

2024 Regular Session

HOUSE BILL NO. 978 (Substitute for House Bill No. 54 by Representative Newell)

BY REPRESENTATIVE NEWELL

CONTROLLED SUBSTANCES: Provides relative to the regulation of cannabis

1 AN ACT

2 To enact Part XI of Chapter 4 of Title 40 of the Louisiana Revised Statutes of 1950, to be  
3 comprised of R.S. 40:1050.1 through 1050.11 and Chapter 9 of Title 26 of the  
4 Louisiana Revised Statutes of 1950, to be comprised of R.S. 26:941 through 949,  
5 relative to cannabis; to provide for definitions; to provide relative to the cultivation,  
6 processing, and manufacturing of cannabis and cannabis products; to provide for  
7 licensing; to provide for the authority of the Louisiana Department of Health; to  
8 provide for criminal history checks and suitability requirements; to provide for  
9 application, permit, and license fees; to provide for transportation restrictions; to  
10 provide for civil penalties; to provide relative to the retail sale of cannabis and  
11 cannabis products; to provide for retailer permits and fees; to provide for age  
12 restrictions regarding the purchase of cannabis and cannabis products; to provide for  
13 additional restrictions; to provide relative to the suspension or revocation of permits;  
14 to require promulgation of administrative rules; to provide for applicability; to  
15 provide for a program of social equity in the industry; and to provide for related  
16 matters.

17 Be it enacted by the Legislature of Louisiana:

18 Section 1. Part XI of Chapter 4 of Title 40 of the Louisiana Revised Statutes of 1950,  
19 comprised of R.S. 40:1050.1 through 1050.11, is hereby enacted to read as follows:

1 PART XI. CANNABIS2 §1050.1. Purpose

3 The Louisiana Department of Health is hereby authorized to exercise  
4 regulatory authority over the cultivation, processing, and manufacturing of cannabis  
5 and cannabis products in Louisiana.

6 §1050.2. Social equity in the cannabis industry

7 It shall be the intent of the Legislature of Louisiana that there shall be no  
8 barriers to the entry, acceptance or approval of applications or licensure for  
9 individuals and communities most adversely impacted by the enforcement of  
10 marijuana laws. In the interest of establishing a legal cannabis industry that is  
11 equitable and accessible to those most adversely impacted by the enforcement of  
12 drug-related laws in this state, including cannabis related laws, the Legislature of  
13 Louisiana finds and declares that a program of social equity should be established.  
14 The Legislature of Louisiana also finds and declares that individuals who have been  
15 arrested or incarcerated due to drug laws suffer long-lasting negative consequences,  
16 including impacts to employment, business ownership, housing, health, and long-  
17 term financial well-being. The Legislature of Louisiana declares that promotion of  
18 business ownership by individuals who have resided in areas of high poverty and  
19 high enforcement of cannabis-related laws furthers an equitable cannabis industry.  
20 Therefore, in the interest of remedying the harms resulting from the disproportionate  
21 enforcement of cannabis-related laws, the Legislature of Louisiana finds and declares  
22 that a program of social equity should offer, among other things, financial assistance  
23 and license application benefits to individuals most directly and adversely impacted  
24 by the enforcement of cannabis-related law who are interested in starting cannabis  
25 business establishments.

26 §1050.3. Definitions

27 As used in this Chapter, the following terms shall have the following  
28 meanings:

1           (1) "Applicant" means a natural person, corporation, limited liability  
2           company, partnership, joint stock association, sole proprietorship, joint venture,  
3           business association, cooperative association, professional corporation, or any other  
4           legal entity or organization through which business is conducted that has applied to  
5           the Louisiana Department of Health for a license to produce cannabis and cannabis  
6           products.

7           (2) "Bureau" means the Louisiana Bureau of Criminal Identification and  
8           Information of the Department of Public Safety and Corrections, office of state  
9           police.

10           (3) "Cannabis" means all parts of plants of the genus Cannabis, whether  
11           growing or not, the seeds thereof, the resin extracted from any part of such plant, and  
12           every compound, manufacture, salt, derivative, mixture, or preparation of such plant,  
13           its seeds or resin, but shall not include the mature stalks of such plant, fiber produced  
14           from such stalks, oil or cake made from the seeds of such plant, any other compound,  
15           manufacture, salt, derivative, mixture, or preparation of such mature stalks (except  
16           the resin extracted therefrom), fiber, oil, or cake or the sterilized seed of such plant  
17           which is incapable of germination.

18           (4) "Criminal history record information" means information collected by  
19           state and federal criminal justice agencies on individuals consisting of identifiable  
20           descriptions and notations of arrests, detentions, indictments, bills of information,  
21           or any formal criminal charges, and any disposition arising therefrom, including  
22           sentencing, criminal correctional supervision, and release. It shall not include  
23           intelligence information gathered for investigatory purposes or any identification  
24           information which does not indicate involvement of the individual in the criminal  
25           justice system.

