

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2021

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SENATE BILL 711
Judiciary Committee Substitute Adopted 7/1/21
Finance Committee Substitute Adopted 7/21/21
Judiciary Committee Substitute Adopted 8/25/21
PROPOSED COMMITTEE SUBSTITUTE S711-PCS45459-BPx-21

Short Title: NC Compassionate Care Act.

(Public)

Sponsors:

Referred to:

April 8, 2021

1 A BILL TO BE ENTITLED
2 AN ACT ENACTING THE NORTH CAROLINA COMPASSIONATE CARE ACT.

3 The General Assembly of North Carolina enacts:

4 **SECTION 1.** Chapter 90 of the General Statutes is amended by adding a new Article
5 to read:

6 "Article 5H.

7 "North Carolina Compassionate Care Act.

8 **"§ 90-113.110. Short title.**

9 This Article shall be known and may be cited as the "North Carolina Compassionate Care
10 Act."

11 **"§ 90-113.111. Legislative findings and purpose.**

12 The General Assembly makes the following findings:

- 13 (1) Modern medical research has found that cannabis and cannabinoid
14 compounds are effective at alleviating pain, nausea, and other symptoms
15 associated with several debilitating medical conditions.
- 16 (2) As of May 2021, 36 states and the District of Columbia have removed
17 state-level criminal penalties for the medical use, cultivation, and distribution
18 of cannabis, and in enacting this Article, North Carolina now takes similar
19 action to preserve and enhance the health and welfare of its citizens.
- 20 (3) This Article is intended to make only those changes to existing North Carolina
21 laws that are necessary to protect patients and their doctors from criminal and
22 civil penalties and is not intended to change current civil and criminal laws
23 governing the use of cannabis for nonmedical purposes.
- 24 (4) The General Assembly enacts this Article pursuant to its police power to enact
25 legislation for the protection of the health of its citizens, as reserved to the
26 State in the Tenth Amendment of the United States Constitution.
- 27 (5) It is the intent of the General Assembly to prioritize the protection of public
28 health and safety in the creation of a system for the cultivation, processing,
29 and selling of medical cannabis.
- 30 (6) It is the intent of the General Assembly that the regulatory system created by
31 this Article be nimble and able to respond quickly to changes in the
32 rapidly-evolving cannabis industry.

33 **"§ 90-113.112. Definitions.**



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1 The following definitions apply in this Article:

- 2 (1) Adequate supply. – An amount of usable cannabis derived solely from an
3 intrastate source that is possessed by a qualified patient, or collectively
4 possessed by a qualified patient and the qualified patient's designated
5 caregiver, in an amount that does not exceed what is reasonably necessary to
6 assure the uninterrupted availability of cannabis for a period of 30 days, in any
7 form recommended by the qualified patient's physician for the purpose of
8 alleviating the symptoms or effects of the qualified patient's debilitating
9 medical condition.
- 10 (2) Advisory Board. – The Compassionate Use Advisory Board established in
11 G.S. 90-113.113.
- 12 (3) Bona fide physician-patient relationship. – A treatment relationship between
13 a physician and a patient in which the physician has completed a full
14 assessment of the patient's medical history, including checking the patient's
15 prescription history in the Controlled Substances Reporting System, and
16 current medical condition, including an in-person physical examination, and
17 the physician is available or offers to provide follow-up care and treatment to
18 the patient, including patient examinations, to determine the efficacy of the
19 use of cannabis as a treatment for the patient's medical condition.
- 20 (4) Cannabis. – Marijuana as defined in G.S. 90-87(16).
- 21 (5) Cannabis-infused product. – A product infused with cannabis that is intended
22 for use or consumption other than by inhalation, smoking, or vaping. The term
23 includes a tablet, a capsule, a concentrated liquid or viscous oil, a liquid
24 suspension, a topical preparation, a transdermal preparation, a sublingual
25 preparation, a gelatinous cube, a gelatinous rectangular cuboid, a lozenge in a
26 cube or rectangular cuboid shape, a resin, or a wax.
- 27 (6) Commission. – The Medical Cannabis Production Commission established in
28 G.S. 90-113.117.
- 29 (7) Debilitating medical condition. – A diagnosis of one or more of the following
30 for which a physician provides a written certification:
- 31 a. Cancer.
- 32 b. Epilepsy.
- 33 c. Positive status for human immunodeficiency virus (HIV).
- 34 d. Acquired immune deficiency syndrome (AIDS).
- 35 e. Amyotrophic lateral sclerosis (ALS).
- 36 f. Crohn's disease.
- 37 g. Sickle cell anemia.
- 38 h. Parkinson's disease.
- 39 i. Post-traumatic stress disorder, subject to evidence that an applicant
40 experienced one or more traumatic events. Acceptable evidence shall
41 include, but is not limited to, proof of military service in an active
42 combat zone, that the person was the victim of a violent or sexual
43 crime, or that the person was a first responder. Details of the trauma
44 shall not be required.
- 45 j. Multiple sclerosis.
- 46 k. Cachexia or wasting syndrome.
- 47 l. Severe or persistent nausea in a person who is not pregnant that is
48 related to end-of-life or hospice care, or who is bedridden or
49 homebound because of a condition.
- 50 m. A terminal illness when the patient's remaining life expectancy is less
51 than six months.

- 1 n. A condition resulting in the individual receiving hospice care.
2 o. Any other serious medical condition or its treatment added by the
3 Compassionate Use Advisory Board, as provided for in
4 G.S. 90-113.113.
- 5 (8) Department. – The North Carolina Department of Health and Human
6 Services.
- 7 (9) Designated caregiver. – A person who possesses a valid registry identification
8 card issued by the Department authorizing the person to assist a qualifying
9 patient with the medical use of cannabis. A designated caregiver shall be at
10 least 21 years of age unless the person is the parent or legal guardian of each
11 qualifying patient the person assists.
- 12 (10) Medical cannabis center. – A facility owned and operated by a supplier that
13 possesses and dispenses cannabis and cannabis-infused products to registry
14 identification cardholders for human consumption.
- 15 (11) Medical use of cannabis or medical use. – The acquisition, administration,
16 possession, preparation, transportation, or use of cannabis and
17 cannabis-infused products, or paraphernalia used to administer cannabis
18 products, to treat or alleviate a qualifying patient's debilitating medical
19 condition or symptoms associated with the qualifying patient's debilitating
20 medical condition and includes the transfer of cannabis products from a
21 designated caregiver to a qualifying patient whom the designated caregiver is
22 authorized to assist. "Medical use" does not include the extraction of resin
23 from cannabis by solvent extraction other than water, glycerin, propylene
24 glycol, vegetable oil, or food grade ethanol (ethyl alcohol), unless the
25 extraction is done by a processing facility.
- 26 (12) Physician. – A person licensed under Article 1 of Chapter 90 of the General
27 Statutes who is in good standing to practice medicine in the State, who has a
28 valid DEA registration, and who has completed continuing medical education
29 courses as required pursuant to G.S. 90-113.114.
- 30 (13) Production facility. – A facility owned and operated by a supplier that
31 cultivates, possesses, and produces cannabis and cannabis-infused products.
- 32 (14) Qualified patient. – A person who has been diagnosed by a physician as
33 having a debilitating medical condition and has received a written
34 certification.
- 35 (15) Registry identification card. – A document issued by the North Carolina
36 Department of Health and Human Services pursuant to G.S. 90-113.115 that
37 identifies a person as a qualified patient or a designated caregiver.
- 38 (16) Registry identification cardholder. – A qualified patient or a designated
39 caregiver who holds a valid registry identification card issued by the North
40 Carolina Department of Health and Human Services pursuant to
41 G.S. 90-113.115.
- 42 (17) Regulated medical cannabis supply system or system. – A system established
43 by the North Carolina Department of Health and Human Services pursuant to
44 G.S. 90-113.119 to provide a safe method for producing and distributing
45 cannabis and cannabis-infused products to registry identification cardholders.
- 46 (18) Smoking. – The use or possession of a lighted cannabis product.
- 47 (19) Supplier. – A person licensed pursuant to G.S. 90-113.119 to supply cannabis
48 and cannabis-infused products as authorized by this Article. A supplier
49 cultivates cannabis, owns and operates one or more medical cannabis centers,
50 and owns and operates one or more production facilities as set forth in
51 G.S. 90-113.119.

- 1 (20) Usable cannabis. – The dried buds and mature female flowers of the plant of
2 the genus Cannabis, and any mixture or preparation thereof, that are
3 appropriate for medical use as provided in this Article.
- 4 (21) Vaping. – The use of a product which heats a liquid or other form of cannabis
5 in a manner so as to release an aerosol.
- 6 (22) Written certification. – A statement signed by a physician with whom the
7 patient has a bona fide physician-patient relationship indicating the following:
- 8 a. In the physician's professional opinion, the patient has a debilitating
9 medical condition.
- 10 b. The patient's debilitating medical condition.
- 11 c. In the physician's professional opinion, the potential health benefits of
12 the medical use of cannabis would likely outweigh the health risk for
13 the patient.
- 14 d. The delivery method of the cannabis.
- 15 e. The amount and dosage of the cannabis or cannabis-infused product,
16 not to exceed an adequate supply.
- 17 f. The period of time for which the written certification is valid, not to
18 exceed one year.
- 19 g. The physician's DEA number.
- 20 h. The physician's national provider identification number, if the
21 physician has a national provider identification number.
- 22 i. Any other information required by the Commission.

23 **§ 90-113.113. Compassionate Use Advisory Board; membership; terms; meetings;**
24 **quorum; expenses.**

25 (a) Advisory Board Established. – The Compassionate Use Advisory Board is established
26 and shall consist of 11 members as follows:

- 27 (1) The Governor shall appoint members to the Advisory Board as follows:
- 28 a. A medical doctor or doctor of osteopathy licensed in the State.
- 29 b. A medical doctor or doctor of osteopathy licensed in the State
30 specializing in primary care.
- 31 c. A medical doctor or doctor of osteopathy who is board-certified to
32 practice addiction medicine in the State.
- 33 d. A research scientist with expertise in the field of cannabinoid
34 medicine.
- 35 e. A pharmacist licensed in the State.
- 36 f. A registry identification cardholder or, for an appointment made
37 before registry identification cards are issued, one person with a
38 debilitating medical condition who intends to use cannabis.
- 39 g. A parent of a minor qualified patient or, for an appointment made
40 before registry identification cards are issued, one parent of a minor
41 with a debilitating medical condition who intends to use cannabis.
- 42 (2) Two members appointed by the General Assembly upon recommendation of
43 the Speaker of the House of Representatives in accordance with G.S. 120-121.
- 44 (3) Two members appointed by the General Assembly upon recommendation of
45 the President Pro Tempore of the Senate in accordance with G.S. 120-121.

