantined from other cannabis and cannabis products in a
5 vault until the containers are disposed of.

6 (4) Not store at the cannabis retailer licensee's
7 cannabis establishment for more than seven calendar days
8 cannabis and cannabis products that have been tampered with,
9 expired, contaminated or damaged.

10 (5) Keep samples of cannabis or a cannabis product in
11 sealed containers in a restricted access area.

12 (6) Maintain the storage areas of the cannabis retailer
13 licensee's cannabis establishment in accordance with the
14 security requirements of this act and regulations promulgated
15 by the board under this act.

16 (7) Store cannabis and cannabis products at appropriate
17 temperatures and under appropriate conditions to help ensure
18 that packaging, strength, quality and purity are not
19 adversely affected.

20 Section 610. Cannabis transporter license.

21 (a) Eligibility.--

22 (1) The following apply:

23 (i) A cannabis transporter license authorizes a
24 person to transport cannabis and cannabis products in
25 this Commonwealth on behalf of a cannabis entity
26 licensee.

27 (ii) Except as provided in this act, a person
28 applying for or holding a cannabis transporter license
29 may not hold a cannabis retailer license or have a direct
30 or indirect interest, including by stock ownership,

1 interlocking directors, mortgage or lien, personal or
2 real property or other means, in a cannabis retailer
3 license or in a medical marijuana organization.

4 (iii) A person may not have a direct or indirect
5 financial or controlling interest in more than three
6 cannabis transporter licenses issued under this act.

7 (2) (Reserved).

8 (b) Application.--The following apply:

9 (1) A person eligible to apply for a cannabis
10 transporter license under subsection (a) shall apply to the
11 board in the form and manner and according to the schedule
12 established by the board under section 502. An application
13 for a cannabis transporter license shall be accompanied by a
14 nonrefundable application fee of \$2,500 and the license fee
15 specified in section 313.

16 (2) A person applying for a cannabis transporter license
17 shall:

18 (i) Have at least one significantly involved person
19 that has resided in this Commonwealth for at least two
20 consecutive years as of the date of the application.

21 (ii) Provide proof, in a manner determined by the
22 board, that the person under subparagraph (i) and any
23 other person with a controlling interest who also has
24 decision-making authority over the operation or function
25 of the cannabis transporter licensee's cannabis
26 establishment has been a resident of this Commonwealth
27 for two or more years and is 21 years of age or older.

28 (3) A person applying for a cannabis transporter license
29 shall provide for the conduct of a criminal history
30 background investigation of an owner, except for an owner who

1 holds less than a 5% controlling interest in the applicant
2 for a cannabis cultivator license or who is a member of a
3 group that holds less than a 20% controlling interest in the
4 cannabis transporter license and no member of that group
5 holds more than a 5% controlling interest in the total group
6 investment, and who lacks the decision-making authority to
7 make decisions regarding the proposed cannabis transporter's
8 operations.

9 (4) A person applying for a cannabis transporter license
10 shall provide for the conduct of a background investigation
11 of a principal, director, officer, essential employee, other
12 employee or other person employed by or under contract with
13 the cannabis transporter licensee as required by regulation
14 of the board.

15 (5) A person applying for a cannabis transporter license
16 shall satisfy all other requirements for licensure under this
17 act and regulations of the board.

18 (c) Number of licenses.--The board may issue up to 125
19 cannabis transporter licenses, of which a sufficient percentage
20 shall be issued as conditional cannabis transporter licenses
21 issued under section 602 and at least 25% of the total number of
22 cannabis transporter licenses and conditional cannabis
23 transporter licenses shall be designated for and only issued to
24 cannabis microbusinesses under section 603. If qualified
25 applicants exist, the board may issue a sufficient number of
26 additional licenses to meet market demand. Nothing in this
27 section shall be construed to preclude the board from making a
28 request for additional applicants for a cannabis transporter
29 license as the board deems necessary to meet market demand under
30 section 616.

1 (d) Duties of board.--In addition to the board's regulatory
2 authority under other provisions of this act, the board, by
3 regulation, shall:

4 (1) Require cannabis transporter licensees to
5 permanently post the license or conditional license in a
6 conspicuous location inside the cannabis establishment.

7 (2) Require cannabis transporter licensees or holders of
8 a conditional cannabis transporter license to report any
9 changes in the information provided in the application for
10 licensure to the board. The board shall specify by regulation
11 the manner and time by which a change in information must be
12 reported and the specific information which must be reported
13 to the board under this paragraph.

14 (3) Upon receipt and review of an applicant's background
15 investigation from the Pennsylvania State Police, provide
16 written or electronic notification to the applicant of the
17 applicant's qualification or disqualification for a cannabis
18 transporter license. If the applicant is disqualified because
19 of a disqualifying conviction under section 601(e), the
20 conviction that constitutes the basis for the
21 disqualification shall be identified in the written or
22 electronic notification.

23 (4) Require a cannabis transporter to meet all public
24 health and safety standards, industry best practices and all
25 applicable regulations established by the board related to
26 the transportation of cannabis and cannabis products.

27 (e) Issuance of license.--The following apply:

28 (1) The board shall approve and issue a cannabis
29 transporter license or conditional cannabis transporter
30 license upon verification of all of the information contained

1 in the applicant's application and determination that the
2 requirements for licensure have been satisfied, including the
3 payment of the cannabis transporter license fee under section
4 313.

5 (2) An application for a cannabis transporter license
6 shall be approved, conditioned or denied by the board within
7 60 days after receipt of a completed application.

8 Section 611. Cannabis handler certificate.

9 (a) Certification required.--The following apply:

10 (1) An individual seeking to perform work for or on
11 behalf of a person that holds a valid cannabis entity license
12 shall file an application with the board for a cannabis
13 handler certificate, if the applicant's employment by the
14 cannabis entity requires the applicant to participate in the
15 following:

16 (i) the cultivating, processing, possession,
17 securing or selling of cannabis or cannabis products at a
18 cannabis entity's cannabis establishment for which the
19 certificate has been issued;

20 (ii) the recording of the possession, securing or
21 sale of cannabis or cannabis products at a cannabis
22 entity's cannabis establishment for which the certificate
23 has been issued; or

24 (iii) the delivery of cannabis or cannabis products
25 for a cannabis entity, if authorized by regulation of the
26 board.

27 (2) Each cannabis entity shall verify that an individual
28 seeking employment or who is employed as a cannabis handler
29 has a valid cannabis handler certificate issued by the board
30 under this section, which authorizes the individual to

1 perform the activities described under paragraph (1) at the
2 cannabis entity licensee's cannabis establishment for which
3 the cannabis handler certificate will be or has been issued.

4 (b) Criminal background investigation.--The following apply:

5 (1) An applicant for a cannabis handler certificate
6 shall consent to and undergo a background investigation. The
7 board is authorized to exchange fingerprint data with and
8 receive the results of a background investigation from the
9 Pennsylvania State Police. The Pennsylvania State Police
10 shall forward the results of the background investigation to
11 the board in a timely manner. The following apply:

12 (i) No background investigation shall be performed
13 under this subsection unless the applicant provides
14 written consent to conduct the background investigation.

15 (ii) If an applicant refuses to consent to or
16 cooperate in the conduct of a background investigation,
17 the board shall not consider the applicant's application
18 for a cannabis handler certificate.

19 (iii) An applicant shall bear the cost of a
20 background investigation, including the costs of
21 fingerprinting under paragraph (2) and administering and
22 processing the background investigation.

23 (2) An applicant for a cannabis handler certificate
24 shall submit to being fingerprinted by the Pennsylvania State
25 Police.

26 (3) Upon receipt and review of the background
27 investigation report, the board shall provide the applicant
28 who is the subject of the background investigation with
29 written or electronic notification of the applicant's
30 qualification or disqualification for a cannabis handler

1 certificate. If the board determines that an applicant does
2 not qualify for certification because of a disqualifying
3 conviction under section 601(e), the conviction that
4 constitutes the basis for the disqualification shall be
5 identified in the written or electronic notice.

6 (c) Issuance of certification.--The following apply:

7 (1) The board shall promulgate and adopt rules and
8 regulation establishing the qualifications for cannabis
9 handler certification. The regulations shall include, but not
10 be limited to, the following:

11 (i) The qualifications for performing the work
12 described in subsection (a)(1).

13 (ii) The procedures for applying for and renewing a
14 cannabis handler certificate.

15 (iii) That the applicant has completed or will
16 complete a responsible cannabis training course required
17 by the board under section 612, if the applicant is
18 required to complete the training course by the board.

19 (iv) That the applicant has submitted to a
20 background investigation.

21 (v) Any other requirements that the board determines
22 to be necessary and appropriate to govern the activities
23 of cannabis handlers and to ensure the effective
24 administration and enforcement of this act.

25 (2) The board may issue a cannabis handler certificate
26 to an applicant if the board determines that the applicant
27 meets the requirements of this section and any other
28 qualification established by the board by regulation.

29 (d) Suspension or revocation of license.--The board may
30 suspend, revoke or refuse to issue or renew a cannabis handler

1 certificate if the applicant or holder of a cannabis handler
2 certificate:

3 (1) Violates any provision of this act or regulation
4 promulgated by the board.

5 (2) Makes a false statement in the application for a
6 cannabis handler certificate or to the board.

7 (3) Refuses to cooperate in an investigation conducted
8 by the board.

9 (4) Is convicted of a crime graded a felony in this
10 Commonwealth or another state or jurisdiction, including any
11 foreign or domestic jurisdiction, except that the board may
12 not consider a conviction for the possession, transportation
13 or delivery of marijuana if the date of the conviction is
14 three or more years before the date of the application for
15 the cannabis handler certificate or if the date of any
16 misdemeanor conviction is more than five years before the
17 date of the application.

18 (e) Certificate fee.--Each application for a cannabis
19 handler certificate shall be accompanied by a \$500 certificate
20 fee. An application submitted to renew a cannabis handler
21 certificate shall be accompanied by a \$500 renewal fee.

22 Section 612. Cannabis responsible training required.

23 (a) Training required.--Within 45 days of the commencement
24 of cannabis operations by a cannabis entity licensee, each
25 manager, supervisor, employee, agent or other person employed by
26 a cannabis entity licensee involved in the handling or sale of
27 cannabis or cannabis products, as determined by regulation of
28 the board, shall attend and complete a responsible cannabis
29 training course.

30 (b) Course curriculum.--The responsible cannabis training

1 course shall include at least four hours of instruction time as
2 approved by the board. The course curriculum shall be designed
3 to provide cannabis entity-specific instruction applicable to
4 the type of cannabis entity licensee. The instruction shall
5 include the following:

6 (1) Health and safety issues related to the use of
7 cannabis and cannabis products, including instruction on the
8 physical and physiological effects of cannabis.

9 (2) The responsible use of cannabis and cannabis
10 products.

11 (3) Recognition of signs of impairment and appropriate
12 responses to overconsumption.

13 (4) Laws and regulations on driving under the influence
14 or drugged driving.

15 (5) Sales to minors.

16 (6) Quantity limitations on sales to cannabis consumers.

17 (7) Acceptable forms of identification, including
18 instructions relating to:

19 (i) Checking and verifying forms of identification
20 and identifying fraudulent or counterfeit identification
21 documents.

22 (ii) Common mistakes made in verifying
23 identification.

24 (8) Safe storage of cannabis and cannabis products.

25 (9) Compliance with all inventory tracking system
26 regulations.

27 (10) Waste handling, management and disposal.

28 (11) Health, sanitation and safety standards.

29 (12) Maintenance of records.

30 (13) Security and surveillance requirements.

1 (14) Required inspections, including random inspections.

2 (15) Privacy and confidentiality requirements relating
3 to cannabis consumers.

4 (16) Packaging and labeling requirement for sales to
5 cannabis consumers.

6 (17) Cultivation methods and the safe use and storage of
7 chemicals, including pesticides, herbicides, compounds,
8 fertilizers and other products.

9 (18) The use, maintenance and storage of equipment and
10 devices used in the cultivation, processing and sale or
11 offering for sale of cannabis and cannabis products.

12 (19) Any other subjects as prescribed by regulation of
13 the board.

14 (c) Certification.--Upon the successful completion of the
15 responsible cannabis training program, the board or the
16 provider, as the case may be, shall deliver a certificate
17 signifying an individual's successful completion of the course,
18 either through United States Postal Service mail or
19 electronically by electronic mail, to the individual and the
20 cannabis entity licensee employing the individual. The cannabis
21 entity licensee shall retain a copy of the course completion
22 certificate for the duration of the individual's employment with
23 the cannabis entity licensee.

24 (d) Failure to comply.--A cannabis entity licensee whose
25 essential employees or other employees or agents fail to comply
26 with this section may be subject to administrative sanction by
27 the board under section 911.

28 (e) Additional requirements.--The following apply:

29 (1) Except as provided in paragraph (2), the board may
30 not require an individual to successfully complete the

1 training course more than once, except that the board may
2 adopt regulations to require continuing education on a
3 prescribed schedule.

4 (2) If an individual's cannabis handler certificate is
5 suspended by the board, the board may require the individual
6 to successfully take or retake the training course as a
7 condition of lifting the suspension. An individual under this
8 paragraph must successfully complete the training course
9 prior to applying for a new cannabis handler certification.

10 (3) An essential employee or other employee or agent of
11 a cannabis retailer licensee whose duties do not involve the
12 activities under subsection (a)(1) as determined by the board
13 shall not be required to complete the responsible cannabis
14 training program.

15 (f) Course providers.--The following apply:

16 (1) Nothing in this section shall preclude the board
17 from contracting with an entity or organization to teach the
18 responsible cannabis training course.

19 (2) The board may, in the board's discretion, contract
20 with a provider to provide cannabis entity-specific training
21 related to the cultivation, processing, distribution,
22 transporting, delivery or sale of cannabis and cannabis
23 products.

24 (3) The board or provider selected by the board to
25 provide a responsible cannabis training course under this
26 subsection may establish and charge a reasonable fee for the
27 course.

28 (4) The board may, through regulations, provide for the
29 acceptance and use of a responsible cannabis training course
30 provided by a cannabis entity licensee if the course meets

1 the requirements of this subsection and regulations of the
2 board.

3 Section 613. Provisions governing cultivation and processing of
4 cannabis and cannabis products.

5 The following apply:

6 (1) No cannabis cultivator licensee or cannabis
7 processor licensee shall:

8 (i) Sell or agree to sell or deliver in this
9 Commonwealth any cannabis or cannabis products, except in
10 the original, sealed container package containing
11 quantities and in compliance with the size standards and
12 labeling requirements established by regulation of the
13 board under this act.

14 (ii) Furnish or cause to be furnished to a cannabis
15 retailer licensee an exterior or interior sign, poster or
16 other advertisement, whether printed, painted, electronic
17 or otherwise, except as authorized by the board. The
18 board may adopt regulations deemed necessary to carry out
19 the purposes and intent of this paragraph.

20 (iii) Offer an incentive, payment or other benefit
21 to a cannabis entity licensee in return for carrying the
22 cannabis cultivator licensee's or cannabis processor
23 licensee's cannabis or cannabis products or providing
24 preferential shelf placement for cannabis or cannabis
25 products. This subparagraph shall apply to a cannabis
26 microbusiness licensee.

27 (2) The following apply:

28 (i) Cannabis cultivator licensees shall comply with
29 agricultural plant cultivation methods prescribed by
30 regulation by the board, in consultation the Department

1 of Agriculture.

2 (ii) In adopting regulations, the board and the
3 Department of Agriculture shall be guided by sustainable
4 farming principles and practices, including, but not
5 limited to:

6 (A) organic, hydroponic, aeroponic and other
7 cannabis cultivation methods, including outdoor
8 cultivation;

9 (B) use of fertilizers, pesticides and
10 herbicides; and

11 (C) regenerative and integrated pest management
12 models.

13 (iii) The cannabis cultivation models developed by
14 the board, in consultation with the Department of
15 Agriculture, shall restrict, whenever possible, the use
16 of pesticides to those that are labeled for use in the
17 cultivation of cannabis or that specifically meet the
18 United States Environmental Protection Agency
19 Registration exemption criteria for minimum risk in
20 accordance with regulations promulgated by the United
21 States Department of Environmental Protection under the
22 Federal Insecticide, Fungicide and Rodenticide Act (61
23 Stat. 163, 7 U.S.C. § 136 et seq.).

24 (iv) All pesticides shall be administered in
25 compliance with regulations promulgated by the board in
26 consultation with the Department of Agriculture.

27 (3) Cannabis and cannabis products shall be processed in
28 accordance with good processing best practices and standards
29 as specified in 21 CFR (relating to food and drugs), as may
30 be modified by the board in consultation with the Department

1 of Agriculture.

2 (4) No cannabis processor licensee shall process or
3 otherwise produce a cannabis product which, in the discretion
4 of the board, is designed to appeal to an individual under 21
5 years of age.

6 (5) The use or integration of powdered alcohol or
7 nicotine in a cannabis product is strictly prohibited. The
8 term "powdered alcohol" shall have the meaning given to it in
9 section 102 of the act of April 12, 1951 (P.L.90, No.21),
10 known as the Liquor Code.

11 Section 614. Provisions governing cannabis retailer licensees.

12 (a) Requirements and prohibitions.--The following apply:

13 (1) No cannabis retailer licensee shall sell, deliver or
14 give away or cause, permit or procure to be sold, delivered
15 or given away any cannabis or cannabis products to an
16 individual under 21 years of age or who is visibly
17 intoxicated or impaired.

18 (2) Valid proof of age shall be required for each
19 transaction. No cannabis retailer licensee or agent or
20 employee of a cannabis retailer licensee shall accept, as
21 written evidence or proof of age for the purchase of a
22 cannabis product, any documentation other than:

23 (i) A valid driver's license, REAL ID or nondriver
24 photo identification card issued by the Pennsylvania
25 Department of Transportation or any other state or United
26 States territory, the District of Columbia, a provincial
27 government of the dominion of Canada or any other
28 jurisdiction.

29 (ii) A valid passport issued by the United States
30 government or any other country.

1 (iii) A valid military identification card issued by
2 the armed forces of the United States or a veteran's
3 identification card issued by the United States
4 Department of Veterans Affairs.

5 (3) Upon the presentation of a driver's license, REAL ID
6 or nondriver identification card under paragraph (2)(i), the
7 cannabis retailer licensee or agent or employee of the
8 cannabis retailer licensee may perform a transaction scan as
9 a precondition to the sale of cannabis or a cannabis product.

10 (4) Nothing in this section shall prohibit a cannabis
11 retailer licensee or an agent or employee of a cannabis
12 retailer licensee from performing a transaction scan on any
13 of the identification documents listed in paragraph (2), if
14 the documents include a bar code, magnetic strip or microchip
15 that may be scanned by a device capable of deciphering
16 electronic or encrypted data into a readable format. In
17 instances where the information deciphered by the transaction
18 scan fails to match the information printed on the
19 identification documentation presented by the cardholder, or
20 if the transaction scan indicates that the information is
21 false or fraudulent, the attempted purchase of the cannabis
22 or cannabis product shall be denied.

23 (5) A cannabis retailer licensee may not sell liquor or
24 malt or brewed beverages nor have or possess a license to
25 sell or offer for sale liquor or malt or brewed beverages
26 issued by the Pennsylvania Liquor Control Board under the act
27 of April 12, 1951 (P.L.90, No.21), known as the Liquor Code,
28 or allow an individual or cannabis consumer to possess or
29 consume liquor or malt or brewed beverage on the premises of
30 the cannabis retailer licensee's cannabis establishment.

1 (6) Signs and posters, whether printed, painted or
2 electronic, advertising any brand of cannabis or a cannabis
3 product may not be permitted on the exterior of a cannabis
4 retailer licensee's cannabis establishment, except as
5 approved by regulation of the board.

6 (7) A cannabis retailer licensee may not sell, offer for
7 sale or deliver cannabis or cannabis products to a person
8 with knowledge of or with reasonable cause to believe that
9 the person to whom the cannabis or cannabis products are
10 being sold has acquired the cannabis or cannabis products for
11 the purpose of selling, transferring or giving them away in
12 violation of this act or regulations of the board.

13 (8) The premises of a cannabis retailer licensee's
14 cannabis establishment shall be subject to random inspection
15 by the board and the department or an authorized agent of the
16 board and the department during normal business hours.

17 (9) Except as provided in this act, no cannabis retailer
18 licensee shall make or cause to be made a loan to a person
19 engaged in the cultivation, processing, distribution,
20 testing, transportation or delivery of cannabis or cannabis
21 products under this act or to a director, officer, principal,
22 employee or other person affiliated with a cannabis
23 cultivator licensee, cannabis processor licensee, cannabis
24 transporter licensee, cannabis testing laboratory or cannabis
25 microbusiness licensee or to an affiliate, subsidiary,
26 intermediary or holding company of a cannabis cultivator
27 licensee, cannabis processor licensee, cannabis transporter
28 licensee, cannabis testing laboratory or cannabis
29 microbusiness licensee.

30 (10) It shall be unlawful for a person to offer or

1 deliver money or anything else of value, directly or
2 indirectly, to a cannabis retailer licensee or an employee or
3 agent of a cannabis retailer licensee to obtain preferential
4 placement of cannabis or cannabis products within the
5 cannabis retailer licensee's cannabis establishment,
6 including, without limitation, on shelves and in display
7 cases where cannabis consumers can view products, or on the
8 cannabis retailer licensee's Internet website or social media
9 page.

10 (11) A cannabis retailer licensee shall display the
11 price of cannabis and each cannabis product by attaching to
12 or otherwise placing a price tag, sign or placard stating the
13 price immediately adjacent to the cannabis or cannabis
14 product offered for sale by the cannabis retailer licensee at
15 the cannabis establishment.

16 (12) A cannabis retailer licensee may not allow or
17 permit gambling or offer gambling on the premises of the
18 cannabis establishment.

19 (13) A cannabis retailer licensee may not allow or
20 permit illicit drug activity on the premises of the cannabis
21 establishment.

22 (14) If an employee of a cannabis retailer licensee
23 suspects that a cannabis consumer may be abusing cannabis,
24 the employee may encourage the cannabis consumer to seek help
25 from a substance use disorder program or harm reduction
26 services. The board shall, in consultation with the
27 Department of Drug and Alcohol Programs or any successor
28 agency, develop operating procedures and written materials
29 for distribution to cannabis retailer licensees and employees
30 and agents of cannabis retailer licensees for use when

1 interacting with or consulting cannabis consumers for
2 purposes of this paragraph.

3 (15) Each cannabis retailer licensee shall:

4 (i) Provide the national toll-free helpline
5 telephone number (800.662.HELP) (4357) to individuals and
6 families seeking substance use disorder treatment
7 referral and information services.

8 (ii) In a manner that is unobstructed and visible to
9 cannabis consumers and other patrons of the cannabis
10 establishment, conspicuously post at least four signs
11 inside the cannabis establishment and one or more signs
12 outside at or near the door or doors used to enter the
13 cannabis establishment that include a statement in
14 substantially the following form:

15 If you or someone you know needs help finding a drug
16 treatment provider or information about drug
17 addiction and treatment, help is available. Please
18 call 800.662.HELP (4357) anytime, any day. Be
19 assured, your call is confidential.

20 A sign must be posted at or near transaction scan
21 devices, at each publicly accessible entry and exit door,
22 within 10 feet of any automated teller machine and in
23 other public area determined appropriate by the cannabis
24 retailer licensee.

25 (iii) A cannabis retailer licensee may consult with
26 the Department of Drug and Alcohol Programs to carry out
27 the signage requirement under subparagraph (ii) or may
28 acquire signs that may be available from the Department
29 of Drug and Alcohol Programs or any other state or local
30 government agency. Nothing in this paragraph shall

1 preclude a cannabis retailer licensee from acquiring the
2 signage required under subparagraph (ii) from the
3 Department of Drug and Alcohol Programs or from a for-
4 profit or nonprofit organization concerned with substance
5 use disorder prevention or treatment.

6 (b) Operational requirements and additional prohibitions.--A
7 cannabis retailer licensee shall operate in accordance with the
8 representations made in its application for licensure and shall
9 at all times be in compliance with the requirements of this act
10 and regulations of the board. The following apply:

11 (1) A cannabis retailer licensee must include the
12 cannabis retailer licensee's legal name on the packaging of
13 cannabis or cannabis product the cannabis retailer licensee
14 sells or offers for sale.

15 (2) All cannabis, cannabis products and cannabis seeds
16 must be obtained from a cannabis cultivator licensee,
17 cannabis processor licensee or cannabis microbusiness
18 licensee.