26           (5) "Cultivate" or "cultivating" means planting, growing, and harvesting  
27           cannabis.

28           (6) "Department" means the Louisiana Department of Health.

1           (7) "FBI" means the Federal Bureau of Investigation of the United States  
2           Department of Justice.

3           (8) "Licensee" means a natural person, corporation, limited liability  
4           company, partnership, joint stock association, sole proprietorship, joint venture,  
5           business association, cooperative association, professional corporation, or any other  
6           legal entity or organization through which business is conducted that has been issued  
7           a license by the Louisiana Department of Health to produce cannabis and cannabis  
8           products.

9           (9) "Licensure" means any license or permit that the Louisiana Department  
10           of Health is authorized to issue for the production of cannabis and cannabis products  
11           and the facility producing cannabis and cannabis products.

12           (10) "Permit" means authorization issued by the Louisiana Department of  
13           Health for a natural person to work for, or on behalf of, a licensee.

14           (11) "Permittee" means a principle officer, board member, or member of the  
15           licensee or producer, or a person employed in the operation or supervision of the  
16           licensee's operation, including any individual whose employment duties directly  
17           relate to the growing, cultivating, harvesting, processing, weighing, labeling,  
18           packing, transporting, and selling of cannabis or cannabis products.

19           (12) "Production facility" means a facility operating pursuant to a license  
20           issued by the Louisiana Department of Health to cultivate and process cannabis,  
21           manufacture cannabis products, package and label cannabis products, and sell  
22           cannabis to licensed retailers. A production facility shall not sell cannabis directly  
23           to consumers.

24           (13) "Retailer" means an entity licensed by the office of alcohol and tobacco  
25           control pursuant to R.S. 26:943 to purchase cannabis products from licensed  
26           production facilities and sell cannabis products to a consumer.

27           (14) "Secretary" shall mean the secretary of the Louisiana Department of  
28           Health.

1        §1050.4. General requirements; prohibitions; testing; tracking

2                A. No person or entity shall cultivate, process, or manufacture cannabis or  
3        cannabis products without a license issued by the department pursuant to this  
4        Chapter.

5                B. The department shall test the cannabis products in a laboratory approved  
6        by the department prior to the products being transported from a production facility  
7        to a licensed retailer.

8                C.(1) Laboratories approved by the department may include any of the  
9        following:

10               (a) The agricultural chemistry laboratory of the Department of Agriculture  
11        and Forestry.

12               (b) The colleges, universities, other institutions, and systems governed by the  
13        Louisiana Board of Regents.

14               (c) The public-private partnerships involving the systems, colleges and  
15        universities governed by the Louisiana Board of Regents and private laboratories.

16               (d) Private laboratories.

17               (2) The Department of Agriculture Forestry agricultural chemistry laboratory  
18        and any public Louisiana university laboratory shall be exempt from the application  
19        process and deemed approved, but any laboratory approved or deemed approved by  
20        the department must be accredited by the National Institute on Drug Abuse, the  
21        National Environmental Laboratory Accreditation Conference, the International  
22        Organization for Standardization, or any other accrediting entity approved by the  
23        department, which accreditation shall be maintained active and in good standing or  
24        other substantially similar status for the duration of such approval.

25               D. The department shall establish a seed-to-sale tracking system that tracks  
26        the cannabis from either the seed or immature plant stage until the product is sold to  
27        a consumer by a licensed retailer.

1        §1050.5. Powers and duties of the secretary

2                In addition to the powers, duties, and responsibilities otherwise vested in the  
3        secretary by law, the secretary shall:

4                (1) Adopt rules and regulations as are necessary to implement the provisions  
5        of this Chapter. The rules and regulations shall include but not be limited to:

6                (a) Criteria for licensure and procedures for the issuance, renewal,  
7        suspension, and revocation of licenses.

8                (b) Application, license, permit, and testing fees.

9                (c) Security requirements for cultivation and product manufacturing  
10        facilities.

11                (d) Labeling and packaging requirements, including requirements for child  
12        resistant packaging, health and safety warnings, potency, and activation time.

13                (e) Health and safety regulations and standards for the cultivation of  
14        cannabis and the manufacturing of cannabis products, including pesticide use and  
15        allowable extraction methods.

16                (2) Collect, administer, and disburse the proceeds of all fees, interest,  
17        penalties, and other monies collected pursuant to this Chapter.

18                (3) Administer and enforce the provisions of this Chapter and the rules and  
19        regulations adopted pursuant to this Chapter.

20                (4) Develop sampling and testing procedures to ensure safety and verify the  
21        potency of cannabis cultivated and cannabis products manufactured pursuant to this  
22        Chapter.

