

SENATE BILL NO. 228

BY SENATOR MCMATH

1 AN ACT

2 To amend and reenact R.S. 40:1046(G)(3)(e), (H), and (L), 1046.2(A), the introductory
3 paragraph of 1046.2(B), the introductory paragraph of 1046.2(B)(1), the introductory
4 paragraph of 1046.2(B)(1)(a), 1046.2(B)(1)(b) through (e), and (B)(2)(a), (C)(1), the
5 introductory paragraph of 1046.2(C)(2), and 1046.2(C)(2)(a) and (c), the
6 introductory paragraph of 1046.2(D), the introductory paragraph of 1046.2(D)(1),
7 and 1046.2(D)(2), (4), and (5), the introductory paragraph of 1046.2(E) and
8 1046.2(E)(1), the introductory paragraph of 1046.2(F), 1046.2(F)(1), the introductory
9 paragraph of 1046.2(F)(2), and 1046.2(F)(2)(b) and (3), (G), (H)(1) and (2) and the
10 introductory paragraph of 1046.2(H)(3), and the introductory paragraph of 1046.2(I),
11 the introductory paragraph of 1046.2(I)(1), and 1046.2(I)(1)(a) and (b), (2), and (3),
12 and 1046.4(A)(1) and (3) and (C)(1) and (2) and to enact R.S. 40:1046(M), relative
13 to marijuana for therapeutic use; to provide for regulatory administration and
14 licensing; to provide for the allocation of monies collected from the sale of
15 therapeutic marijuana; to extend the sunset; to provide for an effective date; and to
16 provide for related matters.

17 Be it enacted by the Legislature of Louisiana:

18 Section 1. R.S. 40:1046(G)(3)(e), (H), and (L), 1046.2(A), the introductory paragraph
19 of 1046.2(B), the introductory paragraph of 1046.2(B)(1), the introductory paragraph of
20 1046.2(B)(1)(a), 1046.2(B)(1)(b) through (e), and (B)(2)(a), (C)(1), the introductory
21 paragraph of 1046.2(C)(2), and 1046.2(C)(2)(a) and (c), the introductory paragraph of
22 1046.2(D), the introductory paragraph of 1046.2(D)(1), and 1046.2(D)(2), (4), and (5), the
23 introductory paragraph of 1046.2(E) and 1046.2(E)(1), the introductory paragraph of
24 1046.2(F), 1046.2(F)(1), the introductory paragraph of 1046.2(F)(2), and 1046.2(F)(2)(b)
25 and (3), (G), (H)(1) and (2) and the introductory paragraph of 1046.2(H)(3), and the
26 introductory paragraph of 1046.2(I), the introductory paragraph of 1046.2(I)(1), and
27 1046.2(I)(1)(a) and (b), (2), and (3), and 1046.4(A)(1) and (3) and (C)(1) and (2) are hereby

1 amended and reenacted and R.S. 40:1046(M) is hereby enacted to read as follows:

2 §1046. Recommendation and dispensing of marijuana for therapeutic use; rules and
3 regulations of the Louisiana Board of Pharmacy; production facility
4 licensing; permitting by the Louisiana Department of Health

5 * * *

6 G.

7 * * *

8 (3)

9 * * *

10 (e) For the purposes of this Paragraph, the active, qualified patient count shall
11 be conducted and reviewed on a quarterly basis using the preceding ~~three-month~~
12 **twenty-four month** period.

13 * * *

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

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

30 **(b) The licenses issued on July 1, 2024, shall be to the entities who held**

1 contracts with the Louisiana State University Agricultural Center and the
2 Southern University Agricultural Center on January 1, 2024, pursuant to Act
3 No. 261 of the 2015 Regular Session of the Legislature.

4 (c) Upon each renewal period, a license in force shall be renewed by the
5 department for the next succeeding period upon proper application for renewal
6 and payment of license fees as required by law and the rules and regulations of
7 the department.