46 (b) Terms. – Members of the Advisory Board shall serve a four-year term, beginning
47 effective July 1 of the year of appointment, and may be reappointed to a second four-year term.

48 (c) Chair. – The members of the Advisory Board shall elect a chair. The chair shall serve
49 a two-year term and may be reelected.

1 (d) Vacancies. – Any appointment to fill a vacancy on the Advisory Board created by the
2 resignation, dismissal, death, or disability of a member shall be made by the original appointing
3 authority and shall be for the balance of the unexpired term.

4 (e) Meetings. – The Advisory Board shall meet at least two times per year for the purpose
5 of reviewing petitions to add debilitating medical conditions.

6 (f) Power. – The Advisory Board shall have the power to approve adding a debilitating
7 medical condition by a majority vote of the members present and voting.

8 (g) Quorum. – Seven members of the Advisory Board shall constitute a quorum for the
9 transaction of business.

10 (h) Administration Support. – All administrative support and other services required by
11 the Advisory Board shall be provided by the Department.

12 (i) Expenses. – The members of the Advisory Board shall receive per diem and necessary
13 travel and subsistence expenses in accordance with the provisions of G.S. 138-5.

14 **"§ 90-113.114. Physician requirements.**

15 (a) Continuing Medical Education. – Before providing a written certification to a
16 qualified patient, a physician shall complete a 10-hour continuing medical education course on
17 the prescribing of medical cannabis. A physician shall complete a three-hour supplemental
18 continuing medical education course thereafter in any year in which the physician issues a written
19 certification. Records documenting compliance with continuing medical education requirements
20 must be maintained for six consecutive years and may be inspected by the Department or by the
21 NC Medical Board or its agents.

22 (b) Required Topics of Continuing Medical Education. – The initial 10-hour continuing
23 medical education course shall include, among other topics, training on the following:
24 indications, benefits, risks, and adverse outcomes of medical cannabis use; assessing mental
25 health and substance use disorder patient and family history; screening for clinical high risk for
26 psychosis; assessing for development of mental health symptoms, including symptoms of
27 psychosis; and initial and ongoing assessment for substance use disorders, including cannabis
28 use disorder.

29 (c) Bona Fide Physician-Patient Relationship. – A physician shall issue a written
30 certification only for a patient with whom the physician has a bona fide physician-patient
31 relationship.

32 (d) Physical Location in State. – A physician shall have a physical office location in North
33 Carolina in which to conduct in-person examinations.

34 (e) Risk Screening. – A physician shall assess each patient for the initial and ongoing risk
35 of mental health and substance use disorders and for the development of mental health and
36 substance use disorders.

37 (f) Use of Electronic Registry. – A physician shall issue a written certification for a
38 qualified patient in the electronic medical cannabis registry database as specified by the
39 Department.

40 (g) Patient Education. – Upon initial written certification and at least annually thereafter,
41 a physician shall provide education to a qualified patient on the risk and symptoms of cannabis
42 use disorder, the risk and symptoms of cannabis-induced psychosis, and the risk of impairment
43 while operating a motor vehicle under the influence of cannabis or cannabis-infused products.

44 (h) Follow-Up Care and Treatment. – A physician shall reevaluate a patient for whom
45 the physician has issued a written certification as frequently as necessary to determine the
46 efficacy of the use of cannabis as a treatment for the patient's particular medical condition, the
47 appropriateness of the delivery method and dosage included in the written certification, and any
48 adverse side effects. Such reevaluation shall occur at least quarterly in the first year and at least
49 annually thereafter. The physician shall check the patient's prescription history in the Controlled
50 Substances Reporting System when renewing a written certification. The Commission may set a

1 shorter interval for mandatory patient reevaluations and may set requirements for in-person
2 physical examination during reevaluations.

3 (i) Requirement to Update Registry. – A physician shall update the medical cannabis
4 registry database within three days after any change is made to the original written certification
5 to reflect such change, including deactivation of a written certification.

6 (j) Monitoring of Written Certifications. – The Department shall monitor physician
7 written certifications in the medical cannabis registry database for practices that could facilitate
8 diversion or misuse of cannabis or other harm and shall refer cases to the North Carolina Medical
9 Board and the State Bureau of Investigation as appropriate. The Department may conduct
10 outreach and education to physicians who represent statistical outliers in any manner of their
11 issuing of written certifications.

12 (k) Site of Evaluation. – A physician may not evaluate patients on the site of a medical
13 cannabis center.

14 (l) Advertising. – A physician may not advertise on the site of a medical cannabis center.

15 (m) Rules. – The Commission may adopt rules regarding physicians to ensure the
16 protection of individuals with a debilitating medical condition, the prevention of diversion, and
17 the integrity of the medical cannabis system.

18 **"§ 90-113.115. Registry identification cards for qualified patients and designated**
19 **caregivers.**

20 (a) Applications, Issuance, and Expiration of Registry Identification Cards. – The
21 Department shall issue or renew a registry identification card to the following individuals:

22 (1) Any individual who applies to the Department on forms prescribed by the
23 Department demonstrating that the individual is a qualified patient with a
24 debilitating medical condition for which a physician has issued a written
25 certification.

26 (2) Any individual who is at least 21 years of age who has (i) been named as a
27 designated caregiver in a registry identification card application submitted by
28 a qualified patient and (ii) agreed to serve as that qualified patient's designated
29 caregiver. The Department may issue a registry identification card to a
30 maximum of two designated caregivers named in a qualified patient's
31 approved application. An individual may serve as a designated caregiver for
32 a maximum of two qualified patients. The Commission may by rule create
33 exceptions to the limit on the number of designated caregivers a qualified
34 patient may have and exceptions to the limit on the number of qualified
35 patients a designated caregiver may serve. The Commission may establish
36 rules to allow a facility to serve as a designated caregiver.

37 The Department shall issue a registry identification card to an applicant within 14 business
38 days after approving an application or renewal. The initial or renewal registry identification card
39 expires one year after the date of issuance.

40 (b) Qualified Patients Under Age 18. – The Department may not issue or renew a registry
41 identification card to a qualified patient under 18 years of age unless each of the following criteria
42 is met:

43 (1) The qualified patient's physician has explained the potential risks and benefits
44 of the medical use of cannabis to the qualified patient and to a parent,
45 guardian, or person having legal custody of the qualified patient.

46 (2) The qualified patient's physician restricts the qualified patient's use of
47 cannabis to a noninhalation consumption method, and the qualified patient
48 and the qualified patient's designated caregivers agree to comply with this
49 restriction.

50 (3) A parent, guardian, or person having legal custody of the qualified patient
51 consents in writing to (i) allow the qualified patient's medical use of cannabis,

1 (ii) serve as one of the qualified patient's designated caregivers, and (iii)
2 control the acquisition of the cannabis, the dosage, and the frequency of the
3 medical use of cannabis by the qualified patient.

4 (c) Review of Applications. – The Department shall verify the information contained in
5 a registry identification card application or renewal application submitted pursuant to this section
6 and shall approve or deny an application or renewal application within 45 days after receipt.

7 (d) Denials and Appeals. – The Department may deny a registry identification card
8 application or renewal application only if the applicant fails to provide the information required
9 pursuant to this section or if the Department determines that the application or renewal
10 application contains false information. Denials may be appealed by filing a contested case
11 petition under Article 3 of Chapter 150B of the General Statutes. Article 4 of Chapter 150B of
12 the General Statutes governs judicial review of an administrative decision made under this
13 section.

14 (e) Registry Identification Card Information. – Each registry identification card issued
15 by the Department shall be printed with tamper-resistant technology and shall contain at least all
16 of the following information:

17 (1) The name of the cardholder.

18 (2) The address of the cardholder.

19 (3) The cardholder's date of birth.

20 (4) A designation of whether the cardholder is a designated caregiver or
21 qualifying patient.

22 (5) The date of issuance and expiration date of the registry identification card.

23 (6) A random alphanumeric identification number that is unique to the cardholder.

24 (7) If the cardholder is a designated caregiver, the random alphanumeric
25 identification number of the qualifying patients that the designated caregiver
26 is authorized to assist.

27 (8) A photograph of the cardholder.

28 (9) The delivery method of the cannabis.

29 (f) Notification of Changes. – Individuals issued registry identification cards are subject
30 to all of the following:

31 (1) A qualified patient who has been issued a registry identification card shall
32 notify the Department of any change in the qualified patient's name, address,
33 or designated caregiver and submit a fifty dollar (\$50.00) fee to the
34 Department within 15 days after the change occurs. A qualified patient who
35 fails to notify the Department of any of these changes within the specified
36 time frame commits an infraction and is subject to a fine not to exceed one
37 hundred dollars (\$100.00).

38 (2) A designated caregiver shall notify the Department of any change in name or
39 address and submit a fifty dollar (\$50.00) fee to the Department within 15
40 days after the change occurs. A designated caregiver who fails to notify the
41 Department of any of these changes within the specified time frame commits
42 an infraction and is subject to a fine not to exceed one hundred dollars
43 (\$100.00).

44 (3) When a qualified patient or designated caregiver notifies the Department of
45 any change, as required by this subsection, the Department shall issue the
46 qualified patient and each designated caregiver a new registry identification
47 card within 10 days after receiving the updated information and the fifty dollar
48 (\$50.00) fee.

