

HOUSE BILL No. 2405

By Committee on Federal and State Affairs

Requested by Representative Miller

3-10

1 AN ACT concerning cannabis; creating the adult use cannabis regulation
2 act; providing for the licensure and regulation of cannabis, including
3 the cultivation, manufacturing, transportation, possession and sale of
4 cannabis; providing certain fines and penalties for violations of the act;
5 providing exemptions from crimes involving controlled substances;
6 imposing a tax on the sale of cannabis and providing for the disposition
7 of the revenues collected thereon; creating the cannabis business
8 regulation fund; amending K.S.A. 21-5703, 21-5706, 21-5707, 21-
9 5709, 21-5710, 79-5201 and 79-5210 and K.S.A. 2024 Supp. 21-5705
10 and repealing the existing sections; also repealing K.S.A. 2024 Supp.
11 21-5705a.
12

13 *Be it enacted by the Legislature of the State of Kansas:*

14 New Section 1. The provisions of sections 1 through 44, and
15 amendments thereto, shall be known and may be cited as the adult use
16 cannabis regulation act.

17 New Sec. 2. As used in the adult use cannabis regulation act, section
18 1 et seq., and amendments thereto:

19 (a) "Acquire" means obtaining ownership, control, power to vote or
20 sole power of disposition of the owner's interest, directly or indirectly,
21 through one or more transactions or subsidiaries, through purchase,
22 assignment, transfer, exchange, succession or other means in connection
23 with the acquisition of an owner's interest in a cannabis business.

24 (b) "Act" means the adult use cannabis regulation act.

25 (c) "Acting in concert" means knowingly participating in a joint
26 activity or interdependent conscious parallel action toward a common
27 goal, whether or not pursuant to an express agreement.

28 (d) (1) "Advertising" means the act of providing consideration for the
29 publication, dissemination, solicitation or circulation of visual, oral or
30 written communication to directly induce any person to patronize a
31 particular cannabis business or purchase a particular form of cannabis or
32 cannabis product.

33 (2) "Advertising" does not include packaging and labeling, consumer
34 education materials or branding.

35 (e) "Affiliate" or "affiliated with" means a person that, directly or

1 indirectly, through one or more intermediaries, controls or is controlled by,
2 or is under common control with, the person specified.

3 (f) "Beneficial owner" or "beneficial ownership" means an owner's
4 interest is determined in accordance with section 13(d) of the federal
5 securities exchange act of 1934 and rule 13d-3 adopted pursuant thereto.

6 (g) "Branding" means promotion of a cannabis business's brand
7 through publicizing the cannabis business's name, logo or distinct design
8 features of the brand.

9 (h) "Cannabis" means the same as defined in K.S.A. 65-4101, and
10 amendments thereto.

11 (i) "Cannabis business" means a cannabis cultivation facility,
12 cannabis testing facility, cannabis products manufacturer, cannabis
13 transporter, cannabis business operator, waste disposal facility, hospitality
14 business, hospitality and sales business or cannabis retailer.

15 (j) "Cannabis business operator" means a person that is not an owner
16 and that is licensed to provide professional operational services to a
17 cannabis business for direct remuneration from such cannabis business.

18 (k) "Cannabis consumer waste" means any component left after the
19 consumption of a cannabis product, including, but not limited to,
20 containers, packages, cartridges, pods, cups, batteries, all-in-one
21 disposable devices and any other waste component left after the cannabis
22 is consumed.

23 (l) "Cannabis cultivation facility" means a person licensed to
24 cultivate, prepare and package cannabis and sell cannabis to cannabis
25 retailers, cannabis product manufacturers and other cannabis cultivation
26 facilities.

27 (m) "Cannabis products" means concentrated cannabis products and
28 cannabis products that are comprised of cannabis and other ingredients and
29 are intended for use or consumption, including, but not limited to, edible
30 products, ointments and tinctures that are produced by a cannabis products
31 manufacturer.

32 (n) "Cannabis products manufacturer" means a person licensed to:

33 (1) Purchase cannabis from a cannabis cultivation facility or other
34 cannabis products manufacturer;

35 (2) manufacture cannabis products;

36 (3) prepare and package cannabis and cannabis products; and

37 (4) sell cannabis and cannabis products to cannabis retailers,
38 hospitality and sales businesses or other cannabis product manufacturers.

39 (o) "Cannabis retailer" means a person licensed to purchase cannabis
40 from cannabis cultivation facilities and cannabis and cannabis products
41 from cannabis products manufacturers and to sell cannabis and cannabis
42 products to consumers.

43 (p) "Cannabis testing facility" means a person licensed to analyze and

1 certify the safety and potency of cannabis and cannabis products.

2 (q) "Cannabis transporter" means a person licensed to transport
3 cannabis and cannabis products from one cannabis business to another
4 cannabis business and to temporarily store such cannabis and cannabis
5 products at such cannabis transporter's licensed premises.

6 (r) "Cannabis waste" means any of the following:

7 (1) Cannabis, cannabis concentrate or cannabis products that are:

8 (A) Unused, surplus, returned or expired;

9 (B) determined to have failed laboratory testing standards and cannot
10 be remediated or decontaminated; or

11 (C) part of the inventory of a licensee and:

12 (i) Such licensee has permanently closed;

13 (ii) such inventory was not acquired as authorized by the adult use
14 cannabis regulation act; or

15 (iii) such inventory cannot be lawfully transferred or sold to another
16 licensee;

17 (2) cannabis consumer waste; or

18 (3) the debris of the plant *Cannabis sativa*, including any dead plants
19 or parts of the plant that are not used by a licensee, except "medical
20 cannabis waste" does not include the seeds, roots, stems, stalks or fan
21 leaves of such plants.

22 (s) "Consumer education materials" means any informational
23 materials that seek to educate consumers about cannabis generally,
24 including, but not limited to education regarding the safe consumption of
25 cannabis, concentrated cannabis or cannabis products, provided such
26 materials are not distributed or made available to individuals under 21
27 years of age.

28 (t) "Control" means the possession, directly or indirectly, of the
29 power to direct or cause the direction of the management or policies of a
30 person, whether through the ownership of voting the owner's interests, by
31 contract or otherwise.

32 (u) "Controlling beneficial owner" means a person that satisfies one
33 or more of the following criteria:

34 (1) An individual, organization that is organized under the laws of
35 and for which its principal place of business is located in one of the states
36 or territories of the United States or District of Columbia, publicly traded
37 corporation or qualified private fund that is not a qualified institutional
38 investor:

39 (A) Acting alone or acting in concert that owns or acquires beneficial
40 ownership of 10% or more of the owner's interest of a cannabis business;

41 (B) that is an affiliate that controls a cannabis business and includes,
42 but is not limited to, any manager; or

43 (C) that is otherwise in a position to control the cannabis business,

1 except for a cannabis business operator licensee; or

2 (2) a qualified institutional investor acting alone or acting in concert
3 that owns or acquires beneficial ownership of more than 30% of the
4 owner's interest of a cannabis business.

5 (v) "Director" means the director of alcoholic beverage control.

6 (w) "Escorted" means appropriately checked into a limited access
7 area and accompanied by an individual licensed pursuant to this act,
8 except that trade craftspeople not normally engaged in the business of
9 cultivating, processing, selling or testing cannabis need not be
10 accompanied on a full-time basis, but shall be reasonably monitored.

11 (x) "Hospitality and sales business" means a person licensed to sell
12 cannabis and cannabis products for consumption on and off the licensed
13 premises. A "hospitality and sales business" shall not be a mobile facility.

14 (y) "Hospitality business" means a person licensed to permit the
15 consumption of cannabis and cannabis products on the licensed premises.
16 A "hospitality business" includes mobile facilities.

17 (z) "Immature plant" means a nonflowering cannabis plant that is:

18 (1) No taller than eight inches and no wider than eight inches;

19 (2) is produced from a cutting, clipping or seedling; and

20 (3) is in a cultivating container.

21 (aa) "Indirect financial interest holder" means a person that is not an
22 affiliate, a controlling beneficial owner or a passive beneficial owner of a
23 cannabis business and that:

24 (1) Holds a commercially reasonable royalty interest in exchange for
25 a cannabis business's use of the person's intellectual property;

26 (2) holds a permitted economic interest that was issued prior to
27 January 1, 2026, and that has not been converted into an owner's interest;

28 (3) is a contract counterparty with a cannabis business, other than a
29 customary employment agreement, that has a direct nexus to the
30 cultivation, manufacture or sale of cannabis or cannabis products,
31 including, but not limited to, a lease of real property on which the cannabis
32 business operates, a lease of equipment used in the cultivation of cannabis,
33 a secured or unsecured financing agreement with the cannabis business, a
34 security contract with the cannabis business or a management agreement
35 with the cannabis business, provided that no such contract compensates the
36 contract counterparty with a percentage of revenue for profits of the
37 cannabis business; or

38 (4) is an indirect financial interest holder as defined in rules and
39 regulations adopted pursuant to this act.

40 (bb) "Licensed premises" means the premises specified in an
41 application for a license that are owned or in possession of the licensee and
42 within which the licensee is authorized to cultivate, manufacture,
43 distribute, sell or test cannabis and cannabis products in accordance with

1 this act.

2 (cc) "Licensee" means a person licensed pursuant to this act.

3 (dd) "Limited access areas" means a building, room or other
4 contiguous area upon the licensed premises where cannabis and cannabis
5 products are cultivated, manufactured, stored, weighed, packaged, sold,
6 possessed for sale or tested under control of the licensee with access
7 limited to only licensees and those individuals escorted by a licensee,
8 except as otherwise provided in section 14, and amendments thereto. All
9 areas of ingress or egress to limited access areas shall be clearly identified
10 as such by a sign as designated by the director.

11 (ee) "Owner's interest" means:

12 (1) The shares of stock in a corporation;

13 (2) a membership interest in a limited liability company;

14 (3) a partnership interest in a partnership, limited partnership or
15 limited liability partnership.

16 (ff) "Passive beneficial owner" means any person acquiring any
17 owner's interest in a cannabis business that is not otherwise a controlling
18 beneficial owner or in control.

19 (gg) "Permitted economic interest" means any unsecured convertible
20 debt instrument, option agreement, warrant or any other right to obtain an
21 ownership interest when the holder of such interest is an individual who is
22 a lawful United States resident and whose right to convert into an
23 ownership interest is contingent on the holder qualifying and obtaining a
24 license as an owner under this act, or such other agreements as may be
25 permitted by the director.

26 (hh) "Person" means any natural person, corporation, partnership,
27 trust or association.

28 (ii) "Postsecondary educational institution" means public or private
29 postsecondary educational institution as defined in K.S.A. 74-3201b, and
30 amendments thereto.

31 (jj) "Premises" means a distinctly identified and definite location that
32 may include a building, a part of a building, a room or any other definite
33 contiguous area.

34 (kk) (1) "Publicly traded corporation" means any person other than an
35 individual that is organized under the laws of and for which its principal
36 place of business is located in one of the states or territories of the United
37 States or District of Columbia and that:

38 (A) Has a class of securities registered pursuant to section 12 of the
39 federal securities exchange act of 1934 that:

40 (i) Constitutes covered securities pursuant to section 18(b)(1)(A) of
41 the federal securities act of 1933; or

42 (ii) is qualified and quoted on the OTCQX or OTCQB tier of the
43 OTC markets if the person:

1 (a) Is then required to file reports and is filing reports on a current
2 basis with the federal securities and exchange commission pursuant to the
3 federal securities exchange act of 1934 as if the securities constituted
4 "covered securities" as described in paragraph (1)(A)(i); and

5 (b) has established and is in compliance with corporate governance
6 measures pursuant to corporate governance obligations imposed on
7 securities qualified and quoted on the OTCQX tier of the OTC markets; or

8 (B) is reasonably identified as a publicly traded corporation by the
9 director in accordance with rules and regulations adopted pursuant to this
10 act.

11 (2) A "publicly traded corporation" does not include:

12 (A) An ineligible issuer, as defined in rule 405 adopted pursuant to
13 the federal securities act of 1933, unless such publicly traded corporation
14 satisfies the definition of ineligible issuer solely because:

15 (i) The corporation is filing reports on a current basis with the federal
16 securities and exchange commission pursuant to the federal securities
17 exchange act of 1934 as if the securities constituted covered securities as
18 described in paragraph (1)(A)(i);

19 (ii) prior to becoming a publicly traded corporation, the person was
20 licensed by the director as a cannabis business with a demonstrated history of
21 operations in this state for at least two years;

22 (iii) during such time of licensure, the person was not subject to
23 suspension or revocation of the license; and

24 (iv) the corporation is one or more of the following:

25 (a) A blank check company as defined in rule 419(a)(2) adopted
26 pursuant to the federal securities act of 1933;

27 (b) an issuer in an offering of penny stock, as defined in rule 3a51-1
28 adopted pursuant to the federal securities exchange act of 1934; or

29 (c) a shell company, as defined in rule 405 adopted pursuant to the
30 federal securities act of 1933; or

31 (B) a person disqualified as a bad actor under rule 506(d) adopted
32 pursuant to the federal securities act of 1933.

33 (II) "Qualified institutional investor" means:

34 (1) A bank, as defined in section 3(a)(6) of the federal securities
35 exchange act of 1934, if the bank is current in all applicable reporting and
36 record-keeping requirements under the federal securities exchange act of
37 1934 and any rules adopted pursuant thereto;

38 (2) a bank holding company, as defined in the federal bank holding
39 company act of 1956, if the bank holding company is registered and
40 current in all applicable reporting and record-keeping requirements under
41 the federal bank holding company act of 1956 and any rules adopted
42 pursuant thereto;

43 (3) an insurance company, as defined in section 2(a)(17) of the

1 federal investment company act of 1940, if the insurance company is
2 current in all applicable reporting and record-keeping requirements under
3 the federal investment company act of 1940 and any rules adopted
4 pursuant thereto;

5 (4) an investment company registered under section 8 of the federal
6 investment company act of 1940 and subject to 15 U.S.C. §§ 80a-1 to 80a-
7 64 if the investment company is current in all applicable reporting and
8 record-keeping requirements under the federal investment company act
9 and any rules adopted pursuant thereto;

10 (5) an employee benefit plan or pension fund subject to the federal
11 employee retirement income security act of 1974, excluding an employee
12 benefit plan or pension fund sponsored by a licensee or an intermediary
13 holding company licensee that directly or indirectly owns 10% or more of
14 a licensee;

15 (6) a state or federal government pension plan;

16 (7) a group comprised entirely of persons specified in paragraphs (1)
17 through (6); or

18 (8) any other entity identified by the director in accordance with rules
19 and regulations adopted pursuant to this act.

20 (mm) "Qualified private fund" means an issuer that would be an
21 investment company, as defined in section (3) of the federal investment
22 company act of 1940, but for the exclusions provided under sections 3(c)
23 (1) or 3(c)(7) of that act, and that:

24 (1) Is advised or managed by an investment adviser, as defined and
25 registered under sections 80b-1-21, title 15 of the federal investment
26 advisers act of 1940, and for which the registered investment adviser is
27 current in all applicable reporting and record-keeping requirements under
28 the federal investment advisers act and any rules adopted pursuant thereto;
29 and

30 (2) satisfies one or more of the following:

31 (A) Is organized under the law of a state or the United States;

32 (B) is organized, operated or sponsored by a U.S. person, as defined
33 under subsection 17 C.F.R. § 230.902(k); or

34 (C) sells securities to a U.S. person, as defined under subsection 17
35 C.F.R. § 230.902(k).

36 (nn) "Resealable" means that the package continues to function
37 within effectiveness specifications established by the director and similar
38 to the federal poison prevention packaging act of 1970, 15 U.S.C. § 1471
39 et seq., for the number of openings and closings customary for the size and
40 contents as determined by the director.

41 (oo) "Sale" or "sell" includes to:

42 (1) Exchange, barter or traffic in;

43 (2) solicit or receive and order, except through a licensee;

- 1 (3) deliver for value in any way other than gratuitously;
- 2 (4) peddle or possess with intent to sell; or
- 3 (5) traffic in for any consideration promised or obtained directly or
- 4 indirectly.

5 (pp) "Secretary" means the secretary of revenue.

6 (qq) "Security" means the same as defined in section (2)(l) of the

7 federal securities act of 1933.

8 (rr) "School" means any school operated by a school district under

9 the laws of this state or any private school offering kindergarten or any of

10 the grades one through 12.

11 (ss) "Waste disposal facility" means a person licensed to dispose of

12 cannabis waste through destruction or recycling.

