

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1167 Session of  
2022

INTRODUCED BY DiSANTO, STREET, LAUGHLIN, BREWSTER, GORDNER,  
CAPPELLETTI, REGAN, BOSCOLA, MENSCH, KEARNEY, ROBINSON, MUTH,  
KANE AND HAYWOOD, MARCH 25, 2022

AS REPORTED FROM COMMITTEE ON COMMERCE, HOUSE OF  
REPRESENTATIVES, AS AMENDED, JUNE 22, 2022

AN ACT

1 Amending Title 12 (Commerce and Trade) of the Pennsylvania  
2 Consolidated Statutes, providing for legitimate cannabis-  
3 related business.

4 The General Assembly of the Commonwealth of Pennsylvania  
5 hereby enacts as follows:

6 Section 1. Title 12 of the Pennsylvania Consolidated  
7 Statutes is amended by adding a chapter to read:

8 CHAPTER 55

9 LEGITIMATE CANNABIS-RELATED BUSINESS

10 Sec.

11 5501. Scope of chapter.

12 5502. Definitions.

13 5503. Services to legitimate cannabis-related businesses.

14 5504. Protections for financial institutions, insurers,

15 legitimate cannabis-related businesses and business  
16 associates.

17 5505. Access to information.

1 5506. Required disclosures.

2 5507. Regulations and statements of policy.

3 § 5501. Scope of chapter.

4 This chapter relates to legitimate cannabis-related  
5 businesses.

6 § 5502. Definitions.

7 The following words and phrases when used in this chapter  
8 shall have the meanings given to them in this section unless the  
9 context clearly indicates otherwise:

10 "Business associate." A person that is a customer or  
11 supplier of goods or services to or for the benefit of a  
12 legitimate cannabis-related business or an officer or director,  
13 owner, operator, shareholder, member, employee, agent or  
14 financial backer of a legitimate cannabis-related business.

15 "Cannabis." Any substance defined as "marihuana" by section  
16 102 of the Controlled Substances Act (Public Law 91-513, 84  
17 Stat. 1236) or section 2 of the act of April 14, 1972 (P.L.233,  
18 No.64), known as The Controlled Substance, Drug, Device and  
19 Cosmetic Act. The term shall include hemp.

20 "Cannabis product." A product that contains cannabis, a  
21 cannabis extract or a cannabis concentrate, including, but not  
22 limited to, edible products, beverages, topicals, ointments,  
23 oils, tinctures, capsules, pills, suppositories, inhaled  
24 products, a hemp-derived cannabinoid product or a medical  
25 marijuana product as defined in section 103 of the act of April  
26 17, 2016 (P.L.84, No.16), known as the Medical Marijuana Act.

27 "Depository institution." As follows:

28 (1) a depository institution as defined in section 3(c)  
29 of the Federal Deposit Insurance Act (64 Stat. 873, 12 U.S.C.  
30 § 1811 et seq.);

1           (2) a Federal credit union as defined in section 101 of  
2 the Federal Credit Union Act (48 Stat. 1216, 12 U.S.C. § 1751  
3 et seq.); or

4           (3) a State credit union as defined in section 101 of  
5 the Federal Credit Union Act.

6       "Federal financial regulatory agency." The term includes the  
7 Federal Reserve System, the United States Treasury, the  
8 Comptroller of the Currency, the National Credit Union  
9 Administration, the Federal Deposit Insurance Corporation, the  
10 Securities and Exchange Commission and the Consumer Financial  
11 Protection Bureau.

12       "Financial institution." A depository institution, trust  
13 company, licensee, a person subject to the jurisdiction of the <--  
14 Securities Exchange Commission A FEDERAL FINANCIAL REGULATORY <--  
15 AGENCY or a person subject to the jurisdiction of the Department  
16 of Banking and Securities under the act of December 5, 1972  
17 (P.L.1280, No.284), known as the Pennsylvania Securities Act of  
18 1972.

