

#350

AN ACT

1 Amending Titles 3 (Agriculture), 18 (Crimes and Offenses) and 42
2 (Judiciary and Judicial Procedure) of the Pennsylvania
3 Consolidated Statutes, providing for adult-use cannabis and
4 establishing the Adult-Use Cannabis Grant Program and the
5 Adult-Use Cannabis Fund; in criminal history record
6 information, further providing for expungement; in
7 sentencing, providing for commutation and dismissal of
8 cannabis-related offenses; and imposing penalties.

9 The General Assembly of the Commonwealth of Pennsylvania
10 hereby enacts as follows:

11 Section 1. Part I of Title 3 of the Pennsylvania
12 Consolidated Statutes is amended by adding a chapter to read:

13 CHAPTER 10

14 ADULT-USE CANNABIS

15 Subchapter

16 A. Preliminary Provisions

17 B. Regulation of Use

18 C. Permits

19 D. Educational Instruction and Exam

20 E. Adult-Use Cannabis Grant Program

- 1 F. Interest-Free Loans
- 2 G. Tax on Adult-Use Cannabis
- 3 H. Adult-Use Cannabis Fund
- 4 I. Colleges and Universities
- 5 J. Tracking System
- 6 K. Administration and Penalties

7 SUBCHAPTER A

8 PRELIMINARY PROVISIONS

9 Sec.

10 1001. Short title of chapter.

11 1002. Declaration of policy.

12 1003. Definitions.

13 § 1001. Short title of chapter.

14 This chapter shall be known and may be cited as the Adult-Use
15 Cannabis Act.

16 § 1002. Declaration of policy.

17 The General Assembly finds and declares that:

18 (1) In 2017, 20,392 adults and 2,269 juveniles were
19 charged in this Commonwealth with low-level cannabis
20 possession offenses according to the Pennsylvania Uniform
21 Crime Reporting System.

22 (2) Police arrest 55 adults every day for simple
23 cannabis possession in this Commonwealth.

24 (3) African Americans are eight times more likely than
25 individuals who are white to be arrested for cannabis
26 possession in this Commonwealth, even though usage rates are
27 similar.

28 (4) A simple possession conviction is punishable by up
29 to 30 days of incarceration and a \$500 fine for less than an
30 ounce of cannabis and up to one year of incarceration and a

1 \$5,000 fine if arrested with over an ounce for personal use.

2 (5) A simple cannabis possession conviction prevents
3 individuals from getting certain jobs.

4 (6) The Commonwealth spends \$46,000,000 annually to
5 prosecute residents for possession of less than an ounce of
6 cannabis.

7 (7) It is the intent of the General Assembly to end the
8 Commonwealth's prohibition of cannabis, help individuals who
9 have been harmed by cannabis prohibition and establish and
10 tax a regulated and thriving cannabis industry in this
11 Commonwealth.

12 § 1003. Definitions.

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

16 "Applicant." A person that applies or has applied to the
17 department for a permit.

18 "Business interest." A stake in, employment relationship
19 with or other interest in a person, including an individual,
20 corporation, partnership, association, trust or other entity, or
21 any combination thereof, that holds a permit issued by the
22 department. The term does not include:

23 (1) Interest held by a financial institution in a
24 permittee.

25 (2) Interest held by a trade association in a permittee.

26 (3) A de minimis interest held by a person, including an
27 individual, corporation, partnership, association, trust or
28 other entity, or any combination thereof, in a permittee.

29 "Cannabis."

30 (1) Any of the following:

1 (i) all parts of a plant of the genus cannabis,
2 whether growing or not, including the seeds of the plant;
3 (ii) the resin extracted from any part of a plant of
4 the genus cannabis, including concentrated cannabis; or
5 (iii) a compound, manufacture, salt, derivative,
6 mixture or preparation of a plant of the genus cannabis,
7 its seeds or resin.

8 (2) The term does not include industrial hemp as defined
9 under section 702 (relating to definitions) or its
10 derivatives or cannabidiol (CBD) oil from hemp.

11 "Change in control." The acquisition by a person or group of
12 persons acting in concert of a controlling interest in an
13 applicant or permittee either all at one time or over the span
14 of a consecutive 12-month period.

15 "Controlling interest." The following:

16 (1) For a publicly traded entity, voting rights that
17 entitle a person to elect or appoint one or more of the
18 members of the board of directors or other governing board or
19 the ownership or beneficial holding of 5% or more of the
20 securities of the publicly traded entity.

21 (2) For a privately held entity, the ownership of any
22 security in the entity.

23 "Deliverer." A person, including an individual, corporation,
24 partnership, association, trust or other entity, or any
25 combination thereof, that holds a permit issued by the
26 department to deliver cannabis.

27 "Department." The Department of Agriculture of the
28 Commonwealth.

29 "Dispensary." A person, including an individual,
30 corporation, partnership, association, trust or other entity, or

1 any combination thereof, that holds a permit issued by the
2 department to dispense cannabis.

3 "Financial backer." An investor, mortgagee, bondholder, note
4 holder or other source of equity, capital or other assets. The
5 term does not include a financial institution.

6 "Financial institution." A bank, national banking
7 association, bank and trust company, trust company, savings and
8 loan association, building and loan association, mutual savings
9 bank, credit union or savings bank.

10 "Fund." The Adult-Use Cannabis Fund established under
11 Subchapter H (relating to Adult-Use Cannabis Fund).