8 (d) Subject to the limitation of no more than two licenses to cultivate,
9 extract, process, produce, and transport therapeutic marijuana in this state, the
10 department shall select a new licensee through a competitive bid process in
11 accordance with the applicable provisions of the Louisiana Procurement Code,
12 R.S. 39:1551 et seq., if any of the following occur:

13 (i) After written notice from the department and failure of the licensee
14 to cure within thirty days following receipt of written notice, a licensee fails to
15 comply with the proper application for renewal and payment of license fees as
16 required by law and the rules and regulations of the department, and the license
17 is revoked.

18 (ii) A license is voluntarily returned or remitted to the department prior
19 to the expiration of the licensure period.

20 ~~(2)(a) The Louisiana Department of Health shall issue all of the following~~
21 ~~annually:~~

22 ~~(a) A nontransferable specialty license for the production of recommended~~
23 ~~marijuana for therapeutic use, which the department shall issue only to the Louisiana~~
24 ~~State University Agricultural Center and the Southern University Agricultural~~
25 ~~Center.~~

26 ~~(b) A permit to cultivate, extract, process, produce, and transport therapeutic~~
27 ~~marijuana, which the department shall issue only to the sole contractor selected by~~
28 ~~each university in accordance with Paragraph (1) of this Subsection.~~

29 ~~(c) The Louisiana State University Agricultural Center, the Southern~~
30 ~~University Agricultural Center, and the University of Louisiana at Monroe may~~

1 ~~conduct research on marijuana for therapeutic use.~~

2 ~~(d) On or before February first annually, the Louisiana State University~~
 3 ~~Agricultural Center, the Southern University Agricultural Center, and the University~~
 4 ~~of Louisiana at Monroe shall each submit to the Senate and House committees on~~
 5 ~~health and welfare a report which includes data and outcomes of any research~~
 6 ~~conducted pursuant to Subparagraph (c) of this Paragraph. No such report shall~~
 7 ~~include any proprietary information, intellectual property, or private financial data.~~

8 ~~(6)(a)~~ The Louisiana Department of Health shall collect all of the following
 9 information from each licensee:

10 (i) The amount of gross marijuana produced by the licensee during each
 11 calendar year.

12 (ii) The details of all production costs including but not limited to seed,
 13 fertilizer, labor, advisory services, construction, and irrigation.

14 (iii) The details of any items or services for which the licensee subcontracted
 15 and the costs of each subcontractor directly or indirectly working for the ~~contractor~~
 16 **licensee**.

17 (iv) The amount of therapeutic chemicals produced resulting from the
 18 marijuana grown pursuant to this Section.

19 (v) The amounts paid each year to the licensee related to the licensee's
 20 production of therapeutic marijuana pursuant to this Section.

21 (vi) The amount of therapeutic marijuana distributed to each pharmacy
 22 licensed to dispense therapeutic marijuana in this state during each calendar year.

23 (b) The Louisiana Department of Health shall provide the information
 24 collected as required by this Paragraph for the previous calendar year in the form of
 25 a written report to the legislature no later than February first of each year. The
 26 department shall also make a copy of the report required by this Subparagraph
 27 available to the public on the internet.

28 ~~(7)(3)~~ No company that has made a contribution to a candidate in a Louisiana
 29 election governed by the provisions of the Campaign Finance Disclosure Act within
 30 the five years prior to bidding for the license, or is controlled wholly or in part by a

1 person who made such a contribution within the five years prior to the company
2 bidding for the license, may be eligible for the license.

3 ~~(8)(a)(4)~~ The Louisiana Department of Health shall ~~perform the following:~~

4 ~~(i)(a)~~ Establish and collect an annual license fee of one hundred thousand
5 dollars from each ~~contractor~~ **licensee** permitted to cultivate, extract, process,
6 produce, and transport therapeutic marijuana.

7 ~~(ii)(b)~~ Collect a nonrefundable application fee of ten thousand dollars.