19 (3) Cannabis retailer licensees are prohibited from
20 selling any product containing alcohol except tinctures,
21 which must be limited to containers that are no larger than
22 100 milliliters, unless otherwise modified by regulation of
23 the board.

24 (4) A cannabis retailer licensee shall inspect, weigh
25 and count cannabis and cannabis products received from a
26 cannabis cultivator licensee or cannabis processor licensee
27 prior to selling or offering the product for sale.

28 (5) A cannabis retailer licensee may only accept
29 cannabis and cannabis products into a restricted access area.
30 Deliveries of cannabis and cannabis products may not be

1 accepted through a public or limited access area unless
2 otherwise approved by regulation of the board.

3 (6) A cannabis retailer licensee shall maintain
4 compliance with State and local building, fire and zoning
5 codes or regulations.

6 (7) A cannabis retailer licensee shall develop and
7 maintain a list of the names of all service professionals who
8 will work as an employee or contractor at the cannabis
9 retailer licensee's cannabis establishment. The following
10 apply:

11 (i) The service professional list shall include a
12 description of the business or service provided or
13 proposed to be provided by the service professional.

14 (ii) The service professional list shall be
15 submitted to the board at the time, form and manner as
16 the board shall prescribe by regulation.

17 (iii) Changes to the service professional list shall
18 be promptly forwarded to the board.

19 (iv) A service professional may not work for or
20 perform the duties of a contract for a cannabis retailer
21 licensee until the name is provided to the board and
22 appears on the service professional list.

23 (8) A cannabis retailer's license authorizes the
24 operation of a cannabis establishment at the location
25 specified in the application, as approved by the board under
26 this act.

27 (9) A cannabis retailer licensee must keep all lighting
28 outside and inside the cannabis establishment in good working
29 order and at a wattage sufficient for security cameras.

30 (10) A cannabis retailer licensee shall ensure that any

1 building or equipment used by the cannabis retailer licensee
2 for the storage, sale or offering for sale of cannabis or
3 cannabis products is maintained in a clean and sanitary
4 condition.

5 (11) A cannabis retailer licensee's cannabis
6 establishment shall be free from infestation by insects,
7 rodents and pests.

8 (12) A cannabis retailer licensee shall not:

9 (i) Except as provided for in this act, cultivate or
10 grow cannabis or process or produce cannabis products.

11 (ii) Accept cannabis or a cannabis product from a
12 cannabis cultivator licensee, cannabis processor licensee
13 or other cannabis retailer licensee unless the cannabis
14 or cannabis product is prepackaged and labeled as
15 provided under this act and regulations of the board.

16 (iii) Obtain cannabis or cannabis products from any
17 source whatsoever outside this Commonwealth or from any
18 person who is not licensed by the board as a cannabis
19 entity licensee.

20 (iv) Sell cannabis or cannabis products to an
21 individual, unless the cannabis retailer licensee or an
22 employee verifies that the purchaser is 21 years of age
23 or older.

24 (v) Enter into an exclusive agreement with another
25 cannabis entity licensee to procure the cannabis entity
26 licensee's cannabis and cannabis product supply from a
27 single source.

28 (vi) Refuse to conduct business with a cannabis
29 entity licensee that has the ability to properly deliver
30 cannabis or cannabis products on the same terms as other

1 cannabis entity licensees with whom the cannabis retailer
2 licensee is conducting business.

3 (vii) Operate drive-through windows, unless the plan
4 to operate a drive-through window is specified in the
5 application for licensure. The board shall adopt and
6 promulgate regulations to govern the sale of cannabis and
7 cannabis products through drive-through windows.

8 (viii) Allow for the sale or dispensing of cannabis
9 or cannabis products in vending machines.

10 (ix) Transport or deliver cannabis to residences or
11 other locations.

12 (x) Enter into an agreement to allow a person who
13 does not hold a valid cannabis transporter license to
14 transport or otherwise deliver cannabis or cannabis
15 products.

16 (xi) Operate a cannabis establishment, if the video
17 surveillance equipment inside or outside of the cannabis
18 establishment is inoperative.

19 (xii) Operate a cannabis establishment if the point-
20 of-sale system is inoperative.

21 (xiii) Operate a cannabis establishment if the
22 Commonwealth's verification system is inoperative.

23 (xiv) Have fewer than two people working at the
24 cannabis retailer licensee's cannabis establishment at
25 any time during which the cannabis establishment is open
26 for business.

27 (xv) Be located within 1,500 feet of the property
28 line of another cannabis retailer licensee's cannabis
29 establishment or a dispensary as defined in the Medical
30 Marijuana Act.

1 (xvi) Sell clones or other live plant material.

2 (xvii) Sell cannabis, cannabis concentrate or
3 cannabis products in combination or bundled with each
4 other or other items for one price. Each item of
5 cannabis, cannabis concentrate or cannabis product must
6 be separately identified by quantity and price on the
7 receipt verifying the sales transaction.

8 (xviii) Violate any other provision of this act or
9 regulations promulgated by the board under this act.

10 Section 615. Provisions governing cannabis transporter
11 licensees.

12 (a) Requirements.--The following apply:

13 (1) The operating documents of a cannabis transporter
14 licensee shall include procedures for the oversight of the
15 transporter inventory, including an inventory monitoring
16 system capable of physically recording cannabis and cannabis
17 products transported or delivered by the cannabis transporter
18 licensee on a weekly basis, accurate recordkeeping and a
19 staffing plan.

20 (2) All cannabis and cannabis products transported by a
21 cannabis transporter licensee must be entered into a data
22 collection system and placed into a cannabis container for
23 transport.

24 (3) Cannabis transporter licensees shall be subject to
25 random inspections by the board or a designated employee or
26 agent of the board and the Pennsylvania State Police.

27 (4) A cannabis transporter licensee or a designated
28 employee, contractor or employee of the contractor shall
29 notify the board or a designated employee or agent of the
30 board, the Pennsylvania State Police or local law enforcement

1 within 24 hours of the discovery of any loss or theft.

2 Notification may be made by phone, in person or by written or
3 electronic communication.

4 (5) The identification card of all agents and employees
5 of a cannabis transporter licensee must be visibly affixed on
6 the agent or employees at all times when on the property of
7 the cannabis transport licensee's cannabis establishment and
8 while transporting cannabis or cannabis products.

9 Identification cards must be provided upon request of the
10 board or an employee or agent of the board, a member of the
11 Pennsylvania State Police or to a law enforcement officer
12 engaged in official duties.

13 (6) A copy of the cannabis transporter licensee's
14 cannabis entity license and a manifest of the cannabis or
15 cannabis products subject to delivery shall be present in any
16 vehicle used by the cannabis transporter licensee to
17 transport cannabis and cannabis products.

18 (7) All cannabis and cannabis products shall be
19 transported in a manner that is not visible or recognizable
20 from any angle outside the transporting vehicle.

21 (8) A vehicle used to transport cannabis and cannabis
22 products shall not bear any markings, logos, writings,
23 symbols or any other drawings, depictions or illustrations
24 which would indicate or cause an individual to believe or
25 assume that the vehicle contains cannabis or cannabis
26 products.

27 (9) Cannabis and cannabis products must be transported
28 in an enclosed, locked storage compartment which is secured
29 or affixed to the transporting vehicle.

30 (10) A cannabis transporter licensee shall provide the

1 board with information on:

2 (i) The number and type of vehicles and equipment
3 the cannabis transporter licensee will use to transport
4 cannabis and cannabis products.

5 (ii) Loading, transporting and unloading plans.

6 (iii) Experience in transportation, distribution or
7 security business, if applicable.

8 (b) Regulations.--In addition to any other regulations
9 adopted and promulgated by the board under this act, the board
10 shall adopt and promulgate regulations to govern the
11 transporting and delivery of cannabis and cannabis products. The
12 regulations shall include, but not be limited to, the following:

13 (1) The transport of cannabis and cannabis products only
14 for delivery to a physical address of a cannabis entity
15 licensee or a laboratory testing facility in this
16 Commonwealth.

17 (2) A cannabis transporter licensee shall not deliver
18 cannabis or cannabis products to an address located on land
19 owned by the Federal Government or on land or in a building
20 leased by the Federal Government.

21 (3) The staffing of vehicles used to transport cannabis
22 and cannabis products. A cannabis transporter licensee shall
23 staff each delivery vehicle with an employee, contractor,
24 employee of a contractor or other person who holds a valid
25 and current Pennsylvania driver's license, is 18 years of age
26 or older and has been approved for and issued a cannabis
27 handler certificate by the board.

28 (4) A requirement that all deliveries of cannabis or
29 cannabis products shall be made in person. A delivery of
30 cannabis or cannabis products shall not be made through the

1 use of an unmanned vehicle.

2 (5) A requirement that each employee, contractor or
3 employee of a contractor employed by or under contract with a
4 cannabis transporter licensee or other person approved by the
5 board to transport cannabis and cannabis products shall carry
6 a cannabis transporter identification card approved by the
7 board. The employee, agent, contractor, employee of a
8 contractor or other person employed by or under contract with
9 a cannabis transporter licensee shall present the
10 identification card upon request by a law enforcement officer
11 engaged in official duties or by the board or an authorized
12 employee or agent of the board.

13 (6) Provisions to govern the content of cannabis
14 transporter identification cards.

15 (7) A requirement that during transport of cannabis or
16 cannabis products, the employee, contractor or employee of
17 the contractor or other person making the delivery has a
18 secure form of communication with the cannabis transporter
19 licensee at all times that a delivery vehicle contains
20 cannabis or cannabis products. The secure form of
21 communication shall be owned by and provided to the employee,
22 contractor, employee of the contractor or other person
23 transporting cannabis or cannabis products by the cannabis
24 transporter licensee.

25 (8) A requirement that, during transport of cannabis or
26 cannabis products, the employee, contractor, employee of the
27 contractor or other person making the delivery maintain a
28 written or electronic itemized copy of the cannabis or
29 cannabis products subject to transport and delivery. The
30 itemized copy shall be made available to law enforcement or

1 the board or an authorized employee or agent of the board
2 upon request.

3 (9) A requirement that a delivery vehicle be equipped
4 with a secure lockbox, which shall be stored in the vehicle's
5 trunk or a secured cargo area and used for the sanitary and
6 secure transport of cannabis and cannabis products.

7 (10) Provisions prohibiting an employee, contractor,
8 employee of the contractor or other person transporting
9 cannabis or cannabis products from leaving the delivery
10 vehicle unattended, unless the vehicle is locked and equipped
11 with an active vehicle alarm system.

12 (11) A requirement that a delivery vehicle used to
13 transport cannabis and cannabis products be equipped with a
14 Global Positioning System device to identify the geographic
15 location of the delivery vehicle at all times. The device
16 shall be either permanently or temporarily affixed to the
17 delivery vehicle while the delivery vehicle is in operation
18 and shall remain active and under the control of the
19 employee, contractor, employee of the contractor or other
20 person making the delivery at all times during transport. At
21 all times during delivery, the cannabis transporter licensee
22 shall be able to identify the geographic location of all
23 vehicles used to transport cannabis or cannabis products and
24 shall provide that information to the board or law
25 enforcement upon request.

26 (12) Provisions requiring all cannabis transporter
27 licensees to maintain on the premises of the cannabis
28 establishment a list of all vehicles used by the cannabis
29 transporter licensee to deliver cannabis and cannabis
30 products. The following apply:

1 (i) The delivery vehicle list shall include a true
2 and specific description of all delivery vehicles,
3 including the make, model, color, vehicle identification
4 number, registration plate number and valid insurance
5 information.

6 (ii) The delivery vehicle list shall be immediately
7 updated to reflect any change in delivery vehicles used
8 to deliver cannabis and cannabis products.

9 (iii) The delivery vehicle list shall be made
10 available to the board or an agent of the board or the
11 Pennsylvania State Police, upon request.

12 (iv) No vehicle shall be used by a cannabis
13 transporter licensee to deliver cannabis products unless
14 the vehicle is on the delivery vehicle list maintained by
15 the cannabis transporter licensee.

16 (v) All delivery vehicles used to transport cannabis
17 and cannabis products shall be maintained in good working
18 conditions and in accordance with the vehicle
19 manufacturer's maintenance schedule.

20 (vi) A cannabis transporter licensee shall provide
21 information related to delivery vehicle maintenance to
22 the board or an employee or agent of the board upon
23 request.

24 (13) A cannabis transporter licensee and any contractor
25 engaged by a cannabis transporter licensee shall maintain
26 valid automobile liability insurance sufficient to insure all
27 vehicles used for delivery of cannabis and cannabis products
28 in the amount of not less than \$1,000,000 per occurrence or
29 accident.

30 (14) A cannabis transporter licensee shall ensure that

1 vehicles used to transport cannabis or cannabis products bear
2 no words or markings that would either identify or indicate
3 that the vehicle is used to deliver cannabis or cannabis
4 products or is owned by the cannabis transporter licensee.

5 (15) Each cannabis transporter licensee shall ensure
6 that deliveries are completed in a timely and efficient
7 manner.

8 (16) (i) While making deliveries, an employee,
9 contractor, employee of a contractor or other person
10 making deliveries for or on behalf of a cannabis
11 transporter licensee shall only travel from:

12 (A) the cannabis transporter licensee's licensed
13 establishment to the delivery address;

14 (B) one delivery address to another delivery
15 address; or

16 (C) a delivery address back to the cannabis
17 transporter licensee's cannabis establishment.

18 (ii) An employee, contractor, employee of a
19 contractor or other person making deliveries of cannabis
20 or cannabis products shall not deviate from the delivery
21 route described in this paragraph, except in the event of
22 an emergency or as necessary for fuel, vehicle repair
23 stops or because weather or road conditions make
24 continued use of the route or operation of the vehicle
25 unsafe, impossible or impracticable. Any change in route
26 directions shall be recorded by the employee, contractor,
27 employee of the contractor or other person making the
28 delivery and provided to the cannabis transporter
29 licensee immediately upon return to the cannabis
30 transporter licensee's cannabis establishment. Each route

1 change shall be included in delivery records in a form
2 and manner as required by regulation of the board.

3 (17) Provisions to govern the process of delivery. The
4 process of delivery shall begin when the employee,
5 contractor, employee of the contractor or other person
6 transporting cannabis or cannabis products for a cannabis
7 transporter licensee leaves the cannabis transporter
8 licensee's cannabis establishment. The process of delivering
9 ends when the employee, contractor, employee of the
10 contractor or other person making the delivery returns to the
11 cannabis transporter licensee's cannabis establishment.

12 (18) A requirement that each cannabis transporter
13 licensee maintain a record of each delivery of cannabis and
14 cannabis products in a delivery log in either written or
15 electronic format. For each delivery, the log shall record:

16 (i) The date and time that the delivery began and
17 ended.

18 (ii) The name of the employee or other person making
19 the delivery.

20 (iii) The cannabis or cannabis products delivered.

21 (iv) The lot number of the cannabis.

22 (v) The signature of the person employed by the
23 cannabis entity who accepted delivery.

24 (vi) The address or location of the delivery start
25 point, the address or location of the delivery end point
26 and the particulars of any change in route directions
27 under paragraph (16), if applicable.

28 (19) Provisions requiring the immediate report of any
29 vehicle accidents, diversions, losses or other reportable
30 events that occur during delivery to law enforcement, the

1 board or a designated employee or agent of the board.

2 (20) Provisions governing the issuance of a cannabis
3 transporter license to the holder of a cannabis cultivator
4 license or a cannabis processor license. The following apply:

5 (i) a cannabis cultivator nor a cannabis processor
6 that holds a valid cannabis entity license may be subject
7 to the requirements of section 610(b)(3) and (4).

8 (ii) an applicant for a cannabis cultivator license
9 or cannabis processor license shall indicate the intent
10 to transport cannabis cultivated or processed by the
11 cannabis cultivator licensee or cannabis processor
12 licensee in the application for a cannabis entity
13 license.

14 (c) Prohibitions.--The following apply:

15 (1) An individual under 18 years of age may not be an
16 operator of or a passenger in a delivery vehicle or trailer
17 owned and used by a cannabis transporter licensee for
18 transporting cannabis and cannabis products.

19 (2) An individual who is not a cannabis transporter
20 licensee or who is not an employee, contractor, employee of a
21 contractor of a cannabis transporter licensee or other person
22 approved by the board may not be in a vehicle used to
23 transport cannabis and cannabis products at any time during
24 which the cannabis and cannabis products are being
25 transported.

26 (3) A cannabis transporter licensee shall not use
27 commercial vehicles with a weight rating of over 10,001
28 pounds.

29 Section 616. Need for additional licenses.

30 In determining whether to exercise the board's authority to

1 issue additional cannabis entity licenses under this chapter,
2 the board shall consider the following:

3 (1) The percentage of illicit cannabis sales occurring
4 in this Commonwealth using data analyzed and compiled by the
5 Pennsylvania State Police, the United States Drug Enforcement
6 Agency or any other Federal or State agency to ascertain the
7 total illicit cannabis sales in this Commonwealth compared to
8 the amount of sales of cannabis and cannabis products made by
9 cannabis retailer licensees.

10 (2) Whether there is an adequate supply of cannabis and
11 cannabis products to serve patients and caregivers under the
12 Medical Marijuana Act and cannabis consumers under this act.

13 (3) Whether there is an oversupply of cannabis in this
14 Commonwealth, which could result in the trafficking of
15 cannabis and cannabis products to another state or states,
16 regardless of whether the adult use of cannabis and cannabis
17 products is statutorily authorized in the other state or
18 states, or in the diversion of cannabis and cannabis products
19 to illicit markets.

20 (4) Population increases or shifts.

21 (5) The number, density and location of cannabis entity
22 licenses in this Commonwealth, including the number, density
23 and location of cannabis entity licenses held by qualified
24 social and economic equity licensees.

25 (6) Actual or perceived security risks associated with
26 increasing the number and location of cannabis entity
27 licenses.

28 (7) The past safety record of cannabis entity licensees.

29 (8) The board's ability to adequately regulate
30 additional cannabis entity licensees.

1 (9) Findings or recommendations of the Office of Social
2 and Economic Equity related to reducing or eliminating
3 identified barriers to entry into this Commonwealth's
4 regulated cannabis industry by social and economic equity
5 applicants and residents of opportunity zones.

6 (10) Changes to Federal law.

7 (11) Any other criteria the board may determine
8 necessary and appropriate.

9 CHAPTER 7

10 PACKAGING, LABELING, TESTING

11 AND SPECIAL USE PERMITS

12 Section 701. Packaging and labeling.

13 (a) General rule.--The board shall adopt and promulgate
14 regulations to govern the advertising, branding, marketing,
15 packaging and labeling of cannabis and cannabis products
16 cultivated, possessed, sold or offered for sale in this
17 Commonwealth, including rules pertaining to and governing the
18 accuracy of information and the restriction of marketing and
19 advertising to minors and individuals under 21 years of age.

20 (b) Required regulations.--The regulations adopted and
21 promulgated by the board under subsection (a) shall include, but
22 not be limited to, requirements that:

23 (1) The packaging of cannabis and cannabis products
24 conform with the requirements of the Poison Prevention
25 Packaging Act of 1970 (Public Law 91-601, 15 U.S.C. §§ 1471-
26 1475).

27 (2) (i) Packaging of cannabis products sold or
28 displayed for sale to cannabis consumers in multiple
29 servings shall:

30 (A) Include the statement "INCLUDES MULTIPLE

1 SERVINGS" on the exterior of the package in a printed
2 font that is no smaller than 10-point.

3 (B) If the cannabis product is in solid form, be
4 scored in a manner to allow a cannabis consumer to
5 easily separate the cannabis product into single
6 servings.

7 (C) If the cannabis product is an edible in
8 solid form, be easily and permanently scored to
9 identify individual servings.

10 (D) If the cannabis product cannot be easily and
11 permanently scored to identify individual servings,
12 be packaged in a single-serving size.

13 (ii) The determination of whether a cannabis product
14 is able to be easily and permanently scored shall be
15 decided by the board by regulation.

16 (3) Cannabis and cannabis products be labeled and placed
17 in a resealable, child-resistant package prior to delivery to
18 or sale at a cannabis retailer licensee's cannabis
19 establishment.

20 (4) Packages and labels shall not display images,
21 illustrations, objects or other artwork attractive to minors,
22 including toys, action figures, emojis or cartoon characters,
23 or depict any words, phrases, lyrics or slogans designed or
24 used in any manner to be especially appealing to children,
25 including the use of images, words, phrases, lyrics or
26 slogans indicating or depicting candy or candies, gummies or
27 lollipops.

28 (5) Labels include warning statements, which shall be
29 affixed to cannabis and cannabis products, designed to inform
30 cannabis consumers of any potential harm to human health

1 which may result from the smoking of cannabis or the
2 consumption of cannabis products, if the warning labels are
3 determined necessary and appropriate by the board.

4 (c) Determination of serving size.--In addition to the
5 requirements of section 501(a)(7)(vii), the regulations
6 promulgated by the board shall establish the methods and
7 procedures for determining serving sizes for cannabis products
8 and active cannabis concentration per serving size. Regulations
9 may also require a nutritional fact panel that incorporates data
10 regarding serving sizes and potency of a serving size.

11 (d) Failure to comply.--In addition to any other penalties
12 under this act, the packaging, sale, marketing, branding,
13 advertising, labeling or possession by a licensed cannabis
14 cultivator licensee, cannabis processor licensee or cannabis
15 retailer licensee of cannabis or a cannabis product not labeled
16 in conformity with this act and regulations adopted and
17 promulgated by the board as provided under this act shall be
18 grounds for the imposition of a fine or the suspension or
19 revocation of a license under section 911.

20 Section 702. Laboratory testing.

21 (a) Testing required.--

22 (1) The following apply:

23 (i) Immediately before manufacturing or natural
24 processing of cannabis or a cannabis product or packaging
25 of cannabis, cannabinoid or cannabis product for sale to
26 a cannabis retailer licensee, each cannabis cultivator
27 licensee and cannabis processor licensee, including a
28 cannabis microbusiness licensee, shall make samples of
29 the cannabis and cannabis product, in a quantity
30 established by the board, available for quality assurance

1 testing by an approved cannabis testing laboratory. Each
2 sample shall be tested by the cannabis testing laboratory
3 for:

- 4 (A) Microbiological contaminants.
- 5 (B) Mycotoxins.
- 6 (C) Pesticide active ingredients.
- 7 (D) Residual solvent.
- 8 (E) An active ingredient analysis.

9 (ii) Any sample remaining after testing may be
10 destroyed or returned to the cannabis entity licensee
11 from which the sample was obtained. The board shall
12 establish by regulation the amount of cannabis or
13 cannabis product remaining after testing which may be
14 returned to the applicable cannabis entity licensee.

15 (iii) Cannabis shall be tested for the cannabinoid
16 profile and for contaminants as specified by the board,
17 including, but not limited to, mold, mildew, heavy
18 metals, plant growth regulators and the presence of
19 pesticides.

20 (iv) The board may require additional testing.

21 (2) Each cannabis cultivator licensee and cannabis
22 processor licensee shall contract with a cannabis testing
23 laboratory that holds a valid permit issued by the board to
24 test cannabis and cannabis products cultivated or produced by
25 a cannabis cultivator licensee or processed by a cannabis
26 processor licensee. The board may assign an approved cannabis
27 testing laboratory that a cannabis cultivator licensee or a
28 cannabis processor licensee must use to comply with the
29 requirements of this section.

30 (b) Availability of laboratory test reports.--The board

1 shall require, in the form and manner prescribed by regulation,
2 the following:

3 (1) That cannabis cultivator licensees provide
4 laboratory test reports to cannabis processor licensees and
5 cannabis processor licensees provide laboratory test reports
6 to cannabis retailer licensees as part of all sales
7 transactions.

8 (2) That all test reports be entered into the cannabis
9 plant monitoring system. Subsequent test reports of cannabis
10 or cannabis products conducted by a cannabis processor
11 licensee shall also be entered into the cannabis plant
12 monitoring system by the cannabis processor licensee
13 conducting a subsequent test.

14 (c) Maintenance of test reports.--Each cannabis retailer
15 licensee shall maintain accurate documentation of laboratory
16 test reports provided to the cannabis retailer licensee under
17 subsection (b) for cannabis and cannabis products sold or
18 offered for sale by the cannabis retailer licensee to cannabis
19 consumers. Documentation of laboratory test shall be retained by
20 the cannabis retailer licensee for three years.

