

Senate Bill 195

By: Senator Mullis of the 53rd

AS PASSED

A BILL TO BE ENTITLED

AN ACT

1 To amend Title 16 of the Official Code of Georgia Annotated, relating to crimes and
2 offenses, so as to provide that low THC oil, marijuana, and tetrahydrocannabinols do not
3 include certain federally approved products; to update and revise provisions; to revise
4 definitions; to provide for review of new treatment and delivery methods; to repeal a
5 provision relating to the role of Georgia universities and testing of specifications; to provide
6 for additional powers of the Georgia Access to Medical Cannabis Commission; to revise
7 provisions relating to dispensing; to provide for the issuance of dispensing licenses to
8 production licensees; to provide for recommendations and input from the oversight
9 committee; to provide for fees for dispensing licenses; to authorize the commission to require
10 a comparable surety in lieu of a bond; to provide for coordination with the Georgia
11 Composite Medical Board; to provide a method for the issuance of subsequent production
12 licenses; to provide for permits to colleges and universities within this state to conduct
13 medical research via a bona fide partnership with a Class 1 or Class 2 production licensee;
14 to remove epidiolex as a Schedule V controlled substance; to provide for related matters; to
15 provide for legislative findings; to provide for application; to repeal conflicting laws; and for
16 other purposes.

17 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

S. B. 195

- 1 -

SECTION 1.

Title 16 of the Official Code of Georgia Annotated, relating to crimes and offenses, is amended by revising Code Section 16-12-190, relating to the definition of low THC oil, as follows:

"16-12-190.

As used in this article, the term 'low THC oil' means an oil that contains an amount of cannabidiol and not more than 5 percent by weight of tetrahydrocannabinol, tetrahydrocannabinolic acid, or a combination of tetrahydrocannabinol and tetrahydrocannabinolic acid which does not contain plant material exhibiting the external morphological features of the plant of the genus Cannabis. Such term shall not mean products approved by the federal Food and Drug Administration under Section 505 of the federal Food, Drug, and Cosmetic Act."

SECTION 2.

Said title is further amended by revising Code Section 16-12-200, relating to definitions, as follows:

"16-12-200.

As used in this article, the term:

(1) 'Applicant' means a corporate entity applying for a license pursuant to this article.

(2) 'Available capital' means corporate assets that are available to fund business operations in the event a license is awarded pursuant to Part 2 of this article.

(3) 'Class 1 production license' means a license to produce and manufacture low THC oil and products issued pursuant to Code Section 16-12-211.

(4) 'Class 2 production license' means a license to produce and manufacture low THC oil and products issued pursuant to Code Section 16-12-212.

(5) 'Commission' means the Georgia Access to Medical Cannabis Commission created pursuant to Code Section 16-12-202.

(6) 'Designated universities' means the University of Georgia and Fort Valley State University.

(7) 'Designated university license' means a license issued by the commission pursuant to this article to a designated university to, separately or jointly, produce, manufacture, and purchase low THC oil and products in accordance with this article.

(8) 'Dispense' means the sale or provision of low THC oil and products to registered patients by a dispensing licensee.

(9) 'Dispensing license' means a specialty license issued by the State Board of Pharmacy or the commission pursuant to Code Section 16-12-206 to dispense low THC oil and products to registered patients.

(10) 'Grow' means cultivating and harvesting cannabis for use in producing low THC oil and products.

(11) 'Licensee' means any business, or owner of such business, with a valid license issued pursuant to this article.

(12) 'Low THC oil' shall have the same meaning as set forth in Code Section 16-12-190.

(13) 'Manufacture' means to process cannabis to produce low THC oil and products.

(14) 'Owner' means any person who directly or indirectly owns, actually or beneficially, or controls 5 percent or greater of interests of the applicant or any licensee. In the event that one person owns a beneficial right to interests and another person holds the voting rights with respect to such interests, then both shall be considered an owner of such interests.

(15) 'Product' means low THC oil delivered through an oil, tincture, transdermal patch, lotion, or capsule, except as prohibited by Code Section 16-12-234, but not including any food products infused with low THC oil, including, but not limited to, cookies, candies, or edibles.

(16) 'Registered patient' means an individual who is legally authorized to possess and use low THC oil and products pursuant to Code Section 31-2A-18.

(17) 'Tracking system' means a seed-to-sale tracking system to track marijuana that is grown, processed, manufactured, transferred, stored, or disposed of and low THC oil and products that ~~is~~ are transferred, stored, sold, dispensed, or disposed of pursuant to this article."

SECTION 3.

Said title is further amended by revising Code Section 16-12-203, relating to powers, duties, and responsibilities of the Georgia Access to Medical Cannabis Commission, as follows:
"16-12-203.

The commission shall have the following powers, duties, and responsibilities:

(1) To apply for, receive, and administer state funds appropriated to the commission, private grants and donations, and other funds and donations. The commission's annual distributions shall be capped and limited to funds received from the sources specified in this paragraph. The commission shall ensure that its funds are not used as a supplement or secondary payor to any other third-party payor;

(2) To execute a contract or contracts to purchase or obtain low THC oil, cannabis, cannabinoids, or any other derivative, compound, or substantially similar products from any available legal source and to provide logistics related thereto in accordance with this article. Such contract or contracts may be executed with one or more qualified corporations or with one or more governmental entities. Purchases made pursuant to this paragraph shall not be subject to state purchasing laws contained in Article 3 of Chapter 5 of Title 50 or in other provisions of the Official Code of Georgia Annotated;