13 New Sec. 3. (a) No person shall grow, harvest, process, sell, transport,

14 deliver, furnish or otherwise possess any form of cannabis, except as

15 specifically provided in the adult use cannabis regulation act or the

16 commercial industrial hemp act, K.S.A. 2-3901 et seq., and amendments

17 thereto.

18 (b) Nothing in the adult use cannabis regulation act shall be construed

19 to:

20 (1) Permit the use or possession of cannabis in any form on federal

21 land located in this state; or

22 (2) prohibit any person, employer, school, postsecondary educational

23 institution or any other entity that occupies, owns or controls property in

24 this state from prohibiting the use, possession, display, transfer,

25 distribution, sale, transportation or cultivation of cannabis in any form on

26 or in such property.

27 (c) The provisions of this act shall not apply to industrial hemp or any

28 activities related thereto that are subject to the commercial industrial hemp

29 act, K.S.A. 2-3901 et seq., and amendments thereto.

30 New Sec. 4. The director shall have the following powers, functions

31 and duties:

32 (a) To receive applications for, and to issue, suspend and revoke

33 licenses in accordance with the provisions of this act;

34 (b) to call upon other administrative departments of the state, county

35 and city governments, law enforcement agencies and prosecuting attorneys

36 for such information and assistance as the director deems necessary in the

37 performance of the duties imposed upon the director by this act;

38 (c) in the conduct of any hearing authorized and held by the director

39 to:

40 (1) Examine, or cause to be examined, under oath, any person, and to

41 examine or cause to be examined books and records of any licensee;

42 (2) hear testimony and take proof material for the information of the

43 director in the discharge of such duties hereunder;

1 (3) administer or cause to be administered oaths; and

2 (4) issue subpoenas to require the attendance of witnesses and the
3 production of books that shall be effective in any part of this state, and any
4 district court may, by order duly entered, require the attendance of
5 witnesses and the production of relevant books subpoenaed by the director
6 and may compel obedience by proceedings for contempt;

7 (d) to collect, receive, account for and turn over to the secretary of
8 revenue all registration and license fees and taxes provided for in this act
9 and all other moneys received by the director by virtue of the director's
10 office; and

11 (e) such other powers, functions and duties as are or may be imposed
12 or conferred upon the director by law.

13 New Sec. 5. (a) The director and agents and employees of the director
14 designated by the director, with the approval of the secretary of revenue,
15 are hereby vested with the power and authority of law enforcement
16 officers, in the execution of the duties imposed upon the director by this
17 act and in enforcing the provisions of this act.

18 (b) (1) The director and each agent and employee designated by the
19 director under subsection (a), with the approval of the secretary of
20 revenue, shall have the authority to:

21 (A) Make arrests, conduct searches and seizures and carry firearms
22 while investigating violations of this act and to generally enforce all the
23 criminal laws of the state as violations of those laws are encountered by
24 such employees or agents during the routine conduct of their duties as
25 determined by the director or the director's designee; and

26 (B) issue notices to appear pursuant to K.S.A. 22-2408, and
27 amendments thereto.

28 (2) No agent or employee of the director shall be certified to carry
29 firearms under the provisions of this section without having first
30 successfully completed the firearm training course or courses prescribed
31 for law enforcement officers under K.S.A. 74-5604a(a), and amendments
32 thereto. The director may adopt rules and regulations prescribing other
33 training required for such agents or employees.

34 New Sec. 6. (a) Except as permitted under subsection (b):

35 (1) The secretary of revenue, the director of alcoholic beverage
36 control or any officer, employee or agent of the division of alcoholic
37 beverage control shall not solicit or accept, directly or indirectly, any gift,
38 gratuity, emolument or employment from any person who is an applicant
39 for any license or is a licensee under the provisions of the adult use
40 cannabis regulation act or any officer, agent or employee thereof, or solicit
41 requests from or recommend, directly or indirectly, to any such person, the
42 appointment of any individual to any place or position; and

43 (2) an applicant for a license or a licensee under the provisions of this

1 act shall not offer any gift, gratuity, emolument or employment to the
2 secretary, the director or any officer, employee or agent of the division of
3 alcoholic beverage control.

4 (b) The secretary may adopt rules and regulations allowing the
5 acceptance of official hospitality by the secretary, the director and officers
6 and employees of the division of alcoholic beverage control, subject to any
7 limits as prescribed by such rules and regulations.

8 (c) If the secretary, the director or any officer, employee or agent of
9 the division of alcoholic beverage control violates any provision of this
10 section, such person shall be removed from such person's office or
11 employment.

12 (d) Violation of any provision of this section is a misdemeanor
13 punishable by a fine of not to exceed \$500 or imprisonment of not less
14 than 60 days nor more than six months, or both such fine and
15 imprisonment.

16 (e) Nothing in this section shall be construed to prohibit the
17 prosecution and punishment of any person for bribery as defined in the
18 Kansas criminal code.

19 New Sec. 7. (a) The director shall establish and maintain an
20 electronic database to monitor cannabis from its seed source through its
21 cultivation, testing, product manufacturing, transportation and sale. The
22 director may contract with a separate entity to establish and maintain all or
23 any portion of the electronic database on behalf of the division of alcoholic
24 beverage control.

25 (b) The electronic database shall allow for information regarding
26 cannabis to be updated instantaneously. Any licensed cannabis business
27 shall submit such information to the director as the director determines is
28 necessary for maintaining the electronic database.

29 New Sec. 8. (a) The director shall establish a cannabis and cannabis
30 products independent testing and certification program for licensed
31 cannabis businesses. Testing may include analysis for microbial and
32 residual solvents and chemical and biological contaminants deemed to be
33 public health hazards by the department of health and environment based
34 on medical reports and published scientific literature.

35 (b) (1) If test results indicate the presence of quantities of any
36 substance determined to be injurious to health, the licensee shall
37 immediately quarantine the cannabis or cannabis product and notify the
38 director. The director shall give the licensee an opportunity to retest the
39 cannabis or cannabis product. If two additional tests do not indicate the
40 presence of quantities of any substance determined to be injurious to
41 health, the product may be used or sold by the licensed cannabis business.

42 (2) If the test results indicate the presence of a microbial, the director
43 shall give the licensee an opportunity to remediate the cannabis or

1 cannabis product. If the licensee is unable to remediate the cannabis or
2 cannabis products, the licensee shall document and properly destroy the
3 adulterated cannabis or cannabis products.

4 (c) (1) Testing shall verify tetrahydrocannabinol potency
5 representations and homogeneity for correct labeling and provide a
6 cannabinoid profile for the cannabis or cannabis product. An individual
7 piece of cannabis of 10 milligrams or less that has gone through process
8 validation is exempt from continued homogeneity testing. Homogeneity
9 testing for 100 milligram servings of cannabis may utilize validation
10 measures.

11 (2) The director shall determine an acceptable variance for potency
12 representations and procedures to address potency misrepresentations,
13 provided that such variance is at least plus or minus 15%.

14 (d) The director may use or employ the results of any test of cannabis
15 or cannabis products conducted by an analytical laboratory that is certified
16 for the particular testing category or is accredited pursuant to the
17 international organization for standardization/international electrotechnical
18 commission 17025, 2005 standard, or any subsequent superseding
19 standard, in that field of testing.

20 (e) The secretary shall adopt rules and regulations that prevent
21 redundant testing of cannabis and cannabis concentrate, including, but not
22 limited to, potency testing of cannabis allocated to extractions, and
23 residual solvent testing of cannabis concentrate when all inputs of the
24 cannabis concentrate have passed residual solvent testing.

25 New Sec. 9. (a) The classes of licenses the director may issue for a
26 premises shall be the following:

- 27 (1) Cannabis cultivation facility license;
- 28 (2) cannabis testing facility license;
- 29 (3) cannabis products manufacturer license;
- 30 (4) cannabis transporter license;
- 31 (5) cannabis business operator license;
- 32 (6) waste disposal facility license;
- 33 (7) hospitality business license;
- 34 (8) hospitality and sales business license; and
- 35 (9) cannabis retailer license.

36 (b) The director may issue an occupational license for any individual
37 who is an owner, manager, operator, employee, contractor or other
38 individual performing work on behalf of a cannabis business licensee or
39 having unescorted access to any restricted area of the licensed premises of
40 a cannabis business licensee.

41 New Sec. 10. (a) An application for a license shall be submitted to the
42 director in such form and manner as prescribed by the director. An
43 applicant shall pay the required fee at the time such application is

1 submitted. A separate license application shall be submitted for each
2 premises to be operated by the applicant.

3 (b) No cannabis business license shall be issued to or held by:

4 (1) An individual whose criminal history record check indicates that
5 the individual has been convicted of or pleaded guilty to a felony within
6 the three years immediately preceding application for a license;

7 (2) a person who employs an individual who has not submitted to a
8 criminal history record check or whose criminal history record check
9 demonstrates such individual is ineligible for such employment;

10 (3) an individual whose criminal history record check indicates that
11 such individual is not of good moral character;

12 (4) a person other than an individual if the criminal history record
13 check of any of its controlling beneficial owners indicates that a
14 controlling beneficial owner is not of good moral character;

15 (5) a person under 21 years of age;

16 (6) a person who has not submitted a tax clearance certificate issued
17 by the department of revenue;

18 (7) an individual who is a law enforcement officer, county or district
19 attorney, an officer or employee of the attorney general's office or an
20 officer or employee of the division of alcoholic beverage control;

21 (8) a publicly traded entity that does not constitute a publicly traded
22 corporation;

23 (9) a person that is or has a controlling beneficial owner that is an
24 ineligible issuer pursuant to section 2, and amendments thereto;

25 (10) a person that is or has a controlling beneficial owner that is a bad
26 actor pursuant to section 2, and amendments thereto;

27 (11) a person that is not a publicly traded corporation that is or has a
28 passive beneficial owner or indirect financial interest holder that is a bad
29 actor pursuant to section 2, and amendments thereto;

30 (12) a person that is a publicly traded corporation that is or has a
31 nonobjecting passive beneficial owner or indirect financial interest holder
32 that is a bad actor pursuant to section 2, and amendments thereto; or

33 (13) a person:

34 (A) Who is a citizen or resident of a nation-state other than the United
35 States, unless such person is a dual citizen of the United States and another
36 jurisdiction or a permanent lawful resident of the United States;

37 (B) that is an entity organized under the laws of a nation-state other
38 than the United States or one of its subdivisions; or

39 (C) that is an entity wherever organized or doing business, that is
40 owned or controlled by a foreign government.

41 (c) No occupational license shall be issued to or held by an individual
42 who would be ineligible to hold a cannabis business license under
43 subsections (b)(1), (3), (5) or (7).

1 (d) Each applicant for a cannabis business license shall require any
2 owner, director, officer and any employee or agent of such applicant to be
3 fingerprinted and to submit to a state and national criminal history record
4 check. The director is authorized to submit the fingerprints to the Kansas
5 bureau of investigation and the federal bureau of investigation for a state
6 and national criminal history record check. The director shall use the
7 information obtained from fingerprinting and the state and national
8 criminal history record check for purposes of verifying the identification
9 of the applicant and for making a determination of the qualifications of the
10 applicant for licensure. The Kansas bureau of investigation may charge a
11 reasonable fee to the applicant for fingerprinting and conducting a criminal
12 history record check. Local law enforcement officers and agencies may
13 assist the director in the taking and processing of fingerprints and may
14 charge the applicant a reasonable fee as reimbursement for expenses
15 incurred in taking and processing fingerprints. The provisions of this
16 subsection shall also apply to any individual applying for an occupational
17 license who is not otherwise required to be fingerprinted and submit to a
18 state and national criminal history record check.

19 (e) A license shall only be issued if the applicant satisfies the
20 requirements for licensure under this act and pays the required license fee.

21 (f) (1) A cannabis business license shall be valid for a period of one
22 year from the date such license is issued.

23 (2) An occupational license shall be valid for a period of two years
24 from the date such license is issued.

25 New Sec. 11. (a) At least 90 days prior to the expiration date of an
26 existing cannabis business license or occupational license, the director
27 shall notify the licensee of the expiration date by first-class mail at the
28 licensee's address of record with the director. A license renewal application
29 shall be submitted prior to the expiration of the license and be
30 accompanied by the required renewal application fee. If a licensee
31 properly submits a renewal application and fee, the licensee may continue
32 to operate until such application is approved or denied by the director.

33 (b) A license shall only be renewed if the licensee continues to satisfy
34 the requirements for licensure under this act and pays the required license
35 fee.

36 New Sec. 12. (a) A cannabis business licensee shall not acquire,
37 possess, cultivate, deliver, transfer, transport, supply or sell cannabis for
38 any purpose except as authorized by this act.

39 (b) No person shall exercise any of the privileges granted under a
40 license issued pursuant to this act other than the person holding such
41 licensee or any person permitted to exercise such privileges by the person
42 holding such license.

43 (c) A licensee shall possess and maintain possession of the premises

1 for which the license is issued by ownership, lease, rental or other
2 arrangement for possession of the premises at all times.

3 (d) A license shall specify the date of issuance, the period of
4 licensure, the name of the licensee and the premises licensed. A license
5 shall be placed in a conspicuous location on the licensed premises in view
6 of the public.

7 (e) Each cannabis business licensee shall manage the licensed
8 premises or employ a manager and shall report the name of the manager to
9 the director. The licensee shall report any change in manager to the
10 director prior to such change.

11 (f) Each cannabis business licensee shall require that any owner,
12 manager, operator, employee, agent, contractor or any other individual
13 performing work on behalf of such licensee or having unescorted access to
14 a restricted area of the licensed premises of such licensee hold a valid
15 occupational license issued pursuant to this act.

16 (g) A cannabis business licensee that is not a publicly traded
17 corporation shall notify the director in writing of the name, address and
18 date of birth of any new controlling beneficial owner, passive beneficial
19 owner or manager before such new controlling beneficial owner, passive
20 beneficial owner or manager begins managing or associating with the
21 operation of such licensee. Any controlling beneficial owner, passive
22 beneficial owner, manager or employee shall submit to a criminal history
23 record check and obtain an occupational license from the director prior to
24 being associated with, managing, owning or working at a cannabis
25 business licensee.

26 (h) Except for a publicly traded corporation, a cannabis business
27 licensee shall report each transfer or change of financial interest in the
28 licensee to the director and receive approval prior to any such transfer or
29 change pursuant to section 15, and amendments thereto. Except for a
30 publicly traded corporation, a report is required for transfers of an owner's
31 interest of any entity regardless of size.

32 (i) Except as otherwise provided in this act, prior to issuing a license,
33 the director may consider the requirements of this act and any rules and
34 regulations adopted pursuant thereto and all other reasonable restrictions
35 that are or may be placed upon the applicant. With respect to an additional
36 license for the same cannabis business licensee or the same owner of
37 another licensee, the director shall consider the effect on competition of
38 granting or denying an additional license to such licensee and shall not
39 approve an application for an additional license that would have the effect
40 of restraining competition.

41 New Sec. 13. (a) The director shall not approve an application for a
42 cannabis business license:

43 (1) If the application is for a location that is the same as or within

1 1,000 feet of a location that, within the two years immediately preceding
2 the date of the application, the director denied an application for the same
3 class of license due to the nature of the use or other concern related to the
4 location;

5 (2) unless the applicant is, or will be, entitled to possession of the
6 premises for which application is made under a lease, rental agreement or
7 other arrangement for possession of the premises or by virtue of ownership
8 of the premises; or

9 (3) if the building is located within 1,000 feet of a school, alcohol or
10 drug treatment facility, postsecondary educational institution or child care
11 facility.

12 (b) The provisions of subsection (a)(3) shall not apply to:

13 (1) The renewal of a license once granted or apply to licensed
14 premises located or to be located on land owned by a municipality;

15 (2) an existing licensed premises on land owned by the state; or

16 (3) a license in effect and actively doing business before such facility
17 was in operation.

18 (c) (1) A cannabis business licensee may move the permanent
19 location of the licensed premises to any other location in Kansas upon
20 receiving permission to do so from the director. Any such change in
21 location shall be in accordance with all requirements of this act and rules
22 and regulations adopted pursuant thereto.

23 (2) (A) A cannabis cultivation facility that has obtained an approved
24 change of location from the director may operate one license at two
25 geographical locations for the purpose of transitioning operations from one
26 location to another if:

27 (i) The total plants cultivated at both locations do not exceed any
28 plant count limit imposed on the license by this act or any rules and
29 regulations adopted pursuant thereto;

30 (ii) the licensed premises of both geographical locations comply with
31 all surveillance, security and inventory tracking requirements imposed by
32 this act and any rules and regulations adopted pursuant thereto;

33 (iii) both the transferring location and the receiving location track all
34 plants in transition in the seed-to-sale tracking system to ensure proper
35 tracking for taxation purposes; and

36 (iv) operation at both geographical locations does not exceed 180
37 days, except, for good cause shown, the 180-day time period may be
38 extended for not more than an additional 120 days.