49 (4) When a qualified patient who possesses a registry identification card notifies
50 the Department of a change in designated caregiver, the Department shall
51 notify the designated caregiver of record of the change within 15 days after

1 receiving notification of the change. The protections afforded under this
2 Article to the designated caregiver of record shall expire 30 days after the
3 designated caregiver of record is notified by the Department of the change in
4 designated caregiver.

5 (5) If a qualified patient or a designated caregiver loses a registry identification
6 card, the cardholder shall notify the Department within 15 days after losing
7 the card. The notification shall include a fifty dollar (\$50.00) replacement fee
8 for a new card. Within five days after receiving notification of a lost registry
9 identification card, the Department shall issue the cardholder a new registry
10 identification card with a new random identification number.

11 (g) Suspensions or Revocations. – If the Department determines that a qualified patient
12 or designated caregiver has violated any provision of this Article, the Department shall suspend
13 or revoke the qualified patient's or designated caregiver's registry identification card. Suspensions
14 or revocations may be appealed by filing a contested case petition under Article 3 of Chapter
15 150B of the General Statutes.

16 (h) Rules. – The North Carolina Medical Care Commission shall adopt rules to
17 implement the provisions of this section. The rules shall establish requirements for the issuance
18 of registry identification cards to qualified patients and designated caregivers, which shall include
19 at least all of the following:

20 (1) The method of demonstrating written certification, as defined in
21 G.S. 90-113.112.

22 (2) The amount of the initial or renewal application fee, which shall not exceed
23 fifty dollars (\$50.00) per application or renewal application.

24 (3) The name, address, and date of birth of the qualified patient.

25 (4) The name, address, and telephone number of the qualified patient's physician.

26 (5) The name, address, and date of birth of each of the qualified patient's
27 designated caregivers, if any.

28 (6) A limitation on the number of written certifications a physician may issue at
29 any given time.

30 **§ 90-113.116. Requirement to carry and disclose registry identification card to law**
31 **enforcement.**

32 (a) Requirement to Carry. – A registry identification cardholder shall carry the registry
33 identification card together with valid identification whenever the registry identification
34 cardholder is carrying cannabis or cannabis-infused product as provided in this Article.

35 (b) Requirement to Disclose. – The registry identification cardholder shall disclose to any
36 law enforcement officer that the registry identification cardholder holds a valid registry
37 identification card when approached or addressed by the officer and shall display both the registry
38 identification card and valid identification at the request of a law enforcement officer.

39 **§ 90-113.117. Confidential Medical Cannabis Registry Database.**

40 (a) Confidential Medical Cannabis Registry Database. – The Department shall create a
41 secure, confidential, electronic medical cannabis registry database of all qualified patients and
42 designated caregivers to whom the Department has issued registry identification cards. Law
43 enforcement agencies may contact the Department to confirm registry identification cardholders.
44 The database shall consist of at least the following information:

45 (1) The name and address of the registry identification cardholder.

46 (2) The name, address, and hospital affiliation of the physician who issued the
47 written certification of the qualified patient's debilitating condition.

48 (3) A photograph of the registry identification cardholder.

49 (b) Confidential Nature of Information Collected by Department. – Applications and
50 supporting information submitted by qualified patients, including information regarding their
51 designated caregivers and physicians, individual names, and other identifying information in the

1 medical cannabis registry database, are confidential, exempt from the provisions of Chapter 132
2 of the General Statutes, and are not subject to disclosure, except to authorized employees of the
3 Department as necessary to perform official duties of the Department and law enforcement
4 agencies as allowed in this section.

5 (c) Penalty for Confidentiality Breaches. – Any person, including an employee or official
6 of the Department or another State agency or local government, who breaches the confidentiality
7 of information obtained pursuant to this section is guilty of a Class 2 misdemeanor; however,
8 any fine imposed for a violation under this subsection shall not exceed one thousand dollars
9 (\$1,000).

10 (d) Reports of Falsified or Fraudulent Application Information to Law Enforcement
11 Personnel. – Nothing in this section shall be construed to prevent Department employees from
12 notifying law enforcement personnel about falsified or fraudulent information submitted to the
13 Department by any individual in support of an application for a registry identification card.

14 **"§ 90-113.118. Medical Cannabis Production Commission.**

15 (a) Commission Established. – The Medical Cannabis Production Commission is
16 established and shall consist of 11 members as follows:

17 (1) The Governor shall appoint members to the Medical Cannabis Production
18 Commission as follows:

19 a. A qualified patient representative.

20 b. Two industry representatives, subject to the limitation that, although
21 the industry representatives may participate in assisting with the
22 process of adopting rules, the industry representatives must not
23 participate in the license selection process if the industry
24 representatives have applied for or have an affiliation with a medical
25 cannabis supplier license applicant through family or business.

26 (2) The Secretary of the Department, or designee.

27 (3) The Director of the North Carolina State Bureau of Investigation, or designee.

28 (4) The Agriculture Commissioner, or designee.

29 (5) A sheriff designated by the North Carolina Sheriffs' Association.

30 (6) A chief of police designated by the North Carolina Association of Chiefs of
31 Police.

32 (7) A physician member of the North Carolina Medical Board designated by the
33 North Carolina Medical Board.

34 (8) A member appointed by the General Assembly upon recommendation of the
35 Speaker of the House of Representatives in accordance with G.S. 120-121.

36 (9) A member appointed by the General Assembly upon recommendation of the
37 President Pro Tempore of the Senate in accordance with G.S. 120-121.

38 (b) Terms. – Members of the Commission shall serve terms of four years, beginning
39 effective July 1 of the year of appointment, and may be reappointed to a second four-year term.
40 The terms of members designated by subdivisions (a)(1), (a)(2), and (a)(4) of this section shall
41 expire on June 30 of any year evenly divisible by four. The terms of the remaining members shall
42 expire on June 30 of any year that follows by two years a year evenly divisible by four.

43 (c) Chair. – The members of the Commission shall elect a chair. The chair shall serve a
44 two-year term and may be reelected.

45 (d) Vacancies. – Any appointment to fill a vacancy on the Commission created by the
46 resignation, dismissal, death, or disability of a member shall be made by the original appointing
47 authority and shall be for the balance of the unexpired term.

48 (e) Removal. – The appointing authority shall have the power to remove any member of
49 the Commission appointed by that authority from office for misfeasance, malfeasance, or
50 nonfeasance.

1 (f) Expenses. – The members of the Commission shall receive per diem and necessary
2 travel and subsistence expenses in accordance with the provisions of G.S. 138-5.

3 (g) Quorum. – Five members of the Commission shall constitute a quorum for the
4 transaction of business.

5 (h) Licensing Power. – The Commission shall have the power to approve applications for
6 medical cannabis supplier licenses upon recommendation of the Department by a majority vote
7 of the members present and voting. The Department shall evaluate the applications in accordance
8 with G.S. 90-113.120 and submit a list of 20 recommended applicants to the Commission. The
9 Commission shall approve 10 licenses from the list by a majority vote of the members present
10 and voting. In awarding the licenses, the Commission shall require each supplier own and operate
11 no more than four medical cannabis centers. Of the medical cannabis centers operated by each
12 supplier, at least one shall be located in a Tier 1 county.

13 (i) License Suspension or Revocation. – The Commission may suspend or revoke a
14 medical cannabis supplier license if the Commission determines that the supplier is not in
15 substantial compliance with this Chapter or with rules adopted by the Commission under
16 subsection (k) of this section. The Department shall notify a supplier at least 14 days in advance
17 of a proposed suspension or revocation, including the reasons for the suspension or revocation
18 and any possible remedial options available to the supplier. The Commission has the power to
19 administer oaths and issue subpoenas to require the presence of persons and the production of
20 papers, books, and records necessary to conduct a suspension or revocation hearing. The
21 suspension or revocation may be appealed by filing a contested case petition under Article 3 of
22 Chapter 150B of the General Statutes.

23 (j) All administrative support and other services required by the Commission shall be
24 provided by the Department.

25 (k) Rules. – The Commission, in consultation with the North Carolina Medical Care
26 Commission, shall adopt rules to implement the provisions of this section, G.S. 90-113.119,
27 90-113.120, 90-113.121, and 90-113.122. The rules shall do all of the following:

28 (1) Establish qualifications and requirements for licensure of suppliers, for the
29 production of cannabis by a supplier, and for the proper regulation of medical
30 cannabis centers and production facilities operated by suppliers.

31 (2) Ensure the equitable distribution of medical cannabis centers throughout the
32 State in order for registry identification cardholders to access an adequate
33 supply of cannabis and cannabis-infused products, while preventing an
34 overconcentration of medical cannabis centers in any one area.

35 (3) Establish civil penalties for minor violations of the requirements of this
36 Chapter and rules adopted under the authority provided in this subsection.

37 (l) Conflicts of Interest. – No member of the Commission shall own, operate, have a
38 direct or indirect financial interest in, or be employed by a licensed medical cannabis supplier,
39 or a licensed medical cannabis testing laboratory, or a subcontractor thereof. No member of the
40 Commission shall be a qualified patient, a designated caregiver, or a physician who issues written
41 certifications.

42 **"§ 90-113.119. Regulated medical cannabis supply system.**

43 (a) Medical Cannabis Supply System. – The Medical Cannabis Production Commission
44 established in G.S. 90-113.118 shall establish a medical cannabis supply system that authorizes
45 suppliers to produce cannabis and cannabis-infused products in licensed cannabis products
46 facilities and distribute them through medical cannabis centers. In establishing the medical
47 cannabis supply system, the Commission shall (i) provide a safe, regulated supply of cannabis
48 appropriate for medical use by qualified registry identification cardholders issued under
49 G.S. 90-113.115, (ii) ensure statewide access to safe and affordable cannabis to registry
50 identification cardholders, (iii) establish a system that is well-regulated, includes a seed-to-sale
51 tracking system, and is financially viable for suppliers to ensure the highest quality cannabis and

1 cannabis-infused products for patients, and (iv) generate sufficient revenue for the Commission
2 to oversee and for the Department to maintain and operate the system.

3 (b) The Commission shall adopt rules to regulate the medical cannabis supply system, to
4 include, without limitation:

5 (1) Physical plant requirements.

6 (2) Odor control and mitigation.

7 (3) Security, to include video surveillance.