(3) To utilize funds appropriated to the commission as may be necessary to purchase and transport low THC oil and products to the State of Georgia for use by registered patients;

(4) To develop, establish, maintain, and administer a low THC oil and products distribution network to obtain and distribute low THC oil and products to registered

patients in this state and to coordinate the best use of facilities and resources to operate such distribution network;

(5) To establish procedures for inspecting production facilities operated by designated universities;

(6) To establish requirements and procedures to ensure quality control, security, and oversight of low THC oil and products production in this state, including, but not limited to, testing for purity and dosage levels and verification that product labels accurately reflect product content;

(7) To provide for oversight of tracking systems;

(8) To coordinate and assist in the collection of data to evaluate the provision of low THC oil and products in this state;

(9) To study the provision of low THC oil and products in this state to determine the best practices and methods of providing such services, to determine what changes are needed to improve the provision of low THC oil and products, and to report any proposed legislative changes to the General Assembly each year;

(10) To coordinate its activities with the Department of Public Health;

(11) To employ an executive director and other staff and to establish duties and responsibilities of such persons; ~~and~~

(12) To employ and manage consultants, as deemed necessary, in order to fulfill its duties and responsibilities under this article;

(13) To review new treatment and delivery methods for low THC oil and products that may result from medical research and are not otherwise inconsistent with this article, and recommend statutory changes to the General Assembly to authorize such treatment and delivery methods and products;

(14) To be responsible for the noncriminal enforcement of the provisions of this article and to have all of the necessary duties, power, and authority to carry out such responsibility;

(15) To be authorized to draft, adopt, amend, repeal, and enforce such rules and regulations as it deems necessary for the administration and enforcement of this article in the protection of public health, safety, and welfare;

(16) To enforce qualifications for licensure; and

(17) To levy fines for failure by a Class 1 production licensee, Class 2 production licensee, or dispensing licensee to operate in accordance with rules and regulations established by the commission within 14 days of written notice by the commission of specific violations. Such fines shall not exceed \$25,000.00 for a first offense, \$50,000.00 for a failure to remedy the offense within 60 days after written notice of a first offense, and \$75,000.00 for subsequent failures to remedy noncompliance within 90 days after written notice of a first offense. Following a third written notice of a recurring violation, the commission may also order a licensee to cease operations for a period of up to 30 days to correct the violation. Any such fines or orders to cease operations shall be subject to Chapter 13 of Title 50, the 'Georgia Administrative Procedure Act.'

SECTION 4.

Said title is further amended by revising Code Section 16-12-204, relating to the issuance of nontransferable designated university licenses for production of low THC oil, research on therapeutic use, reporting, collected information, and license revocation, as follows:

"16-12-204.

(a) ~~The~~ Upon request by a designated university, the commission shall issue nontransferable designated university licenses for the production of low THC oil and products. The licenses granted to designated universities pursuant to this Code section shall be in addition to any licenses issued pursuant to Part 2 of this article. The designated universities shall have the option to be licensed as a production facility, either separately or jointly. The designated universities shall be authorized to contract with private entities

to fulfill the terms of the license, including contracting for the production of low THC oil and products. All contracts shall be approved by the commission.

(b) Each designated university may conduct research on marijuana for therapeutic use if such university is licensed as a production facility pursuant to this Code section. Effective January 1, 2020, and annually thereafter, the designated universities shall submit a report to the Senate Health and Human Services Committee and the House Committee on Health and Human Services, to include data and outcomes of the research conducted pursuant to this paragraph.

(c)(1) The commission shall collect the following information from each licensee:

(A) The amount of low THC oil and products produced by the licensee during each calendar year;

(B) The details of all production costs, including but not limited to seed, fertilizer, labor, advisory services, construction, and irrigation;

(C) The details of any items or services for which the licensee subcontracted and the costs of each subcontractor directly or indirectly working for the licensee;

(D) The amount of therapeutic chemicals produced resulting from the low THC oil and products manufactured pursuant to this article;

(E) The amounts paid each year to the licensee related to the licensee's production of low THC oil and products manufactured pursuant to this article; and

(F) The amount of low THC oil and products distributed to each dispensing licensee to dispense low THC oil and products in this state during each calendar year.

(2) The commission shall provide the information collected pursuant to this subsection for the previous calendar year in the form of a written report to the Senate Health and Human Services Committee and the House Committee on Health and Human Services no later than February 1 of each year. The commission shall also make a copy of such report available to the public by posting such report on the commission's website.

(d) The commission may revoke the license of a designated university if it is found by the commission to have violated any of the requirements established pursuant to this article."

SECTION 5.

Said title is further amended by repealing and reserving Code Section 16-12-205, relating to the role of Georgia universities and testing of specifications.

SECTION 6.

Said title is further amended by revising Code Section 16-12-206, relating to annual, nontransferable dispensing licenses and adoption of rules, as follows:

"16-12-206.

(a)(1) ~~The~~ Upon request by a licensed pharmacy in this state, the State Board of Pharmacy shall be authorized to develop an annual, nontransferable specialty dispensing license for ~~a~~ an independent pharmacy with a registered office located within this state to dispense low THC oil and products to registered patients. The State Board of Pharmacy shall develop rules and regulations regarding dispensing pharmacies in this state in accordance with the requirements contained in subsection (b) of this Code section.

