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**GENERAL ASSEMBLY OF NORTH CAROLINA**
**SESSION 2021**

**S** **D**

**SENATE BILL DRS15260-MGfa-26B**

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| Short Title: | NC Compassionate Care Act. | (Public) |
| Sponsors: | Senators Rabon, Lee, and Lowe (Primary Sponsors). | |
| Referred to: | | |

A BILL TO BE ENTITLED

AN ACT ENACTING THE NORTH CAROLINA COMPASSIONATE CARE ACT.

The General Assembly of North Carolina enacts:

**SECTION 1.** Chapter 90 of the General Statutes is amended by adding a new Article to read:

"Article 5H.

"North Carolina Compassionate Care Act.

"**§ 90-113.110. Short title.**

This Article shall be known and may be cited as the "North Carolina Compassionate Care Act."

"**§ 90-113.112. Legislative findings and purpose.**

The General Assembly makes the following findings:

(1) Modern medical research has found that cannabis and cannabinoid compounds are effective at alleviating pain, nausea, and other symptoms associated with several debilitating medical conditions.

(2) As of January 2021, 36 states and the District of Columbia have removed state-level criminal penalties for the medical use, cultivation, and distribution of cannabis, and in enacting this Article, North Carolina now takes similar action to preserve and enhance the health and welfare of its citizens.

(3) This Article is intended to make only those changes to existing North Carolina laws that are necessary to protect patients and their doctors from criminal and civil penalties and is not intended to change current civil and criminal laws governing the use of cannabis for nonmedical purposes.

(4) The General Assembly enacts this Article pursuant to its police power to enact legislation for the protection of the health of its citizens, as reserved to the State in the Tenth Amendment of the United States Constitution.

"**§ 90-113.114. Definitions.**

The following definitions apply in this Article:

(1) Adequate supply. – An amount of usable cannabis derived solely from an intrastate source that is possessed by a qualified patient, or collectively possessed by a qualified patient and the qualified patient's designated caregiver, in an amount that does not exceed what is reasonably necessary to assure the uninterrupted availability of cannabis for a period of 30 days, in any form recommended by the qualified patient's physician for the purpose of alleviating the symptoms or effects of the qualified patient's debilitating medical condition.

(2) Bona fide physician-patient relationship. – A treatment relationship between a physician and a patient in which the physician has completed a full assessment of the patient's medical history and current medical condition, including an in-person physical examination, and the physician is available or offers to provide follow-up care and treatment to the patient, including patient examinations, to determine the efficacy of the use of medical cannabis as a treatment for the patient's medical condition.

(3) Cannabis. – Marijuana as defined in G.S. 90-87(16).

(4) Cannabis-infused product. – A product infused with cannabis that is intended for use or consumption other than by inhalation, smoking, or vaping. The term includes edible products, ointments, and tinctures.

(5) Commission. – The Medical Cannabis Production Commission established in G.S. 90-113.124.

(6) Debilitating medical condition. – Includes cancer, epilepsy, glaucoma, positive status for human immunodeficiency virus (HIV), acquired immune deficiency syndrome (AIDS), amyotrophic lateral sclerosis (ALS), Crohn's disease, Parkinson's disease, multiple sclerosis, or other debilitating medical conditions of the same kind or class as, or comparable to, those enumerated in this subdivision, and for which a physician provides a written certification.

(7) Designated caregiver. – A person who is at least 21 years of age and who has agreed to assist with a qualified patient's medical use of cannabis.

(8) Licensed cannabis products facility. – One or more businesses owned and operated by a licensed medical cannabis supplier that produce cannabis-infused products.

(9) Licensed medical cannabis center. – One or more businesses owned and operated by a licensed medical cannabis supplier that sell cannabis and cannabis-infused products to registry identification cardholders.

(10) Licensed medical cannabis supplier. – A person licensed pursuant to G.S. 90-113.118 to supply cannabis and cannabis-infused products as authorized by this Article. A licensed medical cannabis supplier cultivates cannabis, owns and operates one or more licensed medical cannabis centers, and may own and operate one or more licensed cannabis products facilities as set forth in G.S. 90-113.118.

