SLS 24RS-418 ENGROSSED

2024 Regular Session

SENATE BILL NO. 228

BY SENATOR MCMATH

PHARMACEUTICALS. Provides relative to marijuana for therapeutic use. (gov sig)

1 AN ACT

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

To amend and reenact R.S. 28:826(B)(1) and (2)(c) and (C)(1)(b) and R.S. 40:1046(H) and (L), 1046.2(A), the introductory paragraph of 1046.2(B), the introductory paragraph of 1046.2(B)(1)(a), 1046.2(B)(1)(b) through (e), and (B)(2)(a), (C)(1), the introductory paragraph of 1046.2(C)(2), and 1046.2(C)(2)(a) and (c), the introductory paragraph of 1046.2(D), the introductory paragraph of 1046.2(D)(1), and 1046.2(D)(2), (4), and (5), the introductory paragraph of 1046.2(E) and 1046.2(E)(1), the introductory paragraph of 1046.2(F), 1046.2(F)(1), the introductory paragraph of 1046.2(F)(2)(b) and (3), (G), (H)(1) and (2) and the introductory paragraph of 1046.2(H)(3), and the introductory paragraph of 1046.2(I), the introductory paragraph of 1046.2(I)(1), and 1046.2(I)(1)(a) and (b), (2), and (3), and 1046.4(A)(1) and (3) and (C)(1) and (2) and to repeal R.S. 28:826(B)(2)(d) and (C)(1)(c), relative to marijuana for therapeutic use; to provide for regulatory administration and licensing; to provide for the allocation of monies collected from the sale of therapeutic marijuana; to extend the sunset; to provide for an effective date; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 28:826(B)(1) and (2)(c) and (C)(1)(b) are hereby amended and

2	reenacted and R.S. 28:826(B)(2)(d) and (C)(1)(c) are hereby repealed as follows:
3	§826. Disability Services Fund
4	* * *
5	B.(1) Notwithstanding any other provision of law to the contrary, after
6	compliance with the requirements of Article VII, Section 9(B) of the Constitution of
7	Louisiana relative to the Bond Security and Redemption Fund, and after a sufficient
8	amount is allocated from that fund to pay all of the obligations secured by the full
9	faith and credit of the state which become due and payable within any fiscal year, the
10	treasurer shall deposit into the fund an amount equal to the amount collected by the
11	state attributable to the sale or lease of all or part of any movable and immovable
12	property previously operated by the office for citizens with developmental
13	disabilities within the Louisiana Department of Health, the proceeds of the fee
14	assessed pursuant to the provisions of R.S. 40:1046(H)(8)(a), and the proceeds of the
15	taxes levied pursuant to R.S. 47:9105(A) and (B).
16	(2) * * *
17	* * *
18	(c) The state treasurer shall deposit one-half of the monies attributable to the
19	proceeds of the fee assessed pursuant to the provisions of R.S. 40:1046(II)(8)(a) into
20	a separate account within the fund.
21	(d) The state treasurer shall deposit one-half of the monies attributable to the
22	proceeds of the fee assessed pursuant to the provisions of R.S. 40:1046(II)(8)(a) and
23	the proceeds of the taxes levied pursuant to R.S. 47:9105(A) and (B) into a separate
24	account within the fund.
25	* * *
26	C.(1) The legislature shall appropriate monies from the separate accounts of
27	the fund as follows:
28	* * *
29	(b) The account containing the monies attributable to one-half of the proceeds

of the fee assessed pursuant to the provisions of R.S. 40:1046(II)(8)(a) shall be used solely to provide funding for the Early Steps intervention program for infants and toddlers with disabilities and their families as established in R.S. 28:461 et seq.

(c) The account containing the monies attributable to one-half of the proceeds of the fee assessed pursuant to the provisions of R.S. 40:1046(II)(8)(a) and the proceeds of the taxes levied pursuant to R.S. 47:9105(A) and (B) shall be used solely to support and enhance developmental disabilities services within the Medicaid program or the office for citizens with developmental disabilities, or its successor.