(2) The commission shall be authorized to ~~develop an annual, nontransferable dispensing license~~ issue five dispensing licenses to each Class 1 production licensee and each Class 2 production licensee for retail outlets to dispense low THC oil and products to registered patients. The commission shall ensure that dispensing licenses shall be issued so that retail outlets are dispersed throughout the state. The commission shall develop rules and regulations regarding retail dispensing licensees in this state in accordance with the requirements contained in subsection (b) of this Code section. The commission shall be authorized to issue one additional dispensing license to each Class 1 and Class 2 production licensee when the Low THC Oil Patient Registry established and maintained

pursuant to Code Section 31-2A-18 reaches 25,000 patients and for every increase of 10,000 patients thereafter. ~~The commission shall ensure that retail outlets are dispersed throughout the state for access by registered patients.~~

(b) The State Board of Pharmacy and the commission shall ~~jointly~~ separately adopt rules relating to the dispensing of low THC oil and products, with the State Board of Pharmacy promulgating rules and regulations for pharmacies that dispense low THC oil and products and the commission promulgating rules and regulations for other retail outlets that dispense low THC oil and products by pharmacies and retail dispensing licensees. Such rules shall include but not be limited to:

(1) Standards, procedures, and protocols for the effective use of low THC oil and products as authorized by state law and related rules and regulations;

(2) Standards, procedures, and protocols for the dispensing of low THC oil and products by a pharmacy with a dispensing license and by retail dispensing licensees and for the utilization of a tracking system;

(3) Procedures and protocols to provide that no low THC oil or products may be sold to or transferred to a location outside of this state;

(4) The establishment of standards, procedures, and protocols for determining the amount of usable low THC oil and products that is necessary to constitute an adequate supply for registered patients in this state to ensure uninterrupted availability for a period of one month, including amounts for topical treatments;

(5) The establishment of standards, procedures, and protocols to ensure that all low THC oil and products dispensed is are consistently pharmaceutical grade;

(6) The establishment of standards and procedures for the revocation, suspension, and nonrenewal of dispensing licenses;

(7) The establishment of other licensing, renewal, and operational standards which are deemed necessary by the State Board of Pharmacy and the commission;

(8) The establishment of standards and procedures for testing low THC oil and products for levels of tetrahydrocannabinol or other testing parameters deemed appropriate by the State Board of Pharmacy and the commission;

(9) The establishment of health, safety, and security requirements for pharmacies and ~~other retail outlets~~ retail dispensing licensees dispensing low THC oil and products; and

(10) Requirements for the issuance of dispensing licenses to pharmacies and ~~other retail outlets~~ Class 1 and Class 2 production licensees.

(c) The commission shall each be authorized, by rules and regulations, to establish fees for dispensing licenses to Class 1 and Class 2 production licensees commensurate with the location of the retail outlet and demand for low THC oil and products at such location."

SECTION 7.

Said title is further amended by revising Code Section 16-12-207, relating to establishment of Medical Cannabis Commission Oversight Committee, membership, and inspections, as follows:

"16-12-207.

(a) The General Assembly shall establish a Medical Cannabis Commission Oversight Committee with two members appointed by the Lieutenant Governor and two members appointed by the Speaker of the House of Representatives. Any member of the Medical Cannabis Commission Oversight Committee shall be permitted to inspect any production facility upon request and after reasonable notice is provided to the production facility.

(b) The commission shall promptly provide any document or information requested by the oversight committee that is in its possession, provided that the commission shall not share documents containing data identifying individual patients or physicians, information marked as trade secrets by applicants or licensees, information that in the view of the commission would interfere with an ongoing licensing applicant selection process, or

information that in the judgment of the commission would create law enforcement or security risks to the citizens of Georgia.

(c) No later than August 1, 2021, the oversight committee shall recommend to the commission a process and plan for providing accredited lab testing of products produced by licensees and for labeling such products. The commission shall consider the recommendations of the oversight committee in adopting policies, procedures, and regulations regarding such testing and labeling.

(d) The oversight committee may regularly seek input from patients and physicians as to the availability and quality of products produced pursuant to this chapter, and recommend to the commission changes to policies, procedures, and regulations to improve availability and quality. The commission shall consider such recommendations in adopting policies, procedures, and regulations."

SECTION 8.

Said title is further amended by revising Code Section 16-12-210, relating to powers, duties, and responsibilities of commission, no undue burden on patients, and remission of fees, as follows:

"16-12-210.

(a) The commission shall have the following powers, duties, and responsibilities to implement the provisions of this part:

(1) Issue licenses related to the production, growing, and manufacturing of low THC oil and products in accordance with the provisions of this part;

(2) Coordinate with the Georgia Bureau of Investigation to implement security plans and enforce the provisions of this part;

(3) Establish procedures for granting licenses, testing products, and inspecting facilities;

(4) Establish requirements and procedures to ensure quality control, security, and oversight of all low THC oil and product production in this state, including, but not

limited to, conducting testing for purity and dosage levels and verifying that product labels accurately reflect product content. The commission is authorized to contract with private laboratories to perform the functions described in this paragraph;

(5) Establish procedures and ensure sufficient resources are available to receive and resolve complaints from registered patients;

(6) Establish applications and forms necessary to carry out the provisions of this part;

(7) Establish criteria for applicants and licensees as necessary to ensure market stability and adequate supply;

(8) Provide for the selection, implementation, and oversight of tracking systems;

(9) Provide oversight of licensee reporting, data collection, and analysis;

(10) Establish requirements and procedures for marketing and signage; and

(11) Promulgate rules and regulations and adopt policies and procedures necessary to carry out the provisions of this part.

(b) The commission shall not promulgate any rules or regulations that would unduly burden access to low THC oil or products by registered patients.

(c) All fees collected by the commission shall be remitted to the general fund of the state treasury."

SECTION 9.