8 (4) Sanitation and workplace safety conditions.

9 (5) Employee training.

10 (6) Record keeping.

11 (7) Inventory limits and controls.

12 (8) Quality control.

13 (9) Reportable events.

14 (10) Procedures for mandatory and voluntary recall of unsafe cannabis or
15 cannabis-infused products.

16 (11) Permitted pesticides to be used and in what amounts, if any.

17 (12) Limitations on the use of solvents or gases exhibiting potential toxicity to
18 humans.

19 (13) Storage of cannabis and cannabis-infused products.

20 (14) Transportation of cannabis and cannabis-infused products.

21 (c) Seed-to-Sale Tracking System. – The Commission shall establish, maintain, and
22 control a computer software tracking system that traces cannabis from seed to sale and allows
23 real-time, 24-hour access by the Department and by the Commission to data from all production
24 facilities, medical cannabis centers, and testing laboratories. The tracking system must allow for
25 integration of other seed-to-sale systems and, at a minimum, include notification of when
26 cannabis seeds are planted, when cannabis plants are harvested and destroyed, and when cannabis
27 is transported, sold, stolen, diverted, or lost. Each medical cannabis supplier shall use the
28 seed-to-sale tracking system established by the Commission or integrate its own seed-to-sale
29 tracking system with the seed-to-sale tracking system established by the Commission. The
30 Commission shall establish minimum requirements for the seed-to-sale tracking system used by
31 a supplier. The Commission may contract with a vendor to establish the seed-to-sale tracking
32 system. The vendor may not have a direct or indirect financial interest in a medical cannabis
33 supplier or testing laboratory.

34 (d) Funding. – The General Assembly may appropriate funds for the initial development
35 and implementation of the medical cannabis supply system, but neither the Department nor the
36 Commission shall use any appropriations from the General Fund to operate the system. The intent
37 of the General Assembly is that the system shall be funded solely by the fees authorized in this
38 Article.

39 **"§ 90-113.120. Medical cannabis supplier license.**

40 (a) Definitions. – The following definitions apply in this section:

41 (1) Nonresident business. – An entity that has not been required to file an income
42 or franchise tax return with the State for three years prior to filing an initial
43 application for a medical cannabis supplier license that meets one or more of
44 the following conditions:

45 a. Is a nonresident entity.

46 b. Is a nonresident individual who owns an unincorporated business as a
47 sole proprietor.

48 (2) Nonresident entity. – Defined in G.S. 105-163.1.

49 (3) Nonresident individual. – Defined in G.S. 105-153.3.

50 (b) Prohibitions. – No person shall do any of the following without first obtaining a
51 medical cannabis supplier license from the Commission:

- 1 (1) Grow, cultivate, produce, or sell cannabis or cannabis-infused products.
2 (2) Operate a business to produce cannabis or cannabis-infused products.
3 (3) Establish or operate a medical cannabis center for the sale of cannabis,
4 cannabis-infused products, and paraphernalia relating to the administration of
5 cannabis to qualified patients and designated caregivers who hold valid
6 registry identification cards.
- 7 (c) Medical Cannabis Supplier License Application; Fees. – An applicant for a license
8 under this subsection shall submit the required information on application forms provided by the
9 Department. The application form shall require at least all of the following:
- 10 (1) The applicant's name and any legal names the applicant will use for facilities
11 where the applicant will produce cannabis and for each medical cannabis
12 center and production facility the applicant proposes to operate.
- 13 (2) The address of each property, location, or premises the applicant will use to
14 produce cannabis, of each production facility the applicant will use to process
15 cannabis or produce cannabis-infused products, and of each medical cannabis
16 center the applicant will use to dispense or distribute cannabis.
- 17 (3) Documentation demonstrating that the applicant possesses:
- 18 a. Requisite expertise in controlled environment agriculture and the
19 ability to engage in growing or processing of cannabis, as well as
20 product development, quality control, and inventory management of
21 cannabis meeting standards that the Commission shall specify by rule.
- 22 b. Technical and technological ability to cultivate, produce, and
23 distribute medical cannabis in a manner that meets Commission
24 standards for production consistency and safe handling.
- 25 c. Ability to secure cannabis production, testing, resources,
26 transportation, and personnel to operate as a safe and secure supplier
27 in compliance with all state regulations in which the applicant has prior
28 experience.
- 29 (4) Proposed operating procedures for each production facility, medical cannabis
30 center, and component of the applicant's proposed medical cannabis supply
31 system, including record keeping and security requirements as the
32 Commission shall specify by rule.
- 33 (5) The name, address, and date of birth of each principal officer and board
34 member of the supplier.
- 35 (6) The name, address, and date of birth of each employee of the supplier.
- 36 (7) For first-year suppliers, a nonrefundable license fee in the amount of fifty
37 thousand dollars (\$50,000) plus five thousand dollars (\$5,000) for each
38 production facility or medical cannabis center the applicant proposes to
39 operate under the license.
- 40 (8) For suppliers seeking license renewal, a nonrefundable renewal fee in an
41 amount not less than ten thousand dollars (\$10,000) plus one thousand dollars
42 (\$1,000) for each production facility or medical cannabis center the supplier
43 operates under the license as specified in rules adopted by the Commission
44 pursuant to G.S. 90-113.118 and annual audited financial statements audited
45 by an independent certified public accountant.
- 46 (9) Proof the applicant has been a State resident for at least two years and will be
47 the majority owner of each medical cannabis center and production facility
48 the applicant proposes to operate. The applicant may include nonresident
49 partners with demonstrated ownership and operation experience in the
50 cultivation, production, extraction, product development, quality control, and
51 inventory management of cannabis products in a state-licensed medical or

1 adult use cannabis operation and shall provide proof of state residency for any
2 nonresident partner of the applicant.

3 (10) The name, address, and date of birth of any individual owning more than five
4 percent (5%) of the medical cannabis center and production facility the
5 supplier operates.

6 (11) Proof in a manner and amount as the Commission shall specify by rule that
7 the applicant has sufficient liquid and nonliquid assets to operate as a supplier
8 for two years as a part of the medical cannabis supply system established by
9 this Article.

10 (12) If the applicant or proposed owners, officers, board members, or managers
11 have engaged in medical or adult use cannabis operations in another state,
12 evidence of compliance with applicable laws and regulations in that state.

13 (13) Any other information the Department considers necessary to ensure
14 compliance with the terms of this Article.

15 (d) Duration. – Unless suspended or revoked, a medical cannabis supplier license is valid
16 for a period not to exceed 12 months from the date of issuance.

17 (e) Renewal. – A supplier shall apply for renewal, as necessary, at least 30 days prior to
18 the expiration of a current license.

19 (f) Time Frame for Issuance; Fees. – No later than 30 days after issuing or renewing a
20 license under this subsection, the Department shall issue a supplier registry identification card to
21 each director and employee listed on the application or renewal form upon receipt of a two
22 hundred fifty dollar (\$250.00) fee per cardholder.

23 (g) Notification of Changes. – An applicant or supplier shall notify the Department of
24 any change in the information submitted on the license application or renewal form within 30
25 days after the change.

26 (h) Availability of Records. – The records of a medical cannabis center operated by a
27 supplier are subject to the same restrictions imposed on pharmacy records pursuant to
28 G.S. 90-85.36. G.S. 90-85.36 applies to each medical cannabis center as if it were a pharmacy
29 regulated under Article 4A of Chapter 90 of the General Statutes.

30 (i) Cannabis Production Site Card. – The Department shall issue a cannabis production
31 site card to each supplier for each production facility approved under this section. The card shall
32 be posted conspicuously at each production facility.

33 (j) Performance Requirements. – A supplier must begin cultivation of cannabis within
34 120 days of receiving a medical cannabis supplier license and begin selling cannabis and
35 cannabis-infused products in medical cannabis centers within 270 days of initiating cultivation.

36 (k) Criminal History Record Check. – In order to ensure compliance with this section,
37 the Department shall conduct a criminal history record check of any person whose name is
38 submitted on an application as an owner, director, or an employee of the supplier. When
39 requested by the Department, the North Carolina Department of Public Safety may provide to
40 the Department a person's criminal history from the State Repository of Criminal Histories. Such
41 requests shall not be due to a person's age, sex, race, color, national origin, religion, creed,
42 political affiliation, or handicapping condition as defined in G.S. 168A-3. For requests for a State
43 criminal history record check only, the Department shall provide to the Department of Public
44 Safety a form consenting to the check signed by the person to be checked and any additional
45 information required by the Department of Public Safety. National criminal record checks are
46 authorized for applicants who have not resided in the State of North Carolina during the past five
47 years. For national checks, the Department shall provide to the North Carolina Department of
48 Public Safety the fingerprints of the person to be checked, any additional information required
49 by the Department of Public Safety, and a form signed by the person to be checked consenting
50 to the check of the criminal record and to the use of fingerprints and other identifying information
51 required by the State or National Repositories. The fingerprints of the individual shall be

1 forwarded to the State Bureau of Investigation for a search of the State criminal history record
2 file, and the State Bureau of Investigation shall forward a set of fingerprints to the Federal Bureau
3 of Investigation for a national criminal history record check. The Department of Health and
4 Human Services shall keep all information pursuant to this section confidential. The Department
5 of Public Safety shall charge a reasonable fee for conducting the checks of the criminal history
6 records authorized by this section. All releases of criminal history information to the Department
7 shall be subject to, and in compliance with, rules governing the dissemination of criminal history
8 record checks as adopted by the North Carolina Department of Public Safety. All of the
9 information either department receives through the checking of the criminal history is privileged
10 information and for the exclusive use of that department.

11 (l) Duty to Update. – In order to continue to hold a license under this Article, a supplier
12 shall notify the Commission of any change in criminal history of any person required to be
13 evaluated by the Department under this section. The Commission may reevaluate the supplier's
14 eligibility for a license based on the notification and may modify or revoke the license or require
15 issuance of a new license with appropriate terms to exclude disqualifying persons.