21 (d) Onsite testing.--Notwithstanding subsection (a), nothing
22 in this section shall be construed to prevent a cannabis
23 cultivator licensee or a cannabis processor licensee from
24 conducting onsite laboratory testing. The onsite testing
25 protocol used to test cannabis and cannabis products under this
26 subsection must be certified by the board and shall, except as
27 otherwise determined by the board by regulation, not relieve the
28 cannabis cultivator licensee or the cannabis processor licensee
29 from the requirements of quality assurance testing of cannabis
30 or cannabis products by a holder of a valid cannabis laboratory

1 testing permit under subsection (a).

2 (e) Diagram of premises required.--An application for a
3 cannabis laboratory testing permit shall include a diagram of
4 the interior of the applicant's cannabis laboratory testing
5 facility or proposed facility. The diagram shall identify the
6 principal activity conducted or proposed to be conducted in each
7 room or partitioned area of the facility, including activities
8 related to sample receiving, sample storage, record storage,
9 microbiology and chemical analysis, office space, employee
10 lounges, restrooms and cafeteria areas, if any.

11 Section 703. Cannabis testing laboratory permit.

12 (a) Authority to issue permit.--The board shall issue
13 permits for one or more independent cannabis testing
14 laboratories to test cannabis and cannabis products cultivated,
15 processed, produced, sold or offered for sale in this
16 Commonwealth.

17 (b) Submission of application.--To be eligible for a
18 cannabis testing laboratory permit, a person shall submit an
19 application to the board in a form and manner as prescribed by
20 the board by regulation, which demonstrates all of the following
21 to the satisfaction of the board:

22 (1) The owners, directors and other persons with
23 decision-making authority do not pose a threat to the public
24 interest or the effective regulation and control of cannabis
25 and cannabis products in this Commonwealth or create or
26 enhance unsuitable, unfair or illegal practices, methods or
27 activities related to:

28 (i) the cultivation, processing, packaging,
29 repackaging, handling, delivery, transporting,
30 distribution, storing or sale or offering for sale of

1 cannabis or cannabis products;
2 (ii) the testing of cannabis and cannabis products;
3 (iii) the operation of a cannabis establishment or
4 cannabis testing laboratory; and
5 (iv) any financial arrangements associated with the
6 operation of a cannabis establishment or cannabis testing
7 laboratory.

8 (2) The laboratory and the laboratory's technicians,
9 employees and other staff have the qualifications, skills,
10 resources and expertise necessary to accurately and
11 consistently test cannabis and cannabis products.

12 (3) The laboratory has in place and will maintain
13 adequate policies, procedures and facility or building
14 security to ensure proper collection, labeling, preparation,
15 analysis, result reporting, disposal and storage of cannabis
16 and cannabis products.

17 (4) The laboratory is physically located in this
18 Commonwealth.

19 (5) Proof of ISO 17025 accreditation or proof that the
20 applicant has applied for or is in the process of applying
21 for or preparing to apply for ISO 17025 accreditation.

22 (6) The laboratory meets all requirements under this
23 section and regulation of the board.

24 (c) Provisional permit.--Notwithstanding any provision of
25 this section or regulation of the board, an applicant for a
26 cannabis testing laboratory permit that meets all the
27 qualifications for a permit, except for ISO accreditation, may
28 apply to the board for a provisional cannabis testing laboratory
29 permit.

30 (d) Application for provisional permit--An applicant for a

1 provisional cannabis testing laboratory permit shall include the
2 information and documentation required under subsection (b) or
3 any additional information or documentation as may be required
4 by regulation of the board, except that documentation evidencing
5 ISO 17025 accreditation shall not be required.

6 (e) Issuance of provisional permit.--The following apply:

7 (1) The board may approve an application for a
8 provisional cannabis testing laboratory permit if the board
9 determines that the application satisfies all of the
10 requirements of this section and regulations of the board.

11 (2) A provisional cannabis testing laboratory permit
12 shall expire 12 months from the date of issuance.

13 (3) The board may, in the board's discretion, renew a
14 provisional cannabis testing laboratory permit if the testing
15 laboratory has applied for ISO 17025 accreditation but has
16 not yet been granted or denied accreditation. A cannabis
17 testing laboratory applying for a provisional permit shall
18 provide evidence to the board of having submitted an
19 application for ISO 17025 accreditation and the status of the
20 application.

21 (4) If granted by the board, a provisional cannabis
22 testing laboratory permit renewed by the board under
23 paragraph (3) shall expire 180 calendar days after issuance
24 by the board.

25 (5) When a testing laboratory holding a provisional
26 cannabis testing laboratory permit receives ISO 17025
27 accreditation, the cannabis testing laboratory shall submit
28 proof of the accreditation to the board within five business
29 days of receipt of the notice of accreditation. The board, by
30 regulation, shall specify the form and manner by which proof

1 of accreditation may be submitted to the board, including by
2 electronic mail to a designated office or employee of the
3 board.

4 (6) The following apply:

5 (i) If a cannabis testing laboratory holding a
6 provisional cannabis testing laboratory permit is denied
7 ISO 17025 accreditation, the laboratory shall notify the
8 board of the denial within 24 hours after receipt of the
9 denial notice. If accreditation is denied, the board
10 shall revoke the provisional cannabis testing laboratory
11 permit held by the cannabis testing laboratory and
12 require immediate stoppage of all testing activities. The
13 board shall adopt and promulgate regulations that:

14 (A) Provide the process to be used by the board
15 to notify a cannabis entity licensee of the
16 revocation of a cannabis testing laboratory permit
17 revoked under this paragraph.

18 (B) Provide the procedures which must be
19 followed by a cannabis entity licensee that has
20 submitted cannabis or cannabis products to a cannabis
21 testing laboratory whose permit is subject to
22 revocation under this paragraph, including procedures
23 for reporting and verifying cannabis sample
24 quantities submitted by each cannabis entity licensee
25 to the cannabis testing laboratory for testing and
26 any remaining amounts possessed by the cannabis
27 testing laboratory from each cannabis entity
28 licensee.

29 (C) Outline the procedures for returning samples
30 of cannabis or cannabis products held by a cannabis

1 testing laboratory whose permit is subject to
2 revocation under this paragraph to the cannabis
3 entity licensee that submitted the cannabis or
4 cannabis product for testing or for redirecting the
5 cannabis and cannabis products to another cannabis
6 testing laboratory.

7 (D) Provide the conditions under which samples
8 of cannabis or cannabis products in the possession of
9 a cannabis testing laboratory whose permit is subject
10 to revocation may be destroyed or disposed of and the
11 method of destruction or disposal.

12 (2) The regulations adopted and promulgated by the board
13 under this paragraph shall apply to each cannabis testing
14 laboratory that holds a cannabis testing laboratory permit
15 issued by the board under subsection (a) if the permit is
16 subsequently revoked by the board.

17 (f) Restrictions on ownership.--The following apply:

18 (1) The holder of a cannabis testing laboratory permit
19 under this section shall not hold a license, permit or other
20 authorization to engage in a regulated activity under this
21 act and shall not have any direct or indirect ownership
22 interest in a medical marijuana organization under the
23 Medical Marijuana Act.

24 (2) A member or employee of the board, the department,
25 the Department of Agriculture or the Department of Health or
26 an officer, manager, owner, partner, principal stakeholder,
27 licensee or other person subject to the board's jurisdiction
28 under this act, or an immediate family member, may not have
29 an interest or voting rights in a cannabis testing laboratory
30 permittee.

1 (3) The board shall require that the results of
2 laboratory test of cannabis and cannabis products be
3 submitted to the board in a manner, form and time frame as
4 stipulated by the board in regulations.

5 (g) Regulations.--The board may, in consultation with the
6 Department of Agriculture and the Department of Health, adopt
7 and promulgate regulations to govern the testing of cannabis and
8 cannabis products by a holder of a cannabis testing laboratory
9 permit.

10 Section 704. Special use permits.

11 (a) Authority to issue.--The following apply:

12 (1) The board may adopt and promulgate regulations to
13 govern the issuance of the following special use permits to
14 carry out activities related to and consistent with the
15 regulation of cannabis in this Commonwealth:

16 (i) A packaging permit authorizing a person to sort,
17 package, label and bundle cannabis and cannabis products.

18 (ii) A trucking permit authorizing the
19 transportation of cannabis and cannabis products on
20 behalf of a cannabis entity licensee by a person other
21 than a person holding a valid cannabis transporter
22 license under section 610.

23 (iii) A warehouse permit authorizing a person to
24 store cannabis or cannabis products at a location
25 registered with or otherwise approved by the board.

26 (b) Specific regulations.--The regulations adopted and
27 promulgated by the board under subsection (a) shall include, but
28 not be limited to, the following:

29 (1) The form and manner for submitting an application
30 for a special use permit.

1 (2) The qualifications necessary to be eligible for a
2 special use permit.

3 (3) A reasonable application fee, permit fee and renewal
4 fee for a special use permit issued by the board under this
5 section, provided that the permit fee shall be no less than
6 \$10,000 and no more than \$15,000.

7 (4) The terms and renewal requirements for special use
8 permits authorized under this section.

9 (5) Recordkeeping requirements for each type of permit
10 authorized.

11 (6) Requirements for background investigations,
12 including the persons affiliated with the applicant for a
13 special use permit who will be subject to a background
14 investigation.

15 (7) Any other requirement, qualification, condition or
16 information the board deems necessary to carry out this
17 section.

18 (c) Restriction.--An applicant for or holder of a special
19 use permit issued by the board under this section may not have
20 any interest, financial or otherwise, in the holder of a
21 cannabis entity license under this act.

22 CHAPTER 8

23 RECORDKEEPING, TRACKING, INSPECTION

24 AND ADVERTISING

25 Section 801. Recordkeeping and tracking.

26 (a) Records required.--The board shall require a cannabis
27 entity licensee to adopt and maintain security, tracking,
28 inventory control, recordkeeping, record retention and
29 surveillance systems, relating to all cannabis and cannabis
30 products at every stage of acquiring, cultivation, processing,

1 possession, sale, transporting, delivery, testing and
2 distribution as provided under this act and regulations of the
3 board.

4 (b) Maintenance of records.--A cannabis entity licensee
5 shall keep and maintain upon the premises of the cannabis
6 establishment adequate books and records of all transactions
7 involving the sale of cannabis and cannabis products by the
8 cannabis entity licensee, which shall include, but is not
9 limited to, all information required under this section and by
10 regulation of the board.

11 (c) Recording of sales.--The following apply:

12 (1) Each sale of cannabis or cannabis products shall be
13 recorded separately on a numbered invoice, which shall
14 include the following information:

15 (i) The invoice number.

16 (ii) The name of the cannabis entity licensee
17 engaged in the sales transaction.

18 (iii) The address of the cannabis entity licensee's
19 cannabis establishment.

20 (iv) The cannabis entity licensee's current license
21 number.

22 (2) A cannabis processor licensee shall deliver to the
23 cannabis entity licensee from whom the cannabis or cannabis
24 product is purchased:

25 (i) A true duplicate numbered invoice stating the
26 name and address of the cannabis entity licensee's
27 cannabis establishment involved in the transaction.

28 (ii) The quantity purchased.

29 (iii) A description of the cannabis or cannabis
30 products purchased.

1 (iv) The price of the cannabis or cannabis products
2 purchased.

3 (v) A true, accurate and complete statement of the
4 terms and conditions under which the purchase was made.

5 (vi) Any other information the board may require by
6 regulation.

7 (d) Retention period.--All books, records and invoices
8 required to be maintained under this section shall be kept for a
9 period of three years and shall be available for inspection by
10 the board or by an authorized employee or agent of the board.

11 (e) Additional recordkeeping requirements.--A cannabis
12 retailer licensee, including a cannabis microbusiness that holds
13 a cannabis retailer license, shall keep and maintain upon the
14 premises of the cannabis retailer licensee's cannabis
15 establishment complete and accurate records of all transactions
16 involving the purchase and sale of cannabis and cannabis
17 products. The records shall include, but may not be limited to,
18 the following:

19 (1) The total amount of cannabis, by weight, purchased
20 by the cannabis retailer licensee.

21 (2) The names, license number, and business addresses of
22 the cannabis entity licensee from whom the cannabis and
23 cannabis products were purchased.

24 (3) The amount of cannabis and cannabis products
25 involved in each individual purchase.

26 (4) The total sales of cannabis and cannabis products
27 made by the cannabis retailer licensee weekly.

28 Section 802. Inspections.

29 (a) Random inspections.--The cannabis establishment of a
30 cannabis entity licensee, permittee or other person engaged in a

1 regulated activity under this act shall be subject to random
2 inspection by the board or a designated employee or agent of the
3 board during normal business hours. In making inspections, the
4 board shall make reasonable accommodations so that ordinary
5 business is not interrupted and safety and security procedures
6 are not compromised.

7 (b) Availability of licensee or employee required.--The
8 person that holds the license, permit or authorization to engage
9 in a regulated activity under this act or a designated employee
10 or agent of the person shall be available and present for an
11 inspection of the cannabis entity licensee's cannabis
12 establishment.

13 (c) Purpose of random inspection.--The inspection may
14 include, but is not limited to, ensuring compliance by the
15 licensee, permittee or other person with all applicable State,
16 municipal and local building codes, fire, health and safety
17 codes and other applicable regulations.

18 Section 803. Advertising.

19 (a) General rule.--In addition to the requirements of
20 section 501, the board shall adopt and promulgate regulations to
21 govern the advertising and marketing of cannabis and cannabis
22 products.

23 (b) Specific regulations.--The regulations adopted by the
24 board under subsection (a) shall prohibit advertising which:

25 (1) Is false, deceptive or misleading.

26 (2) Promotes overconsumption of cannabis or cannabis
27 products.

28 (3) Depicts consumption of cannabis products by children
29 or other minors.

30 (4) Is designed in any way to appeal to children or

1 other individuals under 21 years of age.

2 (5) Is within 1,000 feet of the perimeter of a school,
3 school grounds, playground, park, library, arcade facility,
4 recreational center, child-care facility or other place where
5 children congregate or a church, synagogue, mosque or other
6 building used for religious purposes.

7 (6) Is in the form of an unsolicited Internet pop-up.

8 (7) Is on or in a private vehicle or on or in publicly
9 owned or operated property, including a public transit
10 vehicle, public transit shelter, bus stop, taxi stand,
11 transportation waiting area, train station, airport or
12 similar transit-related location.

13 (8) Makes medical claims or promotes the smoking or
14 consumption of cannabis or cannabis products for a medical or
15 wellness purpose.

16 (c) Marketing strategies.--The following apply:

17 (1) The board shall promulgate explicit regulations that
18 prohibit all marketing strategies and implementation of
19 marketing strategies, including, but not limited to,
20 marketing strategies involving the branding, packaging,
21 labeling, location of cannabis retailers and advertisements
22 which are designed to:

23 (i) appeal to minors and individuals under 21 years
24 of age; or

25 (ii) provide or otherwise disseminate false or
26 misleading information to cannabis customers.

27 (2) The regulations promulgated by the board shall
28 require that:

29 (i) All advertisement and marketing accurately and
30 legibly identify the licensed cannabis retailer and, if

1 applicable, any other business or entity responsible for
2 the content of the advertisement or marketing.

3 (ii) Any broadcast, cable, radio, print and digital
4 communication advertisements only be placed where the
5 audience is reasonably expected to be 21 years of age or
6 older, as determined by reliable, current audience
7 composition data.

8 (d) Permitted practices.--Notwithstanding any provision of
9 this act to the contrary, a cannabis entity licensee may:

10 (1) Develop a brand name for use in labeling, signage
11 and other materials, provided that the use of a medical
12 symbol or image of cannabis, cannabis products or related
13 paraphernalia which are appealing to individuals under 21
14 years of age and colloquial references to cannabis, cannabis
15 products or related paraphernalia is prohibited and shall not
16 be used in the brand name.

17 (2) Use the cannabis entity licensee's brand name for
18 sponsorship of a charitable, sporting or similar event, if
19 the following conditions, as determined by the board, are
20 satisfied:

21 (i) Sponsorship of the event is limited to the brand
22 name.

23 (ii) Any advertisement at or in connection with the
24 event shall be prohibited, unless the advertising is
25 targeted to entrants or participants reasonably expected
26 to be 21 years of age or older, as determined by
27 reliable, current audience composition data, and
28 reasonable safeguards have been employed to prohibit
29 advertising from targeting or otherwise reaching entrants
30 or participants reasonably expected to be under 21 years

1 of age, as determined by reliable, current audience
2 composition data.

3 (3) Engage in reasonable marketing, advertising and
4 branding practices which are not otherwise prohibited under
5 this act and which do not jeopardize the public health,
6 welfare or safety of the general public, promote the
7 diversion of cannabis or cannabis product use in individuals
8 under 21 years of age or otherwise promote practices
9 inconsistent with the purposes of this act. Marketing,
10 advertising or branding created for viewing by the general
11 public shall include the statement "PLEASE CONSUME
12 RESPONSIBLY" in bold font and in a conspicuous manner on the
13 face of the advertisement, and shall include at least two of
14 the following warnings in their entirety in bold font and in
15 a conspicuous manner on the face of the advertisement:

16 (i) "Cannabis causes impairment and may be habit
17 forming."

18 (ii) "Cannabis can impair concentration,
19 coordination and judgment. Do not operate a vehicle or
20 machinery under the influence of cannabis or a cannabis
21 product."

22 (iii) "There may be health risks associated with the
23 smoking of cannabis or the consumption of a cannabis
24 product."

25 (e) Definitions.--As used in this section, the following
26 words and phrases shall have the meanings given to them in this
27 subsection unless the context clearly indicates otherwise:

28 "Brand name." A name, alone or in conjunction with any other
29 word or phrase, trademark, logo, symbol, motto, recognizable
30 pattern of colors or any other identifiable marker associated

1 with a cannabis entity licensee.

2 "Brand name sponsorship." The payment by a cannabis entity
3 licensee in exchange for use of a brand name to:

4 (1) Sponsor a charitable, sporting, musical, artistic or
5 other social or cultural event.

6 (2) Identify, advertise or promote an event under
7 paragraph (1) or an entrant or participant of an event.

8 CHAPTER 9

9 ADMINISTRATION AND ENFORCEMENT

10 Section 901. Authority and duties of department and Department
11 of Agriculture.

12 (a) Authority of department.--The department shall:

13 (1) Administer and collect taxes imposed under this act
14 and interest imposed under section 806 of the act of April 9,
15 1929 (P.L.343, No.176), known as The Fiscal Code.

16 (2) Promulgate and enforce rules and regulations to
17 carry out the department's prescribed duties as provided
18 under this act, including the collection of taxes, penalties
19 and interest imposed by this act, and to prescribe the
20 extent, if any, to which any rules and regulations shall be
21 applied without retroactive effect.

22 (3) Prescribe the forms and the system of accounting and
23 recordkeeping to be employed by cannabis entity licensees,
24 permittees and other persons engaged in a regulated activity
25 under this act to carry out the department's duties under
26 this act.

27 (b) Powers and duties of department.--The following apply:

28 (1) The department, for the purpose of audit and
29 examination, shall at all times have the power of access to
30 all books, records, documents, materials, devices and

1 equipment, including, but not limited to, point-of-sale
2 systems, transaction scan devices, weights and measures and
3 computer software, hardware and associated electronic
4 equipment, and any other equipment or devices maintained and
5 used by a cannabis entity licensee, permittee or other person
6 authorized to engage in a regulated activity under this act
7 and related to all aspects of cannabis operations, which are
8 kept, maintained or otherwise used by a cannabis entity
9 licensee, permittee or other person authorized to engage in a
10 regulated activity under this act.

11 (2) Notwithstanding section 353(f) of the act of March
12 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971,
13 the department shall supply the board, the bureau, the
14 Pennsylvania State Police and the Office of Attorney General
15 with information concerning the status of delinquent taxes
16 owned by the applicant, licensee, permittee or other person
17 authorized to engage in a regulated activity under this act.

18 (c) Regulatory authority.--To promptly carry out the
19 department's powers and duties under this act, the department
20 may adopt and promulgate temporary regulations in the same
21 manner in which the board is authorized to adopt and promulgate
22 temporary regulations under section 307.

23 (d) Additional penalty.--A person that fails to timely remit
24 to the department or the State Treasurer amounts required under
25 this act shall be liable, in addition to any liability imposed
26 elsewhere under this act or which may be imposed under the Tax
27 Reform Code of 1971, for a penalty of 5% per month up to a
28 maximum of 25% of the amount ultimately found to be due and
29 payable, to be recovered by the department.

30 (e) Duties of Department of Agriculture.--The following

1 apply:

2 (1) In addition to other obligations of the Department
3 of Agriculture as provided under this act, the Department of
4 Agriculture shall collaborate with the board to develop
5 standards and best practices related to the following:

6 (i) The cultivation of cannabis as a value-added
7 agricultural crop.

8 (ii) Cultivation methods, including, but not limited
9 to, indoor and outdoor cultivation of cannabis, such as
10 hydroponic and aeroponic cultivation, and other methods
11 for growing and cultivating cannabis.

12 (iii) Production protocols, including pest
13 management and the use of insecticides, pesticides,
14 herbicides, fertilizers and other chemicals in crop
15 production.

16 (iv) Criteria which may be used to determine when
17 cannabis and cannabis products may be deemed adulterated
18 or misbranded. In developing criteria, the board and the
19 Department of Agriculture may base a determination on the
20 factors under 3 Pa.C.S. §§ 5728 (relating to adulteration
21 of food) and 5729 (relating to misbranding of food).

22 (v) Nutrient and waste management.

23 (vi) Ethical and environmentally friendly
24 agricultural practices related to the cultivation of
25 cannabis.

26 (vii) Other agricultural best practices used in
27 agricultural operations related to crop production.

28 (2) The Department of Agriculture shall further advise
29 and assist the board and the Office of Social and Economic
30 Equity in developing criteria for identifying and certifying

1 disadvantaged farmer-owned small businesses and other small
2 businesses engaged in agricultural production for
3 participation in this Commonwealth's regulated cannabis
4 industry as social and economic equity applicants. In
5 developing the criteria, the board and the Department of
6 Agriculture may solicit advice and recommendations from the
7 Center for Rural Pennsylvania and other stakeholders and
8 Statewide organizations and associations concerned with
9 farming and agricultural crop production in this
10 Commonwealth.

11 Section 902. Liens and suits for taxes.

12 (a) Liens for taxes.--All unpaid taxes imposed under this
13 act shall be subject to section 1401 of the act of April 9, 1929
14 (P.L.343, No.176), known as The Fiscal Code.

15 (b) Suits for taxes.--All taxes imposed under this act that
16 are unpaid or delinquent shall be subject to section 243 of the
17 act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code
18 of 1971.

19 Section 903. No eminent domain authority.

20 Neither the Commonwealth nor a political subdivision of the
21 Commonwealth shall have the right to acquire, with or without
22 compensation, through the power of eminent domain any property,
23 easement or land-use right for the siting or construction of a
24 cannabis establishment.

25 Section 904. Cannabis establishment zoning and land-use
26 appeals.

27 In order to facilitate timely implementation of the
28 regulation of cannabis and cannabis products for personal use as
29 provided in this act, notwithstanding 42 Pa.C.S. § 933(a)(2)
30 (relating to appeals from government agencies), the Supreme

1 Court of Pennsylvania is vested with exclusive appellate
2 jurisdiction to consider appeals of a final order, determination
3 or decision of a political subdivision or local instrumentality
4 involving zoning, usage, layout, construction or occupancy,
5 including location, size, bulk and use of a cannabis entity
6 licensee's cannabis establishment. The court, as appropriate,
7 may appoint a master to hear an appeal under this section.

8 Section 905. Labor hiring preferences.

9 A cannabis entity licensee, permittee and other person
10 authorized to engage in a regulated activity under this act
11 shall prepare a hiring plan for employees of the respective
12 cannabis establishment or cannabis operation. The hiring plan
13 shall promote a diverse workforce, advance participation and
14 inclusion by people of color, service-disabled veterans,
15 veterans, economically disadvantaged farmers, individuals
16 residing in opportunity zones and individuals from within the
17 municipality or geographic region where the cannabis
18 establishment or cannabis operation is or will be located. The
19 hiring plan shall be approved by the board and shall be
20 consistent with the diversity, inclusion and social and economic
21 equity goals outlined in this act.

22 Section 906. Financial and employment interests.

23 (a) Financial interests.--Except as may be provided for the
24 judiciary by rule or order of the Pennsylvania Supreme Court, an
25 executive-level public employee, public official or party
26 officer, or an immediate family member of the employee, official
27 or officer, shall not intentionally or knowingly hold a
28 financial interest in an applicant, licensee, permittee or other
29 person authorized to engage in a regulated activity under this
30 act or in a holding company, affiliate, intermediary or

1 subsidiary while the individual is an executive-level public
2 employee, public official or party officer and for two years
3 following termination of the individual's status as an
4 executive-level public employee, public official or party
5 officer.