23                (5) Enter facilities for the purpose of conducting inspections, collecting  
24        samples, testing, and examining and copying records.

25                (6) Hold hearings on alleged violations of the provisions of this Chapter or  
26        of the rules and regulations adopted pursuant to this Chapter.

27                (7) Impose civil penalties for violations of the orders issued pursuant to the  
28        provisions of this Chapter or of the rules and regulations adopted pursuant to this  
29        Chapter.

1           (8) Seek and obtain injunctive or other civil relief to restrain and prevent  
2           violations of this Chapter, rules and regulations adopted pursuant to this Chapter, or  
3           orders and rulings issued pursuant to this Chapter.

4           (9) Institute civil proceedings to enforce the orders or rulings of the  
5           secretary, collect any fees, fines, penalties, or costs due under this Chapter or to  
6           otherwise enforce the provisions of this Chapter or of the rules and regulations  
7           adopted pursuant to this Chapter.

8           (10) Appoint and employ all personnel necessary for the efficient and proper  
9           administration of this Chapter.

10          §1050.6. Licensure requirements; authorization to obtain criminal history record  
11          information

12          A.(1) The Louisiana Department of Health shall develop an annual,  
13          nontransferable production facility license for the cultivation, processing, and  
14          manufacturing of cannabis and cannabis products.

15          (a) The department shall limit the number of licenses granted in the state to  
16          no more than ten licenses. Once the maximum number of licenses have been issued,  
17          the department shall only issue new licenses after a current license is either revoked  
18          or not renewed or with legislative approval. The department shall issue any  
19          approved new licenses in accordance with the criteria and procedures outlined in this  
20          Section.

21          (b) The department shall develop rules in accordance with the  
22          Administrative Procedure Act to ensure the number of production facilities are  
23          equally distributed geographically throughout the state. The department shall use,  
24          at a minimum, the following criteria to develop such rules for issuing licenses:

25                 (i) Population distribution of the state.

26                 (ii) Preference to applicants who have resided in this state or owned the  
27                 property on which the production facility will be located for at least five years prior  
28                 to the effective date of this Chapter and shall have a stake of at least fifty-one percent  
29                 ownership in the license.

1           (c) No production facility shall be located in a "drug free zone" as defined  
2           in R.S. 17:405(A).

3           (d) No licensee shall sell or transfer their license to another person that has  
4           not been a Louisiana resident for at least five years prior to the sale or transfer or to  
5           an entity that does not have an ownership group made up of at least fifty-one percent  
6           of Louisiana residents residing in the state at least five years prior to the sale or  
7           transfer.

8           (2) Any license awarded pursuant to this Section shall not exceed five years.

9           B. As a condition of eligibility, the department shall require an applicant to  
10          do the following:

11          (1) Submit a full set of fingerprints, in a form and manner prescribed by the  
12          department.

13          (2) Permit the department to request and obtain state and national criminal  
14          history record information on the applicant.

15          C. Prior to entering into any contract, memorandum of understanding, or  
16          cooperative endeavor agreement with a licensee, a subcontractor shall also comply  
17          with the conditions of eligibility contained in Subsection B of this Section in order  
18          to receive contract approval from the department.

19          D. In accordance with the provisions and procedure prescribed by this  
20          Section, the department shall request and obtain state and national criminal history  
21          record information from the bureau and the FBI relative to any applicant for  
22          licensure whose fingerprints the department has obtained pursuant to this Section for  
23          the purpose of determining the applicant's suitability and eligibility for licensure.

24          E. Upon request by the department and upon submission of an applicant's  
25          fingerprints, and such other identifying information as may be required, the bureau  
26          shall survey its criminal history records and identification files and make a  
27          simultaneous request of the FBI for similar or related information from other  
28          jurisdictions. The bureau may charge the applicant a reasonable processing fee for  
29          conducting and reporting on any such search.

1        §1050.7. Suitability requirements

2            A. The department shall not grant any license or issue any other contract  
3        approval pursuant to the provisions of this Chapter if the applicant or subcontractor  
4        or any officer, director, or any person having a five percent or more economic  
5        interest in the entity seeking licensure or contract approval has been disqualified on  
6        the basis of the following criteria:

7            (1) Has been convicted or entered a plea of guilty or nolo contendere for any  
8        of the following:

9            (a) Theft or attempted theft, illegal possession of stolen things, or any  
10        offense or attempt involving the misappropriation of property or funds within five  
11        years from the date of application.

12            (b) Any offense involving fraud or attempted fraud or false statements or  
13        declarations within five years from the date of application.

14            (c) A crime of violence as defined in R.S. 14:2(B).

15            (d) Any offense involving Schedule I narcotics, provided the offense was not  
16        marijuana related.