39 (B) Conduct at either location may be the basis for suspension,
40 revocation or civil penalty against the licensee.

41 (d) The distances referred to in this section are to be computed by
42 direct measurement from the nearest property line of each parcel of land,
43 using a route of direct pedestrian access.

1 New Sec. 14. (a) Each licensed cannabis business shall keep a
2 complete set of all records necessary to show fully the business
3 transactions of the licensee for a period of the current tax year and the
4 three immediately preceding tax years. The director may require any
5 licensed cannabis business to furnish such information as the director
6 deems necessary for the proper administration of this act and may require
7 an audit to be made of the books of account and records on such occasions
8 as the director deems necessary by an auditor to be selected by the director
9 who shall likewise have access to all books and records of the licensee.
10 The expense of any audit shall be paid by the licensee.

11 (b) The licensed premises, including any places of storage where
12 cannabis or cannabis products are cultivated, stored, manufactured, tested
13 or sold shall be subject to inspection by the director during all business
14 hours and other times of apparent activity, for the purpose of inspection or
15 investigation. Examination of any inventory or books and records required
16 to be kept by a licensee shall only be conducted during business hours.
17 When any part of the licensed premises consists of a locked area, such area
18 shall be made available for inspection without delay upon request by the
19 director.

20 New Sec. 15. (a) Except as otherwise provided, a license issued
21 pursuant to this act is not transferable. Nothing in this section shall be
22 construed to affect any change in permanent location of a cannabis
23 business licensee.

24 (b) For a transfer of ownership involving a controlling beneficial
25 owner, a licensee shall apply to the director for approval of such transfer.
26 In determining whether to approve such application, the director shall
27 consider only whether the requirements of this act and rules and
28 regulations adopted pursuant thereto are met.

29 (c) For a transfer of ownership involving a passive beneficial owner,
30 the licensee shall notify the director within 45 days after such transfer is
31 effective.

32 (d) A person that becomes a controlling beneficial owner of a
33 publicly traded corporation that is a cannabis business licensee or that
34 becomes a beneficial owner, through direct or indirect ownership of a
35 controlling beneficial owner, of 10% or more of a cannabis business
36 licensee that is a publicly traded corporation shall disclose the information
37 required by section 17, and amendments thereto, and apply to the director
38 for a finding of suitability or exemption from a finding of suitability
39 pursuant to section 18, and amendments thereto, within 45 days after
40 becoming such a controlling beneficial owner. A cannabis business
41 licensee shall notify each person that is subject to this subsection of its
42 requirements as soon as such licensee becomes aware of the beneficial
43 ownership triggering the requirement, provided that the obligations of the

1 person subject to this subsection are independent of, and unaffected by, the
2 such licensee's failure to give the notice.

3 New Sec. 16. (a) Any individual with day-to-day operational control
4 over a cannabis business licensee shall be a resident of this state.

5 (b) A cannabis business licensee or a controlling beneficial owner in
6 such licensee shall appoint and continuously maintain a registered agent in
7 this state. A licensee shall inform the director of any change in the
8 registered agent within 10 days after such change is effective.

9 New Sec. 17. (a) An applicant for a cannabis business license shall
10 disclose to the director:

11 (1) A complete and accurate organizational chart of the applicant
12 cannabis business reflecting the identity and ownership percentages of its
13 controlling beneficial owners;

14 (2) information regarding controlling beneficial owners of the
15 applicant cannabis business if the controlling beneficial owner is:

16 (A) A publicly traded corporation, the applicant shall disclose the
17 controlling beneficial owner's managers and any beneficial owners that
18 directly or indirectly beneficially own 10% or more of the owner's interest
19 in the controlling beneficial owner;

20 (B) not a publicly traded corporation and is not a qualified private
21 fund, the applicant shall disclose the controlling beneficial owner's
22 managers and any beneficial owners that directly or indirectly beneficially
23 own 10% or more of the owner's interest in the controlling beneficial
24 owner;

25 (C) a qualified private fund, the applicant shall disclose a complete
26 and accurate organizational chart of the qualified private fund reflecting
27 the identity and ownership percentages of the qualified private fund's
28 managers, investment advisers, investment adviser representatives, any
29 trustee or equivalent and any other person that controls the investment in,
30 or management or operations of, the applicant business; or

31 (D) an individual, the applicant shall disclose such individual's
32 identifying information;

33 (3) a person that is both a passive beneficial owner and an indirect
34 financial interest holder in the application business; and

35 (4) any indirect financial interest holder that holds two or more
36 indirect financial interests in the applicant cannabis business or that is
37 contributing over 50% of the operating capital of the applicant cannabis
38 business.

39 (b) The director may request that the applicant disclose the following:

40 (1) Each beneficial owner and affiliate of the applicant cannabis
41 business or controlling beneficial owner that is not a publicly traded
42 corporation or a qualified private fund; and

43 (2) each affiliate of a controlling beneficial owner that is a qualified

1 private fund.

2 (c) For reasonable cause, the director may require disclosure of:

3 (1) A complete and accurate list of each nonobjecting beneficial
4 interest owner of an applicant cannabis business or controlling beneficial
5 owner that is a publicly traded corporation;

6 (2) passive beneficial owners of the applicant business, and for any
7 passive beneficial owner that is not an individual, the members of the
8 board of directors, general partners, managing members or managers and
9 10% or more owners of the passive beneficial owner;

10 (3) a list of each beneficial owner in a qualified private fund that is a
11 controlling beneficial owner; and

12 (4) all indirect financial interest holders of the applicant cannabis
13 business, and for any indirect financial interest holder that is not an
14 individual and 10% or more beneficial owners of the indirect financial
15 interest holder.

16 (d) An applicant that is not a publicly traded corporation shall affirm
17 under penalty of perjury that it exercised reasonable care to confirm that
18 its passive beneficial owners, indirect financial interest holders and
19 qualified institutional investors are not persons prohibited pursuant to
20 section 10, and amendments thereto, or otherwise restricted from holding
21 an interest under this act. An applicant's failure to exercise reasonable care
22 is a basis for denial, fine, suspension, revocation or other sanction by the
23 director.

24 (e) An applicant that is a publicly traded corporation shall affirm
25 under penalty of perjury that it exercised reasonable care to confirm that
26 its nonobjecting passive beneficial owners, indirect financial interest
27 holders and qualified institutional investors are not persons prohibited
28 pursuant to section 10, and amendments thereto, or otherwise restricted
29 from holding an interest under this act. An applicant's failure to exercise
30 reasonable care is a basis for denial, fine, suspension, revocation or other
31 sanction by the director.

32 (f) Nothing in this section shall be construed to restrict the director's
33 ability to reasonably request information or records for any license
34 renewal or as part of any other investigation following initial licensure of a
35 cannabis business.

36 New Sec. 18. (a) Except as otherwise provided in section 15, and
37 amendments thereto, any person intending to become a controlling
38 beneficial owner of any cannabis business shall first submit a request to
39 the director for a finding of suitability or an exemption from an otherwise
40 required finding of suitability.

41 (b) For reasonable cause, any other person that was disclosed or that
42 should have been disclosed pursuant to section 17, and amendments
43 thereto, including, but not limited to, a passive beneficial owner, shall

1 submit a request for a finding of suitability.

2 (c) Failure to provide all requested information in connection with a
3 request for a finding of suitability is grounds for denial of such finding of
4 suitability.

5 (d) Failure to receive all required findings of suitability is grounds for
6 denial of a license or for suspension, revocation or other sanction against
7 the licensee by the director. For initial applications, the finding of
8 suitability shall be required prior to submitting the application for
9 licensure.

10 (e) Any person required to obtain a finding of suitability shall submit
11 an application for such finding in such form and manner as prescribed by
12 the director. Each suitability application shall be verified by the oath or
13 affirmation of the persons prescribed by the director.

14 (f) A person requesting a finding of suitability shall provide the
15 director with a deposit to cover the direct and indirect costs of any
16 investigation necessary to determine any required finding of suitability,
17 subject to any rules and regulations regarding such deposits adopted
18 pursuant to this act.

19 (g) When determining whether a person is suitable or unsuitable for
20 licensure, the director may consider the person's criminal history records,
21 licensing records or financial records.

22 (h) A person that would otherwise be required to obtain a finding of
23 suitability may request an exemption from the director pursuant to rules
24 and regulations adopted pursuant to this act.

25 (i) Absent reasonable cause, the director shall approve or deny a
26 request for a finding of suitability within 120 days from the date of
27 submission of the request for such finding.

28 (j) The director may deny, suspend, revoke or impose a civil penalty
29 against a license issued under this act if the director finds the licensee's
30 controlling beneficial owner, passive beneficial owner or indirect financial
31 interest holder to be unsuitable pursuant to this section.

32 New Sec. 19. The director, any employee of the division, any entity
33 under contract with the director and any employee or agent thereof shall
34 not make public any information reported to or collected by the director
35 under this act containing any individualized data, information or records
36 related to an applicant for a license or a licensee or the operation of any
37 licensee, including sales information, leases, business organization
38 records, financial records, tax returns, credit reports, cultivation
39 information, laboratory testing results and security information or plans.
40 Such information shall be kept confidential and may be used only for
41 purposes authorized by this act. The provisions of this subsection shall
42 expire on July 1, 2030, unless the legislature reviews and reenacts such
43 provisions in accordance with K.S.A. 45-229, and amendments thereto,

1 prior to July 1, 2030.

2 New Sec. 20. (a) A cannabis cultivation facility license may be issued
3 only to a person who cultivates cannabis for sale and distribution to
4 licensed cannabis retailers, cannabis product manufacturers, hospitality
5 and sales businesses or other cannabis cultivation facilities.

6 (b) A cannabis cultivation facility shall track the cannabis it cultivates
7 from seed or immature plant to wholesale purchase.

8 (c) A cannabis cultivation facility may provide a sample of cannabis
9 and cannabis concentrate to a licensed cannabis testing facility. A cannabis
10 cultivation facility shall maintain records of cannabis provided to a
11 cannabis testing facility, the identity of such facility and the test results.

12 (d) No cannabis or cannabis products shall be consumed on the
13 premises of a cannabis cultivation facility.

14 (e) Notwithstanding any other provision of law to the contrary, a
15 cannabis cultivation facility may compensate its employees using
16 performance-based incentives, including sales-based performance-based
17 incentives.

18 (f) A cannabis cultivation facility shall only obtain cannabis seeds or
19 immature plants from its own cannabis supply or cannabis that is properly
20 transferred from another licensed cannabis business pursuant to the
21 inventory tracking requirements of this act.

22 New Sec. 21. (a) The director shall create a licensure class system for
23 cannabis cultivation facility licenses. The classifications may be based
24 upon:

- 25 (1) Square footage of the facility;
- 26 (2) lights, lumens or wattage;
- 27 (3) lit canopy;
- 28 (4) the number of cultivating plants;
- 29 (5) any other reasonable metrics; or
- 30 (6) any combination thereof.

31 (b) The director shall create a fee structure for the licensure class
32 system.

33 (c) The director may establish limitations on cannabis production
34 through one or more of the following methods, including placing or
35 modifying a limit on the:

- 36 (1) Number of licenses issued, by class or overall, but in placing or
37 modifying such limits, the director shall consider the reasonable
38 availability of new licenses after a limit is established or modified;
- 39 (2) amount of cannabis production permitted by a cannabis
40 cultivation facility license or class of licenses based upon some reasonable
41 metric or set of metrics, including, but not limited to, the metrics described
42 in subsection (a), previous months' sales, pending sales or other reasonable
43 metrics as determined by the director; and

1 (3) aggregate amount of cannabis production by cannabis cultivation
2 facility licensees based upon some reasonable metric or set of metrics,
3 including, but not limited to, the metrics described in subsection (a), as
4 determined by the director.

5 (d) Notwithstanding any other provision of this act, in considering
6 any limitations or modifications to limitations imposed under this section,
7 the director, in addition to any other relevant considerations, shall:

8 (1) Consider the total current and anticipated demand for cannabis
9 and cannabis products in this state; and

10 (2) attempt to minimize the market for unlawful cannabis.

11 New Sec. 22. (a) The director may issue a centralized distribution
12 permit to a cannabis cultivation facility authorizing temporary storage on
13 the licensed premises of cannabis and cannabis products received from a
14 licensed cannabis business for the sole purpose of transfer to the permit
15 holder's commonly owned licensed cannabis retailer.

16 (b) A cannabis cultivation facility shall not store cannabis or cannabis
17 products pursuant to a centralized distribution permit for more than 90
18 days. A cannabis cultivation facility shall not accept any cannabis or
19 cannabis products pursuant to a centralized distribution permit unless the
20 cannabis and cannabis products are packaged and labeled for sale to a
21 consumer as required by rules and regulations adopted pursuant to this act.

22 (c) All cannabis and cannabis products stored and prepared for
23 transport on the licensed premises of a cannabis cultivation facility
24 pursuant to a centralized distribution permit shall only be transferred to a
25 cannabis cultivation facility's commonly owned licensed cannabis retailer.
26 All transfers of cannabis and cannabis products by a cannabis cultivation
27 facility pursuant to a centralized distribution permit shall be without
28 consideration.

29 (d) All cannabis cultivation facility security and surveillance
30 requirements shall apply to the activities conducted pursuant to the
31 privileges of a centralized distribution permit.

32 (e) A cannabis cultivation facility shall track all cannabis and
33 cannabis products possessed pursuant to a centralized distribution permit
34 in the seed-to-sale tracking system from the point such concentrate and
35 products are received from a licensed cannabis business to the point of
36 transfer to a cannabis cultivation facility licensee's commonly owned
37 licensed cannabis retailer.

38 (f) For purposes of this section, the term "commonly owned" means
39 licenses that have an ownership structure with at least one individual with
40 a minimum of 5% ownership in each license.

41 New Sec. 23. (a) A cannabis products manufacturer license may be
42 issued only to a person who manufactures cannabis products pursuant to
43 the terms and conditions of this act for sale and distribution to licensed

1 cannabis retailers, hospitality and sales businesses or other cannabis
2 products manufacturers.

3 (b) A cannabis products manufacturer may cultivate cannabis if the
4 licensee obtains a cannabis cultivation facility license, or may purchase
5 cannabis from a licensed cannabis cultivation facility. A cannabis products
6 manufacturer shall track all cannabis from the point such cannabis is either
7 transferred from the licensee's cannabis cultivation facility or the point
8 when such cannabis is delivered to the cannabis products manufacturer
9 from a licensed cannabis cultivation facility to the point of transfer to a
10 licensed cannabis business.

11 (c) A cannabis products manufacturer shall not:

12 (1) Add any cannabis to a food product where the manufacturer of the
13 food product holds a trademark to the food product's name, except that a
14 cannabis products manufacturer may use a trademarked food product if the
15 cannabis products manufacturer uses the product as a component or as part
16 of a recipe and where the cannabis products manufacturer does not state or
17 advertise to the consumer that the final cannabis product contains a
18 trademarked food product;

19 (2) intentionally or knowingly label or package a cannabis product in
20 a manner that would cause a reasonable consumer confusion as to whether
21 the cannabis product was a trademarked food product; or

22 (3) label or package a product in a manner that violates any federal
23 trademark law or regulation.

24 (d) Cannabis products shall be prepared on the licensed premises, and
25 such premises shall:

26 (1) Be used exclusively for the manufacture and preparation of
27 cannabis or cannabis products; and

28 (2) meet the sanitary standards for cannabis product preparation in
29 rules and regulations adopted pursuant to this act.

30 (e) (1) All cannabis products shall be packaged, sealed and
31 conspicuously labeled in compliance with rules and regulations adopted
32 pursuant to this act.

33 (2) No standard symbol requirements shall apply to a multi-serving
34 liquid cannabis product that is impracticable to mark, if the product
35 complies with all packaging requirements for multi-serving edibles and
36 complies with the following enhanced requirements to reduce the risk of
37 accidental ingestion. A multi-serving liquid shall be packaged in:

38 (A) A structure that uses a single mechanism to achieve both child-
39 resistance and accurate pouring measurement of each liquid serving in
40 increments equal to or less than 10 milligrams of active
41 tetrahydrocannabinol per serving, with no more than 100 milligrams of
42 active tetrahydrocannabinol total per package; and

43 (B) a manner to ensure that the measurement component is within the

1 child-resistant cap or closure of the bottle and is not a separate component.