6 (b) Employment interests.--Except as may be provided by rule
7 or order of the Pennsylvania Supreme Court and except as
8 provided in section 302 or section 303, no executive-level
9 public employee, public official or party officer, or an
10 immediate family member of the employee, official or officer,
11 shall be employed by an applicant, licensee, permittee or other
12 person authorized to engage in a regulated activity under this
13 act or by a holding company, affiliate, intermediary or
14 subsidiary, while the individual is an executive-level public
15 employee, public official or party officer and for two years
16 following termination of the individual's status as an
17 executive-level public employee, public official or party
18 officer.

19 (c) Complimentary services.--The following apply:

20 (1) An executive-level public employee, public official
21 or party officer, or an immediate family member of the
22 employee, official or officer, may not solicit or accept a
23 complimentary service or thing of value or from an applicant
24 or a cannabis entity licensee, permittee or other person
25 authorized to engage in a regulated activity under this act
26 or from any affiliate, intermediary, subsidiary or holding
27 company, which the executive-level public employee, public
28 official or party officer, or an immediate family member of
29 the employee, official or officer, knows or has reason to
30 know is other than a service or discount which is offered to

1 members of the general public in like circumstances.

2 (2) An applicant, cannabis entity licensee, permittee or
3 other person engaged in a regulated activity under this act
4 or any affiliate, intermediary, subsidiary or holding
5 company, may not offer or deliver to an executive-level
6 public employee, public official or party officer, or an
7 immediate family member of the employee, official or officer,
8 a complimentary service or thing of value from an applicant,
9 cannabis entity licensee, permittee or other person engaged
10 in a regulated activity under this act or an affiliate,
11 intermediary, subsidiary or holding company, that the
12 applicant, cannabis entity licensee, permittee or other
13 person engaged in a regulated activity under this act, or any
14 affiliate, intermediary, subsidiary or holding company, knows
15 or has reason to know is other than a service or discount
16 that is offered to members of the general public in like
17 circumstances.

18 (3) As used in this subsection, "complimentary service"
19 shall mean a service, product or other item, including
20 lodging, which is provided to an individual at no cost or at
21 a reduced or discounted cost, which is not generally
22 available to the public under similar circumstances without
23 cost or at a reduced or discounted cost. Group rates,
24 including convention and government rates, shall be deemed to
25 be generally available to the public.

26 (d) Grading.--An individual who violates this section
27 commits a misdemeanor and shall, upon conviction, be sentenced
28 to pay a fine of not more than \$1,000 or to imprisonment for not
29 more than one year, or both.

30 (e) Divestiture.--The following apply:

1 (1) An executive-level public employee, public official
2 or party officer, or an immediate family member of the
3 employee, official or officer, who holds a financial interest
4 prohibited by this section shall divest the financial
5 interest within three months of the effective date of the
6 restrictions under subsection (a), as applicable. Thereafter,
7 an executive-level public employee, public official, party
8 officer or immediate family member shall have 30 days from
9 the date the individual knew or had reason to know of the
10 violation or 30 days from the date of publication in the
11 Pennsylvania Bulletin of the complete list of persons or
12 entities who applied for or held a license, permit or other
13 authorization to engage in a regulated activity under section
14 304(b) (24), whichever occurs earlier, to divest the financial
15 interest. The State Ethics Commission may, for good cause,
16 extend the time period under this subsection.

17 (f) State Ethics Commission.--The State Ethics Commission
18 shall do all of the following:

19 (1) Issue a written determination of whether a person is
20 subject to subsection (a), (b) or (c) upon the written
21 request of the person or any other person that may have
22 liability for an action taken with respect to the person. A
23 person that relies in good faith on a determination made by
24 the State Ethics Commission under this paragraph shall not be
25 subject to any penalty for an action taken, provided that all
26 material facts stated in the request for the determination
27 are correct.

28 (2) Publish a list of all State, county, municipal and
29 other government positions that meet the definitions of
30 "public official" and "executive-level public employee" as

1 defined under subsection (g). The Office of Administration
2 shall assist the State Ethics Commission in the development
3 of the list, which shall be transmitted to the Legislative
4 Reference Bureau for publication in the Pennsylvania Bulletin
5 biennially and posted by the board on the board's publicly
6 accessible Internet website. Upon request, each public
7 official shall have a duty to provide the State Ethics
8 Commission with adequate information to accurately develop
9 and maintain the list. The State Ethics Commission may impose
10 a civil penalty under 65 Pa.C.S. § 1109(f) (relating to
11 penalties) upon any individual, including any public official
12 or executive-level public employee, who fails to cooperate
13 with the State Ethics Commission under this subsection. A
14 person that relies in good faith on the list published by the
15 State Ethics Commission shall not be subject to any penalty
16 for a violation of this section.

17 (g) Definitions.--As used in this section, the following
18 words and phrases shall have the meanings given to them in this
19 subsection unless the context clearly indicates otherwise:

20 "Executive-level public employee." The term shall include
21 the following:

22 (1) Deputy secretaries of the Commonwealth and the
23 Governor's Office executive staff.

24 (2) An employee of the executive branch whose duties
25 substantially involve licensing or enforcement under this
26 act, who has discretionary power which may affect or
27 influence the outcome of a Commonwealth agency's action or
28 decision or who is involved in the development of regulations
29 or policies relating to a cannabis entity licensee, permittee
30 or other person engaged in a regulated activity under this

1 act. The term shall include an employee with law enforcement
2 authority.

3 (3) An employee of a county or municipality with
4 discretionary powers which may affect or influence the
5 outcome of the county's or municipality's action or decision
6 related to this act or who is involved in the development of
7 law, regulation or policy relating to matters regulated under
8 this act. The term shall include an employee with law
9 enforcement authority.

10 (4) An employee of a department, agency, board,
11 commission, authority or other governmental body not included
12 in paragraph (1), (2) or (3) with discretionary power which
13 may affect or influence the outcome of the governmental
14 body's action or decision related to this act or who is
15 involved in the development of regulation or policy relating
16 to matters regulated under this act. The term shall include
17 an employee with law enforcement authority.

18 "Financial interest." Owning or holding, or being deemed to
19 hold, debt or equity securities or other ownership interest or
20 profits interest in a cannabis entity licensee, permittee or
21 other person authorized to engage in a regulated activity under
22 this act. A financial interest shall not include any debt or
23 equity security or other ownership interest or profits interest
24 which is held or deemed to be held in any of the following:

25 (1) A blind trust over which the executive-level public
26 employee, public official or party officer or immediate
27 family member may not exercise any managerial control or
28 receive income from during the tenure of office and the
29 period under subsection (a). This paragraph shall apply only
30 to blind trusts established prior to the effective date of

1 this paragraph.

2 (2) Securities that are held in a pension plan, profit-
3 sharing plan, individual retirement account, tax-sheltered
4 annuity, a plan established under section 457 of the Internal
5 Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 1 et
6 seq.) or any successor provision deferred compensation plan,
7 whether qualified or not qualified under the Internal Revenue
8 Code of 1986 or any successor provision, or other retirement
9 plan that is:

- 10 (i) not self-directed by the individual; and
11 (ii) advised by an independent investment adviser
12 who has sole authority to make investment decisions with
13 respect to contributions made by the individual to the
14 plan.

15 (3) A tuition account plan organized and operated under
16 section 529 of the Internal Revenue Code of 1986 that is not
17 self-directed by the individual.

18 (4) A mutual fund where the interest owned by the mutual
19 fund in a licensed entity does not constitute a controlling
20 interest as defined in this act.

21 "Immediate family." A spouse, minor child or unemancipated
22 child.

23 "Party officer." A member of a national committee, a
24 chairperson, vice chairperson, secretary, treasurer or counsel
25 of a State committee or member of the executive committee of a
26 State committee, a county chairperson, vice chairperson,
27 counsel, secretary or treasurer of a county committee in which a
28 cannabis entity licensee's cannabis establishment is located or
29 a city chairperson, vice chairperson, counsel, secretary or
30 treasurer of a city committee of a city in which a cannabis

1 establishment is located.

2 "Public official." The term shall include the following:

3 (1) The Governor, Lieutenant Governor, a member of the
4 Governor's cabinet, Treasurer, Auditor General and Attorney
5 General of the Commonwealth.

6 (2) A member of the Senate or House of Representatives
7 of the Commonwealth.

8 (3) An individual elected or appointed to any office of
9 a municipality that directly receives a distribution of
10 revenue under this act.

11 (4) An individual elected or appointed to a department,
12 agency, board, commission, authority or other governmental
13 body not included in paragraph (1), (2) or (3) that directly
14 receives a distribution of revenue under this act.

15 (5) An individual elected or appointed to a department,
16 agency, board, commission, authority, county, municipality or
17 other governmental body not included in paragraph (1), (2) or
18 (3) with discretionary power which may influence or affect
19 the outcome of an action or decision and who is involved in
20 the development of regulation or policy relating to the
21 regulation of cannabis for personal use under this act or who
22 is involved in other matters under this act.

23 Section 907. Additional restrictions.

24 (a) Restrictions.--No employee of the department, the
25 Department of Agriculture, the Department of Health, the Office
26 of Attorney General or a member or employee of the Pennsylvania
27 State Police whose duties substantially involve licensing or
28 enforcement, the development of laws or the development or
29 adoption of regulations or policy related to the regulation of
30 cannabis for personal use under this act or who has other

1 discretionary authority which may affect or influence the
2 outcome of an action, proceeding or decision under this act
3 shall do any of the following:

4 (1) Accept employment with or be retained by an
5 applicant or cannabis entity licensee, permittee or other
6 person authorized to engage in a regulated activity under
7 this act or an affiliate, intermediary, subsidiary or holding
8 company for a period of two years after the termination of
9 employment.

10 (2) Appear before the board in a hearing or proceeding
11 or participate in any other activity on behalf of an
12 applicant or cannabis entity licensee, permittee or other
13 person authorized to engage in a regulated activity under
14 this act or an affiliate, intermediary, subsidiary or holding
15 company for a period of two years after termination of
16 employment. Nothing in this paragraph shall prevent a current
17 or former employee of the department, the Department of
18 Agriculture, the Department of Health, the Office of Attorney
19 General or a member or employee of the Pennsylvania State
20 Police from appearing before the board in a proceeding or
21 hearing as a witness or testifying as to any fact or
22 information.

23 (3) As a condition of employment, a potential employee
24 of the department, the Department of Agriculture, the
25 Department of Health, the Office of Attorney General and a
26 member or employee of the Pennsylvania State Police who would
27 be subject to this subsection shall sign an affidavit that
28 the individual will not accept employment with or be retained
29 by an applicant or cannabis entity licensee, permittee or
30 other person authorized to engage in a regulated activity

1 under this act or an affiliate, intermediary, subsidiary or
2 holding company for a period of two years after the
3 termination of employment.

4 (b) Employment or retention.--An applicant or cannabis
5 entity licensee, permittee or other person authorized to engage
6 in a regulated activity under this act or an affiliate,
7 intermediary, subsidiary or holding company shall not employ or
8 retain an individual subject to subsection (a) until the
9 expiration of the period required in subsection (a)(1). An
10 applicant or cannabis entity licensee, permittee or other person
11 authorized to engage in a regulated activity under this act or
12 an affiliate, intermediary, subsidiary or holding company that
13 knowingly employs or retains an individual in violation of this
14 subsection shall terminate the employment of the individual and
15 be subject to administrative sanction by the board.

16 (c) Violation.--If an individual subject to subsection (a)
17 refuses or otherwise fails to sign an affidavit as a condition
18 of employment under subsection (a)(3), the individual's
19 potential employer shall rescind the offer of employment.

20 (d) Code of conduct.--The following apply:

21 (1) The department, Department of Agriculture,
22 Department of Health, Office of Attorney General and
23 Pennsylvania State Police each shall adopt a comprehensive
24 code of conduct which shall supplement all other requirements
25 under this act and 65 Pa.C.S. Pt. II (relating to
26 accountability), as applicable, and shall provide guidelines
27 applicable to the following persons to enable them to avoid
28 any perceived or actual conflict of interest and to promote
29 public confidence in the integrity and impartiality related
30 to the regulation of cannabis for personal use:

1 (i) Employees and independent contractors of the
2 department, the Department of Agriculture and the
3 Department of Health.

4 (ii) Members, employees and independent contractors
5 of the Pennsylvania State Police and employees and
6 independent contractors of the Office of Attorney General
7 whose duties substantially involve licensing or
8 enforcement, the development of laws or the development
9 or adoption of regulations or policy related to the
10 regulation of cannabis for personal use under this act or
11 who have other discretionary authority which may affect
12 the outcome of an action, proceeding or decision under
13 this act.

14 (iii) The immediate families of employees and
15 independent contractors of the department, members,
16 employees and independent contractors of the Pennsylvania
17 State Police and employees and independent contractors of
18 the Department of Agriculture, the Department of Health
19 and the Office of Attorney General.

20 (2) At a minimum, the code of conduct adopted under this
21 section shall apply to the types of restrictions applicable
22 to members of the board under section 303(c), except that the
23 restrictions under section 303(c)(4) shall not apply to the
24 Attorney General.

25 (e) State Ethics Commission and agencies.--The following
26 apply:

27 (1) The State Ethics Commission shall do all of the
28 following:

29 (i) Issue a written determination of whether an
30 individual is subject to subsection (a) upon the written

1 request of the individual or the individual's employer or
2 potential employer.

3 (ii) Transmit to the board for posting on the
4 board's publicly accessible Internet website and to the
5 Legislative Reference Bureau for publication in the
6 Pennsylvania Bulletin and post the commission's publicly
7 accessible Internet website a list of all positions
8 within the department, the Department of Agriculture, the
9 Office of Attorney General and the Pennsylvania State
10 Police whose duties would subject the individual applying
11 for or holding the positions to subsection (a).

12 (2) The department, the Department of Agriculture, the
13 Department of Health, the Office of Attorney General and the
14 Pennsylvania State Police shall each assist the State Ethics
15 Commission in the development of the list under paragraph (1)
16 (ii). Upon request by the State Ethics Commission, members
17 and employees of the Pennsylvania State Police and employees
18 of the department, the Department of Agriculture, the
19 Department of Health and the Office of Attorney General shall
20 have a duty to provide the State Ethics Commission with
21 adequate information to accurately develop and maintain the
22 list. The State Ethics Commission may impose a civil penalty
23 under 65 Pa.C.S. § 1109(f) (relating to penalties) upon an
24 individual who fails to cooperate with the State Ethics
25 Commission under this paragraph.

26 (3) An individual who relies in good faith on a
27 determination made by the State Ethics Commission under
28 paragraph (1)(i) shall not be subject to any penalty for an
29 action taken if all material facts stated in the request for
30 the determination are correct.

1 (4) An individual who relies in good faith on the list
2 published under paragraph (1)(ii) shall not be subject to any
3 penalty for a violation of subsection (a).

4 Section 908. Investigation and enforcement.

5 (a) Establishment.--The Bureau of Cannabis Investigations
6 and Enforcement is established within the board as an
7 independent bureau in prosecutorial matters related to
8 enforcement of this act.

9 (b) Powers and duties of bureau.--The bureau shall have the
10 following powers and duties:

11 (1) Enforce this act.

12 (2) Investigate and review all applicants and
13 applications for a license, permit or other authorization to
14 engage in a regulated activity under this act. The following
15 apply:

16 (i) The bureau shall be prohibited from disclosing
17 any portion of a background investigation report to a
18 member or employee of the board or to any other person or
19 Commonwealth agency prior to the submission of the
20 bureau's complete and final background investigation
21 report relating to the applicant's suitability to the
22 board.

23 (ii) The Office of Enforcement Counsel, on behalf of
24 the bureau, shall prepare the final background
25 investigation report for inclusion in the final report
26 relating to an applicant's suitability for a license,
27 permit or other authorization to engage in a regulated
28 activity under this act.

29 (3) Investigate an applicant, licensee, permittee and
30 other person applying for or granted authorization to engage

1 in a regulated activity under this act for noncriminal
2 violations of this act or regulations of the board, including
3 actual or suspected violations referred to the bureau by the
4 board or other persons.

5 (4) Monitor the operations of a cannabis entity
6 licensee, permittee and other person authorized to engage in
7 a regulated activity under this act to ensure:

8 (i) Compliance with this act and regulations of the
9 board and with other laws and regulations of this
10 Commonwealth.

11 (ii) The implementation of adequate security and
12 surveillance measures by a cannabis entity licensee,
13 permittee and other person engaged in a regulated
14 activity under this act.

15 (5) Conduct inspections of a cannabis establishment,
16 cannabis testing laboratory and any other building, facility
17 or establishment used or proposed to be used to engage in a
18 regulated activity under this act. Inspections may include
19 the review and reproduction of any books, documents or
20 records required to be maintained by a licensee, permittee
21 and other person authorized to engage in a regulated activity
22 under this act.

23 (6) Conduct a review of a cannabis entity licensee,
24 permittee or other person authorized to engage in a regulated
25 activity under this act as necessary to ensure compliance
26 with this act. A review may include an examination of
27 accounting, administrative and financial records, management
28 control systems, procedures and other records utilized by a
29 cannabis entity licensee, permittee or other person.

30 (7) Refer possible criminal violations to the

1 Pennsylvania State Police. The bureau shall not have the
2 power of arrest.

3 (8) Cooperate in the investigation and prosecution of
4 criminal violations related to this act.

5 (9) For the purpose of receiving criminal history record
6 information, be a criminal justice agency under 18 Pa.C.S.
7 Ch. 91 (relating to criminal history record information).

8 (c) Separation of functions.--The board shall promulgate and
9 adopt regulations necessary to ensure that the bureau operates
10 as a distinct entity and prevent commingling of the
11 investigatory and prosecutorial functions of the bureau and the
12 adjudicatory functions of the board. Regulations and procedures
13 promulgated or adopted under this section shall do all of the
14 following:

15 (1) Provide that neither the executive director nor the
16 chief counsel of the board shall direct or limit the scope of
17 a background investigation conducted by the bureau.

18 (2) Incorporate section 303(c) and any other applicable
19 provisions of section 303.

20 (d) Office of Enforcement Counsel.--The following apply:

21 (1) The Office of Enforcement Counsel is established
22 within the bureau to serve as the prosecutor in all
23 noncriminal enforcement actions initiated by the bureau under
24 this act. The Office of Enforcement Counsel shall:

25 (i) Advise the bureau on all matters related to:

26 (A) The approval of applications for a license,
27 permit or other authorization to engage in a
28 regulated activity under this act.

29 (B) The conduct of background investigations.

30 (C) The performance of audits and inspections of

1 cannabis entity licensees, permittees and other
2 persons authorized to engage in a regulated activity
3 under this act.

4 (D) The investigation of potential violations of
5 this act or regulations of the board.

6 (ii) On behalf of the bureau, file recommendations
7 and objections relating to the issuance of licenses,
8 permits and other authorizations issued by the board to
9 engage in a regulated activity under this act.

10 (iii) Initiate, at its sole discretion, proceedings
11 for noncriminal violations of this act by filing a
12 complaint or other pleading with the board.

13 (2) The board shall appoint a person to serve as the
14 director of the Office of Enforcement Counsel who shall be an
15 attorney admitted to practice before the Pennsylvania Supreme
16 Court. The director of the Office of Enforcement Counsel
17 shall report to the executive director of the board.

18 (3) If it becomes necessary for the chief counsel or a
19 member to become involved on behalf of the board in an
20 enforcement proceeding, the chief counsel or the member shall
21 be prohibited from participating in the adjudication of that
22 matter and shall designate an appropriate employee or
23 employees of the board to exercise adjudicatory functions.

24 (e) Powers and duties of Pennsylvania State Police.--The
25 Pennsylvania State Police shall have the following powers and
26 duties:

27 (1) To promptly conduct background investigations on
28 persons as requested by the board under section 304. If
29 determined necessary to facilitate the conduct of background
30 investigations, the Pennsylvania State Police may contract

1 with other law enforcement annuitants to assist in the
2 conduct of background investigations under this paragraph.

3 (2) Conduct background investigations of individuals
4 selected by the board to be employed in the following
5 positions and promptly submit the records of the background
6 investigations to the board:

7 (i) Executive director.

8 (ii) Chief counsel.

9 (iii) Director of the Office of Enforcement Counsel.

10 (iv) Director of the bureau.

11 (v) Director of the office.

12 (3) Initiate proceedings for criminal violations of this
13 act.

14 (4) Provide the board with information on the
15 particulars of all proceedings involving the enforcement of
16 criminal violations of this act.

17 (5) Enforce the criminal provisions of this act,
18 including, but not limited to, suspected criminal violations
19 within a cannabis establishment or a parking lot under the
20 control of a cannabis entity licensee, permittee or other
21 person authorized to engage in a regulated activity under
22 this act.

23 (6) Fingerprint an applicant for a license, permit or
24 other authorization or who is authorized to engage in a
25 regulated activity under this act.

26 (7) Exchange fingerprint data with and receive national
27 criminal history record information from the Federal Bureau
28 of Investigation for use in reviewing applications for a
29 license, permit or other authorization to engage in a
30 regulated activity under this act.

1 (8) Receive information and take appropriate action on a
2 referral from the bureau relating to actual or alleged
3 criminal conduct.

4 (9) Require the production of any information,
5 documents, records, material and other data from an
6 applicant, licensee, permittee or other person seeking
7 approval from the board to engage in a regulated activity
8 under this act.

9 (f) Initiation of criminal action.--The following apply:

10 (1) The district attorneys of the several counties shall
11 have authority to investigate and institute criminal
12 proceedings for a violation of this act.

13 (2) In addition to the authority conferred upon the
14 Attorney General under the act of October 15, 1980 (P.L.950,
15 No.164), known as the Commonwealth Attorneys Act, the
16 Attorney General shall have the authority to investigate and,
17 following consultation with the appropriate district
18 attorney, institute criminal proceedings for a violation of
19 this act. A person charged with a violation of this act by
20 the Attorney General shall not have standing to challenge the
21 authority of the Attorney General to investigate or prosecute
22 the case, and, if a challenge is made, the challenge shall be
23 dismissed and no relief shall be available in the courts of
24 this Commonwealth to the person making the challenge.

25 (3) Nothing in this section shall be construed to limit
26 the existing regulatory or investigative authority of a
27 Commonwealth agency whose functions relate to persons or
28 matters within the scope of this act.

29 (g) Inspection and seizure.--The following apply:

30 (1) The bureau, the department and the Department of

1 Agriculture, upon the request of the board, with or without
2 notice, may do all of the following:

3 (i) Enter, inspect and examine all cannabis
4 establishments' enclosed, locked facilities or areas and
5 other premises of a cannabis entity licensee where
6 cannabis and cannabis products are cultivated or grown,
7 processed, produced, tested, transported, distributed,
8 stored, sold or offered for sale and where records,
9 books, documents or other materials related to regulated
10 activities authorized under this act are prepared, kept
11 or maintained.

12 (ii) Inspect all devices, equipment, including
13 point-of-sale systems, transaction scan devices, weights
14 and measures, computers, including computer hardware and
15 software and associated electronic equipment, and other
16 equipment, devices, materials, and supplies, in, about,
17 upon or around the cannabis establishment or other
18 premises under subparagraph (i).

19 (iii) Seize and summarily remove and impound devices
20 and equipment, including point-of-sale systems,
21 transaction scan devices, weights and measures,
22 computers, including computer hardware and software and
23 associated electronic equipment and other equipment,
24 devices, materials and supplies, from cannabis
25 establishments and premises under subparagraph (i) for
26 the purpose of examination and inspection.

27 (iv) Inspect, examine and audit all books, records,
28 materials and documents pertaining to the regulated
29 activities authorized under this act which are maintained
30 by cannabis entity licensees, permittees and other

1 persons authorized to engage in a regulated activity
2 under this act.

3 (v) Seize, impound or assume physical control of any
4 book, record, material, document, supply, device and
5 equipment, including point-of-sale systems, transaction
6 scan devices, weights and measures, computers, including
7 computer hardware and software, and associated electronic
8 equipment, on the premises of a cannabis establishment or
9 other premises referred to in subparagraph (i).

10 (2) An enclosed, locked facility or area on the premises
11 of a cannabis establishment that is used for the cultivation,
12 processing, producing, storage, testing, distribution,
13 transportation, sale or offering for sale of cannabis or
14 cannabis products shall be subject to random inspections by
15 the board or the bureau or an employee or agent of the board
16 or the bureau.

