

**SB306 INTRODUCED**



1 SB306  
2 UPZNGXG-1  
3 By Senator Melson  
4 RFD: Agriculture, Conservation, and Forestry  
5 First Read: 09-Apr-24



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SYNOPSIS:

Under existing law, the Alabama Medical Cannabis Commission is responsible for the regulation, licensure, and enforcement of all aspects of the processing and dispensing of medical cannabis, while the Alabama Department of Agriculture and Industries shares responsibility with the commission for the regulation and enforcement of the cultivation of cannabis to be used for medical cannabis products.

This bill would provide that the regulation, licensure, and enforcement functions relating to the cultivation of cannabis are duties of the Alabama Medical Cannabis Commission and would require the Alabama Department of Agriculture and Industries to cooperate with the commission in carrying out these functions.

Under existing law, the Alabama Medical Cannabis Commission may issue five integrated facility licenses, which allows for cultivation, processing, and dispensing of medical cannabis.

This bill would specify a three-step process for the awarding of integrated facility licences. The first step would require a panel appointed by the Alabama Securities Commission to determine if license applicants meet certain basic eligibility requirements



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29 for licensure. The second step would require the review  
30 panel to determine the readiness of the cultivation and  
31 dispensing operations if a license was to be awarded.  
32 The third step would require the Alabama Medical  
33 Cannabis Commission members to score the pool of  
34 remaining eligible applicants on a number of criteria  
35 to ultimately determine the awarding of the licenses.

36 This bill would also provide greater specificity  
37 to the eligibility requirements for integrated license  
38 facility licensure.

39 Under existing law, a medical cannabis license  
40 may be transferred in certain circumstances.

41 This bill would prohibit the transfer of an  
42 integrated facility license.

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A BILL

46

TO BE ENTITLED

47

AN ACT

48

49 Relating to medical cannabis; to amend Sections  
50 20-2A-3, 20-2A-50, 20-2A-51, 20-2A-52, 20-2A-53, 20-2A-57,  
51 20-2A-59, 20-2A-62, and 20-2A-63, Code of Alabama 1975, to  
52 provide that the Alabama Medical Cannabis Commission is  
53 primarily responsible for the regulation, licensure, and  
54 enforcement of cannabis cultivation; to amend Section  
55 20-2A-58, Code of Alabama 1975, to prohibit the transfer of an  
56 integrated facility license; and to amend Section 20-2A-67,



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57 Code of Alabama 1975, to provide for a three-step process in  
58 the awarding of integrated facility licenses and provide  
59 greater specificity in the procedure and in the eligibility  
60 requirements for licensure.

61 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

62 Section 1. It is the intent of this act to:

63 (1) Ensure that the process for selecting integrated  
64 facility licenses adheres to the original intent of Act  
65 2021-450, now codified as Chapter 2A of Title 20, Code of  
66 Alabama 1975;

67 (2) Account for every individual and entity who may  
68 benefit financially from an integrated facility license; and

69 (3) Provide full transparency to the integrated  
70 facility license selection process.

71 Section 2. Sections 20-2A-3, 20-2A-50, 20-2A-51,  
72 20-2A-52, 20-2A-53, 20-2A-57, 20-2A-58, 20-2A-59, 20-2A-62,  
73 20-2A-63, and 20-2A-67, Code of Alabama 1975, are amended to  
74 read as follows:

75 "§20-2A-3

76 As used in this chapter, the following terms have the  
77 following meanings:

78 (1) APPLICANT. The entity or individual seeking a  
79 license under Article 4.

80 (2) BOARD. The State Board of Medical Examiners.

81 (3) CANNABIS. a. Except as provided in paragraph b.,  
82 all parts of any plant of the genus cannabis, whether growing  
83 or not, including the seeds, extractions of any kind from any  
84 part of the plant, and every compound, derivative, mixture,



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85 product, or preparation of the plant.

86 b. The term does not include industrial hemp or hemp  
87 regulated under Article 11 of Chapter 8 of Title 2.

88 (4) COMMISSION. The Alabama Medical Cannabis Commission  
89 created pursuant to Section 20-2A-20.

90 (5) CULTIVATOR. An entity licensed by the ~~Department of~~  
91 ~~Agriculture and Industries~~ commission under Section 20-2A-62  
92 authorized to grow cannabis pursuant to Article 4.

93 (6) DAILY DOSAGE. The total amount of one or more  
94 cannabis derivatives, including, but not limited to,  
95 cannabidiol and tetrahydrocannabinol, which may be present in  
96 a medical cannabis product that may be ingested by a  
97 registered qualified patient during a 24-hour period, as  
98 determined by a registered certifying physician.

99 (7) DEPARTMENT. The Department of Agriculture and  
100 Industries.

101 (8) DISPENSARY. An entity licensed by the commission  
102 under Section 20-2A-64 authorized to dispense and sell medical  
103 cannabis at dispensing sites to registered qualified patients  
104 and registered caregivers pursuant to Article 4.

105 (9) DISPENSING SITE. A site operated by a dispensary  
106 licensee or an integrated facility licensee pursuant to  
107 Article 4.

108 (10) ECONOMIC INTEREST. The rights to either the  
109 capital or profit interests of an applicant or licensee or, if  
110 the applicant or licensee is a corporation, the rights to some  
111 portion of all classes of outstanding stock in the  
112 corporation.



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113 (11) FACILITY or MEDICAL CANNABIS FACILITY. Any  
114 facility, or land associated with a facility, of a licensee.