(11) Medical use of cannabis or medical use. – The acquisition, possession, use, internal possession, delivery, transfer, or transportation of cannabis or paraphernalia relating to the administration of cannabis to treat or alleviate a qualified patient's medical condition or symptoms associated with the medical condition or its treatment.

(12) Physician. – A person licensed under Article 1 of Chapter 90 of the General Statutes who is in good standing to practice medicine in this State.

(13) Qualified patient. – A person who has been diagnosed by a physician as having a debilitating medical condition.

(14) Registry identification card. – A document issued by the North Carolina Department of Health and Human Services pursuant to G.S. 90-113.116 that identifies a person as a qualified patient or a designated caregiver.

(15) Registry identification cardholder. – A qualified patient or a designated caregiver who holds a valid registry identification card issued by the North Carolina Department of Health and Human Services pursuant to G.S. 90-113.116.

(16) Regulated medical cannabis supply system or system. – A system established by the North Carolina Department of Agriculture and Consumer Services

pursuant to G.S. 90-113.118 to provide a safe method for producing and distributing cannabis and cannabis-infused products to registry identification cardholders.

(17) Usable cannabis. – The dried buds and mature female flowers of the plant of the genus Cannabis, and any mixture or preparation thereof, that are appropriate for medical use as provided in this Article.

(18) Written certification. – A statement in a patient's medical records or a statement signed by a physician with whom the patient has a bona fide physician-patient relationship indicating that, in the physician's professional opinion, the patient has a debilitating medical condition and the potential health benefits of the medical use of cannabis would likely outweigh the health risks for the patient.

"**§ 90-113.116. Registry identification cards for qualified patients and designated caregivers.**

(a) Definition. – As used in this section, the term Department means the North Carolina Department of Health and Human Services.

(b) Applications, Issuance, and Expiration of Registry Identification Cards. – The Department shall issue or renew a registry identification card to the following individuals:

(1) Any individual who applies to the Department on forms prescribed by the Department demonstrating that the individual is a qualified patient with a debilitating medical condition for which a physician has issued a written certification.

(2) Any individual who is at least 21 years of age who has (i) been named as a designated caregiver in a registry identification card application submitted by a qualified patient and (ii) agreed to serve as that qualified patient's designated caregiver. The Department may issue a registry identification card to a maximum of two designated caregivers named in a qualified patient's approved application.

The Department shall issue a registry identification card to an applicant within 14 days after approving an application or renewal. The initial or renewal registry identification card expires one year after the date of issuance.

(c) Qualified Patients Under Age 18. – The Department may not issue or renew a registry identification card to a qualified patient under 18 years of age unless each of the following criteria is met:

(1) The qualified patient's physician has explained the potential risks and benefits of the medical use of cannabis to the qualified patient and to a parent, guardian, or person having legal custody of the qualified patient.

(2) The qualified patient's physician restricts the qualified patient's use of medical cannabis to a noninhalation consumption method, and the qualified patient and the qualified patient's designated caregivers agree to comply with this restriction.

(3) A parent, guardian, or person having legal custody of the qualified patient consents in writing to (i) allow the qualified patient's medical use of cannabis, (ii) serve as one of the qualified patient's designated caregivers, and (iii) control the acquisition of the cannabis, the dosage, and the frequency of the medical use of cannabis by the qualified patient.

(d) Review of Applications. – The Department shall verify the information contained in a registry identification card application or renewal application submitted pursuant to this section and shall approve or deny an application or renewal application within 45 days after receipt.

(e) Denials and Appeals. – The Department may deny a registry identification card application or renewal application only if the applicant fails to provide the information required

pursuant to this section or if the Department determines that the application or renewal application contains false information. Denials may be appealed by filing a contested case petition under Article 3 of Chapter 150B of the General Statutes. Article 4 of Chapter 150B of the General Statutes governs judicial review of an administrative decision made under this section.

(f) Registry Identification Card Information. – Each registry identification card issued by the Department shall contain at least all of the following information:

(1) The date of issuance.

(2) The date of expiration.

(3) A random registry identification number.

(4) A photograph of the registry identification cardholder.