8 ~~(iii)(c)~~ Assess a fee of seven percent of the gross sales of therapeutic
9 marijuana. The fee shall be reported and paid by the ~~licensed production facility or~~
10 ~~permitted contractor that sells therapeutic marijuana to marijuana pharmacies~~
11 **licensee**. The fee shall be collected by the Department of Revenue and shall be
12 subject to the provisions of Chapter 18 of Subtitle II of Title 47 of the Louisiana
13 Revised Statutes of 1950 ~~as amended. Notwithstanding the provisions of~~
14 ~~Subparagraph (b) of this Paragraph, the~~ **The** Department of Revenue shall transfer
15 monthly to the state treasury for deposit into the Disability Services Fund, as
16 established in R.S. 28:826, the amount of revenues collected in accordance with this
17 Item.

18 ~~An amount shall be allocated to the department, pursuant to legislative~~
19 ~~appropriation, for regulatory, administrative, investigative, enforcement, legal, and~~
20 ~~other such expenses as may be necessary to carry out the provisions of this Chapter~~
21 ~~and for activities associated with the enforcement of law and regulations governing~~
22 ~~the therapeutic marijuana program.~~

23 ~~(b) All fees collected by the department shall be used to fund the expenses~~
24 ~~relating to the regulation and control of therapeutic marijuana.~~

25 **(5) The Louisiana Department of Health shall promulgate rules and**
26 **regulations as necessary to implement the provisions of this Subsection.**

27 * * *

28 **L. The Louisiana State University Agricultural Center, the Southern**
29 **University Agricultural Center, and the University of Louisiana at Monroe may**
30 **conduct research on marijuana for therapeutic use.**

1 **M.** The provisions of this Section shall terminate on ~~January 1, 2025~~ **July 1,**
2 **2030.**

3 * * *

4 §1046.2. ~~Contractors; selection;~~ **Licensees;** minimum standards

5 A. The ~~contractor selected by the licensed university through a competitive~~
6 ~~bid process~~ **licensee** to cultivate, extract, process, produce, and transport therapeutic
7 marijuana shall be subject to oversight and inspections by the Louisiana Department
8 of Health as provided in this Section.

9 B. Initial inspections of ~~contractor~~ facilities shall be conducted in accordance
10 with the following procedures and requirements:

11 (1) Prior to commencement of operations, the Louisiana Department of
12 Health shall conduct an initial inspection of the ~~contractor's~~ facility, limited strictly
13 to a determination of the following:

14 (a) That the ~~contractor~~ facility adheres to all of the following:

15 * * *

16 (b) That the ~~contractor~~ **licensee** possesses and maintains accurate, detailed
17 plans and elevation drawings of all operational areas involved with the cultivation,
18 extraction, processing, and production of therapeutic marijuana.

19 (c) That the ~~contractor~~ **licensee** possesses and maintains a written operations
20 plan, which shall be limited to standard operating procedures for the cultivation of
21 marijuana in each facility production area, instructions for making each product
22 produced on the premises, equipment operations manuals, procedures for conducting
23 necessary safety checks, sanitization procedures for working surfaces and equipment,
24 quality control procedures, and emergency preparedness procedures.

25 (d) That the ~~contractor~~ **licensee** has connection and access to the Louisiana
26 Medical Marijuana Tracking System, **hereafter referred to in this Section as**
27 **LMMTS.**

28 (e) That the ~~contractor~~ **licensee** has security against unauthorized entry via
29 the presence of operational alarm and video surveillance systems, limited access
30 areas, secure locking systems, and door controls throughout the facility.

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(2)(a) Notwithstanding Paragraph (1) of this Subsection, nothing in this Section shall be construed to obstruct or impede the lawful activity of any licensee or permittee.

* * *

C.(1) Inspections of contractor facilities other than initial inspections shall be conducted in accordance with the procedures and requirements provided in Paragraph (2) of this Subsection.

