

Session of 2021

House Substitute for SENATE BILL No. 158

By Committee on Federal and State Affairs

3-31

1 AN ACT concerning health and healthcare; enacting the Kansas medical
2 marijuana regulation act; relating to medical cannabis; licensure and
3 regulation of the manufacture, transportation and sale of medical
4 cannabis; crimes, punishment and criminal procedure; creating the
5 crime of unlawful transport of medical marijuana; exceptions from the
6 unlawful manufacture and possession of a controlled substance;
7 prescribing powers, duties and functions of the secretary of health and
8 environment, secretary of revenue, board of healing arts and board of
9 pharmacy; rules and regulations; providing certain fines and penalties
10 for violations; establishing the medical marijuana registration fund,
11 medical marijuana cultivation regulation fund and the medical
12 marijuana business entity regulation fund; amending K.S.A. 44-1009,
13 44-1015, 65-28b08, 79-5201 and 79-5210 and K.S.A. 2020 Supp. 21-
14 5703, 21-5705, 21-5706, 21-5707, 21-5709, 21-5710, 23-3201, 38-
15 2269, 44-501, 44-706 and 65-1120 and repealing the existing sections.

16

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

18 New Section 1. The provisions of sections 1 through 52, and
19 amendments thereto, shall be known and may be cited as the Kansas
20 medical marijuana regulation act.

21 New Sec. 2. As used in the Kansas medical marijuana regulation act,
22 section 1 et seq., and amendments thereto:

23 (a) "Academic medical center" means a medical school and its
24 affiliated teaching hospitals and clinics.

25 (b) "Associated employee" means an owner or prospective owner,
26 officer or board member or prospective board member of an entity seeking
27 a retail dispensary license.

28 (c) "Board of healing arts" means the state board of healing arts.

29 (d) "Caregiver" means an individual registered pursuant to section 8,
30 and amendments thereto, who may purchase and possess medical
31 marijuana in accordance with section 11, and amendments thereto.

32 (e) "Cultivator" means a person issued a license pursuant to section
33 21, and amendments thereto, who may grow and sell medical marijuana in
34 accordance with section 22, and amendments thereto.

35 (f) "Distributor" means a person issued a license pursuant to section
36 31, and amendments thereto, who may purchase and sell medical

"Cannabinoid" means any of the diverse chemical compounds that can act on cannabinoid receptors in cells and alter neurotransmitter release in the brain, including phytocannabinoids that are produced naturally by marijuana and some other plants.

(e)

redesignate subsections

"Cultivate" means the same as defined in K.S.A. 65-4101, and amendments thereto.

(g)

redesignate subsections

1 marijuana in accordance with section 33, and amendments thereto.
 2 (g) "Electronic cigarette" means the same as defined in K.S.A. 79-
 3 3301, and amendments thereto.
 4 (h) "Key employee" means a manager or other person responsible for
 5 the daily operation of a licensed retail dispensary.
 6 (i) "Marijuana" means the same as defined in K.S.A. 65-4101, and
 7 amendments thereto.
 8 (j) "Medical marijuana" means marijuana that is cultivated,
 9 processed, tested, dispensed, possessed or used for a medical purpose.
 10 (k) ~~Owned and controlled~~ means ownership of at least 51% of the
 11 business, including corporate stock if a corporation, control over the
 12 management and day-to-day operations of the business and an interest in
 13 the capital, assets and profits and losses of the business proportionate to
 14 such owner's percentage of ownership.
 15 (l) "Patient" means an individual registered pursuant to section 8, and
 16 amendments thereto, who may purchase and possess medical marijuana in
 17 accordance with section 10, and amendments thereto.
 18 (m) ~~Postsecondary educational institution~~ means the same as
 19 defined in K.S.A. 74-3201b, and amendments thereto.
 20 (n) "Processor" means a person issued a license pursuant to section
 21 31, and amendments thereto, who may purchase, process and sell medical
 22 marijuana in accordance with section 32, and amendments thereto.
 23 (o) "Physician" means an individual licensed to practice medicine and
 24 surgery in this state and who is certified by the board of healing arts to
 25 recommend treatment with medical marijuana pursuant to section 17, and
 26 amendments thereto.
 27 (p) "Physician's designee" means:
 28 (1) A registered nurse, licensed practical nurse, respiratory therapist,
 29 emergency medical responder, paramedic, dental hygienist, pharmacy
 30 technician or pharmacy intern who has registered for access to the program
 31 database as an agent of a practitioner or pharmacist to request program
 32 data on behalf of the practitioner or pharmacist;
 33 (2) a death investigator who has registered for limited access to the
 34 program database as an agent of a medical examiner, coroner or another
 35 person authorized under law to investigate or determine causes of death; or
 36 (3) an individual authorized by rules and regulations adopted by the
 37 board of healing arts to access the prescription monitoring program
 38 database by the board of healing arts in rules and regulations.
 39 (q) "Qualifying medical condition" means any of the following:
 40 (1) Acquired immune deficiency syndrome;
 41 (2) Alzheimer's disease;
 42 (3) amyotrophic lateral sclerosis;
 43 (4) cancer;