* * *

Section 2. R.S. 40:1046(H) and (L), 1046.2(A), the introductory paragraph of 1046.2(B), the introductory paragraph of 1046.2(B)(1), the introductory paragraph of 1046.2(B)(1)(a), 1046.2(B)(1)(b) through (e), and (B)(2)(a), (C)(1), the introductory paragraph of 1046.2(C)(2), and 1046.2(C)(2)(a) and (c), the introductory paragraph of 1046.2(D), the introductory paragraph of 1046.2(D)(1), and 1046.2(D)(2), (4), and (5), the introductory paragraph of 1046.2(E) and 1046.2(E)(1), the introductory paragraph of 1046.2(F), 1046.2(F)(1), the introductory paragraph of 1046.2(F)(2), and 1046.2(F)(2)(b) and (3), (G), (H)(1) and (2) and the introductory paragraph of 1046.2(H)(3), and the introductory paragraph of 1046.2(I)(1), and 1046.2(I)(1) and (b), (2), and (3), and 1046.4(A)(1) and (3) and (C)(1) and (2) are hereby amended and reenacted to read as follows:

§1046. Recommendation and dispensing of marijuana for therapeutic use; rules and regulations of the Louisiana Board of Pharmacy; production facility licensing; permitting by the Louisiana Department of Health

* * *

H.(1)(a) The legislature hereby recognizes and declares that both the Louisiana State University Agricultural Center and the Southern University Agricultural Center timely exercised and asserted the intent of each university to be licensed to produce recommended marijuana for therapeutic use in this state in accordance with the provisions of Act No. 261 of the 2015 Regular Session of the

Legislature of Louisiana.

(b) Each institution identified in Subparagraph (a) of this Paragraph, respectively, shall select and contract with only one contractor authorized to produce therapeutic marijuana in accordance with this Part. The selection process and contracting provided for in this Subparagraph shall be done in accordance with all applicable provisions of the Louisiana Procurement Code, R.S. 39:1551 et seq. Each contractor and the university with which it contracts shall execute an agreement for services. The Louisiana Department of Health shall issue no more than two licenses to cultivate, extract, process, produce, and transport therapeutic marijuana in this state. Each license shall be issued on July first and shall be effective for a period of one year.

- (b) The licenses issued on July 1, 2024, shall be to the entities who held contracts with the Louisiana State University Agricultural Center and the Southern University Agricultural Center on January 1, 2024, pursuant to Act No. 261 of the 2015 Regular Session of the Legislature.
- (c) Upon each renewal period, a license in force shall be renewed by the department for the next succeeding period upon proper application for renewal and payment of license fees as required by law and the rules and regulations of the department.
- (d) Subject to the limitation of no more than two licenses to cultivate, extract, process, produce, and transport therapeutic marijuana in this state, the department shall select a new licensee through a competitive bid process in accordance with the applicable provisions of the Louisiana Procurement Code, R.S. 39:1551 et seq., if any of the following occur:
- (i) After written notice from the department and failure of the licensee to cure within thirty days following receipt of written notice, a licensee fails to comply with the proper application for renewal and payment of license fees as required by law and the rules and regulations of the department, and the license is revoked.