(g) Notification of Changes. – Individuals issued registry identification cards are subject to all of the following:

(1) A qualified patient who has been issued a registry identification card shall notify the Department of any change in the qualified patient's name, address, or designated caregiver and submit a fifty dollar ($50.00) fee to the Department within 15 days after the change occurs. A qualified patient who fails to notify the Department of any of these changes within the specified time frame commits an infraction and is subject to a fine not to exceed more than one hundred fifty dollars ($150.00).

(2) A designated caregiver shall notify the Department of any change in name or address and submit a fifty dollar ($50.00) fee to the Department within 15 days after the change occurs. A designated caregiver who fails to notify the Department of any of these changes within the specified time frame commits an infraction and is subject to a fine not to exceed one hundred fifty dollars ($150.00).

(3) When a qualified patient or designated caregiver notifies the Department of any change, as required by this subsection, the Department shall issue the qualified patient and each designated caregiver a new registry identification card within 10 days after receiving the updated information and the fifty dollar ($50.00) fee.

(4) When a qualified patient who possesses a registry identification card notifies the Department of a change in designated caregiver, the Department shall notify the designated caregiver of record of the change within 15 days after receiving notification of the change. The protections afforded under this Article to the designated caregiver of record shall expire 30 days after the designated caregiver of record is notified by the Department of the change in designated caregiver.

(5) If a qualified patient or a designated caregiver loses a registry identification card, the cardholder shall notify the Department within 15 days after losing the card. The notification shall include a fifty dollar ($50.00) replacement fee for a new card. Within five days after receiving notification of a lost registry identification card, the Department shall issue the cardholder a new registry identification card with a new random identification number.

(h) Suspensions or Revocations. – If the Department determines that a qualified patient or designated caregiver has willfully violated any provision of this Article, the Department shall suspend or revoke the qualified patient's or designated caregiver's registry identification card. Suspensions or revocations may be appealed by filing a contested case petition under Article 3 of Chapter 150B of the General Statutes.

(i) Confidential Nature of Information Collected by Department. – The following information shall be treated as confidential:

(1) Applications and supporting information submitted by qualified patients, including information regarding their designated caregivers and physicians, are confidential and protected under the federal Health Insurance Portability and Accountability Act of 1996.

(2) The Department shall maintain a confidential list of the persons to whom the Department has issued registry identification cards. Individual names and other identifying information on the list are confidential, exempt from the provisions of Chapter 132 of the General Statutes, and are not subject to disclosure, except to authorized employees of the Department as necessary to perform official duties of the Department.

(j) Penalty for Confidentiality Breaches. – Any person, including an employee or official of the Department or another State agency or local government, who breaches the confidentiality of information obtained pursuant to this section is guilty of a Class 1 misdemeanor; however, any fine imposed for a violation under this subsection shall not exceed one thousand dollars ($1,000).

(k) Verification of Registry Identification Cards to Law Enforcement Personnel. – The Department shall verify to law enforcement personnel whether a registry identification card is valid solely by confirming the validity of the random registry identification number and the name of the person to whom the Department has assigned the random registry identification number.

(*l*) Reports of Falsified or Fraudulent Application Information to Law Enforcement Personnel. – Nothing in this section shall be construed to prevent Department employees from notifying law enforcement personnel about falsified or fraudulent information submitted to the Department by any individual in support of an application for a registry identification card.

(m) Rules. – Not later than 120 days after the effective date of this act, the North Carolina Medical Care Commission shall adopt rules to implement the provisions of this section. The rules shall establish requirements for the issuance of registry identification cards to qualified patients and designated caregivers, which shall include at least all of the following:

(1) The method of demonstrating written certification, as defined in G.S. 90-113.114.

(2) The amount of the initial or renewal application fee, which shall not exceed fifty dollars ($50.00) per application or renewal application.

(3) The name, address, and date of birth of the qualified patient.

(4) The name, address, and telephone number of the qualified patient's physician.

(5) The name, address, and date of birth of each of the qualified patient's designated caregivers, if any.

"**§ 90-113.118. Regulated medical cannabis supply system.**

(a) Definitions. – The following definitions apply in this section:

(1) Department. – The North Carolina Department of Agriculture and Consumer Services.

(2) Nonresident business. – An entity that has not been required to file an income or franchise tax return with the State for three years prior to filing an initial application for a medical cannabis supplier license that meets one or more of the following conditions:

a. Is a nonresident entity.

b. Is a nonresident individual who owns an unincorporated business as a sole proprietor.