115 (12) INTEGRATED FACILITY. An entity licensed under  
116 Section 20-2A-67 authorized to perform the functions of a  
117 cultivator, processor, secure transporter, and dispensary  
118 pursuant to Article 4.

119 (13) LICENSEE. A cultivator, processor, secure  
120 transporter, state testing laboratory, dispensary, or  
121 integrated facility licensed by the commission under Article  
122 4.

123 (14) MEDICAL CANNABIS. a. A medical grade product in  
124 the form of any of the following, as determined by rule by the  
125 commission, that contains a derivative of cannabis for medical  
126 use by a registered qualified patient pursuant to this  
127 chapter:

128 1. Oral tablet, capsule, or tincture.

129 2. Non-sugarcoated gelatinous cube, gelatinous  
130 rectangular cuboid, or lozenge in a cube or rectangular cuboid  
131 shape.

132 3. Gel, oil, cream, or other topical preparation.

133 4. Suppository.

134 5. Transdermal patch.

135 6. Nebulizer.

136 7. Liquid or oil for administration using an inhaler.

137 b. The term does not include any of the following:

138 1. Raw plant material.

139 2. Any product administered by smoking, combustion, or  
140 vaping.



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141           3. A food product that has medical cannabis baked,  
142 mixed, or otherwise infused into the product, such as cookies  
143 or candies.

144           (15) MEDICAL CANNABIS CARD. A valid card issued  
145 pursuant to Section 20-2A-36.

146           (16) MEDICAL USE or USE OF MEDICAL CANNABIS or USE  
147 MEDICAL CANNABIS. The acquisition, possession, use, delivery,  
148 transfer, or administration of medical cannabis authorized by  
149 this chapter. The term does not include possession, use, or  
150 administration of cannabis that was not purchased or acquired  
151 from a licensed dispensary.

152           (17) PACKAGE. Any container that a processor may use  
153 for enclosing and containing medical cannabis. The term does  
154 not include any carry-out bag or other similar container.

155           (18) PATIENT REGISTRY. The Alabama Medical Cannabis  
156 Patient Registry System that is an electronic integrated  
157 system that tracks physician certifications, patient  
158 registrations, medical cannabis cards, the daily dosage and  
159 type of medical cannabis recommended to qualified patients by  
160 registered certifying physicians, and the dates of sale,  
161 amounts, and types of medical cannabis that were purchased by  
162 registered qualified patients at licensed dispensaries.

163           (19) PHYSICIAN CERTIFICATION. A registered certifying  
164 physician's authorization for a registered qualified patient  
165 to use medical cannabis.

166           (20) PROCESSOR. An entity licensed by the commission  
167 under Section 20-2A-63 authorized to purchase cannabis from a  
168 cultivator and extract derivatives from the cannabis to



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169 produce a medical cannabis product or products for sale and  
170 transfer in packaged and labeled form to a dispensing site  
171 pursuant to Article 4.

172 (21) QUALIFYING MEDICAL CONDITION. Any of the following  
173 conditions or symptoms of conditions, but only after  
174 documentation indicates that conventional medical treatment or  
175 therapy has failed unless current medical treatment indicates  
176 that use of medical cannabis is the standard of care:

- 177 a. Autism Spectrum Disorder (ASD).
- 178 b. Cancer-related cachexia, nausea or vomiting, weight  
179 loss, or chronic pain.
- 180 c. Crohn's Disease.
- 181 d. Depression.
- 182 e. Epilepsy or a condition causing seizures.
- 183 f. HIV/AIDS-related nausea or weight loss.
- 184 g. Panic disorder.
- 185 h. Parkinson's disease.
- 186 i. Persistent nausea that is not significantly  
187 responsive to traditional treatment, except for nausea related  
188 to pregnancy, cannabis-induced cyclical vomiting syndrome, or  
189 cannabinoid hyperemesis syndrome.
- 190 j. Post Traumatic Stress Disorder (PTSD).
- 191 k. Sickle Cell Anemia.
- 192 l. Spasticity associated with a motor neuron disease,  
193 including Amyotrophic Lateral Sclerosis.
- 194 m. Spasticity associated with Multiple Sclerosis or a  
195 spinal cord injury.
- 196 n. A terminal illness.





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197 o. Tourette's Syndrome.

198 p. A condition causing chronic or intractable pain in  
199 which conventional therapeutic intervention and opiate therapy  
200 is contraindicated or has proved ineffective.

201 (22) REGISTERED CAREGIVER. An individual who meets the  
202 requirements described in subsection (c) of Section 20-2A-30  
203 and is authorized to acquire and possess medical cannabis and  
204 to assist one or more registered qualified patients with the  
205 use of medical cannabis pursuant to this chapter.

206 (23) REGISTERED CERTIFYING PHYSICIAN. A physician  
207 authorized by the State Board of Medical Examiners to certify  
208 patients for the use of medical cannabis under this chapter.

209 (24) REGISTERED QUALIFIED PATIENT. Either of the  
210 following:

211 a. An adult who meets the requirements described in  
212 subsection (a) of Section 20-2A-30 and is authorized to  
213 acquire, possess, and use medical cannabis pursuant to this  
214 chapter.

215 b. A minor who meets the requirements described in  
216 subsection (b) of Section 20-2A-30 and is authorized to use  
217 medical cannabis pursuant to this chapter with the assistance  
218 of a registered caregiver.

219 (25) SECURE TRANSPORTER. An entity licensed by the  
220 commission under Section 20-2A-65 authorized to transport  
221 cannabis or medical cannabis from one licensed facility or  
222 site to another licensed facility or site.

