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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE BILL

No. 1942 Session of  
2024

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INTRODUCED BY MADSEN, HILL-EVANS, SANCHEZ, MADDEN, BULLOCK,  
CEPEDA-FREYTIZ, KHAN, KRAJEWSKI, NEILSON, CERRATO,  
SCHLOSSBERG, MAYES, DONAHUE, KAZEEM, GERGELY, McNEILL,  
FLEMING, WAXMAN AND OTTEN, JANUARY 3, 2024

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REFERRED TO COMMITTEE ON HEALTH, JANUARY 3, 2024

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AN ACT

1 Providing for independent local dispensaries.

2 The General Assembly of the Commonwealth of Pennsylvania  
3 hereby enacts as follows:

4 Section 1. Short title.

5 This act shall be known and may be cited as the Independent  
6 Local Dispensaries Act.

7 Section 2. Definitions.

8 The following words and phrases when used in this act shall  
9 have the meanings given to them in this section unless the  
10 context clearly indicates otherwise:

11 "Board." The Medical Marijuana Advisory Board established by  
12 section 1201 of the Medical Marijuana Act.

13 "Controlling interest." As follows:

14 (1) For a publicly traded entity, voting rights that  
15 entitle a person to elect or appoint one or more of the  
16 members of the board of directors or other governing board or

1 the ownership or beneficial holding of 5% or more of the  
2 securities of the publicly traded entity.

3 (2) For a privately held entity, the ownership of any  
4 security in the company.

5 "Department." The Department of Health of the Commonwealth.

6 "Disadvantaged business." A business that is owned or  
7 controlled by a majority of persons, not limited to members of  
8 minority groups, who are subject to racial or ethnic prejudice  
9 or cultural bias.

10 "Dispensary." As defined in section 103 of the Medical  
11 Marijuana Act.

12 "Diverse business." A disadvantaged business, minority-owned  
13 or women-owned business or service-disabled veteran-owned or  
14 veteran-owned small business that has been certified by a third-  
15 party certifying organization.

16 "Financial backer." An investor, mortgagee, bondholder, note  
17 holder or other source of equity, capital or other assets, other  
18 than a financial institution.

19 "Grower/processor." As defined in section 103 of the Medical  
20 Marijuana Act.

21 "Independent local dispensary." An organization that meets  
22 the conditions under section 3(a) and holds a dispensary license  
23 under the Medical Marijuana Act.

24 "Medical marijuana." Marijuana certified for medical use as  
25 provided for under the Medical Marijuana Act.

26 "Medical Marijuana Act." The act of April 17, 2016 (P.L.84,  
27 No.16), known as the Medical Marijuana Act.

28 "Medical marijuana organization." As defined in section 103  
29 of the Medical Marijuana Act.

30 "Parent entity." An entity which owns or has a controlling

1 interest in a sister company or subsidiary.

2 "Patient." As defined in section 103 of the Medical  
3 Marijuana Act.

4 "Permit." An authorization issued by the department to a  
5 medical marijuana organization to conduct activities under this  
6 act.

7 "Region." An area of this Commonwealth established by the  
8 department for the purpose of granting permits to  
9 grower/processors and dispensaries and enforcing the Medical  
10 Marijuana Act.

11 "Sister company." Two or more subsidiaries that are related  
12 to one another by virtue of being owned or controlled by the  
13 same parent company.

14 "Small business." An independently owned and operated for-  
15 profit business employing 100 or fewer employees and not a  
16 subsidiary or affiliate of a corporation.

17 "Subsidiary." An entity which is wholly or partially owned  
18 or controlled by a parent entity.

19 "Underserved area." A geographic area, as defined annually  
20 by the department, where there is a demonstrated patient need  
21 for a dispensary to ensure reasonable access to medical  
22 marijuana products.