12 "Grant program." The Adult-Use Cannabis Grant Program
13 established under Subchapter E (relating to Adult-Use Cannabis
14 Grant Program).

15 "Grower." A person, including an individual, corporation,
16 partnership, association, trust or other entity, or any
17 combination thereof, that holds a permit issued by the
18 department to grow cannabis.

19 "Homegrower." An individual who holds a permit issued by the
20 department to grow cannabis in the person's home for personal
21 use.

22 "Microgrower." A person who holds a permit issued by the
23 department to grow cannabis in the person's home with the intent
24 to sell the cannabis to a processor or dispensary.

25 "Permit." An authorization issued by the department to
26 conduct activities under this chapter.

27 "Permittee." A person, including an individual, corporation,
28 partnership, association, trust or other entity, or any
29 combination thereof, that holds a permit issued by the
30 department.

1 Sec.

2 1004. Adult-use of cannabis.

3 § 1004. Adult-use of cannabis.

4 (a) General rule.--An individual over 21 years of age may
5 engage in the use of cannabis in this Commonwealth.

6 (b) Using cannabis.--The use of cannabis includes, but is
7 not limited to, eating cannabis, smoking cannabis, vaporizing
8 cannabis, rubbing cannabis on one's skin and any other method of
9 consuming cannabis.

10 (c) Public use prohibited.--Use of cannabis in public is
11 prohibited. This subsection shall not prohibit a use lounge from
12 allowing cannabis to be brought onto or used on its premises by
13 an individual over 21 years of age.

14 SUBCHAPTER C

15 PERMITS

16 Sec.

17 1005. Issuance of permits.

18 1006. Duty to report.

19 1007. Processing of permit applications and renewals.

20 1008. Suspension or revocation.

21 1009. Nontransferability and revocability.

22 1010. Regulation of industry.

23 § 1005. Issuance of permits.

24 (a) General rule.--The department may issue a permit to an
25 applicant that has applied to the department to act as any of
26 the following:

27 (1) Grower.

28 (2) Homegrower.

29 (3) Microgrower.

30 (4) Processor.

1 (5) Dispensary.

2 (6) Deliverer.

3 (7) Use lounge.

4 (b) Form.--The application for a permit under this section
5 shall be on a form prescribed by the department.

6 (c) Application for growers, processors and dispensaries.--
7 An application submitted by a grower, processor or dispensary
8 shall include:

9 (1) Verification of all principals, operators and
10 financial backers.

11 (2) A description of responsibilities as a principal,
12 operator or financial backer.

13 (3) Any release necessary to obtain information from
14 governmental agencies, employers and other organizations.

15 (4) Details relating to a similar license, permit or
16 other authorization obtained in another jurisdiction,
17 including any suspensions, revocations or discipline in that
18 jurisdiction.

19 (5) A statement that the applicant:

20 (i) Possesses the ability to obtain in an
21 expeditious manner the right to use sufficient land,
22 buildings and other premises and equipment to properly
23 carry on the activity described in the application and
24 any proposed location for a facility.

25 (ii) Is able to maintain effective security and
26 control to prevent diversion, abuse and other illegal
27 conduct relating to cannabis.

28 (iii) Is able to comply with all applicable laws and
29 regulations relating to activities under this chapter.

30 (6) The name, residential address and title of each

1 financial backer and principal associated with the applicant.
2 Each individual, or lawful representative of a legal entity,
3 shall submit an affidavit with the application providing any
4 position of management or ownership during the preceding 10
5 years of a controlling interest in any other business,
6 located inside or outside this Commonwealth, manufacturing or
7 distributing controlled substances.

8 (7) Notice that a false statement made in the
9 application is punishable under the applicable provisions of
10 18 Pa.C.S. Ch. 49 (relating to falsification and
11 intimidation).

12 (8) A description of the location at which and space in
13 which the applicant intends to operate. If the applicant is
14 applying for a grower permit, the applicant shall explain
15 whether it will grow cannabis in an indoor space or an
16 outdoor space.

17 (9) Any other information the department may require.

18 (d) Application for homegrowers.--An application submitted
19 by a homegrower shall include:

20 (1) Any release necessary to obtain information from
21 governmental agencies, employers and other organizations.

22 (2) Details relating to a similar license, permit or
23 other authorization obtained in another jurisdiction,
24 including any suspensions, revocations or discipline in that
25 jurisdiction.

26 (3) A statement that the applicant is able to comply
27 with all applicable laws and regulations relating to
28 activities under this chapter.

29 (4) Notice that a false statement made in the
30 application is punishable under the applicable provisions of

1 18 Pa.C.S. Ch. 49.

2 (5) Any other information the department may require.

3 (e) Application for microgrowers.--An application submitted
4 by a microgrower shall include:

5 (1) Any release necessary to obtain information from
6 governmental agencies, employers and other organizations.

7 (2) Details relating to a similar license, permit or
8 other authorization obtained in another jurisdiction,
9 including any suspensions, revocations or discipline in that
10 jurisdiction.

11 (3) A statement that the applicant is able to comply
12 with all applicable Commonwealth laws and regulations
13 relating to activities under this chapter.

14 (4) Notice that a false statement made in the
15 application is punishable under the applicable provisions of
16 18 Pa.C.S. Ch. 49.

17 (5) A description of the location at which and space in
18 which the applicant intends to operate.

