
DIGEST

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HB 637 Original

2021 Regular Session

Newell

Abstract: Provides for the regulation of the cultivation, manufacturing, and retail sale of cannabis and cannabis products.

Proposed law creates a program of social equity in the cannabis industry for the purpose of offering financial assistance and license application benefits to individuals most directly and adversely impacted by enforcement of cannabis-related law who are interested in starting cannabis businesses.

Proposed law authorizes the Dept. of Agriculture and Forestry (LDAF) to create and issue up to 10 cannabis production facility licenses.

Proposed law defines "applicant", "bureau", "cannabis", "cannabis-infused products", "cannabis products", "commissioner", "criminal history record information", "cultivate", or "cultivating", "department", "FBI", "housing unit", "licensee", "licensure", "production facility", "retailer", and useable cannabis".

Proposed law requires applicants and subcontractors to undergo a state and national criminal background check and prohibits the department from issuing a license or approving a contract if the applicant, subcontractor, or any officer, director, or person with a 5% or more economic interest in the license has been convicted of or entered a guilty or nolo contendere plea for certain criminal offenses.

Proposed law requires each applicant of a production facility license and a retailer permit to pay an application fee not to exceed \$1,000, which will cover the expense of background checks in addition to other administrative costs, and each licensee to pay an initial license fee not to exceed \$100,000 and an annual renewal fee not to exceed \$50,000.

Proposed law requires the LDAF to develop rules for the issuing of licenses based on a minimum criteria of the following:

- (1) Population distribution of the state.
- (2) Preference to applicants residing in an area with a disproportionately high number of non-violent marijuana drug arrests and convictions.
- (3) Applicants who have resided in this state or owned the property on which the production facility will be located for at least five years prior to the effective date of this Act. For the purposes of this Item, "owned" shall mean having a stake of at least fifty-one percent ownership in the property.

Proposed law prohibits anyone from being licensed, or to contract, to cultivate, process, transport, or sale cannabis or cannabis products in the state that has been disqualified on the basis of the following:

- (1) Has been convicted or entered a plea of guilty or nolo contendere for any of the following:
 - (a) Theft or attempted theft, illegal possession of stolen things, or any offense or attempt involving the misappropriation of property or funds.
 - (b) Any offense involving fraud or attempted fraud or false statements or declarations.
 - (c) A crime of violence as defined in present law (R.S. 14:2(B)).
 - (d) Any offense involving schedule I narcotics, provided the offense was not marijuana related.
- (2) There is a current prosecution or pending charge against the person in any jurisdiction for any offense listed in the paragraph above.
- (3) Fails to provide information and documentation to reveal any fact material to a suitability determination or supplies information which is untrue or misleading as to a material fact pertaining to the suitability criteria.

Proposed law allows for the transportation of cannabis and cannabis products in limited situations between licensees.

Proposed law provides for civil penalties up to \$50,000 per violation per day based upon ruling of the commissioner of agriculture.

Proposed law clarifies that proposed law does not interfere with the rights of medical marijuana patients or licensed medical marijuana production facilities.

Proposed law requires the commissioner of the office of alcohol and tobacco control to issue cannabis retailer permits and requires such a permit prior to selling cannabis or cannabis products. Specifies that the retailer permit is valid for a two-year period. Limits the number of permits to be issued in the state to 40 total and requires no more than 5 per regional planning area of the state; but provides for situations where the commissioner may increase the total permits issued.

Proposed law requires applicants for a retailer permit to be at least 21 years of age or older, and prohibits anyone under the age of 21 from working in or entering the premises of a retailer.

Proposed law restricts production facilities and retail locations from being located in a "drug free zone."

Proposed law includes additional restrictions, including the following prohibitions:

- (1) Selling more than one ounce of cannabis or cannabis products to any individual per calendar day.
- (2) Selling cannabis or cannabis products to persons under the age of 21. Requires certain forms of identification to be presented to the retailer.

- (3) Selling cannabis or cannabis products on the internet.
- (4) Giving away or selling any consumable that is not cannabis or cannabis products, including but not limited to, tobacco and alcohol products.
- (5) Selling any products or services other than cannabis or cannabis products.
- (6) Providing or permitting entertainment of any kind on the premises.
- (7) Permitting prostitution on the premises.

Proposed law outlines acceptable forms of identification for consumers to provide to retailers.

Proposed law authorizes the commissioner of Alcohol and Tobacco Control to revoke or suspend permits for violations of proposed law. Establishes fines and penalties ranging from \$2,500 to \$10,000 and from 6 months to 5 years of jail time.

(Adds R.S. 3:4761-4771 and R.S. 26:941-949)