16 (m) Disqualifications for Licensure. – The Commission shall not issue a license
17 authorized by this section to any of the following persons:

- 18 (1) A person who has not paid the appropriate license or license renewal fee.
- 19 (2) An individual who is less than 21 years of age.
- 20 (3) A person who has served a sentence for any of the following felonies in the
21 five years immediately preceding the date of license application: any Class A
22 through E felony; any felony that includes assault as an essential element of
23 the offense; any felony under Article 14 (Burglary and Other Housebreakings)
24 of Chapter 14 of the General Statutes; any felony under Article 16 (Larceny),
25 Article 16A (Organized Retail Theft), Article 17 (Robbery), Article 18
26 (Embezzlement), Article 19 (False Pretenses and Cheats), Article 19A
27 (Obtaining Property or Services by False or Fraudulent Use of Credit Device
28 or Other Means), Article 19B (Financial Transaction Card Crime Act), or
29 Article 19C (Financial Identity Theft) of Chapter 14 of the General Statutes.
- 30 (4) A person (or, with respect to a person who is not an individual, an owner,
31 director, or employee of the person) who at any time has been convicted of a
32 felony violation for manufacturing, selling, delivering, or possessing with
33 intent to manufacture, sell, deliver, or possess a Schedule I or II controlled
34 substance, in violation of G.S. 90-95(b)(1).
- 35 (5) Except as otherwise provided in this subdivision, a person who has not been
36 a resident of North Carolina for at least two years prior to the date of the
37 license application, unless that person is a minority partner of a State resident
38 who is the majority owner of the applicant. With respect to a person who is
39 not an individual, a person that is a nonresident business.

40 (n) Administrative and Judicial Review. – Articles 3 and 4 of Chapter 150B of the
41 General Statutes govern administrative and judicial review of an administrative decision made
42 under this section.

43 **"§ 90-113.121. Restrictions on supplier sales and supply.**

44 (a) Restrictions on Sales and Supply. – A person licensed as a supplier under this Article
45 is subject to the following sales and supply restrictions:

- 46 (1) The supplier may sell cannabis and cannabis-infused products only through
47 the medical cannabis center that the supplier is licensed to operate under this
48 section. A medical cannabis center shall not sell cannabis, cannabis-infused
49 products, or paraphernalia relating to the administration of cannabis to any
50 person other than a qualified patient, designated caregiver, or except as
51 provided in this section. A medical cannabis center shall not sell cannabis or

1 cannabis-infused products in an amount that exceeds an adequate supply to
2 any qualified patient or designated caregiver.

3 (2) The supplier may sell only cannabis grown by the supplier at the production
4 facilities approved under this section. Except as provided in this section, the
5 supplier shall not sell cannabis, cannabis plants, cannabis seeds, or cultivation
6 equipment to any other person other than through the medical cannabis center
7 that the supplier is licensed to operate.

8 (b) Resale. – The supplier may sell cannabis or cannabis-infused products for resale to
9 another licensed supplier.

10 **"§ 90-113.122. Supplier reporting; monthly fees; fines; audit.**

11 (a) Monthly Reports. – Each supplier licensed under this Article shall submit monthly
12 reports to the Department on all financial transactions, including, but not limited to, production,
13 sales and purchases of cannabis and cannabis-infused products, and transfers of cannabis and
14 cannabis-infused products for no consideration with respect to each medical cannabis center and
15 production facility operated by the supplier.

16 (b) Monthly Fee. – Each supplier licensed under this section shall pay to the Department
17 a monthly fee equal to ten percent (10%) of the gross revenue derived from the sale of cannabis
18 and cannabis-infused products at all medical cannabis centers operated by the supplier.

19 (c) Construction. – Nothing in this section shall be construed to exempt persons licensed
20 under this section from the reporting or remittance of sales tax for any transaction upon which a
21 sales tax may be levied.

22 (d) Fines. – The Department may, in addition to or in lieu of any other penalties imposed
23 under this Article, impose a fine of up to ten thousand dollars (\$10,000) on a supplier for any of
24 the following violations:

- 25 (1) Violating a statute or Commission rule.
- 26 (2) Failing to maintain qualifications for approval.
- 27 (3) Endangering the health, safety, or security of a qualified patient.
- 28 (4) Improperly disclosing confidential information of a qualified patient.
- 29 (5) Making or filing a report or record that the supplier knows to be false.
- 30 (6) Willfully failing to maintain a record required by law or rule.
- 31 (7) Willfully impeding or obstructing an employee or agent of the Department in
32 the furtherance of his or her official duties.
- 33 (8) Engaging in fraud or deceit, negligence, incompetence, or misconduct in the
34 business practices of a medical cannabis supplier.
- 35 (9) Making misleading, deceptive, or fraudulent representations in or related to
36 the business practices of a medical cannabis supplier.
- 37 (10) Violating a lawful order of the Department or an agency of the State, or failing
38 to comply with a lawfully issued subpoena of the Department or an agency of
39 the State.

40 Where there are multiple incidents resulting in more than one violation of the same provision,
41 the Department may impose a fine, up to the maximum, for each violation. For violations that
42 are ongoing and continuous in nature, each day a violation continues constitutes a distinct
43 violation. The Commission may establish criteria for fine amounts. A supplier may appeal the
44 imposition of fines by the Department to the Commission, and the Commission shall adopt rules
45 governing such appeals.

46 (e) Audit. – The Commission may require in its discretion an audit of the financial
47 transactions of a supplier to be conducted by an independent certified accountant. The
48 Department reserves the right to select the independent certified accountant to be used for the
49 audit. The supplier shall be responsible for all costs associated with the audit.

50 **"§ 90-113.123. Exemption from criminal laws.**

1 (a) Exemption from Criminal Laws. – A supplier is exempt from the criminal laws of this
2 State for possession, production, delivery, or transportation of cannabis or aiding and abetting
3 another in the possession, production, delivery, or transportation of cannabis or any other
4 criminal offense in which possession, production, delivery, or transportation of cannabis is an
5 element if the individual is in compliance with this Article and rules adopted under this Article.

6 (b) Loss of Exemption from Criminal Laws. – A person who is not a qualified patient or
7 a designated caregiver but who is otherwise authorized to possess, produce, deliver, or transport
8 cannabis for medical use pursuant to this Article ceases to be exempt as provided in subsection
9 (a) of this section upon committing any of the following acts:

10 (1) Driving while impaired in violation of G.S. 20-138.1, 20-138.2, or 20-138.5.

11 (2) Delivering cannabis to any individual who the person knows or has reason to
12 know is not a qualified patient or designated caregiver who holds a valid
13 registry identification card issued under G.S. 90-113.115, or a supplier who
14 holds a license under G.S. 90-120.

15 (3) Manufacturing or distributing cannabis at an address not registered with the
16 Department.

17 (4) Failing to report transfer of cannabis authorized under this Article to the
18 Department.

19 **"§ 90-113.124. Protections for the medical use of cannabis.**

20 (a) A registry identification cardholder shall not be subject to arrest, prosecution, or
21 penalty in any manner for the possession or purchase of cannabis for medical use by the qualified
22 patient if the quantity of usable cannabis possessed or purchased does not exceed an adequate
23 supply, as determined by the qualified patient's physician.

24 (b) If usable cannabis is infused or added as an ingredient to an edible cannabis product,
25 salve, tincture, or any other preparation to be consumed or used by a qualified patient, the weight
26 of the other ingredients that are not usable cannabis shall not be included for the purpose of
27 determining whether a qualified patient is in possession of an amount of cannabis that exceeds
28 the qualified patient's adequate supply.

29 (c) A supplier shall not be subject to arrest, prosecution, or penalty in any manner for
30 producing, possessing, distributing, or dispensing cannabis or cannabis-infused products in a
31 manner consistent with this Article.

32 (d) When an employee, officer, or agent of the State makes a finding, determination, or
33 otherwise considers a qualified patient or designated caregiver's possession or use of cannabis,
34 or a cannabis-infused product, the employee, officer, or agent may not consider the qualified
35 patient or designated caregiver's possession or use any differently than the lawful possession or
36 use of any prescribed controlled substance, if the qualified patient or designated caregiver's
37 possession or use complies with this Article.

38 (e) Nothing in this Article shall be construed to extend the protections of this Article to
39 any person, including a qualified patient, a designated caregiver, or a supplier, to allow that
40 person to acquire, possess, manufacture, produce, use, sell, distribute, dispense, or transport
41 cannabis in a manner that is not consistent with this Article.

42 **"§ 90-113.125. Smoking and vaping prohibited in certain places.**

43 (a) Nothing in this Article shall authorize a registry identification cardholder to engage
44 in the smoking of cannabis or the vaping of cannabis for medical use in the following places:

45 (1) In a public place or a place open to the public.

46 (2) In any place of employment.

47 (3) In a vehicle.

48 (4) In or within 1,000 linear feet of the property line of a church, unless the
49 medical use occurs within a private residence.

50 (5) In or within 1,000 linear feet of the property line of a child care facility as
51 defined in G.S. 110-86(3), unless the medical use occurs within a private

1 residence. When a private residence is a child care facility, the smoking of
2 cannabis and the vaping of cannabis is prohibited.

3 (6) In or within 1,000 linear feet of the property line of a public school unit or any
4 nonpublic school as defined in Part 1 or Part 2 of Article 39 of Chapter 115C
5 of the General Statutes, unless the medical use occurs within a private
6 residence.

7 (7) In or within 1,000 linear feet of the property line of a community college or
8 the facilities of The University of North Carolina and the grounds of those
9 facilities as defined in G.S. 143-597(a)(6), unless the medical use occurs
10 within a private residence. Smoking or vaping is permitted inside buildings
11 that are used for medical or scientific research to the extent that smoking or
12 vaping is an integral part of the research. Smoking or vaping permitted under
13 this subdivision shall be confined to the area where the research is being
14 conducted.

15 (b) Any individual who engages in the smoking of cannabis or the vaping of cannabis in
16 violation of this section shall be guilty of an infraction and punished by a fine of not more than
17 twenty-five dollars (\$25.00).

18 **"§ 90-113.126. Violations; penalties; and enhanced sentence for trafficking related to**
19 **medical cannabis.**

20 (a) Any person who manufactures, sells, delivers, or possesses with intent to
21 manufacture, sell, or deliver cannabis in violation of this Article at a medical cannabis center or
22 production facility shall be punished as a Class G felon.