19 (6) Any other information the department may require.

20 (f) Application for deliverers.--An application submitted by
21 a deliverer shall include:

22 (1) Verification of all principals, operators and
23 financial backers.

24 (2) A description of responsibilities as a principal,
25 operator or financial backer.

26 (3) Any release necessary to obtain information from
27 governmental agencies, employers and other organizations.

28 (4) Details relating to a similar license, permit or
29 other authorization obtained in another jurisdiction,
30 including any suspensions, revocations or discipline in that

1 jurisdiction.

2 (5) A statement that the applicant is able to comply
3 with all applicable Commonwealth laws and regulations
4 relating to activities under this chapter.

5 (6) Notice that a false statement made in the
6 application is punishable under the applicable provisions of
7 18 Pa.C.S. Ch. 49.

8 (7) Any other information the department may require.

9 (g) Application for use lounges.--An application for a use
10 lounge shall include:

11 (1) Verification of all principals, operators and
12 financial backers.

13 (2) A description of responsibilities as a principal,
14 operator or financial backer.

15 (3) Any release necessary to obtain information from
16 governmental agencies, employers and other organizations.

17 (4) Details relating to a similar license, permit or
18 other authorization obtained in another jurisdiction,
19 including any suspensions, revocations or discipline in that
20 jurisdiction.

21 (5) A statement that the applicant:

22 (i) Possesses the ability to obtain in an
23 expeditious manner the right to use sufficient land,
24 buildings and other premises and equipment to properly
25 carry on the activity described in the application and
26 any proposed location for a facility.

27 (ii) Is able to maintain effective security and
28 control to prevent diversion, abuse and other illegal
29 conduct relating to cannabis.

30 (iii) Is able to comply with all applicable laws and

1 regulations relating to activities under this chapter.

2 (6) The name, residential address and title of each
3 financial backer and principal associated with the applicant.
4 Each individual, or lawful representative of a legal entity,
5 shall submit an affidavit with the application providing any
6 position of management or ownership during the preceding 10
7 years of a controlling interest in any other business,
8 located inside or outside this Commonwealth, manufacturing or
9 distributing controlled substances.

10 (7) Notice that a false statement made in the
11 application is punishable under the applicable provisions of
12 18 Pa.C.S. Ch. 49.

13 (8) A description of the location at which and space in
14 which the applicant intends to operate.

15 (9) Any other information the department may require.

16 § 1006. Duty to report and submit to inspection.

17 An applicant for a permit under section 1005 (relating to
18 issuance of permits) and a permittee shall be under a continuing
19 duty to do all of the following:

20 (1) Report to the department any change in facts or
21 circumstances reflected in the application or permit or any
22 newly discovered or occurring fact or circumstance which is
23 required to be included in the application, including a
24 change in control of the applicant or permittee.

25 (2) Submit to announced or unannounced inspections by
26 the department of the facilities related to the application
27 or the permit.

28 § 1007. Processing of permit applications and renewals.

29 (a) General rule.--The department may issue or deny a permit
30 under section 1005 (relating to issuance of permits). In

1 deciding whether to issue or deny a permit, the department shall
2 consider only if:

3 (1) The application is truthful.

4 (2) The application is complete.

5 (3) The application fulfills the requirements of this
6 chapter.

7 (4) The applicant has a previous history in this
8 Commonwealth or in another jurisdiction of suspension,
9 revocation or discipline related to a license, permit or
10 other authorization that is similar to the permit for which
11 the applicant is applying.

12 (b) Notice of denial.--If the department denies an
13 application for a permit, the department shall notify the
14 applicant in writing within 30 days of the denial and provide to
15 the applicant an explanation of the department's basis for the
16 denial.

17 (c) Previous denial.--A previous denial by the department of
18 an application for a permit shall not preclude an applicant from
19 applying for another permit.

20 (d) Other permit.--In deciding whether to issue or deny a
21 permit application, the department may not consider if the
22 applicant holds a permit issued by the Department of Health
23 under the act of April 17, 2016 (P.L.84, No.16), known as the
24 Medical Marijuana Act.

25 (e) Permit renewal.--The department shall create a permit
26 renewal application and renew a permit unless the department
27 determines that the applicant is unlikely to comply with the
28 applicable laws of this Commonwealth.

29 (f) Processor tiers.--In issuing a processor permit, the
30 department shall determine if the permit being issued is a Tier

1 A Processor Permit or a Tier B Processor Permit and notify the
2 applicant of the department's determination.

3 § 1008. Suspension or revocation.

4 The department may suspend or revoke a permit if the permit
5 holder intentionally, knowingly, recklessly or negligently
6 failed to comply with any Federal, State or local laws,
7 regulations orders or ordinances.

8 § 1009. Nontransferability and revocability.

9 The following shall apply:

10 (1) A permit issued under this chapter shall be
11 nontransferable.

12 (2) The issuance or renewal of a permit shall be a
13 revocable privilege.

14 § 1010. Regulation of industry.

15 (a) Growers.--The following shall apply to permits for
16 growers:

17 (1) A grower applicant shall submit an application and
18 an application fee of \$100,000 to the department. The permit
19 may be renewed annually for a \$10,000 renewal fee.

20 (2) An individual may not intentionally or knowingly
21 have a business interest in more than one grower in this
22 Commonwealth.