Said title is further amended by revising subsections (a), (b), and (g) of Code Section 16-12-211, relating to Class 1 production licenses, application fee, revocation, limitation on ownership, and replacement licenses, as follows:

"(a) The commission may issue up to two Class 1 production licenses. A Class 1 production licensee shall be authorized to:

(1) Grow cannabis only in indoor facilities for use in producing low THC oil, limited to 100,000 square feet of cultivation space; and

(2) Manufacture low THC oil and products.

(b) Class 1 production licenses shall be issued to applicants selected by the commission following a competitive application and review process in accordance with the requirements set forth in this part. An applicant must be a Georgia corporation or entity and shall maintain a bank account with a bank or credit union located in this state. An applicant for a Class 1 production license shall submit an application on a form established by the commission, together with the following information:

(1) Proof of available capital to make the investments needed to safely, securely, and promptly perform all required functions of a licensee. Prior to issuance of a Class 1 production license, the applicant shall provide written documentation showing that on the date of application and award such applicant holds at least \$2 million in available cash reserves to invest in operations in this state;

(2) A written production plan detailing the production processes that, at a minimum, includes details describing how the chain of custody will be maintained, documented, and made available for review by the commission or the Georgia Bureau of Investigation. Production processes shall include compliance with all production standards, laws, and regulations needed to protect public safety and ensure product purity;

(3) A comprehensive security plan that ensures compliance with the applicable laws of this state. At a minimum, a security plan shall include a 24 hours per day, seven days per week interior and exterior video monitoring and intrusion detection monitoring system, recording and video storage capabilities for all facilities, and licensed security personnel. The entire premises of licensees shall be equipped with a centralized access control system capable of generating detailed reports of access logs for a minimum of one year. All videos, access logs, and any other monitoring data shall be available to the Georgia Bureau of Investigation upon request. The commission is authorized to set requirements for the minimum technology, resolution, and storage capacity of at least 45 days for the video recording capabilities of licensees;

- (4) A written plan detailing specific security measures to ensure secured transportation and tracking of delivered products for intrafacility transportation;
- (5) A detailed employment plan specifying the jobs and salaries of employees and demonstrating the expected economic impact of proposed activities in Georgia;
- (6) A written plan to ensure that no pesticides are used at any point in the production process other than those certified organic by the Organic Materials Review Institute or another similar standards organization;
- (7) Detailed designs of all production facilities;
- (8) Letters of support from one or more local governmental entities where the primary facilities will be located;
- (9) A demonstration of significant involvement in the business by one or more minority business enterprises as defined in Code Section 50-5-131, either as co-owners of the business or as significant suppliers of goods and services for the business. Such applicants shall be encouraged to form business relationships with Georgia agricultural businesses and military veterans;
- (10) Documentation of the applicant's industry capabilities and management experience. The commission shall consider the relevant industry experience and strength of the applicant's management team and board of directors when considering its merits;
- (11) Sufficient documentation to prove that a \$1.5 million cash bond or for any licenses that are applied for on or after July 1, 2021, other comparable surety as determined by the commission, payable to the State of Georgia or an irrevocable letter of credit can be obtained within 30 days of license award. Failure to provide the requisite bond or letter of credit within 30 days of the license award date shall be cause for revocation of the license;
- (12) At least one set of classifiable electronically recorded fingerprints submitted to the commission in accordance with the fingerprint system of identification established by the director of the Federal Bureau of Investigation. The commission shall transmit the

fingerprints to the Georgia Crime Information Center, which shall submit the fingerprints to the Federal Bureau of Investigation for a search of bureau records and an appropriate report and shall promptly conduct a search of state records based upon the fingerprints. After receiving the report from the Georgia Crime Information Center and the Federal Bureau of Investigation, the commission shall review the record for all owners, officers, and employees of the applicant demonstrating a lack of convictions, except for felony convictions that are greater than ten years old, are not drug related, or have been expunged or pardoned; and

(13) A description of any efforts made by the applicant to create jobs or locate facilities in tier one or tier two counties as defined in Code Section 48-7-40."

~~"(g) In the event a license issued pursuant to this Code section is revoked by the commission or surrendered by the licensee, the commission shall be authorized to issue a replacement license through a competitive application and review process conducted in accordance with this Code section."~~

SECTION 10.

Said title is further amended by revising subsections (a), (b), and (g) of Code Section 16-12-212, relating to Class 2 production licenses, application fee, revocation, limitation on ownership, and replacement licenses, as follows:

"(a) The commission may issue up to four Class 2 production licenses. A Class 2 production licensee shall be authorized to:

(1) Grow cannabis only in indoor facilities for use in producing low THC oil, limited to 50,000 square feet of cultivation space; and

(2) Manufacture low THC oil and products.

(b) Class 2 production licenses shall be issued to applicants selected by the commission following a competitive application and review process in accordance with the requirements set forth in this part. An applicant must be a Georgia corporation or entity

and shall maintain a bank account with a bank or credit union located in this state. An applicant for a Class 2 production license shall submit an application on a form established by the commission, together with the following information:

(1) Proof of available capital to make the investments needed to safely, securely, and promptly perform all required functions of a licensee. Prior to issuance of a Class 2 production license, the applicant shall provide written documentation showing that on the date of application and award such applicant holds at least \$1.25 million in available cash reserves to invest in operations in this state;

(2) A written production plan detailing the production processes that, at a minimum, includes details describing how the chain of custody will be maintained, documented, and made available for review by the commission or the Georgia Bureau of Investigation. Production processes shall include compliance with all production standards, laws, and regulations needed to protect public safety and ensure product purity;