17            (2) There is a current prosecution or pending charge against the person in  
18        any jurisdiction for any offense listed in Paragraph (1) of this Subsection.

19            (3) The applicant or any person required to be suitable pursuant to this  
20        Section fails to provide information and documentation to reveal any fact material  
21        to a suitability determination or supplies information which is untrue or misleading  
22        as to a material fact pertaining to the suitability criteria.

23            B. No person shall obtain a license pursuant to this Section if the applicant,  
24        subcontractor, or any of the service providers in the chain of subcontractors, is  
25        owned wholly or in part by any state employee or member of a state employee's  
26        immediate family, including but not limited to any legislator, statewide public  
27        official, university or community or technical college employee, Louisiana State  
28        University Agricultural Center employee, or Southern University Agricultural Center

1        employee. For the purposes of this Paragraph, "immediate family" has the same  
2        meaning as provided in R.S. 42:1102.

3                C. No person licensed pursuant to this Section shall give or receive anything  
4        of value in connection with any contract, memorandum of understanding, or  
5        cooperative endeavor agreement executed pursuant to this Section except the value  
6        that is expressed in the contract, memorandum of understanding, or cooperative  
7        endeavor agreement.

8                D. Any contract, memorandum of understanding, or cooperative endeavor  
9        agreement entered into with any licensee or subcontractor pursuant to this Section  
10       shall be a public record subject to disclosure pursuant to the Public Records Law,  
11       R.S. 44:1 et seq.

12       §1050.8. Fees; disposition of funds

13                A. The department shall establish fees to be paid by an applicant.

14                (1) The application fee shall not exceed two thousand five hundred dollars.

15        The application fee shall be nonrefundable.

16                (2) The application fee shall be payable to the department upon submission  
17        of the application.

18                B. The department shall collect a suitability fee to be paid to the office of  
19        state police, gaming enforcement section, to investigate the applicant once chosen  
20        as the licensee.

21                C. The department shall establish a production facility license fee to be paid  
22        by the licensee in accordance with the following:

23                (1) The license fee shall not exceed one hundred thousand dollars.

24                (2) The license fee shall be paid annually to the department.

25                D. The department shall establish a permit fee to be paid for a person  
26        employed in the operation or supervision of the licensee's operation in accordance  
27        with the following:

28                (1) The permit fee shall not exceed fifty dollars.

29                (2) The permit fee shall be payable annually to the department.

1           E. The department shall establish a transportation carrier fee to be paid for  
2           a person employed in transporting cannabis or cannabis products in accordance with  
3           the following:

4                   (1) The transportation carrier fee shall not exceed two hundred fifty dollars.

5                   (2) The permit fee shall be payable annually to the department.

6           F. All fees collected and retained by the department shall be used to fund the  
7           expenses relating to the regulation and control of cannabis and cannabis products as  
8           provided for in this Chapter.

9           §1050.9. Transportation of cannabis

10           A. A licensee shall only be allowed to transport cannabis or cannabis  
11           products to the following locations:

12                   (1) From its production facility to a testing facility approved by the  
13           department pursuant to this Chapter.

14                   (2) From its production facility to a licensed retailer.

15                   (3) When a specific nonroutine transport request from the licensee is  
16           approved in writing by the department.

17           B. Any licensee using an employee of the business or contracting with an  
18           outside carrier for the purpose of this Section shall first have the employee or outside  
19           carrier approved by the department in accordance with the procedures for a  
20           subcontractor under this Chapter.

21           §1050.10. Civil penalties

22           A. Any person who violates any provision of this Chapter, or any rule or  
23           regulation adopted pursuant to this Chapter, shall be subject to a civil penalty of not  
24           more than fifty thousand dollars for each act of violation and for each day of  
25           violation. Each day on which a violation occurs shall constitute a separate offense.

26           B. Civil penalties may be assessed only by a ruling of the secretary based  
27           upon an adjudicatory hearing held in accordance with the provisions of the  
28           Administrative Procedure Act and this Chapter.

1        §1050.11. Therapeutic marijuana; issuance of licenses to therapeutic marijuana  
2                    production facilities

3                    A. Nothing in this Chapter shall be construed to limit any privileges or rights  
4                    of a medical marijuana patient or production facility as provided by R.S. 40:966(F)  
5                    and 1046.

6                    B. Notwithstanding any provision of R.S. 40:1050.7 through 1050.9, the  
7                    department shall issue a cannabis production facility license to each entity that,  
8                    pursuant to R.S. 40:1046, participated in a competitive public bid process and was  
9                    awarded and entered into a contract with either the Louisiana State University  
10                   Agricultural Center or the Southern University Agricultural Center for the  
11                   cultivation, extraction, and production of therapeutic cannabis in Louisiana without  
12                   necessity of an application for license. The department shall issue the licenses to the  
13                   entity free of charge.