2 (f) Cannabis and cannabis products shall not be consumed on the
3 premises of a cannabis products manufacturer.

4 (g) Notwithstanding any other provision of law to the contrary, a
5 cannabis products manufacturer may compensate its employees using
6 performance-based incentives, including sales-based performance-based
7 incentives.

8 (h) Except as otherwise provided by law, a cannabis products
9 manufacturer may provide a sample of cannabis products produced by
10 such manufacturer to a licensed cannabis testing facility. A cannabis
11 products manufacturer shall maintain a record of cannabis product samples
12 provided to a cannabis testing facility, the identity of such facility and the
13 testing results.

14 (i) An edible cannabis product may list its ingredients and
15 compatibility with dietary practices. All edible cannabis products shall be
16 produced in accordance with the Kansas food, drug and cosmetic act, and
17 amendments thereto.

18 New Sec. 24. (a) A cannabis transporter license may be issued only to
19 a person who provides logistics, distribution, delivery and storage of
20 cannabis, cannabis products and cannabis waste for one or more licensed
21 cannabis businesses. Notwithstanding any other provisions of law, a
22 cannabis transporter license shall not be transferable. A cannabis
23 transporter shall be responsible for the cannabis, cannabis products and
24 cannabis waste upon taking control of such cannabis, cannabis products
25 and cannabis waste.

26 (b) A licensed cannabis business that distributes cannabis and
27 cannabis products cultivated or produced by such licensee shall not be
28 required to hold a cannabis transporter license to transport and distribute
29 such cannabis and cannabis products.

30 (c) A cannabis transporter may maintain a licensed premises to
31 temporarily store and distribute cannabis and cannabis products and to use
32 as a centralized distribution location. A licensed premises shall satisfy the
33 same security requirements that are applicable to a cannabis cultivation
34 facility.

35 (d) A cannabis transporter shall use the seed-to-sale tracking system
36 to create shipping manifests documenting the transport of cannabis and
37 cannabis products.

38 New Sec. 25. (a) A waste disposal facility may:

39 (1) Transport and receive cannabis waste to or from one or more
40 licensed cannabis businesses; and

41 (2) dispose of cannabis waste received from one or more licensed
42 cannabis businesses.

43 (b) All cannabis waste disposed of pursuant to this act shall be

1 subject to any rules and regulations adopted by the secretary relating to the
2 proper disposal of such materials in order to preserve the health and safety
3 of the public.

4 (c) All cannabis waste shall be documented and tracked through the
5 electronic inventory tracking system established under section 7, and
6 amendments thereto. Such documentation shall include:

- 7 (1) Unique identification numbers for inventory lots;
- 8 (2) the total weight of the cannabis waste disposed of;
- 9 (3) the name of the licensee providing the cannabis waste; and
- 10 (4) photographs of the disposed cannabis waste.

11 New Sec. 26. (a) A hospitality business license may be issued only to
12 a person who operates a premises in which cannabis and cannabis products
13 may be consumed in accordance with this act and rules and regulations
14 adopted pursuant thereto. The director shall maintain a list of all licensed
15 hospitality businesses in the state and shall publish such list on the website
16 of the division of alcoholic beverage control.

17 (b) A hospitality business shall:

- 18 (1) Ensure that the display and consumption of cannabis and cannabis
19 products is not visible from outside the licensed premises;
- 20 (2) educate patrons by providing cannabis education materials
21 regarding the safe consumption of cannabis and cannabis products. Such
22 materials shall be based on requirements recommended by the cannabis
23 advisory committee and adopted by the secretary in rules and regulations.
24 A record of all such materials shall be maintained on the licensed premises
25 for inspection by the director; and
- 26 (3) ensure that, in the event of an emergency requiring the assistance
27 of law enforcement, emergency medical service providers or other public
28 safety personnel, all employees and patrons of the hospitality business
29 cease all consumption of cannabis and related activities until such
30 emergency ends and the emergency service personnel have exited the
31 licensed premises.

32 (c) A hospitality business shall not:

- 33 (1) Engage in or permit the sale or exchange for remuneration of
34 cannabis or cannabis products on the licensed premises;
- 35 (2) allow employees who are engaged in the performance of their
36 duties to consume any cannabis or cannabis products on the licensed
37 premises;
- 38 (3) distribute or allow distribution of free samples of cannabis or
39 cannabis products on the licensed premises;
- 40 (4) allow the consumption of alcoholic liquor on the licensed
41 premises;
- 42 (5) allow any activity for which a license is required under this act on
43 the licensed premises, including, but not limited to, the cultivation,

- 1 manufacturing or sale of cannabis or cannabis products;
- 2 (6) permit the use or consumption of cannabis or cannabis products
3 by a patron who displays any visible signs of intoxication; or
- 4 (7) admit any person who is under 21 years of age onto the licensed
5 premises.
- 6 (d) A hospitality business and employees of such business may
7 remove an individual from the licensed premises for any reason, including
8 a patron who displays any visible signs of intoxication.
- 9 New Sec. 27. (a) A hospitality and sales business license may be
10 issued only to a person who operates a premises in which cannabis and
11 cannabis products may be sold to a patron for consumption on or off the
12 licensed premises in accordance with this act and rules and regulations
13 adopted pursuant thereto. The director shall maintain a list of all licensed
14 hospitality and sales businesses in the state and shall publish such list
15 available on the website of the division of alcoholic beverage control.
- 16 (b) A hospitality and sales business shall:
- 17 (1) Track all of cannabis and cannabis products sold by such cannabis
18 business from the point that such cannabis and cannabis products are
19 transported from a licensed cannabis retailer, cannabis products
20 manufacturer or cannabis cultivation facility to the point of sale to a patron
21 of the hospitality and sales business;
- 22 (2) limit a patron to one transaction per day of not more than the
23 amount of cannabis or cannabis product that may be sold in such
24 transaction pursuant to limits established by the director;
- 25 (3) ensure that all cannabis and cannabis products are properly
26 packaged and labeled prior to allowing a patron to leave the licensed
27 premises with such cannabis or cannabis products;
- 28 (4) ensure that the display and consumption of cannabis and cannabis
29 products is not visible from outside of the licensed premises;
- 30 (5) educate patrons by providing cannabis education materials
31 regarding the safe consumption of cannabis and cannabis products. Such
32 materials shall be based on requirements recommended by the cannabis
33 advisory committee and adopted by the secretary in rules and regulations.
34 A record of all such materials shall be maintained on the licensed premises
35 for inspection by the director; and
- 36 (6) ensure that, in the event of an emergency requiring the assistance
37 of law enforcement, emergency medical service providers or other public
38 safety personnel, all employees and patrons of the hospitality and sales
39 business cease all consumption of cannabis and related activities until such
40 emergency ends and the emergency service personnel have exited the
41 licensed premises.
- 42 (c) A hospitality and sales business may purchase cannabis and
43 cannabis products from any licensed cannabis retailer, cannabis products

1 manufacturer or cannabis cultivation facility.

2 (d) A hospitality and sales business shall not:

3 (1) Allow employees who are engaged in the performance of their
4 duties to consume any cannabis or cannabis products on the licensed
5 premises;

6 (2) distribute or allow distribution of free samples of cannabis or
7 cannabis products on the licensed premises;

8 (3) sell any cannabis or cannabis products that contain nicotine;

9 (4) hold a license issued pursuant to the Kansas liquor control act,
10 K.S.A. 41-101 et seq., and amendments thereto, the club and drinking
11 establishment act, K.S.A. 41-2601 et seq., and amendments thereto, or the
12 cereal malt beverage act, K.S.A. 41-2701 et seq., and amendments thereto,
13 or otherwise allow the consumption of alcoholic liquor on the licensed
14 premises;

15 (5) allow any activity for which a license is required under this act on
16 the licensed premises, including, but not limited to, the cultivation,
17 manufacturing or sale of cannabis or cannabis products;

18 (6) sell, serve or permit the use or consumption of cannabis or
19 cannabis products by a patron who displays any visible signs of
20 intoxication; or

21 (7) admit any person who is under 21 years of age onto the licensed
22 premises.

23 (e) A hospitality and sales business and employees of such business
24 may remove an individual from the licensed premises for any reason,
25 including a patron who displays any visible signs of intoxication.

26 New Sec. 28. (a) A cannabis retailer license may be issued only to a
27 person selling cannabis and cannabis products to a patron for consumption
28 off the licensed premises.

29 (b) A cannabis retailer may:

30 (1) Cultivate cannabis for sale on the licensed premises if the licensee
31 also holds a cannabis cultivation facility license;

32 (2) purchase cannabis from a licensed cannabis cultivation facility;

33 (3) purchase cannabis and cannabis products from a licensed cannabis
34 products manufacturer;

35 (4) receive an order for the purchase and delivery of cannabis and
36 cannabis products through an online platform. If an online platform for is
37 used, such platform shall require the patron purchasing such cannabis or
38 cannabis product to choose a cannabis retailer prior to viewing the price;
39 and

40 (5) sell cannabis and cannabis products to a licensed hospitality and
41 sales business.

42 (c) A cannabis retailer shall:

43 (1) Ensure that all cannabis and cannabis products sold by the

1 licensee are packaged and labeled in accordance with this act and rules and
2 regulations adopted pursuant thereto;

3 (2) ensure that any display of cannabis concentrate includes the
4 potency of the cannabis concentrate next to the name of the product;

5 (3) track all cannabis and cannabis products sold by such cannabis
6 business from the point that such cannabis and cannabis products are
7 transported from a licensed cannabis products manufacturer or cannabis
8 cultivation facility to the point of sale to a patron of the licensee or to a
9 hospitality and sales business;

10 (4) only sell cannabis, cannabis products, cannabis accessories,
11 nonconsumable products such as apparel and cannabis-related products
12 such as childproof packaging containers;

13 (5) not permit the consumption of cannabis or cannabis products on
14 the licensed premises;

15 (6) not sell or provide free of charge any consumable product,
16 including, but not limited to, cigarettes, alcoholic liquor or any edible
17 product that does not contain cannabis;

18 (7) not sell any cannabis or cannabis products that contain nicotine or
19 alcoholic liquor; and

20 (8) not sell cannabis or cannabis products through an online platform
21 or deliver cannabis or cannabis products to a person not physically present
22 on the licensed premises, except as otherwise provided.

23 (d) (1) A cannabis retailer shall not sell more than one ounce of
24 cannabis or the equivalent in cannabis products, including cannabis
25 concentrate, to an individual during a single transaction, except nonedible,
26 nonpsychoactive cannabis products, including ointments, lotions, balms
27 and other nontransdermal topical products, may be sold in amounts greater
28 than one ounce, but not to exceed any limits on such sales established by
29 the secretary in rules and regulations.

30 (2) Prior to completing a transaction, a cannabis retailer shall verify
31 that the purchaser has a valid identification card showing the purchaser is
32 21 years of age or older. If a person who is under 21 years of age presents
33 a fraudulent proof of age, any action relying on such fraudulent proof of
34 age shall not be grounds for the revocation or suspension of any license
35 issued under this act.

36 (3) If a cannabis retailer or such retailer's employee has reasonable
37 cause to believe that a person is under 21 years of age and is exhibiting
38 fraudulent proof of age in an attempt to obtain cannabis or cannabis
39 product, the retailer or employee may confiscate such fraudulent proof of
40 age, if possible, and shall, within 72 hours, remit such confiscated proof of
41 age to an appropriate law enforcement agency. The failure to confiscate
42 such fraudulent proof of age or to remit to a law enforcement agency
43 within 72 hours after such confiscation shall not constitute a criminal

1 offense.

2 (4) If a cannabis retailer or such retailer's employee has reasonable
3 cause to believe that a person is under 21 years of age and is exhibiting
4 fraudulent proof of age in an attempt to obtain cannabis or cannabis
5 product, the retailer or employee or any law enforcement officer, acting in
6 good faith and upon probable cause based upon reasonable grounds
7 therefor, may detain and question such person in a reasonable manner for
8 the purpose of ascertaining whether the person is guilty of any unlawful
9 act regarding the purchase of cannabis or cannabis product. The
10 questioning of a person by an employee or a law enforcement officer shall
11 not render the licensee, the employee or the law enforcement officer civilly
12 or criminally liable for slander, false arrest, false imprisonment, malicious
13 prosecution or unlawful detention.

14 (e) A cannabis retailer may provide a cannabis sample or cannabis
15 product sample to a licensed cannabis testing facility. A cannabis retailer
16 shall maintain a record of the cannabis and cannabis product samples
17 provided to a cannabis testing facility, the identity of such cannabis testing
18 facility and the results of the testing.

19 (f) An automatic dispensing machine that contains cannabis and
20 cannabis products may only be located on the licensed premises of a
21 cannabis retailer. Any such machine shall comply with any rules and
22 regulations adopted pursuant to this act for the operation of such machines.

23 New Sec. 29. (a) A cannabis testing facility license may be issued
24 only to a person who performs testing and research on cannabis and
25 cannabis products.

26 (b) A person who has an interest in a licensed cannabis testing facility
27 shall not have any interest in a licensed cannabis retailer, cannabis
28 cultivation facility or cannabis products manufacturer.

29 (c) The director shall adopt rules and regulations for acceptable
30 testing and research practices, including, but not limited to, testing
31 protocols, standards, quality control analysis, equipment certification and
32 calibration, chemical identification and other substances used in research
33 methods.

34 New Sec. 30. A cannabis business operator license may be issued
35 only to a person who operates a licensed cannabis business for the owner
36 of such business and who receives compensation for such performance,
37 which may include a portion of the profits.

38 New Sec. 31. (a) (1) A cannabis cultivation facility may provide a
39 sample of cannabis and cannabis concentrate to managers employed by the
40 licensee for purposes of quality control and product development. A
41 cannabis cultivation facility may designate no more than five managers per
42 month as recipients of quality control and product development samples.

43 (2) A cannabis products manufacturer may provide a cannabis

1 product sample and a cannabis concentrate sample to managers employed
2 by the licensee for purposes of quality control and product development. A
3 cannabis products manufacturer may designate no more than five
4 managers per month as recipients of quality control and product
5 development samples.

6 (b) (1) A sample provided by a cannabis cultivation facility shall be
7 limited to:

8 (A) One gram of cannabis per batch; and

9 (B) $\frac{1}{4}$ gram of cannabis concentrate per batch, except that $\frac{1}{2}$ gram of
10 cannabis concentrate shall be the limit if the intended use of the final
11 product is to be used in a device that can be used to deliver cannabis
12 concentrate in a vaporized form to the person inhaling from the device.

13 (2) A sample provided by a cannabis products manufacturer shall be
14 limited to:

15 (A) One serving size of an edible cannabis product not exceeding 10
16 milligrams of tetrahydrocannabinol per batch;

17 (B) one serving size of nonedible cannabis product per batch that has
18 the applicable equivalent amount of tetrahydrocannabinol, as defined in
19 rules and regulations adopted pursuant to this act; and

20 (C) $\frac{1}{4}$ gram of cannabis concentrate per batch, except that $\frac{1}{2}$ gram of
21 cannabis concentrate shall be the limit if the intended use of the final
22 product is to be used in a device that can be used to deliver cannabis
23 concentrate in a vaporized form to the person inhaling from the device.

24 (c) A sample shall be labeled and packaged pursuant to rules and
25 regulations adopted pursuant to this act.

26 (d) A sample shall be tracked with the seed-to-sale tracking system.
27 Prior to a manager receiving a sample, a manager shall be designated in
28 the seed-to-sale tracking system as a recipient of quality control and
29 product development samples. A manager receiving a sample shall make a
30 voluntary decision to be tracked in the seed-to-sale tracking system. The
31 cannabis cultivation facility or cannabis products manufacturer shall
32 maintain documentation of all samples provided to a manager and shall
33 make such documentation available to the director upon request.

34 (e) Prior to a manager receiving a sample, a cannabis cultivation
35 facility or cannabis products manufacturer shall provide a standard
36 operating procedure to the manager explaining the requirements of this
37 section and personal possession limits.

38 (f) A manager shall not:

39 (1) Receive more than one ounce total of cannabis or eight grams of
40 cannabis concentrate samples per month, regardless of the number of
41 cannabis businesses the manager is associated with; or

42 (2) provide to or resell the sample to an employee of a cannabis
43 business, a customer of such business or any other individual.