(3) A comprehensive security plan that ensures compliance with the applicable laws of this state. At a minimum, a security plan shall include a 24 hours per day, seven days per week interior and exterior video monitoring and intrusion detection monitoring system, recording and video storage capabilities for all facilities, and licensed security personnel. The entire premises of licensees shall be equipped with a centralized access control system capable of generating detailed reports of access logs for a minimum of one year. All videos, access logs, and any other monitoring data shall be available to the Georgia Bureau of Investigation upon request. The commission is authorized to set requirements for the minimum technology, resolution, and storage capacity of at least 45 days for the video recording capabilities of licensees;

(4) A written plan detailing specific security measures to ensure secured transportation and tracking of delivered products for intrafacility transportation;

(5) A detailed employment plan specifying the jobs and salaries of employees and demonstrating the expected economic impact of proposed activities in Georgia;

(6) A written plan to ensure that no pesticides are used at any point in the production process other than those certified organic by the Organic Materials Review Institute or another similar standards organization;

(7) Detailed designs of all production facilities;

(8) Letters of support from one or more local governmental entities where the primary facilities will be located;

(9) A demonstration of significant involvement in the business by one or more minority business enterprises as defined in Code Section 50-5-131, either as co-owners of the business or as significant suppliers of goods and services for the business. Such applicants shall be encouraged to form business relationships with Georgia agricultural businesses and military veterans;

(10) Documentation of the applicant's industry capabilities and management experience. The commission shall consider the relevant industry experience and strength of the applicant's management team and board of directors when considering its merits;

(11) Sufficient documentation to prove that a \$625,000.00 cash bond or for any licenses that are applied for on or after July 1, 2021, other comparable surety as determined by the commission, payable to the State of Georgia or an irrevocable letter of credit can be obtained within 30 days of license award. Failure to provide the requisite bond or letter of credit within 30 days of the license award date shall be cause for revocation of the license;

(12) At least one set of classifiable electronically recorded fingerprints submitted to the commission in accordance with the fingerprint system of identification established by the director of the Federal Bureau of Investigation. The commission shall transmit the fingerprints to the Georgia Crime Information Center, which shall submit the fingerprints to the Federal Bureau of Investigation for a search of bureau records and an appropriate report and shall promptly conduct a search of state records based upon the fingerprints. After receiving the report from the Georgia Crime Information Center and the Federal

Bureau of Investigation, the commission shall review the record for all owners, officers, and employees of the applicant demonstrating a lack of convictions, except for felony convictions that are greater than ten years old, are not drug related, or have been expunged or pardoned; and

(13) A description of any efforts made by the applicant to create jobs or locate facilities in tier one or tier two counties as defined in Code Section 48-7-40."

~~"(g) In the event a license issued pursuant to this Code section is revoked by the commission or surrendered by the licensee, the commission shall be authorized to issue a replacement license through a competitive application and review process conducted in accordance with this Code section."~~

SECTION 11.

Said title is further amended by revising Code Section 16-12-213, relating to tracking systems required, as follows:

"16-12-213.

(a) The commission shall require that each Class 1 production licensee and Class 2 production licensee establish, maintain, and utilize, directly or by contract, a tracking system. The commission shall approve one or more vendors to provide or operate tracking systems.

(b) A tracking system shall have the functions and capabilities described in subsections (c) and (d) of this Code section and shall be operated in compliance with the federal Health Insurance Portability and Accountability Act of 1996, Public Law 104-191.

(c) The tracking system shall be hosted on a platform that allows for:

(1) Dynamic allocation of resources;

(2) Data redundancy; and

(3) Recovery from natural disaster within 12 hours.

(d) The tracking system shall be capable of:

- 461 (1) Tracking all plants, products, packages, and registered patients' purchase totals,
462 waste, transfers, conversions, sales, and returns that, if practicable, are linked to unique
463 identification numbers;
- 464 (2) Tracking lot and batch information throughout the entire chain of custody;
- 465 (3) Tracking all marijuana, ~~and~~ low THC oil, and products throughout the entire chain
466 of custody;
- 467 (4) Tracking plant, batch, and marijuana, ~~and~~ low THC oil, and product destruction;
- 468 (5) Tracking transportation of marijuana, ~~and~~ low THC oil, and products;
- 469 (6) Performing complete batch recall tracking that clearly identifies all of the following
470 details relating to the specific batch subject to the recall:
- 471 (A) Amount of low THC oil and products sold;
- 472 (B) Amount of low THC oil and products inventory that is finished and available for
473 sale;
- 474 (C) Amount of low THC oil and products that is in the process of transfer;
- 475 (D) Amount of low THC oil and products being processed into another form; and
- 476 (E) Amount of postharvest raw marijuana, such as marijuana that is in the drying,
477 trimming, or curing process;
- 478 (7) Reporting and tracking loss, theft, or diversion of marijuana, ~~or~~ low THC oil, or
479 products;
- 480 (8) Reporting and tracking all inventory discrepancies;
- 481 (9) Reporting and tracking adverse patient responses or dose related efficacy issues;
- 482 (10) Reporting and tracking all sales and refunds;
- 483 (11) Tracking purchase limits and flagging purchases in excess of authorized limits;
- 484 (12) Receiving electronically submitted information required to be reported under this
485 Code section;

(13) Receiving testing results electronically from a laboratory via a secured application program interface into the tracking system and directly linking the testing results to each applicable source batch and sample;

(14) Flagging test results that have characteristics indicating that they may have been altered;

(15) Providing information to cross-check that low THC oil and product sales are made to a registered patient, caregiver, or designated caregiver and that the low THC oil and products received the required testing;

(16) Providing the commission with real-time access to information in the tracking system; and

(17) Providing real-time information to the commission regarding key performance indicators, including:

(A) Total low THC oil and products daily sales;

(B) Total marijuana plants in production;

(C) Total marijuana plants destroyed; and

(D) Total inventory adjustments.