23 (b) Any person who creates, sells, delivers, or possesses with intent to sell or deliver
24 counterfeit cannabis in violation of this Article at a medical cannabis center or production facility
25 shall be punished as a Class H felon.

26 (c) Any person who possesses an amount of cannabis up to 1 1/2 ounces in violation of
27 this Article, at a medical cannabis center or production facility, shall be deemed guilty of a Class
28 A1 misdemeanor.

29 (d) Any person who possesses an amount of cannabis that exceeds 1 1/2 ounces in
30 violation of this Article, at a medical cannabis center or production facility, shall be punished as
31 a Class H felon.

32 (e) Any person that provides the Department with false or misleading information in
33 relation to a registry identification card or license shall be deemed guilty of a Class 1
34 misdemeanor.

35 (f) Any person who has been issued a valid registry identification card who is found to
36 be in possession of cannabis in violation of this Article shall be punished as a Class I felon.

37 (g) If a person is convicted of a violation of G.S. 90-95(h)(1), and it is found that the
38 offense was committed at a medical cannabis center or production facility or with cannabis from
39 a medical cannabis center or production facility, then the person shall be sentenced at a felony
40 class level one class higher than the principal felony for which the person was convicted, and an
41 additional 12 months will be added to the mandatory minimum sentence. No defendant sentenced
42 pursuant to this section shall be sentenced at a level higher than a Class C felony. An indictment
43 or information for the felony shall allege in that indictment or information the facts that qualify
44 the offense for an enhancement under this section. One pleading is sufficient for all felonies that
45 are tried at a single trial.

46 (h) These penalties may be imposed in addition to any other penalties provided by law.

47 **"§ 90-113.127. North Carolina medical cannabis verification system.**

48 (a) Verification System. – The Department shall establish a secure web-based
49 verification system. The verification system shall allow authorized Department personnel, State
50 and local law enforcement personnel, and medical cannabis centers to enter a registry

1 identification card number to determine whether the number corresponds with a current, valid
2 registry identification card. For the purposes of this subsection, the system may disclose only:

- 3 (1) Whether the registry identification card is valid.
- 4 (2) The name, address, and date of birth of the cardholder.
- 5 (3) A photograph of the cardholder, if required by Department rules.
- 6 (4) Whether the cardholder is a qualifying patient or a designated caregiver.
- 7 (5) The registry identification card number of any associated qualifying patients
8 or designated caregivers.
- 9 (6) Only if accessed by a medical cannabis center employee or authorized
10 Department personnel, the amount of cannabis and cannabis-infused products
11 dispensed in the past 30 days.
- 12 (7) The delivery method of the cannabis.

13 (b) Verification System Access. – No person or entity may have access to information
14 contained in the Department's verification system, except for an authorized employee of the
15 Department in the course of official duties or a State or local law enforcement officer in the
16 course of official duties related to a person who claims to be a qualifying patient, designated
17 caregiver, supplier, or supplier agent engaged in conduct authorized in this Article.

18 (c) Requirement to Check. – Before cannabis or cannabis-infused products may be
19 dispensed to a registry identification cardholder, a medical cannabis center employee shall access
20 the verification system and determine that:

- 21 (1) The registry identification card presented at the medical cannabis center is
22 valid.
- 23 (2) Each person presenting a registry identification card is the person identified
24 on the registry identification card presented to the medical cannabis center
25 employee.
- 26 (3) The amount to be dispensed would not cause a qualifying patient, directly or
27 via the qualifying patient's designated caregiver, to exceed the limit on
28 obtaining no more than an adequate supply of cannabis or cannabis-infused
29 products during any 30-day period.
- 30 (4) The cannabis to be dispensed complies with the delivery method.
- 31 (5) After making the determinations required in subdivisions (3) and (4) of this
32 subsection, but before dispensing cannabis or cannabis-infused products to a
33 registry identification cardholder, a medical cannabis center employee shall
34 enter the following information in the verification system:
 - 35 a. How much cannabis or cannabis-infused product is to be dispensed to
36 the registry identification cardholder.
 - 37 b. Whether the cannabis or cannabis-infused product is to be dispensed
38 directly to the qualifying patient or to the qualifying patient's
39 designated caregiver.
 - 40 c. The date and time the cannabis or cannabis-infused product is to be
41 dispensed.
 - 42 d. The registry identification number of the medical cannabis center that
43 dispensed the cannabis or cannabis-infused product.

44 **"§ 90-113.128. Inspections; security measures.**

45 (a) Inspection. – The Department shall perform annual inspections of the premises of any
46 person licensed under this section, including any production facility or medical cannabis center.
47 All production facilities and medical cannabis centers owned and operated by a supplier are
48 subject to random inspection by the Department, and the North Carolina State Bureau of
49 Investigation in accordance with rules adopted by the Commission, which shall be developed by
50 the Commission after consulting with and receiving input from the North Carolina State Bureau
51 of Investigation.

1 (b) Security Measures. –

2 (1) Suppliers shall implement appropriate security measures in accordance with
3 rules adopted by the Commission, which shall be developed by the
4 Commission after consulting with and receiving input from the North Carolina
5 State Bureau of Investigation, designed to deter and prevent the theft of
6 cannabis and cannabis-infused products and unauthorized entrance into areas
7 containing cannabis or cannabis-infused products.

8 (2) All production facilities shall conduct cultivation, harvesting, processing, and
9 packaging of cannabis and cannabis-infused products in a controlled, secure
10 facility at a physical address provided to the Commission during the medical
11 cannabis supplier license application process. A production facility may only
12 be accessed by a supplier or a supplier's employee or agent, authorized
13 Department personnel, law enforcement personnel, emergency personnel, and
14 adults who are 21 years of age and older who are accompanied by a supplier
15 or supplier's agents or principals.

16 **"§ 90-113.129. Medical cannabis center restrictions.**

17 (a) Hours. – A medical cannabis center licensed under this Article shall not sell cannabis
18 or cannabis-infused products between the hours of 7:00 P.M. and 7:00 A.M.

19 (b) Location. – A medical cannabis center shall not be located within 1,000 linear feet of
20 the property line of any of the following places:

21 (1) A church.

22 (2) A child care facility as defined in G.S. 110-86(3).

23 (3) A public school unit or any nonpublic school as defined in Part 1 or Part 2 of
24 Article 39 of Chapter 115C of the General Statutes.

25 (4) A community college or the facilities of The University of North Carolina and
26 the grounds of those facilities as defined in G.S. 143-597(a)(6).

27 (c) Limited Entry. – Entry to medical cannabis centers shall be strictly limited to qualified
28 patients, designated caregivers, and persons whose job duties require their presence in the
29 medical cannabis center, including employees and contractors of the medical cannabis center and
30 State employees with an inspection or regulatory role. The Commission may set other limitations
31 as necessary to protect the public.

32 (d) Employee Age. – Employees of a medical cannabis center must be 21 years of age or
33 older.

34 (e) Consumption Prohibited. – Consumption of cannabis or cannabis-infused products on
35 the site of a medical cannabis center is prohibited.

36 (f) Products. – The only products that may be sold in a medical cannabis center are
37 cannabis and cannabis-infused products and paraphernalia relating to the administration of
38 cannabis and cannabis-infused products.

39 (g) Visibility Restriction. – Cannabis, cannabis-infused products, and paraphernalia shall
40 not be visible to the public from the outside of the medical cannabis center.

41 (h) Delivery. – The Commission may establish rules to allow the delivery of cannabis,
42 cannabis-infused products, and paraphernalia used to administer cannabis products by medical
43 cannabis centers to the home of a qualified patient or a designated caregiver in a manner that
44 ensures public safety, the safety of persons delivering the products, and the prevention of
45 diversion.

46 **"§ 90-113.130. Testing of cannabis and cannabis-infused products.**

47 (a) The Department shall establish standards for and shall license up to five independent
48 testing laboratories to test cannabis and cannabis-infused products that are to be sold in the State.
49 An independent testing laboratory shall analyze a representative sample of all cannabis or
50 cannabis-infused products before the sale or transfer to a medical cannabis center by a production

1 facility. An independent testing laboratory shall report the results of all testing required by the
2 Department to the Department.

3 (b) An independent testing laboratory shall be responsible for selecting, picking up, and
4 testing product samples.

5 (c) The Department shall adopt rules to establish the following, at a minimum:

6 (1) Standards for testing cannabis and cannabis-infused products, including active
7 ingredient analyses, potency analyses, homogeneity requirements, and
8 specifying prohibited concentrations of heavy metals, pesticides, residual
9 solvents, microbiological contaminants, mycotoxins, and other contaminants
10 that are injurious to human health.

11 (2) Standards for independent testing laboratories, including requirements for
12 equipment and qualifications for personnel.

13 (3) Standards and requirements necessary for an independent testing laboratory
14 to be licensed and for the renewal, suspension, and revocation of the license.

15 (4) Remedial actions to be taken if the representative sample does not meet the
16 standards established by the Department.

17 (5) The amount of the licensing fee payable to the Department by an independent
18 testing laboratory.

19 **§ 90-113.131. Advertising.**

20 (a) The production facility or medical cannabis center logo, signage, and advertising shall
21 be tasteful, respectful, and medically focused and shall not appeal to minors or contain
22 cartoon-like figures or attempts at humor. Suppliers are prohibited from using marijuana leaves
23 or slang for cannabis or cannabis-infused products in or on their logos, packaging, or structures.
24 Suppliers may not use neon-colored signage, logos, or packaging or neon-colored signage or
25 logos on structures. The supplier shall submit any logo or sign for review to the Department in
26 accordance with Department rules.

27 (b) Notwithstanding any municipal or county ordinance prohibiting signage, the medical
28 cannabis center shall only use signage that includes the medical cannabis center's name, logo,
29 and hours of operation.

30 (c) A medical cannabis supplier or medical cannabis center shall not:

31 (1) Advertise in any manner that is viewable or can otherwise be perceived in a
32 public space, including, but not limited to, billboards, bus wraps, signs on
33 vehicles or benches, adopt-a-highway signs, or any format that may be
34 viewable from sidewalks, walkways, or roads.

