GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2023

S **D**

SENATE BILL 3
PROPOSED COMMITTEE SUBSTITUTE S3-PCS15059-CExf-3

Short Title: NC Compassionate Care Act. (Public)

Sponsors:

Referred to:

January 26, 2023

A BILL TO BE ENTITLED

AN ACT ENACTING THE NORTH CAROLINA COMPASSIONATE CARE ACT.

The General Assembly of North Carolina enacts:

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

"Article 5H.

"North Carolina Compassionate Care Act.

"**§ 90-113.110. Short title.**

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

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

The General Assembly makes the following findings:

(1) Modern medical research has found that cannabis and cannabinoid compounds are effective at alleviating pain, nausea, and other symptoms associated with several debilitating medical conditions.

(2) As of January 2023, more than a majority of states, four out of five permanently inhabited United States territories, and the District of Columbia have removed state-level criminal penalties for the medical use, cultivation, and distribution of cannabis, and in enacting this Article, North Carolina now takes similar action to preserve and enhance the health and welfare of its citizens.

(3) This Article is intended to make only those changes to existing North Carolina laws that are necessary to protect patients and their doctors from criminal and civil penalties and is not intended to change current civil and criminal laws governing the use of cannabis for nonmedical purposes.

(4) The General Assembly enacts this Article pursuant to its police power to enact legislation for the protection of the health of its citizens, as reserved to the State in the Tenth Amendment of the United States Constitution.

(5) It is the intent of the General Assembly to prioritize the protection of public health and safety in the creation of a system for the cultivation, processing, and selling of medical cannabis.

(6) It is the intent of the General Assembly that the regulatory system created by this Article be nimble and able to respond quickly to changes in the rapidly-evolving cannabis industry.

"**§ 90-113.112. Definitions.**

The following definitions apply in this Article:

(1) Adequate supply. – An amount, as determined by the qualified patient's physician, of usable cannabis derived solely from an intrastate source that is possessed by a qualified patient, or collectively possessed by a qualified patient and the qualified patient's designated caregiver, in an amount that does not exceed what is reasonably necessary to assure the uninterrupted availability of cannabis for a period of 30 days, in any form recommended by the qualified patient's physician for the purpose of alleviating the symptoms or effects of the qualified patient's debilitating medical condition.

(2) Advisory Board. – The Compassionate Use Advisory Board established in G.S. 90-113.113.

(3) Bona fide physician-patient relationship. – A treatment relationship between a physician and a patient in which the physician has completed a full assessment of the patient's medical history, including checking the patient's prescription history in the Controlled Substances Reporting System, and current medical condition, including an in-person physical examination, and the physician is available or offers to provide follow-up care and treatment to the patient, including patient examinations, to determine the efficacy of the use of cannabis as a treatment for the patient's medical condition.

(4) Cannabis. – Marijuana as defined in G.S. 90-87(16).

(5) Cannabis-infused product. – A product infused with cannabis that is intended for use or consumption other than by inhalation, smoking, or vaping. The term includes a tablet, a capsule, a concentrated liquid or viscous oil, a liquid suspension, a topical preparation, a transdermal preparation, a sublingual preparation, a gelatinous cube, a gelatinous rectangular cuboid, a lozenge in a cube or rectangular cuboid shape, a resin, or a wax.

(6) Commission. – The Medical Cannabis Production Commission established in G.S. 90-113.118.

(7) Debilitating medical condition. – A diagnosis of one or more of the following for which a physician provides a written certification:

a. Cancer.
b. Epilepsy.
c. Positive status for human immunodeficiency virus (HIV).
d. Acquired immune deficiency syndrome (AIDS).
e. Amyotrophic lateral sclerosis (ALS).
f. Crohn's disease.
g. Sickle cell anemia.
h. Parkinson's disease.
i. Post-traumatic stress disorder, subject to evidence that an applicant experienced one or more traumatic events. Acceptable evidence shall include, but is not limited to, proof of military service in an active combat zone, that the person was the victim of a violent or sexual crime, or that the person was a first responder. Details of the trauma shall not be required.
j. Multiple sclerosis.
k. Cachexia or wasting syndrome.
l. Severe or persistent nausea in a person who is not pregnant that is related to end-of-life or hospice care, or who is bedridden or homebound because of a condition.
m. A terminal illness when the patient's remaining life expectancy is less than six months.
n. A condition resulting in the individual receiving hospice care.

o. Any other serious medical condition or its treatment added by the Compassionate Use Advisory Board, as provided for in G.S. 90-113.113.

(8) Department. – The North Carolina Department of Health and Human Services.

(9) Designated caregiver. – A person who possesses a valid registry identification card issued by the Department authorizing the person to assist a qualifying patient with the medical use of cannabis. A designated caregiver shall be at least 21 years of age unless the person is the parent or legal guardian of each qualifying patient the person assists.

(10) Medical cannabis center. – A facility owned and operated by a supplier that possesses and dispenses cannabis and cannabis-infused products to registry identification cardholders for human consumption.