19       "Financial service."

20           (1) The term includes a financial product or service:

21           (i) as defined by section 1002 of the Dodd-Frank  
22 Wall Street Reform and Consumer Protection Act (Public  
23 Law 111-203, 12 U.S.C. § 5301 et seq.), regardless of  
24 whether the customer receiving the product or service is  
25 a consumer or a commercial entity; or

26           (ii) permitted to be provided under the authority  
27 of:

28           (A) a national bank or a financial subsidiary  
29 under 12 U.S.C. §§ 24 (42 Stat. 767), 24a (113 Stat.  
30 1373) and 92a (76 Stat. 668);

1           (B) a Federal credit union under the Federal  
2 Credit Union Act;

3           (C) an incorporated institution under the act of  
4 November 30, 1965 (P.L.847, No.356), known as the  
5 Banking Code of 1965;

6           (D) a credit union under 17 Pa.C.S. (relating to  
7 credit unions);

8           (E) a person registered, or exempt from  
9 registration, to offer or sell any security, or to  
10 act as a broker, dealer, transfer agency, clearing  
11 agency or investment company under the Investment  
12 Company Act of 1940 (54 Stat. 789, 15 U.S.C. § 80a-1  
13 et seq.);

14           (F) a person registered, or exempt from  
15 registration, to:

16                 (I) offer or sell any security, under the  
17 Securities Act of 1933 (48 Stat. 74, 15 U.S.C. §  
18 77a et seq.);

19                 (II) act as an exchange, a broker, dealer,  
20 transfer agent or clearing agent under the  
21 Securities Exchange Act of 1934 (48 Stat. 881, 15  
22 U.S.C. § 78a et seq.);

23                 (III) act as an investment adviser under the  
24 Investment Advisers Act of 1940 (54 Stat. 847, 15  
25 U.S.C. § 80b-1 et seq.); or

26                 (IV) act as an investment company under the  
27 Investment Company Act of 1940; or

28           (G) a person acting as a broker-dealer, agent,  
29 investment adviser or investment adviser  
30 representative in this Commonwealth under the

1 Pennsylvania Securities Act of 1972.

2 (2) The term includes a service, whether performed  
3 directly or indirectly, authorizing, processing, clearing,  
4 settling, billing, transferring for deposit, transmitting,  
5 delivering, instructing to be delivered, reconciling,  
6 collecting or otherwise effectuating or facilitating the  
7 payments of funds, where funds payments or funds are made or  
8 transferred by any means, including by the use of credit  
9 cards, debit cards or other access devices, accounts,  
10 original or substitute checks or electronic funds transfers.

11 "Hemp." As defined under section 297A of the Agricultural  
12 Marketing Act of 1946 (132 Stat. 4908, 7 U.S.C. § 1639o).

13 "Insurance service." A service authorized to be provided by  
14 an insurer in this Commonwealth.

15 "Insurer." An entity or person authorized by the Insurance  
16 Department to transact the business of insurance in this  
17 Commonwealth or designated as an eligible surplus lines insurer  
18 as defined in section 1602 of the act of May 17, 1921 (P.L.682,  
19 No.284), known as The Insurance Company Law of 1921. The term  
20 includes a person licensed by the Insurance Department to sell,  
21 solicit or negotiate insurance, and that person's officers,  
22 directors, agents and employees.

23 "Legitimate cannabis-related business." A person that  
24 participates in any business or organized activity that involves  
25 handling cannabis or a cannabis product, including cultivating,  
26 producing, manufacturing, selling, transporting, displaying,  
27 dispensing, distributing or purchasing cannabis or a cannabis  
28 product in compliance with Federal law, the laws of this  
29 Commonwealth or a law established by another state.

30 "Licensee." A person defined as a licensee by section 2 of

1 the act of May 15, 1933 (P.L.565, No.111), known as the  
2 Department of Banking and Securities Code.