223 (26) STATE TESTING LABORATORY. An entity licensed under  
224 Section 20-2A-66 authorized to test cannabis and medical



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225 cannabis to ensure the product meets safety qualifications  
226 required under this chapter.

227 (27) STATEWIDE SEED-TO-SALE TRACKING SYSTEM. The  
228 tracking system established pursuant to Section 20-2A-54 that  
229 tracks all cannabis and medical cannabis in the state.

230 (28) UNIVERSAL STATE SYMBOL. The image established by  
231 the commission pursuant to Section 20-2A-53 made available to  
232 processors which indicates the package contains medical  
233 cannabis."

234 "§20-2A-50

235 (a) The state hereby preemptively regulates medical  
236 cannabis from ~~seed to sale~~ seed-to-sale and shall reasonably  
237 regulate and control all aspects of the medical cannabis  
238 industry to meet the intent of this chapter. All functions and  
239 activities relating to the production of medical cannabis in  
240 the state shall be licensed, and licenses shall be granted to  
241 integrated facilities, as well as to independent entities in  
242 the following categories: Cultivator, processor, dispensary,  
243 secure transporter, and testing laboratory.

244 (b) The commission shall license, ~~and regulate,~~ and  
245 enforce all aspects of medical cannabis under this article, ~~7~~  
246 ~~excluding cultivation. The Department of Agriculture and~~  
247 ~~Industries shall license and regulate the cultivation of~~  
248 ~~cannabis. For integrated facility licenses, the commission and~~  
249 ~~the department shall enter into a memorandum of understanding~~  
250 ~~relating to the sharing of regulatory and licensing and~~  
251 ~~enforcement authority over licensees with regard to the~~  
252 ~~cultivation function~~ The commission may seek and shall receive



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253 the cooperation of the Department of Agriculture and  
254 Industries in the regulation and enforcement of this article.  
255 The department may recover from the commission the  
256 department's costs of cooperation."

257 "§20-2A-51

258 (a) Where the commission is authorized under this  
259 article to determine the number of licenses of a specific  
260 license category the commission will grant, or increase the  
261 number of licenses of a specific license category to grant,  
262 the commission shall consider the population of the state, the  
263 number of active registered qualified patients, market demand,  
264 the unemployment rate, the need for agricultural and other  
265 business opportunities in communities, access to health care,  
266 infrastructure, and other factors the commission deems  
267 relevant in providing the greatest benefits to the residents  
268 of this state and taking into account the racial and economic  
269 makeup of the state.

270 (b) The commission, ~~and where applicable the~~  
271 ~~department,~~ shall ensure that at least one-fourth of all  
272 licenses, or in the case of Section 20-2A-67, one-fifth of all  
273 licenses, to the extent there is an applicant or applicants  
274 that are qualified under Section 20-2A-67, are awarded to  
275 business entities at least 51 percent of which are owned by  
276 members of a minority group or, in the case of a corporation,  
277 at least 51 percent of the shares of the corporation are owned  
278 by members of a minority group, and are managed and controlled  
279 by members of a minority group in its daily operations. For  
280 purposes of this subsection, "minority group" means



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281 individuals of African American, Native American, Asian, or  
282 Hispanic descent.

283 (c) (1) Notwithstanding any other provision of this  
284 chapter to the contrary, the commission shall not permit a  
285 dispensary to operate a dispensing site in any municipality or  
286 unincorporated area of a county unless the municipality or  
287 county has authorized the operation of dispensing sites within  
288 its boundaries, as provided in subdivision (2).

289 (2) Any county commission, by resolution, may authorize  
290 the operation of dispensing sites in the unincorporated areas  
291 of the county, and the governing body of any municipality, by  
292 ordinance, may authorize the operation of dispensing sites  
293 within the corporate limits of the municipality. The county  
294 commission or municipal governing body shall notify the  
295 commission not more than seven calendar days after adopting  
296 the resolution or ordinance.

297 (3) This subsection does not prohibit a municipality  
298 from adopting zoning ordinances restricting the operation of  
299 dispensing sites within its corporate limits."

300 "§20-2A-52

301 (a) The commission, ~~and the department with regard to~~  
302 ~~cultivation facilities,~~ shall have all powers necessary and  
303 proper to fully and effectively oversee the operation of  
304 medical cannabis facilities licensed pursuant to this article,  
305 including the authority to do all of the following:

306 (1) Investigate applicants for licenses, determine the  
307 eligibility for licenses, and grant licenses to applicants in  
308 accordance with this article and the rules.



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309 (2) Investigate all individuals employed by licensees.

310 (3) At any time, through its investigators, agents, or  
311 auditors, without a warrant and without notice to the  
312 licensee, enter the premises, offices, facilities, or other  
313 places of business of a licensee, if evidence of compliance or  
314 noncompliance with this article or rules is likely to be found  
315 and consistent with constitutional limitations, for the  
316 following purposes:

317 a. To inspect and examine all premises of licensees.

318 b. To inspect and examine relevant records of the  
319 licensee and, if the licensee fails to cooperate with an  
320 investigation, impound, seize, assume physical control of, or  
321 summarily remove from the premises all books, ledgers,  
322 documents, writings, photocopies, correspondence, records, and  
323 videotapes, including electronically stored records, money  
324 receptacles, or equipment in which the records are stored.

325 c. To inspect the person, and inspect or examine  
326 personal effects of an individual who holds a license, while  
327 that individual is present in a medical cannabis facility of  
328 the licensee.

329 d. To investigate alleged violations of this article.