17 (3) Nothing in this section shall be construed to give
18 the board or the bureau the right of inspection or access to
19 any location, including any building or other structure, on
20 the premises of a cannabis establishment that is not used or
21 intended to be used by the cannabis entity licensee,
22 permittee or other person to engage in a regulated activity
23 under this act.

24 (4) Paragraph (1) shall not be deemed to limit
25 warrantless inspections except in accordance with
26 constitutional requirements or the authority of the Attorney
27 General in matters related to the regulation of cannabis
28 under this act.

29 (5) To further effectuate the purposes of this act, the
30 bureau may obtain administrative warrants for the inspection

1 and seizure of property possessed, controlled, bailed or
2 otherwise held by a licensee, permittee or other person
3 authorized to engage in a regulated activity under this act
4 or an intermediary, subsidiary, affiliate or holding company.

5 (6) The board may request the assistance of the
6 Department of Health and the Department of Agriculture in
7 conducting inspections under this subsection.

8 (h) Information sharing and enforcement referral.--With
9 respect to the administration, supervision and enforcement of
10 this act, the bureau, the department, the Department of
11 Agriculture, the Office of Attorney General or the Pennsylvania
12 State Police may obtain or provide pertinent information
13 regarding applicants, licensees, permittees or other persons
14 engaged in or seeking authorization to engage in a regulated
15 activity under this act from or to law enforcement entities or
16 regulators of cannabis for adult use in other states or
17 jurisdictions, domestic or foreign, and may transmit information
18 received to, from and between each state or jurisdiction
19 electronically.

20 (i) Involvement in proceedings; disqualification.--In the
21 event that the chief counsel or a member of the board becomes
22 involved, on behalf of the board, in an enforcement proceeding,
23 the chief counsel or member, as the case may be, shall be
24 prohibited from participating in the adjudication of the matter.
25 The board shall designate an appropriate individual as necessary
26 to exercise adjudicatory functions.

27 (j) Agency agreements.--As provided under section 305(b)(27)
28 and to facilitate the purposes of this act, the board shall
29 collaborate with the Department of Agriculture, the Department
30 of Health, the Attorney General, the Pennsylvania State Police

1 and any other Commonwealth agency as determined necessary and
2 appropriate by the board to develop guidelines to govern the
3 content and scope of a memoranda of understanding or agreement
4 entered into between the board, the Department of Agriculture,
5 the Department of Health, the Attorney General, the Pennsylvania
6 State Police and any other Commonwealth agency. The guidelines
7 shall include policy statements, procedures or processes to
8 guide the role and jurisdiction of the board, the Department of
9 Agriculture, the Department of Health, the Attorney General, the
10 Pennsylvania State Police and any other Commonwealth agency over
11 an investigation, enforcement action, proceeding or any other
12 matter related to investigation and enforcement which may be
13 initiated under this act and may be subject to the regulatory
14 jurisdiction of one or more of the departments or Commonwealth
15 agencies specified under this section.

16 Section 909. Additional authority and Office of Enforcement
17 Counsel.

18 (a) General rule.--The director of the Office of Enforcement
19 Counsel may petition a court of record having jurisdiction over
20 information in the possession of an agency in this Commonwealth
21 or, if there is no court of record, petition the Commonwealth
22 Court for authorization to review or obtain information in the
23 possession of an agency in this Commonwealth by averring
24 specific facts demonstrating that the agency has in the agency's
25 possession information material to a pending investigation or
26 inquiry being conducted by the bureau under this act and that
27 disclosure or release is in the best interest of the
28 Commonwealth. The petition shall request that the court enter a
29 rule or order directing the agency to show cause why the agency
30 should not be required to disclose to the bureau, or identified

1 employees or agents of the bureau, information in the agency's
2 possession about any pending matter under the jurisdiction of
3 the bureau under this act. If a respondent is a local agency, a
4 copy of a rule or order issued under this section shall be
5 provided to the district attorney of the county in which the
6 local agency is located and the Office of Attorney General. Upon
7 request of a local agency, the district attorney or the Attorney
8 General may elect to enter an appearance to represent the local
9 agency in the proceedings.

10 (b) Procedure.--The filing of a petition under this section
11 and related proceedings shall be in accordance with court rule,
12 including issuance as of course. A party to the proceeding shall
13 not disclose the filing of a petition or answer or the receipt,
14 content or disposition of a rule or order issued under this
15 section without leave of court. A party to the proceedings may
16 request that the record be sealed and proceedings be closed. The
17 court shall grant the request if the court finds that granting
18 the request is in the best interest of a person or the
19 Commonwealth.

20 (c) Court determination.--The following apply:

21 (1) Following review of the record, the court shall
22 grant the relief sought by the director of the Office of
23 Enforcement Counsel, if the court determines that:

24 (i) The agency possesses information material to the
25 investigation or inquiry.

26 (ii) Disclosure or release of the information is in
27 the best interest of the Commonwealth or any person.

28 (iii) Disclosure or release of the information is
29 not otherwise prohibited by statute or regulation.

30 (iv) Disclosure or release of the information would

1 not inhibit the agency possessing the information from
2 the performance of the agency's duties.

3 (2) If the court determines as provided under paragraph
4 (1), the court shall enter an order authorizing and directing
5 the information be made available for review in camera.

6 (d) Release of materials or information.--If, after an in
7 camera review by the court, the director of the Office of
8 Enforcement Counsel seeks to obtain copies of materials in the
9 agency's possession, the court may, if not otherwise prohibited
10 by statute or regulation, enter a rule or order directing that
11 the requested materials be provided. An order authorizing the
12 release of materials or other information in the possession of
13 an agency shall contain directions regarding the safekeeping and
14 use of the materials or other information sufficient to satisfy
15 the court that the materials or information will be sufficiently
16 safeguarded. In making the determination, the court shall
17 consider the input of the agency in possession of the
18 information and any input from the applicable agency with which
19 the information originated concerning any pending investigation
20 or ongoing matter and the safety of persons and property.

21 (e) Modification of order.--If subsequent investigation or
22 inquiry by the bureau warrants modification of an order entered
23 under this section, the director of the Office of Enforcement
24 Counsel may petition the court of jurisdiction to request the
25 modification. Upon request, the court may modify the order at
26 any time and in any manner the court deems necessary and
27 appropriate. The agency named in the original petition shall be
28 given notice and an opportunity to be heard.

29 (f) Use of information or materials.--A person that, by any
30 means authorized by this section, obtained knowledge of

1 information or materials solely under this section may use the
2 information or materials in a manner consistent with directions
3 imposed by the court and appropriate to the proper performance
4 of the person's official duties under this act.

5 (g) Violation.--In addition to any remedies and penalties
6 provided in this act, a violation of this section may be
7 punishable as contempt of the court.

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

11 "Agency." A local agency and a Commonwealth agency.

12 "Local agency." An intergovernmental authority, regional
13 authority, municipal authority, council, board, commission,
14 bureau, office or similar instrumentality or body of a
15 municipality.

16 Section 910. Prohibited acts and penalties.

17 (a) Criminal offenses.--The following apply:

18 (1) The provisions of 18 Pa.C.S. § 4902 (relating to
19 perjury), 4903 (relating to false swearing) or 4904 (relating
20 to unsworn falsification to authorities) shall apply to a
21 person providing information or making a statement, whether
22 written or oral, to the board, the bureau, the department,
23 the Pennsylvania State Police or the Office of Attorney
24 General as may be required under this act.

25 (2) It shall be unlawful for a person to willfully:

26 (i) fail to report, pay or truthfully account for
27 and pay over a license fee, permit fee, authorization
28 fee, tax or assessment imposed under this act or by
29 regulation of the board; or

30 (ii) attempt in any manner to evade or defeat a

1 license fee, authorization fee, permit fee, tax or
2 assessment or other fee imposed under this act or by
3 regulation of the board.

4 (3) It shall be unlawful for a cannabis entity licensee,
5 permittee or other person authorized to engage in a regulated
6 activity under this act to permit the cultivation,
7 processing, packaging, repackaging, handling, delivery,
8 transporting, distribution, storing, testing, sale or
9 offering for sale of cannabis or cannabis products on or from
10 the premises of the cannabis entity's, permittee's or other
11 person's cannabis establishment or cannabis testing
12 laboratory by a person other than a person licensed,
13 permitted or otherwise authorized to engage in a regulated
14 activity under this act.

15 (4) It shall be unlawful for a person to engage in a
16 regulated activity authorized under this act without first
17 obtaining a license, permit or other authorization to engage
18 in a regulated activity under this act from the board.

19 (5) It shall be unlawful for a cannabis retailer
20 licensee to sell or offer for sale cannabis or a cannabis
21 product to an individual under 21 years of age or to allow an
22 individual to enter the cannabis retailer licensee's cannabis
23 establishment without first verifying the age and identity of
24 the individual.

25 (6) It shall be unlawful for an individual under 21
26 years of age to purchase or attempt to purchase cannabis or a
27 cannabis product.

28 (7) Except as provided in this act, it shall be unlawful
29 for a cannabis entity licensee, permittee or other authorized
30 person to engage in a regulated activity under this act after

1 the person's license, permit or other authorization has
2 expired and prior to the actual renewal of the license.

3 (8) It shall be unlawful for a cannabis entity licensee
4 or other person to sell, offer for sale, represent or pass
5 off as lawful cannabis or a cannabis product which was not
6 cultivated, grown, processed or otherwise produced and tested
7 in this Commonwealth as provided under this act and
8 regulations of the board.

9 (9) It shall be unlawful for a person authorized to
10 engage in a regulated activity or any other person to divert
11 or attempt to divert cannabis or cannabis products, except
12 for research purposes, for any unlawful purpose.

13 (10) It shall be unlawful for an individual to work or
14 be employed by a cannabis entity licensee, permittee or other
15 person authorized to engage in a regulated activity under
16 this act in a position which would require the issuance of a
17 license, permit or other authorization under this act without
18 first obtaining the requisite license, permit or other
19 authorization.

20 (11) It shall be unlawful for a cannabis entity
21 licensee, permittee or other person authorized to engage in a
22 regulated activity under this act to employ or continue to
23 employ an individual in a position which requires a license,
24 permit or other authorization to engage in a regulated
25 activity under this act, if the individual:

26 (i) Does not hold a valid license, permit or other
27 authorization issued as provided under this act.

28 (ii) Is prohibited from accepting employment from a
29 cannabis entity licensee, permittee or other person
30 authorized to engage in a regulated activity under this

1 act.

2 (12) It shall be unlawful for an individual under 21
3 years of age to enter and remain in any area of a cannabis
4 establishment, except that an individual 18 years of age or
5 older may be employed by a cannabis entity licensee or a
6 cannabis testing laboratory and the board. An individual 18
7 years of age or older who is employed by a regulatory agency
8 of the Commonwealth that is subject to any provision of this
9 act or who is an emergency responder, as that term is defined
10 in 35 Pa.C.S. § 7332 (relating to definitions), may enter and
11 remain in a cannabis establishment while engaged in the
12 performance of the individual's employment duties or duties
13 as an emergency responder.

14 (13) It shall be unlawful:

15 (i) To knowingly cultivate, process, distribute,
16 deliver, hold, sell or offer for sale cannabis or a
17 cannabis product that is adulterated or misbranded.

18 (ii) To adulterate or misbrand cannabis or a
19 cannabis product.

20 (iii) To knowingly receive in commerce cannabis or a
21 cannabis product which is adulterated or misbranded or to
22 deliver or offer for delivery cannabis or a cannabis
23 product which is adulterated or misbranded for pay or
24 otherwise.

25 (iv) To sell, deliver for sale, hold or offer for
26 sale cannabis or a cannabis product that contains a
27 poisonous or deleterious substance.

28 (v) To refuse to permit during normal business
29 hours, or randomly as provided under section 802, entry
30 to a cannabis establishment or cannabis testing

1 laboratory for the purpose of inspection of or taking of
2 a sample of cannabis or a cannabis product or access to
3 or copying of books, record or other documents as
4 authorized under this act and regulations of the board.

5 (vi) To remove, dispose of or destroy cannabis or a
6 cannabis product in violation of this act.

7 (vii) To alternate, mutilate, destroy, obliterate or
8 remove, in whole or part, the labeling of cannabis or a
9 cannabis product or any other act with respect to
10 cannabis or a cannabis product, if the act is done while
11 the cannabis or cannabis product is held for sale and
12 results in the cannabis or cannabis product being
13 adulterated or misbranded.

14 (viii) To forge, counterfeit, simulate, falsely
15 represent or use without proper authority a label, tag or
16 identification device authorized or required by
17 regulation of the board under this act.

18 (ix) To use by a person to the person's own
19 advantage or reveal, other than to the board, the bureau
20 or the courts when relevant in a judicial proceeding
21 under this act, any information acquired under authority
22 of this act concerning a method, process or technology
23 which is proprietary information or confidential and
24 entitled to protection.

25 (x) To cultivate, process, store, package,
26 repackage, handle, transport, deliver, sell or offer for
27 sale cannabis or cannabis products in a manner which is
28 unsafe and poses a potential hazard to human health in
29 violation of this act or regulations promulgated by the
30 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 (7) or (10) commits a misdemeanor of the third degree. A
12 person that is convicted of a second or subsequent violation
13 of subsection (a)(2), (3), (4), (7) or (10) commits a
14 misdemeanor of the second degree. The following apply:

15 (i) For a first violation of subsection (a)(2), (3),
16 (4), (7) or (10), a person shall, upon conviction, be
17 sentenced to pay a fine of:

18 (A) not more than \$10,000, if the person is an
19 individual;

20 (B) not less than \$100,000 nor more than
21 \$300,000 if the person is a cannabis entity licensee;
22 or

23 (C) not less than \$25,000 nor more than \$75,000
24 if the person is a cannabis testing laboratory or a
25 person, who is not an individual, authorized to
26 engage in a regulated activity under this act.

27 (ii) For a second or subsequent violation of
28 subsection (a)(2), (3), (4), (7) or (10), a person shall,
29 upon conviction, be sentenced to pay a fine of:

30 (A) not more than \$15,000 if the person is an

1 individual;

2 (B) not less than \$500,000 nor more than
3 \$750,000 if the person is a cannabis entity licensee;
4 or

5 (C) not less than \$100,000 nor more than
6 \$200,000 if the person is a cannabis testing
7 laboratory or a person, who is not an individual,
8 authorized to engage in a regulated activity under
9 this act.

10 (3) A cannabis entity licensee or other person that
11 violates subsection (a) (5), (8) or (11) commits a misdemeanor
12 offense and shall, upon conviction, be sentenced to pay a
13 fine of not less than \$1,000 nor more than \$5,000. A person
14 that is convicted of a second or subsequent violation of
15 subsection (a) (5), (8) or (11) commits a misdemeanor of the
16 second degree and shall, upon conviction, be sentenced to pay
17 a fine of not less than \$5,000 nor more than \$7,500.

18 (4) An individual who violates subsection (a) (6) commits
19 a summary offense. The following shall apply:

20 (i) For a first violation of subsection (a) (6), the
21 individual, upon conviction, shall be sentenced to pay a
22 fine of not less than \$100.

23 (ii) For a second or subsequent violation of
24 subsection (a) (6), the individual, upon conviction, shall
25 be sentenced to pay a fine of not less than \$300 nor more
26 than \$500.

27 (iii) A summary offense under this paragraph shall
28 not be a criminal offense of record, shall not be
29 reportable as a criminal act and shall not be placed in
30 the criminal record of the offending individual, if any

1 such record exists.

2 (iv) When an individual is charged with a second or
3 subsequent violation of subsection (a)(6), the court may
4 admit the offender to an adjudication alternative as
5 authorized under 42 Pa.C.S. § 1520 (relating to
6 adjudication alternative program) in lieu of or in
7 addition to the imposition of a fine.

8 (5) A cannabis entity licensee, person authorized to
9 engage in a regulated activity or any other person who
10 violates subsection (a)(9) commits a misdemeanor of the first
11 degree. A second or subsequent violation of subsection (a)(9)
12 constitutes a felony offense. The following shall apply:

13 (i) For a first violation of subsection (a)(9), the
14 cannabis entity licensee, person authorized to engage in
15 a regulated activity or other person shall, upon
16 conviction, be sentenced to pay a fine of not less than
17 \$50,000 nor more than \$100,000 or to a term of
18 imprisonment not to exceed five years, or both.

19 (ii) For a second or subsequent conviction, the
20 cannabis entity licensee, person authorized to engage in
21 a regulated activity or other person shall, upon
22 conviction, be sentenced to pay a fine of not less than
23 \$150,000 nor more than \$300,000 or to a term of
24 imprisonment not to exceed seven years, or both.

25 (6) A cannabis entity licensee or other person
26 authorized to engage in a regulated activity under this act
27 that commits a first violation of subsection (a)(12) commits
28 a misdemeanor and, upon conviction, shall be sentenced to pay
29 a fine of not less than \$10,000. A second or subsequent
30 violation of subsection (a)(12) constitutes a misdemeanor of

1 the second degree and, upon conviction, the person shall be
2 sentenced to pay a fine of not less than \$15,000 nor more
3 than \$20,000.

4 (c) Civil penalties.--In addition to proceeding under any
5 other remedy available at law or in equity for a violation of
6 this act or a rule or regulation adopted or any order issued by
7 the board under this act, the board may assess a civil penalty
8 not to exceed \$50,000 upon a cannabis entity licensee, permittee
9 or other person authorized to engage in a regulated activity
10 under this act for each offense. The following apply:

11 (1) No civil penalty shall be assessed unless the person
12 charged has been given notice and an opportunity for a
13 hearing.

14 (2) In determining the amount of the penalty, the board
15 shall consider the gravity of the violation.

16 (3) If the board finds a violation which did not cause
17 harm to human health or public safety, the board may issue a
18 warning in lieu of assessing a penalty.

19 (4) In case of inability to collect the civil penalty or
20 failure of a person to pay all or any portion of the penalty
21 as the board may determine, the board may refer the matter to
22 the Attorney General, who shall recover the amount by action
23 in the appropriate court.

24 Section 911. Administrative sanctions.

25 (a) Authority to impose administrative sanctions.--The
26 following apply:

27 (1) In addition to any other penalty authorized by law
28 or under this act, the board may impose without limitation
29 the following sanctions upon a licensee, permittee or other
30 person authorized to engage in a regulated activity under

1 this act:

2 (i) Suspend, revoke or refuse to renew the license,
3 permit or other authorization to engage in a regulated
4 activity under this act of a person convicted of a
5 criminal offense under this act or other law which would
6 otherwise disqualify the person from holding the license,
7 permit or other authorization.

8 (ii) Revoke the license, permit or other
9 authorization to engage in a regulated activity under
10 this act of a person determined to have violated this act
11 or regulations promulgated by the board under this act
12 which would otherwise disqualify the person from holding
13 the license, permit or other authorization.

14 (iii) Revoke the license, permit or other
15 authorization to engage in a regulated activity under
16 this act of a person for willfully and knowingly
17 violating or attempting to violate an order of the board
18 directed to the person.

19 (iv) Suspend the license, permit or other
20 authorization of a person pending the outcome of a
21 hearing in a case in which the revocation of a license,
22 permit or authorization to engage in a regulated activity
23 under this act could result.

24 (v) Suspend the license of a cannabis entity
25 licensee for violating or attempting to violate this act
26 or regulations promulgated under this act relating to the
27 operation of the cannabis entity licensee's cannabis
28 establishment.

29 (vi) Order restitution of money or property
30 unlawfully obtained or retained by a licensee, permittee

1 or other person authorized to engage in a regulated
2 activity under this act.

3 (vii) Enter a cease and desist order that specifies
4 the conduct that must be discontinued, altered or
5 implemented by the licensee, permittee or other person
6 authorized to engage in a regulated activity under this
7 act.

8 (viii) Issue a letter of reprimand or censure, which
9 shall be made a permanent part of the file of the
10 licensee, permittee or other person sanctioned.

11 (ix) Assess administrative fines for a violation of
12 this act or a regulation promulgated under this act,
13 which shall not exceed:

14 (A) Fifty thousand dollars for each violation of
15 this act or a regulation promulgated by the board
16 under this act by a cannabis cultivator licensee or
17 cannabis processor licensee or an employee or agent
18 of the cannabis cultivator licensee or cannabis
19 processor licensee.

20 (B) Twenty thousand dollars for each violation
21 of this act or a regulation promulgated by the board
22 under this act by a cannabis retailer licensee or an
23 employee or agent of a cannabis retailer licensee.

24 (C) Fifteen thousand dollars for each violation
25 of this act or a regulation promulgated by the board
26 under this act by a cannabis transporter licensee or
27 an employee or agent of a cannabis transporter
28 licensee.

29 (D) Ten thousand dollars for each violation of
30 this act or a regulation promulgated by the board

1 under this act by a person that holds a permit to
2 operate a cannabis testing laboratory or by an
3 employee or agent of the person.

4 (E) Ten thousand dollars for each violation of
5 this act or a regulation promulgated by the board
6 under this act by a person authorized by the board to
7 engage in a regulated activity under this act.

8 (2) If the board suspends, revokes or refuses to renew a
9 license, permit or other authorization to engage in a
10 regulated activity under this act or assesses a fine or civil
11 penalty, orders restitution, enters a cease and desist order
12 or issues a letter of reprimand or censure, the board shall
13 provide the licensee, permittee or other person with written
14 notification of the decision, including a statement of the
15 reasons for the decision, by certified mail within five
16 business days of the decision of the board. The licensee,
17 permittee or other person shall have the right to appeal the
18 decision under 2 Pa.C.S. Chs. 5 Subch. A (relating to
19 practice and procedure of Commonwealth agencies) and 7 Subch.
20 A (relating to judicial review of Commonwealth agency
21 action).

22 (3) In addition to a fine imposed under paragraph (1)
23 (ix) or any other fine or penalty that the board may impose
24 under this act or regulations promulgated under this act, if
25 a person violates section 910(a)(2), the board shall impose
26 an administrative penalty of three times the amount of the
27 license fee, permit fee, authorization fee, tax or any other
28 assessment which is evaded and not paid, collected or paid
29 over. This subsection shall be subject to 2 Pa.C.S. Chs. 5
30 Subch. A and 7 Subch. A.

1 (b) Aiding and abetting.--A person that aids, abets,
2 counsels, commands, induces, procures or causes another person
3 to violate this act shall be subject to all sanctions and
4 penalties, both civil and criminal, provided under this act.

5 (c) Continuing offenses.--A violation of this act that is
6 determined to be an offense of a continuing nature shall be
7 deemed to be a separate offense on each event or day during
8 which the violation occurs. Nothing in this section shall be
9 construed to preclude the commission of multiple violations of
10 this act in any one day that establish offenses consisting of
11 separate and distinct acts or violations of this act or
12 regulations promulgated under this act.

13 (d) Property subject to seizure, confiscation, destruction
14 or forfeiture.--Any equipment, device or apparatus, including a
15 point-of-sale system, transaction scan device, weight or
16 measure, computer, including computer hardware, software and
17 associated equipment, supplies, material, cannabis proceeds or
18 substituted proceeds, money or real or personal property used,
19 obtained or received or any attempt to use, obtain or receive
20 any equipment, device or apparatus, supplies, material, cannabis
21 proceeds or substituted proceeds, money or real or personal
22 property in violation of this act shall be subject to 42 Pa.C.S.
23 §§ 5803 (relating to asset forfeiture), 5805 (relating to
24 forfeiture procedure), 5806 (relating to motion for return of
25 property), 5807 (relating to restrictions on use), 5807.1
26 (relating to prohibition on adoptive seizures) and 5808
27 (relating to exceptions).

28 (e) Sanctions.--The following apply:

29 (1) In considering appropriate administrative sanctions
30 against a person for a violation of this act, the board shall

1 consider all of the following:

2 (i) The risk to the public and to the integrity of
3 this Commonwealth's commercial cannabis industry created
4 by the conduct of the person.

5 (ii) The seriousness of the conduct of the person
6 and whether the conduct was purposeful and with knowledge
7 that the conduct was in contravention of this act or
8 regulations promulgated by the board under this act.

9 (iii) Any justification or excuse for the conduct by
10 the person.

11 (iv) The prior history of the particular licensee,
12 permittee or other person authorized to engage in a
13 regulated activity under this act involved with respect
14 to the regulated activity, which resulted in the
15 sanction.

16 (v) The corrective action taken by the cannabis
17 entity licensee, permittee or other person authorized to
18 engage in a regulated activity under this act to prevent
19 future misconduct of the same or a similar nature from
20 reoccurring.