35 (2) Distribute handbills in public areas.

36 (3) Advertise on television, radio, print, digital, or electronic media.

37 (4) Engage in advertising via marketing directed toward location-based devices
38 or electronic devices, including, but not limited to, cellular phones.

39 (5) Engage in any form of advertising which promotes the application or
40 registration of people as qualified patients or promotes the services of a
41 physician or any other party which facilitates such application or registration.

42 (6) Publicly sponsor sporting events, concerts, or other community or cultural
43 events.

44 (7) Sell or give away promotional products such as t-shirts or any other items
45 containing the name of the medical cannabis center.

46 (8) Make therapeutic or health benefit claims related to cannabis or
47 cannabis-infused products.

48 (d) The Commission may take action against a licensee or designated retailer who
49 engages in nonconforming signage or advertising, including specifying a period of time by which
50 the licensee or designated retailer shall cease or remove the noncompliant signage or advertising
51 or risk a fine, suspension of the license, or both.

1 (e) A medical cannabis center may maintain a website that includes information about:

2 (1) The location and hours of operation of the medical cannabis center.

3 (2) The product or service available at the medical cannabis center.

4 (3) The personnel affiliated with the medical cannabis center.

5 (4) The best practices that the medical cannabis center upholds.

6 (5) Educational material related to the medical use of cannabis, as defined by the
7 Department.

8 (f) All production facilities and medical cannabis centers owned and operated by a
9 supplier shall maintain a discreet, professional appearance that is compatible with existing
10 commercial structures or land uses within the immediate area, including requirements to maintain
11 the production facility or medical cannabis center in a manner to prevent blight, deterioration,
12 diminishment, or impairment of property values within the vicinity.

13 (g) The Department shall adopt rules to define standards for a medical cannabis center's
14 name, signage, and logo to ensure a medical rather than recreational disposition.

15 **"§ 90-113.132. Packaging of cannabis and cannabis-infused products.**

16 (a) Definitions. – The following definitions apply in this section:

17 (1) Child-resistant packaging. – A package that is designed or constructed to be
18 significantly difficult for children under 5 years of age to open and not difficult
19 for normal adults to use properly, substantially similar to those defined by 16
20 C.F.R. § 1700.20 (1995), opaque so that the packaging does not allow the
21 product to be seen without opening the packaging material, and resealable for
22 any product intended for more than a single use or containing multiple
23 servings.

24 (2) Exit packaging. – A sealed, child-resistant packaging receptacle into which
25 pre-packaged cannabis products are placed at the retail point of sale at a
26 medical cannabis center.

27 (b) Suppliers shall safely package and accurately label cannabis or cannabis-infused
28 products. All items sold at a medical cannabis center shall be properly labeled and contained in
29 child-resistant packaging. Labels shall not include strain names but may include cannabinoid and
30 terpene profiles for identification. Each label shall comply with State laws and rules and, at a
31 minimum, shall include:

32 (1) The name of the medical cannabis center.

33 (2) The percentage of tetrahydrocannabinol and the percentage of cannabidiol
34 within a profile tolerance range of ten percent (10%). For edible cannabis
35 products, the cannabinoid profile should be listed by milligrams per serving.

36 (3) The name of the production facility.

37 (4) A conspicuous statement printed in all capital letters and in a color that
38 provides a clear contrast to the background that reads, "NOT FOR RESALE.
39 FOR MEDICAL USE ONLY. KEEP OUT OF THE REACH OF CHILDREN
40 AND ANIMALS."

41 (5) The length of time it typically takes for the product to take effect.

42 (6) For edible cannabis-infused products, the disclosure of ingredients, possible
43 allergens, nutritional fact panel, and a standard symbol indicating that the
44 product contains cannabis.

45 (7) The batch number and the harvest number from which the cannabis originates.

46 (8) The name of the qualified patient.

47 (9) The name of the physician who issued the written certification.

48 (10) The recommended dose according to the written certification.

49 (c) All cannabis products purchased in medical cannabis centers shall be placed in
50 child-resistant exit packaging before leaving the medical cannabis center.

51 (d) The Department shall adopt rules to do, at a minimum, all of the following:

- 1 (1) Establish requirements and procedures for the safe, appropriate, and accurate
2 packaging and labeling of cannabis and cannabis-infused products for human
3 consumption, including prohibiting the use of any images designed or likely
4 to appeal to minors, including cartoons, toys, animals, or children, any other
5 likeness to images, characters, or phrases that are popularly used to advertise
6 to children, or any imitation of candy packaging or labeling.
- 7 (2) Establish requirements to ensure that cannabis and cannabis-infused products
8 for human consumption are designed, marketed, and packaged in a manner
9 that is appropriate for a medicinal product and that does not resemble
10 commercially sold candies or other food that is typically marketed to children.
- 11 (3) Establish restrictions on the forms and appearance of edible cannabis-infused
12 products in order to reduce their appeal to minors, including prohibiting edible
13 cannabis products in the shapes of cartoons, toys, animals, or people.

14 **"§ 90-113.133. Disposal of cannabis.**

15 (a) All production center cannabis by-product, cannabis scrap, and harvested cannabis
16 not intended for distribution to a medical cannabis center or independent testing laboratory shall
17 be destroyed and disposed of in accordance with Department rules. Documentation of destruction
18 and disposal shall be retained by the production center for a period of not less than one year. The
19 production center shall maintain a record of the date of destruction and the amount destroyed.

20 (b) A medical cannabis center shall destroy all cannabis and cannabis-infused products
21 that are not sold to registry identification cardholders in accordance with Department rules. The
22 medical cannabis center shall retain documentation of the destruction and disposal for a period
23 of not less than one year. The medical cannabis center shall maintain a record of the date of
24 destruction and the amount destroyed.

25 (c) A medical cannabis center shall destroy all unused cannabis products that are returned
26 to the medical cannabis center by a former qualifying patient who no longer qualifies for the use
27 of medical cannabis or the former qualifying patient's caregiver.

28 **"§ 90-113.134. North Carolina Cannabis Research Program.**

29 (a) It is the intent of the General Assembly that The University of North Carolina System
30 undertake objective, scientific research regarding the administration of cannabis or
31 cannabis-infused products as part of medical treatment. The University of North Carolina shall
32 create a program to be known as the North Carolina Cannabis Research Program.

33 (b) The research conducted under this section may involve the development of quality
34 control, purity, and labeling standards for cannabis dispensed through the regulated medical
35 cannabis supply system; sound advice and recommendations on the best practices for the safe
36 and efficient cultivation of cannabis; and analysis of genetic and healing properties of the many
37 varied strains of cannabis to determine which strains may be best suited for a particular condition
38 or treatment.

39 (c) Notwithstanding any other provision of State law, and subject to the requirements of
40 the Commission, The University of North Carolina System may possess, transport, store, test,
41 and dispose of cannabis as necessary to conduct scientific research.

42 **"§ 90-113.135. Educational campaign.**

43 (a) The Department, in consultation with medical professionals, shall develop an
44 educational campaign about the regulated medical cannabis supply system. The educational
45 campaign shall be regularly advertised through television, online, or social media. The
46 educational campaign must include:

- 47 (1) The debilitating medical conditions which may be treated with medical use.
48 (2) Potential benefits and risks of the use of cannabis and cannabis-infused
49 products.

1 (3) A notification that cannabis and cannabis-infused products are for a qualifying
2 patient's use only and that they should not be donated or otherwise supplied to
3 another individual.

4 (b) The Department shall make the information identified in subsection (a) of this section
5 available online with a link to the information conspicuously located on the Department's
6 website.

7 **"§ 90-113.136. North Carolina Medical Cannabis Program Fund.**

8 There is established within the Department the North Carolina Medical Cannabis Program
9 Fund to ensure the availability of funds necessary to carry out the Department's responsibilities
10 under this Article. All monies collected pursuant to this Article shall be deposited into the Fund.
11 The Fund shall be used for direct and indirect costs associated with the implementation,
12 administration, and enforcement of this Article. Revenues generated in excess of the amount
13 needed to implement, administer, and enforce this Article shall be annually distributed to the
14 State General Fund.

15 **"§ 90-113.137. Self-supporting requirement; use of excess revenue.**

16 (a) Self-Supporting Requirement. – The system revenues from license fees and monthly
17 gross revenue fees are appropriated to the Commission to fund in the following order of priority:

18 (1) Costs associated with establishing and operating the regulated medical
19 cannabis supply system established under this section.

20 (2) The registry system established under G.S. 90-113.119.

21 (3) The North Carolina Cannabis Research Program established under
22 G.S. 90-113.134, limited to an amount of funding to be determined by the
23 Commission.

24 (b) Use of Excess Revenues. – Any revenues remaining at the end of a fiscal year after
25 the Commission fully funds the priorities set forth in subsection (a) of this section shall be
26 transferred at the beginning of the subsequent fiscal year to the General Fund.

27 **"§ 90-113.138.** Reserved for future codification purposes.

28 **"§ 90-113.139.** Reserved for future codification purposes.

29 **"§ 90-113.140. Annual report.**

30 (a) The Department, in consultation with the Commission and the Advisory Board, shall
31 report annually on the effectiveness of the medical cannabis program operated pursuant to this
32 Article and recommendations for any changes to the program. The report shall, without
33 disclosing any identifying information about cardholders, physicians, qualified patients,
34 designated caregivers, or suppliers, contain the following, at a minimum:

35 (1) The number of registry identification card applications submitted, approved,
36 and renewed.

37 (2) The number of written certifications provided by physicians and the
38 percentage distribution by areas of physician specialty.

39 (3) The number of qualifying patients and designated caregivers served by each
40 medical cannabis center during the report year.

41 (4) The nature of the debilitating medical conditions of the qualifying patients and
42 a breakdown of qualifying patients by age group.

43 (5) The nature and percentage distribution of delivery methods of cannabis and
44 cannabis-infused products used and the average daily doses dispensed per
45 delivery method.

46 (6) The new debilitating medical conditions added by the Advisory Board, if any.