(3) Nonresident employee. – A nonresident individual who is an employee of a nonresident business.

(4) Nonresident entity. – Defined in G.S. 105-163.1.

(5) Nonresident individual. – Defined in G.S. 105-153.3.

(b) Medical Cannabis Supply System; Funding. – Not later than 180 days after the effective date of this act, the Medical Cannabis Production Commission established in G.S. 90-113.120 shall establish a medical cannabis supply system that authorizes licensed medical cannabis suppliers to produce cannabis and cannabis-infused products in licensed cannabis products facilities and distribute them through licensed medical cannabis centers. In establishing the medical cannabis supply system, the Commission shall (i) provide a safe, regulated supply of cannabis appropriate for medical use by qualified registry identification cardholders issued under G.S. 90-113.116, (ii) ensure statewide access to safe and affordable medical cannabis to registry identification cardholders, (iii) establish a system that is well regulated and financially viable for medical cannabis supplier license-holders to ensure the highest quality medical cannabis and cannabis-infused products for patients, and (iv) generate sufficient revenue for the Commission to oversee and for the Department to maintain and operate the system. The General Assembly may appropriate funds for the initial development and implementation of the medical cannabis supply system, but neither the Department nor the Commission shall use any appropriations from the General Fund to operate the system. The intent of the General Assembly is that the system shall be funded solely by the fees authorized in this section.

(c) Medical Cannabis Supplier License. –

(1) No person shall do any of the following without first obtaining a medical cannabis supplier license from the Commission:

a. Cultivate cannabis to be used by a licensed medical cannabis center or a licensed producer of cannabis-infused products.

b. Establish or operate a business to produce cannabis-infused products.

c. Establish or operate a medical cannabis center for the sale of cannabis, cannabis-infused products, and paraphernalia relating to the administration of cannabis to qualified patients and designated caregivers who hold valid registry identification cards issued under G.S. 90-113.116.

(2) An applicant for a license under this subsection shall submit the required information on application forms provided by the Department. The application form shall require at least all of the following:

a. The applicant's name and any legal names the applicant will use for facilities where the applicant will produce medical cannabis, and for each medical cannabis center and cannabis products facility the applicant proposes to operate.

b. The address of each property, location, or premises the applicant will use to produce medical cannabis, of each cannabis products facility the applicant will use to process medical cannabis or produce cannabis-infused products, and of each medical cannabis center the applicant will use to dispense or distribute cannabis.

c. Documentation demonstrating that the applicant:

1. Possesses the requisite expertise in controlled environment agriculture and the processing of cannabis to produce medical cannabis meeting standards that the Commission shall specify by rule.

2. Has appropriate experience and qualifications for processing medical cannabis into cannabis-infused products in a manner that meets industry standards for production consistency and safe handling.

d. Proposed operating procedures for each facility and component of the applicant's proposed medical cannabis supply system, including

recordkeeping and security requirements as the Commission shall specify by rule.

e. The name, address, and date of birth of each principal officer and board member of the medical cannabis supplier.

f. The name, address, and date of birth of each employee of the medical cannabis supplier.

g. For first-year licensees, a nonrefundable license fee in the amount of fifty thousand dollars ($50,000) plus five thousand dollars ($5,000) for each cannabis products facility or medical cannabis center the applicant proposes to operate under the license.

h. For licensees seeking license renewal, a nonrefundable renewal fee in an amount not less than ten thousand dollars ($10,000) plus one thousand dollars ($1,000) for each cannabis products facility or medical cannabis center the licensee operates under the license as specified in rules adopted by the Commission pursuant to G.S. 90-113.120 and annual audited financial statements audited by an independent certified public accountant.

i. Proof of North Carolina residency for each principal officer, board member, and employee of the medical cannabis supplier.

j. Proof in a manner and amount as the Commission shall specify by rule that the applicant has sufficient liquid and nonliquid assets to operate as a part of the medical cannabis supply system established by this Article.

k. Any other information the Department considers necessary to ensure compliance with the terms of this Article.

(3) Unless suspended or revoked, a medical cannabis supplier license is valid for a period not to exceed 12 months from the date of issuance.