330 (4) Investigate alleged violations of this article or  
331 rules and take appropriate disciplinary action against a  
332 licensee.

333 (5) Require all relevant records of licensees,  
334 including financial or other statements, to be kept on the  
335 premises authorized for operation of the licensee or in the  
336 manner prescribed by the commission.



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337 (6) Eject, or exclude or authorize the ejection or  
338 exclusion of, an individual from the premises of a licensee if  
339 the individual violates this article, rules, or final orders  
340 of the commission; provided, however, the propriety of the  
341 ejection or exclusion is subject to a subsequent hearing by  
342 the commission.

343 (7) Conduct periodic audits of licensees.

344 (8) Take disciplinary action as the commission  
345 considers appropriate to prevent practices that violate this  
346 article and rules.

347 (9) Take any other reasonable or appropriate action to  
348 enforce this article and rules.

349 (b) The commission ~~and department~~ shall adopt rules  
350 addressing the frequency of conducting periodic inspections  
351 and audits of respective licensees.

352 (c) The commission may enter into one or more memoranda  
353 of understanding with law enforcement agencies to assist with  
354 enforcement of this article.

355 (d) The commission ~~and department~~ may seek and shall  
356 receive the cooperation and assistance of the Alabama State  
357 Law Enforcement Agency in conducting criminal background  
358 checks and in fulfilling its responsibilities under this  
359 article. The Alabama State Law Enforcement Agency may recover  
360 its costs of cooperation under this article.

361 (e) The commission ~~and department~~ shall assist any  
362 prosecuting agency in the investigation or prosecution of a  
363 violation of a controlled substances law.

364 (f) Nothing in this article shall affect the authority



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365 of the Alabama Department of Environmental Management to  
366 administer and enforce any existing law over which the Alabama  
367 Department of Environmental Management has jurisdiction."

368 "§20-2A-53

369 (a) The commission, ~~and the department with regard to~~  
370 ~~cultivation~~, shall adopt rules as necessary to implement,  
371 administer, and enforce this article in a timely manner that  
372 allows persons to begin applying for a license by September 1,  
373 2022. Rules must ensure safety, security, and integrity of the  
374 operation of medical cannabis facilities, that do all of the  
375 following for each category of license:

376 (1) Establish operating standards to ensure the health,  
377 safety, and security of the public and the integrity of  
378 medical cannabis facility operations.

379 (2) Require a minimum of two million dollars  
380 (\$2,000,000) of liability and casualty insurance and establish  
381 minimum levels of other financial guarantees, if appropriate,  
382 that licensees must maintain.

383 (3) Establish qualifications and restrictions for  
384 individuals participating in or involved with operating  
385 medical cannabis facilities.

386 (4) Establish an on-site inspection process to be  
387 conducted at each facility of an applicant prior to being  
388 issued a license, as well as ongoing on-site inspections of  
389 the facilities of a licensee.

390 (5) Establish standards or requirements to ensure  
391 cannabis and medical cannabis remain secure at all times,  
392 including, but not limited to, requirements that all



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393 facilities of licensees remain securely enclosed and locked as  
394 appropriate.

395 (6) Subject to Section 20-2A-66, establish testing  
396 standards, procedures, and requirements for medical cannabis  
397 sold at dispensaries.

398 (7) Provide for the levy and collection of fines for a  
399 violation of this article or rules.

400 (8) Establish annual license fees for each type of  
401 license, provided the fee shall be not less than ten thousand  
402 dollars (\$10,000) and not more than fifty thousand dollars  
403 (\$50,000), depending on the category of license.

404 (9) Establish quality control standards, procedures,  
405 and requirements.

406 (10) Establish chain of custody standards, procedures,  
407 and requirements.

408 (11) In compliance with Chapters 27 and 30 of Title 22,  
409 establish standards, procedures, and requirements for waste  
410 product storage and disposal and chemical storage.

411 (12) Establish standards, procedures, and requirements  
412 for securely and safely transporting medical cannabis between  
413 facilities.

414 (13) Establish standards, procedures, and requirements  
415 for the storage of cannabis and medical cannabis.

416 (14) Subject to Section 20-2A-63, establish packaging  
417 and labeling standards, procedures, and requirements for  
418 medical cannabis sold at dispensaries.

419 (15) Establish marketing and advertising restrictions  
420 for medical cannabis products and medical cannabis facilities.





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421 (16) Establish standards and procedures for the  
422 renewal, revocation, suspension, and nonrenewal of licenses.

423 (b) The commission, by rule, shall design a universal  
424 state symbol that is a color image and made available to  
425 licensed processors to include on all packages of medical  
426 cannabis, as required under Section 20-2A-63."

427 "§20-2A-57

428 (a) If any of the following occurs, the commission may  
429 deny, suspend, revoke, or restrict a license:

430 (1) An applicant or licensee fails to comply with this  
431 article or rules.

432 (2) A licensee no longer meets the eligibility  
433 requirements for a license under this article.

434 (3) An applicant or licensee fails to provide  
435 information the commission requests to assist in any  
436 investigation, inquiry, or commission hearing.

437 (b) The commission may impose civil fines of up to five  
438 thousand dollars (\$5,000) against an individual and up to  
439 twenty-five thousand dollars (\$25,000) or an amount equal to  
440 the daily gross receipts, whichever is greater, against a  
441 licensee for each violation of this article, rules, or an  
442 order of the commission. Assessment of a civil fine under this  
443 subsection is not a bar to the investigation, arrest,  
444 charging, or prosecution of an individual for any other  
445 violation of this article and is not grounds to suppress  
446 evidence in any criminal prosecution that arises under this  
447 article or any other law of this state.