(11) Medical use of cannabis or medical use. – The acquisition, administration, possession, preparation, transportation, or use of cannabis and cannabis-infused products, or paraphernalia used to administer cannabis products, to treat or alleviate a qualifying patient's debilitating medical condition or symptoms associated with the qualifying patient's debilitating medical condition and includes the transfer of cannabis products from a designated caregiver to a qualifying patient whom the designated caregiver is authorized to assist. "Medical use" does not include the extraction of resin from cannabis by solvent extraction other than water, glycerin, propylene glycol, vegetable oil, or food grade ethanol (ethyl alcohol), unless the extraction is done by a processing facility.

(12) Physician. – A person licensed under Article 1 of Chapter 90 of the General Statutes who is in good standing to practice medicine in the State, who has a valid DEA registration, and who has completed continuing medical education courses as required pursuant to G.S. 90-113.114.

(13) Production facility. – A facility owned and operated by a supplier that cultivates, possesses, and produces cannabis and cannabis-infused products.

(14) Qualified patient. – A person who has been diagnosed by a physician as having a debilitating medical condition and has received a written certification.

(15) Registry identification card. – A document issued by the North Carolina Department of Health and Human Services pursuant to G.S. 90-113.115 that identifies a person as a qualified patient or a designated caregiver.

(16) Registry identification cardholder. – A qualified patient or a designated caregiver who holds a valid registry identification card issued by the North Carolina Department of Health and Human Services pursuant to G.S. 90-113.115.

(17) Regulated medical cannabis supply system or system. – A system established by the North Carolina Department of Health and Human Services pursuant to G.S. 90-113.119 to provide a safe method for producing and distributing cannabis and cannabis-infused products to registry identification cardholders.

(18) Smoking. – The use or possession of a lighted cannabis product.

(19) Supplier. – A person licensed pursuant to G.S. 90-113.119 to supply cannabis and cannabis-infused products as authorized by this Article. A supplier cultivates cannabis, owns and operates one or more medical cannabis centers, and owns and operates one or more production facilities as set forth in G.S. 90-113.119.

(19a) Supplier identification cardholder. – A person who has been issued a supplier registry identification card.

(19b) Supplier registry identification card. – A document issued by the North Carolina Department of Health and Human Services pursuant to G.S. 90-113.120(f).

(20) Usable cannabis. – The dried buds and mature female flowers of the plant of the genus Cannabis, and any mixture or preparation thereof, that are appropriate for medical use as provided in this Article.

(21) Vaping. – The use of a product which heats a liquid or other form of cannabis in a manner so as to release an aerosol.

(22) Written certification. – A statement signed by a physician with whom the patient has a bona fide physician-patient relationship indicating the following:

a. In the physician's professional opinion, the patient has a debilitating medical condition.

b. The patient's debilitating medical condition.

c. In the physician's professional opinion, the potential health benefits of the medical use of cannabis would likely outweigh the health risk for the patient.

d. The delivery method of the cannabis.

e. The amount and dosage of the cannabis or cannabis-infused product, not to exceed an adequate supply.

f. The period of time for which the written certification is valid, not to exceed one year.

g. The physician's DEA number.

h. The physician's national provider identification number, if the physician has a national provider identification number.

i. Any other information required by the Commission.

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

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

(1) The Governor shall appoint members to the Advisory Board as follows:

a. A medical doctor recommended by the North Carolina Medical Board, who may be a former or current member of the North Carolina Medical Board.

b. A medical doctor or doctor of osteopathy licensed in the State specializing in primary care.

c. A medical doctor or doctor of osteopathy who is board-certified to practice addiction medicine in the State.

d. A research scientist with expertise in the field of cannabinoid medicine.

e. A pharmacist licensed in the State.

f. A registry identification cardholder or, for an appointment made before registry identification cards are issued, one person with a debilitating medical condition who intends to use cannabis.

g. A parent of a minor qualified patient or, for an appointment made before registry identification cards are issued, one parent of a minor with a debilitating medical condition who intends to use cannabis.

(2) Two members appointed by the General Assembly upon recommendation of the Speaker of the House of Representatives in accordance with G.S. 120-121.

(3) Two members appointed by the General Assembly upon recommendation of the President Pro Tempore of the Senate in accordance with G.S. 120-121.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(h) Follow-Up Care and Treatment. – A physician shall reevaluate a patient for whom the physician has issued a written certification as frequently as necessary to determine the

efficacy of the use of cannabis as a treatment for the patient's particular medical condition, the appropriateness of the delivery method and dosage included in the written certification, and any adverse side effects. Such reevaluation shall occur at least quarterly in the first year and at least annually thereafter. The physician shall check the patient's prescription history in the Controlled Substances Reporting System when renewing a written certification. The Commission may set a shorter interval for mandatory patient reevaluations and may set requirements for in-person physical examination during reevaluations.