(4) A licensee shall apply for renewal, as necessary, at least 30 days prior to the expiration of a current license.

(5) No later than 30 days after issuing or renewing a license under this subsection, the Department shall issue a medical cannabis supplier registry identification card to each director and employee listed on the application or renewal form upon receipt of a two hundred fifty dollar ($250.00) fee per cardholder.

(6) A licensee shall notify the Department of any change in the information submitted on the license application or renewal form within 30 days after the change.

(7) The records of medical cannabis centers operated by the medical cannabis supplier licensee are subject to the same restrictions imposed on pharmacy records pursuant to G.S. 90-85.36. G.S. 90-85.36 applies to each medical cannabis center as if it were a pharmacy regulated under Article 4A of Chapter 90 of the General Statutes.

(8) The Department shall issue a medical cannabis production site card to each licensed medical cannabis supplier for each property, location, or premises approved for cannabis production and each cannabis products facility approved for production of cannabis-infused products under this section. The card shall be posted conspicuously at each medical cannabis production site.

(9) A licensed medical cannabis supplier is required to grow medical cannabis in a controlled, covered environment. Sites where medical cannabis is grown shall not be open to the public and shall have site access controls and restrictions as the Commission may specify by rule.

(d) Disqualifications for Licensure. – The Commission shall not issue a license authorized by this section to any of the following persons:

(1) A person who has not paid the appropriate license or license renewal fee.

(2) An individual who is less than 21 years of age.

(3) A person who has served a sentence for any of the following felonies in the five years immediately preceding the date of license application: any Class A through E felony; any felony that includes assault as an essential element of the offense; any felony under Article 14 (Burglary and Housebreakings) of Chapter 14 of the General Statutes; any felony under Article 16 (Larceny), Article 16A (Organized Retail Theft), Article 17 (Robbery), Article 18 (Embezzlement), Article 19 (False Pretenses and Cheats), Article 19A (Obtaining Property or Services by False or Fraudulent Use of Credit Device or Other Means), Article 19B (Financial Transaction Card Crime Act), or Article 19C (Identity Theft) of Chapter 14 of the General Statutes. In order to ensure compliance with this subdivision, the Department shall conduct a criminal history record check of any person whose name is submitted on an application as the director or an employee of the medical cannabis center, or as the producer of cannabis-infused products, or an employee of a producer.

(4) A person (or, with respect to a person who is not an individual, an owner, director, or employee of the person) who at any time has been convicted of a felony violation for manufacturing, selling, delivering, or possessing with intent to manufacture, sell, deliver, or possess a Schedule I or II controlled substance, in violation of G.S. 90-95(b)(1). In order to ensure compliance with this subdivision, the Department shall conduct a criminal history record check of any person whose name is submitted on an application as an owner, director, or an employee of the medical cannabis supplier.

(5) Except as otherwise provided in this subdivision, a person who has not been a resident of North Carolina for at least two years prior to the date of the license application. A person who submits an application for licensure pursuant to this section within 180 days after the effective date of this Article is not subject to this residency requirement if the person was a resident of North Carolina for at least 180 days prior to the effective date of this Article. With respect to a person who is not an individual, a person that is a nonresident business.

(e) Restrictions on Sales and Supply. – A person licensed as a medical cannabis supplier under this section is subject to the following sales and supply restrictions:

(1) The supplier may sell medical cannabis and cannabis-infused products only through the medical cannabis centers that the supplier is licensed to operate under this section. A licensed medical cannabis center shall not sell cannabis, cannabis-infused products, or paraphernalia relating to the administration of cannabis, to any person other than a qualified patient or designated caregiver who holds a valid registry identification card issued under G.S. 90-113.116. A licensed medical cannabis center shall not sell cannabis or cannabis-infused products in an amount that exceeds an adequate supply to any qualified patient or designated caregiver.

(2) The supplier may sell only medical cannabis grown by the supplier at the sites licensed to that supplier under this section. The supplier shall not sell medical cannabis, cannabis plants, cannabis seeds, or cultivation equipment to any other person other than through the medical cannabis centers that the supplier is licensed to operate.

(3) The supplier may sell only cannabis-infused products produced at the cannabis products facilities licensed to the supplier under this section. The cannabis products facility shall not sell cannabis-infused products for resale to any other person.