448 (c) The commission shall comply with the hearing



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449 procedures of the Administrative Procedure Act when denying,  
450 revoking, suspending, or restricting a license or imposing a  
451 fine. The commission may suspend a license without notice or  
452 hearing upon a determination that the safety or health of  
453 registered qualified patients, registered caregivers, or  
454 employees is jeopardized by continuing a facility's operation.  
455 If the commission suspends a license under this subsection  
456 without notice or hearing, a prompt post-suspension hearing  
457 must be held to determine if the suspension should remain in  
458 effect. The suspension may remain in effect until the  
459 commission determines that the cause for suspension has been  
460 abated. The commission may revoke the license or approve a  
461 transfer or sale of the license upon a determination that the  
462 licensee has not made satisfactory progress toward abating the  
463 hazard.

464 (d) Any party aggrieved by an action of the commission  
465 suspending, revoking, restricting, or refusing to renew a  
466 license, or imposing a fine, shall be given a hearing before  
467 the commission upon request. A request for a hearing must be  
468 made to the commission in writing within 21 days after service  
469 of notice of the action of the commission. Notice of the  
470 action of the commission must be served either by personal  
471 delivery or by certified mail, postage prepaid, to the  
472 aggrieved party. Notice served by certified mail is considered  
473 complete on the business day following the date of the  
474 mailing.

475 (e) The commission may conduct investigative and  
476 contested case hearings; issue subpoenas for the attendance of



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477 witnesses; issue subpoenas duces tecum for the production of  
478 books, ledgers, records, memoranda, electronically retrievable  
479 data, and other pertinent documents; and administer oaths and  
480 affirmations to witnesses as appropriate to exercise and  
481 discharge the powers and duties of the commission under this  
482 article.

483 (f) Any person aggrieved by an action of the commission  
484 ~~or the department~~ under this article, within 30 days after  
485 receiving notice of the action, may appeal the action to the  
486 circuit court in the county where the commission ~~or department~~  
487 is located."

488 "§20-2A-58

489 (a) Each license is exclusive to the licensee. A  
490 license, and any interest in or rights under a license, and  
491 any ownership interest or other beneficial interest in a  
492 licensed entity, may not be sold, transferred, assigned,  
493 conveyed, or otherwise disposed of in any manner, in whole or  
494 in part, voluntarily or involuntarily, directly or indirectly,  
495 except upon application to and approval of the commission.

496 (b) A nonrefundable application fee of two thousand  
497 five hundred dollars (\$2,500) shall be paid to the commission  
498 at the time of filing any transfer request under subsection  
499 (a).

500 (c) The attempted transfer, sale, or other conveyance  
501 of an interest or right in a license, or transfer of an  
502 ownership interest or other beneficial interest in a licensed  
503 entity, without the approval of the commission, shall be  
504 grounds for suspension or revocation of the license or for



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505 other sanction considered appropriate by the commission.

506 (d) Notwithstanding subsections (a) through (c), an  
507 integrated facility license may not be transferred."

508 "§20-2A-59

509 (a) The commission, prior to appointment, employment,  
510 or service for a licensee, shall require all officers,  
511 employees, contractors, and other individuals performing work  
512 of any character who would have access to cannabis, a medical  
513 cannabis facility, or related equipment or supplies, to submit  
514 to a state and national criminal background check. The  
515 commission shall determine the manner in which fingerprints of  
516 the individuals shall be submitted to the Alabama State Law  
517 Enforcement Agency along with a sufficient fee required to  
518 perform the criminal ~~history records~~ background check by the  
519 agency and the Federal Bureau of Investigation.

520 Notwithstanding any state law to the contrary, all records  
521 related to any criminal background check conducted pursuant to  
522 this subsection shall be accessible and made available, upon  
523 request, by the commission.

524 (b) If the criminal background check of a prospective  
525 officer, employee, or contractor indicates a pending charge or  
526 conviction within the past five years for a controlled  
527 substance-related felony or a controlled substance-related  
528 misdemeanor, a licensee may not appoint, hire, or contract  
529 with the prospective officer, employee, or contractor without  
530 written permission of the commission; provided, however, a  
531 licensee shall not consider any conviction overturned on  
532 appeal or any charge that has been expunged pursuant to



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533 Chapter 27 of Title 15.

534 (c) Each licensee shall enter all transactions, current  
535 inventory, and other information into the statewide  
536 seed-to-sale tracking system in accordance with rules adopted  
537 by the commission ~~and the department.~~"

538 "§20-2A-62

539 (a) (1) A cultivator license authorizes all of the  
540 following:

541 a. The cultivation of cannabis.

542 b. The sale or transfer of cannabis to a processor.

543 c. If the cultivator contracts with a processor to  
544 process its cannabis into medical cannabis on the cultivator's  
545 behalf, the sale or transfer of medical cannabis to a  
546 dispensary.

547 (2) A cultivator license authorizes the cultivator to  
548 transfer cannabis only by means of a secure transporter.

549 (b) The commission ~~shall consult with the Department of~~  
550 ~~Agriculture and Industries when determining the number of~~  
551 ~~cultivator licenses to issue, provided the commission~~ shall  
552 issue no more than 12 cultivator licenses.

553 (c) An applicant for a license under this section shall  
554 meet all of the following requirements:

555 (1) Demonstrate the ability to secure and maintain  
556 cultivation facilities.