14        Section 2. Chapter 9 of Title 26 of the Louisiana Revised Statutes of 1950,  
15 comprised of R.S. 26:941 through 949, is hereby enacted to read as follows:

16                    CHAPTER 9. CANNABIS AND CANNABIS PRODUCTS

17                    §941. Social equity in the marijuana industry

18                    It shall be the intent of the Legislature of Louisiana that there shall be no  
19                    barriers to the entry, acceptance, or approval of applications or licensure for  
20                    individuals and communities most adversely impacted by the enforcement of  
21                    marijuana laws. In the interest of establishing a legal cannabis industry that is  
22                    equitable and accessible to those most adversely impacted by the enforcement of  
23                    drug-related laws in this state, including cannabis related laws, the Legislature of  
24                    Louisiana finds and declares that a program of social equity should be established.  
25                    The Legislature of Louisiana also finds and declares that individuals who have been  
26                    arrested or incarcerated due to drug laws suffer long-lasting negative consequences,  
27                    including impacts to employment, business ownership, housing, health, and  
28                    long-term financial well-being. The Legislature of Louisiana declares that  
29                    promotion of business ownership by individuals who have resided in areas of high

1 poverty and high enforcement of cannabis-related laws furthers an equitable cannabis  
2 industry. Therefore, in the interest of remedying the harms resulting from the  
3 disproportionate enforcement of cannabis-related laws, the Legislature of Louisiana  
4 finds and declares that a program of social equity should offer, among other things,  
5 financial assistance and license application benefits to individuals most directly and  
6 adversely impacted by the enforcement of cannabis-related law who are interested  
7 in starting cannabis business establishments.

8 §942. Definitions

9 As used in this Chapter, the following terms shall have the following  
10 meanings:

11 (1) "Applicant" means a natural person, a corporation, limited liability  
12 company, partnership, joint stock association, sole proprietorship, joint venture,  
13 business association, cooperative association, professional corporation, or any other  
14 legal entity or organization through which business is conducted that has applied to  
15 the office of alcohol and tobacco control within the Department of Revenue for a  
16 cannabis retailer permit.

17 (2) "Bureau" means the Louisiana Bureau of Criminal Identification and  
18 Information of the Department of Public Safety and Corrections, office of state  
19 police.

20 (3) "Cannabis" means all parts of plants of the genus Cannabis, whether  
21 growing or not, the seeds thereof, the resin extracted from any part of such plant, and  
22 every compound, manufacture, salt, derivative, mixture, or preparation of such plant,  
23 its seeds or resin, but shall not include the mature stalks of such plant, fiber produced  
24 from such stalks, oil or cake made from the seeds of such plant, any other compound,  
25 manufacture, salt, derivative, mixture, or preparation of such mature stalks (except  
26 the resin extracted therefrom), fiber, oil, or cake or the sterilized seed of such plant  
27 which is incapable of germination.

1           (4) "Cannabis retailer" means any person, other than a wholesaler, who sells,  
2           offers for sale, exposes for sale, or has in his possession for sale or distribution any  
3           cannabis in any quantity.

4           (5) "Commissioner" means the commissioner of alcohol and tobacco control  
5           who shall be the assistant secretary of the office of alcohol and tobacco control in the  
6           Department of Revenue.

7           (6) "Criminal history record information" means information collected by  
8           state and federal criminal justice agencies on individuals consisting of identifiable  
9           descriptions and notations of arrests, detentions, indictments, bills of information,  
10          or any formal criminal charges, and any disposition arising therefrom, including  
11          sentencing, criminal correctional supervision, and release. It shall not include  
12          intelligence information gathered for investigatory purposes or any identification  
13          information which does not indicate involvement of the individual in the criminal  
14          justice system.

15          (7) "Department" means the office of alcohol and tobacco control within the  
16          Department of Revenue.

17          (8) "FBI" means the Federal Bureau of Investigation of the United States  
18          Department of Justice.

19          (9) "Production facility" means a facility that sells cannabis and cannabis  
20          products to a licensed cannabis retailer exclusively within the state, that conducts a  
21          bona fide wholesale business, maintains a warehouse or warehouses for the storage  
22          and warehousing of cannabis and cannabis products in the area where domiciled and  
23          licensed by the state, conducts and maintains systematic and regular solicitations,  
24          distribution, deliveries, and sales of cannabis and cannabis products to licensed retail  
25          dealers located within the boundary of this state.

26          §943. Permits

27                 A.(1) The commissioner shall issue, as authorized by this Chapter, a  
28                 cannabis retailer permit and shall adopt rules and regulations that specify the  
29                 identifying information that is required to appear on the face of each permit. Prior

1 to selling, offering for sale, exposing for sale, or possessing for sale or distribution  
2 cannabis in any quantity, a person shall obtain a permit in accordance with the  
3 provisions of this Section.