"Medical marijuana product" means a product that contains cannabinoids that have been extracted from plant material or the resin therefrom by physical or chemical means and is intended for administration to a registered patient.
 (n) "Medical marijuana waste" means:
 (1) Unused, surplus, returned or out-of-date marijuana;
 (2) recalled marijuana;
 (3) plant debris of the plant of the genus cannabis, including dead plants and all unused plant parts and roots; and
 (4) any wastewater generated during growing and processing.
 (o)
 redesignate subsections

(n) "Person" means any natural person, corporation, partnership, trust or association.
 (o) "Plant material" means the leaves, stems, buds, and flowers of the marijuana plant, and does not include seedlings, seeds, clones, stalks, or roots of the plant or the weight of any non-marijuana ingredients combined with marijuana.
 (p)
 redesignate subsections

- 1 (5) chronic traumatic encephalopathy;
- 2 (6) Crohn's disease;
- 3 (7) epilepsy or another seizure disorder;
- 4 (8) fibromyalgia;
- 5 (9) glaucoma;
- 6 (10) hepatitis C;
- 7 (11) inflammatory bowel disease;
- 8 (12) multiple sclerosis;
- 9 (13) Parkinson's disease;
- 10 (14) positive status for human immunodeficiency virus;
- 11 (15) post-traumatic stress disorder;
- 12 (16) sickle cell anemia;
- 13 (17) spinal cord disease or injury;
- 14 (18) Tourette's syndrome;
- 15 (19) traumatic brain injury;
- 16 (20) ulcerative colitis;
- 17 (21) a chronic medical condition that:
- 18 (A) Causes severe, persistent pain or persistent muscle spasms; or
- 19 (B) is normally treated with a prescription medication that could lead
- 20 to physical or psychological dependence if a licensed physician determines
- 21 that treatment for such condition with medical marijuana would be
- 22 effective and would serve as a safer alternative;
- 23 (22) a debilitating psychiatric disorder that is diagnosed by a
- 24 physician licensed in this state who is board-certified in the practice of
- 25 psychiatry, as determined by the board of healing arts; or
- 26 (23) any other chronic, debilitating or terminal condition that, in the
- 27 professional judgment of a physician licensed by in this state, would be a
- 28 detriment to the patient's mental or physical health if left untreated.
- 29 (r) "Retail dispensary" means a person issued a license pursuant to
- 30 section 34, and amendments thereto, who may purchase and sell medical
- 31 marijuana in accordance with section 35, and amendments thereto.
- 32 (s) "Smoking" means the use of a lighted cigarette, cigar or pipe or
- 33 otherwise burning marijuana in any other form for the purpose of
- 34 consuming such marijuana.
- 35 (t) "Support employee" means an individual employed by a licensed
- 36 retail dispensary who does not have authority to make operational
- 37 decisions.
- 38 (u) "Vaporization" means the use of an electronic cigarette for the
- 39 purpose of consuming medical marijuana in which such medical marijuana
- 40 comes into direct contact with a heating element.
- 41 (v) "Veteran" means a person who:
- 42 (1) Has served in the army, navy, marine corps, air force, coast guard,
- 43 space force, any state air or army national guard or any branch of the

"Tetrahydrocannabinol" means the primary psychoactive cannabinoid in marijuana formed by decarboxylation of naturally occurring tetrahydrocannabinolic acid that generally takes place by heating.