557 (2) Demonstrate the ability to obtain and use an  
558 inventory control and tracking system as required under  
559 Section 20-2A-60.

560 (3) Demonstrate the ability to commence cultivation of



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561 cannabis within 60 days of application approval notification.

562 (4) Demonstrate the ability to destroy unused or waste  
563 cannabis in accordance with rules adopted by the department.

564 (5) Demonstrate the financial stability to provide  
565 proper testing of individual lots and batches.

566 (d) A licensed cultivator shall comply with all of the  
567 following, in accordance with rules adopted by the  
568 ~~department~~commission:

569 (1) All facilities shall be protected by a monitored  
570 security alarm system, be enclosed, and remain locked at all  
571 times.

572 (2) All individuals entering and exiting facilities  
573 shall be monitored by video surveillance and keypad or access  
574 card entry.

575 (3) All employees may not have any conviction within  
576 the past 10 years for a controlled substance-related felony or  
577 a controlled substance-related misdemeanor other than a  
578 conviction that was overturned on appeal or a charge that was  
579 expunged pursuant to Chapter 27 of Title 15.

580 (4) ~~Cultivatars~~Cultivars selected by a licensee must  
581 be approved by the ~~department~~commission prior to acquisition  
582 of plant material for cultivation.

583 (e) A cultivator shall be subject to inspection by the  
584 ~~department~~commission.

585 (f) The cultivation of cannabis pursuant to this  
586 chapter shall be considered an agricultural purpose for  
587 purposes of Section 40-23-4.

588 (g) Nothing in this section shall be construed to



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589 prohibit the hydroponic growing of cannabis.

590 ~~(h) The department shall consult with the commission~~  
591 ~~when adopting rules pursuant to this article."~~

592 "§20-2A-63

593 (a) (1) A processor license authorizes all of the  
594 following:

595 a. The purchase or transfer of cannabis from a  
596 cultivator.

597 b. The processing of cannabis into medical cannabis  
598 which shall include properly packaging and labeling medical  
599 cannabis products, in accordance with this section.

600 c. The sale or transfer of medical cannabis to a  
601 dispensary.

602 (2) A processor license authorizes the processor to  
603 transfer medical cannabis only by means of a secure  
604 transporter.

605 (b) The commission shall issue no more than four  
606 processor licenses.

607 (c) (1) All medical cannabis products must be medical  
608 grade product, manufactured using documented good quality  
609 practices, and meet Good Manufacturing Practices, such that  
610 the product is shown to meet intended levels of purity and be  
611 reliably free of toxins and contaminants. Medical cannabis  
612 products may not contain any additives other than  
613 pharmaceutical grade excipients.

614 (2) The ~~department~~ commission shall be responsible for  
615 enforcing Good Manufacturing Practices.

616 (d) Medical cannabis products may not be processed into



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617 a form that is attractive to or targets children, including  
618 all of the following which are prohibited:

619 (1) Any product bearing any resemblance to a cartoon  
620 character, fictional character whose target audience is  
621 children or youth, or pop culture figure.

622 (2) Any product bearing a reasonable resemblance to a  
623 product available for consumption as a commercially available  
624 candy.

625 (3) Any product whose design resembles, by any means,  
626 another object commonly recognized as appealing to, or  
627 intended for use by, children.

628 (4) Any product whose shape bears the likeness or  
629 contains characteristics of a realistic or fictional human,  
630 animal, or fruit, including artistic, caricature, or cartoon  
631 rendering.

632 (e) All of the following shall apply to all packages  
633 and labels of medical cannabis products:

634 (1) Labels, packages, and containers shall not be  
635 attractive to minors and may not contain any content that  
636 reasonably appears to target children, including toys, cartoon  
637 characters, and similar images. Packages shall be designed to  
638 minimize appeal to children and must contain a label that  
639 reads: "Keep out of reach of children."

640 (2) All medical cannabis products must be packaged in  
641 child-resistant, tamper-evident containers.

642 (3) All medical cannabis product labels shall contain,  
643 at a minimum, the following information:

644 a. Lot and batch numbers.





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645           b. A license identification number for the cultivator  
646 and a license identification number for the processor.

647           c. Cannabinoids content and potency.

648           d. The universal state symbol printed in color at least  
649 one-half inch by one-half inch in size.

650           (f) The commission shall establish one universal flavor  
651 for all gelatinous cube, cuboid, and lozenge medical cannabis  
652 products.

653           (g) The following statement shall be included on each  
654 label, if space permits, or as an insert within the package:  
655 "WARNING: This product may make you drowsy or dizzy. Do not  
656 drink alcohol with this product. Use care when operating a  
657 vehicle or other machinery. Taking this product with  
658 medication may lead to harmful side effects or complications.  
659 Consult your physician before taking this product with any  
660 medication. Women who are breastfeeding, pregnant, or plan to  
661 become pregnant should discuss medical cannabis use with their  
662 physicians."

663           (h) Any advertisement and any package or label may not  
664 contain any false statement or statement that advertises  
665 health benefits or therapeutic benefits of medical cannabis.

666           (i) The commission may require the implementation of a  
667 digital image such as a QR Code for purposes of tracking  
668 medical cannabis products. The digital image must interface  
669 with the statewide seed-to-sale tracking system.

670           (j) The commission shall determine what information  
671 from the label shall be entered into the statewide  
672 seed-to-sale tracking system."



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673 "§20-2A-67

674 (a) An integrated facility license authorizes all of  
675 the following:

676 (1) The cultivation of cannabis.

677 (2) The processing of cannabis into medical cannabis,  
678 including proper packaging and labeling of medical cannabis  
679 products.