(i) Requirement to Update Registry. – A physician shall update the medical cannabis registry database within 48 hours after any change is made to the original written certification to reflect such change, including deactivation of a written certification.

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

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

(*l*) Advertising. – A physician is prohibited from advertising the physician's ability to issue written certifications.

(m) Prohibit Conflict. – A physician who provides written certifications to qualified patients may not be employed by or have any direct or indirect financial interest in a supplier or independent testing laboratory. A physician who provides written certifications to qualified patients may not directly or indirectly profit from a patient obtaining a written certification. This prohibition shall not prohibit a physician from charging an appropriate fee for patient visits.

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

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

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

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

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

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

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

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

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

(3) A parent, guardian, or person having legal custody of the qualified patient consents in writing to (i) allow the qualified patient's medical use of cannabis, (ii) serve as one of the qualified patient's designated caregivers, and (iii) control the acquisition of the cannabis, the dosage, and the frequency of the medical use of cannabis by the qualified patient.

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

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

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

(1) The name of the cardholder.

(2) The address of the cardholder.

(3) The cardholder's date of birth.

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

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

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

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

(8) A photograph of the cardholder.

(9) The delivery method of the cannabis.

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

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

(2) A designated caregiver shall notify the Department of any change in name or address and submit a fifty dollar ($50.00) fee to the Department within 15

days after the change occurs. A designated caregiver who fails to notify the Department of any of these changes within the specified time frame commits an infraction and is subject to a fine not to exceed one hundred dollars ($100.00).

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

(4) When a qualified patient who possesses a registry identification card notifies the Department of a change in designated caregiver, the Department shall notify the designated caregiver of record of the change within 15 days after receiving notification of the change. The protections afforded under this Article to the designated caregiver of record shall expire 30 days after the designated caregiver of record is notified by the Department of the change in designated caregiver.

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

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

(h) Rules. – The Department shall adopt rules to implement the provisions of this section. The rules shall establish requirements for the issuance of registry identification cards to qualified patients and designated caregivers, which shall include at least all of the following:

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

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

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

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

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

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

"**§ 90-113.116. Requirement to carry and disclose registry identification card or supplier registry identification card to law enforcement.**

If carrying cannabis or a cannabis-infused product, a registry identification cardholder or a supplier registry identification cardholder shall: (i) carry the registry identification card or supplier registry identification card together with valid identification and (ii) when approached or addressed by a law enforcement officer, shall display both the registry identification card or supplier registry identification card and valid identification.

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

(a) Confidential Medical Cannabis Registry Database. – The Department shall create a secure, confidential, electronic medical cannabis registry database of all qualified patients and designated caregivers to whom the Department has issued registry identification cards. Law

enforcement agencies may contact the Department to confirm a registry identification cardholder's identity if the law enforcement agency is unable to verify the registry identification cardholder by using the medical cannabis verification system established by G.S. 90-113.127. The database shall consist of at least the following information:

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

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

(3) A photograph of the registry identification cardholder.

(4) The adequate supply of cannabis or cannabis-infused product prescribed to the qualified patient.

(5) The prescribed delivery method for the cannabis or cannabis-infused product for the qualified patient.

(b) Confidential Nature of Information Collected by Department. – Applications and supporting information submitted by qualified patients, including information regarding their designated caregivers and physicians, individual names, and other identifying information in the medical cannabis registry database, are confidential, exempt from the provisions of Chapter 132 of the General Statutes, and are not subject to disclosure, except to authorized employees of the Department as necessary to perform official duties of the Department and law enforcement agencies as allowed in this section.

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

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

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

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

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

a. A qualified patient representative.

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

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

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

(4) The Agriculture Commissioner, or designee.

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

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

(7) A member of the Compassionate Use Advisory Board appointed pursuant to G.S. 90-113.113(a)(1).

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

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

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

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

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

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

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

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

(h) Licensing Power. – The Commission shall have the power to approve applications for medical cannabis supplier licenses upon recommendation of the Department by a majority vote of the members present and voting. The Department shall evaluate the applications in accordance with G.S. 90-113.120 and submit a list of 20 recommended applicants to the Commission. The Commission shall approve 10 licenses from the list by a majority vote of the members present and voting. Each supplier shall not own and operate more than eight medical cannabis centers. Each supplier must operate at least one medical cannabis center in a Tier 1 county. For the purposes of this section, "Tier 1 county" shall mean the 2023 County Tier Designations published by the North Carolina Department of Commerce pursuant to G.S. 143B-437.08. In awarding the licenses, the Commission shall consider the following criteria:

(1) Priority shall be given to any supplier who commits to establishing a medical cannabis center in more than one Tier 1 county.

(2) Priority shall be given to any supplier who commits to establishing the eight allowed medical cannabis centers in a manner that demonstrates a commitment to ensure the equitable distribution of medical cannabis centers throughout the State in order for registry identification cardholders to access an adequate supply of cannabis and cannabis-infused products, while preventing an overconcentration of medical cannabis centers in any one area. The Commission may consider the population of each county in making this determination.