3 "State." Any state, territory or possession of the United  
4 States, the District of Columbia, the Commonwealth of Puerto  
5 Rico, the Commonwealth of the Northern Mariana Islands, Guam,  
6 American Samoa or the United States Virgin Islands or any  
7 federally recognized Indian tribe as defined by the Secretary of  
8 the Interior under section 104(a) of the Federally Recognized  
9 Indian Tribe List Act of 1994 (Public Law 103-454, 25 U.S.C. §  
10 479a-1).

11 "Trust company." The term includes:

12 (1) a national bank authorized to exercise trust powers  
13 as authorized by 12 U.S.C. § 92a;

14 (2) a trust company as defined by section 102 of the  
15 Banking Code of 1965; or

16 (3) an interstate bank as defined in section 102 of the  
17 Banking Code of 1965 authorized to exercise the powers of a  
18 trust company in this Commonwealth.

19 § 5503. Services to legitimate cannabis-related businesses.

20 (a) Authorization to provide financial services.--A  
21 financial institution authorized to engage in business in this  
22 Commonwealth may provide financial services to or for the  
23 benefit of a legitimate cannabis-related business and the  
24 business associates of a legitimate cannabis-related business  
25 subject to:

26 (1) the laws and regulations applicable to the provision  
27 of financial services to other customers of the financial  
28 institution;

29 (2) any applicable consumer protection laws of this  
30 Commonwealth;

1       (3) any additional requirements applicable to the  
2 institution established for the provision of services to a  
3 legitimate cannabis-related business or its business  
4 associates by a Federal financial regulatory agency, the  
5 Department of Banking and Securities or a financial  
6 regulatory agency of the state under which the institution is  
7 organized; and

8       (4) to the extent the institution is providing services  
9 to a legitimate cannabis-related business or its business  
10 associates in another jurisdiction, any additional  
11 requirements applicable to the institution established for  
12 the provision of the services by a financial regulatory  
13 agency of that jurisdiction.

14       (b) Authorization to provide insurance services.--An insurer  
15 may provide insurance services to or for the benefit of a  
16 legitimate cannabis-related business and the business associates  
17 of a legitimate cannabis-related business subject to:

18       (1) the laws and regulations applicable to the provision  
19 of insurance services to other customers of the insurer;

20       (2) any applicable consumer protection laws of this  
21 Commonwealth;

22       (3) any additional requirements applicable to the  
23 insurer established for the provision of services to a  
24 legitimate cannabis-related business or its business  
25 associates by the Insurance Department; and

26       (4) to the extent the insurer is providing services to a  
27 legitimate cannabis-related business or its business  
28 associates in another jurisdiction, any additional  
29 requirements applicable to the insurer established for the  
30 provision of the services by an insurance regulatory agency

1 of that jurisdiction.

2 (c) No requirement to provide services.--Nothing in this  
3 chapter shall require a depository institution, an entity  
4 performing a financial service for or in association with a  
5 financial institution or an insurer to provide financial or  
6 insurance services to a legitimate cannabis-related business or  
7 the business associates of a legitimate cannabis-related  
8 business or to any other business.

9 § 5504. Protections for financial institutions, insurers,  
10 legitimate cannabis-related businesses and business  
11 associates.

12 (a) Actions of government agencies.--Subject to the  
13 authorizations of section 5503(a) and (b) (relating to services  
14 to legitimate cannabis-related businesses), no agency or  
15 political subdivision of this Commonwealth may:

16 (1) prohibit, penalize or otherwise discourage a  
17 financial institution or insurer from providing financial or  
18 insurance services to a legitimate cannabis-related business  
19 or the business associates of a legitimate cannabis-related  
20 business;

21 (2) recommend, incentivize or encourage a financial  
22 institution or insurer not to offer financial or insurance  
23 services to an account holder, or downgrade or cancel  
24 services provided to the account holder, solely because the  
25 account holder is a legitimate cannabis-related business or a  
26 business associate of a legitimate cannabis-related business;