23 (3) A grower may grow cannabis in an outdoor space or an
24 indoor space. A grower may not simultaneously grow cannabis
25 in an indoor space and an outdoor space.

26 (4) The total size of a grower's crop at any given time
27 shall be no larger than 150,000 square feet of outdoor space
28 or 60,000 square feet of indoor space unless the department
29 modifies these limits under subsection (i).

30 (5) A grower may sell cannabis to processors and

1 dispensaries.

2 (6) A grower shall maintain effective security,
3 surveillance, recordkeeping, tracking and control to prevent
4 diversion, abuse and other illegal conduct relating to
5 cannabis.

6 (7) The buildings used by the grower to conduct business
7 operations shall within one year of becoming operational
8 receive a silver, gold or platinum certification from the
9 United States Green Building Council's Leadership in Energy
10 and Environmental Design Green Building Rating System or two,
11 three or four Globes under the Green Building Initiative's
12 Green Globes Green Building Rating System.

13 (8) A grower shall disclose to a purchaser of the
14 grower's cannabis information about the cannabis being
15 purchased as required by the department.

16 (9) A grower may grow cannabis.

17 (b) Microgrowers.--The following shall apply to permits for
18 microgrowers:

19 (1) Individuals may not intentionally or knowingly have
20 a business interest in more than one microgrower in this
21 Commonwealth.

22 (2) A microgrower applicant shall submit an application
23 and an application fee of \$250 to the department. The permit
24 may be renewed annually for a \$250 renewal fee.

25 (3) A microgrower may grow up to 150 cannabis plants
26 simultaneously unless the department modifies this limit
27 under subsection (i).

28 (4) A microgrower may only grow cannabis indoors in the
29 home in which the microgrower lives.

30 (5) A microgrower shall sell all of the cannabis which

1 the microgrower grows to a processor or dispensary or the
2 cannabis shall be destroyed by the microgrower. The cannabis
3 may not be used by the microgrower.

4 (c) Homegrowers.--The following shall apply to permits for
5 homegrowers:

6 (1) A homegrower applicant shall submit an application
7 and an application fee of \$50 to the department. The permit
8 may be renewed annually for a \$50 renewal fee.

9 (2) A homegrower may grow up to 10 cannabis plants
10 simultaneously in the home in which the homegrower lives
11 unless the department modifies this limit under subsection
12 (i). A homegrower may also process his cannabis plants.

13 (3) The cannabis grown by the homegrower may be
14 transferred for free to any other person that may legally use
15 cannabis under this chapter. A homegrower may not sell or
16 trade the cannabis that the homegrower grows in the
17 homegrower's home.

18 (4) The cannabis grown or processed by the homegrower
19 may be used in any private place unless otherwise prohibited.

20 (5) The cannabis grown or processed by the homegrower
21 may be used in a use lounge unless otherwise prohibited.

22 (6) An individual may not have more than one homegrower
23 permit.

24 (d) Processors.--The following shall apply to permits for
25 processors:

26 (1) Individuals may not intentionally or knowingly have
27 a business interest in more than one processor.

28 (2) An applicant for a Tier A Processor Permit shall
29 submit an application and an application fee of \$1,000 to the
30 department. The permit may be renewed annually for a \$1,000

1 renewal fee.

2 (3) An applicant for a Tier B Processor Permit shall
3 submit an application and an application fee of \$30,000 to
4 the department. The permit may be renewed annually for a
5 \$10,000 renewal fee.

6 (4) A processor may purchase cannabis from growers and
7 microgrowers.

8 (5) A processor may sell cannabis to dispensaries.

9 (6) The buildings used by the processor to conduct
10 business operations shall within one year of becoming
11 operational receive a silver, gold or platinum certification
12 from the United States Green Building Council's Leadership in
13 Energy and Environmental Design Green Building Rating System
14 or two, three or four Globes under the Green Building
15 Initiative's Green Globes Green Building Rating System.

16 (7) The following shall apply:

17 (i) A processor holding a Tier A Processor Permit
18 may purchase up to 25 pounds of cannabis on a wholesale
19 basis annually unless the department modifies this limit
20 under subsection (i).

21 (ii) A processor holding a Tier B Processor Permit
22 may purchase any amount of cannabis on a wholesale basis
23 annually unless the department modifies this limit under
24 subsection (i).

25 (8) The following shall apply:

26 (i) A processor holding a Tier A Processor Permit
27 shall maintain minimum security protocols designed to
28 prevent illegal diversion of cannabis.

29 (ii) A processor holding a Tier B Processor Permit
30 shall maintain effective security, surveillance,

1 recordkeeping, tracking and control to prevent diversion,
2 abuse and other illegal conduct relating to cannabis.

3 (9) A processor shall disclose to a purchaser of the
4 processor's cannabis information about the cannabis being
5 purchased as required by the department.

6 (10) A processor may process cannabis.

7 (e) Dispensaries.--The following shall apply to permits for
8 dispensaries:

9 (1) A dispensary applicant shall submit an application
10 and an application fee of \$5,000 to the department. The
11 permit may be renewed annually for a \$5,000 renewal fee.

12 (2) Individuals may not intentionally or knowingly have
13 a business interest in more than three dispensaries. This
14 paragraph does not apply to an individual who:

15 (i) has a delivery permit; and

16 (ii) does not have any other permit provided for
17 under this chapter.

18 (3) A dispensary may employ or contract with a
19 deliverer.