1 (g) A cannabis cultivation facility or cannabis products manufacturer
2 shall not:

3 (1) Allow a manager to consume the sample on the licensed premises;
4 or

5 (2) use the sample as a means of compensation to a manager.

6 (h) The director may establish additional inventory tracking and
7 record keeping requirements, including any additional reporting. Such
8 information shall be maintained on the licensed premises for inspection by
9 the director upon request.

10 (i) For purposes of this section, the term "manager" means an
11 employee of the cannabis cultivation facility or cannabis products
12 manufacturer who holds an occupational license and is currently
13 designated as a manager of such cannabis cultivation facility or cannabis
14 products manufacturer.

15 New Sec. 32. (a) A cannabis delivery permit may be issued to a
16 licensed cannabis transporter or a licensed cannabis retailer authorizing the
17 permit holder to deliver cannabis and cannabis products to individuals.

18 (b) A cannabis delivery permit shall be valid for one year from the
19 date such permit is issued and may be renewed annually upon renewal of a
20 cannabis transporter license or cannabis retailer license.

21 (c) A cannabis delivery permit shall only be issued to a licensed
22 cannabis transporter or cannabis retailer, except a cannabis delivery permit
23 may be applied to more than one licensed cannabis business, provided that
24 such cannabis businesses are owned by the same person.

25 (d) A cannabis transporter or cannabis retailer shall not deliver
26 cannabis or cannabis products to individuals while transporting cannabis
27 or cannabis products between licensed cannabis businesses in the same
28 vehicle.

29 (e) (1) The holder of a cannabis delivery permit shall:

30 (A) Conduct deliveries on behalf of, and pursuant to a contract with,
31 a licensed cannabis retailer;

32 (B) receive only packaged cannabis delivery orders from a licensed
33 cannabis retailer;

34 (C) deliver cannabis and cannabis products only by a motor vehicle
35 that satisfies the requirements of this act and rules and regulations adopted
36 pursuant thereto;

37 (D) deliver only to the individual identified in the order and who:

38 (i) Is 21 years of age or older;

39 (ii) receives delivery of the cannabis or cannabis products in
40 accordance with rules and regulations adopted pursuant to this act; and

41 (iii) possesses an acceptable form of identification; and

42 (E) deliver only to a private residence at the address provided in the
43 order.

1 (2) The holder of a cannabis delivery permit shall not:

2 (A) Accept orders on behalf of a cannabis retailer, if the holder is a
3 cannabis transporter;

4 (B) deliver cannabis and cannabis products in excess of amounts
5 established by the director; or

6 (C) deliver cannabis or cannabis products more than once per day to
7 the same individual or residence.

8 (f) Prior to transferring possession of the order to an individual, the
9 individual delivering the order shall inspect the recipient's identification
10 and verify that the information provided at the time of the order matches
11 the name and age on the recipient's identification.

12 (g) Any individual delivering cannabis and cannabis products shall
13 hold a valid occupational license and be a current employee of a licensed
14 cannabis transporter or cannabis retailer that holds a valid cannabis
15 delivery permit. Such individual shall be certified as having completed
16 training regarding proof-of-age identification and verification, including
17 all forms of identification that are deemed acceptable by the director, and
18 any other training required by the director.

19 (h) Except as otherwise provided, all requirements applicable to
20 licensees under this act, including, but not limited to, inventory tracking,
21 transportation, packaging, labeling and advertising requirements, shall
22 apply to any person holding a cannabis delivery permit.

23 (i) For purposes of this section, the term "private residence" means a
24 private premises where an individual lives, such as a private dwelling
25 place or place of habitation, and specifically excludes any premises located
26 at a school or on the campus of a public or private postsecondary
27 educational institution or any other public property.

28 New Sec. 33. (a) The director shall charge and collect the following
29 fees for an application for a cannabis business license:

30 (1) For a cannabis retailer, cannabis products manufacturer or
31 cannabis cultivation facility, an amount not to exceed \$5,000;

32 (2) for a cannabis testing facility, cannabis transporter, cannabis
33 business operator, hospitality business or hospitality and sales business, an
34 amount not to exceed \$1,000; and

35 (3) for the renewal application for any cannabis business license,
36 \$300.

37 (b) The director shall charge and collect the following fees for a
38 license issued to a cannabis business:

39 (1) For a cannabis retailer, an amount not to exceed \$2,000;

40 (2) for a cannabis products manufacturer or cannabis testing facility,
41 an amount not to exceed \$1,500;

42 (3) for a cannabis cultivation facility:

43 (A) For a facility with not more than 1,800 plants, \$1,500;

- 1 (B) for a facility with more than 1,800, but not more than 3,600
2 plants, \$2,300;
- 3 (C) for a facility with more than 3,600, but not more than 6,000
4 plants, \$3,000;
- 5 (D) for a facility with more than 6,000, but not more than 10,200
6 plants, \$4,500;
- 7 (E) for a facility with more than 10,200, but not more than 13,800
8 plants, \$6,500; and
- 9 (F) for a facility with more than 13,800 plants, \$6,500 plus \$800 for
10 every additional 3,600 plants over 13,800;
- 11 (4) for a cannabis transporter, an amount not to exceed \$4,400;
- 12 (5) for a cannabis business operator, an amount not exceed \$2,200;
- 13 (6) for a hospitality business, an amount not to exceed \$1,000; and
- 14 (7) for a hospitality and sales business, an amount not to exceed
15 \$2,000.
- 16 (c) The director shall charge and collect the following fees for owner
17 and employee licenses and certifications:
- 18 (1) For a finding of suitability:
- 19 (A) For an individual, an amount not to exceed \$800;
- 20 (B) for an entity that is not a publicly traded corporation, an amount
21 not to exceed \$800 plus \$800 for each additional individual or entity
22 associated with the applicant who is subject to a finding of suitability; and
- 23 (C) for a publicly traded corporation, an amount not to exceed \$6,000
24 plus \$800 for each additional individual or entity associated with the
25 applicant who is subject to a finding of suitability;
- 26 (2) for an owner occupational license, an amount not to exceed \$500;
- 27 (3) for an employee occupational license, an amount not to exceed
28 \$100; and
- 29 (4) for the renewal of an owner or employee occupational license, an
30 amount not to exceed \$75.
- 31 (d) The director shall charge and collect the following fees for permit
32 applications:
- 33 (1) For a centralized distribution permit, an amount not to exceed
34 \$20;
- 35 (2) for a cannabis delivery permit, an amount not to exceed \$2,000;
- 36 (3) for an approval of a change of permanent location, an amount not
37 to exceed \$500; and
- 38 (4) for an approval of a transfer of ownership, an amount not to
39 exceed \$1,600.
- 40 New Sec. 34. (a) Except as otherwise provided in this act, it is
41 unlawful for a person to:
- 42 (1) Purchase, sell, transfer, give away or acquire cannabis or cannabis
43 products except in accordance with this act;

- 1 (2) consume cannabis or cannabis products in a licensed cannabis
2 business, except on the licensed premises of a hospitality business or
3 hospitality and sales business;
- 4 (3) have a controlling beneficial ownership, passive beneficial
5 ownership or indirect financial interest in a cannabis business license that
6 was not disclosed in accordance with section 17, and amendments thereto,
7 except banks or savings and loan associations supervised and regulated by
8 the state or federal government, FHA-approved mortgagees or
9 stockholders, directors or officers thereof;
- 10 (4) exercise any privilege of a cannabis business license, unless such
11 person holds a valid license to exercise such privileges;
- 12 (5) exercise any privilege associated with holding a controlling
13 beneficial ownership, passive beneficial ownership or indirect financial
14 interest in a cannabis business license that was not disclosed in accordance
15 with section 17, and amendments thereto; or
- 16 (6) engage in the transfer of ownership of a cannabis business without
17 prior approval as required by section 15, and amendments thereto.
- 18 (b) It is unlawful for a licensed cannabis business to:
 - 19 (1) Fail to report a transfer required by section 12, and amendments
20 thereto;
 - 21 (2) knowingly adulterate or alter, or to attempt to adulterate or alter,
22 any samples of cannabis or cannabis products for the purpose of
23 circumventing contaminant testing detection limits or potency testing
24 requirements;
 - 25 (3) use advertising material that is misleading, deceptive or false, or
26 that is designed to appeal to minors;
 - 27 (4) allow cannabis and cannabis products to be consumed on the
28 licensed premises, except on the licensed premises of a hospitality
29 business or hospitality and sales business;
 - 30 (5) sell or permit the sale of cannabis or cannabis products to a person
31 under 21 years of age;
 - 32 (6) have in possession or on the licensed premises any cannabis that
33 the licensee is not permitted to sell under such license, except cannabis
34 possessed for purposes of recycling;
 - 35 (7) have on the licensed premises any cannabis or cannabis
36 paraphernalia that shows evidence of cannabis having been consumed or
37 partially consumed, except on the licensed premises of a hospitality
38 business or hospitality and sales business, or cannabis and cannabis
39 paraphernalia possessed for purposes of recycling;
 - 40 (8) abandon a licensed premises or otherwise cease operation without
41 notifying the director at least 48 hours prior to such cessation and without
42 accounting for and forfeiting to the director all cannabis and cannabis
43 products on the licensed premises for destruction;

1 (9) offer for sale or solicit an order for cannabis or cannabis products
2 in person, except on the licensed premises;

3 (10) purchase cannabis or cannabis products from a person who does
4 not hold the proper license under this act;

5 (11) burn or otherwise destroy cannabis, cannabis products or any
6 other substance containing cannabis for the purpose of evading an
7 investigation or preventing seizure; or

8 (12) engage in any act or omission with the intent to evade disclosure,
9 reporting, record keeping or suitability requirements, including, but not
10 limited to, the following:

11 (A) Failing to file a report required under this act or causing or
12 attempting to cause a person to fail to file such a report;

13 (B) filing or causing or attempting to cause a person to file a report
14 required under this act that contains a material omission or misstatement of
15 fact;

16 (C) making false or misleading statements regarding the offering of
17 an owner's interest in a cannabis business; or

18 (D) structuring any transaction with the intent to evade disclosure,
19 reporting, record keeping or suitability requirements.

20 (c) (1) Except as otherwise provided in paragraph (2), a violation of
21 of this section shall be a class B nonperson misdemeanor.

22 (2) A violation of subsection (b)(5) shall be a class A nonperson
23 misdemeanor.

24 (d) Nothing in this section shall be construed to prohibit the
25 prosecution of any crime under chapter 21 of the Kansas Statutes
26 Annotated, and amendments thereto.

27 New Sec. 35. (a) In addition to or in lieu of any other civil or criminal
28 penalty as provided by law, the director may refuse to issue or renew a
29 license, or may revoke or suspend a license for any of the following
30 reasons:

31 (1) The person has failed to comply with any provision of the adult
32 use cannabis regulation act or any rules and regulations adopted pursuant
33 thereto;

34 (2) the person has falsified or misrepresented any information
35 submitted to the director in order to obtain a license; or

36 (3) the person has violated any of the provisions of section 33, and
37 amendments thereto.

38 (b) Upon the final decision of the director to suspend a license for a
39 period of more than 14 days, the licensee may, prior to the commencement
40 of such suspension period, submit a petition to the director for permission
41 to pay a fine in lieu of suspension of such license. Such fine shall be not
42 less than \$500 or more than \$100,000. The director may, in the director's
43 sole discretion, stay the proposed suspension and cause any investigation

1 to be made or grant such petition if the director is satisfied that:

2 (1) The public welfare would not be impaired by permitting the
3 licensee to operate during the period set for suspension and that the
4 payment of the fine will achieve the desired disciplinary purposes;

5 (2) the books and records of the licensee are kept in such a manner
6 that the loss of sales that the licensee would have suffered had the
7 suspension gone into effect can be determined with reasonable accuracy;
8 and

9 (3) the licensee has not had such license suspended or revoked or had
10 any suspension stayed by payment of a fine during the two years
11 immediately preceding the date of the violation that resulted in a final
12 decision to suspend such license.

13 (c) Upon payment of a fine pursuant to subsection (b), the director
14 shall issue an order staying the imposition of the suspension of such
15 license.

16 New Sec. 36. (a) Except as provided in subsection (d), the director
17 shall not be required to cultivate, maintain or preserve any cannabis or
18 cannabis product owned by or seized from a cannabis business. The
19 director shall not sell, solicit for sale or otherwise transfer any cannabis or
20 cannabis products in the possession of the director.

21 (b) In addition to any other remedies provided by law, any final order
22 issued by the director imposing a disciplinary action against a licensee
23 may specify that all or some portion of such licensee's cannabis or
24 cannabis product does not comply with the requirements of this act or
25 rules and regulations adopted pursuant thereto and is an illegal controlled
26 substance. Such order may further specify that the licensee has no interest
27 in any such cannabis or cannabis product. Except as otherwise provided in
28 subsections (c) and (d), upon the issuance of such order the director may
29 direct the destruction of any such cannabis or cannabis products. Any
30 authorized destruction of cannabis or cannabis products may include the
31 incidental destruction of any containers, equipment, supplies and other
32 property associated with such cannabis or cannabis product.

33 (c) The director shall not direct the destruction of any cannabis or
34 cannabis products until such time as the order authorizing such destruction
35 becomes final, subject to the provisions of section 41, and amendments
36 thereto. Pending final disposition of an order authorizing the destruction of
37 cannabis or cannabis products, the director shall maintain such cannabis or
38 cannabis products.

39 (d) Any county or district attorney who commences an investigation
40 of a cannabis business shall notify the director of such investigation. If the
41 director has received such notification from a county or district attorney,
42 the director shall not direct the destruction of any cannabis or cannabis
43 products possessed by the cannabis business under investigation until such

1 destruction is approved by the notifying county or district attorney.

2 New Sec. 37. (a) Any person listed in subsections (b)(1), (b)(2) or (b)
3 (3) may engage or direct a person under 21 years of age to violate the
4 provisions of the adult use cannabis regulation act in order to develop a
5 program or system that determines and encourages compliance with the
6 provisions of such act prohibiting the furnishing or sale of cannabis and
7 cannabis products to a person under 21 years of age or the consumption of
8 cannabis or cannabis products by such persons.

9 (b) No person shall engage or direct a person under 21 years of age to
10 violate any provision of the adult use cannabis regulation act for purposes
11 of determining compliance with the provisions of such act unless such
12 person is:

13 (1) An officer having authority to enforce the provisions of such act;

14 (2) an authorized representative of the attorney general or a county or
15 district attorney; or

16 (3) a licensee under such act or such licensee's designee pursuant to a
17 self-compliance program designed to increase compliance with the
18 provisions of such act if such program has been approved by the director.

19 New Sec. 38. (a) A financial institution that provides financial
20 services to any licensed cannabis business shall be exempt from any
21 criminal law of this state an element of which may be proven by
22 substantiating that a person provides financial services to a person who
23 possesses, delivers or manufactures cannabis or cannabis products,
24 including any of the offenses specified in article 53 or 57 of chapter 21 of
25 the Kansas Statutes Annotated, and amendments thereto, if the licensed
26 cannabis business is in compliance with the provisions of this act and all
27 applicable tax laws of this state.

28 (b) (1) Upon the request of a financial institution, the director shall
29 provide to the financial institution the following information:

30 (A) Whether a person with whom the financial institution is seeking
31 to do business is a licensed cannabis business;

32 (B) the name of any controlling beneficial ownership, passive
33 beneficial ownership or indirect financial interest in such licensed cannabis
34 business;

35 (C) an unredacted copy of such person's application for a cannabis
36 business license, and any supporting documentation, that was submitted by
37 such person;

38 (D) if applicable, information relating to sales and volume of
39 cannabis and cannabis product sold by such person;

40 (E) whether the person is in compliance with the provisions of this
41 act and rules and regulations adopted pursuant thereto; and

42 (F) any past or pending violations of this act or any rules and
43 regulations adopted pursuant thereto committed by such person, and any

1 penalty imposed on such person for such violation.

2 (2) The director may charge a financial institution a reasonable fee to
3 cover the administrative cost of providing information requested under this
4 section.

5 (c) Information received by a financial institution under subsection
6 (b) is confidential. Except as otherwise permitted by any other state or
7 federal law, a financial institution shall not make the information available
8 to any person other than the customer to whom the information applies and
9 any trustee, conservator, guardian, personal representative or agent of that
10 customer.

11 (d) As used in this section:

12 (1) "Financial institution" means any bank, trust company, savings
13 bank, credit union or savings and loan association or any other financial
14 institution regulated by the state of Kansas, any agency of the United
15 States or other state with an office in Kansas; and

16 (2) "financial services" means services that a financial institution is
17 authorized to provide under chapter nine or article 22 of chapter 17 of the
18 Kansas Statutes Annotated, and amendments thereto, as applicable.