27 (3) take adverse or corrective supervisory action on a  
28 loan made to a legitimate cannabis-related business or a  
29 business associate of a legitimate cannabis-related business  
30 solely because the loan has been made to a legitimate

1 cannabis-related business or a business associate of a  
2 legitimate cannabis-related business;

3 (4) prohibit or penalize a financial institution or  
4 insurer performing financial or insurance services in  
5 association with another financial institution or insurer  
6 from providing financial or insurance services to a  
7 legitimate cannabis-related business or a business associate  
8 of a legitimate cannabis-related business; or

9 (5) subject the legal interest of a financial  
10 institution in the collateral for a loan or another financial  
11 service provided to a legitimate cannabis-related business or  
12 the business associates of a legitimate cannabis-related  
13 business to civil or criminal forfeiture under any laws of  
14 this Commonwealth or initiate or participate in proceedings  
15 for the civil or criminal forfeiture of a legal interest  
16 under Federal law or under the laws of another state.

17 (b) Enforcement authority.--Nothing in this act CHAPTER <--  
18 shall prevent the Department of Banking and Securities, the  
19 Insurance Department or the Attorney General, in a manner  
20 consistent with the requirements of section 506 of the act of  
21 May 15, 1933 (P.L.565, No.111), known as the Department of  
22 Banking and Securities Code, from undertaking an enforcement  
23 action for compliance with the requirements of section 5503(a)  
24 and (b) in a manner consistent with subsection (a).

25 (c) Criminal prosecution and civil claims.--No financial  
26 institution or insurer, or the directors, officers, employees,  
27 agents, owners, shareholders or members of a financial  
28 institution or insurer, shall be subject to a criminal  
29 prosecution, sanction or claim for damages or any equitable  
30 remedy, solely because the institution or insurer is providing

1 financial or insurance services to or for the benefit of a  
2 legitimate cannabis-related business or the business associates  
3 of a legitimate cannabis-related business.

4 (d) Proceeds of legitimate cannabis-related business  
5 activities.--The proceeds of any transaction involving the  
6 activities of a legitimate cannabis-related business may not be  
7 considered proceeds from an unlawful activity, solely because  
8 the transaction involves the proceeds from a legitimate  
9 cannabis-related business or a business associate of a  
10 legitimate cannabis-related business.

11 (e) Rights and privileges.--No legitimate cannabis-related  
12 business, or a business associate of a legitimate cannabis-  
13 related business, shall be denied any right or privilege by a  
14 State agency solely because of the business's or business  
15 associate's lawful participation in the medical marijuana  
16 program established under the act of April 17, 2016 (P.L.84,  
17 No.16), known as the Medical Marijuana Act.

18 (f) Limited immunity.--If a legitimate cannabis-related  
19 business fails to provide the notice required under section  
20 5506(a) (relating to required disclosures) to a financial  
21 institution or insurer, the financial institution or insurer  
22 shall not be deemed in violation of this chapter solely because  
23 the financial institution or insurer was not notified and  
24 continued to provide services beyond the date at which such  
25 services should or could have been terminated as a result of the  
26 suspension or revocation of the permit, registration or  
27 certification.

28 (G) EXCLUSION.--THIS SECTION SHALL NOT APPLY TO THE  
29 CULTIVATION, PRODUCTION, MANUFACTURE, SALE, TRANSPORTATION,  
30 DISPLAY, DISPENSING, DISTRIBUTION OR PURCHASE OF CANNABIS FOR

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1 RECREATIONAL USE WITHIN THIS COMMONWEALTH IN A MANNER CONTRARY  
2 TO THE ACT OF APRIL 14, 1972 (P.L.233, NO.64), KNOWN AS THE  
3 CONTROLLED SUBSTANCE, DRUG, DEVICE AND COSMETIC ACT, OR TO ANY  
4 ACTIONS IN VIOLATION OF THE MEDICAL MARIJUANA ACT, EXCEPT AS  
5 OTHERWISE PROVIDED BY THIS CHAPTER.