680 (3) The dispensing and sale of medical cannabis only to  
681 a registered qualified patient or registered caregiver.

682 (4) The transport of cannabis or medical cannabis  
683 between its facilities.

684 (5) The sale or transfer of medical cannabis to a  
685 dispensary.

686 (b) The commission may issue no more than five  
687 integrated facility licenses.

688 (c) (1) On or after June 1, 2024, only those applicants  
689 that submitted an application for an integrated facility  
690 license to the commission by December 31, 2022, may  
691 participate in the selection process as provided in this  
692 section. Each participating applicant shall provide to the  
693 commission, not later than July 1, 2024: (i) the name and  
694 contact information of at least one individual whom the  
695 commission and review panel described in subdivision (3) may  
696 contact as necessary throughout the license selection process;  
697 and (ii) any amendments to the original application to update  
698 information particularly relating to financial interests and  
699 financial obligations so that all information pertaining to  
700 the application is current.



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701 (2) The commission, not later than July 15, 2024, shall  
702 publish on its website the updated application for each  
703 participating applicant, as described in subdivision (1). The  
704 commission shall only redact and keep confidential criminal  
705 background check, Social Security numbers, financial account  
706 numbers, and dates of birth, if applicable. The commission  
707 shall immediately include any additional information requested  
708 by the review panel in the respective application published on  
709 the commission's website.

710 (3) No later than July 15, 2024, the Director of the  
711 Alabama Securities Commission shall convene a review panel of  
712 five individuals to make a determination of whether the  
713 applicants meet the basic eligibility requirements described  
714 in this subsection. The Alabama Medical Cannabis Commission  
715 shall ensure the panel has sufficient resources to carry out  
716 this duty. As expeditiously as possible, the review panel  
717 shall determine, on an objective, pass or fail basis, if the  
718 applicant has included all of the following information:

719 a. Residency requirements, as required under Section  
720 20-2A-55(a)(10), it being the intent that the requirement set  
721 forth in that section apply to the applicant's beneficial and  
722 not legal ownership of the applicant.

723 b. Agriculture experience requirements, as required  
724 under Section 20-2A-55(a)(11), it being the intent that the  
725 requirement set forth in that section apply to the applicant's  
726 beneficial and not legal ownership of the applicant.

727 c. Disclosure of the business structure and disclosure  
728 of the names of all entities and individuals with a



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729 controlling interest in the applicant, as required under  
730 Section 20-2A-55(a)(2) and (3).

731 d. Confirmation that all parties with an economic  
732 interest submit to a criminal background check, as required  
733 under Section 20-2A-55(b). This requirement shall be broadly  
734 interpreted to include each person who will or may benefit  
735 from the integrated facility business. If the applicant has a  
736 parent or holding company or is under a management or other  
737 vendor agreement with an operating company, individuals  
738 associated with any such company must be included in the  
739 criminal background check.

740 e. A detailed description of the relationship in the  
741 cannabis industry of each entity and individual required to be  
742 disclosed in the application that confirms that the applicant  
743 has no direct or indirect relationship with another applicant  
744 for an integrated license. Details shall include the nature of  
745 any business both within and outside the state, relating to  
746 the cannabis industry, whether medical or recreational, and  
747 investments in any business that aligns itself as a vendor,  
748 service, or maker of a product used in the cannabis industry,  
749 including companies that are financial or insurance related.

750 f. Proof that the applicant is in compliance with all  
751 tax filings and other obligations required in each state where  
752 the applicant does business.

753 g. Completion of a detailed business plan that includes  
754 plans for employment and biographical information about the  
755 managers and operators.

756 h. Proof of sufficient capital that ensures the



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757 applicant will be able to produce a high quality medical  
758 cannabis product even if market circumstances require the  
759 business to operate at a loss. Financial projections may not  
760 be based on market success or future earnings.

761 i. A detailed description of the physical properties  
762 where applicants' operations will be located.

763 (4) The applicant carries the burden to disclose the  
764 information upon which the review panel will make its  
765 determination and shall immediately provide any additional  
766 information requested by the review panel. The review panel  
767 shall maintain a record of all communications with an  
768 applicant. Upon conclusion of making its determination, the  
769 review panel shall present the results of the determination,  
770 along with the record of all communications and its findings,  
771 to the commission.

772 (5) Once the review panel makes a final determination  
773 that an applicant meets the basic eligibility requirements in  
774 subdivisions (3) and (4), the review panel shall determine if  
775 each applicant can demonstrate that the applicant will be able  
776 to meet all of the following criteria for readiness of the  
777 cultivation and dispensing operations of an applicant:

778 a. Within 60 days after the awarding of a license, the  
779 applicant's business has built and possesses an enclosed  
780 cultivation facility that meets all of the following:

781 1. The structure must be built in accordance with the  
782 plans for the structure submitted with the application.

783 2. All cannabis must be cultivated using artificial  
784 light exclusively or as a supplement to natural sunlight.



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785           3. The enclosed structure must meet security  
786 requirements of this chapter and rules adopted thereunder.

787           4. The enclosed structure may be a greenhouse, pod, or  
788 similar structure that protects plants from variable  
789 temperature, precipitation, wind, and other elements.

790           5. Each cannabis plant or batch of cannabis plants must  
791 be cultivated in an individual receptacle containing soil or  
792 growing media, so as to foster portability, limit  
793 cross-contamination, and facilitate proper monitoring of each  
794 plant.