(2) After a contractor licensee commences producing therapeutic marijuana in an approved facility, the Louisiana Department of Health shall inspect each contractor facility at least twice annually to verify the existence or accuracy of the following:

(a) Possession and accuracy of detailed plans and elevation drawings of all operational areas involved with the cultivation, extraction, processing, and production of ~~medical~~ **therapeutic** marijuana.

* * *

(c) Connection and accessibility to the ~~Louisiana Medical Marijuana Tracking System~~ **LMMTS**.

* * *

D. All of the following standards and requirements for security shall apply with respect to contractor facilities:

(1) Any contractor facility alarm or surveillance system shall include the following:

* * *

(2) Each contractor facility shall maintain on-site security personnel, at a minimum, during standard United States business hours of eight o'clock a.m. to five o'clock p.m. and shall maintain off-site, electronic security monitoring at all other times.

* * *

(4) Each contractor licensee shall limit access to and post limited-access

1 signage where marijuana is cultivated, extracted, processed, produced, or stored.
2 Limited access areas shall remain locked and accessible only by authorized
3 personnel.

4 (5) Each employee, supervisor, or agent of each ~~contractor~~ licensee shall
5 keep a current identification card, in a form approved by the department, on his
6 person when present at a ~~contractor~~ facility.

7 E. All of the following procedures, restrictions, and authorizations shall apply
8 relative to visitors at ~~contractor~~ facilities:

9 (1) Persons who do not possess a ~~contractor~~ licensee identification card shall
10 be issued a visitor identification badge after signing a log maintained by the
11 ~~contractor~~ licensee that properly identifies the visitor to the premises. The visitor
12 shall wear the badge for the duration of his time on the premises, and the visitor shall
13 not be left unaccompanied in any area where marijuana or marijuana products are
14 present.

15 * * *

16 F. All of the following requirements shall apply with respect to data
17 management by ~~contractors~~ licensees:

18 (1) Each ~~contractor~~ licensee shall acquire and maintain all software,
19 hardware, and communications infrastructure necessary to ensure connectivity to and
20 implementation of the ~~Louisiana Medical Marijuana Tracking System, referred to~~
21 ~~hereafter in this Subsection as the~~ LMMTS, to track therapeutic marijuana from seed
22 to distribution to an approved laboratory, to licensed pharmacies, to another
23 cultivation ~~contractor~~ licensee or to destruction, tagging each plant and product with
24 a unique identification number, and entering the number into the LMMTS for
25 tracking. The ~~contractor~~ licensee shall bear the cost of all expenses related to
26 tracking, tagging, and implementation of the LMMTS.

27 (2) Within twenty-four hours of the respective qualifying event, the
28 ~~contractor~~ licensee shall record the following in the LMMTS:

29 * * *

30 (b) The sale, transfer, or transport of therapeutic marijuana or its derivatives

1 to another ~~contractor~~ licensee, approved laboratory, or therapeutic marijuana
2 pharmacy.

3 * * *

4 (3) Notwithstanding any other provision of this Section, each ~~contractor~~
5 licensee shall keep all documents and information required by this Part for at least
6 the current year and the three preceding calendar years, including but not limited to
7 business records necessary to fully account for each business transaction conducted
8 by the ~~contractor~~ licensee.

9 G. All of the following standards and requirements shall apply to ~~contractors'~~
10 the licensees' inventory:

11 (1) Each ~~contractor~~ licensee shall maintain a comprehensive inventory of all
12 marijuana, including without limitation usable marijuana available for dispensing,
13 mature marijuana plants, and seedlings at each authorized location. Following an
14 initial inventory, all marijuana shall be inventoried on a weekly basis.

15 (2) Any therapeutic marijuana waste product shall be properly weighed and
16 recorded in the ~~Louisiana Medical Marijuana Tracking System~~ LMMTS and stored
17 in a limited access area of a ~~contractor~~ facility until rendered unusable.