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

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

(k) Rules. – The Commission, in consultation with the North Carolina Medical Care Commission, shall have the authority to adopt rules to implement the provisions of this section, G.S. 90-113.119, 90-113.120, 90-113.121, and 90-113.122. Those rules shall become effective when adopted and pursuant to the provisions of this Chapter, the rules shall do all of the following:

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

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

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

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

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

(a) Medical Cannabis Supply System. – The Medical Cannabis Production Commission established in G.S. 90-113.118 shall establish a medical cannabis supply system that authorizes suppliers to produce cannabis and cannabis-infused products in licensed cannabis production facilities and distribute them through medical cannabis centers. In establishing the medical cannabis supply system, the Commission shall (i) provide a safe, regulated supply of cannabis appropriate for medical use by qualified registry identification cardholders issued under G.S. 90-113.115, (ii) ensure statewide access to safe and affordable cannabis to registry identification cardholders, (iii) establish a system that is well-regulated, includes a seed-to-sale tracking system, and is financially viable for suppliers to ensure the highest quality cannabis and cannabis-infused products for patients, and (iv) generate sufficient revenue for the Commission to oversee and for the Department to maintain and operate the system.

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

(1) Physical plant requirements.

(2) Odor control and mitigation.

(3) Security, to include video surveillance.

(4) Sanitation and workplace safety conditions.

(5) Employee training.

(6) Record keeping.

(7) Inventory limits and controls.

(8) Quality control.

(9) Reportable events.

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

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

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

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

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

(c) Seed-to-Sale Tracking System. – The Commission shall establish, maintain, and control a computer software tracking system that traces cannabis from seed to sale and allows

real-time, 24-hour access by the Department, the Commission, and any State or local law enforcement agency in North Carolina to data from all production facilities, medical cannabis centers, and testing laboratories. The tracking system must allow for integration of other seed-to-sale systems and, at a minimum, include notification of when cannabis seeds are planted, when cannabis plants are harvested and destroyed, and when cannabis is transported, sold, stolen, diverted, or lost. Each medical cannabis supplier shall use the seed-to-sale tracking system established by the Commission or integrate its own seed-to-sale tracking system with the seed-to-sale tracking system established by the Commission. The Commission shall establish minimum requirements for the seed-to-sale tracking system used by a supplier. The Commission may contract with a vendor to establish the seed-to-sale tracking system. The vendor may not have a direct or indirect financial interest in a medical cannabis supplier or testing laboratory.

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

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

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

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

a. Is a nonresident entity.

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

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

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

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

(1) Grow, cultivate, produce, or sell cannabis or cannabis-infused products.

(2) Operate a business to produce cannabis or cannabis-infused products.

(3) Establish or operate a medical cannabis center for the sale of cannabis, cannabis-infused products, and paraphernalia relating to the administration of cannabis to qualified patients and designated caregivers who hold valid registry identification cards.

(c) Medical Cannabis Supplier License Application; Fees. – An applicant for a license under this subsection shall submit the required information on application forms provided by the Department. The application form shall require at least all of the following:

(1) The applicant's name and any legal names the applicant will use for facilities where the applicant will produce cannabis and for each medical cannabis center and production facility the applicant proposes to operate.

(2) The address of each property, location, or premises the applicant will use to produce cannabis, of each production facility the applicant will use to process cannabis or produce cannabis-infused products, and of each medical cannabis center the applicant will use to dispense or distribute cannabis.

(3) Documentation demonstrating that the applicant possesses:

a. Requisite expertise in controlled environment agriculture and the ability to engage in growing or processing of cannabis, as well as product development, quality control, and inventory management of cannabis meeting standards that the Commission shall specify by rule.

b. Technical and technological ability to cultivate, produce, and distribute medical cannabis in a manner that meets Commission standards for production consistency and safe handling.

c. Ability to secure cannabis production, testing, resources, transportation, and personnel to operate as a safe and secure supplier in compliance with all state regulations in which the applicant has prior experience.

(4) Proposed operating procedures for each production facility, medical cannabis center, and component of the applicant's proposed medical cannabis supply system, including record keeping and security requirements as the Commission shall specify by rule.

(5) The name, address, and date of birth of each principal officer and board member of the supplier.

(6) The name, address, and date of birth of each employee of the supplier.

(7) For first-year suppliers, a nonrefundable license fee in the amount of fifty thousand dollars ($50,000) plus five thousand dollars ($5,000) for each production facility or medical cannabis center the applicant proposes to operate under the license.

(8) For suppliers seeking license renewal, a nonrefundable renewal fee in an amount not less than ten thousand dollars ($10,000), plus five thousand dollars ($5,000) for each new production facility or medical cannabis center the supplier proposes to operate under the license, plus one thousand dollars ($1,000) for each existing production facility or medical cannabis center the supplier operates under the license as specified in rules adopted by the Commission pursuant to G.S. 90-113.118 and annual audited financial statements audited by an independent certified public accountant.