795           6. Containers may be for individual plants or for  
796 batches of plants as long as each plant is clearly identified  
797 and traceable.

798           7. No cultivation is allowed outdoors or directly in  
799 the ground.

800           b. The applicant's business possesses a minimum of five  
801 dispensing sites that can be opened to the public within six  
802 months after the awarding of a license. The commission shall  
803 inspect these sites to determine whether they meet all the  
804 criteria under Section 20-2A-64 for dispensaries and are  
805 capable of being built and operational within the six-month  
806 period.

807           ~~(e)~~ (d) An integrated facility licensee shall have the  
808 same authorizations granted to, and shall comply with all  
809 requirements for, cultivators, processors, secure  
810 transporters, and dispensaries, in addition to any other  
811 authorizations or requirements under this section or as  
812 established by rule by the commission.



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813 ~~(d)~~ (e) (1) An applicant Once the Alabama Securities  
814 Commission review panel determines an applicant has met all of  
815 the preliminary requirements set forth in subsection (b), the  
816 Alabama Medical Cannabis Commission shall score the remaining  
817 pool of applicants for an integrated facility license ~~shall~~  
818 ~~provide~~, as further provided in subdivision (3), based on all  
819 of the following criteria provided by the eligible applicants:

820 a. A long-term plan for serving the residents of  
821 Alabama by securely providing quality medical cannabis  
822 products to registered qualified patients.

823 ~~(1)~~ b. ~~A letter of commitment or other acknowledgement,~~  
824 ~~as determined by commission rule, of the applicant's ability~~  
825 ~~to secure a~~ performance bond issued by a surety insurance  
826 company payable to the State of Alabama approved by the  
827 commission in the amount of two million dollars (\$2,000,000)  
828 or proof that such a bond will be obtainable once an applicant  
829 is licensed.

830 ~~(2)~~ c. Proof of at least two hundred fifty thousand  
831 dollars (\$250,000) in liquid assets.

832 ~~(3)~~ d. Proof that the applicant has the ~~financial~~  
833 ~~ability~~ liquid funds necessary to maintain operations for not  
834 less than two years ~~following the date of application~~ by the  
835 presentation of a business plan showing the total estimate for  
836 all expenses, including, but not limited to, expenses for  
837 rent, mortgages, maintenance, security, and insurance;  
838 operation expenses for cultivation and processing facilities;  
839 operation expenses for dispensing sites; and expenses for  
840 salaries, benefits, and taxes. Funds equal to or in excess of



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841 the total funds necessary for all of these expenses must be on  
842 deposit in the accounts of the applicant's business. These  
843 deposits must be verified by a sworn statement from an  
844 accounting firm that has been allowed access to the business'  
845 bank accounts to verify deposits and the balance in the  
846 accounts. An applicant's business that has a sworn statement  
847 from an accounting firm that verifies the business has a  
848 minimum of four million dollars (\$4,000,000) on deposit in its  
849 bank accounts shall be deemed to have the liquid funds  
850 necessary to maintain operations for not less than two years  
851 without further proof regarding its expenses. The funds on  
852 deposit in the applicant's bank accounts do not qualify as  
853 liquid funds necessary to maintain operations for two years if  
854 any of the funds were borrowed by any owner of the business or  
855 from any third party, were pledged as security for any  
856 obligation, or are subject to repayment to another person  
857 under any obligation or understanding among the parties.

858 (2) The applicant shall be required to certify under  
859 oath to the commission that the applicant's business: (i)  
860 meets the requirements for the ownership and operation of an  
861 integrated facility license under this act; (ii) meets the  
862 requirements for a performance bond, minimum paid-in capital  
863 or cash investment; (iii) has the funds necessary to sustain  
864 operations for a minimum of two years; and (iv) is in  
865 compliance with the rules of the commission.

866 (3) For each applicant, each commission member shall  
867 assign a numeric score for each of the criteria enumerated in  
868 subdivision (1) after review and inspection, as appropriate.





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869 The commission shall drop the highest and lowest numeric score  
870 assigned by each member and thereafter, the commission shall  
871 add the numeric scores assigned by each commission member to  
872 calculate a total score for the applicant. Licenses shall be  
873 awarded to the five applicants that receive the highest  
874 cumulative score.

875 ~~(e)~~ (f) At the time a license is issued under this  
876 section, the commission shall ensure that the licensee has  
877 secured a performance bond as provided in ~~subdivision (1) of~~  
878 ~~subsection (d)~~ paragraph (e) (1) b.

879 ~~(f)~~ (g) A licensee may open and operate up to five  
880 dispensing sites within six months after the date a license is  
881 issued., ~~each of which~~ Each of the dispensing sites must be  
882 located in a different county from any other dispensing site  
883 that the licensee operates; provided, however, the commission  
884 may authorize a licensee to operate a greater number of  
885 dispensing sites if, at least one year after the date when the  
886 maximum number of total dispensing sites authorized under this  
887 section and Section 20-2A-64 are operating, the commission  
888 determines that the patient pool has reached a sufficient  
889 level to justify an additional dispensing site in an  
890 underserved or unserved area of the state. Notwithstanding the  
891 foregoing, a licensee may not operate any dispensing site in  
892 the unincorporated area of a county or in a municipality that  
893 has not adopted a resolution or ordinance authorizing the  
894 operation of dispensing sites under ~~subsection (e) of~~ Section  
895 20-2A-51 (c). This subsection shall not be construed to limit  
896 wholesale distribution from integrated facility licensees to



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897 dispensary licensees."

898 Section 3. This act shall become effective on June 1,

899 2024.