20 (4) A dispensary may purchase cannabis from growers,
21 processors and microgrowers.

22 (5) A dispensary may sell cannabis at retail to
23 consumers who are at least 21 years of age.

24 (6) A dispensary that sells single-use vaporizers shall
25 accept used single-use vaporizers and recycle them. A
26 dispensary may not charge money for accepting single-use
27 vaporizers or for recycling single-use vaporizers.

28 (7) A dispensary shall utilize a system that effectively
29 recalls products that the dispensary sells to consumers.

30 (8) The buildings used by the dispensary to conduct

1 business operations shall within one year of becoming
2 operational receive a silver, gold or platinum certification
3 from the United States Green Building Council's Leadership in
4 Energy and Environmental Design Green Building Rating System
5 or two, three or four Globes under the Green Building
6 Initiative's Green Globes Green Building Rating System.

7 (9) A dispensary may hold a use lounge permit. A
8 dispensary that holds a use lounge permit may operate a use
9 lounge that is shared with, attached to or adjacent to the
10 dispensary, in which case the dispensary may require that
11 patrons of the use lounge use only cannabis sold by the
12 dispensary while on the use lounge's premises.

13 (10) (i) Notwithstanding any provision of the act of
14 April 17, 2016 (P.L.84, No.16), known as the Medical
15 Marijuana Act, to the contrary, a dispensary may:

16 (A) hold a dispensary permit as provided under
17 the Medical Marijuana Act; and

18 (B) combine the retail environments of its
19 dispensary and medical cannabis dispensary and sell
20 both adult-use cannabis and medical cannabis from the
21 same location, building and point of sale terminal.

22 (ii) An arrangement under this paragraph shall not
23 preclude a medical cannabis dispensary permittee from its
24 obligations under the Medical Marijuana Act which do not
25 conflict with this act, including, but not limited to,
26 the Medical Marijuana Act's seed-to-sale tracking
27 requirements, testing requirements and taxation
28 requirements.

29 (11) In addition to any other penalty provided by law, a
30 dispensary shall be liable for civil treble damages for harm

1 caused by inaccurate labeling of cannabis sold by the
2 dispensary due to the dispensary's intentional, knowing,
3 reckless or negligent conduct.

4 (12) A dispensary shall disclose to a purchaser of the
5 dispensary's cannabis information about the cannabis being
6 purchased as required by the department.

7 (f) Deliverers.--The following shall apply to permits for
8 deliverers:

9 (1) A deliverer applicant shall submit an application
10 and an application fee of \$50 to the department. The permit
11 may be renewed annually for a \$50 renewal fee.

12 (2) A deliverer may be an employee of a dispensary, an
13 independent contractor doing business with a dispensary or a
14 standalone business.

15 (3) A deliverer may deliver cannabis from dispensaries
16 to consumers.

17 (4) A deliverer that is an independent contractor doing
18 business with a dispensary may accept compensation for the
19 deliverer's services from dispensaries.

20 (5) A deliverer that operates a standalone business may
21 accept compensation for the deliverer's services from
22 consumers.

23 (6) A deliverer may deliver cannabis from a dispensary
24 to a consumer using any mode of transportation, including any
25 form of public transportation not otherwise prohibited by
26 law. A deliverer may deliver cannabis from a dispensary to a
27 consumer by walking from the dispensary to the consumer.

28 (g) Use lounges.--A use lounge applicant shall submit an
29 application and an application fee of \$1,000 to the department.
30 The permit may be renewed annually for a \$1,000 renewal fee.

1 1014. Locations.

2 1015. Cost.

3 § 1011. Curriculum.

4 The department shall develop a curriculum providing no less
5 than 20 hours of classroom instruction and no more than 40 hours
6 of classroom instruction to educate prospective participants in
7 the adult-use cannabis industry. The curriculum shall include
8 education on the science of growing, processing and testing
9 cannabis, applicable Federal and State laws relating to cannabis
10 and how to run a small cannabis business in the Commonwealth.

11 § 1012. Exam.

12 The department shall develop an exam to test the knowledge of
13 students who complete the curriculum provided under this
14 subchapter and shall also develop exam-grading criteria to
15 determine if a student learned the curriculum at a satisfactory
16 level as determined by the department.

17 § 1013. Required instruction and exam.

18 To be eligible for a grant under Subchapter E (relating to
19 Adult-Use Cannabis Grant Program) or a loan under Subchapter F
20 (relating to interest-free loans), a grant or loan applicant
21 shall complete the curriculum provided under section 1011
22 (relating to curriculum) and receive from the department a
23 satisfactory grade or better on the exam provided under section
24 1012 (relating to exam).

25 § 1014. Locations.

26 The department shall create a geographically diverse network
27 of locations for applicants to complete the instruction and exam
28 requirements under this subchapter, including universities
29 within the State System of Higher Education, State-related
30 institutions, community colleges and private entities.

1 § 1015. Cost.

2 The department may require an applicant to pay a fee of up to
3 \$50 to attend a class under this subchapter and a fee of up to
4 \$50 to take the exam under this subchapter.

5 SUBCHAPTER E

6 ADULT-USE CANNABIS GRANT PROGRAM

7 Sec.

8 1016. Establishment.

9 1017. Publication and notice.

10 1018. Award of grants.

11 1019. Limitation.

12 § 1016. Establishment.