4 (2) The commissioner shall develop rules for issuing retailer permits in  
5 accordance with the Administrative Procedure Act to ensure the number of retailers  
6 are equally distributed amongst each region of the state in accordance with this  
7 Section. The department shall use, at a minimum, the following criteria to develop  
8 such rules for issuing permits:

9 (a) Population distribution of each region.

10 (b) Preference to applicants residing in an area with a disproportionately high  
11 number of nonviolent marijuana drug arrests and convictions.

12 (c) Preference to applicants who have resided in the state for at least five  
13 years prior to the effective date of this Chapter.

14 B.(1) The commissioner shall issue a total of forty permits statewide, with  
15 no more than five permits issued for any one geographic area covering the eight  
16 regional planning commissions created pursuant to Subparts C and F of Part IV of  
17 Chapter 1 of Title 33 of the Louisiana Revised Statutes of 1950, except for as  
18 provided in Paragraph (2) of this Subsection. A permit shall be valid for a period of  
19 two years unless suspended or revoked pursuant to this Chapter.

20 (2) The commissioner may issue more than the allowable statewide total of  
21 permits if the market demands and requests necessitate such an increase; however,  
22 the commissioner shall seek to maintain a statewide and regional balance of permits  
23 issued.

24 (3) Permit holders shall contact the commissioner regarding the renewal of  
25 all permits prior to the end of the term of the permit in accordance with the  
26 provisions of this Chapter.

27 §944. Fees; disposition of funds

28 A. The department shall establish an application fee to be paid by an  
29 applicant.

1           (1) The application fee shall not exceed two thousand five hundred dollars.

2           (2) The application fee shall be payable to the department upon submission  
3 of the application, prior to the department beginning any review, and prior to the  
4 submission of a full set of fingerprints by the applicant.

5           B. The department shall establish a cannabis retailer permit fee to be paid by  
6 the permittee in accordance with the following:

7           (1) The initial permit fee shall not exceed one hundred thousand dollars.  
8 However, the department may reduce the amount of the fee only if the population  
9 distribution is limited.

10          (2) The permit fee shall be payable to the department upon issuance of the  
11 permit. The permittee shall pay a renewal fee of fifty thousand dollars every year  
12 thereafter.

13          C. All fees collected and retained by the department shall be used to fund the  
14 expenses related to the regulation and control of cannabis and cannabis products as  
15 provided for in this Chapter. The department shall use a portion of the application  
16 fee to cover the expenses associated with obtaining an applicant's fingerprints and  
17 criminal history record information. The department shall not charge an applicant  
18 any fee beyond the application fee for these expenses.

19          §945. General requirements; authorizations to obtain criminal history record  
20 information; qualifications; location; and ratios

21          A. An applicant for a retailer permit shall meet the following qualifications:

22           (1) Be twenty-one years of age or older.

23           (2) Provide proof of valid lease or ownership of premises in which the  
24 business will be located.

25          B. As a condition of eligibility, the department shall require an applicant to  
26 do the following:

27           (1) Submit a full set of fingerprints, in a form and manner prescribed by the  
28 department.

1           (2) Permit the department to request and obtain state and national criminal  
2           history record information on the applicant.

3           C. In accordance with the provisions and procedures prescribed by this  
4           Section, the department shall request and obtain state and national criminal history  
5           record information from the bureau and the FBI relative to any applicant for a retail  
6           permit whose fingerprints the department has obtained pursuant to this Section for  
7           the purpose of determining the applicant's suitability and eligibility for a permit.

8           D. Upon request by the department and upon submission of an applicant's  
9           fingerprints, and such other identifying information as may be required, the bureau  
10          shall survey its criminal history records and identification files and make a  
11          simultaneous request of the FBI for similar or related information from other  
12          jurisdictions. The bureau may charge the department a reasonable processing fee for  
13          conducting and reporting on any such search.

14          E. No retail location shall be located in a "drug free zone" as defined in R.S.  
15          17:405(A).

16          F. Retail locations shall only sell cannabis and cannabis products and shall  
17          not sell any other products or services besides cannabis and cannabis products. The  
18          retail location shall have the following provisions:

19               (1) The location shall be supervised by a retailer employee at all times when  
20               customers are present to ensure only persons who are twenty-one years of age and  
21               older are permitted to enter.

22               (2) Retail employees shall make reasonable efforts to limit the number of  
23               customers in relation to the number of employees present in the location at any time.

24               (3) If the applicant's business is to be conducted wholly or partly by one or  
25               more managers, agents, servants, employees, or other representatives, those persons  
26               shall also possess the qualifications required of the applicant and shall furnish  
27               verification of suitability in accordance with the provisions of this Chapter.