(f) Exemption from Criminal Laws. – A medical cannabis supplier with a valid license for that function is exempt from the criminal laws of this State for possession, production, delivery, or transportation of cannabis, or aiding and abetting another in the possession, production, delivery, or transportation of cannabis, or any other criminal offense in which possession, production, delivery, or transportation of cannabis is an element if the medical cannabis supplier is in substantial compliance with this Article and rules adopted under this Article.

(g) Loss of Exemption from Criminal Laws. – A person who is not a qualified patient or a designated caregiver but who is otherwise authorized to possess, produce, deliver, or transport cannabis for medical use pursuant to this Article ceases to be exempt as provided in subsection (f) of this section upon committing any of the following acts:

(1) Driving while impaired by cannabis, provided that the person shall not be considered to be impaired solely for having cannabis metabolites in his or her system.

(2) Delivering cannabis to any individual who the person knows is not a qualified patient or designated caregiver who holds a valid registry identification card issued under G.S. 90-113.116, nor a person who holds a license under G.S. 90-113.118.

(3) Manufacturing or distributing cannabis at an address not registered with the Department.

(4) Failing to report transfer of cannabis authorized under this section to the Department.

(h) Monthly Fees and Reporting. –

(1) Each medical cannabis supplier licensed under this section shall submit quarterly reports to the Department on all financial transactions, including, but not limited to, production, sales and purchases of cannabis and cannabis-infused products, and transfers of cannabis and cannabis-infused products for no consideration with respect to each medical cannabis center and cannabis products facility operated by the medical cannabis supplier.

(2) Each medical cannabis supplier licensed under this section shall pay to the Department a monthly fee equal to ten percent (10%) of the gross revenue derived from the sale of cannabis and cannabis-infused products at all medical cannabis centers operated by the medical cannabis supplier.

(3) Nothing in this subsection shall be construed to exempt persons licensed under this section from the reporting or remittance of sales tax for any transaction upon which a sales tax may be levied.

(i) Duty to Update. – In order to continue to hold a license under this Article, a medical cannabis licensee must notify the Commission of any change in criminal history of any person required to be evaluated by the Department under subdivision (d)(4) of this section. The Commission may reevaluate the licensee's eligibility for a license based on the notification and may modify or revoke the license or require issuance of a new license with appropriate terms to exclude disqualifying persons.

(j) Self-Supporting Requirement. – The Commission shall use system revenues from license fees and monthly gross revenue fees to fund, in the following order of priority:

(1) Costs associated with establishing and operating the regulated medical cannabis supply system established under this section.

(2) The registry system established under G.S. 90-113.116.

(3) The North Carolina Cannabis Research Program established under G.S. 90-113.128, limited to an amount of funding to be determined by the Commission.

(k) Use of Excess Revenues. – Any revenues remaining after the Commission fully funds the priorities set forth in this subsection shall be transferred by the Commission to the General Fund.

(*l*) Inspection. – The Department may inspect the premises of any person licensed under this section, including any cannabis products facility, medical cannabis center, and facilities or locations used for production of medical cannabis.

(m) Limitation. – The Commission shall issue no more than 10 medical cannabis supplier licenses pursuant to this section. In awarding the licenses, the Commission shall require that each medical cannabis supplier own and operate no more than four medical cannabis centers.

(n) Administrative and Judicial Review. – Articles 3 and 4 of Chapter 150B of the General Statutes govern administrative and judicial review of an administrative decision made under this section.

"**§ 90-113.120. Medical Cannabis Production Commission.**

(a) Commission Established. – The Medical Cannabis Production Commission is established and shall consist of nine members as follows:

(1) Five members appointed by the Governor.

(2) Two members appointed by the General Assembly upon recommendation of the Speaker of the House of Representatives in accordance with G.S. 120-121.

(3) Two members appointed by the General Assembly upon recommendation of the President Pro Tempore of the Senate in accordance with G.S. 120-121.

(b) Terms. – Members of the Commission shall serve terms of four years, beginning effective July 1 of the year of appointment, and may be reappointed to a second four-year term. The terms of members designated by subdivisions (a)(1), (a)(2), and (a)(4) of this section shall expire on June 30 of any year evenly divisible by four. The terms of the remaining members shall expire on June 30 of any year that follows by two years a year evenly divisible by four.