1	(ii) A license is voluntarily returned or remitted to the department prior
2	to the expiration of the licensure period.
3	(2) The Louisiana Department of Health shall issue all of the following
4	annually:
5	(a) A nontransferable specialty license for the production of recommended
6	marijuana for therapeutic use, which the department shall issue only to the Louisiana
7	State University Agricultural Center and the Southern University Agricultural
8	Center.
9	(b) A permit to cultivate, extract, process, produce, and transport therapeutic
10	marijuana, which the department shall issue only to the sole contractor selected by
11	each university in accordance with Paragraph (1) of this Subsection.
12	(c) The Louisiana State University Agricultural Center, the Southern
13	University Agricultural Center, and the University of Louisiana at Monroe may
14	conduct research on marijuana for therapeutic use.
15	(d) On or before February first annually, the Louisiana State University
16	Agricultural Center, the Southern University Agricultural Center, and the University
17	of Louisiana at Monroe shall each submit to the Senate and House committees on
18	health and welfare a report which includes data and outcomes of any research
19	conducted pursuant to Subparagraph (c) of this Paragraph. No such report shall
20	include any proprietary information, intellectual property, or private financial data.
21	(3) Repealed by Acts 2022, No. 491, §1, eff. August 1, 2022.
22	(4) Repealed by Acts 2022, No. 491, §1, eff. August 1, 2022.
23	(5) Repealed by Acts 2022, No. 491, §1, eff. August 1, 2022.
24	(6)(a) The Louisiana Department of Health shall collect all of the following
25	information from each licensee:
26	(i) The amount of gross marijuana produced by the licensee during each
27	calendar year.
28	(ii) The details of all production costs including but not limited to seed,
29	fertilizer, labor, advisory services, construction, and irrigation.

1	(iii) The details of any items or services for which the licensee subcontracted
2	and the costs of each subcontractor directly or indirectly working for the contractor
3	<u>licensee</u> .
4	(iv) The amount of therapeutic chemicals produced resulting from the
5	marijuana grown pursuant to this Section.
6	(v) The amounts paid each year to the licensee related to the licensee's
7	production of therapeutic marijuana pursuant to this Section.
8	(vi) The amount of therapeutic marijuana distributed to each pharmacy
9	licensed to dispense therapeutic marijuana in this state during each calendar year.
10	(b) The Louisiana Department of Health shall provide the information
11	collected as required by this Paragraph for the previous calendar year in the form of
12	a written report to the legislature no later than February first of each year. The
13	department shall also make a copy of the report required by this Subparagraph
14	available to the public on the internet.
15	(7)(3) No company that has made a contribution to a candidate in a Louisiana
16	election governed by the provisions of the Campaign Finance Disclosure Act within
17	the five years prior to bidding for the license, or is controlled wholly or in part by a
18	person who made such a contribution within the five years prior to the company
19	bidding for the license, may be eligible for the license.
20	(8)(a)(4) The Louisiana Department of Health department shall perform the
21	following:
22	(i)(a) Establish and collect an annual license fee of one hundred thousand
23	dollars from each contractor licensee permitted to cultivate, extract, process,
24	produce, and transport therapeutic marijuana.
25	(ii)(b) Collect a nonrefundable application fee of ten thousand dollars.
26	(iii)(c) Assess a fee of seven percent of the gross sales of therapeutic
27	marijuana. The fee shall be reported and paid by the licensed production facility or
28	permitted contractor that sells therapeutic marijuana to marijuana pharmacies

<u>licensee</u>. The fee shall be collected by the Department of Revenue and shall be

1	subject to the provisions of Chapter 18 of Subtitle II of Title 47 of the Louisiana
2	Revised Statutes of 1950 as amended. Notwithstanding the provisions of
3	Subparagraph (b) of this Paragraph, the The Department of Revenue shall transfer
4	any monies collected in accordance with this Item monthly to the state treasury
5	deposit into the Disability Services Fund, as established in R.S. 28:826, the amount
6	of revenues collected in accordance with this Item. on a monthly basis. The
7	treasurer shall allocate the monies as follows:
8	(i) One percent shall be allocated to the Louisiana State University
9	Agricultural Center.
10	(ii) One percent shall be allocated to the Southern University
11	Agricultural Center.
12	(iii) Five percent shall be allocated to the Department of Public Safety
13	and Corrections, office of state police.
14	An amount shall be allocated to the department, pursuant to legislative appropriation,
15	for regulatory, administrative, investigative, enforcement, legal, and other such
16	expenses as may be necessary to carry out the provisions of this Chapter and for
17	activities associated with the enforcement of law and regulations governing the
18	therapeutic marijuana program.
19	(b) All fees collected by the department shall be used to fund the expenses
20	relating to the regulation and control of therapeutic marijuana.
21	(5) The department shall promulgate rules and regulations as necessary
22	to implement the provisions of this Subsection.
23	* * *
24	L. The provisions of this Section shall terminate on January 1, 2025 July 1,
25	<u>2030</u> .
26	* * *
27	§1046.2. Contractors; selection; Licensees; minimum standards
28	A. The contractor selected by the licensed university through a competitive
29	bid process licensee to cultivate, extract, process, produce, and transport therapeutic