13 The Adult-Use Cannabis Grant Program is established and shall
14 be administered by the department. Grants provided under the
15 grant program shall be used to provide financial assistance to
16 growers, processors, dispensers and microgrowers who were harmed
17 by the effects of cannabis prohibition prior to the effective
18 date of this section.

19 § 1017. Publication and notice.

20 The department shall transmit notice of the grant program
21 availability to the Legislative Reference Bureau for publication
22 in the Pennsylvania Bulletin.

23 § 1018. Award of grants.

24 The department is authorized to make a grant award to a
25 person who receives a permit under section 1005 (relating to
26 issuance of permits), has a prior cannabis-related criminal
27 conviction, has an annual household income below \$80,000 as
28 adjusted annually by the department for inflation and who meets
29 the requirements of section 1013 (relating to required
30 instruction and exam).

1 § 1019. Limitation.

2 The total amount of grants awarded under section 1018
3 (relating to award of grants) may not exceed \$2,000,000
4 annually.

5 SUBCHAPTER F

6 INTEREST-FREE LOANS

7 Sec.

8 1020. Authorization.

9 1021. Limitation.

10 § 1020. Authorization.

11 The department is authorized to make interest-free loans to a
12 person who receives a permit under section 1005 (relating to
13 issuance of permits), has a prior cannabis-related criminal
14 conviction, has an annual household income below \$80,000 as
15 adjusted annually by the department for inflation and who meets
16 the requirements of section 1013 (relating to required
17 instruction and exam).

18 § 1021. Limitation.

19 The total amount of loans awarded under section 1020
20 (relating to authorization) may not exceed \$2,000,000 annually.

21 SUBCHAPTER G

22 TAX ON ADULT-USE CANNABIS

23 Sec.

24 1022. Imposition of tax.

25 1023. Additional taxation.

26 1024. Collection of tax.

27 1025. Deposit of proceeds.

28 § 1022. Imposition of tax.

29 A tax is imposed at the point-of-sale of cannabis by a
30 dispensary at the rate of 17.5%.

1 § 1023. Additional taxation.

2 The tax imposed under section 1022 (relating to imposition of
3 tax) shall be in addition to the tax imposed under section 202
4 of the act of March 4, 1971 (P.L.6, No.2), known as the Tax
5 Reform Code of 1971.

6 § 1024. Collection of tax.

7 A dispensary shall collect the tax under section 1022
8 (relating to imposition of tax) and remit the tax to the
9 Department of Revenue.

10 § 1025. Deposit of proceeds.

11 The Department of Revenue shall deposit money received under
12 section 1024 (relating to collection of tax) into the fund.

13 SUBCHAPTER H

14 ADULT-USE CANNABIS FUND

15 Sec.

16 1026. Establishment.

17 1027. Source of money.

18 1028. Use of money.

19 § 1026. Establishment.

20 The Adult-Use Cannabis Fund is established as a restricted
21 account in the State Treasury. The money in the fund shall be
22 appropriated on a continuing basis.

23 § 1027. Source of money.

24 Money received under Subchapters C (relating to permits) and
25 G (relating to tax on adult-use cannabis) shall be deposited
26 into the fund.

27 § 1028. Use of money.

28 The money deposited into the fund shall be used as follows:

29 (1) Nine million dollars shall be distributed to the
30 department annually and used to carry out its duties under

1 this chapter, which include awarding grants under Subchapter
2 E (relating to Adult-Use Cannabis Grant Program) and loans
3 under Subchapter F (relating to interest-free loans).

4 (2) After consideration of the revenue to be deducted
5 from the fund under paragraph (1), 95% of the revenue
6 remaining in the fund annually shall be distributed to school
7 districts based on the 2016 basic education funding formula
8 under Article XXV of the act of March 10, 1949 (P.L.30,
9 No.14), known as the Public School Code of 1949.

10 SUBCHAPTER I

11 COLLEGES AND UNIVERSITIES

12 Sec.

13 1029. Cannabis grown by colleges and universities.

14 § 1029. Cannabis growth by colleges and universities.

15 A college or university in this Commonwealth may grow and
16 process cannabis for the purpose of offering classes related to
17 the adult-use cannabis industry either as part of the
18 department's educational curriculum under Subchapter D (relating
19 to educational instruction and exam) or for any other class
20 offered at the college or university. The cannabis grown and
21 processed for this purpose must be destroyed and may not be used
22 by any individual. On a form prescribed by the department a
23 college or university that grows or processes cannabis for this
24 purpose must report to the department the amount of cannabis
25 grown or processed and any other information required by the
26 department.

27 SUBCHAPTER J

28 TRACKING SYSTEM

29 Sec.

30 1031. Prohibition.

1 § 1031. Prohibition.

2 The department may not require that a permittee utilize a
3 seed-to-sale tracking system.

4 SUBCHAPTER K

5 ADMINISTRATION AND PENALTIES

6 Sec.

7 1032. Enforcement of contracts.

8 1033. Zoning requirements.

9 1034. Penalties.

10 1035. Rules and regulations.

11 § 1032. Enforcement of contracts.

12 The following apply:

13 (1) Contracts related to the operation of cannabis
14 establishments under this chapter are enforceable.

15 (2) Contracts entered into by a permittee, its employees
16 or agents as permitted pursuant to a valid permit issued by
17 the department or by those that allow property to be used by
18 a permittee, its employees or agents as permitted pursuant to
19 a valid permit issued by the department, may not be deemed
20 unenforceable on the basis that the actions or conduct
21 permitted pursuant to the permit are prohibited by Federal
22 law.