(c) Chair. – The members of the Commission shall elect a chair. The chair shall serve a two-year term and may be reelected.

(d) Vacancies. – Any appointment to fill a vacancy on the Commission created by the resignation, dismissal, death, or disability of a member shall be made by the original appointing authority and shall be for the balance of the unexpired term.

(e) Removal. – The appointing authority shall have the power to remove any member of the Commission appointed by that authority from office for misfeasance, malfeasance, or nonfeasance.

(f) Expenses. – The members of the Commission shall receive per diem and necessary travel and subsistence expenses in accordance with the provisions of G.S. 138-5.

(g) Quorum. – Five members of the Commission shall constitute a quorum for the transaction of business.

(h) Licensing Power. – The Commission shall have the power to approve applications for medical cannabis supplier licenses upon recommendation of the Department of Agriculture and Consumer Services by a majority vote of the members present and voting.

(i) License Suspension or Revocation. – The Commission may suspend or revoke a medical cannabis supplier license if the Commission determines that the licensee is not in substantial compliance with this Chapter or with rules adopted by the Commission under subsection (j) of this section. The Department shall notify a licensee at least 14 days in advance of a proposed suspension or revocation, including the reasons for the suspension or revocation and any possible remedial options available to the licensee. The Commission has the power to administer oaths and issue subpoenas to require the presence of persons and the production of papers, books, and records necessary to conduct a suspension or revocation hearing. The

suspension or revocation may be appealed by filing a contested case petition under Article 3 of Chapter 150B of the General Statutes.

(j) Rules. – The Commission, in consultation with the North Carolina Medical Care Commission, shall adopt rules to implement the provisions of this section. The rules shall do all of the following:

(1) Establish qualifications and requirements for licensure of medical cannabis suppliers, for the production of medical cannabis by a medical cannabis supplier, and for the proper regulation of medical cannabis centers and cannabis products facilities operated by medical cannabis suppliers.

(2) Establish civil penalties for minor violations of the requirements of this Chapter and rules adopted under the authority provided in this subsection.

"**§ 90-113.122. Protections for the medical use of cannabis.**

(a) A registry identification cardholder shall not be subject to arrest, prosecution, or penalty in any manner for the possession or purchase of cannabis for medical use by the qualified patient if the quantity of usable cannabis possessed or purchased does not exceed an adequate supply, as determined by the qualified patient's physician.

(b) If usable cannabis is infused or added as an ingredient to food, salve, tincture, or any other preparation to be consumed or used by a qualified patient, the weight of the other ingredients that are not usable cannabis shall not be included for the purpose of determining whether a qualified patient is in possession of an amount of cannabis that exceeds the qualified patient's adequate supply.

(c) A licensed medical cannabis supplier shall not be subject to arrest, prosecution, or penalty in any manner for producing, possessing, distributing, or dispensing cannabis or cannabis-infused products in a manner consistent with this Article.

(d) Nothing in this Article shall be construed to extend the protections of this Article to any person, including a qualified patient, a designated caregiver, or a licensed medical cannabis supplier, to allow that person to acquire, possess, manufacture, produce, use, sell, distribute, dispense, or transport cannabis in a manner that is not consistent with this Article.

"**§ 90-113.124.** Reserved for future codification purposes.

"**§ 90-113.126.** Reserved for future codification purposes.

"**§ 90-113.128. North Carolina Cannabis Research Program.**

(a) It is the intent of the General Assembly that The University of North Carolina System undertake objective scientific research regarding the administration of cannabis as part of medical treatment. If the Board of Governors of The University of North Carolina, by appropriate resolution, accepts this responsibility, The University of North Carolina shall create a program to be known as the North Carolina Cannabis Research Program.

(b) The research conducted under this section may involve the development of quality control, purity, and labeling standards for medical cannabis dispensed through the system; sound advice and recommendations on the best practices for the safe and efficient cultivation of cannabis; and analysis of genetic and healing properties of the many varied strains of cannabis to determine which strains may be best suited for a particular condition or treatment.