(e) A Class 1 production licensee or Class 2 production licensee shall supply the relevant tracking or testing information regarding each plant, product, package, batch, test, transfer, conversion, sale, recall, or disposition of marijuana, ~~or~~ low THC oil, or products in or from such licensee's possession or control on forms created by the commission."

SECTION 12.

Said title is further amended by revising Code Section 16-12-215, relating to limitation on locations, advertising or marketing prohibited, and information available to physicians, as follows:

510 "16-12-215.

511 (a) No licensee shall operate in any location, whether for cultivation, harvesting, and
512 processing of marijuana or for processing, manufacturing, packaging, or distributing low
513 THC oil or products, within a 3,000 foot radius of a covered entity, measured from
514 property boundary to property boundary. No dispensing licensee may operate in any
515 location within a 1,000 foot radius of a covered entity, measured from property boundary
516 to property boundary. Notwithstanding the provisions of this subsection, local
517 governments may, via use of existing zoning powers otherwise provided by law, allow
518 dispensing licensees only to locate in places other than those provided in this subsection
519 so long as such modification is needed to allow retail outlets to be established to service
520 registered patients residing within such local jurisdiction. As used in this subsection, the
521 term 'covered entity' means a public or private school; an early care and education program
522 as defined in Code Section 20-1A-2; or a church, synagogue, or other place of public
523 religious worship, in existence prior to the date of licensure of such licensee by the
524 commission or State Board of Pharmacy.

525 (b) No licensee shall advertise or market low THC oil or products to registered patients or
526 the public; provided, however, that a licensee shall be authorized to provide information
527 regarding its low THC oil and products directly to physicians."

528 **SECTION 13.**

529 Said title is further amended by revising Code Section 16-12-216, relating to Georgia Bureau
530 of Investigation ensuring compliance, as follows:

531 "16-12-216.

532 The Georgia Bureau of Investigation shall be responsible for ~~ensuring~~ investigating any
533 alleged criminal activities related to the activities of the licensees, and shall work with the
534 commission and the Georgia Composite Medical Board to develop procedures to ensure
535 that all activities of licensees are conducted in accordance with this part and the laws of this

state. In addition to other powers and duties, the Georgia Bureau of Investigation, the commission, and the Georgia Composite Medical Board shall jointly establish procedures to ensure that no activities conducted under this part result in the illegal or recreational use of low THC oil, products, or manufacturing by-products and jointly establish any other procedures necessary to carry out its duties and responsibilities pursuant to this part."

SECTION 14.

Said title is further amended by revising Code Section 16-12-217, relating to on-demand access to facilities, provision of samples, testing, and secured transportation, as follows:

"16-12-217.

(a) All licensees shall provide on-demand access to facilities for inspection when requested by the Georgia Bureau of Investigation, the commission, or the local law enforcement agency for the jurisdiction in which the facility is located. The commission and the Georgia Drugs and Narcotics Agency may each conduct one annual inspection. Upon request by the Georgia Bureau of Investigation, the commission, the Georgia Drugs and Narcotics Agency, or the local law enforcement agency for the jurisdiction in which the facility is located, a licensee shall immediately provide product samples for the purposes of laboratory testing.

(b) Each Class 1 production licensee and Class 2 production licensee shall contract with a laboratory on the commission's approved list of independent laboratories, subject to any requirements set by the commission, for purposes of testing low THC oil and products manufactured by such licensees. Low THC oil and products shall be analyzed for potency, foreign matter, microbial presence, pesticides, heavy metals, and residual solvents. The commission shall establish limits for each item tested to verify that such low THC oil and products meet ~~meets~~ the requirements of this part. The commission shall promulgate rules and regulations governing the operations of laboratories for the testing of low THC oil and products. The costs of laboratory testing shall be paid by the licensees. Each low THC oil

product shall be required to pass all requirements established by the commission before being distributed. Products that do not pass the commission's requirements shall be destroyed by the licensee and proof of such destruction shall be sent to the commission upon request.

(c) This Code section shall not apply to intrafacility transportation of low THC oil or products; provided, however, that licensees engaging in such transportation shall maintain secured transportation and tracking of product delivery."

SECTION 15.

Said title is further amended by revising Code Section 16-12-221, relating to contracts awarded through bids or proposals, minimum contract terms and renewals, subcontracting, and giving or receiving things of value limited, as follows:

"16-12-221.

(a) The commission shall grant initial licenses under this part pursuant to contracts awarded through competitive sealed bids or competitive sealed proposals as provided for in Article 3 of Chapter 5 of Title 50. After issuance of two initial Class 1 production licenses pursuant to Code Section 16-12-211 and four initial Class 2 production licenses pursuant to Code Section 16-12-212, and in the event that the commission revokes a Class 1 or Class 2 production license, a Class 1 or 2 production license is surrendered for any reason, or the commission issues an additional Class 1 production license pursuant to Code Section 16-12-214, the commission shall be authorized to issue any replacement Class 1 or Class 2 production licenses in accordance with rules and regulations established by the commission for such purpose. Such rules and regulations shall not otherwise conflict with this article, and to the extent practicable, such rules and regulations shall incorporate provisions and processes similar to Article 3 of Chapter 5 of Title 50.