1	marijuana shall be subject to oversight and inspections by the Louisiana Department
2	of Health as provided in this Section.
3	B. Initial inspections of contractor facilities shall be conducted in accordance
4	with the following procedures and requirements:
5	(1) Prior to commencement of operations, the Louisiana Department of
6	Health shall conduct an initial inspection of the contractor's facility, limited strictly
7	to a determination of the following:
8	(a) That the contractor facility adheres to all of the following:
9	* * *
10	(b) That the contractor licensee possesses and maintains accurate, detailed
11	plans and elevation drawings of all operational areas involved with the cultivation,
12	extraction, processing, and production of therapeutic marijuana.
13	(c) That the contractor <u>licensee</u> possesses and maintains a written operations
14	plan, which shall be limited to standard operating procedures for the cultivation of
15	marijuana in each facility production area, instructions for making each product
16	produced on the premises, equipment operations manuals, procedures for conducting
17	necessary safety checks, sanitization procedures for working surfaces and equipment,
18	quality control procedures, and emergency preparedness procedures.
19	(d) That the contractor licensee has connection and access to the Louisiana
20	Medical Marijuana Tracking System, hereafter referred to in this Section as
21	<u>LMMTS</u> .
22	(e) That the contractor licensee has security against unauthorized entry via
23	the presence of operational alarm and video surveillance systems, limited access
24	areas, secure locking systems, and door controls throughout the facility.
25	* * *
26	(2)(a) Notwithstanding Paragraph (1) of this Subsection, nothing in this
27	Section shall be construed to obstruct or impede the lawful activity of any licensee
28	or permittee.
29	* * *

2	be conducted in accordance with the procedures and requirements provided in
3	Paragraph (2) of this Subsection.
4	(2) After a contractor <u>licensee</u> commences producing therapeutic marijuana
5	in an approved facility, the Louisiana Department of Health shall inspect each
6	contractor facility at least twice annually to verify the existence or accuracy of the
7	following:
8	(a) Possession and accuracy of detailed plans and elevation drawings of all
9	operational areas involved with the cultivation, extraction, processing, and
10	production of medical therapeutic marijuana.
11	* * *
12	(c) Connection and accessibility to the Louisiana Medical Marijuana
13	Tracking System LMMTS.
14	* * *
15	D. All of the following standards and requirements for security shall apply
16	with respect to contractor facilities:
17	(1) Any contractor facility alarm or surveillance system shall include the
18	following:
19	* * *
20	(2) Each contractor facility shall maintain on-site security personnel, at a
21	minimum, during standard United States business hours of eight o'clock a.m. to five
22	o'clock p.m. and shall maintain off-site, electronic security monitoring at all other
23	times.
24	* * *
25	(4) Each contractor licensee shall limit access to and post limited-access
26	signage where marijuana is cultivated, extracted, processed, produced, or stored.
27	Limited access areas shall remain locked and accessible only by authorized
28	personnel.
29	(5) Each employee, supervisor, or agent of each contractor licensee shall