23 § 1033. Zoning requirements.

24 The following apply:

25 (1) Indoor growers and processors shall meet the same
26 municipal zoning and land use requirements as other
27 manufacturing, processing and production facilities that are
28 located in the same zoning district.

29 (2) Outdoor growers shall meet the same municipal zoning
30 and land use requirements as other agricultural facilities

1 that are located in the same zoning district.

2 (3) Dispensaries and use lounges shall meet the same
3 municipal zoning and land use requirements as other
4 commercial facilities that are located in the same zoning
5 district.

6 § 1034. Penalties.

7 (a) Criminal diversion of cannabis by permittee.--In
8 addition to any other penalty provided by law, a permittee or an
9 employee, financial backer, operator or principal of a permittee
10 commits a misdemeanor of the first degree if the person
11 intentionally, knowingly or recklessly sells, dispenses, trades,
12 delivers or otherwise provides cannabis to a person that is not
13 lawfully permitted to receive cannabis.

14 (b) Criminal diversion of cannabis by nonpermittee.--In
15 addition to any other penalty provided by law, a person that is
16 not a permittee or an employee, financial backer, operator or
17 principal of a permittee commits an offense if the person
18 intentionally, knowingly or recklessly provides cannabis to a
19 person that is not lawfully permitted to receive cannabis. The
20 following shall apply:

21 (1) A first offense under this subsection constitutes a
22 misdemeanor of the second degree.

23 (2) A second or subsequent offense under this subsection
24 constitutes a misdemeanor of the first degree.

25 (b.1) Additional criminal offense.--In addition to any other
26 penalty provided by law, a person commits an offense if the
27 person intentionally, knowingly or recklessly grows or processes
28 cannabis in violation of this chapter. The following shall
29 apply:

30 (1) A first offense under this subsection constitutes a

1 summary offense punishable by a fine of not more than \$75.

2 (2) A second offense under this subsection constitutes a
3 summary offense punishable by a fine of not more than \$500.

4 (3) A third or subsequent offense constitutes a
5 misdemeanor of the third degree punishable by a fine of not
6 more than \$5,000, or to imprisonment for not more than three
7 months.

8 (c) Additional penalties.--

9 (1) Except as provided under subsections (a) and (b), in
10 addition to any other penalty provided by law, a permittee or
11 an employee, financial backer, operator or principal of any
12 permittee who violates any of the provisions of or
13 regulations promulgated under this chapter:

14 (i) For a first offense, commits a misdemeanor of
15 the third degree and shall, upon conviction, be sentenced
16 to pay a fine of not more than \$5,000, or to imprisonment
17 for not more than six months.

18 (ii) For a second or subsequent offense, commits a
19 misdemeanor of the third degree and shall, upon
20 conviction, be sentenced to pay a fine of not more than
21 \$10,000, or to imprisonment for not less than six months
22 nor more than one year, or both.

23 (2) Civil penalties.--In addition to any other remedy
24 available to the department, the department may assess a
25 civil penalty for a violation of this chapter, regulation
26 promulgated under this chapter or order issued under this
27 chapter. The following shall apply:

28 (i) The department may assess a civil penalty
29 against a permittee of not more than \$10,000 for each
30 violation and an additional penalty of not more than

1 \$1,000 for each day of a continuing violation.

2 (ii) In determining the amount of each civil
3 penalty, the department shall consider the gravity of the
4 violation, the potential harm resulting from the
5 violation to general public, the willfulness of the
6 violation, previous violations, if any, by the permittee
7 being assessed and the economic benefit to the permittee
8 being assessed.

9 (3) If the department finds that the violation did not
10 threaten the health or safety of the general public and the
11 permittee who committed the violation took immediate action
12 to remedy the violation upon learning of it, the department
13 may issue a written warning in lieu of assessing a civil
14 penalty.

15 (4) A person that aids, abets, counsels, induces,
16 procures or causes a permittee to violate this chapter, a
17 regulation promulgated under this chapter or an order issued
18 under this chapter shall be subject to a civil penalty
19 provided under this subsection.

20 (d) Sanctions.--

21 (1) In addition to the penalties provided under
22 subsection (c) (2) and any other penalty authorized by law,
23 the department may impose the following sanctions:

24 (i) Revoke or suspend the permit of a person found
25 to be in violation of this chapter, a regulation
26 promulgated under this chapter or an order issued under
27 this chapter.

28 (ii) Revoke or suspend the permit of a person for
29 conduct or activity or the occurrence of an event that
30 would disqualify the person from receiving the permit.

1 (iii) Suspend a permit of a person pending the
2 outcome of a hearing in a case in which the permit could
3 be revoked.

4 (iv) Order restitution of money or property
5 unlawfully obtained or retained by a permittee.

6 (v) Issue a cease and desist order.

7 (2) A person that aids, abets, counsels, induces,
8 procures or causes a permittee to violate this chapter, a
9 regulation promulgated under this chapter or an order issued
10 under this chapter shall be subject to the sanctions provided
11 under this subsection.

12 (e) Costs of action.--The department may assess against a
13 person determined to be in violation of this chapter, a
14 regulation promulgated under this chapter or an order issued
15 under this chapter the costs of investigation of the violation.