(9) Proof the applicant has been a State resident for at least two years and will be the majority owner of each medical cannabis center and production facility the applicant proposes to operate. The applicant may include nonresident partners with demonstrated ownership and operation experience in the cultivation, production, extraction, product development, quality control, and inventory management of cannabis products in a state-licensed medical or adult use cannabis operation and shall provide proof of state residency for any nonresident partner of the applicant.

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

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

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

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

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

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

(f) Supplier Registry Identification Cards and Fees. – The Department shall issue a supplier registry identification card to each owner, director, and employee listed on the application or renewal upon receipt of a two hundred fifty dollar ($250.00) fee per cardholder. The supplier registry identification card issued pursuant to this subsection must be issued no later than 30 days after a supplier has been granted a license pursuant to this Article. Each supplier registry identification cardholder shall carry the supplier registry identification card together with a valid identification whenever the supplier registry identification cardholder is possessing cannabis or cannabis-infused products as provided in this Article. Each supplier registry identification card shall be printed with tamper-resistant technology and shall contain at least all of the following information:

(1) The name of the cardholder.
(2) The date of birth of the cardholder.
(3) The name of the supplier.
(4) The name of the supplier's business.
(5) The address of the supplier's business.
(6) A random alphanumeric identification number that is unique to the cardholder.
(7) A photograph of the cardholder.

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

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

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

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

(k) Criminal History Record Check. – In order to ensure compliance with this section, the Department shall conduct a criminal history record check of any person whose name is submitted on an application as an owner, director, or an employee of the supplier. When requested by the Department, the North Carolina Department of Public Safety may provide to the Department a person's criminal history from the State Repository of Criminal Histories. Such requests shall not be due to a person's age, sex, race, color, national origin, religion, creed, political affiliation, or handicapping condition as defined in G.S. 168A-3. For requests for a State criminal history record check only, the Department shall provide to the Department of Public Safety a form consenting to the check signed by the person to be checked and any additional information required by the Department of Public Safety. National criminal record checks are authorized for applicants who have not resided in the State of North Carolina during the past five years. For national checks, the Department shall provide to the North Carolina Department of Public Safety the fingerprints of the person to be checked, any additional information required by the Department of Public Safety, and a form signed by the person to be checked consenting to the check of the criminal record and to the use of fingerprints and other identifying information required by the State or National Repositories. The fingerprints of the individual shall be forwarded to the State Bureau of Investigation for a search of the State criminal history record file, and the State Bureau of Investigation shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The Department of Health and Human Services shall keep all information pursuant to this section confidential. The Department of Public Safety shall charge a reasonable fee for conducting the checks of the criminal history

records authorized by this section. All releases of criminal history information to the Department shall be subject to, and in compliance with, rules governing the dissemination of criminal history record checks as adopted by the North Carolina Department of Public Safety. All of the information either department receives through the checking of the criminal history is privileged information and for the exclusive use of that department.

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

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

(1) A person who has not paid the appropriate license or license renewal fee.

(2) An individual who is less than 21 years of age.

(3) A person who has served a sentence for any of the following felonies in the five years immediately preceding the date of license application: any Class A through E felony; any felony that includes assault as an essential element of the offense; any felony under Article 14 (Burglary and Other Housebreakings) of Chapter 14 of the General Statutes; any felony under Article 16 (Larceny), Article 16A (Organized Retail Theft), Article 17 (Robbery), Article 18 (Embezzlement), Article 19 (False Pretenses and Cheats), Article 19A (Obtaining Property or Services by False or Fraudulent Use of Credit Device or Other Means), Article 19B (Financial Transaction Card Crime Act), or Article 19C (Financial Identity Theft) of Chapter 14 of the General Statutes.

(4) A person (or, with respect to a person who is not an individual, an owner, director, or employee of the person) who at any time has been convicted of a felony violation for manufacturing, selling, delivering, or possessing with intent to manufacture, sell, deliver, or possess a Schedule I or II controlled substance, in violation of G.S. 90-95(b)(1).

(5) Except as otherwise provided in this subdivision, a person who has not been a resident of North Carolina for at least two years prior to the date of the license application, unless that person is a minority partner of a State resident who is the majority owner of the applicant. With respect to a person who is not an individual, a person that is a nonresident business.

(6) A person who has had a license previously revoked by the Commission.

(7) A person who has been convicted in federal court or in any other jurisdiction of an offense which is substantially similar to a disqualifying offense contained in subdivision (3) or (4) of this subsection.

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

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

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

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

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

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

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

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

(a) Reports. – Each supplier licensed under this Article shall submit monthly reports to the Department on all financial transactions, including, but not limited to, production, sales and purchases of cannabis and cannabis-infused products, and transfers of cannabis and cannabis-infused products for no consideration with respect to each medical cannabis center and production facility operated by the supplier. Each supplier licensed under this Article shall report quarterly to the Commission on all cannabis or cannabis-infused products the supplier sold or manufactured in the previous quarter.