C.(1) Inspections of contractor facilities other than initial inspections shall

SLS 24RS-418

ENGROSSED
SB NO. 228

1 keep a current identification card, in a form approved by the department, on his 2 person when present at a contractor facility. 3 E. All of the following procedures, restrictions, and authorizations shall apply 4 relative to visitors at contractor facilities: 5 (1) Persons who do not possess a contractor licensee identification card shall be issued a visitor identification badge after signing a log maintained by the 6 7 contractor licensee that properly identifies the visitor to the premises. The visitor 8 shall wear the badge for the duration of his time on the premises, and the visitor shall 9 not be left unaccompanied in any area where marijuana or marijuana products are 10 present. 11 12 F. All of the following requirements shall apply with respect to data 13 management by contractors licensees: (1) Each contractor licensee shall acquire and maintain all software, 14 hardware, and communications infrastructure necessary to ensure connectivity to and 15 16 implementation of the Louisiana Medical Marijuana Tracking System, referred to hereafter in this Subsection as the LMMTS, to track therapeutic marijuana from seed 17 to distribution to an approved laboratory, to licensed pharmacies, to another 18 19 cultivation contractor licensee or to destruction, tagging each plant and product with a unique identification number, and entering the number into the LMMTS for 20 21 tracking. The contractor licensee shall bear the cost of all expenses related to 22 tracking, tagging, and implementation of the LMMTS. (2) Within twenty-four hours of the respective qualifying event, the 23 24 contractor licensee shall record the following in the LMMTS: 25 (b) The sale, transfer, or transport of therapeutic marijuana or its derivatives 26 27 to another contractor licensee, approved laboratory, or therapeutic marijuana 28 pharmacy.

29

1	(3) Notwithstanding any other provision of this Section, each contractor
2	licensee shall keep all documents and information required by this Part for at least
3	the current year and the three preceding calendar years, including but not limited to
4	business records necessary to fully account for each business transaction conducted
5	by the contractor <u>licensee</u> .
6	G. All of the following standards and requirements shall apply to contractors'
7	the licensees' inventory:
8	(1) Each contractor <u>licensee</u> shall maintain a comprehensive inventory of all
9	marijuana, including without limitation usable marijuana available for dispensing,
10	mature marijuana plants, and seedlings at each authorized location. Following an
11	initial inventory, all marijuana shall be inventoried on a weekly basis.
12	(2) Any therapeutic marijuana waste product shall be properly weighed and
13	recorded in the Louisiana Medical Marijuana Tracking System LMMTS and stored
14	in a limited access area of a contractor facility until rendered unusable.
15	H. Material safety data sheet requirements shall include all of the following:
16	(1) Any pesticides or chemicals used by a contractor licensee in the
17	production of therapeutic marijuana shall be used and stored according to the
18	contractor's licensee's written operations plan.
19	(2) Each contractor licensee shall maintain a material safety data sheet in
20	each facility area where toxic cleaning compounds, sanitizing agents, solvents used
21	in the production of therapeutic marijuana extracts and concentrates, pesticide
22	chemicals, or other agricultural chemicals are used or stored.
23	(3) Each contractor licensee shall record the following information when
24	applying a pesticide or other agricultural chemical to therapeutic marijuana at any
25	cultivation stage:
26	* * *
27	I. All of the following requirements shall apply to transportation of
28	therapeutic marijuana by contractors licensees:

(1) Prior to transporting therapeutic marijuana, a contractor licensee shall

1 generate an inventory manifest in the Louisiana Medical Marijuana Tracking 2 System, referred to hereafter in this Subsection as the LMMTS, including all of the 3 following information: 4 (a) The name of the contractor licensee originating the transport. 5 (b) The name of the contractor licensee, approved laboratory, or licensed pharmacy receiving the transport. 6 7 8 (2) The contractor licensee originating the transport shall provide the 9 contractor, approved laboratory, or licensed pharmacy receiving the transport with 10 a copy of the LMMTS inventory manifest, which shall not be altered after departing 11 the originating contractor's licensee's facility. 12 (3) The contractor licensee, approved laboratory, or licensed pharmacy 13 receiving the transport shall record the quantities of all therapeutic marijuana products in the LMMTS. However, any contractor licensee, approved laboratory, or 14 licensed pharmacy receiving a therapeutic marijuana transport shall refuse the 15 16 transport if it is not accompanied by an unaltered LMMTS inventory manifest. 17 18 §1046.4. Testing; sample collection; minimum standards; reporting; remediation 19 A.(1) Each contractor permitted licensee authorized to cultivate, extract, process, produce, and transport therapeutic marijuana pursuant to this Part shall 20 comply with approved minimum standards by making each batch of therapeutic 21 marijuana subject to random selection, sampling, and analysis conducted by an 22 independent approved laboratory collector in a volume sufficient to ensure 23 24 compliance. 25 (3) The laboratory shall record test results in the Louisiana Medical 26 27 Marijuana Tracking System and produce a certificate of analysis to be delivered to the Louisiana Department of Health and contractor licensee permitted to cultivate, 28

extract, process, produce, and transport therapeutic marijuana within twenty-four

29

SLS 24RS-418 **ENGROSSED** SB NO. 228

1 hours of test completion. 2 3 C.(1) Neither a contractor licensee nor an approved laboratory authorized pursuant to this Part shall release or approve a therapeutic marijuana product for 4 delivery or sale until a sample from the applicable product batch has complied with 5 all required testing standards. 6 7 (2) A contractor licensee may resubmit to an approved laboratory any sample 8 that fails one or more initial tests required by this Part. The sample may be released 9 for delivery and sale only if it passes all tests conducted by an approved laboratory 10 in duplicate. The sample may be remediated according to any reasonably acceptable 11 industry methods if it fails one or more tests conducted by an approved laboratory. 12 13 Section 3. The existing agreements between the Louisiana State University Agricultural Center and Southern University Agricultural Center and the contractors selected 14 to cultivate, extract, process, produce, and transport therapeutic marijuana shall terminate 15 16 on July 1, 2024. Section 4. This Act shall become effective upon signature by the governor or, if not 17 signed by the governor, upon expiration of the time for bills to become law without signature 18 19 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If

> The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Amanda Trapp.

vetoed by the governor and subsequently approved by the legislature, this Act shall become

DIGEST

SB 228 Engrossed

effective on the day following such approval.

20

21

2024 Regular Session

McMath

Present law identifies the Louisiana State University Agricultural Center and the Southern University Agricultural Center as the licensed producers of marijuana for therapeutic use in the state.

Present law authorizes each university to contract with one contractor to produce therapeutic marijuana.

Proposed law removes the universities as the licensees and transfers the licenses to the two contractors who had contracts with the universities on January 1, 2024.

Page 13 of 14

Coding: Words which are struck through are deletions from existing law; words in **boldface type and underscored** are additions.

<u>Proposed law</u> establishes procedures for the Louisiana Department of Health to renew or revoke the licenses.

<u>Present law</u> establishes a sunset provision for the therapeutic marijuana program to terminate on January 1, 2025.

Proposed law extends the termination date to July 1, 2030.

<u>Present law</u> establishes a seven percent fee collected from the gross sales of therapeutic marijuana and provides for the dedication of the funds collected from the fee.

<u>Proposed law</u> changes the dedication of the funds.

Effective upon signature of the governor or lapse of time for gubernatorial action.

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Health and Welfare to the original bill

- 1. Removes the LSU Ag Center and Southern Ag Center as the two therapeutic marijuana licensees and transfers the licenses to the current contractors, effective July 1, 2024.
- 2. Provides for procedures for the Louisiana Department of Health to renew or revoke the licenses.
- 3. Changes the allocation of funds collected from the 7% fee collected on the gross sale of therapeutic marijuana.
- 4. Makes technical changes.