(bb) "Tetrahydrocannabinolic acid" means the dominant cannabinoid that occurs naturally in most varieties of marijuana.

(cc) "Tetrahydrocannabinol content" means the sum of the amount of tetrahydrocannabinol and 87.7% of the amount of tetrahydrocannabinolic acid present in the product or plant material.

(dd)

redesignate subsections

1 (M) whose spouse has been convicted of a felony or other crime that
2 would disqualify a person from licensure under this section if such felony
3 or other crime was committed during the time that the spouse held a
4 license under this act;

5 (N) who has not been a resident of this state for at least four years
6 immediately preceding the date of application. A license shall be forfeited
7 if an individual licensee ceases to be a resident of this state at any time
8 after the license is granted;

9 (O) who does not provide any data or information required by the
10 director under this act; or

11 (P) who, after a hearing before the director, has been found to have
12 held an undisclosed beneficial interest in any license issued pursuant to
13 this act that was obtained by means of fraud or any false statement made
14 on the application for such license;

15 (2) not be issued to a corporation if less than 75% of the total equity
16 or similar ownership interest in such corporation is owned by individuals
17 who have been residents of this state for at least ~~two~~ years immediately
18 preceding the date of the application. A license shall be forfeited if, for
19 more than 90 consecutive days, less than 75% of the total equity or similar
20 ownership interest in such corporation is owned by individuals who are
21 residents of this state at any time after the license is granted; and

22 (3) require that any:

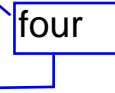
23 (A) Transfer of a license shall be reported to and approved by the
24 director. The director shall not approve any transfer of a license to any
25 individual or entity that does not satisfy the requirements of this section at
26 the time of the transfer;

27 (B) change in ownership of a corporation shall be reported to the
28 director within 30 days after such change occurs. If such change would
29 result in less than 75% of the total equity or similar ownership interest in
30 such corporation being owned by individuals who have been residents of
31 this state for at least ~~two~~ years, then such entity shall have 90 days to
32 ensure that 75% or greater of such equity or ownership interest is held by
33 individuals who are residents in Kansas or the license of such entity shall
34 be forfeited to the director;

35 (C) compensation, fee, expense or similarly characterized nonequity
36 payment that is contingent on or otherwise determined in a manner that
37 factors in profits, sales, revenue or cash flow of any kind relating to a
38 licensee's operation, including, but not limited to, profit-based consulting
39 fees and percentage rent payments be prohibited. Any licensee that enters
40 into an agreement for any prohibited compensation, fee, expense or
41 payment shall forfeit such entity's license to the director. Such prohibited
42 compensation, fee, expense or payment:

43 (i) Includes any distribution that is made by individuals or other

four



1 entities to one or more out-of-state individuals holding an equity or similar
2 ownership interest in the entity if such distribution is greater than 25% of
3 the total distributed amount; and
4 (ii) does not include payments of fixed amounts that are determined
5 prior to the commencement of applicable services or payments of variable
6 amounts based on verifiable quantities multiplied by a predetermined and
7 reasonably fixed rate.
8 (b) No retail dispensary license shall be issued to:
9 (1) A person who:
10 (A) Has not been a resident of this state for at least four years
11 immediately preceding the date of application; or
12 (B) has a beneficial interest in any other dispensary licensed under
13 this act, except that the spouse of a licensee may own and hold a license
14 for another dispensary;
15 (2) a copartnership, unless all of the copartners are qualified to obtain
16 a license;
17 (3) a corporation; or
18 (4) a trust, if any grantor, beneficiary or trustee would be ineligible to
19 receive a license under this act for any reason, except that the provisions of
20 subsection (a)(6) shall not apply in determining whether a beneficiary
21 would be eligible for a license.
22 (c) No cultivator's license shall be issued to:
23 (1) A corporation, if any officer or director thereof, or any
24 stockholder owning in the aggregate more than 25% of the stock of the
25 corporation would be ineligible to receive a cultivator's license;
26 (2) a copartnership, unless all of the copartners shall have been **four**
27 residents of this state for at least ~~five~~ years immediately preceding the date
28 of application and unless all the members of the copartnership would be
29 eligible to receive a cultivator's license under this act;
30 (3) a trust, if any grantor, beneficiary or trustee would be ineligible to
31 receive a license under this act for any reason, except that the provisions of
32 subsection (a)(6) shall not apply in determining whether a beneficiary
33 would be eligible for a license; or
34 (4) ~~an~~ individual who has not been a resident of this state for at least
35 ~~five~~ years immediately preceding the date of application.
36 (d) No distributor's license shall be issued to:
37 (1) A corporation, if any officer, director or stockholder of the
38 corporation would be ineligible to receive a distributor's license for any
39 reason. It shall be unlawful for any stockholder of a corporation licensed
40 as a distributor to transfer any stock in the corporation to any person who
41 would be ineligible to receive a distributor's license for any reason, and
42 any such transfer shall be null and void, except that if:
43 (A) Any stockholder owning stock in the corporation dies and an heir

1 the licensee.
2 (b) The director shall issue a license to an applicant if:
3 (1) The criminal history record check conducted pursuant to section
4 48, and amendments thereto, with respect to the applicant demonstrates
5 that the applicant is not disqualified from holding a license pursuant to
6 section 20, and amendments thereto;
7 (2) the applicant is not applying for a laboratory license and
8 demonstrates that it does not have an ownership or investment interest in
9 or compensation arrangement with a laboratory licensed under this section
10 or an applicant for such license;
11 (3) the applicant is not applying for a laboratory license and
12 demonstrates that it does not share any corporate officers or employees
13 with a laboratory licensed under this section or an applicant for such
14 license;
15 (4) the applicant demonstrates that it will not violate the provisions of
16 section 47, and amendments thereto;
17 (5) the applicant has submitted a tax clearance certificate issued by
18 the department of revenue; and
19 (6) the applicant meets all other licensure eligibility conditions
20 established in rules and regulations adopted by the secretary of revenue
21 and has paid all required fees.
22 (c) The director shall issue not less than 15% of cultivator and
23 laboratory licenses to entities that are owned and controlled by United
24 States citizens who are residents of this state and are members of one of
25 the following economically disadvantaged groups: Blacks or African
26 Americans, American Indians, Hispanics or Latinos and Asians. If no
27 applications or an insufficient number of applications are submitted by
28 such entities that meet the conditions set forth in subsection (b), licenses
29 shall be issued in accordance with subsections (a) and (b).
30 (d) A license shall be valid for a period of one year from the date such
31 license is issued and may be renewed by submitting a license renewal
32 application and paying the required fee.
33 New Sec. 22. (a) A cultivator licensee may cultivate medical
34 marijuana in ~~an area either on open farmland or in~~ a building and
35 designated by the licensee. A licensee may deliver or sell medical
36 marijuana to one or more licensed processors, distributors or dispensaries.
37 (b) A licensee may submit an application to the director of alcoholic
38 beverage control for approval of an expansion of such licensee's
39 cultivation area. Expansion approval applications shall be submitted in
40 such form and manner as prescribed by the director and shall include an
41 expansion plan that shall include the following:
42 (1) Specifications for the expansion or alteration that demonstrate
43 compliance with all applicable zoning ordinances, building codes and any