6 § 5505. Access to information.

7 (a) Voluntary disclosures.--Section 1307 of the act of April  
8 17, 2016 (P.L.84, No.16), known as the Medical Marijuana Act,  
9 shall not prohibit the voluntary disclosure of any records or  
10 other information by a legitimate cannabis-related business, or  
11 a business associate to a financial institution or insurer, as  
12 necessary to obtain financial or insurance services to the  
13 extent not prohibited by and consistent with any applicable  
14 requirements of the Health Insurance Portability and  
15 Accountability Act of 1996 (Public Law 104-191, 110 Stat. 1936)  
16 privacy regulation as promulgated by the United States  
17 Department of Health and Human Services under 45 CFR Pts. 160  
18 (relating to general administrative requirements, 162 (relating  
19 to administrative requirements) and 164 (relating to security  
20 and privacy) and 16 CFR Pt. 313 (relating to privacy of consumer  
21 financial information).

22 (b) Restrictions on use of records.--A financial  
23 institution, or insurer receiving access to information under  
24 subsection (a), the distribution of which would otherwise be  
25 prohibited, may only use the information as necessary to satisfy  
26 due diligence obligations required to provide financial or  
27 insurance services to persons participating in the medical  
28 marijuana program established under the Medical Marijuana Act  
29 and may not disclose the information records to other persons  
30 except for information:

1       (1) required for the filing of suspicious activity  
2 reports with the United States Department of the Treasury or  
3 the investigation of related reports;

4       (2) requested by the institution's primary regulator,  
5 the Federal Deposit Insurance Corporation or the National  
6 Credit Union Administration for the purposes of conducting an  
7 examination of the institution;

8       (3) as necessary to respond to court orders or subpoenas  
9 after providing the person authorizing the release of the  
10 records and the institution's primary regulator the  
11 opportunity to object to the order or subpoena; or

12       (4) as authorized by a person who is the subject to the  
13 confidential information.

14 § 5506. Required disclosures.

15       (a) Notification by legitimate cannabis-related business.--  
16 If a legitimate cannabis-related business obtains financial or  
17 insurance services from a financial institution or insurer doing  
18 business in this Commonwealth, the business shall, within five  
19 business days, provide notice to the financial institution or  
20 insurer if a cannabis-related permit, registration or  
21 certification held by the business or its affiliates under  
22 Federal law, the laws of this Commonwealth or a law established  
23 by another state is suspended or revoked.

24       (b) Penalty.--If a legitimate cannabis-related business  
25 fails to give the notice required under subsection (a) to a  
26 financial institution or insurer, the business or business  
27 associate may be assessed a civil penalty up to \$500 per day,  
28 not to exceed \$25,000, until the notice is provided. The  
29 Department of Banking and Securities shall have authorization to  
30 assess civil penalties for failure to give notice under this

1 section to a financial institution, and the Insurance Department  
2 shall have authorization to assess civil penalties for failure  
3 to give the notice under this section to an insurer.

4 § 5507. Regulations and statements of policy.

5 The Department of Banking and Securities and the Insurance  
6 Department may adopt statements of policy or regulations to  
7 implement this chapter and to provide guidance to financial  
8 institutions and insurers providing financial or insurance  
9 services to legitimate cannabis-related businesses and business  
10 associates of a legitimate cannabis-related business.

11 Section 2. The addition of 12 Pa.C.S. §§ 5503 and 5504 shall  
12 apply to the provision of financial or insurance services to a  
13 legitimate cannabis-related business or a business associate of  
14 a legitimate cannabis-related business on or after the effective  
15 date of this section.

16 Section 3. This act shall take effect immediately.