23 Section 3. Independent local dispensaries.

24 (a) Additional permits.--Notwithstanding the provisions of  
25 section 616 of the Medical Marijuana Act, the department shall  
26 issue two additional dispensary permits in each medical  
27 marijuana region to applicants who meet the qualifications of  
28 section 602 of the Medical Marijuana Act and one of the  
29 following qualifications:

30 (1) Is a Pennsylvania-based small business with the

1 majority of its financial backers being residents of the  
2 region in which the business is seeking a permit.

3 (2) Is a diverse business or disadvantaged business.

4 (3) Does not have an owner or financial backer that is  
5 also an owner or financial backer of another medical  
6 marijuana organization.

7 (b) Additional application information.--In addition to the  
8 application information required of a dispensary application  
9 under the Medical Marijuana Act, applications for a dispensary  
10 permit under this section shall also include a statement that  
11 the applicant possesses the ability to obtain in an expeditious  
12 manner the right to use sufficient land, buildings and other  
13 premises to carry on the activity described in the application  
14 at no less than two locations, one of which must be located in  
15 an underserved area.

16 (c) Category.--Dispensaries issued permits under this  
17 section shall be considered independent local dispensaries.

18 (d) Fees.--Fees shall be in accordance with the following:

19 (1) The department shall charge the following fees for  
20 an application for a dispensary permit, which shall be valid  
21 for one year, under this section:

22 (i) A nonrefundable initial application fee of  
23 \$2,500.

24 (ii) A permit fee of \$15,000 for each location that  
25 shall be submitted with the application. The fee shall be  
26 returned if the application is not granted.

27 (iii) A renewal fee of \$2,500 that shall be paid  
28 upon submission of a renewal application. The fee shall  
29 be returned if the renewal is not granted. The amount  
30 shall cover renewal for all locations.

1 (iv) A fee of \$125 that shall be required when  
2 amending an application to indicate relocation within  
3 this Commonwealth or the addition or deletion of approved  
4 activities by the medical marijuana organization.

5 (2) The following shall apply:

6 (i) An application to renew a permit must be filed  
7 with the department not more than six months nor less  
8 than four months prior to expiration.

9 (ii) All fees shall be paid by certified check or  
10 money order.

11 (iii) Before issuing an initial permit under this  
12 section, the department shall verify that the applicant  
13 has at least \$75,000 in capital, which must be on deposit  
14 with a financial institution.

15 Section 4. Responsibilities of department.

16 The department shall annually publish a report that includes  
17 the following information on its publicly accessible Internet  
18 website:

19 (1) The number of patients in each county.

20 (2) The number of patients per 100,000 residents in this  
21 Commonwealth.

22 (3) The number and locations of dispensaries.

23 Section 5. Underserved areas.

24 Within 90 days of the effective date of this section and  
25 every February 1 thereafter, the department shall:

26 (1) Solicit information from the public, medical  
27 marijuana organizations and applicants identifying potential  
28 underserved areas.

29 (2) Evaluate the information received to determine which  
30 regions of this Commonwealth meet the definition of an

1 underserved area.

2 (3) Publish the location of all underserved areas on the  
3 department's publicly accessible Internet website.

4 (4) Open applications for available dispensary permits  
5 in the underserved areas under section 3.

6 Section 6. Additional board members.

7 Four additional members shall be appointed to the board as  
8 follows:

9 (1) One member, who shall hold a dispensary permit,  
10 appointed by the President pro tempore of the Senate or a  
11 designee.

12 (2) One member, who shall be a diverse or disadvantaged  
13 business who holds a dispensary permit, appointed by the  
14 Minority Leader of the Senate or a designee.

15 (3) One member, who shall be a current grower/processor,  
16 appointed by the Speaker of the House of Representatives or a  
17 designee.

18 (4) One member, who shall be a financial backer of an  
19 independent local dispensary, appointed by the Minority  
20 Leader of the House of Representatives or a designee.

21 Section 7. Effective date.

22 This act shall take effect in 90 days.