(b) Any contract for a license awarded pursuant to this subsection shall not be for less than five years and may contain provisions for automatic renewal.

(c) No licensee shall subcontract for services for the cultivation or processing in any way of marijuana if the subcontractor, or any of the service providers in the chain of subcontractors, is owned wholly or in excess of 5 percent by any state employee or member of a state employee's immediate family, including but not limited to any legislator, state-wide public official, or employee of a designated university. For purposes of this subsection, the term 'immediate family member' means a spouse, child, sibling, or parent or the spouse of a child, sibling, or parent.

(d) No licensee shall give or receive anything of value in connection with any contract, memorandum of understanding, or cooperative endeavor agreement executed pursuant to this part except the value that is expressed in the contract, memorandum of understanding, or cooperative endeavor agreement."

SECTION 16.

Said title is further amended by revising Code Section 16-12-224, relating to limitation on ownership by member or former member of commission, limitation on physician's involvement, and identification when contributing to political campaigns, as follows:

"16-12-224.

(a) No current member of the commission, or former member of the commission for a period of five years from the date such individual ceased to be a member, shall own, operate, have a financial interest in, or be employed by a low THC oil or product manufacturer or distributor, including any licensee under this part.

(b) No physician who, presently or during the period of such business relationship, certifies individuals to the commission pursuant to Code Section 31-2A-18 for the use of low THC oil and products to treat certain conditions shall own, operate, have a financial interest in, or be employed by a low THC oil or product manufacturer or distributor, including any licensee under this part. This subsection shall not prohibit a physician from furnishing a registered patient or his or her caregiver, upon request, with the names of low

614 THC oil and product manufacturers or distributors. Any physician violating this Code
615 section shall be guilty of a misdemeanor.

616 (c) A licensee that makes a campaign contribution pursuant to Article 2 of Chapter 5 of
617 Title 21 shall identify itself as a licensee under this part to the recipient of such campaign
618 contribution."

619 **SECTION 17.**

620 Said title is further amended by revising Code Section 16-12-225, relating to criminal
621 offenses and penalty, as follows:

622 "16-12-225.

623 (a) A licensee or licensee's employee who knowingly or willfully encourages, causes,
624 abets, connives, conspires, or aids in the endangerment of patients, trafficking of low THC
625 oil, products, or its manufacturing by-products, or criminal distribution of raw materials
626 and agricultural inputs, including but not limited to seeds, under this part shall be guilty of
627 a felony and, upon conviction thereof, be punished by a fine not to exceed \$100,000.00,
628 imprisonment for not less than five nor more than ten years, or both.

629 (b) Any person whose acts or omissions of gross, willful, or wanton negligence contribute
630 to or cause the endangerment of patients, trafficking of low THC oil, products, or its
631 manufacturing by-products, or criminal distribution of raw materials and agricultural
632 inputs, including but not limited to seeds, under this part shall be guilty of a misdemeanor
633 of a high and aggravated nature and, upon conviction thereof, be punished by a fine of up
634 to \$5,000.00, imprisonment for up to 12 months, or both.

635 (c) Failure to comply with all other provisions of this part shall be punishable by a fine of
636 up to \$500.00 for the first offense. All persons convicted of a second or subsequent offense
637 shall be guilty of a misdemeanor and, upon conviction thereof, be punished by a fine of up
638 to \$1,000.00, imprisonment for up to six months, or both, for each violation.

639 (d) The provisions of this Code section shall not preclude prosecution and punishment for
640 the commission of any offense otherwise provided by law."

641 **SECTION 18.**

642 Said title is further amended by revising Code Section 16-12-226, relating to applicable sales
643 and use tax, as follows:

644 "16-12-226.

645 The sale of low THC oil and products authorized by this article shall be subject to all
646 applicable sales and use taxes."

647 **SECTION 19.**

648 Said title is further amended by revising Code Section 16-12-230, relating to requirements
649 for dispensing low THC oil, as follows:

650 "16-12-230.

651 (a) Low THC oil and products shall only be dispensed to registered patients in this state
652 by a dispensing licensee or directly from the commission pursuant to this article.

653 (b) A pharmacist who dispenses low THC oil or products shall seek and review
654 information on a registered patient from the prescription drug monitoring program data
655 base established pursuant to Code Section 16-13-57 prior to dispensing low THC oil or
656 products to the registered patient."

657 **SECTION 20.**

658 Said title is further amended by revising Code Section 16-12-231, relating to exemptions
659 from arrest, prosecutions, or penalty, as follows:

660 "16-12-231.

661 The following persons and entities, when acting in accordance with the provisions of this
662 article, shall not be subject to arrest, prosecution, or any civil or administrative penalty,

including a civil penalty or disciplinary action by a professional licensing board, or be denied any right or privilege, for the medical use, prescription, administration, manufacture, ~~or distribution,~~ or transport of low THC oil or products:

(1) A registered patient who is in possession of an amount of low THC oil or products authorized under Code Section 16-12-191 or such patient's caregiver, parent, or guardian;

(2) A physician who certifies a patient to the Department of Public Health as being diagnosed with a condition or in a hospice program and authorized to use low THC oil or products for treatment pursuant to Code Section 31-2A-18;

(3) A pharmacist or pharmacy that dispenses or provides low THC oil or products to a registered patient;

(4) The commission or its employees or contractors associated with the production of low THC oil or products in accordance with this article; ~~and~~

(5) A designated university, an employee of a designated university, or any other person associated with the production of low THC oil or products in accordance with this article; and

(6) An employee, contractor, or agent of a licensee with proper identification associated with the production, manufacture, distribution, transport, or sale of low THC oil or products in accordance with this article."