19 New Sec. 39. (a) There is hereby established the cannabis business
20 regulation fund in the state treasury. The director shall administer the
21 cannabis business regulation fund and shall remit all moneys collected
22 from the payment of all fees and fines imposed by the director pursuant to
23 the adult use cannabis regulation act and any other moneys received by or
24 on behalf of the director pursuant to such act to the state treasurer in
25 accordance with the provisions of K.S.A. 75-4215, and amendments
26 thereto. Upon receipt of each such remittance, the state treasurer shall
27 deposit the entire amount in the state treasury to the credit of the cannabis
28 business regulation fund. Moneys credited to the cannabis business
29 regulation fund shall only be expended or transferred as provided in this
30 section. Expenditures from such fund shall be made in accordance with
31 appropriation acts upon warrants of the director of accounts and reports
32 issued pursuant to vouchers approved by the director or the director's
33 designee.

34 (b) Moneys in the cannabis business regulation fund shall be used for
35 the payment or reimbursement of costs related to the regulation and
36 enforcement of the cultivation, manufacturing, testing, sale and
37 consumption of cannabis by the division of alcoholic beverage control.

38 New Sec. 40. (a) The cannabis advisory committee is hereby created
39 in the department of revenue. The committee shall consist of the
40 following:

41 (1) Six members appointed by the governor as follows:

42 (A) One member who represents employers;

43 (B) one member who represents employees;

- 1 (C) one member who represents law enforcement;
2 (D) one member who represents agriculture;
3 (E) one member who represents persons involved in the treatment of
4 alcohol and drug addiction; and
5 (F) one member who engages in academic research on the use or
6 regulation of cannabis;
- 7 (2) two members appointed by the president of the senate;
8 (3) one member appointed by the minority leader of the senate;
9 (4) two members appointed by the speaker of the house of
10 representatives;
11 (5) one member appointed by the minority leader of the house of
12 representatives; and
13 (6) the secretary of revenue or the secretary's designee, who shall
14 serve as chairperson.
- 15 (b) The initial appointments to the committee shall be made on or
16 before July 31, 2025.
- 17 (c) Except for the secretary of revenue, each member of the
18 committee shall serve from the date of appointment until the committee
19 ceases to exist, except that members shall serve at the pleasure of the
20 appointing authority. A vacancy shall be filled in the same manner as the
21 original appointment.
- 22 (d) Each member of the committee shall be paid compensation,
23 subsistence allowances, mileage and other expenses as provided in K.S.A.
24 75-3223(e), and amendments thereto.
- 25 (e) The committee shall hold its initial meeting not later than 30 days
26 after the last member of the committee is appointed. The committee may
27 develop and submit to the secretary and the director any recommendations
28 related to the implementation and enforcement of this act.
- 29 (f) The provisions of this section shall expire on July 1, 2027.
- 30 New Sec. 41. (a) On or before July 1, 2026, the secretary of revenue
31 shall adopt rules and regulations to implement, administer and enforce the
32 provisions of the adult use cannabis regulation act.
- 33 (b) Rules and regulations adopted pursuant to this section shall
34 include:
- 35 (1) Procedures for the issuance, renewal, suspension and revocation
36 of licenses to operate cannabis businesses;
37 (2) application, licensing and renewal fees for cannabis businesses;
38 (3) qualifications for licensure, including, but not limited to, the
39 requirement for a fingerprint-based criminal history record check for all
40 controlling beneficial owners, passive beneficial owners, managers,
41 contractors, employees and other support staff of licensed cannabis
42 businesses;
- 43 (4) establishment of a cannabis and cannabis products independent

- 1 testing and certification program for licensed cannabis businesses
- 2 requiring licensees to test cannabis and cannabis products to ensure, at a
- 3 minimum, that products sold for human consumption do not contain
- 4 contaminants that are injurious to health and to ensure correct labeling;
- 5 (5) security requirements for any licensed premises, including, but
- 6 not limited to, lighting, physical security, video and alarm requirements
- 7 and other procedures for internal control as deemed necessary by the
- 8 director to properly administer and enforce the provisions of this act,
- 9 including reporting requirements for changes, alterations or modifications
- 10 to the licensed premises;
- 11 (6) requirements for licensed cannabis businesses to comply with
- 12 sustainability protocols and to adopt standard operating procedures to
- 13 prevent negative environmental impacts;
- 14 (7) labeling requirements for cannabis and cannabis products sold by
- 15 a cannabis business, including, but not limited to:
- 16 (A) Warning labels;
- 17 (B) the amount of tetrahydrocannabinol per serving and the number
- 18 of servings per package for cannabis products;
- 19 (C) a universal symbol indicating that the package contains cannabis;
- 20 and
- 21 (D) potency of the cannabis and cannabis products;
- 22 (8) health and safety regulations and standards for the cultivation of
- 23 cannabis and the manufacture of cannabis products;
- 24 (9) the storage and transportation of cannabis and cannabis products;
- 25 (10) sanitary requirements for cannabis businesses, including, but not
- 26 limited to, sanitary requirements for the preparation of cannabis and
- 27 cannabis products;
- 28 (11) the reporting and remittance of sales taxes collected by cannabis
- 29 retailers and hospitality and sales businesses and the reporting and
- 30 remittance of excise taxes paid by cannabis cultivation facilities;
- 31 (12) procedures for issuing and appealing citations for violation of
- 32 this act and rules and regulations adopted pursuant thereto;
- 33 (13) requirements for drivers employed by a licensed cannabis
- 34 transporter or a cannabis delivery permit holder, including:
- 35 (A) Obtaining and maintaining a valid Kansas driver's license;
- 36 (B) insurance requirements;
- 37 (C) acceptable manner of transport, storage and delivery of cannabis
- 38 and cannabis products; and
- 39 (D) requirements for transport vehicles;
- 40 (14) the form and structure of agreements between cannabis
- 41 businesses and cannabis business operators;
- 42 (15) requirements for access to limited access areas by nonescorted
- 43 visitors;

1 (16) requirements for issuance of a centralized distribution permit for
2 cannabis cultivation facilities, including, but not limited to, permit
3 application requirements and privileges and restrictions of a centralized
4 distribution permit;

5 (17) development of individual identification cards for individuals
6 who are controlling beneficial owners and any person operating, working
7 in or having unescorted access to the limited access areas of the licensed
8 premises of a cannabis business, including a fingerprint-based criminal
9 history record check as required under this act;

10 (18) specification of the acceptable forms of photo identification that
11 a cannabis retailer may accept when verifying a sale;

12 (19) requiring that edible cannabis products be clearly identifiable,
13 when practicable, with a standard symbol indicating that such products
14 contain cannabis and are not for consumption by minors;

15 (20) requirements to prevent the sale or diversion of cannabis and
16 cannabis products to persons under 21 years of age;

17 (21) conditions under which a cannabis business is authorized to
18 collect cannabis waste and transfer it to a person for the purposes of reuse
19 or recycling in accordance with all requirements established by the
20 department of health and environment pertaining to waste disposal and
21 recycling. Such conditions shall include:

22 (A) Record-keeping requirements;

23 (B) security measures related to the collection and transfer of
24 cannabis waste;

25 (C) health and safety requirements, including requirements for the
26 handling of cannabis waste; and

27 (D) processes associated with handling cannabis waste, including
28 destruction of any remaining cannabis in the cannabis waste;

29 (22) ownership and financial disclosure procedures and requirements,
30 including requirements for findings of suitability;

31 (23) requirements for hospitality business and hospitality and sales
32 business licensees, including, but not limited to:

33 (A) General insurance liability requirements;

34 (B) limits on the sale of cannabis and cannabis products by a
35 hospitality and sales business, except that any such limit shall not be an
36 amount less than one gram of cannabis flower, $\frac{1}{4}$ gram of cannabis
37 concentrate or a cannabis product containing not more than 10 milligrams
38 of active tetrahydrocannabinol;

39 (C) limits on the type of any cannabis and cannabis product
40 authorized to be sold, including that the cannabis or cannabis product be
41 meant for consumption on the licensed premises;

42 (D) requirements for hospitality business and hospitality and sales
43 business licensees to destroy any unconsumed cannabis and cannabis

1 products; and

2 (24) requirements for hospitality businesses that are mobile facilities,
3 including, but not limited to:

4 (A) Registration of vehicles and proper designation of vehicles used
5 as mobile licensed premises;

6 (B) surveillance cameras inside the vehicles;

7 (C) global positioning system tracking and route logging in an
8 established route manifest system;

9 (D) ensuring activity is not visible outside of the vehicle; and

10 (E) proper ventilation within the vehicle.

11 (c) Rules and regulations adopted pursuant to this section may
12 include:

13 (1) Labeling guidelines concerning the total content of
14 tetrahydrocannabinol per unit of weight;

15 (2) control of informational and product displays on licensed
16 premises;

17 (3) records to be kept by cannabis business licensees and the required
18 availability of the records;

19 (4) requirements for inspections, investigations, searches, seizures,
20 forfeitures and such additional activities as necessary; and

21 (5) such other rules and regulations necessary for the implementation,
22 administration and enforcement of this act.

23 (d) The director shall propose such rules and regulations as necessary
24 to carry out the intent and purposes of this act. After the hearing on a
25 proposed rule and regulation has been held as required by law, the director
26 shall submit the proposed rule and regulation to the secretary of revenue
27 who, if the secretary approves such rule and regulation, shall adopt the rule
28 and regulation.

29 (e) When adopting rules and regulations under this section, the
30 secretary shall consider standards and procedures that have been found to
31 be best practices relative to the use and regulation of cannabis.

32 New Sec. 42. All actions taken by the director under this act shall be
33 in accordance with the Kansas administrative procedure act and
34 reviewable in accordance with the Kansas judicial review act.

35 New Sec. 43. The provisions of the adult use cannabis regulation act
36 are hereby declared to be severable. If any part or provision of the adult
37 use cannabis regulation act is held to be void, invalid or unconstitutional,
38 such part or provision shall not affect or impair any of the remaining parts
39 or provisions of the adult use cannabis regulation act, and any such
40 remaining provisions shall continue in full force and effect.

41 New Sec. 44. The provisions of the adult use cannabis regulation act,
42 sections 1 through 44, and amendments thereto, shall expire on July 1,
43 2035.

1 New Sec. 45. (a) There is hereby levied a tax at the rate of 15% on
2 the gross receipts from the sale of cannabis and cannabis products by any
3 licensed cannabis retailer or licensed hospitality and sales business.

4 (b) The tax imposed by this section shall be paid by the consumer to
5 the licensed cannabis retailer or licensed hospitality and sales business. It
6 shall be the duty of each licensee subject to this section to collect from the
7 consumer the full amount of such tax, or an amount equal as nearly as
8 possible or practicable to the average equivalent thereto. Each cannabis
9 retailer and hospitality and sales business collecting the tax imposed
10 hereunder shall be responsible for paying over the same to the department
11 of revenue in the manner prescribed by section 46, and amendments
12 thereto, and the department of revenue shall administer and enforce the
13 collection of such tax.

14 (c) As used in this section, "cannabis retailer" and "hospitality and
15 sales business" mean the same as defined in section 2, and amendments
16 thereto.

17 New Sec. 46. (a) The taxes levied and collected pursuant to section
18 45, and amendments thereto, shall become due and payable monthly, or on
19 or before the 25th day of the month immediately succeeding the month in
20 which such tax is collected, except that any cannabis business filing an
21 annual or quarterly return under the Kansas retailers' sales tax act, as
22 prescribed in K.S.A. 79-3607, and amendments thereto, shall, upon such
23 conditions as the secretary of revenue may prescribe, pay the tax required
24 by this act on the same basis and at the same time the cannabis business
25 pays such retailers' sales tax. Each cannabis business shall make a true
26 report to the department of revenue, on a form prescribed by the secretary
27 of revenue, providing such information as may be necessary to determine
28 the amounts to which any such tax shall apply for all gross receipts derived
29 from the sale of cannabis and cannabis products for the applicable month
30 or months, which report shall be accompanied by the tax disclosed thereby.
31 Records of gross receipts derived from the sale of cannabis and cannabis
32 products shall be kept separate and apart from the records of other retail
33 sales made by a cannabis business in order to facilitate the examination of
34 books and records.

35 (b) The secretary of revenue or the secretary's authorized
36 representative shall have the right at all reasonable times during business
37 hours to make such examination and inspection of the books and records
38 of a cannabis business as may be necessary to determine the accuracy of
39 such reports required by this section.

40 (c) The secretary of revenue is hereby authorized to administer and
41 collect the tax imposed under section 45, and amendments thereto, and to
42 adopt such rules and regulations as may be necessary for the efficient and
43 effective administration and enforcement of the collection thereof.

1 Whenever any cannabis business liable to pay the tax imposed by section
2 45, and amendments thereto, refuses or neglects to pay the same, the
3 amount, including any penalty, shall be collected in the manner prescribed
4 for the collection of the retailers' sales tax by K.S.A. 79-3617, and
5 amendments thereto.

6 (d) The secretary of revenue shall remit all revenue collected under
7 the provisions of this act to the state treasurer in accordance with the
8 provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of
9 each such remittance, the state treasurer shall deposit the entire amount in
10 the state treasury to the credit of the state general fund.

11 (e) Whenever, in the judgment of the secretary of revenue, it is
12 necessary, in order to secure the collection of any tax, penalties or interest
13 due, or to become due, under the provisions of this act, the secretary may
14 require any person subject to such tax to file a bond with the director of
15 taxation under conditions established by and in such form and amount as
16 prescribed by rules and regulations adopted by the secretary.

17 (f) The amount of tax imposed by this act shall be assessed within
18 three years after the return is filed, and no proceedings in court for the
19 collection of such taxes shall be initiated after the expiration of such
20 period except in the cases of fraud. In the case of a false or fraudulent
21 return with intent to evade tax, the tax may be assessed or a proceeding in
22 court for collection of such tax may be initiated at any time, within two
23 years from the discovery of such fraud. No refund or credit shall be
24 allowed by the director after three years from the date of payment of the
25 tax as provided in this act unless before the expiration of such period a
26 claim therefor is filed by the taxpayer. No suit or action to recover on any
27 claim for refund shall be commenced until after the expiration of six
28 months from the date of filing a claim therefor with the director. Before
29 the expiration of time prescribed in this section for the assessment of
30 additional tax or the filing of a claim for refund, the director is hereby
31 authorized to enter into an agreement in writing with the taxpayer
32 consenting to the extension of the periods of limitations for the assessment
33 of tax or for the filing of a claim for refund, at any time prior to the
34 expiration of the periods of limitations. The period so agreed upon may be
35 extended by subsequent agreements in writing made before the expiration
36 of the period previously agreed upon.

37 New Sec. 47. (a) On or before the 25th day of each calendar month,
38 every cannabis business subject to the provisions of this act shall make a
39 return to the director of taxation upon forms prescribed and furnished by
40 the director, stating:

41 (1) The name and address of the cannabis business;

42 (2) the total amount of gross sales subject to the tax imposed by
43 section 45, and amendments thereto, during the preceding calendar month;

1 and

2 (3) any other pertinent information the director requires.

3 (b) At the time of making the return, the person making the return
4 shall pay to the director of taxation the amount of tax levied by section 45,
5 and amendments thereto, as applicable to the person submitting the return.
6 The director of taxation may extend the time for submitting returns and
7 paying the tax for any period not to exceed 60 days, under rules and
8 regulations adopted by the secretary of revenue.

9 New Sec. 48. (a) If any taxpayer fails to pay the tax levied by section
10 45, and amendments thereto, at the time required by or under the
11 provisions of section 46, and amendments thereto, there shall be added to
12 the unpaid balance of the tax, interest at the rate per month prescribed by
13 K.S.A. 79-2968(a), and amendments thereto, from the date the tax was due
14 until paid.

15 (b) If any taxpayer due to negligence or intentional disregard fails to
16 file a return or pay the tax due at the time required by or under the
17 provisions of section 46, and amendments thereto, there shall be added to
18 the tax a penalty in an amount equal to 10% of the unpaid balance of tax
19 due.

20 (c) If any person fails to make a return, or to pay any tax, within six
21 months from the date the return or tax was due, except in the case of an
22 extension of time granted by the secretary of revenue or the secretary's
23 designee, there shall be added to the tax due a penalty equal to 25% of the
24 unpaid balance of such tax due.