47 (7) The number of registry identification cards denied, suspended, or revoked.

48 (8) The number of physicians providing written certifications for qualifying
49 patients and the percentage distribution of their areas of specialty.

50 (9) The number of suppliers, production facilities, and medical cannabis centers
51 by county.

1 **(b)** The report shall be submitted to the Joint Legislative Oversight Committee on Health
2 and Human Services and to the Joint Legislative Oversight Committee on Justice and Public
3 Safety by October 1 of each year, beginning in the first year in which cannabis or
4 cannabis-infused products are sold in medical cannabis centers.

5 **(c)** The Department may develop methodologically valid surveys to be taken by qualified
6 patients to determine the effects of the use of medical cannabis. The Commission may require
7 completion of a survey by each patient dispensed medical cannabis in order to assure the
8 methodological validity of survey results and avoid selection bias. If patient surveys are
9 conducted, the results shall be reported with no individually identifying information.

10 **"§ 90-113.141. Construction of Article.**

11 This Article shall not be construed to do any of the following:

- 12 **(1)** Allow for a violation of any law other than for conduct in compliance with the
13 provisions of this Article.
- 14 **(2)** Affect or repeal laws relating to nonmedical use, possession, production, or
15 sale of cannabis.
- 16 **(3)** Authorize the use of cannabis by anyone other than a qualified patient.
- 17 **(4)** Permit the operation of any vehicle, aircraft, train, or boat while under the
18 influence of cannabis.
- 19 **(5)** Require the violation of federal law or purport to give immunity under federal
20 law.
- 21 **(6)** Require any accommodation of any on-site medical use of cannabis in any
22 correctional institution or detention facility or place of education or
23 employment, or of smoking or vaping cannabis in any public place.
- 24 **(7)** Require a health insurance provider, health care plan, property and casualty
25 insurer, or medical assistance program to be liable for or reimburse a claim
26 for the medical use of cannabis. Consultations in which physicians diagnose
27 debilitating medical conditions and complete written certifications shall be
28 reimbursed consistent with any other visit to a health care facility.
- 29 **(8)** Affect or repeal laws relating to negligence or professional malpractice on the
30 part of a qualified patient, designated caregiver, physician, supplier, or
31 supplier's agents or employees.
- 32 **(9)** Impair the ability of any party to prohibit or limit smoking or vaping of
33 cannabis on his or her private property.
- 34 **(10)** Impair the ability of a community association to prohibit or limit smoking or
35 vaping of cannabis in a common area through the community association's
36 declaration or bylaws.

37 **"§ 90-113.142. Severability.**

38 The provisions of this Article are severable. If any provision of this Article is held invalid by
39 a court of competent jurisdiction, the invalidity shall not affect other provisions of this Article
40 which can be given effect without the invalid provision."

41 **SECTION 2.(a)** The initial appointments made to the Compassionate Use Advisory
42 Board under G.S. 90-113.113 shall be made not later than 45 days after the effective date of this
43 act. In order to provide for the staggering of terms, the initial term for each member appointed
44 under G.S. 90-113.113(a)(1)g., (a)(1)h., and (a)(1)i. shall be two years. Members appointed
45 pursuant to G.S. 90-113.113(a)(1)f. and (a)(1)g. prior to the issuance of identification cards shall
46 represent a potential registry identification cardholder with a debilitating medical condition who
47 intends to use cannabis and a parent of a minor qualified patient with a debilitating medical
48 condition who intends to use cannabis. A representative of a licensed supplier appointed pursuant
49 to G.S. 90-113.113(a)(1)i. prior to the licensing of suppliers shall be a prospective supplier. In
50 order to allow for the staggering of terms, the initial term for each member appointed pursuant
51 to G.S. 90-113.113(a)(1)a., (a)(1)c., and (a)(1)d. shall be four years; for each member appointed

1 pursuant to G.S. 90-113.113(a)(1)b., (a)(1)e., and (a)(1)f., the initial term shall be three years;
 2 and the initial term for members appointed pursuant to G.S. 90-113.113(a)(2) and (a)(3) shall be
 3 one year. Subsequent appointments shall be for the full four-year term in accordance with
 4 G.S. 90-113.113(b).

5 **SECTION 2.(b)** The initial appointments made to the Medical Cannabis Production
 6 Commission under G.S. 90-113.118 shall be made not later than 45 days after the effective date
 7 of this act, and the Commission must hold their first meeting not later than 60 days after the
 8 effective date of this act. Within 270 days of the first meeting, the Commission must adopt rules,
 9 as required by G.S. 90-113.118(k), and establish the medical cannabis supply system, as required
 10 by G.S. 90-113.119. In order to provide for the staggering of terms, the initial term for each
 11 member appointed under G.S. 90-113.118(a)(1)a. and (a)(7) shall be one year. The initial term
 12 for members appointed pursuant to G.S. 90-113.118(8) through (9) shall be two years. The initial
 13 term for members appointed pursuant to G.S. 90-113.118(a)(1)b. shall be three years. The initial
 14 term for members appointed pursuant to G.S. 90-113.118(5) through (6) shall be four years.
 15 Subsequent appointments shall be for the full four-year term in accordance with
 16 G.S. 90-113.118(b).

17 **SECTION 2.(c)** Within 270 days of the effective date of this act, the North Carolina
 18 Medical Care Commission must adopt rules as required by G.S. 90-113.115(h).

19 **SECTION 3.** G.S. 105-164.13 reads as rewritten:

20 **"§ 105-164.13. Retail sales and use tax.**

21 The sale at retail and the use, storage, or consumption in this State of the following items are
 22 specifically exempted from the tax imposed by this Article:

- 23 ...
- 24 (13e) Cannabis or cannabis-infused products sold by a medical cannabis center to a
 25 registry identification cardholder. The terms "cannabis," "cannabis-infused
 26 product," "medical cannabis center," and "registry identification cardholder"
 27 have the same meanings as defined in G.S. 90-113.112.

28"

29 **SECTION 4.** G.S. 106-121 reads as rewritten:

30 **"§ 106-121. Definitions and general consideration.**

31 For the purpose of this Article:

- 32 ...
- 33 (6) The term "drug" means all of the following:
- 34 a. Articles recognized in the official United States Pharmacopoeia,
 35 official Homeopathic Pharmacopoeia of the United States, or official
 36 National Formulary, or any supplement to any of ~~them; and~~ them.
- 37 b. Articles intended for use in the diagnosis, cure, mitigation, treatment
 38 or prevention of disease in man or other ~~animals; and~~ animals, except
 39 for cannabis or cannabis-infused products, as defined in
 40 G.S. 90-113.114, that are manufactured by a production facility or sold
 41 by a medical cannabis center, as defined in G.S. 90-113.112.
- 42 c. Articles (other than food) intended to affect the structure or any
 43 function of the body of man or other ~~animals; and~~ animals.
- 44 d. Articles intended for use as a component of any article specified in
 45 paragraphs a, b or c; but does not include devices or their components,
 46 parts, or accessories.
- 47 ...
- 48 (8) The term "food" means all of the following:
- 49 a. Articles used for food or drink for man or other animals, except for
 50 cannabis or cannabis-infused products, as defined in G.S. 90-113.112,

1 that are manufactured by a production facility or sold by a medical
2 cannabis center, as defined in G.S. 90-113.112.

- 3 b. Chewing gum, and gum.
4 c. Articles used for components of any such article.

5 "

6 **SECTION 4.5.(a)** G.S. 15A-974 reads as rewritten:

7 "**§ 15A-974. Exclusion or suppression of unlawfully obtained evidence.**

8 (a) Upon timely motion, evidence must be suppressed if:

- 9 (1) Its exclusion is required by the Constitution of the United States or the
10 Constitution of the State of North Carolina; or
11 (2) It is obtained as a result of a substantial violation of the provisions of this
12 Chapter. In determining whether a violation is substantial, the court must
13 consider all the circumstances, including:
14 a. The importance of the particular interest violated;
15 b. The extent of the deviation from lawful conduct;
16 c. The extent to which the violation was willful;
17 d. The extent to which exclusion will tend to deter future violations of
18 this Chapter.

19 Evidence shall not be suppressed under this subdivision if the person
20 committing the violation of the provision or provisions under this Chapter
21 acted under the objectively reasonable, good faith belief that the actions were
22 lawful.

23 (a1) If evidence was obtained as the result of a search that was supported by probable
24 cause at the time of the search, no evidence obtained as a result of that search shall be suppressed
25 solely on the basis of either of the following:

- 26 (1) A subsequent determination that a substance believed to be a controlled
27 substance at the time of the search was not a controlled substance.
28 (2) A subsequent determination that the presence of a controlled substance at the
29 time of the search was not a violation of law.

30 (b) The court, in making a determination whether or not evidence shall be suppressed
31 under this section, shall make findings of fact and conclusions of law which shall be included in
32 the record, pursuant to G.S. 15A-977(f)."

33 **SECTION 4.5.(b)** This section becomes effective December 1, 2021, and applies to
34 motions filed on or after that date.

35 **SECTION 5.** G.S. 90-87(16) reads as rewritten:

36 "(16) "Marijuana" means all parts of the plant of the genus Cannabis, whether
37 growing or not; the seeds thereof; the resin extracted from any part of such
38 plant; and every compound, manufacture, salt, derivative, mixture, or
39 preparation of such plant, its seeds or resin, but shall not include the mature
40 stalks of such plant, fiber produced from such stalks, oil, or cake made from
41 the seeds of such plant, any other compound, manufacture, salt, derivative,
42 mixture, or preparation of such mature stalks (except the resin extracted
43 therefrom), fiber, oil, or cake, or the sterilized seed of such plant which is
44 incapable of germination. The term does not include industrial hemp as
45 defined in G.S. 106-568.51, when the industrial hemp is produced and used in
46 compliance with rules issued by the North Carolina Industrial Hemp
47 Commission. The term does not include an adequate supply as defined in
48 G.S. 90-113.112 of cannabis for medical use in compliance with Article 5H
49 of Chapter 90 of the General Statutes."

50 **SECTION 6.** This act is effective when it becomes law and applies to acts committed
51 on and after that date.