1           G. The commissioner shall promulgate rules and regulations pursuant to the  
2           provisions of the Administrative Procedure Act as necessary to implement the  
3           provisions of this Section and any additional requirements.

4           §946. Suitability requirements

5           The department shall not grant any permit pursuant to the provisions of this  
6           Chapter if the applicant or any officer, director, or any person having a five percent  
7           or more economic interest in the entity seeking a permit has been disqualified on the  
8           basis of the following criteria:

9           (1) Has been convicted or entered a plea of guilty or nolo contendere for any  
10          of the following:

11          (a) Theft or attempted theft, illegal possession of stolen things, or any  
12          offense or attempt involving the misappropriation of property or funds five years  
13          from the date of application.

14          (b) Any offense involving fraud or attempted fraud or false statements or  
15          declarations five years from the date of application.

16          (c) A crime of violence as defined in R.S. 14:2(B).

17          (d) Any offense involving Schedule I narcotics, provided the offense was not  
18          marijuana related.

19          (2) There is a current prosecution or pending charge against the person in  
20          any jurisdiction for any offense listed in Paragraph (1) of this Subsection.

21          (3) The applicant or any person required to be suitable pursuant to this  
22          Section fails to provide information and documentation to reveal any fact material  
23          to a suitability determination or supplies information which is untrue or misleading  
24          as to a material fact pertaining to the suitability criteria.

25          §947. Age requirements

26          No person under twenty-one years of age shall enter the premises of, or be  
27          employed in, a cannabis retail establishment.

1        §948. Cannabis retailer restrictions2                Cannabis retailers are prohibited from all of the following activities:3                (1) The sale of more than one ounce of cannabis or cannabis related products  
4                to any individual per calendar day.5                (2) The sale of cannabis or cannabis products over the internet. All sales of  
6                cannabis and cannabis products shall take place within a cannabis retail location.7                (3) The sale or giving away of any consumable that is not cannabis or a  
8                cannabis product, including but not limited to cigarettes or tobacco products, alcohol  
9                beverages, food products, and non-alcohol beverages.10              (4) The sale or giving away of any service that is not related to the sale of  
11              cannabis or a cannabis product.12              (5) Providing or allowing entertainment of any type on the premises of the  
13              retail location.14        §949. Suspension or revocations of retailer permits15              A. No person holding a permit and no agent, associate, employee,  
16              representative, or servant agent of any person, shall do or permit any of the following  
17              acts to be done on or about the licensed premises:18              (1)(a) Sell or serve cannabis or cannabis products to any person under  
19              twenty-one years of age. To determine the age of the consumer, each person shall  
20              submit any one of the following:21              (i) A valid, current Louisiana driver's license which contains a photograph  
22              and date of birth of the person presenting the driver's license. For the purposes of  
23              this Item, a digitized credential through an electronic wallet, commonly known as  
24              "LA Wallet", shall also be an acceptable form of a Louisiana driver's license.25              (ii) A valid, current driver's license of another state which contains a  
26              photograph of the person and the date of birth of the person submitting the driver's  
27              license.

1           (iii) A valid, current special identification card issued by the state of  
2           Louisiana pursuant to R.S. 40:1321, containing a photograph of the person and the  
3           date of birth of the person submitting the identification card.

4           (iv) A valid, current passport or visa issued by the federal government or  
5           another country or nation, that contains a permanently attached photograph of the  
6           person and the date of birth of the person submitting the passport or visa.

7           (v) A valid, current military or federal identification card issued by the  
8           federal government containing a photograph of the person and the date of birth of the  
9           person submitting the identification card.

10          (vi) A valid, current special identification card of another state which  
11          contains a photograph of the person and the date of birth of the person submitting the  
12          identification card.

13          (b) Each form of identification listed in Subparagraph (a) of this Paragraph  
14          shall on its face establish the age of the person as twenty-one years of age or older,  
15          and there shall be no reason to doubt the authenticity or correctness of the  
16          identification. No form of identification mentioned in Subparagraph (a) of this  
17          Paragraph shall be accepted as proof of age if it is expired, defaced, mutilated, or  
18          altered. If the state identification card or lawful identification submitted is a  
19          duplicate, the person shall submit additional identification which contains the name,  
20          date of birth, and photograph of the person. A duplicate driver's license shall be  
21          considered lawful identification for the purposes of this Paragraph, and a person shall  
22          not be required to submit additional information containing the name, date of birth,  
23          and photograph of the person. In addition, an educational institution identification  
24          card, check cashing identification card, or employee identification card shall not be  
25          considered as lawful identification for the purposes of this Paragraph.

26          (2)(a) Intentionally entice, aid, or permit any person under twenty-one years  
27          of age to visit or loiter in or about any place where cannabis or cannabis products are  
28          the principal commodities sold, handled, or given away.