that is



1 other state and local laws and rules and regulations adopted thereunder;
2 (2) a proposed timeline for completion of the expansion that, if
3 approved, will become a mandatory condition; and
4 (3) a history of compliance with the Kansas medical marijuana
5 regulation act and all rules and regulations adopted thereunder, including a
6 history of enforcement actions and sanctions issued by the department or
7 any law enforcement agency against the licensee.
8 (c) (1) Unless authorized by this act, a cultivator shall not transfer or
9 sell medical marijuana and a processor shall not transfer, sell or process
10 into a concentrate or product any medical marijuana, medical marijuana
11 concentrate or medical marijuana product unless samples from each
12 harvest batch or production batch from which that medical marijuana,
13 medical marijuana concentrate or medical marijuana product was derived
14 has been tested by a licensed laboratory for contaminants and has passed
15 all contaminant tests required by this act.
16 (2) A licensed cultivator may transfer medical marijuana that has
17 failed testing for quality control to a licensed processor only for the
18 purposes of decontamination or remediation and only in accordance with
19 the provisions of this act.
20 (d) A licensed cultivator shall not cultivate medical marijuana for
21 personal, family or household use or on any public land.
22 New Sec. 23. (a) Prior to January 1, 2022, the director of alcoholic
23 beverage control shall contract with an operational private laboratory for
24 the purpose of conducting compliance and quality assurance testing of
25 medical marijuana laboratories, processors and cultivators licensed in this
26 state in an effort to provide public safety and ensure quality medical
27 marijuana product is available to registered patients.
28 (b) Any laboratory under contract with the director for compliance
29 and quality assurance testing shall:
30 (1) Be prohibited from conducting any other commercial medical
31 marijuana testing in this state;
32 (2) have a minimum of one year of medical marijuana testing
33 licensure in another state and have contracted for quality assurance testing
34 with another state;
35 (3) not employ, or be owned by any individual:
36 (A) That has a direct or indirect financial interest in any licensee in
37 this state;
38 (B) whose spouse, parent, child, spouse of a child, sibling or spouse
39 of a sibling has an active application for a license from the director; or
40 (C) that is a member of the board of directors of a licensee.
41 (c) The laboratory under contract with the director for compliance
42 and quality assurance shall be accessible and utilized for any medical
43 marijuana testing needs by any regulatory agency within the state,

2023



1 (14) the immediate recall of medical marijuana or medical marijuana
2 products that test above allowable thresholds or are otherwise determined
3 to be unsafe;

4 (15) the establishment by the laboratory of a system to document the
5 complete chain of custody for samples from receipt through disposal;

6 (16) the establishment by the laboratory of a system to retain and
7 maintain all required records, including business records, and processes to
8 ensure results are reported in a timely and accurate manner; and

9 (17) any other aspect of laboratory testing of medical marijuana or
10 medical marijuana product deemed necessary by the director.

11 New Sec. 26. (a) A laboratory licensee may:

12 (1) Obtain medical marijuana from one or more licensed cultivators,
13 processors or retail dispensaries; and

14 (2) conduct medical marijuana testing in accordance with the
15 requirements of section 24, and amendments thereto, and rules and
16 regulations adopted by the secretary of revenue.

17 (b) (1) Licensure of laboratories shall be contingent upon the
18 successful onsite inspection, participation in proficiency testing and
19 ongoing compliance with the requirements of this act.

20 (2) A laboratory shall be inspected prior to initial licensure and up to
21 six times annually by an inspector approved by the director of alcoholic
22 beverage control. The director may enter the licensed premises of a
23 laboratory to conduct investigations and additional inspections when the
24 director believes an investigation or additional inspection is necessary due
25 to a possible violation of this act.

26 (3) After January 1, 2022, accreditation by the national environmental
27 laboratory accreditation program, ANSI/ASQ national accreditation board
28 or another accrediting body approved by the director shall be required for
29 licensure and renewal of licensure of laboratories.