21 (vi) In the case of a monetary penalty, the amount
22 of the penalty in relation to the severity of the
23 misconduct and the financial means of the licensee,
24 permittee or other person authorized to engage in a
25 regulated activity to pay the penalty. The board may
26 impose a schedule or terms of payment of the penalty as
27 the board may deem appropriate.

28 (2) It shall not be a defense to disciplinary action
29 before the board that a person inadvertently, unintentionally
30 or unknowingly violated this act. The factors under paragraph

1 (1) shall only extend to the degree of the penalty to be
2 imposed by the board and not to a finding of a violation.

3 (f) Regulations.--The board shall promulgate regulations to
4 effectuate the purposes of this section.

5 Section 912. General immunities and presumptions.

6 (a) General rule.--Notwithstanding any other provision of
7 law or regulation to the contrary and except as provided in this
8 act or regulation of the board adopted and promulgated under
9 this act, in matters related to the regulation of cannabis under
10 this act, the following apply:

11 (1) A cannabis entity licensee, permittee or other
12 person authorized to engage in a regulated activity under
13 this act shall not be subject to any of the following for
14 engaging in a regulated activity under this act and any rules
15 or regulations promulgated under this act related to the
16 acquisition, possessing, cultivation, processing,
17 distribution, storage, delivery, testing, transfer,
18 transport, supply, sale or offering for sale of cannabis,
19 cannabis products or cannabis paraphernalia:

20 (i) Prosecution.

21 (ii) Search, seizure or inspection, except by the
22 board, the Department of Agriculture, the Department of
23 Health, the Pennsylvania State Police or local law
24 enforcement as provided under this act.

25 (iii) Penalty in any manner, including, but not
26 limited to, civil penalty.

27 (iv) Denial of any right or privilege.

28 (v) Except as provided in section 911,
29 administrative sanction or disciplinary action by a
30 licensing board of the Commonwealth or any other

1 Commonwealth agency.

2 (2) An agent, employee or other person employed or
3 contracted by a cannabis entity licensee shall not be subject
4 to any of the following for working for or contracting with a
5 cannabis retailer licensee as provided under this act and any
6 rules or regulations promulgated by the board under this act:

7 (i) Prosecution.

8 (ii) Search.

9 (iii) Except as provided in this act, a penalty in
10 any manner, including, but not limited to, civil penalty.

11 (iv) Denial or any right or privilege.

12 (v) Disciplinary action by a licensing board of the
13 Commonwealth or any other Commonwealth agency.

14 (b) Seizures and forfeitures and personal use.--

15 Notwithstanding any other provision of law or regulation, any
16 cannabis, cannabis product, cannabis paraphernalia, legal
17 property or interest in legal property that is owned, leased,
18 possessed or otherwise utilized in connection with the use of
19 cannabis or a cannabis product as authorized under this act, or
20 acts incidental to that utilization or use, may not be seized or
21 forfeited. Nothing in this subsection shall be construed to
22 prevent the seizure or forfeiture of cannabis or a cannabis
23 product exceeding the amounts authorized under this act or to
24 prevent seizure or forfeiture if the basis for the seizure or
25 forfeiture is unrelated to the cannabis or cannabis product that
26 is possessed, transferred, transported or used as provided under
27 this act.

28 (c) Searches and probable cause.--Nothing in this act shall
29 preclude the Pennsylvania State Police or a local law
30 enforcement agency from searching a cannabis establishment

1 operated by a cannabis entity licensee, if there is probable
2 cause to believe that the criminal laws of this Commonwealth
3 have been violated and the search is conducted in conformity
4 with the Constitution of the United States, the Constitution of
5 Pennsylvania and other applicable law or regulation.

6 (d) Authority of other State agencies.--Nothing in this act
7 shall preclude the bureau, the department, the Department of
8 Agriculture, the Department of Health, the Attorney General or
9 any other authorized Commonwealth agency from investigating or
10 bringing a civil action against a cannabis entity, licensee,
11 permittee or other person authorized to engage in a regulated
12 activity under this act or an agent or employee of the entity,
13 licensee, permittee or other person, for a violation of a law of
14 this Commonwealth, including, but not limited to, civil rights
15 violations, tax evasion or tax fraud and violations of
16 environmental laws or regulations and consumer protection laws.
17 Section 913. Adoption of State standards and requirements.

18 (a) Minimum standards.--The standards, requirements and
19 rules and regulations related to agricultural products and crop
20 production, health and safety, environmental protection,
21 testing, security, food safety and worker protections
22 promulgated under the laws of this Commonwealth as they relate
23 to the regulation of cannabis and cannabis products shall be the
24 Statewide minimum standards for all cannabis entity licensees,
25 permittees and other persons authorized to engage in a regulated
26 activity under this act, where applicable.

27 (b) Sanctions and disciplinary actions.--In addition to any
28 other violations of this act, the willful or knowing violation
29 of any law of this Commonwealth or local law, ordinance or rule
30 conferring worker protections or legal rights on employees of a

1 cannabis entity licensee, permittee or other person authorized
2 to engage in a regulated activity under this act may be grounds
3 for sanction or disciplinary action under this act.

4 CHAPTER 10

5 FEES AND TAXES

6 Section 1001. Cannabis cultivator and processor privilege tax.

7 (a) Imposition of tax.--The following apply:

8 (1) Beginning on a date occurring after the commencement
9 of the cultivation and processing of cannabis and cannabis
10 products in this Commonwealth, as determined by the board in
11 consultation with the department, or January 1, 2022,
12 whichever is earlier, a tax is imposed upon the privilege of
13 cultivating cannabis and processing cannabis products in this
14 Commonwealth at the rate of 7% of the gross receipts from the
15 first sale of cannabis by a cannabis cultivator and the first
16 sale of cannabis products by a cannabis processor.

17 (2) The sale of cannabis or a cannabis product by a
18 cannabis cultivator or cannabis processor that contains any
19 amount of cannabis or a derivative of cannabis shall be
20 subject to the tax imposed under this subsection on the full
21 selling purchase price of the cannabis.

22 (3) The department may determine the selling price of
23 the cannabis when the seller and purchaser are affiliated
24 persons or when the sale and purchase of the cannabis or
25 cannabis product is not an arm's length transaction.

26 (4) The value of the cannabis or cannabis product, as
27 determined by the department, shall be commensurate with the
28 actual price received for cannabis or a cannabis product of
29 like quality, character and use in the area. If there are no
30 previous sales of the cannabis or cannabis products of like

1 quality, character and use in the same area, the department
2 shall establish a reasonable value based on sales of cannabis
3 or cannabis products of like quality, character and use in
4 other areas of this Commonwealth or in other states or
5 jurisdictions, taking into consideration any other relevant
6 factors that may affect value.

7 (b) Responsibility of imposition.--The tax imposed under
8 this section shall be the sole responsibility of the cannabis
9 cultivator licensee and the cannabis processor licensee and
10 shall not be the responsibility of a subsequent purchaser,
11 including a cannabis processor licensee, cannabis retailer
12 licensee, cannabis microbusiness licensee or cannabis
13 transporter licensee. Nothing in this section shall preclude a
14 cannabis cultivator licensee or cannabis processor licensee from
15 imposing a surcharge on the sale of cannabis or a cannabis
16 product to a purchaser. The surcharge shall be separately listed
17 as an additional charge on the invoice and receipt or other form
18 given to the purchaser confirming the details of the sales
19 transaction.

20 (c) Additional taxing obligations.--The tax imposed under
21 this section shall be in addition to any other occupation,
22 privilege or excise tax imposed by the Commonwealth or a
23 municipality.

24 (d) Rights and privileges.--In the administration of and
25 compliance with this section, the department and a person
26 subject to this section shall:

27 (1) have the same rights, remedies, privileges,
28 immunities, powers and duties;

29 (2) be subject to the same conditions, restrictions,
30 limitations, penalties and definitions of terms; and

1 (3) employ and be subject to the same modes of Article
2 XI of the act of March 4, 1971 (P.L.6, No.2), known as the
3 Tax Reform Code of 1971, as if those provisions were
4 specified in this section.

5 (e) Other taxes imposed.--The tax imposed under this section
6 shall be in addition to any other tax imposed under this
7 chapter.

8 (f) Deposit of proceeds.--All money collected by the
9 department from the tax imposed under subsection (a) shall be
10 deposited into the Cannabis Revenue Fund.

11 Section 1002. Cannabis excise tax.

12 (a) Imposition of tax.--Beginning on the date on which the
13 retail sale of cannabis and cannabis products for personal use
14 commences in this Commonwealth, an excise tax is imposed and
15 assessed upon the sale or possession of cannabis and cannabis
16 products within this Commonwealth at the rate of 13% of the
17 purchase price of each retail sale of cannabis and cannabis
18 products. The tax imposed under this section shall:

19 (1) Be separate and in addition to the tax imposed under
20 section 202 of the act of March 4, 1971 (P.L.6, No.2), known
21 as the Tax Reform Code of 1971, which applies to the retail
22 sales of tangible personal property.

23 (2) Not be part of the total retail price of cannabis or
24 a cannabis product to which the sales and use tax or any
25 local sales and use tax generally apply. The tax must be
26 itemized separately on the sales receipt provided to the
27 cannabis consumer.

28 (3) Be reflected in the retail price list or quoted
29 shelf price in the cannabis retailer's cannabis establishment
30 and in advertising that includes prices for cannabis and

1 cannabis products.

2 (b) Subject of tax.--The purchase of cannabis or a cannabis
3 product that contains any amount of cannabis or any derivative
4 of cannabis is subject to the tax under subsection (a) on the
5 full purchase price of the cannabis or cannabis product. The tax
6 imposed under subsection (a) may not be imposed on a purchase of
7 cannabis or a cannabis product which:

8 (1) Is medical marijuana and subject to taxation under
9 the Medical Marijuana Act.

10 (2) Is a transaction in interstate commerce, to the
11 extent the transaction may not, under Federal and State law,
12 be made the subject of taxation by this Commonwealth.

13 (c) Imposition and benefit of municipalities.--In addition
14 to the tax imposed under subsection (a), there is imposed a tax
15 on the sale or transfer of cannabis and cannabis products by a
16 cannabis cultivator licensee, cannabis processor licensee or
17 other person authorized to engaged in a regulated activity under
18 this act to a cannabis retailer licensee at the rate of 1% of
19 the amount charged by the cannabis cultivator licensee, cannabis
20 processor licensee or other person for the cannabis and cannabis
21 products, which shall accrue at the point-of-sale or at the time
22 of transfer. The tax imposed under this subsection shall be held
23 in trust for and on account of a city having a population of
24 1,000,000 or more, or a county, other than a county wholly
25 within the city, in which the cannabis retailer licensee's
26 cannabis establishment is located.

27 (d) Imposition and other municipalities.--In addition to the
28 taxes imposed under subsections (a) and (c), there is imposed a
29 tax on the sale or transfer of cannabis and cannabis products by
30 a cannabis cultivator licensee, cannabis processor licensee or

1 other person authorized to engaged in a regulated activity under
2 this act to a cannabis retailer licensee at the rate of 3% of
3 the amount charged by the cannabis cultivator licensee, cannabis
4 processor licensee or other person for the cannabis or cannabis
5 products, which shall accrue at the point-of-sale or at the time
6 of sale or transfer. The tax imposed under this subsection shall
7 be held in trust for and on account of a city with a population
8 of less than 1,000,000, or a town, township or incorporated town
9 in which the cannabis retailer licensee's cannabis establishment
10 is located.

11 (e) Bundling of taxable and nontaxable items, prohibition
12 and taxation.--If a cannabis retailer licensee sells cannabis,
13 cannabis concentrate or cannabis products in combination or
14 bundled with items that are not subject to tax under this
15 chapter for one price in violation of section 614(b)(12)(xvii),
16 the tax imposed under this section shall be imposed on the
17 purchase price of the entire bundled product by the cannabis
18 retailer licensee.

19 (f) Collection of tax.--The following apply:

20 (1) The tax imposed under subsection (a) shall be
21 collected from the cannabis consumer by the cannabis retailer
22 licensee at the point-of-sale or transfer at the rate imposed
23 under subsection (a), with respect to cannabis or cannabis
24 products sold by the cannabis retailer to the cannabis
25 consumer, and shall be held in trust for and on account of
26 the Commonwealth and be remitted to the department in
27 accordance with the requirements for remitting sales tax
28 under the Tax Reform Code of 1971.

29 (2) The sale of cannabis or a cannabis product to a
30 purchaser or cannabis consumer who is not a holder of a valid

1 identification card issued under the Medical Marijuana Act is
2 presumed subject to the tax imposed under this section.

3 (3) Cannabis retailers shall collect the tax from
4 purchasers or cannabis consumers by adding the tax to the
5 amount of the purchase price received from the purchaser or
6 cannabis consumer for selling cannabis or a cannabis product
7 to the purchaser or cannabis consumer. The tax, when
8 collected, shall be stated on the invoice, receipt or other
9 form given to the purchaser or cannabis consumer as a
10 distinct item that is separate and apart from the purchase
11 price of the cannabis or cannabis product subject to the
12 transaction.

13 (g) Other taxes imposed.--The tax imposed under this section
14 shall be in addition to all other occupation, privilege or
15 excise taxes imposed under this act or other taxes imposed by
16 the Commonwealth or a political subdivision of the Commonwealth.

17 (h) Burden of proof and liability.--The following apply:

18 (1) Except for medical marijuana, it shall be presumed
19 that all cannabis and cannabis products within this
20 Commonwealth are subject to taxation under this act. The
21 burden of proof that the tax imposed under subsections (a),
22 (c) and (d) have been paid shall be on the person holding the
23 applicable cannabis entity license under this act.

24 (2) Every person holding a cannabis entity license under
25 this act who possesses cannabis and cannabis products upon
26 which the taxes imposed under this section have not been paid
27 shall be liable for the payment of the taxes. The failure of
28 the person to produce to the department or an authorized
29 representative of the department upon demand an invoice for
30 cannabis or cannabis products in the person's possession

1 shall be presumptive evidence that the tax has not been paid
2 and that the person shall be liable for the payment of tax,
3 unless evidence of the invoice or payment is produced within
4 30 days of receipt of notice from the department or a
5 representative of the department demanding evidence of the
6 invoice or payment. The notice may be made electronically or
7 in any other manner as determined by the department.

8 (i) Administration and procedures.--The taxes imposed under
9 this section shall be administered in the manner provided under
10 Article II of the Tax Reform Code of 1971.

11 (j) Deposit of proceeds.--All money received from the tax
12 imposed under subsection (a) shall be deposited into the
13 Cannabis Revenue Fund.

14 (k) Information required by department.--A cannabis entity
15 licensee subject to the tax imposed under this section shall
16 provide the department with all documents, materials, books and
17 records and any other information required by the department
18 under Chapter VIII of Part VI of Article II of the Tax Reform
19 Code of 1971.

20 Section 1003. Registration required.

21 (a) Registration with department.--The following apply:

22 (1) Prior to the commencement of cannabis operations in
23 this Commonwealth, every holder of a valid cannabis entity
24 license under this act, including every person licensed as a
25 cannabis microbusiness or authorized to engage in a regulated
26 activity under this act, shall file an application for
27 registration with the department. An application for
28 registration and an application to renew a registration under
29 this section shall:

30 (i) Be filed electronically on a form prescribed by

1 the department.

2 (ii) Be accompanied by a nonrefundable application
3 fee of \$300.

4 (2) A certificate of registration shall not be
5 assignable or transferable and shall be destroyed immediately
6 upon the certificate holder leaving the position or
7 employment or becoming disqualified to hold the license,
8 permit or other authorization to engage in a regulated
9 activity under this act.

10 (b) Refusal to issue or revocation of certificate.--The
11 department may refuse to issue a certificate of registration to
12 an applicant and shall revoke the certificate of registration of
13 a person who does not possess a valid cannabis entity license,
14 permit or other authorization to engage in a regulated activity
15 under this act issued by the board. The department may refuse to
16 issue a certificate of registration to an applicant that:

17 (1) Is delinquent or has a past-due liability in the
18 payment of any tax owed to the Commonwealth.

19 (2) Has had a certificate of registration or a cannabis
20 entity license revoked within one year from the date on which
21 an application for a certificate of registration was filed
22 with the department.

23 (3) Has had a certificate of registration or a cannabis
24 entity license suspended where the suspension is in effect on
25 the date the application for a certificate of registration is
26 filed or ended less than one year from that date.

27 (4) Has been convicted of a disqualifying conviction
28 under section 601(e) within one year from the date on which
29 the application for a certificate of registration was filed
30 or on which the certificate was issued, as applicable.

1 (5) Willfully fails to file a report or return required
2 under this section.

3 (6) Willfully files, causes to be filed, gives or causes
4 to be given a report, return, certificate or affidavit
5 required under this chapter or under the act of March 4, 1971
6 (P.L.6, No.2), known as the Tax Reform Code of 1971, which is
7 false.

8 (7) Willfully fails to collect or truthfully account for
9 or pay over a tax imposed under this chapter.

10 (c) Term of certificate.--The following apply:

11 (1) A certificate of registration shall be valid for
12 three years from the date of issuance, unless earlier
13 suspended or revoked by the department.

14 (2) The department may, through regulation, extend the
15 term of a certificate of registration if the department
16 determines that a longer term is appropriate to facilitate
17 the purposes and intent of this act. The regulations shall
18 include the conditions consistent with the requirements of
19 this section, under which the terms of a certificate of
20 registration may be extended for a period of time beyond the
21 three-year period specified in this subsection.

22 (3) Upon the expiration of the term stated on a
23 certificate of registration, the certificate shall be null
24 and void unless renewed by the holder as provided under this
25 section.

26 (d) Required notifications.--The following apply:

27 (1) A holder of a certificate of registration issued
28 under this section must notify the department of any changes
29 relating to the status of the certificate holder's cannabis
30 entity license or authorization to engage in a regulated

1 activity or to any of the information contained in the
2 application for registration on file with the department or
3 stated on the certificate of registration.

4 (2) Notification under paragraph (1) must be made on or
5 before the last day of the month in which a change occurs and
6 must be made electronically on a form prescribed by the
7 department.

8 (e) Renewal of certificate.--A certificate of registration
9 issued under this section shall be subject to renewal every
10 three years or at a time from the date of issuance as specified
11 by the department in regulation, if the term of a certificate of
12 registration is subject to a longer term under subsection (c)
13 (2). The application for renewal shall:

14 (1) Be submitted at least 180 days prior to the
15 expiration of the certificate of registration.

16 (2) Include an update of information contained in the
17 initial application and prior renewal applications.

18 (3) Include an application renewal fee, which shall be
19 calculated by the department to reflect the three-year
20 renewal period.

21 (4) Be subject to the same requirements and conditions
22 as an initial application, including grounds for refusal and
23 the payment of the application renewal fee.

24 (f) Penalties.--In addition to any other penalty provided in
25 this act, the following apply:

26 (1) A cannabis entity licensee or other person
27 authorized to engage in a regulated activity under this act
28 who is required to obtain a certificate of registration under
29 this section and who engages in an activity related to the
30 cultivation, processing, distribution, transportation, sale

1 or offering for sale of cannabis or cannabis products without
2 first obtaining a certificate of registration from the
3 department under this section shall be subject to a penalty
4 of \$5,000 for each month or part of a month during which the
5 cannabis entity licensee does not hold a valid certificate of
6 registration. The penalty shall not exceed \$30,000.

7 (2) A cannabis entity licensee to whom cannabis or
8 cannabis products are sold or transferred and a person
9 licensed as a cannabis microbusiness who fails to maintain or
10 make available to the department any records, books,
11 materials or other information required by the department
12 shall be subject to a penalty not to exceed \$500 for the
13 first month or part of a month for which the failure to
14 provide the records, books, materials or other information
15 occurs. The penalty under this paragraph may not be imposed
16 more than once for the same month or part of a month. If the
17 department determines that a failure to maintain or make
18 available records, books, materials or other information
19 required by the department in a month was entirely due to
20 reasonable cause and not willful neglect, the department must
21 remit the penalty for that month to the licensee.

22 Section 1004. Unlawful disclosure and penalty.

23 (a) Disclosure restrictions.--Notwithstanding any other
24 provision of law or regulations and except as may be provided by
25 court order, it shall be unlawful for the department, an officer
26 or employee of the department, an officer or person permitted or
27 otherwise authorized to inspect a return or report or to whom a
28 copy, abstract or portion of a return or report is furnished or
29 to whom information contained in a return or report is furnished
30 or a person that in any manner may acquire knowledge of the

1 contents of a return or report filed under this chapter to
2 disclose, divulge or make known in any manner the content or
3 other information related to the business of the cannabis entity
4 licensee or other person authorized to engage in a regulated
5 activity under this act contained in a return or report required
6 under this chapter. The following apply:

7 (1) The officers charged with the custody of returns or
8 reports submitted by a cannabis entity licensee or other
9 person engaged in a regulated activity under this act shall
10 not be required to produce the returns or reports or evidence
11 of anything contained in the returns or reports in an action
12 or proceeding in court, except on behalf of the Commonwealth,
13 the board or the department in an action or proceeding
14 involving the collection of tax due under this chapter to
15 which the Commonwealth, the board or the department is a
16 party or a claimant or on behalf of a party to an action or
17 proceeding under this chapter, when the returns, reports or
18 facts shown in the returns or reports are directly related to
19 or involved in the action or proceeding or in an action or
20 proceeding related to the regulation or taxation of cannabis
21 and cannabis products on behalf of officers to whom
22 information was supplied as provided in this section.

23 (2) The court may require the production of, and may
24 admit into evidence, the portions of the returns or reports
25 or of the facts shown in the returns or reports which are
26 pertinent only to the action or proceeding.

27 (3) Nothing in this section shall be construed to
28 prohibit:

29 (i) The department, in the department's discretion,
30 from allowing the inspection or delivery of a certified

1 copy of a return or report filed under this chapter or of
2 information contained in a return or report by or to a
3 duly authorized officer or employee of the board, the
4 Attorney General or other legal representative of the
5 Commonwealth if an action or proceeding is recommended or
6 commenced under this chapter in which the return or
7 report or the facts shown in the return or report are
8 directly related.

9 (ii) The inspection of the return or report required
10 under this chapter by the State Treasurer or a duly
11 designated officer or employee of the State Treasurer for
12 purposes of the audit of a refund of a tax paid by the
13 cannabis entity licensee or to prohibit the delivery to
14 the State Treasurer or a duly designated representative
15 of the State Treasurer of a certified copy of a return or
16 report filed by a cannabis entity licensee under this
17 chapter.

18 (iii) The publication of statistics in a manner that
19 would identify particular returns or reports and the
20 information contained in the returns or reports.

21 (iv) The disclosure, for tax administration
22 purposes, to a designated employee of the Office of the
23 Budget or the Treasury Department of information
24 aggregated from the returns filed by all cannabis
25 entities. The department may, at the department's
26 discretion, permit a designated officer of a municipality
27 entitled to receive a distribution of the money received
28 on account of the tax imposed under this chapter or the
29 authorized representative of the officer to inspect a
30 return filed under this chapter or to furnish to the

1 officer or the officer's designated representative an
2 abstract of a return or supply the officer or
3 representative with information concerning specific
4 information contained in a return or disclosed by an
5 investigation of tax liability.

6 (b) Disclosures to other states.--The following apply:

7 (1) The department may adopt and promulgate regulations
8 to govern the inspection of returns or reports made under
9 this chapter by appropriate officers or duly designated
10 representatives of the officers of other states that regulate
11 or tax cannabis and cannabis products for personal use.

12 (2) The department may refuse to provide returns and
13 reports to officers of another state if the laws of the state
14 represented by the officer do not grant substantially similar
15 privileges to the department. Refusal under this paragraph
16 shall not be mandatory.

17 (3) An officer of another state or a designated
18 representative of the officer shall agree not to disclose or
19 divulge in any manner information contained in a return or
20 report received from the department under this subsection. An
21 officer of another state or a designated representative of
22 the officer may transmit information contained in a return or
23 report to an authorized employee or legal representative if
24 necessary to carry out a duty of employment. An authorized
25 employee or legal representative of another state who
26 receives a return or report or an abstract of information
27 contained in a return or report shall be subject to the same
28 restrictions on disclosure of returns and reports as provided
29 under this section.

30 (c) Employee discipline.--An officer or employee of the

1 Commonwealth, the department, the board or the Attorney General
2 who knowingly violates subsection (a) or (b) may be suspended or
3 dismissed from employment and prohibited from holding a public
4 office in this Commonwealth for a period of five years.