16 (f) Minor violations.--Nothing in this section shall be
17 construed to require the assessment of a civil penalty or the
18 imposition of a sanction for a minor violation of this chapter
19 if the department determines that the public interest will be
20 adequately served under the circumstances by the issuance of a
21 written warning.

22 (g) Other restrictions.--This act shall not permit any
23 person to engage in or prevent the imposition of any civil,
24 criminal or other penalty for the following:

25 (1) Undertaking any task under the influence of cannabis
26 if doing so would constitute negligence, professional
27 malpractice or professional misconduct.

28 (2) Possessing or using cannabis in a State or county
29 correctional facility, including a facility owned or operated
30 or under contract with the Department of Corrections or the

1 county which houses inmates serving a portion of their
2 sentences on parole or in other community correction
3 programs. Nothing in this paragraph shall be construed to
4 apply to employees of a facility under this paragraph.

5 § 1035. Rules and regulations.

6 (a) Promulgation.--The department shall promulgate rules and
7 regulations:

8 (1) Necessary to implement this chapter.

9 (2) To prevent the sale of cannabis by dispensaries to
10 consumers that has been grown, processed, packaged or
11 otherwise produced using chemicals, including pesticides,
12 that might cause unnecessary harm to a consumer who uses the
13 cannabis.

14 (3) To require permittees to report data to the
15 department no more frequently than quarterly about the amount
16 of cannabis the permittee has grown, processed, dispensed,
17 sold, delivered and destroyed.

18 (b) Definition.--As used in this section, the following
19 words and phrases shall have the meanings given to them in this
20 subsection unless the context clearly indicates otherwise:

21 "Unnecessary harm." Harm that may be prevented through the
22 use of viable alternative growing, processing, packaging or
23 production techniques. The term does not include the harm that
24 is inherent to the use of cannabis.

25 Section 2. Section 9122 of Title 18 is amended by adding
26 subsections to read:

27 § 9122. Expungement.

28 * * *

29 (b.2) Automatic expungement of cannabis-related offenses.--
30 Within one year of the effective date of this subsection, the

1 Administrative Office of Pennsylvania Courts and the Board of
2 Pardons shall transmit to the Pennsylvania State Police central
3 repository the criminal history record information of
4 individuals convicted of cannabis-related offenses or per se
5 cannabis offenses which occurred on or after the day the
6 individual attained 21 years of age. Upon receipt of the
7 criminal history records, the Pennsylvania State Police shall
8 transmit to the court of common pleas of each county the
9 criminal history record information for the individuals
10 convicted of cannabis-related offenses or per se cannabis
11 offenses in that county and the court shall order the
12 expungement of those individuals' criminal history records
13 insofar as they relate to a cannabis-related offense or a per se
14 cannabis offense.

15 * * *

16 (g) Definitions.--As used in this section, the following
17 words and phrases shall have the meanings given to them in this
18 subsection unless the context clearly indicates otherwise:

19 "Cannabis-related offense." A criminal case for which all of
20 the following apply:

21 (1) The existence of cannabis in the fact pattern is an
22 element of the offense applied to the case.

23 (2) The offender's conduct in committing the offense did
24 not cause bodily harm to any individual, not including the
25 offender.

26 (3) The offender's conduct in committing the offense did
27 not cause damage to the property of any individual, not
28 including the offender.

29 "Per se cannabis offenses." A criminal case for which all of
30 the following apply:

1 (1) The existence of cannabis in the fact pattern is an
2 element of the offense applied to the case.

3 (2) The prosecution did not establish beyond a
4 reasonable doubt that actual impairment caused by cannabis
5 was the proximate cause of:

6 (i) bodily harm to any individual, not including the
7 offender; or

8 (ii) damage to the property of any individual, not
9 including the offender.

10 Section 3. Title 42 is amended by adding a section to read:
11 § 9778. Commutation and dismissal of cannabis-related offenses.

12 (a) Commutation of sentence.--A court of this Commonwealth
13 or other court of record having jurisdiction shall, after due
14 hearing, commute the sentence of an individual serving a term of
15 imprisonment for a cannabis-related offense or per se cannabis
16 offense on the effective date of this section.

17 (b) Pending charges.--Notwithstanding any other provision of
18 law, any charge pending on the effective date of this section
19 for which the existence of cannabis in the fact pattern is an
20 element of the offense in question shall be dismissed.

21 (c) Definitions.---As used in this section, the following
22 words and phrases shall have the meanings given to them in this
23 subsection unless the context clearly indicates otherwise:

24 "Cannabis-related offense." A criminal offense for which the
25 existence of cannabis is an element.

26 "Commute." The reduction of the length of a prison or parole
27 sentence.

28 Section 4. Repeals are as follows:

29 (1) Section 4(1)(iii)16 and (iv) of the act of April 14,
30 1972 (P.L.233, No.64), known as The Controlled Substance,

1 Drug, Device and Cosmetic Act, are repealed.
2 (2) Section 13(a)(30) and (31) of The Controlled
3 Substance, Drug, Device and Cosmetic Act are repealed insofar
4 as they are inconsistent with this act.
5 (3) The act of April 17, 2016 (P.L.84, No.16), known as
6 the Medical Marijuana Act, is repealed insofar as it is
7 inconsistent with this act.
8 (4) All acts and parts of acts are repealed insofar as
9 they are inconsistent with this act.
10 Section 5. This act shall take effect in 60 days.