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

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

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

(1) Violating a statute or Commission rule.

(2) Failing to maintain qualifications for approval.

(3) Endangering the health, safety, or security of a qualified patient.

(4) Improperly disclosing confidential information of a qualified patient.

(5) Making or filing a report or record that the supplier knows to be false.

(6) Willfully failing to maintain a record required by law or rule.

(7) Willfully impeding or obstructing an employee or agent of the Department in the furtherance of his or her official duties.

(8) Engaging in fraud or deceit, negligence, incompetence, or misconduct in the business practices of a medical cannabis supplier.

(9) Making misleading, deceptive, or fraudulent representations in or related to the business practices of a medical cannabis supplier.

(10) Violating a lawful order of the Department or an agency of the State, or failing to comply with a lawfully issued subpoena of the Department or an agency of the State.

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

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

"**§ 90-113.123. Qualified exemption from criminal laws for suppliers.**

(a) Exemption from Criminal Laws. – A supplier, or a supplier's employee, agent, or principal, is exempt from the criminal laws of this State for possession, production, delivery, or transportation of cannabis or aiding and abetting another in the possession, production, delivery, or transportation of cannabis or any other criminal offense in which possession, production, delivery, or transportation of cannabis is an element if the person is in compliance with this Article and rules adopted under this Article.

(b) Loss of Exemption from Criminal Laws. – A supplier, or a supplier's employee, agent, or principal, ceases to be exempt as provided in subsection (a) of this section upon committing any of the following acts:

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

(2) Manufacturing or distributing cannabis at an address not registered with the Department.

(3) Failing to report transfer of cannabis authorized under this Article to the Department.

(4) Otherwise producing, possessing, distributing, or dispensing cannabis or cannabis-infused products in a manner not consistent with this Article.

(c) Nothing in this section shall be construed to extend the protections of this section to any person, including a supplier, or a supplier's employee, agent, or principal, to allow that person to acquire, possess, manufacture, produce, use, sell, distribute, dispense, or transport cannabis in a manner that is not consistent with this Article.

"**§ 90-113.124. Protections for the medical use of cannabis; possession by registry identification cardholders protected.**

(a) A registry identification cardholder shall not be subject to arrest, prosecution, or penalty in any manner for the possession or purchase of cannabis for medical use by the qualified patient if the quantity of usable cannabis possessed or purchased does not exceed an adequate supply, as determined by the qualified patient's physician, and the cannabis or cannabis-infused product is contained in packaging bearing the label required by G.S. 90-113.132.

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

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

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

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

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

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

(2) In any place of employment.

(3) In a vehicle.
(4) In or within 1,000 linear feet of the property line of a church, unless the medical use occurs within a private residence.
(5) In or within 1,000 linear feet of the property line of a child care facility as defined in G.S. 110-86(3), unless the medical use occurs within a private residence. When a private residence is a child care facility, the smoking of cannabis and the vaping of cannabis is prohibited.
(6) In or within 1,000 linear feet of the property line of a public school unit or any nonpublic school as defined in Part 1 or Part 2 of Article 39 of Chapter 115C of the General Statutes, unless the medical use occurs within a private residence.
(7) In or within 1,000 linear feet of the property line of a community college or the facilities of The University of North Carolina and the grounds of those facilities as defined in G.S. 143-597(a)(6), unless the medical use occurs within a private residence. Smoking or vaping is permitted inside buildings that are used for medical or scientific research to the extent that smoking or vaping is an integral part of the research. Smoking or vaping permitted under this subdivision shall be confined to the area where the research is being conducted.

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

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

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

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

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

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

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

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

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

(g1) Closed Containers. – It shall be unlawful for any person to possess cannabis or a cannabis-infused product, other than in a closed retailer's container as packaged, in a passenger compartment of a vehicle in a public vehicular area or on a public street or highway. Violation of this subsection shall be punished as a Class 3 misdemeanor.

(g2) Fraudulent Use of Identification. – It is unlawful for any person to enter or attempt to enter a licensed medical cannabis center where cannabis or a cannabis-infused product is sold, or to obtain or attempt to obtain cannabis or a cannabis-infused product, or to obtain or attempt to obtain permission to purchase cannabis or a cannabis-infused product, by using or attempting to use a fraudulent or altered registry identification card. Violation of this subsection shall be punished as a Class 2 misdemeanor.

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

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

(a) Verification System. – The Department shall establish a secure web-based verification system. The verification system shall allow authorized Department personnel, State and local law enforcement personnel, and medical cannabis centers to enter a registry identification card number to determine whether the number corresponds with a current, valid registry identification card. For the purposes of this subsection, the system may disclose only:

(1) Whether the registry identification card is valid.

(2) The name, address, and date of birth of the cardholder.

(3) A photograph of the cardholder, if required by Department rules.

(4) Whether the cardholder is a qualifying patient or a designated caregiver.

(5) The registry identification card number of any associated qualifying patients or designated caregivers.