5 Section 1005. Violation of tax requirements and administrative
6 penalty.

7 (a) Acts related to taxes.--In addition to any other
8 provision of this act governing the issuance of a license,
9 permit or other authorization to engage in a regulated activity
10 under this act, the board, upon notification by the department,
11 shall refuse the issuance or renewal of a license, permit or
12 other authorization to a person for any of the following
13 violations of this act or the act of March 4, 1971 (P.L.6,
14 No.2), known as the Tax Reform Code of 1971:

15 (1) Failure to file a tax return.

16 (2) Filing a fraudulent return.

17 (3) Failure to pay all or part of a tax or penalty
18 finally determined to be due and payable.

19 (4) Failure to keep books, records, materials or other
20 information or documents required by the department.

21 (5) Failure to secure and display a certificate of
22 registration.

23 (6) Willful violation of any rule or regulation of the
24 department or the board related to the administration and
25 enforcement of tax liability.

26 (b) Correction of violation.--The following apply:

27 (1) Upon notification from the department that a
28 violation under subsection (a) has been corrected or
29 resolved, the board shall notify the licensee, permittee or
30 other person authorized to engage in a regulated activity

1 under this act that the violation has been corrected or
2 resolved.

3 (2) Upon receiving notice from the department under
4 paragraph (1), the board may renew the license, permit or
5 other authorization to engage in a regulated activity under
6 this act or vacate an order of suspension or revocation.

7 (c) Criminal penalties.--A person that violates this chapter
8 shall be subject to the criminal penalties under section 910.

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

12 "Sale." A transfer or possession of title, or both, or an
13 exchange, barter, rental, lease or license to use or consume,
14 conditional or otherwise, in any manner or by any means for a
15 consideration or an agreement to transfer, possess, exchange,
16 barter, rent, lease or license.

17 "Transfer." To grant, convey, hand over, assign, sell,
18 exchange or barter, in any manner or by any means, with or
19 without consideration.

20 CHAPTER 11

21 REVENUE

22 Section 1101. Cannabis Revenue Fund.

23 (a) Establishment of fund.--The Cannabis Revenue Fund is
24 established as a special fund in the Treasury Department.

25 (b) Deposits into fund.--The fund shall consist of proceeds
26 from license fees collected by the board, money collected by the
27 department from the imposition of taxes under this act, money
28 appropriated to the board and the department for implementing,
29 administering and enforcing this act and other money, grants,
30 gifts, donations or contributions from any other source which

1 may be made to the fund.

2 (c) Distributions from the fund.--Money in the Cannabis
3 Revenue Fund shall be expended for the following:

4 (1) Actual and necessary costs incurred by the board for
5 implementing, administering and enforcing this act.

6 (2) Reasonable costs incurred by the department for
7 carrying out the duties under this act. Costs may not exceed
8 5% of the tax revenues collected by the department under this
9 act.

10 (3) Reasonable costs incurred by the Department of
11 Agriculture and the Department of Community and Economic
12 Development in carrying out the powers and duties under this
13 act.

14 (4) Actual and necessary costs incurred by the office
15 related to the administration of incubators and other
16 assistance to qualified social and economic equity
17 applicants, including low-interest and zero-interest loans
18 and grants which may be provided to social and economic
19 equity applicants. The costs incurred under this paragraph
20 may be paid out of money received, including, but not limited
21 to, from a special one-time fee which the board may impose
22 and collect from a cannabis entity licensee whose application
23 for licensure includes a commitment to establish an
24 initiative, program or activity to assist social and economic
25 equity applicants to participate in this Commonwealth's
26 regulated cannabis industry.

27 (5) Reasonable costs incurred by the Pennsylvania State
28 Police and the Office of Attorney General to carry out their
29 duties under this act.

30 (d) Additional distributions.--Beginning with the third

1 calendar year after the effective date of this subsection and
2 continuing through January 1, 2032, for the purposes of this
3 subsection, the sum of \$20,000,000 shall be distributed on an
4 annual basis to pay:

5 (1) Reasonable costs incurred by the board to track and
6 report data related to:

7 (i) The licensing of cannabis entities, including
8 the geographic location, structure and function of
9 licensed cannabis entities, and demographic data,
10 including race, ethnicity and gender, of applicants and
11 licenseholders, including qualified social and economic
12 equity licensees, veterans, service-disabled veteran
13 licensees, disadvantaged farmer-owned small businesses,
14 cannabis microbusinesses and incubators.

15 (ii) Cannabis market prices, illicit market prices,
16 tax structures and rates, including an evaluation of how
17 to best tax cannabis based on potency, and the structure
18 and function of licensed cannabis entities.

19 (iii) Whether additional protections are needed to
20 prevent unlawful monopolies or anticompetitive behavior
21 from occurring in this Commonwealth's regulated cannabis
22 industry and, if so, recommendations as to the most
23 effective measures for preventing the behaviors.

24 (iv) The economic impacts in the private and public
25 sectors, including, but not limited to:

26 (A) Job creation.

27 (B) Workplace safety.

28 (C) Revenue.

29 (D) Taxes generated for State and local budgets.

30 (E) Criminal justice impacts, including, but not

1 limited to, impacts on law enforcement and public
2 health and safety resources, short-term and long-term
3 consequences of involvement in the criminal justice
4 system and State and local government agency
5 administrative costs and revenue.

6 (v) Whether the regulatory agencies tasked with the
7 administration, implementation and enforcement of this
8 act are acting in a manner consistent with the intent and
9 purposes of this act, and whether different agencies
10 might do so more effectively.

11 (vi) Public safety issues related to cannabis use,
12 including, but not limited to, studying the effectiveness
13 of the packaging and labeling requirements and
14 advertising and marketing restrictions contained in this
15 act at preventing underage access to and use of cannabis
16 and cannabis products and studying the health-related
17 effects among users of varying potency levels of cannabis
18 and cannabis products.

19 (vii) Environmental impacts and hazards related to
20 the cultivation of cannabis and the processing of
21 cannabis products.

22 (1.1) The board shall transmit the report under
23 paragraph (1) to the Legislative Reference Bureau for
24 publication in the Pennsylvania Bulletin annually, submit the
25 report to the Governor and the General Assembly and post the
26 report on the board's publicly accessible Internet website.

27 (2) Reasonable costs incurred by the Pennsylvania State
28 Police to track and report data related to infractions,
29 violations or criminal convictions for violations of this
30 act, including reasonable costs incurred by the Pennsylvania

1 State Police to expand and enhance the drug evaluation and
2 classification program and technologies utilized to promote
3 and maintain traffic and highway safety. The Pennsylvania
4 State Police shall transmit the report under this paragraph
5 to the Legislative Reference Bureau for publication in the
6 Pennsylvania Bulletin annually, submit the report to the
7 Governor and the General Assembly and post the report on the
8 publicly accessible Internet website of the Pennsylvania
9 State Police.

10 (3) Reasonable costs incurred by an academic clinical
11 research center under Chapter 20 of the Medical Marijuana Act
12 to conduct clinical research on the medical use of cannabis
13 and evaluate the effect of the regulation of cannabis for
14 personal use on public health. No more than 3% of the money
15 may be used for expenses related to the administrative costs
16 of conducting research. Academic clinical research centers
17 may, if determined appropriate, make recommendations to the
18 board and the General Assembly regarding possible amendments
19 to this act. An academic clinical research center that
20 receives funds under this paragraph shall publish reports of
21 the academic clinical research center's findings biennially,
22 at a minimum, and submit the reports to the board, the
23 Governor and the General Assembly. The board shall make the
24 reports available to the public on the board's publicly
25 accessible Internet website. The research funded under this
26 paragraph shall include, but not be limited to:

27 (i) A description of clinical research activities
28 related to the medical use of cannabis conducted by the
29 academic clinical research center during the reporting
30 period reported in a manner that does not identify or

1 reveal the confidential or proprietary nature of the
2 research.

3 (ii) The impact of cannabis on public health,
4 including health care costs associated with cannabis use,
5 as well as whether cannabis use is associated with an
6 increase or decrease in use of alcohol and other
7 controlled substances.

8 (iii) The use of cannabis or cannabis products for
9 the treatment for substance use disorder and the
10 effectiveness of different treatment programs
11 incorporating the use of cannabis or cannabis products.

12 (iv) Cannabis use rates, maladaptive use rates for
13 adults and youth and diagnosis rates of cannabis-related
14 substance use disorders.

15 (4) After the dispersal of money under paragraphs (1),
16 (2) and (3), money remaining in the fund deposited during the
17 prior fiscal year shall be distributed as follows:

18 (i) Fifteen percent of the money remaining in the
19 fund shall be deposited into the Communities Reimagined
20 and Reinvestment Restricted Account established under
21 section 1102 and shall be used for the purposes provided
22 under section 1102.

23 (ii) Fifteen percent of the money shall be deposited
24 into the Substance Use Disorder Prevention, Treatment and
25 Education Account established under section 1103 and used
26 for the purposes enumerated under section 1103(c).

27 (iii) Seventy percent of the money shall be
28 deposited into the General Fund.

29 (e) Definitions.--As used in this section, the following
30 words and phrases shall have the meanings given to them in this

1 subsection unless the context clearly indicates otherwise:

2 "Fund." The Cannabis Revenue Fund established under
3 subsection (a).

4 Section 1102. Communities Reimagined and Reinvestment
5 Restricted Account.

6 (a) Establishment.--The Communities Reimagined and
7 Reinvestment Restricted Account is established as a restricted
8 account within the Cannabis Revenue Fund.

9 (b) Deposits into account.--Each fiscal year, the State
10 Treasurer, after consultation with the Secretary of the Budget,
11 shall transfer into the account the money received under section
12 1101(d)(4)(i). Money deposited into account along with money
13 which may be appropriated by the General Assembly or which may
14 be otherwise contributed, donated or received from any other
15 source, including the Federal Government, for the purposes of
16 this section are hereby appropriated by the General Assembly to
17 the board to carry out the purposes of this section.

18 (c) Administration of account.--The following apply:

19 (1) The account shall be administered and governed by an
20 advisory committee comprised of 15 members, including the
21 director of the office, who shall be the chairperson.

22 (2) The other members of the advisory committee shall
23 include a representative of the following:

24 (i) The Department of Drug and Alcohol Programs, who
25 shall be the Secretary of Drug and Alcohol Programs or a
26 designee who shall be a deputy secretary concerned with
27 drug or alcohol use disorder, prevention, intervention,
28 rehabilitation and treatment.

29 (ii) The Department of Human Services, who shall be
30 the Secretary of Human Services or a designee who shall

1 be a deputy secretary representing the Office of
2 Children, Youth and Family Services.

3 (iii) The Department of Labor and Industry, who
4 shall be the Secretary of Labor and Industry or a
5 designee who shall be a deputy secretary concerned with
6 job creation.

7 (iv) The director of the Office of Medical
8 Marijuana.

9 (v) The Department of Community and Economic
10 Development, who shall be the Secretary of Community and
11 Economic Development or a designee who shall be a deputy
12 secretary concerned with the administration of the
13 Commonwealth's Opportunity Zone program.

14 (v) The Department of Health, who shall be the
15 Secretary of Health or a designee who shall be a deputy
16 secretary concerned with behavioral and mental health
17 services.

18 (3) Legislative appointees to the advisory board shall
19 include:

20 (i) One member each appointed by the Majority Leader
21 of the Senate and the Minority Leader of the Senate who
22 shall be a person with knowledge and experience in
23 building healthy communities, including social, economic
24 and health equity in underserved communities in this
25 Commonwealth.

26 (ii) One member each appointed by the Majority
27 Leader of the House of Representatives and the Minority
28 Leader of the House of Representatives who shall be a
29 person with knowledge and experience in building healthy
30 communities, including social, economic and health equity

1 in underserved communities in this Commonwealth.

2 (4) The Governor shall appoint five public members to
3 the advisory board and shall make every effort to ensure that
4 individuals appointed will achieve a balanced and diverse
5 representation of the geographic regions and demographics,
6 including age, race, ethnicity and gender, of this
7 Commonwealth and have expertise in job placement,
8 homelessness and housing, behavioral health, substance use
9 disorder treatment and effective rehabilitative treatment for
10 adults and juveniles, and shall include representatives of
11 organizations serving communities impacted by past Federal
12 and State drug policies.

13 (5) The Attorney General, the director of the
14 Pennsylvania Commission on Crime and Delinquency and the
15 Commissioner of Pennsylvania State Police shall serve as ex
16 officio members of the advisory committee.

17 (d) Purpose of advisory board.--In order to address social,
18 racial and economic disparities in the criminal justice system,
19 the advisory board is established to:

20 (1) Directly address the impact of economic
21 disinvestment, environmental discrimination, violence and the
22 historical overuse and discriminatory nature of criminal
23 justice responses in opportunity zones and other identified
24 communities by providing resources to support local design
25 and control of community-based activities and programs to
26 help alleviate these impacts.

27 (2) Directly address and initiate programs designed to
28 substantially reduce the total amount of gun violence and
29 concentrated poverty in designated opportunity zones and
30 other areas of this Commonwealth.

1 (3) Develop policies and programs designed to protect
2 communities from gun violence through targeted investments
3 and intervention programs, including investments and programs
4 in community policing, family violence prevention, community
5 trauma treatment, gun injury victim services, public health
6 prevention activities and mental and behavioral health
7 programs, including trauma-informed care and mindfulness
8 programs to provide tools for personal growth and coping with
9 trauma.

10 (4) Promote economic development, employment
11 infrastructure and capacity building related to the social
12 determinants of health in designated opportunity zones and
13 other areas determined eligible to participate in the
14 programs under this section.

15 (e) Duties of advisory board.--Within 180 days after the
16 effective date of this act, the advisory board, in consultation
17 with the Department of Community and Economic Development, the
18 Department of Health and the Department of Human Services, shall
19 identify communities in designated opportunity zones and other
20 areas of this Commonwealth which may be eligible for grant
21 funding under this section. Local organizations, groups and
22 other persons in the designated opportunity zones and
23 communities may be eligible to apply for grants under this
24 section. In addition to designation as an opportunity zone,
25 qualifications for a Communities Reimagined and Reinvestment
26 Area designation shall be as follows:

27 (1) Based on an analysis of data, communities in this
28 Commonwealth that are high need, underserved,
29 disproportionately impacted by historical economic
30 disinvestment and ravaged by violence, as indicated by the

1 highest rates of gun injury, early mortality, unemployment,
2 child poverty rates and commitments to and returns from the
3 Department of Corrections.

4 (2) The advisory board shall send to the Joint State
5 Government Committee and make publicly available the analysis
6 and identification of areas in this Commonwealth deemed
7 eligible to participate in a Communities Reimagined and
8 Reinvestment program or grant under paragraph (1), and shall
9 recalculate all eligibility data every four years. On an
10 annual basis, the advisory board shall analyze data and
11 indicate if data covering a Communities Reimagined and
12 Reinvestment Area or portion of a Communities Reimagined and
13 Reinvestment Area has, for four consecutive years,
14 substantially deviated from the average of Statewide data on
15 which the original calculation was made to determine
16 eligibility as a Communities Reimagined and Reinvestment
17 Area, including disinvestment, violence, early mortality, gun
18 injury, unemployment, child poverty rates or commitments to
19 or returns from incarceration.

20 (f) Community partnerships.--The advisory board shall
21 develop collaborative partnerships within identified Communities
22 Reimagined and Reinvestment Areas to minimize multiple
23 partnerships per area.

24 (g) Powers of advisory board.--The advisory board may
25 exercise any power, perform any function, take any action or do
26 anything in the furtherance of the advisory board's purposes and
27 goals. Upon the appointment of a quorum of the members, the
28 advisory board, in consultation with the office, shall:

29 (1) Develop a process to solicit applications from
30 persons, groups and organizations in opportunity zones and

1 eligible communities designated as Communities Reimagined and
2 Reinvestment Areas. Groups and organizations eligible for
3 grant awards under this section shall include, but not be
4 limited to:

5 (i) Community-based providers.

6 (ii) Community and economic development
7 organizations.

8 (iii) Hospitals and other health care providers,
9 including mental and behavioral health providers.

10 (iv) Groups and organizations concerned with
11 violence reduction, including gun violence.

12 (v) Groups and organizations engaged in employment
13 training and employment opportunities for first offenders
14 and other individuals returning from incarceration.

15 (vi) Groups and organizations engaged in family and
16 child welfare activities.

17 (vii) Experts in the field of violence reduction and
18 community policing.

19 (viii) Other organizations, groups, providers and
20 experts determined by the advisory board as being
21 essential to the mission and purposes of the advisory
22 board.

23 (2) Develop standard uniform templates for planning and
24 implementation activities to be submitted by Communities
25 Reimagined and Reinvestment Areas to the advisory board.

26 (3) Identify resources sufficient to support the full
27 administration and evaluation of Communities Reimagined and
28 Reinvestment programs, including building and sustaining core
29 program capacity at the community and State levels.

30 (4) Facilitate the provision of training and technical

1 assistance for capacity building for persons, groups and
2 organizations within and among opportunity zones and other
3 communities of this Commonwealth eligible to participate in
4 Communities Reimagined and Reinvestment programs.

5 (5) Review grant applications and approve the
6 distribution of grant money.

7 (6) Develop a performance measurement system that
8 focuses on positive outcomes, identifies negative results and
9 provides recommendations for improvement.

10 (7) Develop a process to support ongoing monitoring and
11 evaluation of Communities Reimagined and Reinvestment
12 programs.

13 (h) Use of money in account.--The money deposited into the
14 account shall be administered by the office and allocated by the
15 advisory board to:

16 (1) Provide grants for qualified community-based
17 nonprofit organizations and approved local government
18 entities for the purpose of reinvesting in communities
19 disproportionately affected by past Federal and State drug
20 policies. Grants shall be used to support:

21 (i) Job placement, job skills services and adult
22 education.

23 (ii) Mental health and behavioral health treatment,
24 including post-traumatic stress disorder.

25 (iii) Substance use disorder treatment.

26 (iv) Housing.

27 (v) Financial literacy and community banking.

28 (vi) Nutrition services.

29 (vii) Services to address adverse childhood
30 experiences.

1 (viii) Afterschool and child care services.

2 (ix) System navigation services.

3 (x) Legal services to address barriers to reentry,
4 including, but not limited to, providing representation
5 and related assistance with expungement, vacatur,
6 substitution and resentencing of cannabis-related
7 convictions.

8 (xi) Linkages to medical care, women's health
9 services, including maternal health, and other community-
10 based supportive services.

11 (2) Money in the account may also be used by the
12 advisory board to award grants to further support the social
13 and economic equity activities created under this act.

14 (i) Reports.--On or before March 1 of the second calendar
15 year following the effective date of this subsection, and each
16 March 1 thereafter, the office shall submit a report to the
17 Governor and the General Assembly on the office's activities
18 under this section. The report shall detail how the money in the
19 account was distributed and utilized during the preceding
20 calendar year. The report shall include:

21 (1) The amount of money available and disbursed from the
22 account.

23 (2) The procedure and process used to award grant funds
24 from the account.

25 (3) The names of the grant recipients, including the
26 business address and other identifying information the office
27 determines necessary and appropriate.

28 (4) The dollar amount awarded to each grant recipient.

29 (5) The purposes for which the grant was awarded to each
30 recipient.

1 (6) A summary financial plan for money in the fund,
2 which shall include estimates of all receipts and all
3 disbursements for the current and succeeding fiscal years and
4 the actual results from the prior fiscal year.

5 (j) Nonlapsing of money.--Any amounts remaining in the
6 account at the end of a fiscal year shall not lapse and shall
7 remain in the account and used for the purposes enumerated in
8 subsection (d).

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

12 "Account." The Communities Reimagined and Reinvestment
13 Restricted Account established under subsection (a).
14 Section 1103. Substance Use Disorder Prevention, Treatment and
15 Education Account.

16 (a) Establishment of account.--The Substance Use Disorder
17 Prevention, Treatment and Education Account is established as an
18 account within the Cannabis Regulatory Fund.

19 (b) Deposits into account.--Each fiscal year, the State
20 Treasurer, after consultation with the Secretary of the Budget,
21 shall transfer into the Substance Use Disorder Prevention,
22 Treatment and Education Account the money received under section
23 1101(d)(4)(ii). Money deposited into the account and money
24 appropriated by the General Assembly or which may be otherwise
25 contributed, donated or received from any other source,
26 including the Federal Government, for the purposes of this
27 section are hereby appropriated by the General Assembly to the
28 Department of Drug and Alcohol Programs to carry out the
29 purposes of this section.

30 (c) Use of money in account.--The money in the Substance Use

1 Disorder Prevention, Treatment and Education Account
2 appropriated to the Department of Drug and Alcohol Programs
3 shall be used for the following purposes:

4 (1) To develop and implement a youth-focused public
5 health education and prevention campaign, including school-
6 based prevention, early intervention and health care services
7 and programs, to reduce the risk of cannabis and other
8 substance use by school-age children from kindergarten to
9 grade 12.

10 (2) To develop and implement a Statewide public health
11 campaign focused on the health effects of cannabis and legal
12 use, including an ongoing education and prevention campaign
13 that educates the general public, including parents,
14 consumers and retailers, on the legal use of cannabis, the
15 importance of preventing youth access, the importance of safe
16 storage, preventing secondhand cannabis smoke exposure,
17 information for pregnant or breastfeeding women and the
18 overconsumption of edible cannabis products.

19 (3) To provide substance use disorder treatment programs
20 for youth and adults, with an emphasis on programs that are
21 culturally and gender competent, trauma-informed, evidence-
22 based and provide a continuum of care that includes screening
23 and assessment, including substance use disorder assessment
24 as well as mental health and behavioral health assessment,
25 early intervention, active treatment, family involvement,
26 case management, overdose prevention, prevention of
27 communicable diseases related to substance use, relapse
28 management for substance use and other co-occurring
29 behavioral health disorders, vocational services, literacy
30 services, parenting classes, family therapy and counseling

1 services, medication-assisted treatments, psychiatric
2 medication, psychotherapy and mindfulness programs.

3 (4) To evaluate the programs being funded under this
4 section to determine the programs' effectiveness.

5 (d) Reports.--The following apply:

6 (1) On or before March 31 of the second calendar year
7 following the initial distribution of money from the account
8 under this section, and each March 31 thereafter, the
9 Secretary of Drug and Alcohol Programs shall compile and
10 submit a report detailing how money in the account was
11 utilized during the preceding fiscal year. The report shall
12 include the following:

13 (i) The amount of money dispersed from the account
14 and the award process used by the Department of Drug and
15 Alcohol Programs to make disbursements.

16 (ii) The recipients of money from the account.

17 (iii) The amount awarded to each recipient.

18 (iv) The purposes for which the awards were granted,
19 including a description of programs and services provided
20 by each recipient.

21 (v) A description or summary of positive outcomes
22 resulting from programs and activities implemented by
23 grant recipients.

24 (vi) A summary financial plan for the money awarded,
25 which shall include estimates of all receipts and all
26 disbursements for the current and succeeding fiscal years
27 and the actual results from the prior fiscal year.

28 (2) The report shall be submitted in paper form or
29 electronically to:

30 (i) The Governor.

1 (ii) The Majority Leader and Minority Leader of the
2 Senate.

3 (iii) The Majority Leader and Minority Leader of the
4 House of Representatives.

5 (e) Definitions.--As used in this section, the following
6 words and phrases shall have the meanings given to them in this
7 subsection unless the context clearly indicates otherwise:

8 "Account." The Substance Use Disorder Prevention, Treatment
9 and Education Account established under subsection (a).

10 Section 1104. Small business recovery grants.

11 (a) Grant program and distribution of funds.--Of the money
12 transferred for deposit into the General Fund under section
13 1101(d)(4), \$25,000,000 shall be allocated, annually, to the
14 Department of Community and Economic Development to provide
15 grants to eligible small businesses through community
16 development financial institutions. Grants awarded to eligible
17 small businesses under this section shall be used to solely
18 assist small businesses to maintain business operations.

19 (b) Eligibility.--The following apply:

20 (1) To be eligible for a grant under this section, a
21 small business must:

22 (i) Apply for or have applied for grant assistance.

23 (ii) Be physically located, certified to do business
24 and generate at least 51% of its revenues in this
25 Commonwealth.

26 (iii) Have reported annual gross revenue of
27 \$1,000,000 or less to the department for calendar year
28 2019.

29 (iv) Have 100 or fewer full-time equivalent
30 employees prior to March 6, 2020.

1 (v) Have been in operation on March 6, 2020, and if
2 applicable, paid Federal and State income taxes, as
3 reported on individual or business Federal and State
4 income tax returns.

5 (vi) Have experienced a reduction in business income
6 activity related to COVID-19 or demonstrate that the
7 small business was actively engaged in business and, as a
8 result of COVID-19 mitigation efforts, temporarily closed
9 operations, which makes the grant request essential to
10 reopening or continuing business operations.