18 H. Material safety data sheet requirements shall include all of the following:

19 (1) Any pesticides or chemicals used by a ~~contractor~~ licensee in the
20 production of therapeutic marijuana shall be used and stored according to the
21 ~~contractor's~~ licensee's written operations plan.

22 (2) Each ~~contractor~~ licensee shall maintain a material safety data sheet in
23 each facility area where toxic cleaning compounds, sanitizing agents, solvents used
24 in the production of therapeutic marijuana extracts and concentrates, pesticide
25 chemicals, or other agricultural chemicals are used or stored.

26 (3) Each ~~contractor~~ licensee shall record the following information when
27 applying a pesticide or other agricultural chemical to therapeutic marijuana at any
28 cultivation stage:

29 * * *

30 I. All of the following requirements shall apply to transportation of

1 therapeutic marijuana by ~~contractors~~ **licensees**:

2 (1) Prior to transporting therapeutic marijuana, a ~~contractor~~ **licensee** shall
3 generate an inventory manifest in ~~the Louisiana Medical Marijuana Tracking~~
4 ~~System, referred to hereafter in this Subsection as the LMMTS~~, including all of the
5 following information:

6 (a) The name of the ~~contractor~~ **licensee** originating the transport.

7 (b) The name of the ~~contractor~~ **licensee**, approved laboratory, or licensed
8 pharmacy receiving the transport.

9 * * *

10 (2) The ~~contractor~~ **licensee** originating the transport shall provide the
11 contractor, approved laboratory, or licensed pharmacy receiving the transport with
12 a copy of the LMMTS inventory manifest, which shall not be altered after departing
13 the originating ~~contractor's~~ **licensee's** facility.

14 (3) The ~~contractor~~ **licensee**, approved laboratory, or licensed pharmacy
15 receiving the transport shall record the quantities of all therapeutic marijuana
16 products in the LMMTS. However, any ~~contractor~~ **licensee**, approved laboratory, or
17 licensed pharmacy receiving a therapeutic marijuana transport shall refuse the
18 transport if it is not accompanied by an unaltered LMMTS inventory manifest.

19 * * *

20 §1046.4. Testing; sample collection; minimum standards; reporting; remediation

21 A.(1) Each ~~contractor-permitted~~ **licensee authorized** to cultivate, extract,
22 process, produce, and transport therapeutic marijuana pursuant to this Part shall
23 comply with approved minimum standards by making each batch of therapeutic
24 marijuana subject to random selection, sampling, and analysis conducted by an
25 independent approved laboratory collector in a volume sufficient to ensure
26 compliance.

27 * * *

28 (3) The laboratory shall record test results in the Louisiana Medical
29 Marijuana Tracking System and produce a certificate of analysis to be delivered to
30 the Louisiana Department of Health and ~~contractor~~ **licensee** permitted to cultivate,

1 extract, process, produce, and transport therapeutic marijuana within twenty-four
2 hours of test completion.

3 * * *

4 C.(1) Neither a ~~contractor~~ licensee nor an approved laboratory authorized
5 pursuant to this Part shall release or approve a therapeutic marijuana product for
6 delivery or sale until a sample from the applicable product batch has complied with
7 all required testing standards.

8 (2) A ~~contractor~~ licensee may resubmit to an approved laboratory any sample
9 that fails one or more initial tests required by this Part. The sample may be released
10 for delivery and sale only if it passes all tests conducted by an approved laboratory
11 in duplicate. The sample may be remediated according to any reasonably acceptable
12 industry methods if it fails one or more tests conducted by an approved laboratory.

13 * * *

14 Section 2. This Act shall become effective upon signature by the governor or, if not
15 signed by the governor, upon expiration of the time for bills to become law without signature
16 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
17 vetoed by the governor and subsequently approved by the legislature, this Act shall become
18 effective on the day following such approval.

PRESIDENT OF THE SENATE

SPEAKER OF THE HOUSE OF REPRESENTATIVES

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____