(6) Only if accessed by a medical cannabis center employee or authorized Department personnel, the amount of cannabis and cannabis-infused products dispensed in the past 30 days.

(7) The delivery method of the cannabis.

(8) The adequate supply of the cannabis or cannabis-infused product.

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

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

(1) The registry identification card presented at the medical cannabis center is valid.

(2) Each person presenting a registry identification card is the person identified on the registry identification card presented to the medical cannabis center employee.

(3) The amount to be dispensed would not cause a qualifying patient, directly or via the qualifying patient's designated caregiver, to exceed the limit on obtaining no more than an adequate supply of cannabis or cannabis-infused products during any 30-day period.

(4) The cannabis to be dispensed complies with the delivery method.

(5) After making the determinations required in subdivisions (3) and (4) of this subsection, but before dispensing cannabis or cannabis-infused products to a registry identification cardholder, a medical cannabis center employee shall enter the following information in the verification system:

a. How much cannabis or cannabis-infused product is to be dispensed to the registry identification cardholder.
b. Whether the cannabis or cannabis-infused product is to be dispensed directly to the qualifying patient or to the qualifying patient's designated caregiver.
c. The date and time the cannabis or cannabis-infused product is to be dispensed.
d. The registry identification number of the medical cannabis center that dispensed the cannabis or cannabis-infused product.

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

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

(b) Security Measures. –

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

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

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

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

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

(1) A church.
(2) A child care facility as defined in G.S. 110-86(3).
(3) A public school unit or any nonpublic school as defined in Part 1 or Part 2 of Article 39 of Chapter 115C of the General Statutes.
(4) A community college or the facilities of The University of North Carolina and the grounds of those facilities as defined in G.S. 143-597(a)(6).

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

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

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

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

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

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

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

(a) The Department shall establish standards for and shall license up to five independent testing laboratories to test cannabis and cannabis-infused products that are to be sold in the State. An independent testing laboratory shall analyze a representative sample of all cannabis or cannabis-infused products before the sale or transfer to a medical cannabis center by a production facility. An independent testing laboratory shall report the results of all required testing to the Department and to the Medical Cannabis Production Commission. The Commission shall have the authority to conduct its own testing of cannabis or cannabis-infused products in coordination with the Department.

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

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

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

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

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

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

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

(d) No individual who owns, operates, has a direct or indirect financial interest in, or is employed by an independent testing laboratory shall own, operate, have a direct or indirect financial interest in, or be employed by a supplier, a production facility, or a medical cannabis center.

"**§ 90-113.131. Advertising.**

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

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

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

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

(2) Distribute handbills in public areas.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(g) Advertisement of cannabis or cannabis-infused products in any manner except as allowed in this Article is prohibited.

(h) The Department, in consultation with the Commission, shall adopt rules to define and monitor standards for a medical cannabis center's name, signage, and logo to ensure a medical rather than recreational disposition.

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

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

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

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

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

(1) The name of the medical cannabis center.

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

(3) The name of the production facility.

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

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

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

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

(8) The name of the qualified patient.

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

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

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

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

(1) Establish requirements and procedures for the safe, uniform, appropriate, and accurate packaging and labeling of cannabis and cannabis-infused products for human consumption, including prohibiting the use of any images designed or likely to appeal to minors, including cartoons, toys, animals, or children, any other likeness to images, characters, or phrases that are popularly used to advertise to children, or any imitation of candy packaging or labeling.

(2) Establish requirements to ensure that cannabis and cannabis-infused products for human consumption are designed, marketed, and packaged in a manner that is appropriate for a medicinal product and that does not resemble commercially sold candies or other food that is typically marketed to children.

(3) Establish restrictions on the forms and appearance of edible cannabis-infused products in order to reduce their appeal to minors, including prohibiting edible cannabis products in the shapes of cartoons, toys, animals, or people.

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

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

(b) A medical cannabis center shall destroy all cannabis and cannabis-infused products that are not sold to registry identification cardholders in accordance with Department rules. The medical cannabis center shall retain documentation of the destruction and disposal for a period

of not less than one year. The medical cannabis center shall maintain a record of the date of destruction and the amount destroyed.

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

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

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

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

(c) Notwithstanding any other provision of State law, and subject to the requirements of the Commission, the Collaboratory and its academic research partners may possess, transport, store, test, and dispose of cannabis as necessary to conduct scientific research pursuant to this section.

"**§ 90-113.135. North Carolina Medical Cannabis Program Fund.**

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

"**§ 90-113.136. Self-supporting requirement; use of excess revenue.**

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

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

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

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

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

"**§ 90-113.137.** Reserved for future codification purposes.