25 (d) If any taxpayer fails to file a return or pay the tax that is due at the
26 time required by or under the provisions of this act, there shall be added to
27 the tax an additional amount equal to 1% of the unpaid balance of the tax
28 due for each month or fraction thereof during which such failure
29 continues, not exceeding 24% in the aggregate, plus interest at the rate
30 prescribed by K.S.A. 79-2968(a), and amendments thereto, from the date
31 the tax was due until paid. Notwithstanding the foregoing, in the event an
32 assessment is issued following a field audit for any period for which a
33 return was filed by the taxpayer and all of the tax was paid pursuant to
34 such return, a penalty shall be imposed for the period included in the
35 assessment in an amount of 1% per month not exceeding 10% of the
36 unpaid balance of tax due shown in the notice of assessment. If, after
37 review of a return for any period included in the assessment, the secretary
38 or secretary's designee determines that the underpayment of tax was due to
39 the failure of the taxpayer to make a reasonable attempt to comply with the
40 provisions of this act, such penalty shall be imposed for the period
41 included in the assessment in the amount of 25% of the unpaid balance of
42 tax due.

43 (e) If any taxpayer, with fraudulent intent, fails to pay any tax or

1 make, render or sign any return, or to supply any information, within the
2 time required by or under the provisions of section 46, and amendments
3 thereto, there shall be added to the tax a penalty in an amount equal to
4 50% of the unpaid balance of tax due.

5 (f) Penalty or interest applied under the provisions of subsections (a)
6 and (d) shall be in addition to the penalty added under any other provisions
7 of this section, but the provisions of subsections (b) and (c) shall be
8 mutually exclusive of each other.

9 (g) Whenever the secretary of revenue or the secretary's designee
10 determines that the failure of the taxpayer to comply with the provisions of
11 subsections (b) and (c) was due to reasonable causes, the secretary or the
12 secretary's designee may waive or reduce any of the penalties and may
13 reduce the interest rate to the underpayment rate prescribed and
14 determined for the applicable period under section 6621 of the federal
15 internal revenue code as in effect on January 1, 2025, upon making a
16 record of the reasons therefor.

17 (h) In addition to all other penalties provided by this section, any
18 person who willfully fails to make a return or to pay any tax levied by
19 section 45, and amendments thereto, who makes a false or fraudulent
20 return, fails to keep any books or records necessary to determine the
21 accuracy of the person's reports, who willfully violates any regulations of
22 the secretary of revenue, for the enforcement and administration of the
23 provisions of this act, who aids and abets another in attempting to evade
24 the payment of any tax levied by section 45, and amendments thereto, or
25 who violates any other provision of this act shall, upon conviction thereof,
26 be fined not less than \$100 nor more than \$1,000, be imprisoned in the
27 county jail not less than one month nor more than six months, or be both
28 so fined and imprisoned, in the discretion of the court.

29 (i) The director of taxation or the director of alcoholic beverage
30 control may enjoin any person from engaging in business as a cannabis
31 business when the cannabis business is in violation of any of the
32 provisions of this act and shall be entitled in any proceeding brought for
33 that purpose to have an order restraining the person from engaging in
34 business as a cannabis business. No bond shall be required for any such
35 restraining order or for any temporary or permanent injunction issued in
36 that proceeding.

37 (j) If a cannabis business violates any of the provisions of this act, the
38 director of alcoholic beverage control may suspend or revoke the license
39 of such cannabis business or may impose a civil fine on the licensee or
40 permit holder in accordance with section 18, and amendments thereto.

41 (k) The provisions of K.S.A. 75-5133, 79-3605, 79-3609, 79-3610,
42 79-3611, 79-3612, 79-3613, 79-3615, 79-3617 and 79-3619, and
43 amendments thereto, relating to enforcement, collection and

1 administration, insofar as practicable, shall have full force and effect with
2 respect to taxes levied by section 45, and amendments thereto. As used in
3 such statutes and applied to this act, "director" means the director of
4 taxation. The provisions of K.S.A. 74-2422, 74-2425, 74-2426 and 74-
5 2427, and amendments thereto, relating to the approval of rules and
6 regulations, and the adoption of uniform rules and regulations for such
7 hearings and for appeals from orders of the director of taxation and
8 prescribing the duties of county attorneys with respect to such appeals,
9 insofar as practicable, shall have full force and effect with respect to taxes
10 levied by, and proceedings under, the provisions of this act.

11 New Sec. 49. Whenever the director of alcoholic beverage control
12 issues a cannabis retailer license, the director of alcoholic beverage control
13 shall promptly notify the director of taxation of such issuance. The notice
14 shall include the name of the licensee and the address of the licensed
15 premises. Whenever the director of alcoholic beverage control revokes or
16 suspends any such license or whenever any such license expires, the
17 director of alcoholic beverage control shall likewise notify the director of
18 taxation.

19 New Sec. 50. The director of taxation shall administer the provisions
20 of sections 45 through 50, and amendments thereto. The secretary of
21 revenue shall adopt rules and regulations necessary to carry out the
22 provisions and intent of sections 45 through 50, and amendments thereto.
23 The director of taxation shall appoint such agents and employees as the
24 secretary may deem necessary for the proper enforcement and
25 administration of such sections. When, in the judgment of the director of
26 taxation, it is necessary in order to secure the collection of any such tax,
27 penalties or interest due thereon, or to become due under such sections, the
28 director may require any person subject to such tax to file a bond with the
29 director in such form and amount as the director may prescribe.

30 Sec. 51. K.S.A. 21-5703 is hereby amended to read as follows: 21-
31 5703. (a) It shall be unlawful for any person to manufacture any controlled
32 substance or controlled substance analog.

33 (b) Violation or attempted violation of subsection (a) is a:

34 (1) Drug severity level 2 felony, except as provided in subsections (b)
35 (2) and (b)(3);

36 (2) drug severity level 1 felony if:

37 (A) The controlled substance is not methamphetamine, as defined by
38 K.S.A. 65-4107(d)(3) or (f)(1), and amendments thereto, or an analog
39 thereof;

40 (B) the controlled substance is not a fentanyl-related controlled
41 substance; and

42 (C) the offender has a prior conviction for unlawful manufacturing of
43 a controlled substance under this section, K.S.A. 65-4159, prior to its

1 repeal, K.S.A. 2010 Supp. 21-36a03, prior to its transfer, or a substantially
2 similar offense from another jurisdiction and the substance was not
3 methamphetamine, as defined by K.S.A. 65-4107(d)(3) or (f)(1), and
4 amendments thereto, or an analog thereof, in any such prior conviction;
5 and

6 (3) drug severity level 1 felony if the controlled substance is
7 methamphetamine, as defined by K.S.A. 65-4107(d)(3) or (f)(1), and
8 amendments thereto, or an analog thereof, or is a fentanyl-related
9 controlled substance.

10 (c) The provisions of K.S.A. 21-5301(d), and amendments thereto,
11 shall not apply to a violation of attempting to unlawfully manufacture any
12 controlled substance or controlled substance analog pursuant to this
13 section.

14 (d) For persons arrested and charged under this section, bail shall be
15 at least \$50,000 cash or surety, and such person shall not be released upon
16 the person's own recognizance pursuant to K.S.A. 22-2802, and
17 amendments thereto, unless the court determines, on the record, that the
18 defendant is not likely to re-offend, the court imposes pretrial supervision,
19 or the defendant agrees to participate in a licensed or certified drug
20 treatment program.

21 (e) The sentence of a person who violates this section shall not be
22 subject to statutory provisions for suspended sentence, community service
23 work or probation.

24 (f) The sentence of a person who violates this section, K.S.A. 65-
25 4159, prior to its repeal or K.S.A. 2010 Supp. 21-36a03, prior to its
26 transfer, shall not be reduced because these sections prohibit conduct
27 identical to that prohibited by K.S.A. 65-4161 or 65-4163, prior to their
28 repeal, K.S.A. 2010 Supp. 21-36a05, prior to its transfer, or K.S.A. 21-
29 5705, and amendments thereto.

30 (g) *The provisions of this section shall not apply to a cannabis*
31 *cultivation facility or cannabis products manufacturer licensed pursuant*
32 *to the adult use cannabis regulation act, section 1 et seq., and amendments*
33 *thereto, that is producing cannabis, as defined in section 2, and*
34 *amendments thereto, when used for acts authorized by the adult use*
35 *cannabis regulation act, section 1 et seq., and amendments thereto.*

36 Sec. 52. K.S.A. 2024 Supp. 21-5705 is hereby amended to read as
37 follows: 21-5705. (a) It shall be unlawful for any person to distribute or
38 possess with the intent to distribute any of the following controlled
39 substances or controlled substance analogs thereof:

40 (1) Opiates, opium or narcotic drugs, or any stimulant designated in
41 K.S.A. 65-4107(d)(1), (d)(3) or (f)(1), and amendments thereto;

42 (2) any depressant designated in K.S.A. 65-4105(e), 65-4107(e), 65-
43 4109(b) or (c) or 65-4111(b), and amendments thereto;

- 1 (3) any stimulant designated in K.S.A. 65-4105(f), 65-4107(d)(2), (d)
2 (4), (d)(5) or (f)(2) or 65-4109(e), and amendments thereto;
3 (4) any hallucinogenic drug designated in K.S.A. 65-4105(d), 65-
4 4107(g) or 65-4109(g), and amendments thereto;
5 (5) any substance designated in K.S.A. 65-4105(g) or 65-4111(c), (d),
6 (e), (f) or (g), and amendments thereto;
7 (6) any anabolic steroids as defined in K.S.A. 65-4109(f), and
8 amendments thereto; or
9 (7) any substance designated in K.S.A. 65-4105(h), and amendments
10 thereto.

11 (b) It shall be unlawful for any person to distribute or possess with
12 the intent to distribute a controlled substance or a controlled substance
13 analog designated in K.S.A. 65-4113, and amendments thereto.

14 (c) It shall be unlawful for any person to cultivate any controlled
15 substance or controlled substance analog listed in subsection (a).

16 (d) (1) Except as provided further, violation of subsection (a) is a:

17 (A) Drug severity level 4 felony if the quantity of the material was
18 less than 3.5 grams;

19 (B) drug severity level 3 felony if the quantity of the material was at
20 least 3.5 grams but less than 100 grams;

21 (C) drug severity level 2 felony if the quantity of the material was at
22 least 100 grams but less than 1 kilogram; and

23 (D) drug severity level 1 felony if the quantity of the material was 1
24 kilogram or more.

25 (2) Except as provided further, violation of subsection (a) with
26 respect to material containing any quantity of marijuana, or an analog
27 thereof, is a:

28 (A) Drug severity level 4 felony if the quantity of the material was
29 less than 25 grams;

30 (B) drug severity level 3 felony if the quantity of the material was at
31 least 25 grams but less than 450 grams;

32 (C) drug severity level 2 felony if the quantity of the material was at
33 least 450 grams but less than 30 kilograms; and

34 (D) drug severity level 1 felony if the quantity of the material was 30
35 kilograms or more.

36 (3) Except as provided further, violation of subsection (a) with
37 respect to material containing any quantity of a fentanyl-related controlled
38 substance, heroin as defined by K.S.A. 65-4105(c)(12), and amendments
39 thereto, or methamphetamine as defined by K.S.A. 65-4107(d)(3) or (f)(1),
40 and amendments thereto, or an analog thereof, is a:

41 (A) Drug severity level 4 felony if the quantity of the material was
42 less than 1 gram;

43 (B) drug severity level 3 felony if the quantity of the material was at

1 least 1 gram but less than 3.5 grams;

2 (C) drug severity level 2 felony if the quantity of the material was at
3 least 3.5 grams but less than 100 grams; and

4 (D) drug severity level 1 felony if the quantity of the material was
5 100 grams or more.

6 (4) Except as provided further, violation of subsection (a) with
7 respect to material containing any quantity of a controlled substance
8 designated in K.S.A. 65-4105, 65-4107, 65-4109 or 65-4111, and
9 amendments thereto, or an analog thereof, distributed by dosage unit, is a:

10 (A) Drug severity level 4 felony if the number of dosage units was
11 fewer than 10;

12 (B) drug severity level 3 felony if the number of dosage units was at
13 least 10 but fewer than 100;

14 (C) drug severity level 2 felony if the number of dosage units was at
15 least 100 but fewer than 1,000; and

16 (D) drug severity level 1 felony if the number of dosage units was
17 1,000 or more.

18 (5) Violation of subsection (a) with respect to material containing any
19 quantity of a fentanyl-related controlled substance, distributed by dosage
20 unit, is a:

21 (A) Drug severity level 4 felony if the number of dosage units was
22 fewer than 10;

23 (B) drug severity level 3 felony if the number of dosage units was at
24 least 10 but fewer than 50;

25 (C) drug severity level 2 felony if the number of dosage units was at
26 least 50 but fewer than 250; and

27 (D) drug severity level 1 felony if the number of dosage units was
28 250 or more.

29 (6) For any violation of subsection (a), the severity level of the
30 offense shall be increased one level if the controlled substance or
31 controlled substance analog was distributed or possessed with the intent to
32 distribute on or within 1,000 feet of any school property.

33 (7) Violation of subsection (b) is a:

34 (A) Class A person misdemeanor, except as provided in subsection
35 (d)(7)(B); and

36 (B) nondrug severity level 7, person felony if the substance was
37 distributed to or possessed with the intent to distribute to a minor.

38 (8) Violation of subsection (c) is a:

39 (A) Drug severity level 3 felony if the number of plants cultivated
40 was more than 4 but fewer than 50;

41 (B) drug severity level 2 felony if the number of plants cultivated was
42 at least 50 but fewer than 100; and

43 (C) drug severity level 1 felony if the number of plants cultivated was

1 100 or more.

2 (e) In any prosecution under this section, there shall be an inference
3 of an intent to distribute if such an inference is supported by the facts and
4 such person possesses the following quantities of controlled substances or
5 analogs thereof:

6 (1) 450 grams or more of marijuana;

7 (2) 3.5 grams or more of a fentanyl-related controlled substance,
8 heroin or methamphetamine;

9 (3) 50 dosage units or more containing any quantity of a fentanyl-
10 related controlled substance;

11 (4) 100 dosage units or more containing any other controlled
12 substance; or

13 (5) 100 grams or more of any other controlled substance.

14 (f) It shall not be a defense to charges arising under this section that
15 the defendant:

16 (1) Was acting in an agency relationship on behalf of any other party
17 in a transaction involving a controlled substance or controlled substance
18 analog;

19 (2) did not know the quantity of the controlled substance or
20 controlled substance analog; or

21 (3) did not know the specific controlled substance or controlled
22 substance analog contained in the material that was distributed or
23 possessed with the intent to distribute.

24 (g) *The provisions of subsections (a)(4) and (a)(5) shall not apply to:*

25 (1) *Any cannabis cultivation facility licensed pursuant to the adult*
26 *use cannabis regulation act, section 1 et seq., and amendments thereto, or*
27 *any employee or agent thereof, that is growing cannabis for the purpose of*
28 *sale as authorized by the adult use cannabis regulation act, section 1 et*
29 *seq., and amendments thereto;*

30 (2) *any cannabis products manufacturer licensed pursuant to the*
31 *adult use cannabis regulation act, section 1 et seq., and amendments*
32 *thereto, or any employee or agent thereof, that is manufacturing cannabis*
33 *or cannabis products for the purpose of sale or distribution as authorized*
34 *by the adult use cannabis regulation act, section 1 et seq., and*
35 *amendments thereto;*

36 (3) *any cannabis transporter licensed pursuant to the adult use*
37 *cannabis regulation act, section 1 et seq., and amendments thereto, or any*
38 *employee or agent thereof, that is storing or transporting cannabis as*
39 *authorized by the adult use cannabis regulation act, section 1 et seq., and*
40 *amendments thereto; or*

41 (4) *any hospitality and sales business or cannabis retailer licensed*
42 *pursuant to the adult use cannabis regulation act, section 1 et seq., and*
43 *amendments thereto, or any employee or agent thereof, that is engaging in*

1 *the sale of cannabis and cannabis products in a manner authorized by the*
2 *adult use cannabis regulation act, section 1 et seq., and amendments*
3 *thereto.*

4 (h) As used in this section:

5 (1) "Material" means the total amount of any substance, including a
6 compound or a mixture, which contains any quantity of a controlled
7 substance or controlled substance analog.

8 (2) "Dosage unit" means a controlled substance or controlled
9 substance analog distributed or possessed with the intent to distribute as a
10 discrete unit, including but not limited to, one pill, one capsule or one
11 microdot, and not distributed by weight.