11 (vii) Self-attest that operational expenses are not
12 funded by a private entity.

13 (viii) Agree to operate in accordance with the
14 requirements of applicable Federal, State and local
15 public health mitigation guidance and directives, if the
16 guidance and directives are still in effect.

17 (ix) Have expenses that are necessary to reopen
18 business operations and the expenses are not a Federal,
19 State or local tax, fee, license or other expense imposed
20 by the Federal Government, the Commonwealth or a local
21 government.

22 (2) Demonstration of active engagement in business may
23 be provided by evidence of taxable activity reported to the
24 department or by any other method established by the
25 Department of Community and Economic Development in
26 collaboration with the department.

27 (b) Administration.--The Department of Community and
28 Economic Development shall administer this section and shall:

29 (1) Develop all necessary application forms and other
30 documents to be used by eligible businesses to apply for

1 grant funds.

2 (2) Post on the Department of Community and Economic
3 Development's publicly accessible Internet website and submit
4 to the Legislative Reference Bureau for publication in the
5 Pennsylvania Bulletin a notice of all parameters related to
6 grant assistance, including eligibility criteria, application
7 submittal dates, evaluation criteria and reporting and data
8 maintenance requirements.

9 (3) Post on the Department of Community and Economic
10 Development's publicly accessible Internet website and submit
11 to the Legislative Reference Bureau for publication in the
12 Pennsylvania Bulletin a list of the eligible financial
13 institutions that are a part of the CDFI network.

14 (4) Conduct outreach to underrepresented and unserved
15 communities and small businesses, including hospitality
16 businesses, observed from prior grant programs established to
17 assist small businesses that were adversely impacted,
18 economically, because of the COVID-19 pandemic.

19 (5) Ensure equitable distributions of grant funding,
20 including considerations for geographic location and small
21 businesses owned by members of historically disadvantaged
22 communities.

23 (c) Grant awards.--The following apply:

24 (1) Grants awarded to eligible small businesses under
25 this section shall be subject to the availability of funds.

26 (2) An eligible small business may be awarded up to
27 \$75,000 in grant funds.

28 (3) Nonprofit organizations may be eligible to receive
29 funding under this subsection, if the primary business
30 activity of the nonprofit organization satisfies the

1 eligibility requirements under subsection (b).

2 (d) Use of grant funds.--Grants awarded to small businesses
3 under this section may be used for the following purposes:

4 (1) Upgrading physical workplaces to adhere to new
5 safety or sanitation standards, including procuring any
6 required personal protective supplies for employees, patrons
7 and business clients.

8 (2) Updating business plans.

9 (3) Employee costs including payroll, training and
10 onboarding.

11 (4) Rent, lease, mortgage, insurance and utilities
12 payments.

13 (5) Securing inventory, supplies and services for
14 operations.

15 (6) Any other purpose proposed to enhance ongoing
16 business operations.

17 (e) Definitions.--As used in this section, the following
18 words and phrases shall have the meanings given to them in this
19 subsection unless the context clearly indicates otherwise:

20 "CDFI network." The coalition of 17 Pennsylvania-based
21 community development financial institutions that primarily
22 provide financing options for small businesses.

23 "Community development financial institution" or "CDFI." As
24 defined in section 2501 of the act of June 29, 1996 (P.L.434,
25 No.67), known as the Job Enhancement Act.

26 "COVID-19." The novel coronavirus as identified in the
27 Governor's proclamation of disaster emergency issued on March 6,
28 2020, published at 50 Pa.B. 1644 (March 21, 2020).

29 CHAPTER 12
30 MUNICIPALITIES

1 Section 1201. Provisions specific to municipalities.

2 (a) Required notifications.--The following apply:

3 (1) Not less than 30 days nor more than 180 days prior
4 to filing an application with the board for licensure as a
5 cannabis entity, the applicant shall notify the governing
6 body of the municipality where the licensed cannabis
7 establishment is proposed to be located. Municipal
8 notification shall be made to the governing body by either:

9 (i) certified mail, return receipt requested;

10 (ii) overnight delivery service with proof of
11 mailing; or

12 (iii) personal service upon the offices of the
13 governing body of the municipality.

14 (2) The board shall, by regulation, provide a
15 standardized form that applicants for a cannabis entity
16 license must use to notify municipalities under paragraph
17 (1). The form shall be made available on the board's publicly
18 accessible Internet website in a downloadable print format.
19 The form shall be designed to include the following:

20 (i) The trade name or "doing business as," if any,
21 of the cannabis entity's cannabis establishment.

22 (ii) The full name of the applicant for the cannabis
23 entity license.

24 (iii) The street address of the proposed cannabis
25 establishment, including the floor, suite number or room
26 number, if applicable.

27 (iv) The mailing address of the proposed cannabis
28 establishment, if different than the street address.

29 (v) The name, address and telephone number of the
30 attorney or licensed representative of the applicant, if

1 any.

2 (vi) A statement indicating whether the application
3 is for:

4 (A) a new cannabis establishment;

5 (B) the transfer of an existing cannabis
6 establishment, as approved by the board;

7 (C) a renewal of an existing cannabis
8 establishment; or

9 (D) an alteration of an existing licensed
10 premises.

11 (vii) If the cannabis establishment is a transfer or
12 previously approved cannabis establishment, the name of
13 the old cannabis establishment and the cannabis entity's
14 license number.

15 (viii) In case of the renewal or alteration of an
16 existing cannabis establishment, the license number of
17 the cannabis entity licensee.

18 (ix) The type of cannabis entity license applied
19 for.

20 (b) Board response to municipality.--If the governing body
21 of a municipality expresses an opinion for or against the
22 location of a cannabis establishment within the boundaries of
23 the municipality, the opinion of the governing body shall be
24 deemed part of the record upon which the board makes the
25 decision to approve or disapprove the application. The board
26 shall inform the municipality in writing of the decision,
27 including an explanation of how the opinion of the municipality
28 was considered in approving or disapproving the application for
29 licensure.

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

1 preemption.

2 The following apply:

3 (1) Within 30 days of receipt of notification under
4 section 1201(a) and in lieu of an opinion expressed under
5 section 1201(b), the governing body of the municipality shall
6 have the option to prohibit the location of a licensed
7 cannabis establishment within the municipality by delivery of
8 a resolution of the governing body to the board.

9 (2) No licensed cannabis establishment shall be located
10 in a municipality which has exercised the municipality's
11 option under paragraph (1).

12 (3) The governing body of a municipality that prohibits
13 the location of a licensed cannabis establishment within the
14 municipality under paragraph (1) may rescind that prohibition
15 at any time by delivering a subsequent resolution of the
16 municipality's governing body to the board. The governing
17 body of a municipality that rescinds the initial resolution
18 submitted to the board under paragraph (1) may not
19 subsequently prohibit the location of a licensed cannabis
20 establishment within the boundaries of the municipality.

21 Section 1203. Preemptions.

22 Notwithstanding any provision of this act or any other law or
23 regulation to the contrary, all municipalities are preempted
24 from adopting any rule, ordinance, regulation or prohibition
25 pertaining to the operation or licensure of cannabis
26 establishments. A municipality may adopt local laws or
27 ordinances governing the place and manner a cannabis retailer
28 licensee may open a cannabis establishment for business,
29 provided that the law, ordinance or regulation does not make the
30 operation of a cannabis retailer licensee's cannabis

1 establishment unreasonably impracticable as determined by the
2 board.

3 Section 1204. Local cannabis taxation.

4 (a) Authority to adopt ordinance.--Notwithstanding any
5 provision of this act or law or regulation to the contrary, a
6 municipality may adopt an ordinance imposing a tax on the sale
7 of cannabis and cannabis products by a cannabis retailer
8 licensee whose cannabis establishment is located in the
9 municipality. At the discretion of the municipality, the tax
10 authorized under this subsection may be imposed on:

11 (1) retail sales by a cannabis retailer to cannabis
12 customers who are 21 years of age or older;

13 (2) receipts from the sale of cannabis and cannabis
14 products from one cannabis retailer licensee to another
15 cannabis retailer licensee; or

16 (3) any combination of paragraphs (1) and (2).

17 (b) Rate of tax.--Each municipality may set the
18 municipality's own rate or rates, but in no case shall a rate
19 exceed 2% of the receipts from each sale. A tax imposed by
20 ordinance under this section shall be in addition to any other
21 tax imposed by law.

22 (c) Collection of tax.--The following apply:

23 (1) The tax imposed by ordinance under this section
24 shall be collected and remitted to the municipality by the
25 cannabis retailer licensee.

26 (2) The treasurer or chief financial officer of the
27 municipality shall collect and administer a tax imposed by
28 the municipality under subsection (a).

29 (3) A cannabis retailer licensee required to collect a
30 tax imposed by a municipality under subsection (a) shall be

1 personally liable for the tax imposed, collected or required
2 to be collected.

3 (4) A cannabis retailer licensee shall have the same
4 right with respect to collecting the tax from a cannabis
5 consumer as if the tax were a part of the sale and payable at
6 the same time.

7 (5) A tax imposed by ordinance under subsection (a)
8 shall be separately stated from the purchase price and other
9 taxes on a receipt of sale.

10 (6) A cannabis retailer licensee required to collect a
11 tax imposed by a municipality under subsection (a) shall not
12 advertise or hold out to a person or the general public in
13 any manner, directly or indirectly, that the tax will not be
14 separately charged and stated to the cannabis consumer or
15 that the tax will be refunded to the cannabis consumer.

16 (d) Revenue collected.--The following apply:

17 (1) All money collected from a tax imposed by ordinance
18 under subsection (a) shall be remitted to the treasurer or
19 chief financial officer of the municipality in a manner
20 prescribed by the governing body of the municipality.

21 (2) The municipality shall enforce the payment of
22 delinquent taxes imposed by ordinance under this section in
23 the same manner as provided for municipal real property
24 taxes.

25 (e) Prohibition.--No tax imposed by ordinance under this
26 section shall be levied upon a dispensary as defined in the
27 Medical Marijuana Act.

28 CHAPTER 13

29 PROTECTIONS

30 Section 1301. Protections for personal use of cannabis.

1 The following apply:

2 (1) No licensee, permittee or person authorized to
3 engage in a regulated activity under this act or an employee
4 or agent of the licensee, permittee or other person shall be
5 subject to arrest, prosecution or penalty in any manner, or
6 denied any right or privilege, including, but not limited to,
7 civil liability or disciplinary action by a business,
8 occupational or professional licensing board under 63 Pa.C.S.
9 (relating to professions and occupations) or under any
10 municipal or local ordinance or law, solely for conduct
11 authorized under this act.

12 (2) Notwithstanding any provision of law, regulation or
13 rule of court and for the avoidance of doubt under paragraph
14 (1), the Supreme Court and any disciplinary or character and
15 fitness committees established by law or by court rule shall
16 be considered occupational and professional licensing boards
17 within the meaning of this paragraph.

18 (3) No college or university or landlord may refuse to
19 enroll or lease to or otherwise penalize a person solely for
20 conduct authorized under this act, except if:

21 (i) failing to do so would cause the college,
22 university or landlord to lose a monetary or licensing-
23 related benefit under Federal law or regulation;

24 (ii) the college or university has adopted a code of
25 conduct prohibiting the use of cannabis and cannabis
26 products on the basis of religious belief; or

27 (iii) a property is advertised as smoke-free by the
28 landlord.

29 (4) No employer shall take adverse employment action
30 against an employee for the consumption of cannabis or a

1 cannabis product, unless:

2 (i) The employee's consumption of cannabis or a
3 cannabis product is governed by law or a collective
4 bargaining agreement which:

5 (A) limits or prohibits the consumption of
6 cannabis while performing duties of employment;

7 (B) limits or prohibits the consumption of
8 cannabis as a condition of attaining or maintaining a
9 license, certification or professional status
10 required for employment; or

11 (C) governs the testing and disciplinary
12 procedures related to the use of cannabis or cannabis
13 products by employees.

14 (ii) The employee's consumption of cannabis or a
15 cannabis product is in violation of a law of this
16 Commonwealth or a collective bargaining agreement.

17 (5) An employee shall not face adverse employment
18 actions for consuming cannabis or a cannabis product, if the
19 employee's conduct is authorized under this act, prior to the
20 beginning or after the conclusion of the employee's work
21 hours, off the employer's premises and without the use of the
22 employer's equipment or property.

23 (6) No employer shall take adverse employment action
24 against an applicant for employment or otherwise discriminate
25 against or refuse to interview an applicant for employment
26 for using cannabis, if the applicant's conduct is authorized
27 under this act.

28 (7) The following apply:

29 (i) Nothing in this section shall:

30 (A) Interfere with an employer's obligation to

1 provide a safe and healthy workplace, free from
2 recognized hazards, as required by Federal and State
3 occupation safety and health laws.

4 (B) Require an employer to commit an act that
5 would cause the employer to be in violation of
6 Federal law or that would result in the loss of a
7 Federal contract or Federal funding.

8 (C) Restrict an employer's ability to prohibit
9 or take adverse employment action for the possession
10 or use of intoxicating substances during work hours,
11 or require an employer to commit an act that would
12 cause the employer to be in violation of Federal law
13 or that would result in the loss of a Federal
14 contract or Federal funding.

15 (ii) For the purposes of this section, an employer
16 may consider an employee's ability to perform the
17 employee's job responsibilities to be impaired if, upon
18 reporting to work or while working, there is reasonable
19 suspicion of cannabis impairment which decreases or
20 lessens the employee's ability to perform the duties or
21 tasks of the employee's job position.

22 (iii) For the purpose of this paragraph, the term
23 "adverse employment action" means refusing to hire or
24 employ, barring or discharging from employment, requiring
25 a person to retire from employment or discriminating
26 against an employee in compensation or in terms,
27 conditions or privileges of employment.

28 (8) No person may be denied custody of or visitation or
29 parenting time with a minor for conduct allowed under this
30 act, unless the child's physical, mental or emotional health

1 has been impaired or is in imminent danger of becoming
2 impaired as a result of the person's behavior as established
3 by a preponderance of the evidence. For the purposes of this
4 section, this determination cannot be based solely on
5 whether, when and how often a person uses cannabis or a
6 cannabis product without separate evidence of harm.

7 Section 1302. Lawful actions.

8 (a) Status of contracts.--Contracts related to the operation
9 of a cannabis establishment or the activities of a licensee,
10 permittee or other person authorized to engage in a regulated
11 activity under this act shall be lawful and shall not be deemed
12 unenforceable on the basis that the actions permitted under a
13 license, permit or other authorization to engage in a regulated
14 activity are prohibited by Federal law.

15 (b) Actions deemed lawful.--The following actions are not
16 unlawful as provided under this act, shall not be an offense
17 under State or local law, shall not result in a civil penalty,
18 fine, seizure or forfeiture of assets and shall not be the basis
19 for detention or search against a person acting as provided
20 under this act:

21 (1) Actions of a cannabis licensee, permittee or other
22 person authorized to engage in a regulated activity under
23 this act or the employees or agents of the licensee,
24 permittee or other person authorized under this act and
25 regulations of the board and under a valid license, permit or
26 other authorization issued by the board.

27 (2) Actions of a person that allows property owned by
28 the person to be purchased, leased, rented or otherwise used
29 by a cannabis entity licensee, permittee or other person
30 authorized to engage in a regulated activity under this act

1 and the employees or agents of the licensee, permittee or
2 other person as authorized under this act and regulations of
3 the board and under a valid license, permit or other
4 authorization issued by the board.

5 (3) Actions of a person and the employees or agents of a
6 person providing a service to a cannabis entity licensee,
7 permittee or any other person engaged in a regulated activity
8 or to an applicant for a license, permit or other person
9 seeking authorization to engage in a regulated activity
10 providing a service as provided under this act and
11 regulations of the board relating to the formation and
12 operation of a cannabis establishment or other business
13 related to the operation of a cannabis establishment.

14 (4) The purchase, cultivation, processing, possession or
15 consumption of cannabis and cannabis products as permitted by
16 law and consistent with rules and regulations of the board.

17 Section 1303. Access to criminal history information through
18 Pennsylvania State Police.

19 (a) Authorization.--In connection with the administration of
20 this act, the bureau is authorized to request, receive and
21 review criminal history information through the Pennsylvania
22 State Police with respect to a person seeking a license, permit,
23 certificate, registration or other authorization to engage in a
24 regulated activity under this act to cultivate, process,
25 distribute or sell cannabis and cannabis products as provided
26 under this act.

27 (b) Fingerprinting.--At the board's request, an applicant
28 for a license, permit, certificate, registration or other
29 authorization to engage in a regulated activity under this act
30 or any other person as determined by the board shall submit to

1 fingerprinting by the Pennsylvania State Police as provided
2 under this act.

3 (c) Submission.--Fingerprints submitted to the Pennsylvania
4 State Police under this act may also be submitted to the Federal
5 Bureau of Investigation for a national criminal history record
6 check.

7 (d) Copies.--If additional copies of fingerprints are
8 required, the person subject to fingerprinting shall furnish the
9 additional copies upon request.

10 Section 1304. Cannabis clean slate.

11 (a) General rule.--The following apply:

12 (1) Notwithstanding 18 Pa.C.S. § 9122 (relating to
13 expungement) or any other provision of law or regulation to
14 the contrary, the criminal history record information of a
15 person who has been arrested, indicted or convicted for a
16 violation of section 13(a)(16), (30), (31), (32) or (33) of
17 the act of April 14, 1972 (P.L.233, No.64), known as The
18 Controlled Substance, Drug, Device and Cosmetic Act, where
19 the controlled substance is cannabis, shall be expunged under
20 subsection (b).

21 (2) If a person is serving or has completed serving a
22 sentence for a conviction in this Commonwealth referenced in
23 paragraph (1) which involved cannabis, and the person's
24 conduct was alleged in the indictment or shown or evidenced
25 by a guilty plea or trial verdict or shown by other
26 information, the person's criminal history record shall be
27 automatically expunged if:

28 (i) the conduct alleged and resulting in the
29 conviction would not have been a crime under this act had
30 this act been in effect at the time of the conduct which

1 resulted in the arrest, indictment and conviction; or

2 (ii) under the circumstances, the person would have
3 been guilty of a lesser or potentially less onerous
4 offense under The Controlled Substance, Drug, Device and
5 Cosmetic Act.

6 (iii) The conduct alleged and resulting in the
7 conviction did not involve an act of violence.

8 (b) Expungement process.--The following apply:

9 (1) Within 15 days of the effective date of this act,
10 the Administrative Office of Pennsylvania Courts shall notify
11 the court of common pleas and the district attorneys of each
12 county in this Commonwealth of the expungements of criminal
13 history record information authorized under subsection (a).

14 (2) As soon as administratively practicable, but no
15 later than 30 days after receipt of notification under
16 paragraph (1), the court of common pleas in each county shall
17 collaborate with the district attorney of each county to
18 review and compile a list of all persons, including juvenile
19 offenders, arrested, indicted or convicted for a violation of
20 either section 13(a) (16), (30), (31), (32) or (33) of The
21 Controlled Substance, Drug, Device and Cosmetic Act where the
22 controlled substance is cannabis, and shall submit the list
23 to the Administrative Office of Pennsylvania Courts.

24 (3) No later than 30 days after receipt of the list of
25 persons eligible for expungement submitted under paragraph
26 (2), the Administrative Office of Pennsylvania Courts shall
27 review the list and provide a final list of all persons and
28 criminal history records eligible for expungement.

29 (4) Immediately upon receipt of the list under paragraph
30 (2), the president judge of the court of common pleas in each

1 county shall order the expungement of all criminal history
2 records of persons named on the list and any other records
3 related to the arrest, indictment or conviction of the
4 persons, including administrative records maintained by the
5 Department of Transportation or other Commonwealth agency
6 related to an arrest, indictment or conviction specified in
7 subsection (a) (1).

8 (5) If the Administrative Office of Pennsylvania Courts
9 determines that a record reviewed under paragraph (2) is not
10 eligible for expungement, the Administrative Office of
11 Pennsylvania Courts shall notify the appropriate court of
12 common pleas within 10 days of the finding of ineligibility
13 and the person shall not be named in the final list compiled
14 and submitted by the Administrative Office of the Courts
15 under paragraph (3).

16 (6) Notice of expungement shall promptly be submitted by
17 the court of common pleas to the Pennsylvania State Police's
18 central repository. Upon receipt of the notice, the
19 Pennsylvania State Police shall immediately remove persons
20 named on the list under paragraph (2) from the central
21 repository and notify all criminal justice agencies, the
22 Department of Transportation and any other Commonwealth
23 agency that received criminal history record information
24 subject to expungement under subsection (a) of the names
25 removed from the central repository. The Pennsylvania State
26 Police may make notifications of expungements under this
27 paragraph electronically.

28 (c) Release from confinement.--The court of common pleas
29 that issued an expungement order under subsection (b) (4) for
30 persons currently incarcerated shall transmit to the appropriate

1 county correctional institution or State correctional
2 institution, as defined under 61 Pa.C.S. § 102 (relating to
3 definitions), an order for the immediate release or discharge of
4 a person whose criminal history record has been ordered
5 expunged.

6 (d) Right to petition when eligibility denied.--Nothing in
7 this section shall preclude a person who believes that the
8 person's conviction should be eligible for expungement under
9 this section from filing a petition with the court of record to
10 effectuate all appropriate relief under the applicable
11 provisions of 42 Pa.C.S. (relating to judiciary and judicial
12 procedure) or rules of court adopted by the Supreme Court.

13 (e) Applicability.--This section shall be available, used
14 and applied in parallel fashion by the family court and the
15 criminal courts in juvenile matters, including juvenile
16 delinquency adjudication and other adjudications related to
17 juvenile offenders.

18 (f) Reinstatement of driver's license and other licenses or
19 registrations.--Notwithstanding any provision of law or
20 regulation to the contrary, the following apply:

21 (1) The Department of Transportation shall reinstate a
22 person's driver's license which was suspended or revoked
23 because of a conviction referenced in subsection (a) that is
24 expunged under this section.

25 (2) A license or registration issued by a Commonwealth
26 or local agency which was suspended or revoked under section
27 23 of The Controlled Substance, Drug, Device and Cosmetic Act
28 due to the holder's arrest, indictment or conviction
29 referenced under subsection (a), which is expunged under this
30 section shall be reinstated.

1 (g) Definitions.--As used in this section, the terms
2 "central repository," "criminal history record information,"
3 "criminal justice agency" and "expunge" shall have the meanings
4 given to them in 18 Pa.C.S. § 9102 (relating to definitions).
5 The terms "county correctional institution" and "state
6 correctional institution" shall have the meanings given to them
7 in 61 Pa.C.S. § 102 (relating to definitions).

8 CHAPTER 20

9 MISCELLANEOUS PROVISIONS

10 Section 2001. Transfer of power and duties; Department of
11 Health.

12 (a) Powers and duties transferred to board.--The powers,
13 duties and other obligations imposed upon the Department of
14 Health under the Medical Marijuana Act are hereby conveyed to
15 the Cannabis Regulatory Control Board established under section
16 301. All offices, personnel, allocation, appropriations, money
17 collected with interest accrued, equipment, files, records,
18 contracts, agreements, obligations and other materials which are
19 used, employed or expended in connection with the powers, money,
20 duties or functions of the Department of Health under the
21 Medical Marijuana Act are hereby transferred to the Cannabis
22 Regulatory Control Board established under section 301 with the
23 same force and effect as if the appropriations and money with
24 accrued interest had been made or paid to and the items had been
25 the property of the Cannabis Regulatory Control Board in the
26 first instance, and as if the contracts, agreements and
27 obligations had been incurred or entered into by the Cannabis
28 Regulatory Control Board. The personnel, appropriations, money
29 with accrued interest, equipment and other items and materials
30 transferred by this section shall include any other funds and

1 benefits which may have been donated or contributed to or
2 collected by the Department of Health from any other source or
3 program. All personnel transferred under this act shall retain
4 civil service employment status assigned to the personnel.

5 (b) Status of departmental administrative actions.--All
6 orders, permits, regulations, decisions and other actions of the
7 Department of Health or any department, board, commission or
8 agency whose functions have been transferred by this act to the
9 Cannabis Regulatory Control Board shall remain in full force and
10 effect until modified, repealed, superseded in or otherwise
11 changed by appropriate action of the Cannabis Regulatory Control
12 Board or an act of the General Assembly.

13 Section 2002. Repeals.

14 All acts and parts of acts are repealed insofar as they are
15 inconsistent with this act.

16 Section 2003. Effective date.

17 This act shall take effect immediately.