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

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

"**§ 90-113.140. Annual report.**

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

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

(2) The number of written certifications provided by physicians and the percentage distribution by areas of physician specialty.
(3) The number of qualifying patients and designated caregivers served by each medical cannabis center during the report year.
(4) The nature of the debilitating medical conditions of the qualifying patients and a breakdown of qualifying patients by age group.
(5) The nature and percentage distribution of delivery methods of cannabis and cannabis-infused products used and the average daily doses dispensed per delivery method.
(6) The new debilitating medical conditions added by the Advisory Board, if any.
(7) The number of registry identification cards denied, suspended, or revoked.
(8) The number of physicians providing written certifications for qualifying patients and the percentage distribution of their areas of specialty.
(9) The number of suppliers, production facilities, and medical cannabis centers by county.

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

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

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

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

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

"**§ 90-113.142. Severability.**

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

SECTION 2.(a) The initial appointments made to the Compassionate Use Advisory Board under G.S. 90-113.113 shall be made not later than 45 days after the effective date of this act. In order to allow for the staggering of terms, the initial term for each member appointed pursuant to G.S. 90-113.113(a)(1)a. and (a)(1)c. shall be four years; for each member appointed pursuant to G.S. 90-113.113(a)(1)b., (a)(1)d., and (a)(1)e., the initial term shall be three years; for each member appointed pursuant to G.S. 90-113.113(a)(1)f. and (a)(1)g., the initial term shall be two years; and the initial term for members appointed pursuant to G.S. 90-113.113(a)(2) and (a)(3) shall be one year. Subsequent appointments shall be for the full four-year term in accordance with G.S. 90-113.113(b).

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

SECTION 2.(c) Within 270 days of the effective date of this act, the Department of Health and Human Services must adopt rules as required by G.S. 90-113.115(h).

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

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

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

…

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

…."

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

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

For the purpose of this Article:

…

(6) The term "drug" means all of the following:

a. Articles recognized in the official United States Pharmacopoeia, official Homeopathic Pharmacopoeia of the United States, or official National Formulary, or any supplement to any of ~~them; and~~them.

b. Articles intended for use in the diagnosis, cure, mitigation, treatment or prevention of disease in man or other ~~animals; and~~animals, except for cannabis or cannabis-infused products, as defined in G.S. 90-113.114, that are manufactured by a production facility or sold by a medical cannabis center, as defined in G.S. 90-113.112.

c. Articles (other than food) intended to affect the structure or any function of the body of man or other ~~animals; and~~animals.

d. Articles intended for use as a component of any article specified in paragraphs a, b or c; but does not include devices or their components, parts, or accessories.

…

(8) The term "food" means all of the following:

a. Articles used for food or drink for man or other animals, except for cannabis or cannabis-infused products, as defined in G.S. 90-113.112, that are manufactured by a production facility or sold by a medical cannabis center, as defined in G.S. 90-113.112.

b. Chewing ~~gum, and~~gum.

c. Articles used for components of any such article.

…."

SECTION 5.(a) G.S. 15A-974 reads as rewritten:

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

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

(1) Its exclusion is required by the Constitution of the United States or the Constitution of the State of North Carolina; or

(2) It is obtained as a result of a substantial violation of the provisions of this Chapter. In determining whether a violation is substantial, the court must consider all the circumstances, including:

a. The importance of the particular interest violated;

b. The extent of the deviation from lawful conduct;

c. The extent to which the violation was willful;

d. The extent to which exclusion will tend to deter future violations of this Chapter.

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

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

(1) A subsequent determination that a substance believed to be a controlled substance at the time of the search was not a controlled substance.

(2) A subsequent determination that the presence of a controlled substance at the time of the search was not a violation of law.

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

SECTION 5.(b) This section becomes effective December 1, 2023, and applies to motions filed on or after that date.

SECTION 6. G.S. 90-87(16) reads as rewritten:

"(16) "Marijuana" means all parts of the plant of the genus Cannabis, whether growing or not; the seeds thereof; the resin extracted from any part of such plant; and every compound, manufacture, salt, derivative, mixture, or preparation of such plant, its seeds or resin, but shall not include the mature stalks of such plant, fiber produced from such stalks, oil, or cake made from the seeds of such plant, any other compound, manufacture, salt, derivative, mixture, or preparation of such mature stalks (except the resin extracted

therefrom), fiber, oil, or cake, or the sterilized seed of such plant which is incapable of germination. The term does not include ~~hemp~~ the following:

a. Hemp or hemp products.

b. An adequate supply, as defined in G.S. 90-113.112, of cannabis for medical use in compliance with Article 5H of Chapter 90 of the General Statutes."

SECTION 7. G.S. 90-94(a) reads as rewritten:

"**§ 90-94. Schedule VI controlled substances.**

(a) This schedule includes the controlled substances listed or to be listed by whatever official name, common or usual name, chemical name, or trade name designated. In determining that such substance comes within this schedule, notwithstanding Article 5H of this Chapter, the Commission shall find: no currently accepted medical use in the United States, or a relatively low potential for abuse in terms of risk to public health and potential to produce psychic or physiological dependence liability based upon present medical knowledge, or a need for further and continuing study to develop scientific evidence of its pharmacological effects."

SECTION 8. Except as otherwise provided, this act is effective when it becomes law and applies to acts committed on or after that date.