12 (A) For steroids, or controlled substances in liquid solution legally
13 manufactured for prescription use, or an analog thereof, "dosage unit"
14 means the smallest medically approved dosage unit, as determined by the
15 label, materials provided by the manufacturer, a prescribing authority,
16 licensed health care professional or other qualified health authority.

17 (B) For illegally manufactured controlled substances in liquid
18 solution, or controlled substances in liquid products not intended for
19 ingestion by human beings, or an analog thereof, "dosage unit" means 10
20 milligrams, including the liquid carrier medium, except as provided in
21 subsection (g)(2)(C).

22 (C) For lysergic acid diethylamide (LSD) in liquid form, or an analog
23 thereof, a dosage unit is defined as 0.4 milligrams, including the liquid
24 medium.

25 (3) "*Cannabis*" means the same as defined in section 2, and
26 amendments thereto.

27 Sec. 53. K.S.A. 21-5706 is hereby amended to read as follows: 21-
28 5706. (a) It shall be unlawful for any person to possess any opiates, opium
29 or narcotic drugs, or any stimulant designated in K.S.A. 65-4107(d)(1), (d)
30 (3) or (f)(1), and amendments thereto, or a controlled substance analog
31 thereof.

32 (b) It shall be unlawful for any person to possess any of the following
33 controlled substances or controlled substance analogs thereof:

34 (1) Any depressant designated in K.S.A. 65-4105(e), 65-4107(e), 65-
35 4109(b) or (c) or 65-4111(b), and amendments thereto;

36 (2) any stimulant designated in K.S.A. 65-4105(f), 65-4107(d)(2), (d)
37 (4), (d)(5) or (f)(2) or 65-4109(e), and amendments thereto;

38 (3) any hallucinogenic drug designated in K.S.A. 65-4105(d), 65-
39 4107(g) or 65-4109(g), and amendments thereto;

40 (4) any substance designated in K.S.A. 65-4105(g) and 65-4111(c),
41 (d), (e), (f) or (g), and amendments thereto;

42 (5) any anabolic steroids as defined in K.S.A. 65-4109(f), and
43 amendments thereto;

1 (6) any substance designated in K.S.A. 65-4113, and amendments
2 thereto; or

3 (7) any substance designated in K.S.A. 65-4105(h), and amendments
4 thereto.

5 (c) (1) Violation of subsection (a) is a drug severity level 5 felony.

6 (2) Except as provided in subsection (c)(3):

7 (A) Violation of subsection (b) is a class A nonperson misdemeanor,
8 except as provided in subparagraph (B); and

9 (B) violation of subsection (b)(1) through (b)(5) or (b)(7) is a drug
10 severity level 5 felony if that person has a prior conviction under such
11 subsection, under K.S.A. 65-4162, prior to its repeal, under a substantially
12 similar offense from another jurisdiction, or under any city ordinance or
13 county resolution for a substantially similar offense if the substance
14 involved was 3, 4-methylenedioxyamphetamine (MDMA), marijuana
15 as designated in K.S.A. 65-4105(d), and amendments thereto, or any
16 substance designated in K.S.A. 65-4105(h), and amendments thereto, or an
17 analog thereof.

18 (3) If the substance involved is marijuana, as designated in K.S.A.
19 65-4105(d), and amendments thereto, or tetrahydrocannabinols, as
20 designated in K.S.A. 65-4105(h), and amendments thereto, violation of
21 subsection (b) is a:

22 (A) Class B nonperson misdemeanor, except as provided in
23 subparagraphs (B) ~~and~~, (C) and (D);

24 (B) class A nonperson misdemeanor if that person has a prior
25 conviction under such subsection, under K.S.A. 65-4162, prior to its
26 repeal, under a substantially similar offense from another jurisdiction, or
27 under any city ordinance or county resolution for a substantially similar
28 offense; and

29 (C) drug severity level 5 felony if that person has two or more prior
30 convictions under such subsection, under K.S.A. 65-4162, prior to its
31 repeal, under a substantially similar offense from another jurisdiction, or
32 under any city ordinance or county resolution for a substantially similar
33 offense.

34 (d) It shall be an affirmative defense to prosecution under this section
35 arising out of a person's possession of any cannabidiol treatment
36 preparation if the person:

37 (1) Has a debilitating medical condition, as defined in K.S.A. 2022
38 Supp. 65-6235, and amendments thereto, or is the parent or guardian of a
39 minor child who has such debilitating medical condition;

40 (2) is possessing a cannabidiol treatment preparation, as defined in
41 K.S.A. 2022 Supp. 65-6235, and amendments thereto, that is being used to
42 treat such debilitating medical condition; and

43 (3) has possession of a letter, at all times while the person has

1 possession of the cannabidiol treatment preparation, that:

2 (A) Shall be shown to a law enforcement officer on such officer's
3 request;

4 (B) is dated within the preceding 15 months and signed by the
5 physician licensed to practice medicine and surgery in Kansas who
6 diagnosed the debilitating medical condition;

7 (C) is on such physician's letterhead; and

8 (D) identifies the person or the person's minor child as such
9 physician's patient and identifies the patient's debilitating medical
10 condition.

11 (e) *If the substance involved is cannabis, as defined in section 2, and*
12 *amendments thereto, the provisions of subsections (b) and (c) shall not*
13 *apply to any person who is licensed pursuant to the adult use cannabis*
14 *regulation act, section 1 et seq., and amendments thereto, whose*
15 *possession is authorized by such act.*

16 (f) It shall not be a defense to charges arising under this section that
17 the defendant was acting in an agency relationship on behalf of any other
18 party in a transaction involving a controlled substance or controlled
19 substance analog.

20 Sec. 54. K.S.A. 21-5707 is hereby amended to read as follows: 21-
21 5707. (a) It shall be unlawful for any person to knowingly or intentionally
22 use any communication facility:

23 (1) In committing, causing, or facilitating the commission of any
24 felony under K.S.A. 2022 Supp. 21-5703, 21-5705 or 21-5706, and
25 amendments thereto; or

26 (2) in any attempt to commit, any conspiracy to commit, or any
27 criminal solicitation of any felony under K.S.A. 2022 Supp. 21-5703, 21-
28 5705 or 21-5706, and amendments thereto. Each separate use of a
29 communication facility may be charged as a separate offense under this
30 subsection.

31 (b) Violation of subsection (a) is a nondrug severity level 8,
32 nonperson felony.

33 (c) *The provisions of this section shall not apply to any person using*
34 *communication facilities for those activities authorized by the adult use*
35 *cannabis regulation act, section 1 et seq., and amendments thereto.*

36 (d) As used in this section, "communication facility" means any and
37 all public and private instrumentalities used or useful in the transmission
38 of writing, signs, signals, pictures or sounds of all kinds and includes
39 telephone, wire, radio, computer, computer networks, beepers, pagers and
40 all other means of communication.

41 Sec. 55. K.S.A. 21-5709 is hereby amended to read as follows: 21-
42 5709. (a) It shall be unlawful for any person to possess ephedrine,
43 pseudoephedrine, red phosphorus, lithium metal, sodium metal, iodine,

1 anhydrous ammonia, pressurized ammonia or phenylpropanolamine, or
2 their salts, isomers or salts of isomers with an intent to use the product to
3 manufacture a controlled substance.

4 (b) It shall be unlawful for any person to use or possess with intent to
5 use any drug paraphernalia to:

6 (1) Manufacture, cultivate, plant, propagate, harvest, test, analyze or
7 distribute a controlled substance; or

8 (2) store, contain, conceal, inject, ingest, inhale or otherwise
9 introduce a controlled substance into the human body.

10 (c) It shall be unlawful for any person to use or possess with intent to
11 use anhydrous ammonia or pressurized ammonia in a container not
12 approved for that chemical by the Kansas department of agriculture.

13 (d) It shall be unlawful for any person to purchase, receive or
14 otherwise acquire at retail any compound, mixture or preparation
15 containing more than 3.6 grams of pseudoephedrine base or ephedrine
16 base in any single transaction or any compound, mixture or preparation
17 containing more than nine grams of pseudoephedrine base or ephedrine
18 base within any 30-day period.

19 (e) (1) Violation of subsection (a) is a drug severity level 3 felony;

20 (2) violation of subsection (b)(1) is a:

21 (A) Drug severity level 5 felony, except as provided in subsection (e)
22 (2)(B); and

23 (B) class B nonperson misdemeanor if the drug paraphernalia was
24 used to cultivate fewer than five marijuana plants;

25 (3) violation of subsection (b)(2) is a class B nonperson
26 misdemeanor;

27 (4) violation of subsection (c) is a drug severity level 5 felony; and

28 (5) violation of subsection (d) is a class A nonperson misdemeanor.

29 (f) For persons arrested and charged under subsection (a) or (c), bail
30 shall be at least \$50,000 cash or surety, and such person shall not be
31 released upon the person's own recognizance pursuant to K.S.A. 22-2802,
32 and amendments thereto, unless the court determines, on the record, that
33 the defendant is not likely to reoffend, the court imposes pretrial
34 supervision or the defendant agrees to participate in a licensed or certified
35 drug treatment program.

36 (g) *The provisions of subsection (b) shall not apply to any person*
37 *licensed pursuant to the adult use cannabis regulation act, section 1 et*
38 *seq., and amendments thereto, whose possession of such equipment or*
39 *material is used solely to produce or for the administration of cannabis, as*
40 *defined in section 2, and amendments thereto, in a manner authorized by*
41 *the adult use cannabis regulation act, section 1 et seq., and amendments*
42 *thereto.*

43 Sec. 56. K.S.A. 21-5710 is hereby amended to read as follows: 21-

1 5710. (a) It shall be unlawful for any person to advertise, market, label,
2 distribute or possess with the intent to distribute:

3 (1) Any product containing ephedrine, pseudoephedrine, red
4 phosphorus, lithium metal, sodium metal, iodine, anhydrous ammonia,
5 pressurized ammonia or phenylpropanolamine or their salts, isomers or
6 salts of isomers if the person knows or reasonably should know that the
7 purchaser will use the product to manufacture a controlled substance or
8 controlled substance analog; or

9 (2) any product containing ephedrine, pseudoephedrine or
10 phenylpropanolamine, or their salts, isomers or salts of isomers for
11 indication of stimulation, mental alertness, weight loss, appetite control,
12 energy or other indications not approved pursuant to the pertinent federal
13 over-the-counter drug final monograph or tentative final monograph or
14 approved new drug application.

15 (b) It shall be unlawful for any person to distribute, possess with the
16 intent to distribute or manufacture with intent to distribute any drug
17 paraphernalia, knowing or under circumstances where one reasonably
18 should know that it will be used to manufacture or distribute a controlled
19 substance or controlled substance analog in violation of K.S.A. 2022 Supp.
20 21-5701 through 21-5717, and amendments thereto.

21 (c) It shall be unlawful for any person to distribute, possess with
22 intent to distribute or manufacture with intent to distribute any drug
23 paraphernalia, knowing or under circumstances where one reasonably
24 should know, that it will be used as such in violation of K.S.A. 2022 Supp.
25 21-5701 through 21-5717, and amendments thereto, ~~except subsection (b)~~
26 ~~of K.S.A. 2022 Supp. 21-5706(b), and amendments thereto.~~

27 (d) It shall be unlawful for any person to distribute, possess with
28 intent to distribute or manufacture with intent to distribute any drug
29 paraphernalia, knowing, or under circumstances where one reasonably
30 should know, that it will be used as such in violation of ~~subsection (b) of~~
31 ~~K.S.A. 2022 Supp. 21-5706(b), and amendments thereto.~~

32 (e) (1) Violation of subsection (a) is a drug severity level 3 felony;

33 (2) violation of subsection (b) is a:

34 (A) Drug severity level 5 felony, except as provided in subsection (e)
35 (2)(B); and

36 (B) drug severity level 4 felony if the trier of fact makes a finding that
37 the offender distributed or caused drug paraphernalia to be distributed to a
38 minor or on or within 1,000 feet of any school property;

39 (3) violation of subsection (c) is a:

40 (A) Nondrug severity level 9, nonperson felony, except as provided in
41 subsection (e)(3)(B); and

42 (B) drug severity level 5 felony if the trier of fact makes a finding that
43 the offender distributed or caused drug paraphernalia to be distributed to a

1 minor or on or within 1,000 feet of any school property; and

2 (4) violation of subsection (d) is a:

3 (A) Class A nonperson misdemeanor, except as provided in
4 subsection (e)(4)(B); and

5 (B) nondrug severity level 9, nonperson felony if the trier of fact
6 makes a finding that the offender distributed or caused drug paraphernalia
7 to be distributed to a minor or on or within 1,000 feet of any school
8 property.

9 (f) For persons arrested and charged under subsection (a), bail shall
10 be at least \$50,000 cash or surety, and such person shall not be released
11 upon the person's own recognizance pursuant to K.S.A. 22-2802, and
12 amendments thereto, unless the court determines, on the record, that the
13 defendant is not likely to re-offend, the court imposes pretrial supervision
14 or the defendant agrees to participate in a licensed or certified drug
15 treatment program.

16 (g) *The provisions of subsection (c) shall not apply to any person*
17 *licensed pursuant to the adult use cannabis regulation act, section 1 et*
18 *seq., and amendments thereto, whose distribution or manufacture is used*
19 *solely to distribute or produce cannabis, as defined in section 2, and*
20 *amendments thereto, in a manner authorized by the adult use cannabis*
21 *regulation act, section 1 et seq., and amendments thereto.*

22 (h) As used in this section, "or under circumstances where one
23 reasonably should know" that an item will be used in violation of this
24 section, shall include, but not be limited to, the following:

25 (1) Actual knowledge from prior experience or statements by
26 customers;

27 (2) inappropriate or impractical design for alleged legitimate use;

28 (3) receipt of packaging material, advertising information or other
29 manufacturer supplied information regarding the item's use as drug
30 paraphernalia; or

31 (4) receipt of a written warning from a law enforcement or
32 prosecutorial agency having jurisdiction that the item has been previously
33 determined to have been designed specifically for use as drug
34 paraphernalia.

35 Sec. 57. K.S.A. 79-5201 is hereby amended to read as follows: 79-
36 5201. As used in ~~this act~~ *article 52 of chapter 79 of the Kansas Statutes*
37 *Annotated, and amendments thereto:*

38 (a) ~~"Marijuana" means any marijuana, whether real or counterfeit, as~~
39 ~~defined by K.S.A. 2022 Supp. 21-5701, and amendments thereto, which is~~
40 ~~held, possessed, transported, transferred, sold or offered to be sold in~~
41 ~~violation of the laws of Kansas;~~

42 (b) ~~"Controlled substance" means any drug or substance, whether real~~
43 ~~or counterfeit, as defined by K.S.A. 2022 Supp. 21-5701, and amendments~~

1 thereto, ~~which~~ *that* is held, possessed, transported, transferred, sold or
2 offered to be sold in violation of the laws of Kansas. Such term shall not
3 include marijuana;

4 ~~(e)~~(b) "dealer" means any person who, in violation of Kansas law,
5 manufactures, produces, ships, transports or imports into Kansas or in any
6 manner acquires or possesses more than 28 grams of marijuana, or more
7 than one gram of any controlled substance, or 10 or more dosage units of
8 any controlled substance ~~which~~ *that* is not sold by weight;

9 ~~(d)~~(c) "domestic marijuana plant" means any cannabis plant at any
10 level of growth ~~which~~ *that* is harvested or tended, manicured, irrigated,
11 fertilized or where there is other evidence that it has been treated in any
12 other way in an effort to enhance growth;

13 (d) "*marijuana*" means any marijuana, whether real or counterfeit,
14 as defined in K.S.A. 2022 Supp. 21-5701, and amendments thereto, that is
15 held, possessed, transported, transferred, sold or offered for sale in
16 violation of the laws of Kansas; and

17 (e) "*cannabis*" means the same as defined in section 2, and
18 amendments thereto.

19 Sec. 58. K.S.A. 79-5210 is hereby amended to read as follows: 79-
20 5210. Nothing in this act requires persons registered under article 16 of
21 chapter 65 of the Kansas Statutes Annotated, *and amendments thereto*, or
22 otherwise lawfully in possession of marijuana, *cannabis* or a controlled
23 substance to pay the tax required under this act.

24 Sec. 59. K.S.A. 21-5703, 21-5706, 21-5707, 21-5709, 21-5710, 79-
25 5201 and 79-5210 and K.S.A. 2024 Supp. 21-5705 and 21-5705a are
26 hereby repealed.

27 Sec. 60. This act shall take effect and be in force from and after its
28 publication in the statute book.