SECTION 21.

Said title is further amended by revising Code Section 16-12-233, relating to contracts not against public policy, as follows:

"16-12-233.

It is the intent of the General Assembly that contracts related to the cultivation, harvesting, manufacturing, production, and distribution of cannabis solely for the manufacture of low THC oil or products pursuant to this article are not deemed contracts against public policy

688 pursuant to Code Section 13-8-2 and shall be enforceable. No such contract shall be
689 unenforceable on the basis that activities related to cannabis are prohibited by federal law."

690 **SECTION 22.**

691 Said title is further amended by revising Code Section 16-12-234, relating to unlawful ways
692 to ingest low THC oil, as follows:

693 "16-12-234.

694 It shall be unlawful to ingest low THC oil or products in a manner that employs a heating
695 element, power source, electronic circuit, or other electronic, chemical, or mechanical
696 means, regardless of shape or size, that can be used to produce vapor in a solution or other
697 form, including but not limited to any electronic cigarette, electronic cigar, electronic
698 cigarillo, electronic pipe, or similar product or device and any vapor cartridge or other
699 container of low THC oil or product in a solution or other form that is intended to be used
700 with or in an electronic cigarette, electronic cigar, electronic cigarillo, electronic pipe, or
701 similar product or device."

702 **SECTION 23.**

703 Said title is further amended by revising Code Section 16-12-235, relating to research in
704 compliance with federal regulations and other research permitted, as follows:

705 "16-12-235.

706 (a) Notwithstanding anything to the contrary within this article, nothing herein shall be
707 construed to prohibit the conduct of research involving low THC oil, ~~or~~ cannabis, or
708 products that is conducted in full accordance with federal regulations, including the
709 regulations of the United States Food and Drug Administration and United States Drug
710 Enforcement Administration by any university or nonprofit institution of higher education
711 within the State of Georgia, provided that:

(1) The university researchers conducting the research have the appropriate federal and state permits to acquire and use low THC oil, ~~or cannabis, or products~~ in clinical or preclinical research; and

(2) The substances used for such research are obtained from licensed pharmaceutical companies or through channels established by the United States government, such as the National Institute on Drug Abuse.

(b) Nothing in this article shall be construed to prohibit research otherwise permitted by Chapter 51 of Title 31."

SECTION 24.

Said title is further amended by adding a new Code section to read as follows:

"16-12-235.1.

(a) The commission shall issue permits for colleges and universities located within the State of Georgia to possess limited quantities of low THC oil and products for purposes of conducting medical research via a bona fide partnership with a Class 1 or Class 2 licensee. Such permits shall be for a Georgia based college or university that:

(1) Is a member of the University System of Georgia, or an independent college or university accredited by a higher education accrediting body with comparable academic standards to those utilized by member institutions of the University System of Georgia;

(2) Has a campus that has been located at a physical location within the state for at least 20 years, and a full-time enrollment of at least 200 Georgia students during the past year;

(3) Is proposing a research partnership that is, in the sole judgment of the commission, fully compliant with the laws of this article; and

(4) Is proposing a research partnership that has been approved by the primary institutional review board located at such institution.

(b) Any such permit issued pursuant to this Code section shall specify:

- (1) The individuals at the institution authorized to work with low THC oil;
(2) The primary objectives of the research study;
(3) The physical location on campus where the low THC oil will be stored, and security measures in place to prevent unauthorized use of such low THC oil;
(4) The method of transporting low THC oil from a licensed production facility to the campus;
(5) The method of returning low THC oil to a licensed production facility at the conclusion of the study; and
(6) The beginning and end date of the study.
(c) Any institution which receives a permit pursuant to this Code section shall provide on-demand access to facilities for inspection when requested by the Georgia Bureau of Investigation, the commission, or the local law enforcement agency for the jurisdiction in which the facility is located."

SECTION 25.

Said title is further amended in Code Section 16-13-21, relating to definitions relative to "Georgia Controlled Substances Act," by revising paragraph (16) as follows:

"(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 samples as described in subparagraph (P) of paragraph (3) of Code Section 16-13-25; shall not include the completely defoliated mature stalks of such plant, fiber produced from such stalks, oil, or cake, or the completely sterilized samples of seeds of the plant which are incapable of germination; and shall not include hemp or hemp products as such terms are defined in Code Section 2-23-3. Such term shall not include products approved by the federal Food and Drug Administration under Section 505 of the federal Food, Drug, and Cosmetic Act."

SECTION 26.

Said title is further amended in Code Section 16-13-25, relating to Schedule I controlled substances, by revising subparagraph (3)(P) as follows:

"(P) Tetrahydrocannabinol, tetrahydrocannabinolic acid, or a combination of tetrahydrocannabinol and tetrahydrocannabinolic acid which does not contain plant material exhibiting the external morphological features of the plant of the genus Cannabis, but not including such substance when found in hemp or hemp products as such terms are defined in Code Section 2-23-3. Tetrahydrocannabinols do not include products approved by the federal Food and Drug Administration under Section 505 of the federal Food, Drug, and Cosmetic Act;"

SECTION 27.

Said title is further amended in Code Section 16-13-29, relating to Schedule V controlled substances, by repealing paragraph (1.5).

SECTION 28.

Nothing in this Act shall be deemed to change, amend, or alter any criteria for applications for a Class 1 or Class 2 production license submitted to the Georgia Access to Medical Cannabis Commission on or prior to January 27, 2021.

SECTION 29.

All laws and parts of laws in conflict with this Act are repealed.