"**§ 90-113.130. Construction of Article.**

This Article shall not be construed to do any of the following:

(1) Allow for a violation of any law other than for conduct in compliance with the provisions of this Article.

(2) Affect or repeal laws relating to nonmedical use, possession, production, or sale of marijuana.

(3) Authorize the use of medical marijuana by anyone other than a qualified patient.

(4) Permit the operation of any vehicle, aircraft, train, or boat while under the influence of marijuana.

(5) Require the violation of federal law or purport to give immunity under federal law.

(6) Require any accommodation of any on-site medical use of marijuana in any correctional institution or detention facility or place of education or employment, or of smoking or vaping medical marijuana in any public place.

(7) Require any health insurance provider or any government agency or authority to reimburse any person for expenses related to the medical use of marijuana.

(8) Affect or repeal laws relating to negligence or professional malpractice on the part of a qualified patient, designated caregiver, physician, medical marijuana treatment center, or its agents or employees.

"**§ 90-113.132. Severability.**

The provisions of this Article are severable. If any provision of this Article is held invalid by a court of competent jurisdiction, the invalidity shall not affect other provisions of this Article which can be given effect without the invalid provision."

**SECTION 2.** During the period between the effective date of this act and 30 days after the effective date of rules adopted under G.S. 90-113.116(m), the following provisions apply:

(1) The Department of Health and Human Services shall issue a temporary certificate for participation in the regulated medical supply system established under G.S. 90-113.118 to any individual who would be eligible to participate in the system as a qualified patient but for the adoption of rules to fully implement the system, upon presentation of a written certification for the medical use of cannabis from the individual's treating physician. The certificate shall specify the amount of cannabis the certificate holder may possess for the medical use of cannabis. The Department of Health and Human Services shall maintain a list of all temporary certificates issued pursuant to this section.

(2) An individual in possession of a temporary certificate issued pursuant to subdivision (1) of this section and that individual's designated caregiver are not subject to arrest, prosecution, civil or criminal penalty, if the amount of usable cannabis possessed collectively is not more than the amount specified on the temporary certificate issued by the Department of Health and Human Services.

(3) A physician shall not be subject to arrest or prosecution, penalized in any manner, or denied any right or privilege for recommending the medical use of cannabis or providing written certification for the medical use of cannabis pursuant to this Article.

**SECTION 3.** G.S. 106-121 reads as rewritten:

"**§ 106-121. Definitions and general consideration.**

For the purpose of this Article:

…

(6) The term "drug" means all of the following:

a. Articles recognized in the official United States Pharmacopoeia, official Homeopathic Pharmacopoeia of the United States, or official National Formulary, or any supplement to any of ~~them; and~~them.

b. Articles intended for use in the diagnosis, cure, mitigation, treatment or prevention of disease in man or other ~~animals; and~~animals, except for cannabis-infused products, as defined in G.S. 90-730.1, that are manufactured by a licensed cannabis products facility or sold by a licensed medical cannabis center.

c. Articles (other than food) intended to affect the structure or any function of the body of man or other ~~animals; and~~animals.

d. Articles intended for use as a component of any article specified in paragraphs a, b or c; but does not include devices or their components, parts, or accessories.

…

(8) The term "food" means all of the following:

a. Articles used for food or drink for man or other animals, except for cannabis-infused products, as defined in G.S. 90-730.1, that are manufactured by a licensed cannabis products facility or sold by a licensed medical cannabis center.

b. Chewing ~~gum, and~~gum.

c. Articles used for components of any such article.

…."

**SECTION 4.** G.S. 105-164.4(a) is amended by adding a new subdivision to read:

"(8a) The rate of eighteen percent (18%) applies to the gross receipts derived from sales of cannabis, cannabis-infused products as defined in G.S. 90-113.114, cannabis plants, cannabis seeds, cannabis cultivation equipment, and related cannabis supplies. A person who sells cannabis, cannabis-infused products as defined in G.S. 90-113.114, cannabis plants, cannabis seeds, cannabis cultivation equipment, and related cannabis supplies is considered a retailer under this Article. For the purpose of this subdivision, cannabis has the same meaning as marijuana under G.S. 90-87(16)."

**SECTION 5.** This act is effective when it becomes law and applies to acts committed on and after that date.