30 New Sec. 27. (a) The fees for a cultivator license shall be ~~set by rules
31 and regulations adopted by the secretary of revenue in an amount not to
32 exceed an annual fee of:~~

33 (1) \$5,000 for the license application; and

34 (2) ~~\$20 per plant at the time of licensing and each subsequent renewal
35 for the maximum number of flowering medical marijuana plants, based
36 upon a declaration by the applicant, that are cultivated by the licensee in
37 the facility at any given time.~~

38 (b) The fees for a laboratory license shall be ~~set by rules and
39 regulations adopted by the secretary of revenue in an amount not to
40 exceed:~~

41 (1) \$2,000 for a laboratory license application;

42 (2) \$18,000 for a laboratory license; and

43 (3) \$20,000 for a renewal of a laboratory license.

nonrefundable

(A) \$15,000 for a licensee that cultivates medical marijuana in an area that does not exceed 3,000 square feet; and
(B) \$195,000 for a licensee that cultivates medical marijuana in an area that does exceed 3,000 square feet

the nonrefundable

1 be dispensed under the Kansas medical marijuana regulation act:
2 (1) Oils;
3 (2) tinctures;
4 (3) plant material;
5 (4) edibles;
6 (5) patches; or
7 (6) any other form approved by the secretary of revenue under section
8 37, and amendments thereto.
9 (b) The smoking, combustion or vaporization of medical marijuana is
10 prohibited.
11 (c) Any form or method of using medical marijuana that is considered
12 attractive to children is prohibited.
13 (d) Plant material shall have a tetrahydrocannabinol content of not
14 more than 35% in its final, dispensed form.
15 (e) Extracts shall have a tetrahydrocannabinol content of not more
16 than 70% in their final, dispensed form.
17 (f) No form of medical marijuana shall be dispensed from a vending
18 machine or through electronic commerce.
19 New Sec. 37. (a) Any person may submit a petition to the director of
20 alcoholic beverage control requesting that a form or method of using
21 medical marijuana be approved for the purposes of section 36, and
22 amendments thereto. The petition shall be submitted in such form and
23 manner as prescribed by the director.
24 (b) Upon receipt of a petition, the director shall review such petition
25 to determine whether to recommend approval of the form or method of
26 using medical marijuana described in the petition. The director may
27 consolidate the review of petitions for the same or similar forms or
28 methods. The director shall consult with the medical marijuana advisory
29 committee and review any relevant scientific evidence when reviewing a
30 petition. The director shall recommend to the secretary of revenue whether
31 to approve or deny the proposed form or method of using medical
32 marijuana. The secretary shall approve or deny such proposed form or
33 method. The secretary's decision shall be final.
34 (c) Any petition that is recommended for denial by the director shall
35 not be resubmitted until 12 months have elapsed since the petition was
36 submitted.
37 New Sec. 38. (a) The fees for a processor license shall be ~~set by rules~~
38 ~~and regulations adopted by the secretary of revenue in an amount not to~~
39 ~~exceed:~~
40 (1) \$5,000 for a processor license application; and
41 (2) \$40,000 for a processor license and any renewal thereof.
42 (b) The fees for a distributor license shall be ~~set by rules and~~
43 ~~regulations adopted by the secretary of revenue in an amount not to~~

the nonrefundable



1 ~~exceed:~~
2 (1) \$5,000 for ~~a distributor~~ license application; and
3 (2) \$40,000 for a distributor license and any renewal thereof.
4 (c) The fees for a retail dispensary license shall be ~~set by rules and~~
5 ~~regulations adopted by the secretary of revenue in an amount not to~~
6 ~~exceed:~~

the nonrefundable

the nonrefundable

7 (1) \$5,000 for ~~a retail dispensary~~ license application;
8 (2) \$40,000 for a retail dispensary license and any renewal thereof;
9 (3) \$500 for each associated employee license application;
10 (4) \$250 for each key employee license application; and
11 (5) \$100 for each support employee license application.

12 New Sec. 39. The director of alcoholic beverage control may refuse
13 to issue or renew a license, or may revoke or suspend a license if the
14 applicant has:

- 15 (a) Failed to comply with any provision of the Kansas medical
16 marijuana regulation act or any rules and regulations adopted thereunder;
- 17 (b) falsified or misrepresented any information submitted to the
18 director in order to obtain a license;
- 19 (c) failed to adhere to any acknowledgment, verification or other
20 representation made to the director when applying for a license; or
- 21 (d) failed to submit or disclose information requested by the director.