1           (b) Permit any person under twenty-one years of age to work in or on the  
2           premises in any capacity.

3           (3) Permit any prostitution activities on the licensed premises even if such  
4           activities are permitted by law.

5           (4) Sell, offer for sale, possess, or permit the consumption on or about the  
6           licensed premises of any kind or type of cannabis or cannabis products.

7           (5) Intentionally conduct illegal gambling, as defined by law, on the  
8           premises described in the application for the permit.

9           (6) Fail to keep the premises clean and sanitary.

10          (7) Illegally sell, offer for sale, possess, or permit the consumption on or  
11          about the licensed premises of any kind or type of controlled dangerous substances  
12          or other illegal substances.

13          (8) Permit any disturbance of the peace or obscenity, or any lewd, immoral,  
14          or improper entertainment, conduct, or practices on the licensed premises.

15          B. A violation of the provisions of this Section by a retailer's agent,  
16          associate, employee, representative, or servant shall be considered an act of the  
17          retailer for purposes of suspension or revocation of a permit.

18          C. A person who violates the provisions of this Section or any rule or  
19          regulation of the commissioner, where no other penalty is provided for in this  
20          Section, shall be fined not less than two thousand five hundred dollars nor more than  
21          ten thousand dollars, imprisoned for not less than six months nor more than five  
22          years, or both. Any such violation shall be sufficient cause for the suspension or  
23          revocation of a permit.

24          D. Notwithstanding the issuance of a permit by way of renewal, the  
25          commissioner may revoke or suspend such permit, as prescribed by this Chapter, for  
26          violations of this Section occurring during the permit period immediately preceding  
27          the issuance of such permit.

1 Section 3.(A) The secretary of the Louisiana Department of Health shall initiate the  
2 promulgation of all rules required by the provisions of Section 1 of this Act through the  
3 notice of intent process provided by R.S. 49:961 prior to December 1, 2024.

4 (B) The secretary of the Louisiana Department of Health shall take no action to  
5 enforce the provisions of Section 1 of this Act prior to the sixtieth day after the date of  
6 adoption of the administrative rules required by this Section.

7 Section 4.(A) The commissioner of alcohol and tobacco control shall initiate the  
8 promulgation of all rules required by the provisions of Section 2 of this Act through the  
9 notice of intent process provided by R.S. 49:961 prior to December 1, 2024.

10 (B) The commissioner of alcohol and tobacco control shall take no action to enforce  
11 the provisions of Section 2 of this Act prior to the sixtieth day after the date of adoption of  
12 the administrative rules required by this Section.

13 Section 5. The provisions of this Act shall not be effective until the cultivation, sale,  
14 or use of recreational cannabis is legalized at the federal level or in the state of Louisiana.

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#### DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

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HB 978 Engrossed

2024 Regular Session

Newell

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

Proposed law authorizes the La. Dept. of Health to create and issue up to 10 cannabis production facility licenses.

Proposed law defines "applicant", "bureau", "cannabis", "commissioner", "criminal history record information", "cultivate", or "cultivating", "department", "FBI", "licensee", "licensure", "permit", "permittee", "production facility", "retailer", and "secretary".

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 \$2,500, which will cover administrative costs, and each production facility licensee to pay an annual license fee not to exceed \$100,000.

Proposed law requires each production facility licensee to pay a suitability fee, which will be paid to the La. State Police, gaming enforcement section for the purpose of investigating a chosen licensee's qualifications and an annual \$50 permit fee for each person employed in the operation or supervision of the licensee's operation.

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

- (1) Population distribution of the state.
- (2) 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 and have a stake of at least fifty-one percent ownership in the property.

Proposed law prohibits licensees from selling or transferring their license to another person that has not been an La. resident for at least five years prior to the sale or transfer or to an entity that does not have an ownership group made up of at least 51% of La. residents residing in the state at least five years prior to the sale or transfer.

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 within five years from the date of application.
  - (b) Any offense involving fraud or attempted fraud or false statements or declarations within five years from the date of application.
  - (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 proposed law.
- (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 and establishes a \$250 contract carrier permit fee for any third party contracting with a licensee for the purpose of transporting cannabis and cannabis products.

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 and requires the department to issue a production facility license to any current therapeutic marijuana license holder.

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 five per regional planning area of the state, but provides for situations where the commissioner may increase the total permits issued.

Proposed law requires an initial retailer permit fee not to exceed \$100,000, which may be reduced by the commissioner if the population distribution is limited, and an annual renewal fee of \$50,000 every year thereafter.

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. Requires any employee of a retailer to furnish verification to the permittee that the same suitability requirements as the permittee are met.

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 six months to five years of jail time.

(Adds R.S. 40:1050.1-1050.11 and R.S. 26:941-949)