22 New Sec. 40. (a) In addition to or in lieu of any other civil or criminal
23 penalty as provided by law, the director of alcoholic beverage control may
24 impose a civil penalty or suspend or revoke a license upon a finding that
25 the licensee committed a violation as provided in this section.

26 (b) (1) Upon a finding that a licensee has submitted fraudulent
27 information or otherwise falsified or misrepresented information required
28 to be submitted by such licensee, the director may impose a civil fine not
29 to exceed \$5,000 for a first offense and may suspend or revoke such
30 licensee's license for a second or subsequent offense.

31 (2) (A) Except as provided in paragraph (B), upon a finding that a
32 licensee has sold, transferred or otherwise distributed medical marijuana in
33 violation of this act, the director may impose a civil fine not to exceed
34 \$5,000 for a first offense and may suspend or revoke such licensee's
35 license for a second or subsequent offense.

36 (B) Upon a finding that a retail dispensary licensee has knowingly
37 disclosed patient information to any individual, the director shall impose a
38 civil fine of \$5,000 and revoke such licensee's license.

39 (c) The director may require any licensee to submit a sample of
40 medical marijuana, medical marijuana concentrate or medical marijuana
41 product to a laboratory upon demand.

42 (d) If the director suspends, revokes or refuses to renew any license
43 issued pursuant to this act and determines that there is clear and

1 convincing evidence of a danger of immediate and serious harm to any
2 person, the director may place under seal all medical marijuana owned by
3 or in the possession, custody or control of the affected license holder.
4 Except as provided in this section, the director shall not dispose of the
5 sealed medical marijuana until a final order is issued authorizing such
6 disposition. During the pendency of an appeal from any order by the
7 director, a court may order the director to sell medical marijuana that is
8 perishable, and the proceeds of any such sale shall be deposited with the
9 court.

10 New Sec. 41. (a) There is hereby established the medical marijuana
11 business entity regulation fund in the state treasury. The director of
12 alcoholic beverage control shall administer the medical marijuana business
13 entity regulation fund and shall remit all moneys collected from the
14 payment by processors, distributors and retail dispensaries of all fees and
15 fines imposed by the director pursuant to the Kansas medical marijuana
16 regulation act and any other moneys received by or on behalf of the
17 director pursuant to such act to the state treasurer in accordance with the
18 provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of
19 each such remittance, the state treasurer shall deposit the entire amount in
20 the state treasury to the credit of the medical marijuana business entity
21 regulation fund. Moneys credited to the medical marijuana business entity
22 regulation fund shall only be expended or transferred as provided in this
23 section. Expenditures from such fund shall be made in accordance with
24 appropriation acts upon warrants of the director of accounts and reports
25 issued pursuant to vouchers approved by the director or the director's
26 designee.

27 (b) Moneys in the medical marijuana business entity regulation fund
28 shall be used for the payment or reimbursement of costs related to the
29 regulation and enforcement of the possession, processing and sale of
30 medical marijuana by the division of alcoholic beverage control.

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31 New Sec. 42. (a) On or before July 1, ~~2022~~, the secretary of revenue
32 shall, after consulting with the medical marijuana advisory committee,
33 adopt rules and regulations to administer the Kansas medical marijuana
34 regulation program and implement and enforce the provisions of the
35 Kansas medical marijuana regulation act. Such rules and regulations shall:

- 36 (1) Establish application procedures and fees for licenses issued
37 under sections 21, 26, 31 and 34, and amendments thereto;
- 38 (2) specify the conditions for eligibility for licensure;
- 39 (3) establish a license renewal schedule, renewal procedures and
40 renewal fees;
- 41 (4) establish standards and procedures for the testing of medical
42 marijuana by a licensed laboratory;
- 43 (5) establish official packaging requirements that designate the